

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 120 OF THE BUSINESS BOARD
September 30, 2002

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, September 30, 2002 at 5:00 p.m. in the Croft Chapter House, with the following members present:

Mr. Amir Shalaby (In the Chair)
Ms Jacqueline C. Orange, Vice-Chair
Dr. Thomas H. Simpson, Chair
of the Governing Council
Ms Rose M. Patten, Vice-Chair
of the Governing Council
Professor Robert J. Birgeneau, President
Mr. Felix P. Chee, Vice-President -
Business Affairs
Professor Angela Hildyard,
Vice-President - Human Resources
Mr. Mark R. Braun
Mr. Donald A. Burwash
Dr. Claude S. Davis
Professor Sherwin S. Desser
Ms Susan Eng
Ms Shirley Hoy
Professor Brian A. Langille
Mr. Gerald A. Lokash
Ms Kim McLean
Mr. Richard Nunn
Mr. Roger P. Parkinson
Mr. John F. (Jack) Petch
The Hon. David R. Peterson

Mr. Chris Ramsaroop
Mr. Timothy Reid
Ms Carol Stephenson
Dr. Jon S. Dellandrea, Vice-President
and Chief Advancement Officer
Dr. Sheldon Levy, Vice-President -
Government and Institutional
Relations
Professor Shirley Neuman, Vice-President
and Provost
Mr. John Bisanti, Chief Capital Projects
Officer
Mr. Louis R. Charpentier, Secretary of the
Governing Council
Professor Derek McCammond,
Vice-Provost, Planning and Budget
Professor Ronald D. Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mr. Neil Dobbs
Ms Beverley Stefureak

Regrets:

Mr. Brian Davis
Mr. H. Garfield Emerson
Mr. Paul V. Godfrey

Mr. George E. Myhal
Mr. John H. Tory
Mr. Robert S. Weiss

In attendance:

Mr. David Melville, member, the Governing Council
Dr. Beata FitzPatrick, Director of the Office of the President and Assistant Vice-
President
Ms Rivi Frankle, Assistant Vice-President, Alumni and Development
Mr. Hal Koblin, Special Adviser to the Vice-President and Chief Advancement Officer
Mr. John Lea, Vice-President, Operations, Students' Administrative Council
Professor George Luste, President, University of Toronto Faculty Association
Mr. Brian Marshall, Director of Human Resources
Ms Rosie Parnass, Quality of Work Life Adviser and Special Assistant to the Vice-
President, Office of the Vice-President - Human Resources
Professor Paul Perron, Principal, University College
Mr. Pierre Piché, Associate Controller
Ms Emily Sadowski, President, Association of Part-time Undergraduate Students

ITEM 2 IS RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL.

1. Chair's Remarks

The Chair facilitated introductions and made brief opening remarks.

2. Report of the Previous Meeting

Report Number 119 (June 20, 2002) was approved.

3. Business Arising from the Report of the Previous Meeting

Item 3 – Audited Financial Statements for the year ended April 30, 2002

A member asked for particulars on investment losses incurred to date, on the specific companies in which the University of Toronto was currently invested, and on any University policy that spoke to guidelines for ethical investing.

In response to the first and third questions, the Chair recalled that the audited financial statements included the amount of investment losses for the 2001-02 year. Quarterly reports on investment performance were distributed to members of the Board. He referred the member to the Policy on Social and Political Issues with Respect to University Investments. The policy was available on the web and fell within the mandate of the University Affairs Board. The policy set out a procedure by which members of the University with concerns about investments in some particular company or area could prepare a case and collect signatures on a petition supporting that case. The University had, however, received legal advice that the primary accountability of the Governing Council, as a fiduciary, was, to ensure the best possible investment return consistent with prudent investment policies. Mr. Chee was invited to respond to the second question. He indicated that a request for information on specific companies had come forward in 2001. It was his understanding that, at that time, the University of Toronto Asset Management Corporation's (UTAM) response was that investments were managed by external portfolio managers who were concerned that disclosure of their individual portfolios would violate their proprietary interest in their investment strategies. Mr. Chee indicated there was an established protocol to initiate reviews on this subject.

