

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 232 OF THE BUSINESS BOARD

Thursday, April 6, 2017

To the Governing Council,
University of Toronto.

Your Board reports that it met on Thursday, April 6, 2017 at 4:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Ms Claire Kennedy (Chair)
Mr. Jeff Collins (Vice-Chair)
Professor Scott Mabury, Vice-President,
University Operations
Professor Kelly Hannah-Moffat, Vice-
President, Human Resources & Equity
Mr. Mohammad Amin
Mr. Preet Banerjee
Mr. Andrew Binkley
Mr. David Bowden
Dr. Catherine Bragg
Mr. P.C. Choo
Mr. Ben Coleman
Ms Sara Gelgor
Mr. Gary D. Goldberg
Professor Avrum Gotlieb
Mr. Paul Handley
Ms Zabeen Hirji
Mr. Mark Krembil
Mr. Brian A. Miron
Mr. Nykolaj F. Kuryluk
Professor Jan Mahrt-Smith
Mr. Howard Shearer

Regrets:

Mr. Robert G. Boeckner
Ms Sheila Brown, Chief Financial Officer
Mr. Ian Freedman

In Attendance:

Mr. John Switzer, Member of Governing Council
Ms Lisa Becker, Director, Operational Due Diligence & Chief Compliance Officer
University of Toronto Asset Management Corporation (UTAM)

In Attendance continued:

Ms Laura Bradbury, Director, High Risk & Community Safety, Division of Human

Mr. Christopher Thatcher
Mr. Keith Thomas
Mr. Bruce Winter

Non-Voting Assessors:

Mr. David Palmer, Vice-President,
Advancement
Professor Edward (Ted) Sargent, Vice-President,
International
Ms Sally Garner, Executive Director, Planning
and Budget
Mr. Gilbert Delgado, Chief, Planning, Design
and Construction
Mr. Andrew Arifuzzaman, Chief Administrative
Officer, UTSC
Ms Anne E. Macdonald, Director, Ancillary
Services

Secretariat:

Ms Sheree Drummond, Secretary of the
Governing Council
Ms Rena Prashad, Governance Coordinator,
UTSC
Mr. Patrick McNeill, Secretary

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Resources & Equity (VPHRE)

Mr. Alex Brat, Director, Labour Relations, VPHRE
 Ms Allison Burgess, Sexual & Gender Diversity Officer, VPHRE
 Ms Sandra Carnegie-Douglas, Anti-Racism & Cultural Diversity Officer, VPHRE
 Ms Elizabeth Cragg, Director, Office of the Vice-President, University Operations
 Ms Gloria Cuneo, Director, Faculty, Residential & Student Family Housing
 Ms Rosalyn Figov, Director, Operations and Finance, VPHRE
 Ms Cynthia Foo, Director, Foundation Relations
 Ms Katy Francis, Director, Strategic Communications, VPHRE
 Ms Yvonne Lohse, Manager, Budget & Finance, VPHRE
 Ms Nora Lozano, Executive Assistant to the Vice-President, Human Resources & Equity
 Mr. Leon Lu, Director, Manager Selection & Portfolio Construction, UTAM
 Ms Therese Ludlow, Director of Operations, University of Toronto Scarborough (UTSC)
 Mr. Yasir Mallick, Director, Manager Selection & Portfolio Construction, UTAM
 Mr. Chuck O'Reilly, Director, Manager Selection & Portfolio Construction, UTAM
 Ms Deb Osvenny, Executive Director, Total Rewards, VPHRE
 Ms Rosie Parnass, Executive Director, Organizational & Leadership Development and
 Work Life Support, VPHRE
 Dr. Pierre Piché, Controller and Director of Financial Services
 Ms Amorell Saunders N'Daw, Senior Advisor, Equity & Diversity, VPHRE
 Mr. Daren Smith, President and Chief Investment Officer, UTAM
 Mr. Mikael Swayze, Senior Strategic Partner, Academic Labour Relations & Special
 Projects, VPHRE
 Ms Kimberly Yeh, Director, Office of the Vice-President, International (VPI)

ITEM 5 WAS APPROVED. *IN CAMERA* ITEM 18 IS RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL. ALL OTHER ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

*Pursuant to section 33(i) of By-Law Number 2,
 items 17-18 were considered in camera.*

1. Chair's Remarks

The Chair welcomed members and guests to the meeting.

