

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

**REPORT NUMBER 202 OF THE BUSINESS BOARD**

**January 28, 2013**

To the Governing Council,  
University of Toronto.

Your Board reports that it met on Monday, January 28, 2013 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. John Switzer (Chair)	
Ms Shirley Hoy (Vice-Chair)	Professor Cheryl Misak, Vice-President and Provost
Professor Scott Mabury, Vice-President, University Operations	Ms Sheila Brown, Chief Financial Officer
Professor Angela Hildyard, Vice-President, Human Resources & Equity	Ms Sally Garner, Executive Director, Planning & Budget Office
Mr. Jeff Collins	Ms Gail Milgrom, Assistant Vice-President, Campus and Facilities Planning
Mr. Ian Freedman	Mr. David Palmer, Vice-President, Advancement
Mr. Arthur Heinmaa	Professor Jay Pratt, Acting Vice-Provost, Faculty and Academic Life
Ms Zabeen Hirji	Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources
Ms Paulette Kennedy	Mr. Ron Swail, Assistant Vice-President, Facilities & Services
Professor Michael R. Marrus	
Mr. Richard B. Nunn	Ms Sheree Drummond, Secretary
Ms Catherine Riddell	
Mr. Peter Robinson	
Ms Penny F. Somerville	
Mr. Chris Thatcher	
Ms B. Elizabeth Vosburgh	
Mr. W. Keith Thomas	
Professor Steven J. Thorpe	
Ms Rita Tsang	
Ms Nana Zhou	

Regrets:

Ms Alexis Archbold	Mr. Gary P. Mooney
Mr. Andrew Arifuzzaman	Professor Andrea Sass-Kortsak
Ms Celina Rayonne Caesar-Chavannes	Mr. Howard Shearer
Mr. Paul Donoghue	

In Attendance:

Ms Adrienne De Francesco, Director, Project Management  
Ms Kate Hilton, Assistant Dean, Advancement, Faculty of Law  
Ms Helen Huang, Chief Administrative Officer, OISE  
Ms Shannon Howes, Coordinator, Student Policy Initiatives

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Mr. Jeff Lennon, Director of Policy and Analysis  
Ms Gillian Morrison, Assistant Vice-President, Divisional Relations & Campaigns  
Professor Julia O’Sullivan, Dean, OISE  
Ms Archana Sridhar, Assistant Provost

The Chair welcomed members and asked for their permission to move item 4 – Senior Appointments and Compensation Committee: Annual Report 2011-13 - to the first item on the agenda. Members agreed.

**1. Senior Appointments and Compensation Committee: Annual Report, 2011-12**

The Chair advised members that under the *Policy on Appointments and Remuneration*, the Senior Appointments and Compensation Committee (SACC) was responsible for attesting to the Governing Council, through the Business Board, that compensation policies and programs for particular categories of employees are appropriate, and that the decisions about the compensation of individuals have been made in accordance with established policy and practice. The Report presents summary information on decisions. The Chair invited Mr. Richard Nunn to speak to the Report.

Mr. Nunn advised the Board that the Report was largely self-explanatory. He noted that one new area of increased focus for the SACC was on succession planning. This involved an exercise in understanding what the succession plans were for the senior team – in the short term; in the long term; and under unexpected conditions.

**2. Capital Project Reports (for information)**

- (a) **Capital Projects and Real Estate Annual Review to December 31, 2012**
- (b) **Annual Report of the Capital Projects and Space Allocation Committee (CaPS), Previously the Accommodations and Facilities Directorate Annual Report (AFD)**
- (c) **Design Review Committee: Annual Report, 2011-12**
- (d) **Deferred Maintenance: Annual Report, 2012**

The Chair noted that the major theme of the meeting was the capital program. He indicated that Professor Scott Mabury’s presentation would address various aspects of all of the reports under this section. He invited Professor Mabury to give his presentation. Professor Mabury noted that Ms Gail Milgrom and Ms Adrienne De Francesco would also be giving parts of the presentation.

