

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL

REPORT NUMBER 114 OF THE BUSINESS BOARD

October 9, 2001

To the Governing Council,
University of Toronto.

Your Board reports that it met on Tuesday, October 9, 2001 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Amir Shalaby (In the Chair)
Ms Rose M. Patten, Vice-Chair
Ms Wendy M. Cecil, Chairman
of the Governing Council
Dr. Thomas H. Simpson, Vice-Chair
of the Governing Council
Dr. Sheldon Levy, Interim Vice-President -
Business Affairs
Professor Angela Hildyard,
Vice-President - Human Resources
Professor W. Raymond Cummins
Dr. Claude S. Davis
Ms Susan Eng
Mr. David Keeling
Ms Françoise Ko
Mr. Gerald A. Lokash
Mr. Frank MacGrath
Mr. Andrew Morgan
Mr. George E. Myhal
Professor Heather Munroe-Blum
Mr. Richard Nunn
Mr. Martin Offman

Ms Jacqueline C. Orange
Mr. Roger P. Parkinson
Mr. John H. Tory

Dr. Jon S. Dellandrea, Vice-President
and Chief Advancement Officer
Ms Sheila Brown, Acting Chief
Financial Officer
Mr. Louis R. Charpentier, Secretary of the
Governing Council
Professor Derek McCammond,
Vice-Provost, Planning and Budget
Miss Janice Oliver, Assistant Vice-
President, Operations and Services
Professor Ronald D. Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mr. Neil Dobbs
Ms Beverley Stefureak

Regrets:

Ms Mary Anne V. Chambers
Mr. Brian Davis
Mr. H. Garfield Emerson
Mr. Paul V. Godfrey

Professor Brian A. Langille
The Hon. David R. Peterson
Ms Carol Stephenson
Mr. Robert S. Weiss

In Attendance:

Ms Rivi Frankle, Assistant Vice-President, Alumni and Development
Professor Robert H. McNutt, Principal, University of Toronto at Mississauga
Mr. Don Beaton, Director, Real Estate
Mr. Mark L. Britt, Director, Internal Audit Department
Mr. Paul Holmes, Judicial Affairs Officer
Professor George Luste, Vice-President, Salary, Benefits and Pensions, University of Toronto
Faculty Association
Mr. Brian Marshall, Director of Human Resources

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ITEM 2 IS RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL.

ITEM 3 CONTAINS A CONCURRENCE WITH A RECOMMENDATION OF THE ACADEMIC BOARD TO THE GOVERNING COUNCIL FOR APPROVAL.

1. Report of the Previous Meeting

Report Number 113 (June 15, 2001) was amended. In item three, the first sentence was amended to read, "Mr. Weiss reported that the Audit Committee had considered the financial statements (attached hereto as Appendix "A") over two meetings." The Report, as amended, was approved.

2. Audit Committee Terms of Reference - Composition

Mr. Charpentier said that the Audit Committee's terms of reference had to be amended to reflect the re-establishment of the position of Vice-President - Business Affairs, making the new Vice-President a non-voting, *ex officio* member of the Audit Committee. The senior officer of the University responsible for financial matters who reported to the Vice-President, currently the Acting Chief Financial Officer, would also be a non-voting, *ex officio* member. The proposal to amend the terms of reference is attached hereto as Appendix "A".

On the recommendation of the Secretary of the Governing Council,

YOUR BOARD RECOMMENDS

THAT section 1 of the terms of reference of the Audit Committee, "Composition," be amended to read as follows:

Membership is from 7 to 9 other than *ex officio* members, of whom a minimum of five will be members of the Business Board or members of the Governing Council. In addition, the following officers are *ex officio* non-voting members: the senior officer of the University reporting to the President who is responsible for financial matters, as so designated by the President; a second senior officer of the University responsible for financial matters, as so designated by the President; the Secretary of the Governing Council; and the Director, Internal Audit. Two-thirds of the voting members must be external to the University: that is, not faculty, staff or students. The Audit Committee is a technical rather than a representative committee. Its members are appointed on the basis of their expertise and interest.