4. Vice-President and Chief Advancement Officer: Annual Report, 2001-02

Dr. Dellandrea spoke from a PowerPoint presentation (attached) to give the 2001-02 Annual Report of the Division of University Advancement. He began by saying that the celebration of the University's 175th anniversary had had a significant and measurable impact, providing a real boost in morale among members of the University and its alumni. Regional alumni events had increased by 34% and an electronic-mail newsletter was being distributed to over 55,000 alumni. At the end of August, the University had succeeded in bringing the cumulative Campaign total of gifts and pledges to over \$900-million. A summary review of the Campaign projections versus performance, cumulatively, indicated that the Campaign had exceeded its target at the fiscal year-end in 2001 and had achieved the high end of the target range at April 30, 2002. Dr. Dellandrea was confident that by April 30, 2003 it would have achieved the objective of between \$940-million and \$1,006-million. All aspects continued to be on track. The distribution of donors indicated that there had been 191 donors who had given \$1 million or more and, at the other end of the scale, 90,000 donors of \$1,000 or less, who could become the major donors of future years. Forty-five thousand of the donors in this

4. Vice-President and Chief Advancement Officer: Annual Report, 2001-02 (cont'd)

Campaign were first-time givers to the University. The sources of donations were fairly constant, although some shifts had occurred. Dollars from alumni were up significantly. For clarification, he noted that donations from corporations that were closely held by alumni and from foundations established by alumni were generally included in the alumni category. The category of corporate donors consisted, by and large, of gifts from large public corporations.

The strategy for the Campaign was to continue to December 31, 2004 regardless of when the objective of \$1 billion was reached. The challenge would then be to strike a balance between acknowledging the success of the Campaign when the target was achieved while concurrently avoiding a signal that the Campaign was over and the University's needs met. Stewardship and communication would be particularly important connecting to the next Campaign which was expected to begin in 2007-08. This would give time to merge the new academic priorities, which would be identified in the academic planning exercise currently underway, with the fund-raising objectives and would allow a pause to minimize donor fatigue.

Specific goals for 2002-03 were to maximize support for academic priorities and to secure funds for the major projects that were underway. Sustaining the current level of fund-raising was important. There needed to be communication efforts internationally and nationally that signaled the University of Toronto's goal of placing among the top public research universities in the world. Dr. Dellandrea noted that, although there had been a high level of alumni engagement, benchmarked against major universities in the United States there was still a long way to go in the growth of alumni donors and volunteers. He hoped that the University of Toronto could continue to be a leader in fund-raising with high staff accountability and absolute transparency. He would work with the other Vice-Presidents in achieving these overall objectives. In closing, he said that the success of this Campaign had been remarkable but it was not over.

Responding to a member, Dr. Dellandrea acknowledged that the Government of Ontario was the most significant source of funding for the University and that there had been limited success in organized efforts by the universities, students, parents and alumni in lobbying to achieve appropriate funding for post-secondary education.

A member enquired as to the status of the initiative which had emerged from the last Governing Council meeting of the 2001-02 year with regard to the establishment of an alumni bursary for students in the Faculty of Law to assist in addressing tuition-fees increase. Dr. Dellandrea indicated that this would be related to the second round of the Ontario Student Opportunity Trust Fund program, details of which had not yet been announced by the Government of Ontario. He undertook to report at a future meeting.

With respect to the University's building long-term and loyal relationships with current students, who would be future alumni, Dr. Dellandrea noted that the language of discourse with students had changed. The Division of Development was no longer reticent about communicating clearly to current students that they were part of the success of the University over the long term.

5. Quarterly Report on Gifts and Pledges over \$250,000, May 1 – July 31, 2002

The Chair said that this quarterly report was made pursuant to the 1998 *Provost's Guidelines on Donations*. The report was presented to both the Academic Board and

5. Quarterly Report on Gifts and Pledges over \$250,000, May 1 – July 31, 2002
(cont'd)

Business Board for information. Its objective was to enable monitoring to ensure that major gifts were consistent with the University's fundamental principles: that they did not imperil the "integrity, autonomy and academic freedom" of the University, and that gifts were consistent with academic priorities and did not steer the University's teaching and research to non-priority areas. Of course, the report also assisted the Business Board to carry out its responsibility for monitoring the University's advancement program. There were no questions arising from the report.