The highlights of the presentation<sup>1</sup> were as follows:

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<sup>1</sup> <http://www.governingcouncil.utoronto.ca/AssetFactory.aspx?did=9420>

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- An overview of the organizational structure of the ‘university planning, design and construction’ (UPDC) portfolio. UPDC is an amalgamation of the former Real-Estate Operations with the Office of Campus and Facilities Planning. An Assistant Vice-President would lead the portfolio.
- New *Policy on Capital Planning and Capital Projects*, approved in June 2012, changed the thresholds for the various levels of oversight. The Capital Projects and Space Allocation Committee (CaPS), formerly known as the Accomodations and Facilities Directorate (AFD). The new CaPS Executive Committee and the overall change in the mandate of CaPS had resulted in a greater level of scrutiny.
- Totals for the projects approved by AFD for the twelve month period were very similar to last year. The totals for the six months of CaPS approvals indicate that the University was on a similar trajectory, i.e., roughly 45 million dollars of projects under 3 million dollars.
- Bulk of what was spent on deferred maintenance was on renovation projects. Most spaces that were renovated on the campuses addressed some deferred maintenance.
- Major Capital Projects underway (Jan – Dec 2012) – UTM North Building (\$56M); Kaneff Building (\$35M); Goldring Centre for High Performance Sport (\$61.7M); CSP Fuel Train (\$6.13M)
- Capital Projects completed (Jan – Dec 2012) – Centre for Jewish Studies (\$500K), UTM Bio Teaching Lab (\$8.06M), Simcoe Hall Interior – Suite 134 (\$1,448,400), Sokolowski Lab (\$782,382), Robarts Library 4<sup>th</sup> Floor (\$2.8M), Rotman School of Management (\$93,799,047), N & S Borden – Visual Studies (\$1,494,439)
- Scope to budget approach. Involved assessing early in the process the potential budget that was manageable. Avoided imagining an edifice that will not be possible to fund.
- Build to budget approach. Make sure the project team is the right fit; there was attention to detail; strong internal communication; and strong communication with client and with project team.
- Design Review Committee (July 2011 – June 2012) – Considered projects with a value in excess of \$3 million, or those with an exterior design component or public space.
- Building Awards (July 2011 – December 2012) – the Instructional Centre at UTM; the Instructional Centre at UTSC; the UTM Terrence Donnelly Health Sciences Complex at UTM.

A member asked about whether there would be real estate annual review, and more specifically about the existence of any plans for the quadrant of university property bounded by Huron Street on the East, Harbord Street on the South, Spadina Avenue on the West and Bloor Street on the North. Professor Mabury replied that the University owns 86 out of the 94 houses in that area and that as a business ancillary this information was reported annually through the Service Ancillary Review Group (SARG) process which was subsequently reported to the University Affairs Board. Professor Mabury noted that the University acquires houses as they become available and that investments have also been made into the housing stock where appropriate. He noted that there was a Huron-Sussex Working Group and that the University was funding a planning study. He further noted that this area was of critical importance to the St. George

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Campus. Professor Mabury replied in the affirmative to a request for a report on this matter next year.

A member asked about the fence that had been constructed around Bissell House and whether the project had been considered by the Design Review Committee (DRC). In response, Ms Milgrom indicated that the project had not met the current threshold for consideration by the DRC. She noted that the Terms of Reference of the DRC were under review and that the Board would be apprised of the outcome.

### 3. Capital Projects (for approval)

#### (a.) Faculty of Law Expansion

The Board noted that the Board had two capital projects for approval – the Faculty of Law Expansion and the Jackman Institute of Child Study Expansion. The Chair advised members that according to the Terms of Reference the Business Board approved expenditures for, and execution of, approved Capital Projects. He noted that as the previous presentation had outlined, under the *Policy on Capital Planning & Capital Projects* “...proposals for capital projects exceeding \$10 million must be considered by the appropriate Boards and Committees of the Governing Council (...). Normally, they will require approval of the Governing Council. Execution of such projects is approved by the Business Board.” The project planning reports of both of these projects were considered by the Planning and Budget Committee at its meeting on January 16, 2013 and were recommended for approval in principle to the Academic Board for consideration on February 7, 2013. If recommended by the Board, the proposals would then be considered for final approval by the Governing Council on February 28, 2013. Subject to Governing Council approval, Business Board was being asked to approve execution of the project.

The Chair invited Professor Mabury to introduce the item. Professor Mabury commented that space had been identified as a pressing issue for Law in its 2002 academic plan. Since 2001 a number of different development options were considered. Now that the funding is in place the project was coming back for final approval on a site that had been approved as part of the St. George Master Plan. Overall the project would involve some modest renovations to Flavelle House, a partial demolition of the Bora Laskin Library. Falconer Hall would continue to be used. Professor Mabury reported that the project would not intrude on open space and the ground level – it would cantilever out. The project would address the need for additional space and would make existing space more functional. The total cost was \$54 million dollars, a scope to budget number. Professor Mabury remarked that this project was an excellent example of a division making a significant investment of its own funds in support of a major capital project.

