

Monday, November 19, 2018

2:00 p.m. to 5:00 p.m.

North Campus, ERC 3023

Toll-Free: 1-877-385-4099 Participant Passcode: 1028954#

Members: Nigel Allen (Chair), Doug Allingham, Stephanie Chow, Dale MacMillan, Steven Murphy, Dietmar Reiner, Craig Elliott (non-voting)

Staff: Robert Bailey, Becky Dinwoodie, Cheryl Foy, Justin Gammage, Doug Holdway, Brad MacIsaac, Pamela Onsiong, Bobbi-Jean White (KPMG)

AGENDA

No.	Topic	Lead	Allocated Time	Suggested End Time
	PUBLIC SESSION			
1	Call to Order	Chair		
2	Agenda (M)	Chair		
3	Conflict of Interest Declaration	Chair		
4	Chair's Remarks	Chair		2:05 p.m.
5	President's Remarks	S. Murphy	5	2:10 p.m.
6	Finance			
6.1	Second Quarter Financial Reports* (U)	P. Onsiong	10	2:20 p.m.
6.2	2018-2019 Enrolment (U)(P)	R. Bailey	5	2:25 p.m.
6.3	Budget Assumptions, Targets & Outcomes* (D)	C. Elliott & R. Bailey	10	2:35 p.m.
6.4	2019-2020 Ancillary Fees Amendment* (M)	B. MacIsaac	5	2:40 p.m.
6.5	Moody's Credit Rating Upgrade* (U)	C. Elliott	5	2:45 p.m.
7	Project Updates		35	
7.1	Capital Projects: (a) New Building: (i) Student Union Addendum & Guarantee Agreement* (M) (ii) Business Case* (M)	C. Foy B. MacIsaac & C. Elliott		
	(b) ACE Enhancement* (M)	C. Elliott		
	(c) Campus Recreation & Wellness Centre Expansion* (M)	C. Elliott		
	(d) Vaso's Field (U)	C. Elliott		3:20 p.m.

No.	Topic	Lead	Allocated Time	Suggested End Time
7.2	AVIN (M)	D. Holdway	10	3:30 p.m.
8	Investment Committee Oversight			
8.1	Quarterly Report	S. Chow	5	3:35 p.m.
9	Risk, Compliance & Policy		15	3:50 p.m.
9.1	Policy: (a) Freedom of Expression Policy* (M)	R. Bailey		
	(b) Procedure For On-Campus Medical Cannabis Use By Students* (M)	R. Bailey		
10	Consent Agenda (M):	Chair	5	3:55 p.m.
10.1	Approval of Minutes from June 18, 2018*			
10.2	Terms of Reference Review*			
11	For Information:			
11.1	Risk Management & Insurance Update*			
11.2	Contract Management Policy & Signing Authority Policy Review Update*			
12	Other Business	Chair		
13	Adjournment (M)	Chair		4:00 p.m.
	BREAK			4:05 p.m.
	NON-PUBLIC SESSION (material not publicly available)			4:05 p.m.
14	Call to Order	Chair		
15	Conflict of Interest Declaration	Chair		
16	President's Remarks	S. Murphy	5	4:10 p.m.
17	Audit			
17.1	Year End Auditor's Management Letter (U)	C. Elliott	5	4:15 p.m.
17.2	Engagement Audit Plan* (U)	KPMG	10	4:25 p.m.
17.3	Pension Plan Audit Report* (U)	KPMG	5	4:30 p.m.
17.4	Debenture Check-in* (U) – Privileged & Confidential	S. Murphy & C. Foy	15	4:45 p.m.
17.5	Website Security* (U)	C. Elliott	5	4:50 p.m.
18	Consent Agenda (M):	Chair		
18.1	Approval of Minutes from June 18, 2018*	Chair		
19	Other Business			
20	In Camera Session (M)			
21	Termination (M)			5:00 p.m.

Becky Dinwoodie, Secretary



**Financial Update
Report to the Audit and Finance Committee
For 6 months ending September 30, 2018**

November 19, 2018

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Report to Audit and Finance Committee – November 19, 2018
For 6 months ending September 30, 2018
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Consolidated Financial Statements of

**UNIVERSITY OF ONTARIO
INSTITUTE OF TECHNOLOGY**

For 6 months ending September 30, 2018

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Financial Position
As at September 30, 2018

	<u>Sep 30, 2018</u>	<u>Sep 30, 2017</u>	<u>YOY Variance</u>	<u>Mar 31, 2018</u>
ASSETS				
CURRENT				
Cash and cash equivalents	\$ 57,085,371	\$ 37,098,165	\$ 19,987,206	\$ 35,569,460
Short-Term Investments	8,000,000	16,624,798	(8,624,798)	16,625,200
Grant receivable	7,612,022	6,862,333	749,689	7,547,294
Other accounts receivable	39,795,890	42,772,339	(2,976,449)	8,157,805
Prepaid expenses and deposits	1,706,848	2,022,321	(315,473)	1,619,047
Inventories	929,096	616,373	312,723	241,633
	<u>115,129,227</u>	<u>105,996,329</u>	<u>9,132,898</u>	<u>69,760,439</u>
INVESTMENTS	26,301,813	27,308,913	(1,007,100)	25,681,555
CAPITAL ASSETS	392,651,445	404,548,738	(11,897,293)	399,587,698
TOTAL ASSETS	\$ 534,082,486	\$ 537,853,980	\$ (3,771,494)	\$ 495,029,692
LIABILITIES				
CURRENT AND LONG-TERM LIABILITIES				
Accounts payable and accrued liabilities	22,798,032	23,398,513	(600,481)	25,821,233
Deferred revenue	72,495,866	73,156,123	(660,257)	19,579,647
	<u>95,293,898</u>	<u>96,554,636</u>	<u>(1,260,738)</u>	<u>45,400,880</u>
LONG TERM DEBT	672,774	3,643,784	(2,971,010)	682,736
OBLIGATIONS UNDER CAPITAL LEASE	37,888,140	38,425,679	(537,539)	38,167,349
DEBENTURE DEBT	167,211,025	172,823,718	(5,612,693)	170,061,232
DEFERRED CAPITAL CONTRIBUTIONS	159,506,705	163,688,645	(4,181,940)	162,548,903
	<u>460,572,542</u>	<u>475,136,462</u>	<u>(14,563,920)</u>	<u>416,861,100</u>
Net Assets / (Deficit)				
NET ASSETS, excluding current year surplus	57,128,164	41,731,792	15,396,372	58,424,608
ENDOWMENTS	21,197,256	19,756,993	1,440,263	21,040,428
CURRENT YEAR (DEFICIT) / SURPLUS	(4,815,476)	1,228,732	(6,044,208)	(1,296,444)
	<u>73,509,944</u>	<u>62,717,517</u>	<u>10,792,427</u>	<u>78,168,592</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 534,082,486	\$ 537,853,980	\$ (3,771,494)	\$ 495,029,692

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Operations
For the 6 months ending September 30, 2018

	<u>Sep 30, 2018</u>	<u>Sep 30, 2017</u>	<u>YOY Variance</u>
REVENUE			
Grants - operating & research	\$ 37,105,015	\$ 34,752,075	2,352,940
Grant - debenture	6,750,000	6,750,000	-
Donations - operating & research	535,537	831,755	(296,218)
Student tuition fees	26,339,869	25,652,405	687,464
Student ancillary fees	8,291,453	8,557,507	(266,054)
Revenue from purchased services	1,940,812	1,988,074	(47,262)
Other income	4,753,962	9,200,617	(4,446,655)
Amortization of deferred capital contributions	4,487,148	4,379,913	107,235
Interest revenue	410,004	261,061	148,943
Unrealized gain on investments	753,481	620,274	133,207
	91,367,281	92,993,681	(1,626,400)
EXPENSES			
Salaries and benefits	50,943,240	46,589,460	4,353,780
Student scholarships, awards and bursaries	5,519,915	4,528,968	990,947
Supplies and expenses	13,964,768	13,664,189	300,579
Purchased Services	6,262,087	5,489,351	772,736
Professional fees	843,981	2,450,327	(1,606,346)
Interest expense - Current Obligations	76,649	88,586	(11,937)
Interest expense - Long Term Debt	6,921,456	7,156,997	(235,541)
Amortization of capital assets	11,572,178	11,612,673	(40,495)
Loss on disposal of assets	78,484	184,396	(105,912)
	96,182,758	91,764,948	4,417,810
Excess of expenses over revenues	\$ (4,815,476)	\$ 1,228,733	\$ (6,044,210)

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Cash Flows
As at Sep 30, 2018

	<u>Sep 30, 2018</u>	<u>Sep 30, 2017</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of expenses over revenues	\$ (4,815,476)	\$ 1,228,733
Items not affecting cash:		
Amortization of capital assets	11,572,178	11,612,673
Amortization of deferred capital contributions	(4,487,148)	(4,379,913)
Loss on disposal of assets	78,484	184,396
Unrealized gain on investments	(753,481)	(620,274)
	<hr/> 1,594,556	<hr/> 8,025,615
Working Capital		
Grant and other accounts receivable	(31,702,813)	(35,858,041)
Prepaid expenses and deposits	(87,801)	(332,451)
Inventories	(687,463)	(443,859)
Accounts payable and accrued liabilities	(3,023,201)	(11,235,435)
Deferred revenue	52,916,219	52,277,404
	<hr/> 19,009,499	<hr/> 12,433,233
INVESTING		
Purchase of capital assets	(4,714,409)	(16,406,182)
Investments	8,758,421	(13,680,628)
Endowment contributions	156,828	140,273
	<hr/> 4,200,841	<hr/> (29,946,537)
FINANCING		
Repayment of long term debt	(2,860,169)	(5,423,722)
Repayment of obligations under capital leases	(279,209)	(247,083)
Deferred capital contributions	1,444,950	3,486,734
	<hr/> (1,694,428)	<hr/> (2,184,071)
NET CASH INFLOW / (OUTFLOW)	21,515,911	(19,697,375)
CASH BALANCE, BEGINNING OF YEAR	35,569,460	56,795,539
CASH BALANCE, END OF PERIOD	\$ 57,085,371	\$ 37,098,165

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Report to Audit and Finance Committee – November 19, 2018
For 6 months ending September 30, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

Cash and short-term investments increased \$11.4m over last year primarily due to under-spending in the last budget year offset by normal day-to-day normal operating activities.

Grant receivable balance of \$7.6m includes \$5.6m Collaborative Nursing (CN) grant funded on a slip-year basis (PY bal. \$3.1m receivable in CY, and CY bal. \$2.5m receivable in next FY) and \$2.0m of external research grants all of which are current.

Grant receivable increase of \$0.7m includes \$0.4m increase in research grants and \$0.3m increase in CN grant associated with YOY growth.

Other accounts receivable includes student and trade receivables. Balance of \$39.8m includes \$38.1m of student A/R (\$1.3m for spring 2018 and prior, \$6.5m for fall 2018 and \$30.3m for the future winter 2019 semester for which payment is due in Jan 2019), other current receivables comprising \$0.8m ACE, and other balances, none exceeding \$0.5m.

Other accounts receivable decrease of \$3.0m over the prior year includes \$1.2m decrease in student receivable due to better collection resulting from the implementation of the net tuition billing, decrease \$0.7m in sales tax recoverable due to the delay in the tax rebate receipt in the prior year, decrease \$0.5m in sponsorship billing as a result of the decrease in Saudi students, and other immaterial increases / (decreases).

Investment balance of \$26.3m relates solely to endowed funds held at PH&N. The year-over-year decrease of \$1.0m includes a decrease of \$2.8m used to repay the last instalment of the MoF loan in Oct 2017 (**see Other Long Term Debt note under Liabilities below**), offset by a net increase of \$1.8m in endowed funds (new in-year donations \$0.3m, net investment income \$1.6m, M2M unrealized gain \$0.4m, offset by bursary disbursements \$0.5m).

Capital assets decrease of \$11.9m includes net additions of \$8.8m, offset by accumulated amortization of \$20.7m in the last 12 months.

Additions comprise \$3.8m of major equipment, \$2.4m of laptop purchases offset by laptop disposal of 3.2m as a result of the “Bring Your Own Device” program for 3 faculties in the prior year, \$2.3m of FF&E (of which \$1.7m pertains to the new SIRC building), \$1.8m of computer equipment and servers, and \$1.7m in building renovations.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

Liabilities

There is no significant change in Accounts payable and accrued liabilities. The balance of \$22.8m includes \$4.8m interest payable on our debenture debt, \$4.1m of ancillary fees held in trust for the students, \$3.5m of student ancillary fees billed on behalf of third parties and payable when due (e.g. Durham Region Transit for U-PASS, Student Union), \$2.8m of accounts payable to third parties, and other accruals none exceeding \$1.0m.

Deferred Revenue relate to revenues deferred to subsequent periods as these have not yet been earned at the end of the reporting quarter or will be recognized as revenue in the period in which related expenses are incurred.

Balance of \$72.5m includes \$57.5m deferred tuition which represents 3 months of fall fees and all of winter term fees not earned at the end of the quarter, and \$15.0m of revenues received and not yet spent at the end of the reporting quarter (\$5.3m of externally funded research revenues, \$4.5m student ancillary fees, \$3.0m of expendable donations, and \$2.2m of miscellaneous deferred revenues).

Other long-term debt decrease of \$3.0m includes \$2.8m for the last repayment of the MoF loan in Oct 2017, **(see Investment note under Assets above)** and other repayments, none of which exceeds \$0.5m.

Decrease in obligations under capital lease represents the principal lease repayments for 61 Charles and 55 Bond in the last 12 months.

Decrease in long-term debenture debt of \$5.6m relates to the principal repayment and resulting drawdown of the debt in the last 12 months. This debt is fully payable in October 2034.

Decrease in deferred capital contributions of \$4.2m includes new capital grants and donations of \$4.9m received in the last 12 months, offset by \$9.1m amortization into revenues of capital grants and donations received since inception of the University.

New grants and donations received include \$2.4m remaining SIF grant for SIRC construction, \$0.9m for the Moving Ground Plane, \$0.8m for campus retrofit projects to reduce the University's gas emission, and \$0.8m donation received for SIRC and various capital projects.

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CONSOLIDATED STATEMENT OF OPERATIONS

Revenue

Total Revenue decreased \$1.6m (-1.7%) over the prior year. Significant variances include:

- 1) Operating grant increase of \$2.3m, of which \$1.3m pertains to the timing of receipt of the performance grants from MTCU (this grant is received in instalments on a bi-weekly basis in the CY and was received in the last quarter of the year in the PY), and \$1.0m relates to new grants received in the current year (\$0.6m career ready fund, \$0.2m for the OCADU partnership and \$0.2m for the student success fund). This increase is offset by,
- 2) Other income decrease of \$4.4m as the prior year included a one-time receipt in July 2017 of \$4.9m of retail sales tax rebates on construction costs for the period January 2003 to December 2005 (**see Note (3) under Expenses below for associated consulting costs**).

Expenses

Total Expenses increased \$4.4m (4.8%) over the prior year. Significant variances include:

- 1) Salaries & Benefits increase of \$4.4m. This includes \$1.7m for faculty and staff salary increases, \$1.4m for net new hires and promotions, \$0.7m reversal of accrued administrative leave in the prior year as these were not paid out, and \$0.6m increase in limited term contracts including sessional contracts to cover the reduced course load of the teaching faculty.
- 2) Student scholarships, bursaries and awards increase of \$1.0m includes \$0.7m increase due to the timing of disbursement of graduate awards (these awards are paid at the beginning of the semester in the current year v/s on a monthly basis in the prior year), and \$0.3m increase in entrance scholarships as more students met the requirements for these scholarships for the current academic year.
- 3) Purchased services expenses increase of \$0.8m is mostly attributable to lower bookstore expenses in the prior year as a result of the utilization and draw-down of large amounts of bookstore credit notes in that year.

The above increases are offset by,

- 4) Professional fees decrease of \$1.6m as the prior year included \$1.7m of consulting fees with respect to the one-time receipt in July 2017 of \$4.9m of retail sales tax rebates on construction costs (**see Note (2) under Revenue above**)

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II. FINANCIAL METRICS

The Ministry has adopted 5 financial metrics to assist with assessing university financial health and sustainability.

The table below shows UOIT’s forecast metrics for fiscal year 2018 – 19 and the actuals for the 2 fiscal years 2017 – 18 and 2016 - 17. Also included are the average comparator and average sector metrics for fiscal year 2016 - 2017 (latest published data). The average comparator includes the data for what are considered as “small” universities based on student FTE (“Full-time equivalents”), and includes seven universities: Algoma, Lakehead, Laurentian, Nipissing, OCADU, Trent and UOIT.

Financial Metrics	Forecast	Actual	Actual	Average comparator	Average sector
	2018 - 19	2017 - 18	2016 - 17	2016 - 17	2016 - 17
Net Income/Loss Ratio (1)	3.0%	7.2%	6.2%	0.9%	5.2%
Net Operating Revenues Ratio (2)	9.3%	8.3%	18.1%	6.7%	9.0%
Primary Reserve Ratio (days) (3)	49	53	40	24	106
Interest Burden Ratio (4)	7.5%	8.2%	8.9%	3.2%	2.2%
(b) IBR w MTCU funding	1.7%	1.8%	2.0%	n/a	n/a
Viability Ratio (5)	14.9%	14.1%	10.0%	11.2%	277.8%

Financial Metrics Analysis

1. **Net Income / Loss** ratio - tracks the trend in UOIT’s net earnings.

Based on the current projection of a net operating surplus due to unused planned capital reserves and operational contingency of \$3.1m (see Section III “2017-18 Operating Forecast Summary” on Pages 10 - 12), it is forecast that UOIT’s net earnings ratio will be positive in the current fiscal year.

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II. FINANCIAL METRICS (continued)

2. Net Operating Revenues ratio – indicates the extent to which UOIT is generating positive cash flows in the long-run to be financially sustainable.

With stable revenues projected, UOIT continues to experience positive operating and working capital and, therefore, a stable net operating revenues ratio.

3. Primary Reserve ratio – indicates UOIT’s financial strength and flexibility by determining the number of days UOIT could function using its resources that are can be expended without restrictions.

Primary reserve ratio is stable, as although internally restricted capital reserves will be utilized to fund for the start-up construction of the new building in the current year, these will be replenished at the end of this fiscal year with actual operating surplus arising from the unused planned capital reserves and operational contingency.

4. Interest Burden ratio (“IBR”) – indicates UOIT debt affordability and the cost of servicing debt

UOIT’s interest burden continues to improve as it pays back its long-term debt obligations without entering into any new debt. The cost of servicing UOIT’s debt is above the comparator due to its much higher debt obligations.

4b. Interest Burden with MTCU funding ratio – the “IBR” has been re-stated to reflect an annual “institution-specific” grant of \$13.5m from the Ministry to fund the University’s debenture debt. Therefore, interest expense on the debenture has been removed from the total interest expense, used in the calculation of “IBR”.

Including the impact of the Ministry funding, UOIT’s interest burden ratio is more in line with the average comparator and average sector ratios.