2. Annual Report of the Vice-President, Human Resources and Equity, 2015-16

The Chair stated that the Board was responsible for approving and monitoring employee policies and terms and conditions of employment for administrative and unionized staff; and, for reviewing an annual report from the Vice-President, Human Resources and Equity. The Chair advised members that the *Employment Equity Report* which had normally accompanied the VPHRE Report would be presented in September, 2017, at which time the *Employment Equity Report* would reflect the expanded collection and analysis of employment equity data.

Before beginning her first annual report presentation Professor Hannah-Moffat introduced the members of her team who were in attendance.

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Professor Hannah-Moffat's presentation provided an overview of the initiatives and showcased the efforts of the Division of Human Resources in 2016, including the following:

- Reviewed and improved its client service delivery models;
- Continued to improve communications both within and outside of the Division;
- Helped its communities to become a great place to work, learn and thrive;
- Elevated and cemented U of T's role as a leader in Equity;
- Provided a safe and healthy teaching, learning and working environment;
- Focused on leadership and succession planning;
- Promoted a culture of recognition across the University;
- Proactively responded to the changing recruitment needs of the University;
- Managed the University's relationships with its unions.

Professor Hannah-Moffat reported that the University continued to be recognized for its leadership. It had received the following recognition in 2016: *Canada's Top 100 Employers*; *Canada's Greenest Employers*; *Greater Toronto's Top Employers*; *Canada's Family-Friendly Employers*; *Canada's Best Diversity Employers*; and *Canada's Top Employers for Canadians over 40*.

In response to members' questions and comments, Professor Hannah-Moffat stated the following:

- The University would undertake to review the reporting of casual workers which currently included casual positions held by students – this would better inform the University regarding the proportion of the casual workers held by different groups;
- The new set of employment equity data would empirically categorize and better disaggregate representative groups to inform the University's equity initiatives and outcomes;
- As of October 1, 2016, the Division of Environmental Health & Safety had reported to the Vice-President, Research and Innovation – their work included the collection and analysis of data related to regulatory requirements under the Health and Safety Act (including reporting as required by the Workplace Safety and Insurance Board) to understand trends and patterns in safety (i.e. near misses);
- Reporting of issues, programs and other content related to sexual violence and harassment across the three campuses under the new University policy would be captured and integrated into the annual report; the VPHRE had made regular visits to UTSC and UTM;
- The University would continue to review its capacity to respond to expected increases in employment enquires and applications from outside Canada and streamline employment onboarding processes.

The Chair commented on the depth and breadth of the content of VPHRE's report and thanked Professor Hannah-Moffat for her informative presentation noting that it had represented the incredible amount of hard work and dedication of so many in her portfolio. The Chair extended special thanks to her and her team.

3. Health and Safety Requirements: Quarterly Report on Compliance

Professor Hannah-Moffat presented the quarterly report and stated that there were no serious incidents on campus or orders issued by the Ministry of Labour over the three month reporting period. She indicated that the Safety Abroad Office had been advised of 6

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incidents impacting students abroad for the same period, which had not resulted in serious injury.

Professors Hannah-Moffat and Mabury reported on the asbestos issue related to remediation work that had taken place in the Medical Sciences Building. The University had continued to undertake sampling and had worked with the Ministry of Labour regarding communications with employee groups and the Faculty.