At the invitation of the Chair, Ms Kate Hilton, Assistant Dean, Advancement, addressed the Board. Ms Hilton indicated that the Faculty was thrilled to be at this point in the process. On behalf of the Dean she expressed the Faculty’s gratitude to Professor Mabury for his support.

After discussion, and on motion duly made, seconded and carried,

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YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President University Operations be authorized to implement the Faculty of Law Expansion at a total project cost of \$54.0M, with sources of funding as follows

Capital Campaign pledges to date (Note 1)	\$33.1 M
Capital Campaign: remaining fundraising target (Note 1)	\$2.9 M
Long term borrowing	\$3.5 M
Provostial Central Funds	\$6.0 M
Provincial Graduate Expansion Funds	\$4.5 M
Faculty of Law Operating Funds	\$4.0 M
Total	\$54.0 M

Note 1: short term bridge financing to be arranged centrally

**(b.) Jackman Institute of Child Study Expansion**

The Chair invited Professor Mabury to introduce the item. Professor Mabury noted to members that the 45 Walmer Road and the 56 Spadina Road would be retained and renovated and that 58 Spadina Road would be demolished to allow for a modest new building, connected to the existing building, to be constructed. The new building would accommodate the gymnasium, new Lab School classrooms, observation rooms and lunchroom facilities.

At the invitation of the Chair, Professor Julia O’Sullivan, Dean, OISE, indicated her enthusiastic support for this project. She noted that it would be a fantastic new addition to OISE and expressed her gratitude to the donors and to everyone at the University who had been involved in getting the project to this point.

In response to a question about whether there had been consultation with the community, Ms Gail Milgrom reported that there would be a presentation to representatives of the Annex community. She noted that what was being proposed for the site was consistent with the growth and development of the neighbourhood. She indicated that the new building would be the same height as the existing building.

After discussion, and on motion duly made, seconded and carried,

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

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THAT the Vice-President University Operations be authorized to implement the Jackman Institute of Child Study Expansion at a total project cost of \$16.0M with sources of funding as follows:

Capital Campaign funds received to date	\$4.7 M
Capital Campaign pledged to date (Note 1)	\$5.2 M
ICS Laboratory School Operating Funds (over 8 years, Note 1)	\$1.5 M
Provostial Central Funds	\$2.0 M
OISE Operating Funds	\$2.6 M
<b>Total</b>	<b>\$16.0 M</b>

Note 1: short term bridge financing to be arranged with OISE

**4. Status Report on Debt to January 31**

The Chair noted that the Board approved a revised debt strategy at its November meeting and at the December meeting Ms Brown walked members through the revised status report. He noted that this status report would continue to be a regular report to the Board. He invited Ms Brown to comment.

Ms Brown indicated that in response to a question about the pension contribution at the last meeting the report had been adjusted accordingly. She noted that as the year unfolded the underlying parameters would not change but the borrowing allocations and amounts of debt outstanding would change from one month to the next. For example, at the next meeting of the Board the report would reflect the changes resulting from the Law project that had just been approved.

**5. Health and Safety Requirements: Quarterly Report on Compliance (2012/13 Second Quarter)**

The Chair noted that, if appropriate, the Board should make known any concerns or request a follow-up report on any aspect of the compliance report. Apart from that, the report was for information and no Board action was required. The Chair invited Professor Hildyard to speak to the report. Professor Hildyard remarked that it was a routine report and that there was nothing out of the ordinary.

A member raised the issue of off-campus safety and asked whether information could be provided about this. Professor Hildyard noted that information about this had been provided to the Board at the previous meeting in follow-up to the request of the member at the November Board meeting. She did undertake, however, to include anything that occurred in relation to a safety abroad issue in subsequent quarterly reports.

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The Chair invited Paulette Kennedy, Chair of the Audit Committee, to give a brief oral report on the plans of the Audit Committee related to the External Auditors. He noted that the purpose was to update the Board on the commitment made last June to do further work on the matter.

Ms Kennedy reported that the Audit Committee had had extensive *in camera* discussions. She said the Committee had looked at what was happening in Europe and the rest of North America on a number of matters (e.g., the role of the audit committee, how to get a high quality audit, etc.). The Committee reached the conclusion that it wanted to spend the next two or three meetings looking at governance practices and benchmarking against current and emerging practices. The Committee would look at the role of the audit committee, oversight of the external auditor, internal audit independence, non-audit services provided, and development of an external auditor rotation policy. Feedback had been received on the need to tender for the external auditor and the Committee's view was that it would make sense to do this for the 2015 Financial Statements. The Committee felt that it was important to understand the governance processes, to develop a policy and to follow it. This would be a time consuming exercise and as such would not be possible to complete any sooner than what had been proposed. Ms Kennedy reported that the Committee would complete its normal processes with respect to oversight of the 2013 Financial Statements. She emphasized that the Committee had always been pleased with Ernst & Young and had not had any problems in the past, nor was it anticipating any problems. She advised that she would be coming forward with a recommendation to re-appoint Ernst & Young as external auditors for the 2014 Statements.