5. Viability ratio - determines UOIT’s financial health, as it indicates the funds on hand to settle its long-term obligations.

This ratio is stable due to operating planned surplus (resulting in improved expendable net assets), and reduced debt obligations.

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II. FINANCIAL METRICS (continued)

(1) Net Income/Loss Ratio

$$\frac{\text{Total Revenues less Total Expenses}}{\text{Total Revenues}}$$

Measures the percentage of UOIT’s revenues that contribute to its net assets. The objective is to track trends in UOIT’s net earnings

(4) Interest Burden Ratio

$$\frac{\text{Interest Expense}}{\text{Total Expenses - Depreciation}}$$

Indicates debt affordability as it examines the percentage of total expenses used to cover UOIT’s cost of servicing debt

(2) Net Operating Revenues Ratio

$$\frac{\text{Cash flow from Operating Activities}}{\text{Total Revenues}}$$

Indicates the extent to which UOIT is generating positive cash flow in the long-run to be financially sustainable.

(5) Viability Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Long-Term Debt}}$$

Determines UOIT’s financial health as it indicates the funds on hand to settle its long-term obligations. Long-Term Debt is total external long-term debt, excluding the current portion of debt.

(3) Primary Reserve Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Total Expenses}} \times 365 \text{ days}$$

Indicates UOIT’s financial strength and flexibility by determining the number of days UOIT can function using only its resources that can be expended without restrictions. Expendable net assets include: Unrestricted surplus (deficit), internally restricted net assets and endowments.

University of Ontario Institute of Technology

III. 2018 - 19 Operating Forecast Summary (in '000 s) For the year ending March 31, 2019

The table below shows the variance of the year-end forecast vs the approved budget

April 1, 2018 - March 31, 2019					
Budget, excluding Carryforward	Carryforward/ Internal Restrictions	Total Annual Budget	Y/E Forecast	Fav. (Unfav.) Forecast vs Budget \$/ %	
Revenue					
Grants	80,486	80,486	82,299	1,813	2%
Tuition	83,993	83,993	82,559	(1,434)	-2%
Student Ancillary	12,163	12,163	12,672	509	4%
Other	17,613	17,613	17,929	316	2%
Total Revenue	\$ 194,254	\$ 194,254	\$ 195,459	\$ 1,204	1%
Expenditures					
Academic/ACRU	74,741	1,237	75,978	74,369	1,609 2%
Academic Support	37,072		37,072	39,291	(2,219) -6%
Administrative	32,964		32,964	28,760	4,204 13%
Sub-total	\$ 144,777	\$ 1,237	\$ 146,014	\$ 142,420	3,594 2%
Purchased Services	13,272		13,272	12,966	306 2%
Total Ancillary/Commercial	10,292		10,292	10,054	238 2%
Debenture Interest Expense	10,541		10,541	10,541	- 0%
Total Expenses	\$ 178,882	\$ 1,237	\$ 180,119	\$ 175,981	\$ 4,138 2%
Operating Contribution	\$ 15,372	\$ (1,237)	\$ 14,136	\$ 19,478	\$ 5,342 38%

Expenses disclosed on the Balance Sheet

Capital Expenses	7,464	141	7,605	9,807	(2,202)	-29%
Principal Repayments - debenture/leases	6,531	0	6,531	6,531	0	0%

Net Operating Surplus

\$ 1,378	\$ (1,378)	\$ 0	\$ 3,140	\$ 3,140	N/A
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Other disclosure - Funded by Prior Year reserves

Fundraising campaign	\$ -	\$ -	\$ 1,312	\$ 1,181	\$ 131	10%
New Building	\$ -	\$ -	\$ -	\$ 1,900	\$ (1,900)	0%

Net forecast contribution from Operations

\$ 19,478

Items not budgeted:

Externally funded research donations and revenues

\$ 11,500

Externally funded research expenses

\$ (10,200)

Non-cash transactions:

Amortization of capital assets

\$ (23,402)

Amortization of deferred capital contributions

\$ 9,118

Unrealized gain on investments

\$ 150

Capital revenues accounted as Deferred Capital Contributions on the balance sheet

\$ (2,410)

Excess revenues over expenses - as per GAAP Financial Statements

\$ 4,233

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III. 2018 – 19 Operating Forecast Summary

Based on the Nov 1 count enrolment data, the operating budget, after capital expenses and principal debenture and lease repayments, shows a net operating surplus of \$3.1m at the end of the fiscal year.

The variances of the year-end forecast to the approved budget are explained below.

Enrolment

FTE's	2018 - 19 Approved Budget	2018 - 19 Nov 1 Count	Variance to Approved Budget
Undergraduate			
Domestic	7,834	7,945	111
International	468	390	-78
Graduate			
Domestic	379	430	51
International	172	140	-32
Total FTE's	8,853	8,905	52

Nov 1 enrolment count shows a positive net variance of 52 FTE against an original budget of 8,853 FTE. Current eligible undergraduate and graduate enrolment projection is within the +/- 3% of UOIT's corridor midpoint.

Domestic undergraduate and graduate increased 162 FTE. International undergraduate and graduate decreased 110 FTE against the approved budget mostly due to the Saudi impact, and resulting in a total net decrease of \$1.4m in forecast tuition revenue.

Core Operating Grant remains flat as under the new funding formula implemented by the Ministry in 2017-18, the funding for domestic students for the current year remains at the 2016 – 17 level.

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III. 2018 – 19 Operating Forecast Summary (continued)

Revenues

Grants are favourable to budget \$1.8m and include \$1.1m of unbudgeted grant for the Greenhouse Gas Campus Retrofit Program (see offsetting Capital Expenses under **Expenses** section below), \$0.5m higher than budgeted Career Ready Fund grant, and other immaterial variances.

Tuition fees for the year are unfavourable \$1.4m against an original budget of \$84.0m due to the shortfall in international students.

Expenses

Academic/ACRU units are showing a positive variance of \$1.6m and includes \$3.0m of labour savings from open positions across all faculties, offset by \$1.4m increase in operating expenses, funded by faculty carry forward funds. The increase in operating expenses includes start-up and professional funds and relocation costs for new faculty members and investment in new instructional software.

Academic Support units are unfavorable to budget of \$2.2m. This includes an additional \$1.7m of higher than expected entrance scholarships and student access guarantee (“SAG”) funding as mandated by the Ministry and other variances none exceeding \$0.5m.

Administrative units are showing a favourable variance to budget of \$4.2m. This includes \$3.5m release of planned operational and building reserves, \$0.8m electricity rebate associated with The Fair Hydro Act 2017, which came into effect on June 1, 2017, \$0.5m labour savings to reflect open positions in IT and the impact of Bill 148 repeal, offset by an unfavourable variance of \$0.7m for university branding initiatives, and other variances.

Capital Expenses funded from Operations are unfavourable \$2.2m to budget, and includes \$1.1m of campus projects to reduce the University’s greenhouse gas emission and which are fully funded by the Campus Retrofit Grant (see Grants under **Revenue** section above), and other projects such as the renovations to the atrium in the Science Building and to the offices on Windfield Farms.,

Conclusion

Our current forecast is showing an operating surplus of \$3.1m, consisting primarily of the planned building and operational reserves of \$3.5m that was included in the 2018 – 19 budget. Consistent with the prior years, and at year-end, Management will make a recommendation to the Committee to restrict any actual surplus for student initiatives and future campus projects

The forecast surplus on a GAAP (generally accepted accounting principle) basis, after adjusting for non-cash transactions and for items that are not included in the budget, is \$4.2m.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Report to Audit and Finance Committee – November 19, 2018
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IV. CAPITAL

This section provides an overview of capital projects over \$1.0m.

A. Moving Ground Plane (“MGP”)

In June 2016, UOIT’s Board of Governors approved the completion of an agreement of purchase and sale with the Old Dominion University (“ODU”) for the acquisition of a moving ground plane (“MGP”) at a cost of no more than \$2.5m in accordance with the terms of a grant of \$2.5m funded by the Ministry of Economic Development and Growth (“MEDG”).

The Moving Ground Plane is a giant belt that acts as a road moving under a vehicle, simulating the aerodynamic forces against moving vehicles and measuring the physical characteristics in real-world conditions. It will give the university’s students the tools to train and conduct research in a high-tech environment, preparing them for the careers of the future. It will also help companies and researchers create new energy-efficient products and reduce carbon emissions in the automotive industry.

On February 12, 2018, the Minister of Research, Innovation and Science (MRIS) announced that the Province is investing an additional \$1.5m to enhance the University’s one-of-a-kind ACE facility by adding a Moving Ground Plane. This is matched by cash contributions of \$1.0m by Magna International and \$0.5m by the University. In addition, Multimatic is also providing engineering services from a team of highly talented automotive engineers to help develop the Moving Ground Plane.

On August 31, 2018, the Prime Minister of Canada announced up to \$9.46m in funding to the University to enhance its ACE facility, and to create new research and development jobs in the automotive industry. This funding will support the integration of the MGP into the ACE facility.

It is anticipated that the installation of the MGP and its integration in the ACE facility would be completed in Spring 2020 and become operational in September 2020.

MGP Progress Update

- The University has paid ODU USD 2.0m in settlement for the equipment in September 2016, and has now received full funding of CAD 2.5m from the Ministry of Economic Development and Growth to cover for the purchase of the equipment.
- In May 2018, the University received a first instalment of \$0.6m from the additional provincial funding of \$1.5m announced in February 2018.
- Management is currently finalizing collaboration agreements with Magna International Inc. and Multimatic Inc. for the provision of financial and in-kind support to the University in respect of the Project.
- The construction of the building modifications began in November 2018.

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V. CASH FLOW

The University administration uses a cash management forecasting model to manage its operating cash balances and operating short-term investment portfolios.

University cash balances are cyclical in nature with higher operating balances in September – November and January - March due to tuition fee collection from the fall and winter semester registration, and lower balances in December and during the early summer months.

The University has the following credit facilities:

- A revolving operating LOC of up to \$17.0m, bearing interest at prime plus 0.25% with a Canadian chartered bank.
- A revolving operating LOC up to \$5.0m, bearing interest at prime plus 0.25% with IBM.

Cash Flow Update

- UOIT has not utilized its available line of credit as at the end of the reporting quarter.
- The University currently holds \$24.9m of its operating cash surplus in short-term investments. In anticipation of the upcoming construction projects at the University (including the integration of the Moving Ground Plane into the ACE facility and the new Student Life building), \$16.9m of the short-term investments have been invested in 30 day cashable GIC's with the remaining \$8.0m in annual GIC's at BMO Nesbitt Burns.
- **Operating cash balance**, including short-term investments of \$24.9m, is projected at **\$42.3m** at the end of the fiscal year.
- **Externally and internally restricted cash balances** (including Research, Advancement, Campus Childcare, Regent Theatre, and ACE) is projected at **\$10.9m** at the end of the fiscal year.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Cash Flow Forecast Summary for the year ended March 31, 2019

	Actual		Forecast						Total Forecast	
	Apr - Jun 2018	Jul - Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	FY 2018-19	
	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	
Operating Beginning Cash Balance	A	24,570	4,617	28,803	17,595	17,313	11,439	29,256	25,090	24,570
Total Operating Inflows	B	38,467	67,781	11,123	15,532	9,232	35,300	9,461	7,503	194,399
Total Operating Outflows	C	(50,420)	(44,774)	(21,867)	(15,805)	(14,878)	(17,350)	(13,618)	(14,755)	(193,467)
Net Operating Cash Flows	D=B+C	(11,953)	23,007	(10,744)	(273)	(5,646)	17,950	(4,157)	(7,252)	932
Total Operating Cash Available	E=A+D	12,617	27,624	18,059	17,322	11,667	29,389	25,099	17,838	25,502
New Building Outflows	F	0	0	(464)	(9)	(228)	(133)	(9)	(500)	(1,343)
Transfer to Short-term investments	G	(8,000)	1,179							(6,821)
Operating Ending Cash Balance after New Building and transfer to STI	H=E+F+G	4,617	28,803	17,595	17,313	11,439	29,256	25,090	17,338	17,338
Total Internally and Externally Restricted Cash	I	11,831	10,828	10,991	11,530	11,694	10,939	11,396	10,889	10,889
Total Consolidated Cash Position	J=H+I	16,448	39,631	28,586	28,843	23,133	40,195	36,486	28,227	28,227

Total Cash Forecast as at MAR 31, 2019

Total Operating Cash after SIRC	17,338
Add: Short-term investments in GIC's	24,930
Total Operating Cash and ST investments	\$ 42,268

Total Restricted Cash	\$ 10,889
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UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
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VI. LONG-TERM FORECAST

In April 2018, and as part of the annual budget presentation to the Audit and Finance Committee, a long-term forecast was presented for the budget years 2018 – 19 to 2027 – 2028 inclusive. This forecast was based on 2017 -18 Feb 1 count enrolment numbers.

In the attached, only the 2018 -19 forecast has been updated to account for the financial impact of the Nov 1, 2018 enrolment count. All other years are held as at the same level as of April 2018.

The forecast will be updated with revised long-term enrolment projections and related expenses, after the confirmation of the official Feb 1, 2019 enrolment count, and will be presented to the Committee at the February 2019 meeting.

Assumptions on the forecast model

1. Grant funding as per the new funding formula implemented in 2017 – 18 year
 - Funding held at 2016 – 17 level for the period of SMA 2 (2017-18 to 2019-20 inclusive)
 - Currently, there is no indication from MAESD that there will be funding above growth; therefore, the model includes an “*uncertainty in growth funding*”
2. Growth in undergraduate domestic (mostly engineering and nursing), coupled with growth in undergraduate international (mostly engineering)
3. Tuition YOY average domestic increase is at the current approved rate of 3.0%. Tuition increase for international students is at 4% in the first 5 years, and 2% increase for the next 5 years
4. Retention rate held at current rate of 80.3%
5. Salary increases as per the current job evaluation system and as per faculty collective agreements
6. New faculty hires to maintain current student to faculty ratio
7. New administrative hires at 2:1 for every new faculty hire
8. Faculty headcount annual attrition \$0.5m
9. TELE transformation to a full “BYOD” model by FY 2019 – 20
10. Operational reserves \$1.0m + planned capital and deferred maintenance reserves \$2.5m for a total of \$3.5m
11. University Priority Fund (UPF) at \$1.6m
12. 3% YOY increase in utilities
13. 2% YOY increase in purchased services cost from Durham College

The operating long-term forecast currently shows a net surplus of \$18.3m over the 10-year period. This excludes the financial impact of any future planned construction projects.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
 V. LONG-TERM FORECAST - FY19 to FY28 inclusive (in ' 000s)

10-year Forecast (in ' 000s)												
SMA 2			SMA 3			SMA 4			SMA 5			Total 10-year Forecast
FY 19 Approved Budget	FY 19 Fcst	FY 20 Fcst	FY 21 Fcst	FY 22 Fcst	FY 23 Fcst	FY 24 Fcst	FY 25 Fcst	FY 26 Fcst	FY 27 Fcst	FY 28 Fcst		
REVENUES												
Core Operating Grant, excluding CN grant <i>Uncertainty in Growth Funding</i>	52,181	52,363	52,051	51,525	51,469	51,425	52,782 (731)	52,769 (717)	52,753 (702)	54,864 (2,812)	54,849 (2,798)	526,850 (7,760)
CN grant	4,637	4,637	5,379	5,426	5,755	5,788	5,807	5,832	5,861	5,891	5,921	56,297
Debenture Grant	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	135,000
Other Grants	9,668	11,799	9,856	9,658	9,658	9,658	9,658	9,658	9,658	9,658	9,658	98,918
Student Tuition Fees	83,992	82,559	89,174	94,169	100,062	105,848	110,320	114,419	119,275	123,671	129,618	1,069,116
Student Ancillary Fees	12,163	12,447	8,620	8,801	9,002	9,204	9,318	9,547	9,770	9,988	10,194	96,892
Revenues from Ancillary Operations	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,832	38,322
Donations*	726	914	726	726	726	726	726	726	726	726	726	7,444
Other Revenues	13,555	13,407	14,724	14,037	14,107	14,178	14,231	14,311	14,392	14,473	14,563	142,424
Total Revenues	\$ 194,254	\$ 195,459	\$ 197,862	\$ 201,674	\$ 208,111	\$ 214,158	\$ 219,443	\$ 223,877	\$ 229,066	\$ 233,789	\$ 240,063	\$ 2,163,502
EXPENDITURES												
FT Labour	(94,739)	(89,192)	(99,337)	(103,311)	(107,894)	(112,557)	(116,733)	(120,907)	(125,191)	(129,310)	(133,960)	(1,138,391)
PT Labour	(18,090)	(20,427)	(16,955)	(17,209)	(17,592)	(18,141)	(18,900)	(19,576)	(20,425)	(21,240)	(22,014)	(192,479)
Operating Expenses	(74,113)	(72,893)	(74,091)	(74,052)	(74,706)	(75,672)	(76,268)	(76,353)	(76,857)	(77,364)	(77,871)	(756,127)
Capital Expenses	(7,312)	(9,807)	(5,610)	(5,515)	(5,506)	(5,220)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(58,192)
Approved Expenditures	\$ (194,254)	\$ (192,319)	\$ (195,993)	\$ (200,087)	\$ (205,698)	\$ (211,590)	\$ (217,208)	\$ (222,142)	\$ (227,780)	\$ (233,220)	\$ (239,152)	\$ (2,339,444)
Budget Surplus	\$ (0)	\$ 3,140	\$ 1,869	\$ 1,587	\$ 2,413	\$ 2,568	\$ 2,235	\$ 1,735	\$ 1,286	\$ 569	\$ 911	\$ 18,313

Budget Update

Audit and Finance Committee

November 19, 2018



Craig Elliott
CFO

Bob Bailey
Provost & VP Academic

Agenda

- 1. 2018-19 Current Year Budget Update**
- 2. Ten Year Forecast**
- 3. 2019-20 Budget**
- 4. Discussion**

2018-19 Current Year (CY) Budget



Revenue

- Day 10 enrolment numbers are up approximately 106 FTE v/s budget. This includes:
 - an increase of 230 Domestic, offset by
 - a decrease of (100) International (Saudi impact), for a net decrease of approx. \$1.0m in tuition fees
- Domestic FTE is still within our enrolment corridor

Expense

- Expenses Upside:
 - Forecast a number of open positions within the faculties and administrative units. Estimated to reduce expenses for 2018/19 by \$2.0M. We have approximately 56 open positions currently.
 - Estimated \$0.5M savings from lower expenditures across all units. Utilities savings of \$1.0M from GA modifier adjustment and provincial rebate will be allocated between ACE and university operating budget.
- Expenses Downside:
 - \$1.7M in student assistance due to higher than expected entrance scholarships and SAG (student access guarantee) requirements as mandated by MTCU.

