

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 209 OF THE BUSINESS BOARD

January 27, 2014

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, January 27, 2014 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. W. John Switzer (Chair)	
Mr. Jeff Collins (Vice-Chair)	
Professor Scott Mabury, Vice-President, University Operations	Ms Sheila Brown, Chief Financial Officer
Professor Angela Hildyard, Vice-President, Human Resources & Equity	Ms Gail Milgrom, Assistant Vice-President, Campus and Facilities Planning
Professor John Bland	Mr. David Palmer, Vice-President, Advancement
Mr. Ian Freedman	Mr. Ron Swail, Assistant Vice-President, Facilities & Services
Professor Avrum Gotlieb	
Mr. William Hewitt	Ms Sheree Drummond, Secretary
Ms Zabeen Hirji	
Mr. Mark Krembil	
Ms Nancy Lee	
Ms Rosanne Lopers-Sweetnam	
Ms Mainawati Rambali	
Ms Catherine Riddell	
Mr. Howard Shearer	
Mr. Andrew Szende	
Mr. Christopher Thatcher	
Mr. Keith Thomas	
Ms Rita Tsang	
Ms B. Elizabeth Vosburgh	

Regrets:

Mr. Andrew Girgis	Dr. Gary P. Mooney
Mr. Gary D. Goldberg	Mr. Peter Robinson
Mr. Arthur Heinmaa	
Ms Paulette Kennedy	

In Attendance:

Professor Steven Thorpe, Governor
Mr. Tad Brown, Senior Legal Counsel, Office of the Vice-President, Advancement and Office of the Vice-President, University Operations

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

Ms Adrienne De Francesco, Director, Project Management Planning, Design & Construction,
University Operations

Ms Barbara Dick, Assistant Vice-President, Alumni Relations

Ms Ania Lindenbergs, Senior Executive Director, Advancement Communications and Marketing

Mr. Scott Lougheed, Director, Account Management

Mr. Ian Mishkel, Executive Director, Principal Gifts

Ms Gillian Morrison, Assistant Vice-President, Divisional Relations and Campaigns

Mr. Mark Sedore, Senior Communications Advisor

Ms Emily Tan, Chair, Responsible Investing Committee

ITEM 15 (a.) IS RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL.
ALL ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

MAJOR THEMES:

(1.) UNIVERSITY ADVANCEMENT

(2.) THE CAPITAL PROGRAM

The Chair welcomed members and guests to the meeting. He advised members that two speaking request were received on item #15 - The Centre of Engineering Innovation and Entrepreneurship. One was from the Association of Part-Time Students (APUS) and the other from the University of Toronto Students' Union (UTSU). He indicated that both requests were declined. He said that the requesters were advised that both elements of the item (financing requirement and the execution of the project) would be considered *in camera* and that the Board would not be reviewing the project itself as that was within the purview of the Academic Board (and by extension, the Planning and Budget Committee). He said that the role of the Business Board was to consider the financing of the project, subject to the approval of the project in principle by the Governing Council. The Business Board also approved the execution of a project, also subject to the approval of the project in principle by Governing Council. He noted to members that APUS did have an opportunity to speak at the January 15 Planning and Budget meeting. Both APUS and UTSU had been advised that they could request to address those bodies that would be considering the project itself.

The Chair asked for their permission to move item 4 – Senior Appointments and Compensation Committee: Annual Report 2012-13 - to the first item on the agenda. Members agreed.

4. Senior Appointments and Compensation Committee: Annual Report, 2012-13

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

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

presents summary information on decisions. The Chair invited Ms Judy Goldring to speak to the Report.

Ms Goldring advised that there was nothing unusual to bring to the Board's attention. She confirmed that the Committee's decisions were made in compliance with the *Policy* and applicable legislation and that it had received reports from the President as required.

1. Annual Report: Vice-President, Advancement, 2012-13

The Chair invited Mr. David Palmer, Vice-President, University Advancement, to introduce the members of his team and to give his presentation. Mr. Palmer introduced the following members of his executive team: Mr. Tad Brown, Senior Legal Counsel, Office of the Vice-President, Advancement and Office of the Vice-President, University Operations; Ms Barbara Dick, Assistant Vice-President, Alumni Relations; Ms Ania Lindbergs, Senior Executive Director, Advancement Communications and Marketing; and, Ms Gillian Morrison, Assistant Vice-President, Divisional Relations and Campaigns. He also introduced other members of the Advancement portfolio: Mr. Scott Lougheed, Director, Account Management; Mr. Ian Mishkel, Executive Director, Principal Gifts; and, Mr. Mark Sedore, Senior Communications Advisor.

Mr. Palmer advised members that there were two reports. One was for the fiscal year 2012-13 and was a performance indicator report and the other was a more comprehensive report for the calendar year. Mr. Palmer gave a detailed presentation¹ that addressed both reports.