4. Presentation: *The International Strategic Plan (Draft)*

The Chair reported that the Annual Report normally presented by a Vice-President to the Board, would be replaced by an update by Professor Ted Sargent, Vice-President International, on the development of the University's "International Strategic Plan". She added that as a new VP position, the portfolio had continued to evolve and that the strategic planning process, including feedback by the Board, was the first step that would lead to an annual report to the Board in the following year.

Professor Sargent stated that there were many dimensions to international issues affecting the University to build into a single international strategic plan. The aim of the plan was to broaden and deepen the University's global activities with improved engagement opportunities for students, global research partners, and expanded alumni outreach. He described the issues regarding global engagement, competitiveness, intercultural learning experience, impact and fluency based upon 8 axes:

- Recruitment;
- Student Mobility;
- International Student Experience;
- Academic Partnerships;
- Innovation;
- Entrepreneurship;
- Alumni;
- Reputation and Media.

Professor Sargent commented that the University would expand its focus on seven locations in the world including the United States; the Indian subcontinent; Africa; Latin America; the Middle East; Asia; and the United Kingdom and Europe.

Professor Sargent reported that as part of the strategic planning exercise, discussions and consultations had been undertaken across many of the faculties, divisions, administrative units and governance bodies of the University.

In response to the feedback and comments by Board members, Professor Sargent stated the following:

- As part of the integration process of international students, the University had developed a mentorship program using cross-international and domestic student/faculty teams;
- Funding had been set aside by the Provost to enhance the experience of international students; as well as to increase international mobility experiences for U of T students, and to continue the University's investment in global recruitment;

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- New positions had been embedded within Divisions which would work closely with the Associate Vice-President and Vice-Provost, International Student Experience; the Centre for International Experience (CIE); and the Office of Student Recruitment (OSR);
- The University would continue to work with divisions to examine international student enrolment targets with a view to expand targets;
- U of T had enjoyed one of the highest rates of employability for its graduates; and would continue to examine opportunities and paths to Canadian citizenship for international students post-graduation;
- There were many dimensions to internationalization that were student-specific – not just one template, but a number of opportunities including intercultural learning in the classroom (e.g. there were many Canadian domestic students that were first generation that also brought international experience to classroom learning).

The Chair thanked Professor Sargent for the update and opportunity to provide feedback on the development of University's International Strategic Plan.

5. Ancillary Operations: Residential Housing – Operating Results for 2016-17 and Budget, 2017-18.

The Chair noted that under its *Terms of Reference*, the Board reviewed and approved the annual budget of unincorporated business ancillaries and that the St. George Campus Residential Housing Ancillary was one such unincorporated business ancillary.

Ms Macdonald presented on the laneway housing project which included the construction of two residential units as part of a pilot project. The goals of the project were to build family-friendly housing and included the opportunity to address issues of affordability, low energy use, and community impact.

Ms Macdonald also presented the annual budget. There were no questions from members.

On motion duly moved, seconded and carried

IT WAS RESOLVED

THAT the operating budget for the Residential Housing Ancillary for 2017-18, as contained in the '2017-18 Budget' column of Schedule 1 to the *Overview of Operations and Business Plan for 2017-22*, be approved.

6. University of Toronto Asset Management Corporation: Annual report and Financial Statements, 2016

The Chair reported that the UTAM *Annual Report and Financial Statements* were approved by the UTAM Board at its meeting on March 14, 2017. Ms Kennedy added that UTAM operated on a January to December basis in line with the investment industry.

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Mr. Smith presented the UTAM Portfolio Performance Review and UTAM Annual Report. He noted that the report had been completely redesigned to provide additional transparency and increased readability. His presentation highlighted the following matters: reference portfolio returns versus university target returns over three periods (1 year, 5 years and 10 years); 2016 value-added versus benchmark portfolio; the current asset allocation and limits; and actual risk versus reference portfolio risk (volatility %).