YE Forecast vs Budget at Q2

- Net revenue and expense at Q2 = net surplus of \$0.8M from operations.
- CY budget includes:
 - a planned surplus of \$4.0M (\$2.5M building/deferred maintenance, \$1.5M contingency reserves). If we stay on track with our budget, this unspent contingency could be allocated to fund the new building – approx. \$14M shortfall in funding at this stage of planning

Ten Year Forecast



Key Points From Ten Year Forecast at Q2

- **The updated long term forecast maintains a surplus of \$16.0M over the 10-year period or \$1.6M per year**
- **Hi-lights included:**
 - **The impact of higher FTE enrolment levels in Nursing and Graduate students.**
 - **This is offset by the support cost to the higher FTE, the impact of new legislation, and the addition of 52 full time positions since budget 17/18.**
- **Forecast does not include any assumptions around potential budget efficiencies imposed by the Province. We will provide an updated 10 year forecast at the next A&F Committee that will look at best, worst, and most likely scenarios.**
- **This \$1.6M per year is the amount that we will focus on in the upcoming 2019/20 budget as it frames the amount of additional ASKS (resources) that can be funded**

2019-20 Budget



Budget Methodology

- UOIT' budget model is an “Incremental” model with “Strategic” allocations of excess revenues over costs.
- Each unit will start with their prior year base and be allocated funds to cover fixed costs such as salary and utility increases and contractual obligations.
- Academic and unit plans, along with discussions around university priorities will guide strategic allocations.

2019-20 Budget Assumptions

Agenda Item 6.3

- Enrolment levels as forecasted
- Grant funding from the Province set at 2016/17 levels
- Exposure on programs outside of core operating grant, and potential for imposed budget efficiencies on the sector.
- Tuition increase of 3% weighted average maintained each year
- Compensation increases and other fixed cost estimates as forecast
- Faculty and staff new hires will be based on approved integrated plans and identified areas of priority – arising from current discussion on strategy university priorities
- Contingency included in the budget:
 - \$2.5M for new building/capital renewal
 - \$1.5M general contingency for operations.

From the 10 year forecast, we have approximately \$1.6M to allocate to our five strategic priorities of:

- *Sticky Campus*
- *Tech University*
- *Entrepreneurial Culture*
- *Reimagined Partnerships*
- *Sharing Our Story*

Budget Allocation and Strategic Priorities

Agenda Item 6.3

The emphasis for 2019/20 will be on OTO strategic allocations, as any additions to base costs reduce our future flexibility. Outlined below are some examples of priority items.

- ❖ Story-telling
- ❖ Virtual campus
- ❖ Engagement space
- ❖ Entrepreneurship
- ❖ Academic and Unit Plan resources



2019-20 Budget Schedule

Agenda Item 6.3

- Finance kicked off the 2019-20 budget process the week of October 22nd with BPO's and Finance Officers
- Final unit budgets, approved by respective VP, should be entered in FAST by December 18th
- Budget presentations will take place in January, 2019

Questions/Comments





COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

TO: Audit & Finance Committee

DATE: November 19, 2018

PRESENTED BY: Brad Maclsaac

SUBJECT: 2019-2020 Ancillary Fees - Revised

COMMITTEE MANDATE:

As set out in the terms of reference, the committee is responsible for overseeing the financial affairs of the university including guiding the student related fees set.

The university sets tuition and ancillary fees two years in advance to provide accurate net tuition data to prospective students at time of application. Since the university is looking to move two programs to “bring your own device” (BYOD) for 2019-20 we are seeking the Committee’s approval of the reduced fees.

BACKGROUND/CONTEXT & RATIONALE:

Pursuant to the recommendation of the Audit & Finance Committee the Board of Governors approved the 2019-20 ancillary fees at the meeting on May 9, 2018.

Provincial policy requires that a negotiated Compulsory Ancillary Fees protocol exists between the Board of Governors of each university and their student association. The committee consists of three student and three administrative representatives. Under the terms of the current UOIT protocol, signed in 2018, fees under the Bank of Canada, Consumer Price Index average of 12 months do not require committee approval. As the committee approves maximum price reductions do not require approval either.

RESOURCES REQUIRED:

N/A

IMPLICATIONS:

If not approved the university would revert to providing the laptop as per current practice. This change is part three of a four-part phase out.

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

The fees recommended will allow UOIT to continue to provide high quality technology enriched learning and experiences to its students.

ALTERNATIVES CONSIDERED:

The main alternative was remaining in the business of distributing laptops with loaded software to the students. The programs were originally approved to increase 3% for gaming and 3.5% for nuclear engineering. For gaming, the launch of a new version of current software key to the program increased the fee 400%. The university considered not moving out of the laptop procurement or having students purchase software directly. The move to TELE is the best for students due to reduced pricing and the ability to ensure all have the right product.

CONSULTATION:

The gaming and nuclear engineering programs delayed the phase out a year to continue consultations with students and faculty. After a number of test cases with current students to ensure the software could work in a BYOD environment the faculties have approved the change.

COMPLIANCE WITH POLICY/LEGISLATION:

The increases are compliant with provincial policy and UOIT’s ancillary fee protocol.

NEXT STEPS:

Update ancillary fees within UOITs student information system and website.

MOTION FOR CONSIDERATION:

That the Audit and Finance Committee hereby recommends the changes to the 2019-20 ancillary fees, as presented, for approval by the Board of Governors:

	2018-19	2019-20	% Inc
Compulsory Ancillary Fees			
Flat Fee Paid once per yr. Charged to FT & PT			
Technology-enriched Learning (FT) Gaming ULAF	853.87	478.00	-44.0%
Technology-enriched Learning (FT) FESNS ULAF	729.79	221.00	-69.7%

SUPPORTING REFERENCE MATERIALS:

- Ancillary Fee Protocol available on Board portal – Board Meeting May 2018



COMMITTEE/BOARD REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

Financial Impact Yes X No Included in Budget Yes No

TO: Audit & Finance Committee

DATE: November 19, 2018

PRESENTED BY: Craig Elliott, Chief Financial Officer

SUBJECT: Moody’s Credit Rating Upgrade

COMMITTEE/BOARD MANDATE:

- The Audit and Finance Committee is responsible for overseeing the financial affairs of the university with respect to all auditing, financial reporting and internal systems and control functions, budget approvals, risk management, and other internal and external audit functions and activities at the university.
- This report provides an update on UOIT credit ratings, which were issued in January 2018.

BACKGROUND/CONTEXT & RATIONALE:

- UOIT has issued debt (debentures) initially valued at \$220M. Covenants in the First Supplemental Indenture Agreement require annual credit ratings from two credit rating agencies. The university uses Dominion Bond Rating Services (DBRS) and Moody’s Investor Service.
- Reviews with both agencies are conducted annually. The Moody’s review was conducted on September 12, 2018 and the DBRS review is scheduled for November 15, 2018.
- Moody’s has upgraded our Credit Rating from A2 to A1, and changed our Outlook from Positive to Stable.
- Although UOIT ratings have increased over the past five years, we still have the lowest credit rating in our sector. This is due to high debt levels which are a consequence of the Provincial choice to have UOIT fund its own initial infrastructure costs.

RESOURCES REQUIRED:

- NA

IMPLICATIONS:

- Credit ratings assess a debtor's ability to pay back debt by making timely interest payments and the likelihood of default. Its affects the interest rate that a security pays out, with higher ratings leading to lower interest rates. A credit rating also facilitates the trading of securities on a secondary market. For UOIT, an improved credit rating would result in lower borrowing costs on future debts.
- The recent Rating report, and Credit Opinion from Moody's are attached, along with historical summaries of UOIT credit ratings, and comparative ratings for other Ontario Universities.

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

- N/A

ALTERNATIVES CONSIDERED:

- N/A

CONSULTATION:

- N/A

COMPLIANCE WITH POLICY/LEGISLATION:

- N/A

NEXT STEPS:

- Continue to work with DBRS and Moody's to provide information, highlight UOIT operational improvements, and to ensure our credit rating accurately reflects the universities fiscal position.

MOTION FOR CONSIDERATION:

- N/A

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's upgrades the UOIT's Debt Rating to A1, changes outlook to stable

16 Oct 2018

Toronto, October 16, 2018 -- Moody's Investors Service ("Moody's") has upgraded the backed senior unsecured debt rating of the University of Ontario Institute of Technology (UOIT) to A1 from A2 and changed the outlook to stable, from positive.

RATINGS RATIONALE

The upgrade of the University's debt rating to A1, from A2, reflects the consistent generation of positive cash flow and the growing level of cash reserves. These outcomes continue to strengthen the university's financial profile. The A1 rating also takes into account the low potential for revenue growth driven by provincial limits on tuition increases and the lower enrollment growth potential as a result of the university's physical capacity constraints.

The university's control over expenditures has supported strong operating cash flows despite slow growth in tuition revenue. Operating cash flow represented 23.3% of Moody's calculated operating revenues in 2018. This has enabled the university to make modest investments in campus infrastructure as well as to contribute relatively sizeable amounts to its cash reserves. Stable generation of positive cash flow is supported by CAD 13.5 million in annual provincial debt subsidies, and has led to low financial leverage. Total debt to cash flow of 4.5x as of March 31, 2018 is among the lowest of Moody's rated Canadian universities, although the university's total adjusted debt to operating revenues of 1.1x in 2018 is higher than most peers.

The rating also takes into account the university's small size and scope of operations. While growing cash reserves will enable moderate capital investment over the long term, Moody's expects capacity constraints to remain which challenges the university's ability to increase enrollment. The university's research and fundraising revenues are considerably smaller than larger and more established peers, and are not expected to be significant sources of revenue growth. As a result, UOIT's ability to grow revenues beyond the annual tuition increase permitted by the province of Ontario (average of 3% for domestic undergraduates) is limited.

UOIT's baseline credit assessment (BCA) has been changed to a3, from baa2, to reflect the improved fiscal profile of the university.

RATIONALE FOR STABLE OUTLOOK

The stable outlook reflects Moody's expectation that the university will continue to generate strong positive cash flow and will maintain consistent leverage metrics over the medium term.

WHAT COULD CHANGE THE RATING UP/DOWN

A meaningful improvement in the university's liquidity profile, as measured by spendable cash and investments, enabling the university to materially expand its physical capacity, could put upward pressure on the rating. Conversely, a consistent decline in positive cash flow generation as a result of declining enrollment or deterioration of expenditure control could put downward pressure on the university's rating. Changes in the level of government funding, including to the CAD 13.5 million in annual debt subsidies received by the university, could also put downward pressure on the rating.

The methodologies used in this rating were Higher Education published in December 2017, and Government-Related Issuers published in June 2018. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing

ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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CREDIT OPINION

22 October 2018

Update

RATINGS

University of Ontario Institute of Technology

Domicile	Ontario, Canada
Long Term Rating	A1
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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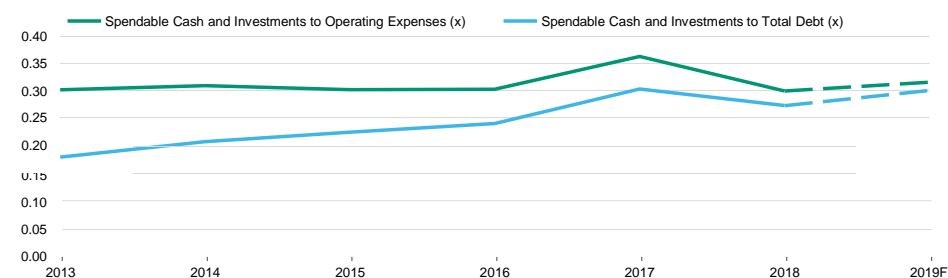
Update following upgrade of rating

Summary

The credit profile of the [University of Ontario Institute of Technology \(A1 stable\)](#) (UOIT) reflects a trend of positive cash flow generation which has enabled the university to improve its cash reserves. The university's leverage has declined steadily over the past 5 years, from 6x total debt to cash flow in 2014 to 4.5x at the March 31, 2018. UOIT receives a CAD 13.5 million annual debt service subsidy from the [Province of Ontario, \(Aa2 negative\)](#) which contributes to the strong cash flow and declining debt burden. The credit profile also reflects UOIT's small size and scope of operations. The physical capacity constraints of UOIT's campus limit its ability to increase revenues through enrolment growth. Further campus expansion would require external funding partners or long term debt, and with the ability to take on debt limited we view expansion unlikely in the near term.

Exhibit 1

Positive cash flow generation has driven improving leverage ratio
Year ending March 31



Source: Moody's, University of Ontario Institute of Technology

Credit strengths

- » Consistent generation of positive operating cash flow
- » Improving liquidity profile driven by strong fiscal performance
- » Continued decline in debt burden expected over the medium term

Credit challenges

- » Constraints on enrolment and tuition growth limit revenue potential
- » Low revenue diversity increases exposure to changes in government policy decisions

Rating outlook

The stable outlook reflects our opinion that the university's level of cash and reserves and overall liquidity profile will remain strong across the medium term, driven by stable cash flow generation and tight fiscal control.

Factors that could lead to an upgrade

A material improvement in the university's liquidity profile, as measured by spendable cash and investments, enabling the university to materially expand its physical capacity, could put upward pressure on the rating.

Factors that could lead to a downgrade

A consistent decline in cash flow generation as a result of declining enrolment or a deterioration of expenditure control could put downward pressure on the university's rating.

Key indicators

Exhibit 2

University of Ontario Institute of Technology
Year ending March 31

Key Indicators	2014	2015	2016	2017	2018
Operating Revenue (CAD\$000)[1]	170,922	177,789	179,564	187,460	198,043
Annual Change in Operating Revenue (%)	14.3	4.0	1.0	4.4	5.6
Operating Cash Flow Margin (%)	25.0	23.5	21.3	23.0	23.3
Total Cash and Investments (CAD\$000)	43,038	53,660	62,862	80,936	77,876
Spendable Cash and Investments to Operating Expenses (x)	0.31	0.30	0.30	0.36	0.30
Total Debt to Cash Flow (X)	6.0	5.8	6.1	5.1	4.5

[1] Revenue net of scholarship expenses

Source: Moody's, University of Ontario Institute of Technology

Detailed credit considerations

The credit profile of UOIT, as expressed in its A1 stable rating, combines (1) a baseline credit assessment (BCA) of a3, and (2) a very high likelihood of extraordinary support coming from the Province of Ontario (Aa2 negative) in the event that the university faced acute liquidity stress.

Baseline credit assessment

Consistent generation of positive operating cash flow

UOIT has demonstrated an ability to consistently generate strong operating cash flow over the past several years, a trend that we expect to continue across the medium term. Operating cash flow margins averaged 23% of Moody's adjusted operating revenue between 2014 and 2018, during a time when revenue growth was hampered by provincial restriction on tuition growth and by capacity constraints at the university.

UOIT's strong cash flow generation is supported by its ability to control expenditure growth, which on average grew at a slower pace than operating revenues since 2014. The development of a non-tenure eligible teaching track stream for academic staff and a defined contribution pension plan support the university's ability to control expenditure growth. We expect that even in a low growth environment for revenues, UOIT's ability to manage its expenditure growth will facilitate the continued generation of strong operating cash flow over the medium term.

The university's cash flow generation is also strengthened by annual debt service subsidies from the province of Ontario. In 2012 the university signed an agreement with the province guaranteeing an annual debt service subsidy of CAD13.5 million, delivered in equal semi-annual payments. While this transfer is earmarked specifically for debt service of the university's 2004 bond, this amount is

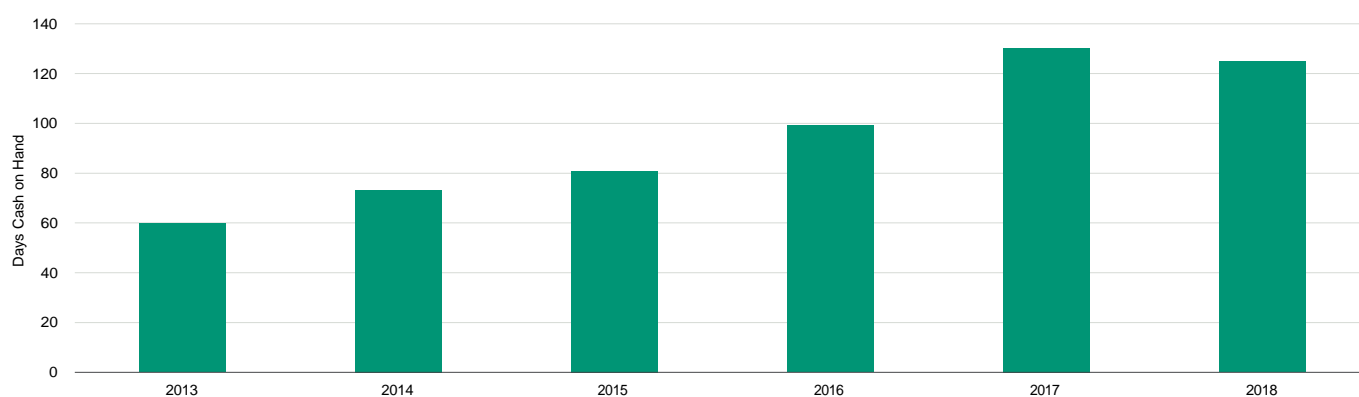
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included in our calculation of operating revenues for the university. Even when excluding this uncommon provincial transfer, operating cash flow margins would have averaged over 17% of operating revenues, among the strongest of rated Moody's Canadian universities.

Improving liquidity profile driven strong fiscal performance

The university's liquidity profile has improved dramatically over the past 5 years, and we expect it will remain strong across the medium term driven by strong operating surpluses and budgeted contributions to reserves. As of March 31, 2018 the university's total cash and investments measured CAD77.9 million, of which CAD56.8 million is spendable cash and investments. In 2017 and 2018 UOIT was able to finance its CAD18 million share of the cost to construct the Software and Informatics Research Centre from its cash reserves, highlighting the importance of the improved fiscal profile to the university. Moving forward, UOIT's current liquidity profile should continue to support its goal of making moderate, internally financed investments in campus infrastructure.

Exhibit 3
Strong growth in cash reserves translating to better coverage of operating expenditures
Year ending March 31



Source: Moody's, University of Ontario Institute of Technology

As of March 31, 2018, spendable cash and investments represented 0.30x total expenditures, and the university's accessible cash and investments covered 125 days' worth of operating expenditures, up from a coverage of 73 days in 2014. Of the university's total cash and investments, less than 30% are permanently restricted, highlighting the highly liquid nature of its cash and investments. The highly liquid and unrestricted nature of the university's holdings provides considerable safety to investors, and also provides the university with the flexibility to make moderate investments in support of its operations or leverage government capital grants when required.

Continued decline in debt burden expected over the medium term

The university's debt levels have declined over the past several years, and given the amortizing nature of its existing debenture and lack of any new debt over the medium term, we expect this trend to continue over the medium term. UOIT's debt service is largely secured by a CAD13.5 million annual grant from the province which eases the financial impact of the debt burden on UOIT itself. Strong cash flow generation combined with the declining outstanding amount of debt continue to support strong debt affordability, with the university's level of total debt to cash flow falling to 4.5x in 2018. Despite the improvements, the total debt burden is still among the highest of Moody's rated Canadian universities, and stood at 1.05x operating revenues at March 31, 2018.

The university's growing cash reserves have also helped improve leverage, with spendable cash and investments covering 0.27x total debt at March 31, 2018. As with the total debt to cash flow, Moody's expects that this will continue to improve as UOIT's long term debt amortizes and as the university continues to build its cash reserves.