The highlights were as follows:

- Alumni Relations: 514,289 alumni from 194 countries; continuing growth in participation in alumni programs with over 34,000 involved in events; significant increase in the number of alumni who were volunteers, from 5300 in 2012 to 8441 in 2013; also large increase in the number of mentors, from 750 in the previous year to 1259; alumni surveys indicated a high degree of satisfaction with alumni programs and a desire for increased affinity; survey responses also indicated that Boundless was seen not just as a fundraising vehicle, but something that carried forward the institution's narrative, and inspired greater pride of association and greater understanding of the University's mission and case for support.
- Fundraising Performance: a record year with \$211 million raised, first time any institution of higher learning in Canada had reached above \$200 million; 64% increase over prior year; clear that Campaign environment had taken root across all three campuses and in every division; continued shift to expendable versus endowed gifts with 80% expendable; annual fund has remained strong with \$17.2 million in past year, representing a 15% increase over previous year; average gift had increased almost 30% in the last two years.
- Campaign: surpassed \$1.3 billion by April 30, 2013, this was months earlier than targeted; in addition to the \$211 million in gifts in annual fundraising there has been an

¹ <http://www.governingcouncil.utoronto.ca/AssetFactory.aspx?did=10226>

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

additional \$15.2 million in philanthropic research grants (counted in the Vice-President, Research and Innovation portfolio); individual giving continues to account for the majority of gifts; 9% of donations coming from donors who were 34 years of age or younger – a strong number for this age group; visit activity was five times more than at the start of the Campaign, 5509 visits in past year; 2012 – 13 had been a record setting year across all giving programs.

- It was announced in September 2013 at the event hosted at Corus Quay that the Campaign had reached the two-thirds mark.
- By December 31, 2013 reached \$1.411 billion (target was \$1.4 billion). Infographic on Boundless donors illustrated that: 42% are first time donors; coming from 87 different countries; more than 125,000 have come to events over the course of the Campaign.

Mr. Palmer closed by showing a short video that highlighted the impact of the Campaign to date. Members applauded the video and Mr. Palmer thanked Ms. Lindenberg's team for their exceptional work on it. He said that he was happy to report that the Campaign had gained momentum through the Presidential transition. He thanked all those around the table who had made a difference by supporting the Campaign.

In response to a question for a member Mr. Palmer indicated that the consolidated fundraising numbers included the federated universities, but not the affiliated hospitals.

The Chair thanked Mr. Palmer for the presentation and for the excellent reports. He said that in his view they were the best he had seen and he found them tremendously uplifting. He congratulated Mr. Palmer and his team on their excellent work and thanked them for the support and leadership that they provided to the various divisions of the University.

2. Capital Projects Reports

(a) Capital Projects and Real Estate: Annual Review to December 31, 2013

(b) Deferred Maintenance: Annual Report, 2013

(c) Capital Projects Report to January 31, 2014

The Chair indicated that the capital program was the other main theme for the meeting. He invited Professor Scott Mabury to introduce the reports. Professor Mabury indicated that there would be two presentations, one that would provide a status report on deferred maintenance and the other an overview of major capital projects.

At the invitation of Professor Mabury, Mr. Ron Swail gave a presentation² on deferred maintenance with the following main points:

- The Facility Condition Assessment Program (FCAP) had been running at all Ontario universities for 13 years. It identified, quantified, and prioritized deferred

² <http://www.governingcouncil.utoronto.ca/AssetFactory.aspx?did=10227>

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

- maintenance liabilities for academic and administrative buildings across Ontario universities;
- The comprehensive building re-audit program instituted in 2009 / 2010 resulted in a significant increase in deferred maintenance items identified across all three campuses;
 - The Facilities Condition Index (FCI) was an indicator of the state of a building (the higher the percentage the worse condition a building was in). The COU average was 10%. The St. George campus was 15.1%, the UTM campus was 8.3%, and the UTSC campus was 12.6%;
 - When the change in the audit process in 2009-10 there was an increase in the FCI at UTM and UTSC. Now that all buildings had been assessed there had been a leveling out at St. George campus and a decrease on the other two campuses;
 - The St. George campus, due to the significant number and age of the buildings, had the lion's share of the deferred maintenance needs. Over time there had been a reduction in the priority one needs (repairs which should be undertaken within a year). 85% of the priority one deficiencies on the St. George campus had been reduced to \$19.8M from a high of over \$75M several years ago;
 - The funds that had been provided to address deferred maintenance had been utilized to address the most pressing deficiencies (e.g., poor roofs);
 - St. George portfolio of buildings was now in better condition than it was a decade ago due to substantial internal funding being focused on the most pressing repairs and the benefit of capital projects retrofitting;
 - While the overall liability was increasing, it was being managed. Sustained funding would allow it to be addressed.