Mr. Smith provided a summary of the investment performance noting the following:

- For the one-year ended December 31, 2016, the target nominal investment return (real return plus inflation) net of fees and expenses was 5.5% (2015 – 5.6%);
- Actual nominal investment return for the Pension Master Trust (PMT) was 7.1% (2015 – 7.4%) for the year and for the Long-term Capital Appreciation Pool (LTCAP) it was 7.1% (2015 – 7.7%);
- Actual nominal investment return for the Reference Portfolio was 7.2% (2015 – 3.2%);
- For the PMT the actual return earned by UTAM fell short of the Reference Portfolio return by 0.1% (7.1% - 7.2%) and exceeded the target return by 1.6% (7.1% - 5.5%);
- For LTCAP, the actual return earned by UTAM fell short of the Reference Portfolio return by 0.1% (7.1% - 7.2%) and exceeded the target return by 1.6% (7.1% - 5.5%);
- For 2016, the target return for the Expendable Funds Investment Pool (EFIP) was 0.9% and the actual return was 1.6%.

In response to a question, Mr. Smith stated that investment manager turnover would vary from year to year. For example, the public equity portfolios had all been significantly restructured since 2010 resulting in a higher than average level of turnover in certain years. However, now that the portfolios had been restructured turnover was expected to be lower. In response to another question, Mr. Smith noted that private equity had not been a key driver of UTAM's strong value added results.

A member asked about the comparison of investment performance to results achieved by other university pension plans. The Chair advised that the Pension Committee had previously considered the same question but such a comparison presented some challenges because of the diverse range of pension plan objectives, asset allocation and risk parameters among different university pension plans. The Chief Financial Officer would be requested to address the availability of such comparisons and related data.

In response to members' questions regarding the role of the Investment Committee (IC), Mr. Switzer provided some context noting that the IC was not a formal governance body, but rather an advisory group to provide input and feedback to the President on investment matters.

The Chair thanked Mr. Smith for his first annual report in his new role as President and Chief Investment Officer of UTAM.

7. Report on Capital Projects as of March 31, 2017

Members received the report on capital projects as March 31, 2017.

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8. Reports of the Administrative Assessors

There were no reports of the Administrative Assessors.

OPEN SESSION CONSENT AGENDA

On a motion duly moved, seconded and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted and items approved.

9. Report of the Previous Meeting

Business Board Report Number 231 (February 27, 2017) was approved.

10. Business Arising from the Report of the Previous Meeting

There was no business arising from the report of the previous meeting.

11. Report Number 122 of the Audit Committee, March 9, 2017

The Board received the report for information.

12. Status Report on Debt to March 31, 2017

Members received the status report on debt to March 31, 2017 for information.

13. Standard and Poor's (S&P) Credit Report

Members received the Standard and Poor's (S&P) credit report for information.

14. Service Ancillaries Operating Plans, 2016-2017

Members received the service ancillaries report on operating plans for 2016-2017.

CLOSING ADMINISTRATIVE MATTERS

15. Date of the Next Meeting

The Chair advised Board members that the next meeting was scheduled for June 15, 2017 at 5:00 p.m.

16. Other Business

There were no items of other business.

The Board Moved *In Camera*

17. *In Camera* Reports of the Administrative Assessors (oral reports)

Professor Hannah-Moffat provided a brief update on bargaining regarding the Post-Doctoral Fellows.

Professor Mabury updated the Board on the Spadina and Sussex Avenues Mixed Use Student Residence capital project.

18. Capital Project: New Student Residence at UTSC – Financing Requirement and Execution of Project

i. Financing Requirement

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated March 22, 2017, regarding the financing of the new student residence at the University of Toronto Scarborough (UTSC).

ii. Execution of Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated March 22, 2017, regarding the financing of the new student residence at the University of Toronto Scarborough (UTSC).

The Board returned to Open Session.

The Chair thanked members for their attendance and participation in the Board meeting.

The meeting adjourned at 6:04 p.m.

Secretary

Chair

April 17, 2017