Constraints on enrolment and tuition growth limit revenue potential

The university's ability to increase revenues will be limited across the medium term by physical capacity constraints. The university is nearing the physical capacity of its campus, which limits its ability to drive revenue growth through enrolment. While improving cash reserves have enabled moderate campus investments, they are not sufficient to fund major capital expansions without leveraging

either debt capital markets or substantial new government capital grants. Since we do not expect the university to issue new debt in the near future, the likelihood of material campus expansion over the medium term is low.

UOIT's revenue growth potential will also be constrained by provincial restrictions on tuition increases over the medium term. Like many provinces across Canada, Ontario limits domestic undergraduate tuition growth to an average of 3% annually, with these terms in place until at least the end of the 2018/19 school year. With capacity constraints already limiting the university's ability to capitalize on strong demand, the constraints on tuition growth further support our expectation that the university's revenues will grow more slowly over the medium term than has been the case in recent years.

Low revenue diversity increases exposure to changes in government policy decisions

Provincial operating grants remained a relatively stable 40% of revenues over the last 5 years, in line with similarly rated Canadian peers. While this means that a large portion of the university's revenues come from a high quality source, the university has little influence over a large portion of its revenues. The recent transition to a corridor funding model for the higher education sector in Ontario, which limits the rate of operating grant growth to 2% annually between 2018/19 to 2020/21, emphasizes the fiscal exposure of the sector to provincial policy decisions.

Given its small size and limited history, UOIT has a relatively weak research profile. This limits its ability to increase revenue diversity by securing large valued long term research grants and generating significant fundraising revenues. The university has managed to leverage several large corporations in the region for in-kind research collaborations, however these relationships are not a contributor to revenues. The university initiated its first official fundraising campaign in 2017, and as a result we expect to see some growth in restricted reserves and donation revenues. However, since the university is still in its adolescent stage of development it does not yet have a large pool of alumni from which to draw donations from, and as a result we expect donation related revenue growth will be minimal for the foreseeable future.

Extraordinary support considerations

The very high likelihood of extraordinary support from the Province of Ontario (Aa2 negative) reflects the close relationship between the university and the province given the link to Durham College of Applied Arts and Technology. Durham College provides a guarantee to UOIT's 2004 senior unsecured debenture. As colleges in Ontario face higher regulation than universities, and therefore are closer to the province, this guarantee provides for a stronger level of extraordinary support for UOIT, if the university were to face acute liquidity pressure, than other universities in the province.

Rating methodology

[Higher Education, December 2017](#)

[Government-Related Issuers, June 2018](#)

Ratings

Exhibit 4	
Category	Moody's Rating
UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY	
Outlook	Stable
Bkd Senior Unsecured - Dom Curr	A1

Source: Moody's Investors Service

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Moody's Historical Credit Rating - UOIT

Year	Rating	Trend
2004	A3	Stable
2005	A3	Stable
2006	A3	Stable
2007	A3	Stable
2008	A3	Stable
2009	A3	Stable
2010	Baa1	Negative
2011	Baa1	Positive
2012	A2	Stable
2013	A2	Stable
2014	A2	Stable
2016	A2	Stable
2017	A2	Positive
2018	A1	Stable

Comparison of Ontario University Credit Ratings at Moody's

University	Moody's Rating	Moody's Trend
Brock	-	Stable
Guelph	-	Stable
Wilfred Laurier	-	Stable
McMaster	-	Stable
Ottawa	Aa2	Stable
Queens	-	Stable
Windsor	Aa3	Stable
U of T	Aa2	Positive
Ryerson	Aa2	Negative
York	-	Stable
Lakehead	A1	Stable
Laurentian	-	Stable
OCAD	-	Stable
Trent	-	Stable
Algoma	-	Stable
UOIT	A1	Positive
	Members of MAESD smaller university cluster	



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Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

Financial Impact Yes No

Included in Budget Yes No

TO: Audit & Finance Committee

DATE: November 12, 2018

PRESENTED BY: Cheryl Foy

SLT LEADS: Brad MacIsaac, Craig Elliott, Cheryl Foy

SUBJECT: UOIT Student Union (UOITSU) – Student Centre and UOIT’s Financial Commitment

COMMITTEE/BOARD MANDATE:

- This matter is coming to the A&F/Board because only the Board has authority to approve financial commitments in excess of one million dollars.
- In this matter, Board approval was provided for UOIT’s commitment to finance up to four million dollars (\$4MCDN) to enable the UOITSU to build a student centre. However, the cost to finance the student centre has now been established with more certainty and it will increase to approximately five and a half million dollars (\$5.5MCDN). It has also been established that UOIT will not finance this amount but will instead, with Board approval, serve as a guarantor for a loan in an amount not to exceed five million dollars (\$5M).
- Board approval is sought to increase the UOIT financial commitment from \$4M to \$5M and to approve the change in the nature of the obligation from a loan to a guarantee commitment.

BACKGROUND/CONTEXT & RATIONALE:

- There are multiple previous reports to Board on this matter. These reports can be found on the Board Portal.

- With full UOIT Board endorsement, UOIT supported its students to respond to litigation commenced by Durham College to separate the formerly joint student association and to evict the UOIT student government from the building the UOIT student government formerly shared with DC student government. This litigation was protracted and expensive. It was resolved by way of settlement.
- The terms of the settlement were approved by the UOIT Executive Committee on behalf of the Board in September, 2017. The settlement provided (among other things) that UOIT would assist the UOITSU by lending the UOITSU up to four million dollars (\$4MCDN) to finance the construction of its own building (either standalone or within a new building to be constructed and shared with UOIT. The terms of the settlement established deadlines for such construction.
- The UOITSU reviewed the matter and notified UOIT that it preferred to occupy a portion of a building to be built by UOIT. This building is the New Building (A5) that is the subject of a separate presentation to A&F at this meeting.
- The UOITSU portion of the building is larger than originally contemplated and as preliminary phase design work has been completed, UOIT and the UOITSU have a better sense of the costs required to build a student centre in accordance with UOIT requirements.
- The UOIT has some reserves but will need to finance a significant portion of the costs to build its portion of the new building. The estimated total cost of the UOITSU's share to build the new building is approximately \$5.5M. Rather than take a loan from UOIT, the UOITSU will seek a loan from a third party. UOIT has agreed, subject to Board approval, to be a guarantor for that loan.
- UOIT students are members of the UOITSU and they pay fees for this membership ("ancillary fees"). UOIT collects these fees in the same manner as tuition and then remits them to the UOITSU. A portion of these fees is collected to cover the costs of UOITSU facilities. UOITSU will cover the loan payments through these student ancillary fees.
- It is the intention that the UOITSU will own its portion of the building.

RESOURCES REQUIRED:

- In addition to extending its guarantee, UOIT is expending resources to prepare and put in place appropriate agreements including an addendum to the original minutes of settlement, an agreement to transfer interest in a portion of the building from UOIT to USU, as well as the terms under which a guarantee would be provided.

IMPLICATIONS:

- UOIT has a legal commitment to provide the UOITSU with space for a student centre. There were only two choices: 1) a standalone building, or; 2) inclusion in a new UOIT building. The UOITSU has elected to participate in the construction of a new building thereby providing support for the development of a new building to the benefit of all UOIT students.
- If the Committee and/or Board do not agree to build a new building, it will still be necessary for UOIT to fulfil its obligations to provide the UOITSU with a new student centre.

- UOIT senior leadership has worked closely with the UOITSU leadership on the development of the new student centre in the context of the new building. The relationship between UOIT and the UOITSU is positive. As a new organization, the UOITSU has been successful in launching itself and is very much focused on its new student centre. The UOITSU is a key partner in delivering support and services to the UOIT students. The UOITSU is a key contributor to a “sticky campus”.
- UOIT representatives have reviewed the financial viability of the UOITSU and is confident that the UOITSU will be able to meet its financial obligations for the loan through ancillary fees. This means that the financial risk of acting as guarantor to the UOITSU is low.
- Legal agreements will be put into place to manage legal and financial risks and to provide security to the UOIT for its agreement to guarantee the UOITSU construction loan.

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

- The development of a new student centre co-located with other student services and supports and located centrally on the campus is strategically important.
- The UOITSU is a key partner and it represents our key stakeholder – the students.

ALTERNATIVES CONSIDERED:

- A standalone building was considered. The site offered was unsuitable from a construction perspective.

CONSULTATION:

- The UOITSU has been consulted at each stage of this process.

COMPLIANCE WITH POLICY/LEGISLATION:

- The UOITSU is represented by counsel.
- The UOIT General Counsel is involved in the development and finalization of the addendum to the minutes of settlement to ensure compliance of the addendum with the Minutes of Settlement.
- Both parties’ counsel will be involved in the development of the transfer agreement and the guarantee agreement.

NEXT STEPS:

- This is a request to A&F to recommend approval to the Board of the increase in the financial commitment to \$5M and the change in the form of commitment from a loan to a guarantee.

MOTION FOR CONSIDERATION:

Note: Recommend considering this motion and the new building Business Case motion together.

The motion is to recommend to the Board that it approve that:

- *UOIT guarantee a UOITSU construction loan for a student centre to be built within A5 in an amount not to exceed five million dollars (\$5MCDN);*
- *UOIT agree to transfer the student centre to the UOITSU, and;*
- *Both the guarantee and the transfer are to be made on such terms and conditions as are recommended and supported by the UOIT CFO and the UOIT General Counsel and negotiated with the UOITSU.*
- *At their next meetings, A&F/Board will be provided with a summary of the key elements of the final agreements and thereafter be provided with regular updates regarding the status of the relationship and the student centre building.*

SUPPORTING REFERENCE MATERIALS:

- Final Board report is available on the Board portal



COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

TO: Audit & Finance Committee

DATE: November 19, 2018

FROM: Brad MacIsaac, Assistant Vice-President, Planning and Analysis

SUBJECT: New Building Business Case

COMMITTEE/BOARD MANDATE:

The committee is responsible for overseeing the financial affairs of the university including providing financial oversight for major capital projects. For this reason, the Board has delegated to the Committee the review and recommendation of campus master planning and the implementation of new structures.

Leadership is requesting the committee's recommendation to the Board to continue with the design and preparations for construction up to an additional cost of \$1.5M dollars.

BACKGROUND/CONTEXT & RATIONALE:

In Fall, 2015 UOIT and Durham College (DC) released a Joint Campus Master Plan (CMP) after two years of consultation, planning and development. The CMP is a tool that will guide the character, scale, facilities and layout of our Oshawa campuses to address the academic, research, student life, athletic and community partnership needs as UOIT, DC, and the City of Oshawa evolve and grow. It is to be used in combination with the 2011 downtown campus master plan that guides the smooth integration of the university into a strengthened downtown Oshawa. Nearly every aspect of this framework and action plan has cost implications; however, both studies make it clear that investment will be assessed on a case-by-case basis as funding becomes available.

There are three building binders prepared that include location, functional space plans and general servicing requirements. These are the Student Innovation & Learning Centre (SILC), Centre for Advance Research, Innovation & Entrepreneurship (CARIE), and a Joint Health Sciences Building. We also have a general academic building outlined for the downtown location. Depending on the university needs and the funding opportunities available at a given moment in time, we would be shovel ready.

With a vision of engaging space and the requirement to relocate our UOIT Student Union, we are in the process of planning a new structure that takes elements from all three building binders.

RESOURCES REQUIRED:

The use of our planned capital reserve as outlined in the Business Case.

IMPLICATIONS:

The reliance on fundraising and potential borrowing as outlined in the Business Case

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

As noted in our Strategic Plan and emphasized in the presidents five priorities: Our University is a place for learners to test themselves and improve their performance – we also strive to be a place that inspires this ability in others. To do this, we will build a structure to offer a greater variety of lifelong learning through career-focused professional development options and create space to amplify our research reputation through entrepreneurial scholarship. Beyond basic learning interactions, the University experience is all about the connections with the places and the people. The University is a place where lasting relationships are formed among people with different approaches to thinking, doing and leading. By building places that encourage “sticking around” we will unite our community by increasing opportunities to meet, make friends, and form better relationships, because every interaction is an opportunity to make a difference.

ALTERNATIVES CONSIDERED:

Different options have been outlined in the Business Case.

CONSULTATION:

In addition to focused consultations with the user groups (Student Life, UOIT Student Union, and Health Sciences) there have been technical sessions with campus leaders (IT, Communications, Events, Registrar’s Office, and Facilities) to get detailed needs and renderings.

UOIT also hosted three open townhall sessions. In June 2017 the president lead a session challenging the current space norms and collecting input about the space of the future. Using the feedback from this session to create the vison of the new building sessions were held in September at the north location to highlight the building design features. Another session was help at the downtown location to expand on how this building fit with the long-term plan.

COMPLIANCE WITH POLICY/LEGISLATION:

- Consistent with the Signing Authority Registry & Approval Procedures

NEXT STEPS:

- Present final negotiated guaranteed maximum price agreement for recommendation at the February 20, 2019 A&F meeting.
- Present final negotiated guaranteed maximum price agreement for approval at the February 28, 2019 Board meeting.

MOTION FOR CONSIDERATION:

WHEREAS the Board of Governors approved the Minutes of Settlement among UOIT, Durham College (“DC”) and the UOIT Student Union (“USU”) dated September 24, 2017 (“MoS”);

WHEREAS paragraph 1 of the MoS stipulates that UOIT will construct a two-storey 8,000 square foot building for the exclusive use by the USU as a student centre (“USU Student Centre”);

WHEREAS paragraph 6 of the MoS provides that at the USU's option the location and size of the USU Student Centre as stipulated in paragraph 1 may be modified in consultation with UOIT;

WHEREAS in an e-mail dated November 9, 2017, the USU expressed its preference to pursue the option of modifying the location and size;

WHEREAS, having received and considered the "UOIT New Building Discussion Paper 2018" at its meeting on March 7, 2018, the Board of Governors authorized the university to proceed with the RFP process for the design and construction of the proposed New Building;

WHEREAS the successful design build proponent was selected in June 2018 and an update was provided to the Board of Governors at their meeting on June 27, 2018;

WHEREAS the preliminary phase – design services has been completed;

WHEREAS the university recommends proceeding with further design and site work to prepare for the new building construction while the guaranteed maximum price agreement is finalized;

WHEREAS the cost of the preparatory work is anticipated to be up to \$1.5 million, which is included in the total estimated project cost of \$48M outlined in the November Business Case;

NOW THEREFORE, having received and considered the "New Building Business Case November 2018", upon a motion duly made by [TBD] and seconded by [TBD], the Audit and Finance Committee hereby recommends the following for approval by the Board of Governors:

- 1. Authorizing the university to proceed with the preparatory work for the new building construction, up to a maximum cost of \$1.5M dollars.*
- 2. Directing the university to present the final negotiated guaranteed maximum price agreement for approval at the February 28, 2019 Board meeting.*
- 3. Authorizing and directing the President and/or Chief Financial Officer for and in the name of the Corporation to execute and deliver (under the corporate seal or otherwise) all such other documents and do all such other acts as may be necessary or desirable to give effect to this resolution.*

SUPPORTING REFERENCE MATERIALS:

- New Building Business Case 2018



Business Case Model: New Building

Report & Recommendations to the Board of Governors

19 November 2018: Audit & Finance Committee

29 November 2018: Board of Governors



Brad Maclsaac – Assistant Vice-President Planning & Analysis

Craig Elliott - CFO

Section

1

Executive Summary

Historically, a ‘learning environment’ was a physical space – a classroom or a library. Today, in our interconnected and technology-driven world, a learning environment is an infinitely more dynamic concept; this is particularly true because physical space could be, theoretically, entirely removed from the discussion. As we look to the future of our physical assets we begin to think of 21st century learning environments as the support systems that organize the condition in which our stakeholders best learn. Learning environments are the structures, tools, and communities that inspire students and educators to attain the knowledge and skills the 21st century demands of us. Thus, while the March 2018 discussion paper focused on the need for space, this paper will outline the physical spaces; but more importantly the space design and funding options for how those resources support the positive human relationships that matter most to learning.

Building on the goals of the University of Ontario Institute of Technology’s (the “university”) founding capital plan, this proposal relies on economical approaches in the utilization of facilities. While the space standards have changed, as we look to grow from 9,000 to 12,000 students and further engage our local community, there is a need for high-quality space to support the university’s core mission of teaching and research. Further, and maybe more fundamental, almost a third of current space is either temporary or leased, compared to the Ontario university average of under 2%. The quantity and quality of our space significantly affects the recruitment and retention of our students, faculty and staff. In the absence of further investment in new facilities, it will be increasingly difficult to fulfill our mission of providing students with inspiring learning environments that prepare them for their future career.

The Board of Governors approved issuing a Request for Proposal for a five-storey building not to exceed \$40M with a review of a potential additional shelled floor in June 2018. After reviewing the goals and options, the **senior leadership team is recommending the construction of a six -storey, \$48M building connected to the Energy Research Centre**. The additional shelled floor provides the opportunity to greatly enhance our engagement space, is designed for construction eligible for the federal grant and is a great value as the anticipated additional students it serves would lead to less than a three year payback period. This structure will increase the quantity of purpose-built, permanent space on campus as well as significantly enhance the learning environment of our university.

Strategic Alignment

“We need to engage our students in their world, while showing them ours can be kind of cool. We must build a ‘sticky’ campus, a place that students want to ‘stick around’. This will involve some real work around creating inviting spaces, a new coffee shop and pub, the addition of men’s and women’s varsity basketball, and intramurals, and more job opportunities on our campus. The student experience drives EVERYTHING I DO. I want to integrate technology throughout our campus and reexamine our processes to see how we can best serve our students.” (Dr. Steven Murphy, Installation Speech, May 8, 2018)

In his inaugural, formal, installation address to the university, and in statements, interviews, and town halls since then, our President has articulated five strategic priorities for the university which are inspired by and significantly add to our current 2017-2022 Strategic Plan’s goals.

- **Creating a Sticky Campus**

What can we do that will make our university a place where students, faculty and staff feel like they are part of a vibrant community where they want to both physically and virtually engage and ‘stick around’?

- **Tech University**

What can we do that will differentiate us as a tech university? In everything from the teaching tools that help our students have a deeper, lasting learning experience, to the tech knowledge and experience that is an integral part of virtually all of our programs, to the enterprise tools we use to operate the university more efficiently and effectively, how can we do better?

- **Nurturing an Intra- & Entre-preneurial Culture**

What can we do to foster an entrepreneurial culture among our students, faculty and staff? In everything from delivering a short continuing education workshop to a thesis-based PhD program, from helping a student fully engage in work-integrated learning to implementing programs and practices that will make equity a recognized part of our culture, we need to encourage and reward creative thinking about how to do things differently and better.

- **A New Definition of Partnership**

Government (e.g. tri-council) and industry (e.g. contract research) ‘partnerships’ have mostly been one-sided with respect to activities and content - external partners provide the resources and we provide the knowledge. What can we do to create more true research partnerships that directly and deeply engage our principle investigators and their students? How do we increase triple helix partnerships, true collaborations among government, industry (including NGOs and

not-for-profits), and academia at the university? In addition to our great partnership with Durham College, how do we continue and enhance building mutually beneficial partnerships with other post-secondary educational institutions regionally, provincially, nationally, and globally?