Professor Mabury commented that the support of Business Board for sustained funding for deferred maintenance had played an important role in the success of his advocacy in the annual budget process.

Ms Adrienne De Francesco gave a presentation³ on the major capital projects for the period of January 1, 2013 to December 31, 2013. She indicated that the total number of projects active (planned, under construction, in post-construction close-out) during the period was 69 with a total dollar value of projects of \$496 million and provided a brief overview of the planned projects, the projects that were underway, and the completed projects.

Professor Mabury noted that there was a lot of building taking place on all three campuses and that the buildings went to the heart of the academic priorities of the divisions. He also commented on the expectation that there would be multiple funding sources for each project

In response to a question from a member as to what percentage of the projects were on time and on budget, and whether the contingencies that were in place were adequate, Professor Mabury replied that all projects were on time and on budget and that normally there was a 10% contingency on construction and a variable contingency on the overall project (depended on the project). A member asked what kind of risks the University faced. Professor Mabury replied that there were a range of risks, including rezoning needs, relationships with neighbours, etc., He emphasized the importance of open communication and transparency. Professor Mabury added that the University's scope to budget approach was an important part of managing risk.

Professor Mabury advised members that he would be bringing forward a planning study for the Huron-Sussex neighbourhood that had the support of the community. He saw the success of

³ <http://www.governingcouncil.utoronto.ca/AssetFactory.aspx?did=10229>

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

this process as a positive sign regarding the relationship of the University with its neighbouring communities.

OTHER REPORTS FOR INFORMATION

3. Pension Plans Annual Financial Report for the Year Ended June 30, 2013

The Chair indicated that the Audit Committee has responsibility for reviewing the audited financial statements of the pension plans and the auditors' reports thereon, and recommending the financial statements to the Pension Committee for approval. The Audit Committee had carried out this responsibility at its November 26, 2013 meeting. The Pension Committee had subsequently approved the audited financial statements at its December 11, 2013 meeting.

The Chair invited Ms Brown to present the highlights of the report.⁴ She made the following points:

- The report brought together information on the defined benefit plans, including assets, liabilities and deficit, in a historical context. It was of interest to the Business Board because pensions were an important factor in the overall health of the University;
- Going Concern Results for the Year: The going concern deficit had decreased by \$172.3 million mainly due to investment returns of 12.1%, higher than nominal target return of 5.2%, and special contributions of \$66.6 million partly offset by actuarial assumption changes. There were some challenges on the horizon due to increased life expectancy that would mean that further changes would be required (last time an adjustment of this type was made was in July 2011);
- Going Concern Pension Liabilities: Continuing to go up;
- Market Value of Pension Assets and Going Concern Market Surplus (Deficit): Pattern of up and down in terms of the value of assets (reflection of investment returns);
- Solvency Results for the Year: This assumed that the plan would be wound up on a non-indexed basis. The solvency deficit decreased from \$1,811 million at July 1, 2012 to \$1,363.8 million at July 1, 2013 mainly due to current long-term bond rates used to discount liabilities that rose from 3.05% at July 1, 2012 to 3.45% at July 1, 2013;
- Implications: Will look at longevity assumption which will have an impact on the revision of the pension contribution strategy (which would be brought back to the Board). Need the actual results for 2014 before it would be possible to determine what needs to be done on a long-term basis. Discussions were ongoing with the provincial government on the issue of further deferral of solvency.

A member remarked that part of the pension funding plan had included the use of letters of credit and asked whether there had been any indication of whether this approach would be approved. Ms Brown replied that this had not yet been approved and it was unclear whether it would be. Another member inquired as to the investment numbers and Ms Brown replied that

⁴ <http://www.governingcouncil.utoronto.ca/AssetFactory.aspx?did=10228>

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

they were 9.1% from July 1 to December 31, 2013. In response to a question from a member as to whether the plans were integrated with the Canada Pension Plan Ms Brown replied that they were.

4. Senior Appointments and Compensation Committee: Annual Report, 2012-13

See above.

5. Health and Safety Requirements: Quarterly Report on Compliance

The Chair reminded members that the Board was responsible for monitoring health and safety compliance. He invited Professor Hildyard to give her report. Referring to the report Professor Hildyard advised members that the critical injury was an employee that fell from a ladder at the 89 Chestnut Residence. She also spoke briefly to the sexual assault and noted that the student was receiving the necessary support.

Professor Hildyard also reported to members that the Workplace Safety and Insurance Board (WSIB) had contacted the University regarding two former employees who have been diagnosed with asbestosis. The WSIB is collecting information from everywhere that these individuals worked over the course of their respective careers. The WSIB would advise the University if it finds that the University had any responsibility with regard to these cases.