3. Capital Project: University of Toronto at Mississauga - Parking Garage beneath the Centre for Communications, Culture and Information Technology

Miss Oliver presented the proposal to approve construction of a parking garage at the University of Toronto at Mississauga (U.T.M.) beneath the planned new Centre for Communications, Culture and Information Technology (C.C.I.T.) That proposal is attached hereto as Appendix "B". The U.T.M. Master Plan, as approved by the Governing Council, established a campus plan to accommodate the expansion of the U.T.M. campus. A number of sites for future buildings were currently used for surface parking lots. To enable the construction of new buildings on their appropriate sites, and to preserve surrounding green space, new parking was to be built under some of the new buildings. The first new building to accommodate the

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3. Capital Project: University of Toronto at Mississauga - Parking Garage beneath the Centre for Communications, Culture and Information Technology (Cont'd)

U.T.M. expansion was the Centre for Communication, Culture and Information Technology. Construction of the C.C.I.T Centre would displace 150 surface parking places. Enrolment and therefore faculty and staff levels were expected to grow by over 20% by 2004-05, and U.T.M. planned to provide for parking at the same proportion of the larger population. That would require 400 parking stalls in the proposed new garage. The Mississauga parking operation, like all ancillary operations, was required to recover its own costs, including capital costs. The cost of constructing the new garage would be financed by a long-term loan to be repaid from parking revenues. To repay the loan, U.T.M. would have to increase parking rates substantially, from the current \$251 annual charge to a charge of \$422 per year for surface parking and \$688 per year for parking in the garage. In addition, the parking operation had previously generated a net income, which had supported the U.T.M. operating budget. The amount of that support was estimated to be \$540,000 in the current year. That subsidy would be lost, with all revenue having to be devoted to repayment of the loan. The recommendation for approval of the garage was subject to the understanding that the necessary rate increases would be recommended and approved by the University Affairs Board when the new garage opened. Invited to comment, Principal McNutt reported that, notwithstanding considerable concern, the College Council at U.T.M. had voted to approve in principle the adoption of the necessary rate increases to allow the construction of the garage, enabling growth of the campus according to the Master Plan and maintaining the campus's valuable green spaces. Of concern, however, was the loss of the subsidy currently provided to the operating budget by the parking operation.

A full discussion ensued concerning: (a) action to be taken in the light of elimination of the annual contribution currently made by the parking ancillary to the U.T.M. operating budget (Dr. Levy undertook to determine and report back the answer to this question); (b) efforts to encourage improvements to public transit to provide an alternative to driving to, and parking on, the U.T.M. campus; and (c) the sufficiency of demand for the new parking places.

After discussion, on the recommendation of the Interim Vice-President - Business Affairs,

- (a) Subject to the understanding that the rates of the University of Toronto at Mississauga Parking Services Ancillary Operation are increased sufficiently to ensure that the operation continues to recover its own costs,

YOUR BOARD CONCURS WITH THE RECOMMENDATION OF THE ACADEMIC BOARD

THAT the construction of the underground parking garage in conjunction with the construction of the Communications, Culture and Information Technology Building (C.C.I.T.) at the University of Toronto at Mississauga (U.T.M.) be approved in principle; and

THAT the project as identified be approved at a cost of \$12.892 million with financing carried by revenues from the U.T.M. parking ancillary.

and

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3. Capital Project: University of Toronto at Mississauga - Parking Garage beneath the Centre for Communications, Culture and Information Technology (Cont'd)

- (b) Subject to Governing Council approval in principle of the capital project,

YOUR BOARD APPROVED

THAT the Vice-President - Business Affairs be authorized:

- (i) to complete the U.T.M. parking garage project at a total cost of \$12.892-million; and
- (ii) to arrange such interim and long-term financing as required, either internally or externally.

4. Chair's Remarks

The Chair invited members and guests to introduce themselves. He said that members would in the coming year be receiving less printed material, with more information being made available on the Governing Council web site. He indicated his intention of reviving a previous practice of establishing advisory groups of Board members in various areas. Members of those groups would take on special responsibility for conducting due diligence in their areas, giving added comfort to the Board as a whole. The groups would be available to provide advice to the administrative officers involved. This procedure had worked well in the past. Topics for the groups would be identified at the next meeting.

5. Business Arising from the Report of the Previous Meeting

- (a) **Item 7(a) - Business Arising from the Report of the Previous Meeting, Item 9(a), Budget Report: Proportion of Operating Revenue Supplied by Tuition Fees**

The Chair recalled that a member had suggested that the administration consider a policy that tuition fees should represent some appropriate proportion of total revenue. The Chair said that he would arrange a special session later in the fall or early in the new year for members and the appropriate University officers to discuss the tuition fee policy and also the closely related policy on student financial support.