- **Sharing Our Story**

There was a lot of great things happening at the university when President Murphy arrived on campus in March 2018, and there's much more to come! How do we as a university raise awareness about who we are and what we are doing...it starts regionally, in Oshawa, all of Durham Region and Northumberland County. But we also have a great story to tell provincially, nationally, and globally that will help us build our reputation and enable us to achieve our priority goals over the next five to ten years.

This building will be a major step in addressing these strategic priorities as we embark on the transformation of university education and research, not just here at the University of Ontario Institute of Technology, but as leaders provincially, nationally and around the world.

Section

3

Background

Building new physical infrastructure at our universities has always been challenging, but perhaps never more than in today's funding regime. However, we must confront this challenge if we are to make progress on transforming university education and research. We need to challenge ourselves to integrate new pedagogy, enhanced technology and flexible educational styles into learning and be a pioneer in both content and delivery. An active, open, and dynamic learning environment is usurping the sage on the stage. Multi-user research space is replacing dedicated labs. This building will be foundational in the transformation of our university – an opportunity to see how we could better meet the needs of our students, faculty and staff.

3.1 Definitions

There are two ways that we count the number of students at the university. **Headcount**, is the number of students registered regardless of the number of courses they are enrolled in. **Full-time equivalent (FTE)** factors in the number of courses each student is taking. For example, four students each taking 25% of a

full-time course load would correspond to 1 FTE. In 2018, we have a headcount of about 10,400 students, which translates to just under 9,000 FTEs if we factor in the number of courses each student is enrolled in.

When we quantify the size of a building, we need to distinguish **gross square metres (GSMs)** and **net assignable square metres (NASMs)**. **GSMs** include all of the floor space in a building, including parts that cannot be assigned such as elevators, hallways, mechanical rooms and atria. **NASMs** include the assignable areas. This paper focuses on **NASMs** – the space that contributes directly to achieving our mission.

The university has created its space principles based on the [Council of Ontario University standards](#). As part of the [Framework & Action Plan for Growing UOIT & downtown Oshawa](#) (2011) and the [Campus Master Plan](#) (CMP, 2015), a goal of 5.1 NASMs/FTE (about 60% of COU standards) for teaching, research, and learning support was established. With the creation of the Software & Informatics Research Centre in 2017, the university reached 4.7 NASMs/FTE.

3.1 Consultations



Design Team Member discussing aspects of the design with students. ERC atrium, September 27

The university engaged in an inclusive and comprehensive consultation process. This process began immediately on project initiation with a kick off meeting on July 3, which was quickly followed by a series of stakeholder visioning sessions.

The visioning sessions were instrumental in establishing key planning principles that included notions of the Sticky Campus, Expanding on the notion of Pedagogy and Technology, as well as Wellness. Though all three elements have and continue to inform the design process, Wellness emerged as a critical springboard in the overall building organization and design. Influenced through discussions with indigenous stakeholders who appealed to the team to introduce non-linear and curved spaces, the concept of flow has led to an overall building arrangement that promotes unfettered movement and engagement. This is accomplished through a series of continuous circulation corridors and curved openings on lower floors to promote penetration of light into the building as well as visual connections. Also critical in influencing these planning decisions were conversations with accessibility champions who expanded on the concept of flow, leading to operable doors on all classrooms, which significantly goes above and beyond current building code requirements. This has led to the creation of the project visioning paper that has served as a

foundation document throughout the Preliminary Phase Schematic Design process (PPSD). With the establishment of the visioning document, several rounds of targeted stakeholder consultations have also occurred between July and October.

In addition to direct stakeholder consultations, to date there have been two ‘pop-up’ sessions where the design team has created temporary presentation centres adjacent to food services areas in UA and ERC. Here the design team displayed project graphics aimed at engaging and informing the university community and were available to answer questions and solicit feedback both through conversation and by encouraging people to write comments on sticky notes. Interestingly, comments tended to focus on campus experience fundamentals such as need for more varied and better food options, need for more and greater variety of study spaces, as well as quality of light. Many of these elements are touchstones in the building design as details evolve.



Design graphics for review, along food service line up. UA, October 18

Section

4

Project Description; Cost/Benefit Analysis

The purpose of the project is to construct a building that respects the 2015 Campus Master Plan and addresses the need for high quality space to provide enhanced student success, quality learning and innovative research. The proposed project has three aims:

- Enhance the quality of learning and research space for the present population of students, faculty and staff;
- Provide new space for our recently established Student Union;
- Grow the amount of space to provide more opportunities for learning and research (increase NASMs/FTE);

The Board of Governors approved proceeding with the Request for Proposal (RFP) process for the design and construction of the proposed New Building at its March 2018 meeting. At the June Board of Governors meeting, the RFP method was described including the announcement of Eastern as the successful proponent. At that time, a five-storey \$40M dollar building was proposed. During the design phase the senior team reviewed options and is now recommending the construction of a six-storey, \$48M building connected to the Energy Research Centre as outlined in the alternatives section.

4.1 Project Vision



Rendering of the proposed building's main stair - designed to offer a number of light-filled social spaces.

A visioning session took place at the university in July 2018 using probing questions and resources such as the long-term Campus Master Plan and the President's strategic priorities to identify important goals for the project. The results of these conversations led to three overarching themes: sticky campus, pedagogy/technology and sustainability/wellness. These themes are used as overarching objectives for guidance through the design process.

Sticky Campus: A new and progressive notion in university planning; strives to create campuses that make students, faculty and staff want to 'stick around' because they want to be there.

Student Hub/ Inclusivity

- **Bring People Together:** A university contains various types and scales of communities. The Student Hub should be a place for students, faculty and staff to mix and form a broader community. Daylight, views, access to nature, food and beverages, and the ability to stream sporting events can contribute to attracting people.
- **Make Everyone Feel Welcome/ Promote a Culture of Sharing:** Accessibility is not just about codes and standards; it's about making everyone feel welcome. Flexible washroom types (gender-neutral) are important, but so are considerations such as flexible seating options and providing lighter doors. The needs of everyone should be met; including, students, faculty, those with varying abilities and identities. The design should dispel the perception of space being claimed. Spaces should be inviting and support communal use and collaboration.

A Sense of Ownership and Place

- **Support the University and University Student Union Identities:** Referencing brand elements like colour can serve as opportunities to promote pride and contribute to community morale. The new building should also reinforce the Student Union as a separate entity, ideally with a dedicated building entrance.
- **Create a New Identity:** While the collective and existing identity of the campus and institution should be reflected, the creation of a new building provides an opportunity to create a new, distinct identity. New narratives could be explored in the design, such as indigenous culture or the history of the Windfields Farm.



View of the new build from Polonsky Commons.

Pedagogy and Technology: Are rapidly evolving elements. The building must support current cutting-edge pedagogy and technology, but also have the ability to adapt to future innovations.

Expansion of the Model of Teaching and Learning/Promote Flexibility and Adaptability

- **Support Diverse Pedagogy:** It is important that a wide range of learning modes be facilitated in the new building. Types of desirable classroom configurations include technology-focused and peer learning (student-to-student). This will be facilitated by various furniture solutions, such as separate tables and chairs and also large tables for classes to divide into groups.
- **Generic Classrooms:** Given the wide range and future evolution of pedagogy, classrooms should be designed as generic shells, able to be easily fit-out and modified with specific furniture solutions.

Learning Outside of Classrooms/Divergent Thinking and Risk Taking

- **Foster a Learning Culture:** While classrooms are an important part of learning, it is not the only way that people learn. It is important to create other environments that can foster learning through social interaction/ group work, such as outdoor spaces and social spaces.
- **Promote a Culture of Risk Taking:** The new building should have spaces that allow for students to collaborate and network with industry partners, facilitate entrepreneurship and experiential learning. The design of the new building should encourage students to take risks, for example, by showcasing student work in semi-public areas to build confidence.

Sustainability and Wellness: The university is deeply committed to sustainability. It is paramount to the success of this project that the design of the new building supports our sustainable campus.

Energy and Resources

- **Use Renewable Energy/Conserve Energy:** Striving towards Net Zero Carbon, building should draw from the existing geothermal grid and the design should reduce overall energy demand including optimizing solar orientation and low glazing ration.

- **Make Sustainability Visible:** Sustainability features are often invisible, yet students have an inherent curiosity and interest in seeing and experiencing sustainability in action. The building should function as a 'Living Lab' where building systems are exposed and part of the experience.
- **Building Longevity:** Due to the constant evolution of higher education the design and build should be inherently flexible to accommodate future changes. Use materials and finishes that will allow the building to last longer, limit maintenance and prevent future renovations.

Wellness

- **Support Occupant Comfort:** Providing for occupant comfort should be guided by the WELL categories: air, water, nourishment, light, fitness, comfort and mind. Important design considerations include providing access to daylight and views, operable windows for cross-ventilation, access to healthy food options, and emphasizing stairs to promote physical activity.
- **Allow for the Engagement of Nature:** The design of the new building should support the desire of building occupants to interact with nature. This may be accommodated by creating an outdoor social space, upper level terrace/garden and access to a green roof/garden. Also consider opportunities to create indoor microclimate conditions, such as a winter garden.

4.2 Project Structure

- Six-storey (shelled floor) building on a footprint of approximately 1,800 square metres
- Building that is supportive of a technologically enriched based university
- Low Carbon Building and equivalent to LEED's silver best practice
- Move U5/U6 portables to F2 parking lot. Construct 125 parking spaces north of Ice Centre

4.3 Financial Cost

The amount indicated below is based on design and will be updated March 2019.

Budgetary cost	Amount
Building cost	\$ 34,800,000
Shelled Top Floor	\$ 3,400,000
Soft cost (Consultants, permits, etc.)	\$ 2,100,000
Furnishing, fit-out & equipment (FF&E)	\$ 3,000,000
New Parking & Portable relocation	\$ 2,400,000
Contingencies	\$ 2,300,000
Total Project Budgetary Amount	\$ 48,000,000

Alternatives

The March 2018 discussion paper presented to the BoG focused on the location, size and programming alternatives to go into the building. We will summarize those below in addition to looking at building an additional floor and how to finance the project.

5.1 What to Construct

The options to be considered and evaluated of what to construct were classified into three groups ranging from minimal impact of renovating space, to leasing more space, to a brand new build.

Option 1: Renovate existing space. This would be the least expensive option; however, the university has already implemented most space-saving measures. Portables would still be used, which would make this space less attractive for students to want to hang out in; thus going against the sticky campus strategy.

Option 2: Leasing space has been explored along with the 2011 and 2015 capital plans. Superficially, leases appear to be better than a build; but, when the cost to retrofit the space and the increased costs over time are factored in, the annual expenses outstrip building costs well before any new building life-cycle is complete. Additionally, the current space needs at the university are at the north location where no leasable space available. Finally, the university has 32% leased/temporary space compared to the sector average of 2%; thus, the trend should be to reduce rather than increase our exposure to short-term solutions.

Option 3: New Building will help us reach our strategic goals of improving quality of space and creating a sticky campus. There are different building variations and locations to analyze considering our needs and available budget. Variations to consider would be how many floors the building would be. The location needs to be evaluated as well; how it would fit into our existing campus.

Of the three options, only a new build meets the required needs of the university's strategy. The university needs to create a structure that satisfies our strategies at a cost that the university can manage.

5.2 Location

The Campus Master Plan identifies a set of criteria to evaluate potential locations as we look to build out the campus. We looked at five locations using twelve criteria (a summary can be found in Appendix A). There were two main options: the extension of ERC or northwest corner of Founders 2 parking lot. The two have a number of similar pros and cons and so it came down to the following:

Founders 2: Provides the opportunity to leave the current portable until the building is complete and move only once. However, it is not creating our gateway north, not completing the current quad and would displace parking.

Energy Research Centre Extension: Provides the ability to finish off the initial quad and has room for expansion (similar to SILC rendering). However, we will need to find a place to move Student Life during the build.

SLT recommended the ERC extension as finishing the original design of the quad is essential

5.3 Size

As stated previously, the university is in need of more space. Two factors constraining the size of our next building are the available land footprint and the cost of the building. Based on the selection of the ERC extension location, the new building is on land that supports a building footprint of approximately 1,800 square metres. We believe we can build five floors (9,000 square metres) and are looking into the potential of a sixth floor (10,800 square metres). The actual NASM is dependent on design. While there is a potential to build larger by extending a connection into the library, the total costs are prohibitive at this time.

5.4 Programming

In the fall of 2017, Educational Consulting Services and Architectural Counsel Inc. were engaged to study the university space needs. This document presented a number of scenarios for a new building at the university's north location. Common elements in all scenarios include Office of Student Life; UOIT Student Union; continuing education facilities and assembly spaces. Consultation and functional space programming exercises estimate a common space allocation of ~2,900 NASMs, leaving ~2,600 NASMs for further allocation. A few of the options reviewed included:

- a) Project space & research laboratories
- b) Health Sciences consolidation
- c) Vacating lease/temporary space
- d) Consolidating administrative & learning support functions

There are many ideas as to how the space in the new building could be allocated to significantly increase the *quality* of campus space devoted to innovative teaching and research. To this end, we reviewed a mixture of all scenarios outlined and recommended moving the functionality of the portables into permanent space as this would both improve that functionality and expedite moving the portables in preparation for the next phase of building. Additionally, the move of Health Sciences from UA faculties can expand to meet the ambitious goals articulated in their Academic Plans.

5.5 Option of building five or six storeys

There are different building variations to analyze considering our needs and available budget. For configuration, we reviewed a five-storey building or a six-storey building (five upper floors and a basement). Estimates for an additional floor to this building will cost ~\$3.4M.

- to add this additional space later, as its own separate building, the cost would be ~\$7.8M. Or to add this space on a building five years out it would cost an additional 500K at 3% inflation.
- Looking at revenue, the floor provides ~1,000NASM that would allow growth of ~200 FTEs and capture ~ \$1.5M in tuition per year, given current corridor caps.

Not only does this additional floor satisfy the immediate goal of higher quality space but also moves us to allow for additional growth of the university. Within three years additional revenue could offset the expense.

5.6 Funding of the building

Through financial reserves, partnership with the UOIT Student Union, and planned set asides, we have estimated we can secure \$30.1M of the scheduled \$48M required to complete the full project.

Source of Funds	(\$M)	Comment
Building Reserve FY18	\$13.2	
Planned Reserve to FY22	\$11.9	Includes annual planned building reserves of \$3.5M (3.4 years * \$3.5M = \$11.9)
USU Portion	\$5.0	USU has reserve of ~\$1M in FY18 and will secure a loan
TOTAL	\$30.1	
Current Shortfall	\$17.9	

The \$17.9M would be funded from (or a combination of) the following options:

- 1) Partner with local/provincial/federal governments
- 2) Fundraise through the Capital Campaign
- 3) Use, temporarily, working capital reserve
- 4) Borrow from a financial institution

Option 1 of Working with all levels of government to partner in funding for the building. In the summer of 2015, the Government of Canada announced a major investment in a new Centre for Advanced Research, Innovation and Entrepreneurship at the university. The \$26.9M Government of Canada commitment supports the university's mandate to be a regional hub of market-driven teaching and research, and to drive new university partnerships with industry and the community. The university will continue to seek additional partners and supporters to facilitate construction of the Centre as the federal funds require two-thirds matching. The current design estimates an eligible area that may access ~\$8M of the federal funds.

Option 2 of Fundraising to assist in closing the funding gap. The university has initiated Brave The Future, a



multi-million dollar campaign to develop the space and opportunities necessary to create transformational change. One of the four key campaign priorities is design and invest in high-tech facilities and collaboration spaces. This includes SIRC, Moving Ground Plane and the Centre. The imminent construction of this new build creates a sense of urgency that will continue to attract key volunteer leaders, donors and

industry partners to help reimagine higher learning through the lens of technology and deliver an education experience that meets students in the world where they live today, and prepares them for the world they will create tomorrow. This new build will benefit from philanthropic support, as well as provide a tangible vision to excite and engage more donors for the next building phase.

Option 3 of eliminating working capital reserve of \$6M. The reserve was set up and required when the university was establishing itself. Given a solid cash flow forecasting practice and an improved financial position, the university's credit rating has improved. We could ask the provincial government for permission to liquidate this reserve.

Option 4 of Borrowing from a financial institution is a reliable option for having money available to the university for when it will be required. We could use our existing line of credit or we could enter into a new mortgage agreement. The university has a \$17M line of credit with BMO (prime + 0.25%) and we have a \$5M line of credit with IBM (prime + 0.25%). Currently we are not using either of these lines of credit. We could also enter into a new financial arrangement, if we are able to negotiate better rates than our existing line of credit. The estimated cost of borrowing \$17.9M at an interest rate: 3.95% (prime + 0.25% October 19, 2018) over 20 years would mean an annual payment of \$1.3M. Total interest payments of \$8M.

We would initially explore the first two options that come at no costs and no risks and then we will look at a mixture of the other options to minimize borrowing. Loan agreements would be funded through operating budgets or philanthropic commitments.

Section

6**Project Risk Assessment**

At the May 2018 Board of Governors retreat, a key element of the working session was to change the focus of risk from negative to positive. As such, the Senior Leadership Team agreed on a basic philosophy: Strategic analysis of risk drives enhanced performance.

With this in mind, the team weighed both the strategic opportunities and threats of undertaking this new capital project. Considering the risks of *not* proceeding with a project include risks associated with complacency and the *status quo*. With that framing, there are opportunities to significantly enhance our learning environment to increase student, faculty and staff engagement.

At the outset of the project, the university worked with the build team to identify the risks, estimate their potential time/cost impact and contemplate their likelihood to materialize. A Project Risk Register that includes foreseeable possibilities that could occur throughout the lifecycle of the project has been developed (Appendix B). The majority of these risks have existing controls to prevent occurrence or minimize impact.

The Register shall be continuously monitored to ensure that risks are controlled. A dedicated Project Manager is in place to review and approve the construction schedule. The Project Manager meets weekly

with the contractor to review the three-week look-ahead schedule, discuss constructability issues, and table alterations to the risk registry.

The Project Manager reports to the project sponsors (CFO and AVP Planning) bi-weekly. The sponsors are responsible for oversight of project funding, clarifying scope, monitoring progress and influencing stakeholders (internal and external). The project sponsors will critically review final designs and any change orders. The change order system provides a means for the Owner to evaluate changes using hard data from a cost and time perspective. Sponsors will provide the senior team with a monthly update, or as the risk registrar alters, to ensure all are well informed of the project.

Section

7

Conclusions & Recommendations

As we begin to transform the traditional model of university education and research at the University of Ontario Institute of Technology, this new building will be the foundation for further advancing the university's mission as articulated in the President's strategic priorities. The original plan for the building was a five-storey structure, but through the design process the significant benefits relative to cost of an additional floor became apparent. We weighed the opportunity of significantly enhancing our learning environment against the potential risk of borrowing ~\$18M. After critical review of goals, options, and risk associated with constructing this new building, the **President and his Senior Leadership Team recommend the construction of a six-storey, \$48M building connected to the Energy Research Centre.** This structure will significantly enhance the learning environment of our university and increase the quantity of purpose-built, permanent space on campus.