There were no questions from members.

6. Annual Report of the Responsible Investing Committee, 2012-13

The Chair reminded members that the Responsible Investing Committee was not a governance committee but rather was advisory to the Chief Financial Officer. He said that in accordance with the Committee's terms of reference, its annual report was provided to the Business Board for information. He acknowledged the presence of the Chair of the committee, Ms. Emily Tan.

At the invitation of the Chair Ms Brown made some brief comments. She said that the Committee provided a forum for interested parties to discuss principles of responsible investing at U of T and that it worked on identifying how best the University could proceed on these matters. She said that the Committee continued to assess whether the United Nations' backed principles for responsible investing should be implemented at the University. She noted that the Committee worked closely with the University of Toronto Asset Management Corporation (UTAM). Ms Brown thanked Ms Tan for her work as Chair, noting that she had served in this capacity since the Committee's inception. She also thanked the student members for their tireless commitment to an important issue.

A member asked whether similar ethical considerations were taken into account when assessing potential gifts from donors. Mr. Palmer replied that there was an acceptance of gifts policy in place. He said that there were some industries, for example, from which the University would not accept a donation.

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

7. Reports of the Administrative Assessors

Professor Mabury reported that the Relocation of the Department of Nutritional Sciences to the Toronto Medical Discovery Tower that had come through governance in the previous year would no longer be proceeding as planned. He indicated that the Faculty of Medicine was in the process of considering alternative options.

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 208 – November 4, 2013

The Report of the previous meeting was approved.

9. Business Arising from the Report of the Previous Meeting

10. Report Number 110 of the Audit Committee – November 26, 2013

11. Status Report on Debt to January 31, 2014

CLOSING ADMINISTRATIVE ITEMS

12. Date of Next Meeting - Monday, March 3, 2014

13. Other Business

No other business was raised.

***IN CAMERA* ITEMS**

On a motion duly made, seconded and carried,

IT WAS RESOLVED

THAT pursuant to section 33(i) of By-Law Number 2, the Board meet in closed session to consider item 14 and *in camera* to consider and items 15 through 20, with other members of the Governing Council, the Board's assessors, Secretariat, and any staff members invited by the assessors invited to remain in attendance.

THE BOARD MOVED *IN CAMERA*.

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

14. Closed Session Reports of the Administrative Assessors

Professor Hildyard briefed the Board on upcoming labour negotiations.

15. The Centre of Engineering Innovation and Entrepreneurship

a. Financing Requirement

On motion duly moved, seconded, and carried,

YOUR BOARD RECOMMENDS

THAT the Vice President, University Operations' recommendation, as outlined in the memorandum dated January 21, 2014 be approved.

b. Execution of Project

On motion duly moved, seconded, and carried

YOUR BOARD APPROVED

Subject to Governing Council approval in principle of the project,

The recommendation regarding the Centre for Engineering Innovation and Entrepreneurship - Execution of the Project contained in the memorandum from Professor Scott Mabury, Vice-President, University Operations, dated January 21, 2014.

16. University of Toronto Mississauga Phase 4 of the Renovation of Biology Undergraduate Teaching Laboratories – Execution of Project

On motion duly moved, seconded, and carried

YOUR BOARD APPROVED

Subject to Governing Council approval in principle of the project,

The recommendation regarding the University of Toronto Mississauga Phase 4 of the Renovation of Biology Undergraduate Teaching Laboratories - Execution of the Project contained in the memorandum from Professor Scott Mabury, Vice-President, University Operations, dated January 20, 2014.

REPORT NUMBER 209 OF THE BUSINESS BOARD – January 27, 2014

17. University of Toronto Mississauga Biology Greenhouse (Phase 1) – Execution of Project

On motion duly moved, seconded, and carried

YOUR BOARD APPROVED

Subject to Governing Council approval in principle of the project,

The recommendation regarding University of Toronto Mississauga Biology Greenhouse (Phase 1) - Financial Implications and Funding Sources - Execution of the Project contained in the memorandum from Professor Scott Mabury, Vice-President, University Operations, dated January 20, 2014.

18. July 1, 2011 – June 30, 2014 Collective Agreement between the University of Toronto and CUPE Local 1230 (Part-Time)

Professor Hildyard advised the Board of the details of the Agreement.

19. July 1, 2010 – June 30, 2014 Collective Agreement between the University of Toronto and CUPE Local 3261 (Part-Time)

Professor Hildyard advised the Board of the details of the Agreement.

20. Collective Agreement between the University of Toronto and UA Local 46 for the period May 1 2013 to May 31 2015

Professor Hildyard advised the Board of the details of the Agreement.

The Board returned to open session.

The meeting adjourned at 7:09 p.m.

Secretary

Chair

January 30, 2014