6. Report on Capital Projects

Mr. Bisanti was invited to speak to a PowerPoint and slide presentation on the current capital projects, and reporting on the budget and readiness status of each. A member asked how the administration was managing this huge business challenge. Mr. Chee responded that in recognition of the experience and expertise required, a separate position had been established in the Chief Capital Projects Officer. This position had the single focus of overseeing capital construction and had been filled by an individual well qualified in the field. Mr. Chee continued, noting that the capital portfolio was slowly being reviewed and over the past six months some results had emerged. For the first time, projects had come in under anticipated cost. The marketplace was becoming aware that the University of Toronto had become more "hard-nosed" in its approach and, in his view, this was paying off in more accurate initial estimates. The Chair recalled also that the Provost's Office had established the Office of the Vice-Provost, Space and Facilities Planning, and it was integral to the early planning for and coordination of user requirements, contributing to risk minimization and the eventual success of projects.

In conclusion, Mr. Bisanti added that, with the tremendous activity at UTSC and UTM, two additional persons were being considered, one each with responsibility for capital projects at those two campuses.

A member asked what were the top three projects for risk and why. Mr. Bisanti responded that Residence Phase IV at UTSC was a challenge because of the need to finish by September. The construction of the New College Residence continued to present difficulties because of the complexity of the project and the limited peripheral space for the operation of construction equipment. The Gerstein Library was about a month behind because of a reorganization by the contractor. And, finally construction of the underground parking garage at the University of Toronto at Mississauga was about four weeks behind because of unexpected underground water and contaminants.

Mr. Chee informed the Board that the general strategy would be to ensure that planning and estimates at the front end of a project were efficient and comprehensive to avoid losing construction time because of the University's oversight and/or having to come back to the Board for additional funding approval.

The Chair invited Ms. Sadowski to speak. Referring to the Woodsworth College Residence, Ms. Sadowski informed the Board of APUS's concern over lack of office space for student groups. APUS currently had office space in the Sidney Smith Building that was neither accessible nor sufficient. APUS had been of the belief that there would be space assigned to them in the Woodsworth College Residence and they now had become aware that the space in question was assigned to two student groups. In her view, this seemed like a ploy to create division between student groups and APUS had no intention of involving itself in the determination of which group should get the space.

6. Report on Capital Projects (cont'd)

Overall, she wanted the Board to be aware that lack of student space on campus was a serious issue. The Chair acknowledged the concern and advised Ms. Sadowski that the issue might more appropriately be taken to the Planning and Budget Committee, under whose mandate it fell.

7. Capital Project: St. George Campus - University College Residence

The Chair welcomed Professor Perron and invited him to speak. Professor Perron reviewed the long history of this project. He reviewed the urgent need for this residence expansion, citing that in 1954 the College had 1,200 students and 430 residence beds. In 2002, they had 3,900 students and the same number of residence beds. Relative to other colleges, University College housed the lowest percentages of its students. In his view, residence availability was an important recruitment tool and an important aspect of the student experience. Professor Perron assured the Board that the process to date had been widely consultative and that support among students was unanimous.

Mr. Bisanti reviewed the project, highlighting from his memorandum of September 17, 2002. This project had initially been considered at several levels of governance in April 2002 but the City of Toronto had objected to the use of the site proposed in the first Project Planning Report. The revised Report proposed Site 22, immediately adjacent and to the north of Sir Daniel Wilson residence. In response to a question, Mr. Bisanti informed the Board that construction costs were considerably higher than, for example, when Innis College Residence was constructed. This was largely due to the booming state of the construction industry now; land costs were not imputed into capital projects on University land so it was not related to increased cost of real estate.

At the invitation of the Chair, Mr. Piché said this project was based on a solid business model. Various scenarios had been modeled and, even in a worst-case scenario, this project could be successful. Mr. Chee added that in the event of a cost overrun or donation shortfall, the University would assume the risk. However, he was reasonably satisfied that the business plan for this project was conservative and posed no risk to the University.