Appendix A – Location Alternatives

Five different locations were considered and evaluated as possible sites for the new build. The criteria was set during the creation of the Campus Master Plan. The matrix below is the result of the evaluation:

Evaluation Criteria	critical issues	manageable	good		
CRITERIA	Founders 2	SIRC	U5	Library Flip	North of CIC
Land Area Can the location accommodate the building footprint required?	Land area is sufficient	Land area is too small	Land area is sufficient	Land area is too small	Land area is greater
Integration How well does the location integrate with the shared campus?	Location is highly integrated with the shared campus.	Location separated but could be integrated.	Location is highly integrated	Location is highly integrated	Land is highly separated
Walkability distance from Commons	10-minute walk.	10-minute walk.	within 5-minute walk	within 5-minute walk	greater than 20-min
Servicing adequate services available within the desired construction time frame?	Service capacity is currently available.	Service capacity is currently available.	Service capacity is currently available.	Service capacity is currently available.	capacity available within one year.
Programming Does the location allow for integration of existing programming	allows for some integration.	allows for some integration.	high degree of integration	high degree of integration.	Location does not allow for integration
Displacement Does the location displace existing academic space?	displacement of parking.	displacement of parking.	displacement of portables.	displacement of portables.	not require displacement.
Accessibility Is the location accessible by public transit?	accessible by existing transit	accessible by existing transit	accessible by existing transit	accessible by existing public transit	not currently accessible
North Gateway has the opportunity to act as a Campus gateway feature.	Location is south of Conlin Road.	Location will act as a gateway	Location is south of Conlin Road.	Location is south of Conlin Road.	begin to establish presence north
South Gateway Feature has the opportunity to complete original plan.	Disconnected from current buildings	Disconnected from current buildings	Completes original plans	Completes original plans	Disconnected from current buildings
Cost Would the location increase building construction costs	no decanting and delay portable move costs	no decanting and delay portable move costs	Decanting and upfront move of portables.	Decanting and upfront move of portables.	Servicing would be required and increases costs.
Portables 2 Could we look after decanting in 1 move	no portable moves required	no portable moves required	ideas but not ideal for SL services for 2 years	classrooms could not be moved	no portable moves required
Duration Would the building be ready for Sept 2021	2 years	3 years	3+ years due to decanting	3+ years due to decanting	3 years

The U5 location had the best result of the evaluation. It eliminates less desirable space (portables) with a structure that completes the original building plans.

Appendix B

Project Name: General Academic and Student Building

PROJECT RISK REGISTER

Updated: 2018 Nov 10

Risk Description						Risk Analysis			Risk Response			Risk Monitoring	
Risk ID	Date Logged	Risk Status	Risk Event	Event Cause	Event Effect / Impact	Likelihood	Probability	Impact	Risk Score	Existing Controls / Mitigation	Responsible Parties	Completion Date	Status / Comments
PR02	27-06-18	Active	Project Schedule Delay	Contractor is unable to manage design and/or subcontractors and schedule is not maintained.	Schedule end date is extended	Likely	3	2.8	8.4	A baseline project schedule will be established upon award. Schedule will be tracked weekly by Owner and forecast bi-weekly during contractor's meeting. Action will be discussed and taken into action if any slippage or forecast delay is identified.	Project Manager / DB contractor	2021 Jun 30	Monitor
PR08	27-06-18	Retired	Unsuitable Sub- Surface Site Condition	unexpected environment, archeological, soil condition	Building foundation type will change and will slowdown progress	Likely	3	2.6	7.8	The Existing Geotechnical report shows low soil bearing capacity at the southwest corner of New Build. Additional Borehole required for structural consideration.	DB contractor / Structural Consultant	2019 Sep 30	Complete Soil Investigation completed. Implication considered in detailed design. Cost impact captured in the project budget.
PR03	27-06-18	Active	Significant delays in Obtaining Planning Approvals / Permits	Late submission or City takes longer than anticipated	Delay in construction start and project completion	Likely	3	2.6	7.8	Approvals by Authorities is the Design-Builder's responsibility. Site Alteration Permit will be in place to commence site work as schedule.	DB contractor	2020 Jan 30	Monitor
PR07	27-06-18	Active	Funding Approval Delay, Shortfall or Stoppage	Funding was not made available or Board does not approve	Project cannot commence or contractor does not get paid on time	Remote	2	3.8	7.6	The Business Case for the new building will be presented to A&F committee on Nov 19, 2018. Should we not get approval, the project could not move forward.	Project Sponsor	2018 Nov 30	Monitor
PR04	27-06-18	Active	FFE completion delays not meeting move in date	FFE manufacturing or importing & delivery or installation delays	Owner's move delayed	Likely	3	2.5	7.5	The design, development and coordination of FFE is part of DB contractor responsibility. Schedule for owner FFE will be incorporated to contractor's master project schedule. A separate FFE schedule will be developed and monitored.	Project Manager / OCIS / FFE vendors	2021 Jun 30	Monitor
PR06	27-06-18	Active	Contentious Labour Relations	Union issues with contractors or trades or within the Institution	Project delays	Remote	2	2.6	5.2	Contractor is required to mitigate time lost with no cost impact to owner. 2019 is a contract year for the construction unions, which are due in April. These should be in hand by the start of this project and run for 3 years so this risk should be mitigated by the schedule. Experience from last year strike the unions were respectful. We would manage this through the standard process and escalate if the situation requires.	Project Sponsor / Project Manager / DB contractor	2021 Jun 30	Monitor
PR12	27-06-18	Active	Significant Design Changes	Error / omission or change of requirements	Delays on completion date	Remote	2	2.4	4.8	PPDS defines end users requirements through consultations and workshops. Design will be at the 70% level. Design errors as a result of the consultant omission is under the Design Builder's risk.	Project Sponsor / Project Manager / DB contractor	2021 Jun 30	Monitor
PR01	27-06-18	Active	Project and Contractor Staff Attrition	Competitive market place and or too much bureaucracy	loss of key staff	Likely	3	1.6	4.8	DB project team to remain per RFP section 5.4 and PPDS agreement T&C CC9. In case, transition period will be necessary. UOIT engaged Professional Firm with qualified Project Manager for the entire project timeline.	DB Contractor	2021 Jun 30	Monitor

Project Name: General Academic and Student Building

PROJECT RISK REGISTER

Updated: 2018 Nov 10

Risk Description					Risk Analysis				Risk Response			Risk Monitoring	
Risk ID	Date Logged	Risk Status	Risk Event	Event Cause	Event Effect / Impact	Likelihood	Probability	Impact	Risk Score	Existing Controls / Mitigation	Responsible Parties	Completion Date	Status / Comments
PR09	27-06-18	Active	Labour Supply Shortage	Construction boom, dilution of skilled trades nation wide	difficulty to maintain schedule and construction pace	Likely	3	1.3	3.9	Labour supply shortage will be mitigated through the planning of the tendering list, inviting local trades, requiring CCDC-11s to verify work commitments and contractually signing trades up to the project schedule. Continuous monitoring of production and schedule throughout the project and immediate response to any schedule/productivity issues encountered.	DB Contractor	2021 Jun 30	Monitor
PR05	27-06-18	Active	Severe Weather or Natural Disaster	Earthquake, snow, continuous raining, collapse or flooding (e.g. Building floor ruined due to flooding)	Delays while repairs are made	Remote	2	1.9	3.8	Insurance to cover constructor liabilities for incurred damages. Design-Builder is obligated to mitigate time lost.	Project Sponsor / Project Manager / DB contractor	2021 Jun 30	Monitor
PR10	27-06-18	Active	Damage / Destruction of NEW facility towards End of Construction	Fire, earthquake, flooding, etc	Facility unusable	Very Remote	1	3.8	3.8	Insurance to cover contractor liabilities for incurred damages.	Project Sponsor / Project Manager / DB contractor	2021 Jun 30	Monitor
PR11	27-06-18	Active	Worksite Fatality or Serious Injury	unsafe work condition or worker error	worksite shutdown, potential non-compliance and some reputational	Remote	2	1.6	3.2	Contractor is responsible for site safety, enforcing contractor safety rules, and enforcing regulations & safe work practices. Contractor is committed to safety & health of people	DB Contractor	2021 Jun 30	Monitor
PR23	27-06-18	Active	Market Price Fluctuation and/or Inflation	commodity volatility for oil (e.g., Roofing)	potential for cost overage at tender stage	Remote	2	1.5	3.0	Contingency in project budget for owner supplied items to cover inflation.	DB Contractor	2021 Jun 30	Monitor
PR22	27-06-18	Active	Utilities Services Shortfalls for the new building	project could not proceed without upgrading or adding new line of services	potential cost & schedule implications	Remote	2	1.4	2.8	Services identified on site are available but has to be validated for its capacity.	Project Sponsor / Project Manager / DB contractor	2021 Jun 30	Monitor
PR18	27-06-18	Active	Insufficient Market for key materials and equipments	Shortage of key materials & equipments	potential for schedule delay	Remote	2	1.3	2.6	The design build team is responsible for material selection and procurement.	DB Contractor	2021 Jun 30	Monitor
PR13	27-06-18	Active	Environmental Non-Compliance during construction (Air, Water & Ground)	Contractor fuel or glycol spill, noise,	minor disruption	Remote	2	1.0	2.0	During construction the site is under the control and responsibility of the Contractor.	DB Contractor	2021 Jun 30	Monitor
PR14	27-06-18	Active	General Contractor Solvency	Regional economy or financial peril	Schedule delays caused	Remote	2	1.0	2.0	All general contractors are pre-qualified from a surety for bonding.	DB Contractor	2021 Jun 30	Monitor

Project Name: General Academic and Student Building

PROJECT RISK REGISTER

Updated: 2018 Nov 10

Risk Description					Risk Analysis				Risk Response			Risk Monitoring	
Risk ID	Date Logged	Risk Status	Risk Event	Event Cause	Event Effect / Impact	Likelihood	Probability	Impact	Risk Score	Existing Controls / Mitigation	Responsible Parties	Completion Date	Status / Comments
PR15	27-06-18	Active	Theft / Vandalism of Materials, Equipment or Venue	worker or third party theft	minor disruption	Likely	3	0.6	1.8	Site Security is Contractor's responsibility Construction site is monitored	DB Contractor	2021 Jun 30	Monitor
PR16	27-06-18	Active	Government Bureaucracy	Gov't interference, adding layers of management; added hoops or requirements	slows the process/project	Remote	2	0.7	1.4	communications to keep Gov't informed, reporting, updating	Project Sponsor	2021 Jun 30	Monitor
PR17	27-06-18	Active	Facility Owner Solvency	Regional economy or financial peril	payment stops; contractor does not get paid on time	Very Remote	1	1.3	1.3	Contracts have late payment clauses and default provisions	Project Sponsor	2021 Jun 30	Monitor
PR19	27-06-18	Active	Significant Legislation / Statutory Requirements Changes	Significant deviations in Building codes (National and/or Provincial), or OHSA	potential cost & schedule implications	Very Remote	1	0.7	0.7	Grandfathered legislation	Project Sponsor	2021 Jun 30	Monitor
PR20	27-06-18	Active	Budget Cost overrun	Project cost significant deviation	Project run out of budget	Very Remote	1	1.4	1.4	Integrated design-build GMP cost plus model adapted which allows UOIT to have more control over the cost from preliminary design, final design till subtrades selection process. Project cost savings is shared 80-20 between owner & contractor respectively	Project Sponsor	2021 Jun 30	Monitor
PR21	27-06-18	Retired	Significant Delay in RFP/RFQ Process	Delays in evaluation process due to team workload and contentions	Late project start and end date for project is extended	Remote	2	1.3	2.6	RFP for Design Builder has been awarded.		2018 Jun 30	Completed On time
PR24	27-06-18	Active	Work stoppage / Suspended due to Crane	Crane Struck Hydro cable / Crane Collapse	Schedule delays	Remote	2	1.9	3.8	Crane Permit to be obtained. Review of Structural stability and swing radius	DB Contractor	2021 Jun 30	Monitor
PR26	27-06-18	Active	Work stoppage / Suspended	Material fell into nearby facility or passbyer	Schedule delays	Remote	2	1.8	3.6	Construction site enclosure and regular safety walk	DB Contractor	2021 Jun 30	Monitor
PR27	27-06-18	Active	Project Progress Delayed due to Equipment	Major Equipment Failure, Damage, Theft	Schedule delays	Very Remote	1	1.2	1.2	Construction site security in place and regular maintenance checks to equipments	DB Contractor	2021 Jun 30	Monitor
PR29	27-06-18	Active	University / College Events disruption	Construction damage to Institution's power, IT, sewer and fireline	Business Interruptions	Remote	2	1.4	2.8	Site Services survey and due diligence, work coordination with DCFM before excavation and tie- in activities	DB Contractor	2021 Jun 30	Monitor
PR30	27-06-18	Active	Contractual Contention	Terms and Condition interpretation	Cost and schedule dispute	Very Remote	1	1.8	1.8	Legal review conducted, utilized broker service insurance language. Drafted CCDC and Supplementary conditions.	Project Sponsor	2021 Jun 30	Monitor



COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

Financial Impact Yes No

Included in Budget Yes No

TO: Audit & Finance Committee

DATE: November 19, 2018

PRESENTED BY: Craig Elliott, Chief Financial Officer

SUBJECT: ACE Enhancement Project – Modified Motion

COMMITTEE MANDATE:

- Pursuant to the UOIT Signing Authority Policy, the Board has the sole authority to approve contracts valued at one million dollars (\$1MCDN) or greater.
- This is a request to the committee to recommend approval of a modified motion clarifying the RFP process to implement the ACE Enhancement project.

BACKGROUND/CONTEXT & RATIONALE:

About ACE:

- The UOIT Automotive Centre of Excellence (ACE) is a research and testing facility offering chambers and technology for climatic, structural durability and life-cycle testing. Facilities include one of the largest and most sophisticated climatic wind tunnels (CWT) on the planet. In the CWT, wind speeds can reach 300 kilometres per hour with temperatures that range from -40 to +60°C. With solar arrays and storm generators ACE can create any weather conditions imaginable, from sweltering jungle downpours to the paralyzing cold of an arctic storm. ACE uses these chambers to test automotive and aerospace products, to improve the performance of elite athletes and to provide services to many other markets, including the Unmanned Aerial Vehicle industry, film and television, and motorsports.

Overview of the ACE Enhancement Project:

- The ACE Enhancement Project will provide aerodynamic and aero-acoustic upgrades that will create capabilities that are unique in the world. The project, when completed, will bring new opportunities to further diversify the ACE client base across the region, build Canadian hi-tech expertise, open up broader opportunities to conduct research and build stronger Canadian industries and employment opportunities linked to energy efficiency, electric vehicles, unmanned aerial vehicles, and emissions reduction. The Enhancements will provide new capability required to meet the minimum requirements for high fidelity aerodynamic research.
- Core to this project is the integration of a moving ground plane (MGP). The MGP capability will allow ACE to fully serve the needs of the region's employers by allowing it to meet the new, internationally accepted, global test standards. Integration of the moving ground plane into the Climatic Wind Tunnel within ACE will require modifications to the facility that include the design and construction of a new turntable to insert the system into the test chamber. The turntable allows the vehicle being tested on the moving ground plane to be turned into different angles of attack relative to the oncoming wind. This capability allows for research and development on vehicle systems in a variety of wind and climatic conditions.
- The remaining infrastructure planned as part of this proposal is linked to further enhancement of the airflow and acoustic quality in the climatic wind tunnel test chamber. These are key investments that position ACE as a world leading aerodynamic research and development facility.
- The project will be completed in two stages. The ACE building will be modified to accommodate the MGP, with substantial completion planned for July 26, 2019. Concurrently, integration activities will begin on the MGP itself, with a target completion of March 31, 2020.

PROJECT IMPLEMENTATION:

- Due to the urgency to draw on funds available prior to the first Board meeting, the Executive Committee of the Board approved the following motion at its meeting on October 18, 2018:

WHEREAS the Government of Canada through FedDev Ontario has committed up to \$9,465,000 to UOIT for the completion of the ACE Enhancement Project ("AEP");

WHEREAS the AEP will be conducted in two stages;

WHEREAS the first stage of the AEP will require modification to the ACE building to accommodate the installation of the moving ground plane, with substantial completion planned for July 26, 2019;

WHEREAS the second stage of the AEP will involve the integration of the MGP into ACE's current technical systems, with the goal of completing the entire project by March 31, 2020;

WHEREAS a RFP for the modification of the ACE building modifications was released on Sept 24, 2018; and

WHEREAS an RFP for MGP integration will be released in October, 2018;

NOW THEREFORE the Board of Governors hereby:

- *approves the award of the ACE Building modification contract not to exceed \$4.1M;*
- *approves the award of the ACE MGP Integration contracts not to exceed \$10.4M;*
- *authorizes the negotiation and completion of such agreements by the Chief Financial Officer and the General Counsel for completion of the ACE Building modification contract and ACE MGP Integration contract; and*
- *authorizes and directs the President and/or the Chief Financial Officer, for and in the name of the university, to execute and deliver (under the corporate seal or otherwise) all such other documents and do all such other acts as may be necessary or desirable to give effect to this resolution.*

The Board requests that management deliver progress updates in respect of the ACE Enhancement Project to the Executive Committee and Audit & Finance Committee until the project is completed. The Board anticipates that the Chair of the Board and the Chair of Audit & Finance will report on the Moving Ground Plane project to the Board until the ACE Enhancement Project is completed.

PROJECT MODIFICATION:

- Upon further project development, it has been determined that rather than awarding a single RFP for the MGP integration project (up to a maximum amount of \$10.4M), there will be multiple RFPs, which will likely include several contracts in excess of \$1M requiring Board approval (up to a maximum amount of \$10.4M).

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

- The ACE Enhancement Project aligns with both the Research and Technology aspects of our strategic plans.
- ACE is strategically important to UOIT as it positions itself as a leading technology university.

ALTERNATIVES CONSIDERED:

- There are no alternatives.

CONSULTATION:

- not applicable

COMPLIANCE WITH POLICY/LEGISLATION:

- Seeking Board approval in compliance with the Signing Authority Registry and Approval Procedures.

NEXT STEPS:

- The modified motion will be presented to the Board for approval on November 29, 2018.
- In furtherance of the Board's approval, the award of RFPs and completion of contracts will be reviewed and signed off on by the President, Chief Financial Officer, and General Counsel. The Audit and Finance Committee and the Board will be provided with regular updates on the awarding of RFPs related to the ACE Enhancement Project, including summaries of the key contractual terms and associated risks.