The Chair thanked the Committee for its diligence on this matter and its sound plan.

**7. Reports of the Administrative Assessors**

The Chair invited the Administrative Assessors to report on any matters that should be brought to the attention of the Board.

Professor Mabury reminded the Board that in the Spring he had committed to undertake an administrative review of Category 5 and 6 ancillary fees and that the plan had been to bring forward a report in the Fall. He advised that the report had been completed in late Fall but that he had wanted to meet with the student associations prior to making it more broadly available. Scheduling meetings with the student groups had proven to be a challenge and had in fact only been possible in late January. This was the reason that the report was not sent out to the Board in advance of this meeting. He advised that it would be publicly available shortly and that it would be included as an appendix in the ancillary fee documentation coming forward to the Board at its next meeting.

In light of the fact that the report had not been made available to the Board, Professor Mabury provided the Board with a comprehensive overview. He explained that Category 5 and 6 ancillary fees were fees charged to pay for services, materials and activities not supported by

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operating grants, capital grants or tuition fees. Provincial *Guidelines* stated that compulsory ancillary fees were to be non-tuition related and should not be charged for items and services that support the general costs of program delivery, with certain exceptions permitted by the *Guidelines*. The Provincial *Guidelines* do not encompass non-compulsory ancillary fees. A compulsory ancillary fee was defined as a fee imposed or administered by a given institution, or one of its constituent parts or its federated or affiliated institutions, in addition to regular tuition fees, which a student is required to pay in order to enroll in, or successfully complete, any credit course. Compulsory courses are defined by the Ministry as those courses which a student is required to take in order to fulfill the requirements of his or her program or degree. In 1987, the Ministry introduced its *Compulsory Ancillary Fee Policy Guidelines* (the “Guidelines”) which outlined how non-tuition related fees may be introduced or increased. The *Guidelines* were updated in 1994. At that point the *Guidelines* were expanded to require students be involved in decision making respecting compulsory non-tuition ancillary fees, unless specifically exempted from this requirement pursuant to the Ministry *Guidelines*. The University of Toronto introduced its own policy in 1995 which translated the provincial *Guidelines* into the University of Toronto context. In 1996, after several years of negotiation, a Protocol (MOU) was signed by the University of Toronto and student governments. All fees charged for student affairs and services, student life programs, athletics and recreation, health services and Hart House (i.e., category 1 of the *Policy on Ancillary Fees*) were charged pursuant to the Protocol and the *Policy for Compulsory Non-Academic Incidental Fees*. As per the signed Protocol agreement, Category 5 and 6 ancillary fees were not subject to the processes of the Protocol. At the time the Protocol was implemented, an approved list of Category 5 and 6 fee categories was grandparented from the Protocol for UoTT.

Professor Mabury reported that in the spring of 2012, University of Toronto students in the Graduate Students’ Union raised concerns regarding a number of specific ancillary fees. The University administration investigated their concerns, in consultation with faculty, staff, students and MTCU, and discontinued a limited number of fees where there was insufficient communication with students in the 2011-12 academic year, or, in one case, where the fee fell outside University policy. The University administration committed to students and to Governing Council that a full review of “Category 5 and 6” ancillary fees would be conducted.

The review focused on Category 5 and 6 fees presented to the Business Board, plus any new fees introduced in 2012-13. The review examined fees charged to students under Category 5 and 6 of the *Policy on Ancillary Fees* in order to confirm that, where appropriate the fees: are exempt pursuant to the Protocol; are consistent with the MTCU *Guidelines*; comply with the requirements of the *Policy on Ancillary Fees*; are set to a level to recover costs and not exceed costs or a reasonable estimate thereof; are properly categorized, described and labeled. The review also examined procedures for the establishment of, and increases to, fees under the Policy, recommended changes in amount for specific fees and recommended revisions to communication processes and administrative procedures.

Professor Mabury indicated that the Administrative Review Committee included Jim Delaney (Office of the Vice-Provost, Students), Sally Garner (Planning & Budget Office), Shannon Howes (Office of the Vice-Provost, Students) and Marny Scully (Government, Institutional and



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Community Relations Office). He noted that further support was also received from staff across many other areas of the University.