- (b) **Item 10 - Interim Payment to Pre-June 30 Retirees - Notice of Motion to Establish a Task Force**

The Chair recalled that the Board had approved an interim pension-enhancement payment to pre-June 30, 1996 retirees. During the discussion of that proposal, University Professor Emeritus Peter H. Russell (whom the Board had invited to speak) had proposed the formation of a broadly representative task force to look into pension questions before the resumption of negotiations with the Faculty Association. A member had then given notice of motion that the Board establish such a task force. The Chair reported that Professor Hildyard and the Faculty Association were arranging for a collegial public forum to exchange information on the complex issues of pensions and pension changes before the year's negotiations began. That information exchange would be without prejudice to the negotiations. The member had decided that the forum represented a satisfactory response, and there was, therefore, no motion on the agenda.

REPORT NUMBER 114 OF THE BUSINESS BOARD - October 9, 2001**5. Business Arising from the Report of the Previous Meeting (Cont'd)****(c) Item 23 - Other Business - Investments: Ethical Criteria - Notice of Motion**

The Chair recalled that at the June meeting a former member had given notice of motion calling for the University to divest its shares of companies in certain industries for ethical reasons. The same member had previously given notice of another motion concerning ethical investing, which had not been placed on the agenda for the June meeting. For the same reasons, there was no motion on the current agenda. The former member had requested that an article on the topic of ethical investing be distributed to the Board, and a copy of that article had been included along with the agenda materials for the current meeting.

6. Report on Capital Projects

The Board received for information a Report on Capital Projects, which was intended to provide context for members in considering proposals for individual projects and to assist the Board in monitoring the progress of the University's extensive construction program. Miss Oliver reviewed the pending capital projects and those in the planning stage. Professor Venter presented information being developed in electronic format, on C.D.-ROM, on the University's complete capital program.

A full discussion ensued. Among the topics were: (a) the contribution being made by new construction to dealing with the problem of deferred maintenance and facilities renewal; (b) the impact that new technologies might have on the physical shape of the campus (Dr. Levy undertook to provide to members a copy of the report of a University committee he had chaired on technology-assisted education); (c) the schedule for completion of capital projects in the light of pressures to expand enrolment; (d) any financial consequences on the capital program arising from recent negative developments in the capital markets; and (e) the University's efforts to make the most intensive possible use of existing buildings by such means as increasing summer activity.

7. Capital Project: Ontario Institute for Studies in Education / U.T. - Expansion and Renovation of the University of Toronto Schools, 371 Bloor Street West: Design Fees

Miss Oliver presented the proposal to authorize the spending of \$1.9-million for design and site-development work for the expansion and renovation of the University of Toronto Schools. The Governing Council had approved the report of the users' committee for this project, and efforts to identify and raise funds had succeeded in securing \$12.74-million towards this \$23.24-million project. The cost of the project would increase by 8% for each year of delay in construction. The funding now in hand included \$5.5-million in a reserve from student fees and donations out of the \$16-million required from those sources. The University of Toronto Schools would like to establish 2003-04 as the year for construction. It was essential that a construction date be established because the Schools would have to lease alternative space to carry on during the construction period. In order to proceed with construction in 2003-04, it would be necessary to move forward at this time with the appointment of architects and with site development work. In response to a question, Dr. Levy said that any shortfall in funding would force U.T.S. either to reduce the scope of the project or not to proceed with it at all until further donations were secured. The \$1.9-million proposed to be spent at this time would be from the funds raised by U.T.S. and not from the support from the University Infrastructure Investment Fund (U.I.I.F.) If the project could not proceed, the U.I.I.F. monies would be redirected.

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7. Capital Project: Ontario Institute for Studies in Education / U.T. - Expansion and Renovation of the University of Toronto Schools, 371 Bloor Street West: Design Fees
(Cont'd)

On the recommendation of the Interim Vice-President - Business Affairs,

YOUR BOARD APPROVED

THAT the Vice-President - Business Affairs be authorized to expend up to \$1.9-million for the design and site development work related to the renovation and construction at 371 Bloor Street West.

8. Medical and Related Sciences (MARS) Discovery District: Update Report

Professor Munroe-Blum reported on the progress of the planned Medical and Related Sciences (MARS) Discovery District. (A copy of her power-point presentation is attached hereto as Appendix "C".) The MARS Corporation made a successful offer to purchase the property at the southeast corner of College Street and University Avenue from the University Health Network. That body would lease back 250,000 square feet of space of the 400,000 square feet expected to be constructed in the first phase of the MARS facilities. The MARS Board, working with McKinsey and Company (providing its services *pro bono*), would develop a business plan and work to secure a partner to develop the property to form a first-class technology-transfer centre to commercialize developments in the medical and other sciences.