MOTION FOR CONSIDERATION:

WHEREAS the Government of Canada through FedDev Ontario has committed up to \$9,465,000 to UOIT for the completion of the ACE Enhancement Project ("AEP");

WHEREAS the AEP will be conducted in two stages;

WHEREAS the first stage of the AEP will require modification to the ACE building to accommodate the installation of the moving ground plane, with substantial completion planned for July 26, 2019;

WHEREAS the second stage of the AEP will involve the integration of the MGP into ACE's current technical systems, with the goal of completing the entire project by March 31, 2020;

WHEREAS on October 18, 2018, the Executive Committee approved the award of the ACE Building modification contract not to exceed \$4.1M and the issuance of a RFP for the MGP integration to be released in October, 2018 and the award of the ACE MGP Integration contracts not to exceed \$10.4M; and

WHEREAS the project plan will require the issuance and award of multiple contracts to complete the MGP integration, several of which are anticipated to exceed the one million dollar threshold that requires Board approval;

NOW THEREFORE, upon a motion duly made by [TBD] and seconded by [TBD], the Audit and Finance Committee hereby recommends the following modified motion for approval by the Board of Governors:

- *authorization to award the ACE Building modification contract in an amount not to exceed \$4.1M;*
- *authorization to award multiple MGP integration contracts, the sum of which will not exceed \$10.4M; and*
- *authorization of the negotiation and completion of such agreements by the Chief Financial Officer and the General Counsel for completion of the ACE Building modification contract and ACE MGP Integration contract.*

That the Board authorizes and directs the President and/or the Chief Financial Officer, for and in the name of the university, to execute and deliver (under the corporate seal or

otherwise) all such other documents and do all such other acts as may be necessary or desirable to give effect to this resolution.

The Board further requests that management deliver progress updates in respect of the ACE Enhancement Project to the Executive Committee and Audit & Finance Committee until the project is completed, including the award of RFPs that meet the threshold for Board approval and summaries of their key contractual terms and associated risks. The Board anticipates that the Chair of the Board and the Chair of Audit & Finance will report on the Moving Ground Plane project to the Board until the ACE Enhancement Project is completed.



COMMITTEE/BOARD REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

Financial Impact Yes No

Included in Budget Yes No

TO: Audit & Finance Committee

DATE: November 19, 2018

PRESENTED BY: Craig Elliott, Chief Financial Officer

SUBJECT: Campus Recreation & Wellness Centre (CRWC) Expansion

COMMITTEE/BOARD MANDATE:

- The Audit and Finance Committee, on behalf of the Board, is responsible for overseeing the financial affairs of the university with respect to all auditing, financial reporting and internal systems and control functions, budget approvals, risk management, and other internal and external audit functions and activities at the university.
- This report provides an update on modifications to the CRWC building to facilitate the launch of the university’s new basketball programs.

BACKGROUND/CONTEXT & RATIONALE:

- In the spring of 2018, senior leadership and student union approved the creation of men’s and women’s varsity basketball. Shortly after that, the university’s bid to join OUA (Ontario University Athletics) basketball was supported and approved for competition by the OUA board of directors for the fall of 2019.
- As a playing member to the association we are bound to standards which require us to provide adequate facilities for team competition and training. To meet those requirements varsity change rooms and additional athletic therapy space are required.
- This project will also support the sustainability of our commitment to the well-being of student-athletes by improving the space to which teams are treated and rehabilitated through athletic therapy. It is noted that the varsity change rooms

would be dedicated to basketball however all varsity teams will have access and use to the therapy space.

RESOURCES REQUIRED:

- The basis of funding to support these long-term Athletic plans is Student Ancillary fees, and the CRWC capital reserve. This is an existing reserve accumulated from student fees and subject to use for recreational facilities and Wellness initiatives. Currently the CRWC capital reserve balance is \$7M. The addition of new change rooms and therapy space is estimated to cost \$1.9M

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

- In the Canadian university system, basketball is one of the premiere sports. It provides broad market exposure and is an attractive option for donors. Also, once established, it is relatively cost-effective in terms of equipment and facilities. Basketball will elevate the profile of the university across the country based on the high profile nature of the sport
- Offering basketball responds to repeated requests from students, both current and incoming, around their priorities for adding new sports. The addition supports the institutional priority to strengthen the campus culture, grow school spirit, and provide new reasons for students to engage in student life when they are on campus.
- Basketball is a globally recognized sport that will resonate with our diverse campus community.
- The new programs will increase the number of student leaders on campus, engage a new segment of the local community, foster new partnerships, and expose young children and families to the campus as fans of the sport.
- The additional new student athletes increases the opportunities for experiential learning and research opportunities for staff/faculty and students (eg Kinesiology research, internships, coaching development, and leadership)
- The addition of another sport responds to the 2017/18 NSSE results by providing a way to improve student satisfaction related to extracurricular engagement outside of the classroom. Research shows that academic success and retention are related to positive campus experiences. A student's ability to engage in an extracurricular activity as an athlete or as a fan will provide balance, help to reduce stress and anxiety and improve their overall well-being.

ALTERNATIVES CONSIDERED:

- A number of alternative sports were considered. Basketball was determined to be the preferred program based on feedback from students, the overall impact on campus life, and the utilization of existing infrastructure.

CONSULTATION:

- The Athletics team consulted extensively with students, faculty, and staff to get their input regarding the long-term plans, and discuss opportunities to partner around events to further enhance the student experience at the university.
- The CRWC Oversight Committee has made the recommendation to utilize a portion of the CRWC capital reserve to fund the construction of change rooms and athletic therapy space for the new basketball programs.

COMPLIANCE WITH POLICY/LEGISLATION:

- It is estimated that the contract for the expansion of the CRWC will exceed \$1.0M and would therefore require Board approval.

NEXT STEPS:

- Issue an RFP for modification of the CRWC, including the construction of change rooms and therapy space.

MOTION FOR CONSIDERATION:

WHEREAS in the spring of 2018, the university's senior leadership and student union approved the establishment of men's and women's varsity basketball teams;

WHEREAS the university's bid to join Ontario University Athletics (OUA) basketball was supported and approved for competition by the OUA Board of Directors starting in the fall of 2019;

WHEREAS being an OUA member requires the university to meet certain standards, we must provide adequate competition and training facilities;

WHEREAS the expansion of the Campus Recreation and Wellness Centre by adding varsity change rooms and more athletic therapy space will help us meet the OUA standards;

NOW THEREFORE upon a motion duly made by [TBD] and seconded by [TBD], the Audit and Finance Committee hereby recommends the following for approval by the Board of Governors:

1. *Authorizing the university to proceed with the RFP process for the modifications to the Campus Recreation and Wellness Centre, including the construction of change rooms and therapy space, not to exceed \$1.9M dollars, in order to facilitate the launch of the university's new varsity basketball programs.*
2. *Authorizing and directing the President and/or Chief Financial Officer for and in the name of the Corporation to execute and deliver (under the corporate seal or*

otherwise) all such other documents and do all such other acts as may be necessary or desirable to give effect to this resolution.

The Board further requests that management deliver progress updates in respect of the CRWC Modification Project to the Audit & Finance Committee until the project is completed. The Board anticipates that the Chair of Audit & Finance will report on the CRWC Modification Project to the Board until the project is completed.



COMMITTEE REPORT

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Consultation
Information

TO: Audit and Finance Committee

DATE: November 19, 2018

SLT LEAD: Robert Bailey, Provost and Vice-President, Academic (Interim)

PREPARED BY: Niall O’Halloran, Policy and Compliance Advisor

SUBJECT: Freedom of Expression Policy – Recommendation for Approval

COMMITTEE MANDATE:

- Under the Policy Framework, the Audit and Finance Committee is the deliberative body for this policy. We submit this report, including a summary of comments received from Academic Council and other sources, and draft policy to ask for your recommendation to the Board of Governors for approval of the Freedom of Expression Policy.
- *Audit and Finance Committee recommends that the Board of Governors approve the Freedom of Expression Policy as presented.*

PURPOSE OF POLICY INSTRUMENT:

- The purpose of this Policy is to confirm the principles and management of free expression in the University community.

BACKGROUND/CONTEXT & RATIONALE:

- In August, the provincial government mandated that all universities in Ontario draft a policy on freedom of speech to have in place by January 1, 2019. This follows the Premier’s campaign promise to uphold free speech on every Ontario publicly-funded university and college campus.

CONSULTATION:

The committee followed the Policy Framework consultation process for new policy development, including Academic Council. The dates of these meetings are listed below:

- Policy Advisory Committee (September 17, October 25)
- Online Community Consultation (October 12-October 22)
- Academic Council (September 25, October 23)
- Administrative Leadership Team (November 13)
- University Student Union (November 1)
- Audit and Finance Committee (November 19)
- Board of Governors (November 29)

Consultation Comments Received and Response:

- UOIT Student Union should be consulted on this Policy. **Response:** The UOIT Student Union has been consulted and were supportive of this Policy as drafted.
- Members of the Faculty of Social Science and Humanities should be consulted. **Response:** All members of the University Community were provided an opportunity to consult on the draft using the Policy Consultation Notice Board. Comments are reflected in this report.
- UOIT Campus includes online environment, but the online environment should be more clearly defined. **Response:** The draft has been updated to include a definition of the online environment that encompasses social media accounts (Twitter and Facebook), email, the University website, and web applications (Google apps for Education). Any online media associated with the University are subject to the Policy.
- An Academic Council member asked if the Freedom of Expression Policy protects a faculty member who makes a critical comment about the university administration on Facebook. **Response:** This policy covers Freedom of Expression on university online media (including the University's Facebook page) broadly, but there is a distinction that must be drawn between Academic Freedom and Freedom of Expression. The protections for Academic Freedom of faculty members would protect from repercussions for criticizing the administration, whether it occurred on University online media or not.
- Review Wilfrid Laurier's Statement on Freedom of Expression policy, which includes the concept of "*inclusive freedom*" which espouses a commitment to the robust protection of free expression, and the assurance that all members – including those who could be marginalized, silenced, or excluded from full participation – have an opportunity to meaningfully engage in free expression, enquiry, and learning". The Policy should commit to protecting marginalized populations against speech acts that do not qualify as defamation, threat, harassment, discriminatory harassment. Without this commitment, the Policy could be used to protect people causing harm. **Response:** We have revised the Policy to include a commitment to the concept of Inclusive Freedom, as well as a statement on the type of environment the University endeavors to provide.
- Develop a University statement that encapsulates or contextualizes the Policy and speaks to the spirit of the Policy. A number of other institutions have such statements. **Response:** We have adopted an existing policy statement from the University's Booking and Use of Space Policy that speaks to the environment the University endeavors to provide.
- What constitutes an "undue or significant disruption" under section 6.1? How will such decisions be made under the Policy? **Response:** We are unaware of any incidents

specific to UOIT that would constitute an undue or significant disruption. This will need to be evaluated on a case by case basis. Efforts will be made to continue the University's functioning while allowing protests to occur. The draft has been updated to clarify that the Policy Owner, in consultation with the General Counsel and Campus Safety will determine when an "undue or significant disruption" must be addressed by limiting Freedom of Expression, including protest, under this Policy.

- Recommendation that the final bullet point of section 6.1, "Unduly disrupt and significantly interfere with the functioning of the University" be removed because it does not directly relate to the University's legal obligations and it is too broad to interpret. Additionally, section 7.1 be revised to include the modifiers from section 6.1, "undue" and "significant". **Response:** The language in this bullet point is consistent with the Ontario Government's recommendation that individuals who engage in "ongoing disruptive protesting that significantly interferes with the ability of an event to proceed" should be subject to disciplinary measures. The modifiers are intended to ensure that the University must make attempts to continue its functions while respecting the right of individuals to protest. Where the functions of the University can continue with modifications to address risks or obstructions (e.g. moving meetings or events, additional security), the Policy Owner, in consultation with the General Counsel, and any other applicable staff (e.g. Risk Management, Campus Security), will make the decision to do so under this Policy. Section 7.1 has been amended to include the modifiers from Section 6.1.
- Policy seems significantly weighted toward physical rather than virtual spaces. The use of the term "obstruct" suggests that only disruption of expression or movement in the physical space contravenes the Policy. **Response:** The intent of the Policy has always been to capture both the physical and virtual spaces. Expression can be obstructed online, and online conduct may be considered to "unduly disrupt" the expression of others, e.g. denial of service attacks that target a UOIT web stream. In order to make this more clear, we have made edits to the definitions, adding the terms University Space and Online University Environment which are used throughout the Policy.
- The Policy should include the "right to be heard". In some cases loudspeakers are set up that are used to drown out unpopular speakers and stop them from being heard. **Response:** We would consider the use of a loudspeaker as a possible act of "obstruction" of the right of free expression under the Policy to be addressed by the mechanisms in the Policy.
- Clarify the definition of "functioning of the University" to include activities in support of the University's main functions including support services such as Facilities. **Response:** We would consider those to fall under the administrative activities of the University.
- Section 6.1 should prohibit disruption of free access and passage on the campus. **Response:** This Policy balances the competing rights of various members of the University community, and as such will allow protest that does not unduly disrupt or significantly interfere with the functioning of the University. Where protest affects free access and passage on campus, the University will weigh risks to health and safety (including evacuation in case of emergency), alternate routes and access for persons with disabilities in making its determination about time, place and manner of protest. These decisions will be made by the Policy Owner, in consultation with the General Counsel and any other relevant personnel.
- Develop procedures for addressing complaints under this Policy, and for determining which speakers will be invited by the University to speak at University hosted events. **Response:** Subsequent to the development and approval of this Policy, the Provost's Office will work on procedures to address complaints under this Policy. Procedures will include an online form and process for reporting concerns under this Policy, and a

process for reviewing and addressing them. We will also determine whether additional guidance is required when inviting speakers to University hosted events. Note that under the Booking and Use of Space Policy, student groups and external groups can bring speakers to events at the University.

- The Policy should address conduct by employees of the University. **Response:** Section 9.4 was added to address conduct by employees in contravention of the Policy.

LEGISLATIVE COMPLIANCE:

- This policy is consistent with the Ontario government's mandate for university free speech policies and will meet the requirements to report annually to HEQCO beginning September 2019 as legislated by the government.
- This policy is consistent with, and applies, Canadian laws regarding free speech in its categorization of what is permitted speech in University Space and the Online University Environment. Where speech is prohibited by law, it will also be prohibited by the policy.

NEXT STEPS:

- The draft will be brought forward for approval to the Board of Governors (November 29)

MOTION FOR CONSIDERATION:

- *Audit and Finance Committee recommends that the Board of Governors approve the Freedom of Expression Policy as presented.*

SUPPORTING REFERENCE MATERIALS:

- Freedom of Expression Policy (draft)



Classification Number	LCG XXXX
Framework Category	Legal, Compliance & Governance
Approving Authority	Board of Governors
Policy Owner	Provost and Vice-President Academic
Approval Date	DRAFT FOR CONSULTATION VERSION 2 Nov 6
Review Date	TBA
Supersedes	

FREEDOM OF EXPRESSION POLICY

PURPOSE

1. The purpose of this Policy is to confirm the principles and management of free expression in the University community.

DEFINITIONS

2. For the purposes of this Policy the following definitions apply:

“Freedom of Expression” means the free expression of ideas and perspectives through a variety of media, including text, performance, images, or the spoken word (free speech), either virtually or physically, by individuals or groups.

“functioning of the University” means carrying out academic, research, and administrative activities of university function.

“Inclusive Freedom” means a commitment to the robust protection of free expression, including the expression of those who could be marginalized, silenced, or excluded from full participation.

“Online University Environment” means all online media including websites, email, social media accounts, online learning tools and applications provided, managed or self-identified as belonging to the University. This includes the University’s website, branded Twitter and Facebook Live events, as well as online learning and collaboration tools such as Google Apps for Education.

“University Members” means individuals who are:

- Employed by the University;
- Registered as a student, in accordance with the academic regulations of the University;
- Holding an appointment with the University, including paid, unpaid and/or honourific appointments; and/or
- Otherwise subject to University policies by virtue of the requirements of a specific policy (e.g. Booking and Use of University Space) and/or the terms of an agreement or contract.

“University Space” means any location owned, leased, rented or otherwise occupied by the University.

SCOPE AND AUTHORITY

3. This Policy applies to all University Members and authorized visitors and guests to University Space and the Online University Environment.
4. The Provost and Vice-President, Academic, or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of this Policy.

POLICY

The University endeavours to provide a safe environment, conducive to personal and intellectual growth, not only free of discrimination, injustice and actual or threatened violence, but also characterized by understanding, respect, peace, tolerance, trust, openness and fairness. The University is fully committed to promoting and advocating academic freedom and Freedom of Expression. At the same time, it has a responsibility to ensure that all members of its community can reasonably expect to pursue their work and studies in a safe and civil environment.

The University is committed to free and open inquiry into all matters and, therefore, guarantees all of its community members the broadest possible latitude to speak, write, challenge, and learn in an environment of Inclusive Freedom. This policy articulates that commitment, as well as the limits on Freedom of Expression and the constraints on protesting or challenging the Freedom of Expression of other community members.

5. Assertion of Freedom of Expression

- 5.1. Consistent with the Ontario Human Rights Code, all University Members, and authorized visitors and guests are encouraged to express ideas and perspectives freely and respectfully in University Space and in the Online University Environment.

6. Limits on Freedom of Expression

- 6.1. The Freedom of Expression described in Paragraph 5 is restricted in that it may **not**:
 - Interfere with the university's legal obligations and/or violate municipal, provincial or federal law
 - Defame an individual or group
 - Constitute a genuine or credible threat, harassment, or discriminatory harassment based on a protected ground under the Ontario Human Rights Code
 - Breach fiduciary, contractual, privacy, or confidentiality obligations or commitments
 - Unduly disrupt and significantly interfere with the functioning of the University
- 6.2. The University may reasonably regulate the time, place and manner of expression in accordance with the Booking and Use of University Space Policy.
- 6.3. The Policy Owner or delegate, in consultation with General Counsel and/or relevant personnel, will be responsible for decisions that may result in limits on Freedom of

Expression under this Policy, including the determination of when expression unduly disrupts or significantly interferes with the functioning of the University.

7. Limits on the Protest and Challenge of Freedom of Expression

- 7.1.** Subject to the limits in section 6, University Members and authorized visitors and guests are free to criticize and contest any view expressed in University Space or the Online University Environment, and to criticize and contest speakers who are invited to express their views in University Space or the Online University Environment, but they may **not** unduly obstruct or otherwise significantly interfere with the freedom of others to express views they reject or even find abhorrent.
- 7.2.** Conduct by students in contravention of this Policy will be subject to investigation and sanctions under the Student Conduct Policy.
- 7.3.** The Policy Owner or delegate, in consultation with General Counsel and/or relevant personnel, will be responsible for making determinations regarding when protest and challenge of Freedom of Expression unduly obstructs or otherwise significantly interferes with the freedom of others.

8. Responsibilities of Student Associations and recognized Student Organizations

- 8.1.** Student associations recognized under the Student Associations Accountability Policy are encouraged to adopt a policy that aligns with this Policy.
- 8.2.** All recognized student organizations are expected to act in compliance with this Policy, as stated in the Policy on Recognition of Student Organizations.