A large amount of information was sent out to each division and they were asked to add any new 2012-13 fees to the scope of their review. There was a clear expectation that divisions would engage with their own units. For each fee divisions were asked: Was the fee compulsory? Did the fee fall within the categories permitted by the Policy? Was the fee set at a level to recover costs and no higher? Was adequate communication provided to students? The chief administrative officer of each division was required to sign the submission, attesting to a complete and accurate submission. University-wide ancillary fees were reviewed in a similar manner by staff in the appropriate administrative division. Professor Mabury noted that student governments were also invited to participate in the review process. They were asked to provide written submissions outlining specific concerns regarding the full list of 2011-12 fees. The Graduate Students' Union, the Scarborough Campus Students' Union and the University of Toronto Students' Union, submitted responses. All the submissions were reviewed in September and assessments were conducted to ensure information was complete and accurate.

Professor Mabury reported that the Provost had discussed ancillary fees with students in two regular meetings with the Provost's Undergraduate Student Advisory Group and that the Vice-Provost Students has had several opportunities to communicate with students on the topic of ancillary fees as part of the ongoing dialogue with students. He noted that students also participated in discussions on ancillary fees at several governance meetings over the past year.

Professor Mabury advised the Board that the University charged almost one thousand unique Category 5 and 6 cost recovery ancillary fees and administrative user fees and fines. He noted that this practice was consistent with most Ontario universities. The majority of fees were charged by academic divisions; the remainder included fees charged by central service units such as the Library, Enrolment Services and the School of Graduate Studies. Professor Mabury reported that the responses to the review received from academic and administrative divisions indicated that there were a very limited number of cases where ancillary fees may not have been in compliance with Ministry Guidelines. While most of the fees were found to be compliant, there were a number of instances where administrative clean-up or improved communication was required. The clean-up issues included: fees included on schedules when a course is no longer offered; lack of standardized terminology across departments and divisions for similar fees; fees included on schedules which are not ancillary fees charged to current students in degree programs; fees listed on the scheduled that are bundled; fees misclassified in incorrect sub-categories; fees listed with unclear or vague descriptions; and fees listed without indication as to whether the material, activity or service is optional or compulsory.

Professor Mabury advised that in the conversations with the student governments common concerns were expressed around the need for more transparency, conversation, input and accountability on ancillary fees. There were also a number of detailed ancillary fee points raised by one or more of the three student governments in their submissions and the administrative response to each of these were outlined in a table in the report.

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In conclusion, Professor Mabury outlined the next steps. These would include: working with the divisions to improve the process of communication (e.g., divisions should provide clear information on websites so that students know what fees will apply early on in the decision process when a considering a program or a course); providing clarity on the purpose of a fee, and whether or not it is for a compulsory service, material or activity; developing a ‘best practices’ document accompanied by an FAQ; providing a process whereby students would have a forum for seeking clarity and resolving ancillary fee questions. Professor Mabury indicated that he was glad that the review had been undertaken. In his view the process of engaging with divisions and units had clarified the importance of adhering to policy, had focused the attention of local units on the need to be vigilant, and highlighted the need for appropriate and timely communication. Adherence to University policies and Ministry Guidelines had been strengthened by the review.

The Chair commended Scott Mabury and Sally Garner, as well as the other members of the review team, for their work on this important matter. Professor Cheryl Misak also thanked the team for their work and thanked the students for prompting the review. She noted that the University had received positive feedback from the Ministry of Training, Colleges and Universities that a review had been undertaken. Professor Jill Matus noted that the student leaders with whom they had met had expressed their appreciation for Professor Mabury and his team’s work.

A member asked about the situation of a faculty member developing an application and then making it compulsory for students to use the application. Professor Matus advised that several memos had been sent out last year to clarify this issue. She noted that this is prohibited under the *Policy* and that instructors have been discouraged from doing this in the strongest terms. She advised that instructors have to provide another means of assessment if a student does not want to purchase an application.

**OPEN SESSION CONSENT AGENDA**

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

**8. Report of the Previous Meeting** - Report Number 201 (December 17, 2012)

**9. Business Arising from the Report of the Previous Meeting**

**CLOSING ADMINISTRATIVE ITEMS**

**10. Date of Next Meeting**

The Chair reminded members that the Board’s next regular meeting was scheduled for Monday, March 4, 2013 at 5:00 p.m.

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**11. Other Business**

No other business was raised.

**CLOSED SESSION / IN CAMERA ITEMS**

**12. Closed Session / In Camera Reports of the Administrative Assessors (oral reports)**

The meeting adjourned at 7:11 p.m.

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Secretary

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Chair

February 12, 2013