9. Reports for Information: Approvals under Summer Executive Authority

The Board received, for information, a report on the three matters within the Board's terms of reference that had been approved by the President and Chairman of the Governing Council under delegated summer executive authority.

(a) **Approval Number 7 - Execution of Projects funded by SuperBuild and Facilities Renewal Program Funds**

The administration had been "authorized to execute the list of projects funded from the allocation to be received from the SuperBuild and Facilities Renewal Program [F.R.P.] funds provided by the Government of Ontario." A copy of that list is attached hereto as Appendix "D".

(b) **Approval Number 8 - South East Infrastructure Upgrade: Electrical Substation and Chiller**

The following recommendation had been approved under summer executive authority:

THAT \$10,270,000 be approved to complete the South East Infrastructure Upgrade required to support the Centre for Cellular and Biomolecular Research Project (CCBR) and Pharmacy Buildings, and that these funds be assembled from the following sources:

- (a) the 2001-2002 SuperBuild/F.R.P. Fund in the amount of \$3,000,000,
- (b) the 2002-2003 Facilities Renewal Program in the amount of \$770,000,
- (c) the C.C.B.R. in the amount of \$3,540,000, and
- (d) the Pharmacy Building Project in the amount of \$2,960,000.

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9. Reports for Information: Approvals under Summer Executive Authority

(c) Approval Number 11 - St George Campus Family Housing Ancillary Operation

The designation of the St. George Campus Family Housing Residence operation as an unincorporated service ancillary operation had been approved.

10. Calendar of Business, 2001-02

The Board received, for information, its Calendar of Business for 2001-02.

11. Report Number 61 of the Audit Committee – June 20, 2001

The Board received, for information, Report Number 61 of the Audit Committee (June 20, 2001).

12. Quarterly Report on Gifts and Pledges over \$250,000, May 1 – July 31, 2001

The Board received, for information, the Quarterly Report on Gifts and Pledges over \$250,000, May 1 – July 31, 2001.

13. Reports of the Administrative Assessors

Ms Brown reported on the University's recent debenture issue, borrowing \$160-million for capital purposes. Owing to the University's receipt of very high credit ratings by two agencies, the debenture was issued at a rate of interest only 65/100s of 1% above the interest yield on a Government of Canada bond for a comparable 30-year term. To date, two allocations had been made from the proceeds of the issue to finance the purchase of 500 University Avenue and the purchase of the family-housing apartment buildings at 30 and 35 Charles Street West. Future allocations would be made only for capital purposes approved by the Board.

14. Date of Next Meeting

The Chair reminded members that the next regular meeting was scheduled for Monday, November 19, 2001 at 4:00 p.m.

15. Other Business

Disaster Recovery Plan

A member enquired whether the University had in place a plan to maintain operations in the event of a disaster. Dr. Levy replied that back-up systems were in place to continue financial and student-record functions. A meeting of the President and Vice-Presidents had discussed the University's readiness for disaster recovery and had concluded that there was need to implement stronger backup recovery plans throughout the University's administration. Subsequently Dr. Levy, with the support of the President and Vice-Presidents, had instructed the Director, Administrative Management Systems to put a strong recovery plan in place. The Director, Mr. Graham Kemp, had been working with colleagues in the student-records system (Repository of Student Information or ROSI) and the Library system on developing a plan. At the request of the Chair, Dr. Levy undertook to provide a comprehensive report on the state of the University's

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15. Other Business (Cont'd)

Disaster Recovery Plan (Cont'd)

readiness to deal with a broader disaster including one that involved substantial damage to facilities. A member asked that the report include information on the budgetary requirements to establish a full disaster-recovery plan.

THE BOARD MOVED *IN CAMERA*.

16. Real Estate: Proposed Transaction

The matter was resolved *in camera*.

17. Background Briefing: Relations with the Faculty Association

Professor Hildyard briefed the Board with respect to a matter related to compensation for faculty. Given the late hour, she agreed to postpone her full background briefing on relations with the Faculty Association until the next meeting.

The meeting adjourned at 6:45 p.m.

Secretary

Chair

October 15, 2001