A member asked when the University would go to outside sources for financing in the case of an ancillary mortgage. Mr. Chee responded that there was intent to separate out the operations and capital budgets, after which a careful look would be taken at how the latter was financed. The decision in any given instance would be based on what made the more sense for the University.

Mr. Bisanti responded to a question by indicating that this residence was expected to be at capacity during the academic months and 65% to 75% occupied in the summer. With respect to the number of fully accessible rooms, Dr. Levy indicated that, in his view, these needed to be considered as a pool of rooms. There were sufficient and it was a question of managing them effectively.

(Secretary's Note: Cost estimates for the University College Residence evolved while this matter was moving through governance. The addition of several beds and more accurate costing resulted in a cost that was \$500,000 more than what was presented to the Planning and Budget Committee for recommendation to the Academic Board, and what appeared in the motion for concurrence approved by the University Affairs Board.

7. Capital Projects: St. George Campus - University College Residence (cont'd)

This difference in total cost was also reflected in a change to long-term financing by \$500,000.)

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

Subject to the understanding that the rates of the University College residence ancillary operation are increased sufficiently to ensure that the operation continues to recover its own costs,

YOUR BOARD CONCURS

with the prospective recommendation of the Academic Board for approval in principle of the University College Residence project, and specifically the recommendation

THAT the project cost of \$22,000,000 be approved, with the funding sources as follows:

- (i) Donation from University College of \$2,500,000
- (ii) University College Residence Ancillary allocation of \$1,485,000
- (iii) University College Food Service allocation of \$800,000
- (iv) University Infrastructure Investment Fund allocation of \$70,000, and
- (v) Financing in the amount of \$17,145,000 to be repaid from residence fee revenues over a 25-year amortization period at 8% per annum; and

Subject to Governing Council approval in principle of the project,

YOUR BOARD APPROVED

THAT the Vice-President, Business Affairs be authorized to execute the University College Residence project at a cost not to exceed \$22,000,000 and to arrange such interim and long-term financing as required, from either internal or external sources.

8. Approvals under Summer Executive Authority

The Chair reported that there were no approvals under summer executive authority in the past summer in matters within the Business Board's terms of reference.

9. Calendar of Business, 2002 – 03

The Chair referred members to the 2002-03 Calendar of Business, saying that this was for information and that it should be used by members to identify items of business in which they would like to be involved. The Calendar was an evolving document and was likely to be updated or changed at each meeting of the Agenda Planning Group.

10. Report Number 65 of the Audit Committee – June 19, 2002

The Chair noted that Report Number 65 of the Audit Committee meeting of June 19, 2002 had been distributed for the information of members. There were no questions.

11. Reports of the Administrative Assessors***Ontarians with Disabilities Act***

Professor Hildyard reported that the University was subject to the provisions of the *Ontarians with Disabilities Act*. The President had appointed Professor Hildyard to oversee compliance with the Act and to report annually to him and to the Governing Council, through the appropriate committee(s). As a first step, Professor Hildyard would appoint an advisory group, which would include senior academic and administrative staff. It would work through subcommittees to solicit broad input from persons with disabilities and others in developing an accessibility plan. The impact of the legislation would be very far-reaching. In response to a question, Professor Hildyard said that the legislation contained no deadline for developing the accessibility plan.

12. Date of Next Meeting

The Chair reminded members that the Board's next regular meeting was scheduled for Monday, November 11, 2002 at 5:00 p.m. in the Council Chamber, Simcoe Hall.

13. Human Resources

THE BOARD MOVED *IN CAMERA*.

On motion duly made and seconded, it was RESOLVED

THAT pursuant to section 33(i) of By-Law Number 2, the Board continue *in camera* to consider the remaining item, with staff members named by Mr. Chee and Professor Hildyard invited to attend to assist the Board in its consideration of that item.

Professor Hildyard reported on the status of the salary and benefits determination process with respect to the following groups:

- (a) Teaching staff and librarians,
- (b) Unionized staff, and
- (c) Non-union administrative staff.

The meeting adjourned at 7:25 p.m.

Secretary (Recording)

Chair

October 11, 2002

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