9. Complaints

- 9.1.** General complaints related to Freedom of Expression in University Space or the Online University Environment under this policy can be submitted to the Office of the Provost for resolution. The Office of the Provost will develop procedures for receiving and resolving complaints, including a form and a means for receiving complaints on its website.
- 9.2.** Complaints related to decisions made by the University under this Policy will be addressed pursuant to the Safe Disclosure Policy.
- 9.3.** Complaints related to the activities of recognized student organizations will be addressed pursuant to the Policy on Recognition of Student Organizations.
- 9.4.** Complaints regarding conduct by Employees in contravention of this Policy will be addressed by the following means:
 - a)** Harassment, violence or discrimination will be investigated under the Policy Against Harassment, Violence and Discrimination in the Workplace, and in accordance with any applicable collective agreements.
 - b)** Other violations can be addressed by the procedures for receiving and resolving complaints in section 9.1, in accordance with any applicable collective agreements.

MONITORING AND REVIEW

10. This Policy will be reviewed as necessary and at least every three years. An initial review will be conducted within the first year of implementation. The Policy Advisory Committee, or successor thereof, is responsible to monitor and review this Policy.

RELEVANT LEGISLATION

11. Ontario Human Rights Code

RELATED POLICIES, PROCEDURES & DOCUMENTS

12. LCG 1111 Student Conduct Policy
LCG 1123 Intellectual Property Policy
LCG 1110 Policy on Recognition of Student Organizations
LCG 1117 Student Association Accountability Policy
LCG 1119 Safe Disclosure Policy
LCG 1119.1 Safe Disclosure Procedure
LCG 1105 Harassment and Discrimination Policy
LCG 1137 Policy Against Violence, Harassment and Discrimination in the Workplace
LCG 1137.1 Procedures to Prevent and Address Violence, Harassment and Discrimination in the Workplace



COMMITTEE REPORT

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Consultation
Information

TO: Audit and Finance Committee

DATE: November 19, 2018

SLT LEAD: Robert Bailey, Provost and Vice-President Academic

PREPARED BY: Heather Leckey, Acting Manager, Student Accessibility, Student Life

SUBJECT: PROCEDURE FOR ON-CAMPUS MEDICAL CANNABIS USE BY STUDENTS

ACADEMIC COUNCIL MANDATE:

- Under the Policy Framework, Audit and Finance Committee is the approval authority for this policy.
- We are seeking Audit and Finance Committee’s approval of the draft document.

MOTION:

Pursuant to the recommendation of the Administrative Leadership Team, the Audit and Finance Committee hereby approves the Procedure for On-Campus Medical Cannabis Use by Students, as presented.

PURPOSE OF POLICY INSTRUMENT:

- The purpose of these Procedures is to balance the need to accommodate the medical needs of students with the potential impact on the health and safety of the surrounding campus community and meet any legal obligations that may exist in a manner consistent with the UOIT Policy on Accessibility and its commitment to creating a campus community that is inclusive of all individuals.

SUMMARY/RATIONALE OF KEY AMENDMENTS (if applicable):

- No amendments because this is a new procedure document.

CONSULTATION:

- Cannabis Working Group

List of Consultation Dates:

- Policy Advisory Committee (*Policy Assessment- August 22, 2018*)
- Senior Leadership Team (*Information and Consultation- weekly*)
- University Administrative Council (*Information and Consultation- September 26 and October 9*)
- Online Consultation (written consultation- October 15-26)
- Academic Council (in-person consultation- October 23 2018)
- Administrative Leadership Team (deliberation- November 13, 2018)

COMPLIANCE WITH POLICY/LEGISLATION:

- Legislation:
 - Ontario Human Rights Code, R.S.O. 1990, Chapter H.19
 - Ontario Human Rights Commission Policy on Guidelines on accessible education (2004)
 - Freedom of Information and Protection of Privacy Act, R.S.O. 1990, Chapter F.31
 - Access to Cannabis for Medical Purposes Regulations (SOR/2016-230)
 - Ontario Occupational Health and Safety Act, R.S.O. 1990, Chapter O.1.
 - Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005
- Internal Policy Documents:
 - UOIT Accessibility Policy
 - Academic Regulations, Undergraduate Academic Calendar
 - Smoke Free Campus Policy
 - Procedures for Academic Accommodation for Students with Disabilities (LCG 1103.01)

NEXT STEPS:

- The Office of the University Secretary will facilitate the posting of the approved procedure to the Policy Library.

MOTION FOR CONSIDERATION:

Pursuant to the recommendation of the Administrative Leadership Team, the Audit and Finance Committee hereby approves the Procedure for On-Campus Medical Cannabis Use by Students, as presented.

SUPPORTING REFERENCE MATERIALS:

- draft Procedure For On-Campus Medical Cannabis Use By Students



Classification	LCG 1103.03
Parent Policy	UOIT Accessibility Policy
Framework Category	Legal, Compliance and Governance
Approving Authority	Audit and Finance Committee
Policy Owner	Provost
Approval Date	DRAFT FOR REVIEW
Review Date	
Supersedes	

PROCEDURE FOR ON-CAMPUS MEDICAL CANNABIS USE BY STUDENTS

PURPOSE

1. The purpose of these Procedures is to balance the need to accommodate the medical needs of students with the potential impact on the health and safety of the surrounding campus community and meet any legal obligations that may exist in a manner consistent with the UOIT Policy on Accessibility and its commitment to creating a campus community that is inclusive of all individuals.

DEFINITIONS

2. For the purposes of these Procedures the following definitions apply:

“Space” means any location owned, leased, rented or otherwise used by the University.

“Student” means an individual who is currently registered in any course or program of study at UOIT.

“University Member” means any individual who is:

 - Employed by the University;
 - Registered as a student, in accordance with the academic regulations of the University;
 - Holding an appointment with the University, including paid, unpaid and/or honorific appointments; and/or
 - Otherwise subject to University policies by virtue of the requirements of a specific policy (e.g. Booking and Use of University Space) and/or the terms of an agreement or contract.

SCOPE AND AUTHORITY

3. These Procedures apply to Students who require the use of cannabis for medical purposes in University Space.
4. The University considers all University Space to be a workplace. The use of cannabis in a workplace is only permitted if there is a medical need, documented in compliance with the Access to Cannabis for Medical Purposes Regulation.
5. The Provost and Vice-President Academic, or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of these Procedures.

PROCEDURES

6. Process for Medical Cannabis Approval

- 6.1. Students requiring the use of cannabis for medical purposes may request to be considered for academic accommodation in accordance with the Ontario Human Rights Code as set out in UOIT's Procedures for Academic Accommodation for Students with Disabilities (LCG 1103.01).
- 6.2. Students will, in a timely way, provide the appropriate medical and/or psychological documentation from a registered health professional that verifies the need for the accommodation to the UOIT Student Accessibility Services in accordance with UOIT's Procedures for Academic Accommodation for Students with Disabilities (LCG 1103.01).
- 6.3. Student Accessibility Services will validate the submitted documentation and prepare a notice of accommodation for the student that verifies that the student is registered with Student Accessibility Services and is entitled to accommodation, and outline the proposed accommodation plan for cannabis use on campus.
- 6.4. Accommodations may include arrangements with Student Accessibility Services for use of the medication at a designated time and place, contemplating alternate forms, and other accommodations as appropriate.
- 6.5. Approved individuals are expected to adhere to any applicable medical cannabis requirements by law.

7. Environmental sensitivity and other concerns

- 7.1. The University understands that the presence of cannabis smoke in University Space may affect other University Members due to environmental sensitivities or allergies. Concerns about the effect of cannabis smoke on a University Member must be addressed to Student Accessibility Services for resolution, not the Student who requires the use of medical cannabis directly.
- 7.2. If a University Member raises concerns about the effect of cannabis smoke, the University Member will provide supporting documentation to Student Accessibility Services, who will consider the duty to accommodate under the Human Rights Code as applied to all parties when balancing the conflicting interests. The means for resolving concerns may include creating distance between the Student requiring the use of medical cannabis and the individual with a concern, changes in scheduling, or other such accommodations appropriate to the circumstances.

8. Protection of Privacy

- 8.1. The University is committed to protecting the privacy of all University Members, including Students with disabilities. At the same time, the University needs sufficient information to reasonably evaluate and respond to a student's request for accommodation. For this reason, students are required to provide to Student Accessibility Services information concerning the nature of their disability-related needs.

- 8.2. At times the accommodation process may require that a Student disclose such information to staff and faculty outside of Student Accessibility Services on the basis that they “need-to-know” this information to perform their duties under the policies and procedures at the University. All personal information disclosed to such staff or faculty will be governed by the University’s Access to Information and Protection of Privacy Policy.

MONITORING AND REVIEW

9. These Procedures will be reviewed as necessary and at least every three years. The Provost and Vice-President Academic, or successor thereof, is responsible to monitor and review these Procedures.

RELEVANT LEGISLATION

10. Ontario Human Rights Code, R.S.O. 1990, Chapter H.19
Ontario Human Rights Commission Policy on Guidelines on accessible education (2004)
Freedom of Information and Protection of Privacy Act, R.S.O. 1990, Chapter F.31
Access to Cannabis for Medical Purposes Regulations (SOR/2016-230)
Ontario Occupational Health and Safety Act, R.S.O. 1990, Chapter O.1.
Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005

RELATED POLICIES, PROCEDURES & DOCUMENTS

11. UOIT Accessibility Policy
Procedures for Academic Accommodation for Students with Disabilities (LCG 1103.01)
Academic Regulations, Undergraduate Academic Calendar



**BOARD OF GOVERNORS
AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF JUNE 18, 2018
PUBLIC SESSION
1:00 p.m. – 2:25 p.m., ERC 3023**

Attendees: Nigel Allen (Chair), Stephanie Chow, Steven Murphy, Dietmar Reiner, Mary Simpson

Staff: Becky Dinwoodie, Craig Elliott, Cheryl Foy, Justin Gammage, Pamela Onsieng

Regrets: Fardan Ali, Doug Allingham, Jeremy Bradbury

Guests: Bobbi-Jean White (KPMG), Mike Eklund (teleconference), Christine McLaughlin

1. Call to Order

The Chair called the meeting to order at 1:01 p.m.

2. Agenda

Upon a motion duly made by S. Chow and seconded by D. Reiner, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There were no conflict of interest declarations.

4. Approval of Minutes from April 26, 2018

Upon a motion duly made by D. Reiner and seconded by S. Murphy, the Minutes were approved as presented.

5. Chair's Remarks

The Chair welcomed S. Murphy to his second committee meeting. The Chair noted a full agenda, including a presentation from the university's auditors.

6. President's Remarks

The President updated the committee on the progress of the Vaso's Field upgrade. The next project set to become shovel ready is the moving ground plane (MGP).

6.1 Moving Ground Plane Update

The President provided an update on the status of public funding for the installation of the MGP. The university is doing its best to get the project shovel ready so that we are ready to go if and when the remaining funding is obtained. The President gave the committee an overview of the installation project. He also discussed the benefits of the installation of the MGP, including advancement to education and research. The change in provincial government does not affect the provincial funding allocated to the MGP installation. The President responded to questions from committee members.

7. Finance

7.1 Fourth Quarter Financial Reports

P. Onsiong presented the financial reports for 2017-2018. The university ended the year with a \$13M surplus, which is close to what was forecast after the third quarter results. She reviewed the components that made up the surplus, including grants, tuition, student ancillary fees, and other. P. Onsiong also reviewed the reconciliation of the financial statements with the audited financial statements.

The Chair noted that if the information being reported sounds familiar, it is because the committee has been updated regularly throughout the year.

SIRC Building

P. Onsiong summarized the SIRC Building project costs. KPMG completed an audit of the SIF funding for SIRC and no concerns were raised.

MGP

By the end of May, the university has received \$600,000 of \$1.5M of provincial funding for the MGP installation.

P. Onsiong also provided an overview of the university's cash flow and the 10-year forecast. She answered the committee's questions.

7.2 New Building Project

C. Elliott discussed the key aspects of the new building presentation that was included in the meeting material. He also outlined the RFP process for awarding the design-build contract, which the Board approved in March.

(M. Simpson joined the meeting at 1:20 p.m.)

7.3 SIRC Building Project

C. Elliott reported that KPMG completed the audit of the SIF funding and we are awaiting receipt of the report. He also advised that electric car charging stations have been installed outside of the SIRC Building, as well as 61 Charles Street. The university has switched two of its cars for electric vehicles (one used by Facilities and the other by Paragon Security). There was a discussion regarding the demand for the charging stations and whether the university is planning to expand its fleet of electric vehicles. There was also a discussion regarding the risks associated with the installation of charging stations. The charging stations are located in high visibility locations.

8. Investment Committee Oversight

8.1 Quarterly Report: Statement of Investment Policies (SIP)

S. Chow reported that the portfolio is continuing to perform well. She discussed the most recent educational session, which focused on Blockchain and Cryptocurrency. Although it is not a strategy the university should consider at this time, it is important to continue to learn about it as it could become a strategy to consider in the future.

S. Chow presented the Investment Committee's recommendation to amend the SIP to add a market neutral strategy to the university's investment strategy, which would provide downside protection in the event of a recession.

Upon a motion duly made by S. Chow and seconded by S. Murphy, pursuant to the recommendation of the Investment Committee, the Audit and Finance Committee recommended for approval by the Board of Governors the amendments to the SIP, as presented, to allow future investment in Market Neutral Equity funds and enable timely recommendations by the Investment Committee regarding portfolio allocations.

9. Risk, Compliance & Policy

9.1 Annual Risk Management Report

C. Foy presented the third annual risk report. The Board previously adopted six measures that would give them a sense of the university's progress in risk management. Every year, the university reports on those six measures and sets out the priorities for the following year.

Overall, the university made good progress this year. The Senior Leadership Team has had great discussions focused on risk management and the Board Retreat considered strategic risk. Risk management is continuing to be incorporated into other planning processes (e.g. budget, space working group). The Risk Management Committee is very engaged and a key contributor. The university will continue to work on embedding risk management into its culture by developing risk management objectives.

It is important to continue to monitor key foundational risks. There is unpredictability in our financial environment and increasing compliance obligations continues to be a challenge. Last year, the lack of a business continuity plan was identified as a foundational risk and is no longer identified as such since much progress in developing a plan has been made.

D. Reiner commented that a lot of great work has been done. His comment was echoed by M. Simpson.

9.2 Annual Policy Review & Compliance Update

C. Foy delivered a presentation summarizing the annual policy and compliance review. She reviewed this year's metrics, which have been tracked since 2014. The university has experienced an increase in the uptake of policy support, which is indicative of a positive adoption of the Policy Framework.

C. Foy discussed the policy progress made from 2016-2018, including the key policy objectives. She highlighted the completion of the By-law Review and evaluation of the Policy Framework. She noted there is a backlog of reviewing older policy instruments, for which the Policy Advisory Committee is responsible.

C. Foy also presented the metrics for FIPPA compliance over 2017-2018. There was a brief discussion regarding how many appeals to the IPC are actually successful. She responded to questions from the committee. The university continues to adapt its internal practices to deal with inadvertent privacy breaches (e.g. setting up internal share sites so material is not distributed widely).

C. Foy summarized the Records Management activities for 2017-2018 and the status of objectives. Due to the loss of a resource, there are constraints on the resources available to advance the Records Management objectives. The university is continuing to build the Contract Management Database (CMD). Research was the top priority as the biggest producer of contracts. Other activities can be tracked in the CMD (e.g. certificates of insurance, policy review schedule, etc.). There was a brief discussion regarding whether the CMD could also be used to identify and track risks.

9.3 Annual Insurance Report

C. Foy presented the annual insurance report. She reviewed the CURIE policies and coverage, and discussed her experience on the CURIE Advisory Board. C. Foy confirmed the university's liability coverage for team coaches and/or doctors. She also reviewed the university's policies with Marsh and Sutton. She explained the insurance layering concept and clarified that CURIE provides our primary insurance coverage, as well as excess. She explained that universities are self insured through CURIE (a reciprocal exchange). C. Foy ended by reviewing the areas of focus for 2018-2019.

10. Other Business

11. Adjournment

There being no other business, upon a motion duly made by S. Chow and seconded by M. Simpson, the public session of the meeting adjourned at 2:06 p.m.

Becky Dinwoodie, Secretary

DRAFT



COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

TO: Audit & Finance Committee (A&F)
DATE: November 19, 2018
FROM: Cheryl Foy, University Secretary & General Counsel
SUBJECT: Review of A&F Terms of Reference

COMMITTEE MANDATE:

- As part of the committee’s mandate, it must conduct a periodic review of its Terms of Reference and recommend revisions to the Board of Governors when appropriate.
- We are seeking the committee’s feedback and recommendation of the proposed amendments to the A&F Terms of Reference.

BACKGROUND/CONTEXT & RATIONALE:

- We reviewed A&F’s Terms of Reference in the context of the newly implemented By-laws, as well as any comments received since they were last updated in March 2016.

PROPOSED CHANGES:

Section 3

- Removal of the Chief Financial Officer (CFO) as a non-voting member of the committee - members of the Senior Leadership Team will be providing support to Board committees as required and/or requested and it is no longer necessary to include the CFO as a committee member.
- Deletion of “The Board Chair and Vice Chair(s) and the President are invited to attend as voting members.” - Article 7.4 of By-law No. 1 provides that the Board Chair and President “shall be members of all Board Committees, whether standing, special or ad hoc.” Accordingly, it is no longer necessary to stipulate that they are invited to attend as voting members.

COMPLIANCE WITH POLICY/LEGISLATION:

- It is compliant with the Act and By-laws.

NEXT STEPS:

1. If A&F supports the proposed amendments to the committee's Terms of Reference, the amended Terms of Reference will be presented to the Board for approval on November 29, 2018.

MOTION:

The Audit & Finance Committee (A&F) hereby recommends the proposed amendments to the A&F Terms of Reference, as presented, for approval by the Board of Governors.

SUPPORTING REFERENCE MATERIALS:

- blacklined version of A&F Terms of Reference



BOARD OF GOVERNORS Audit and Finance Committee

1. TERMS OF REFERENCE

The Audit and Finance Committee is a standing committee of the UOIT Board of Governors and is responsible for overseeing the financial affairs of the university with respect to all auditing, financial reporting and internal systems and control functions, budget approvals, risk management, and other internal and external audit functions and activities at the university. The Committee will report and make recommendations to the Board of Governors regarding these and other related matters.

The Committee shall also consider such other matters that are delegated to the Committee by the UOIT Board of Governors, including special examinations as may be required from time to time, and if appropriate retain special counsel of experts to assist.

Specifically, the Audit and Finance Committee shall have the following responsibilities:

a. Finance

- i) Ensuring fiscal responsibility with respect to the financial resources of the university, including:
 - 1) Reviewing and recommending approval of the annual operating budgets, capital budgets, tuition fees and ancillary fees;
 - 2) Reviewing on a quarterly basis financial statements and financial performance against budget;
 - 3) Reviewing policies on financial administration and recommending their approval by the Board;
 - 4) Reviewing and monitoring all long-term debt and providing recommendations as appropriate; and
 - 5) Providing financial oversight for major capital projects, auxiliary operations, and structures.

b. Audit and Financial Reporting

- i) Ensuring that appropriate financial controls, reporting processes and accountabilities are in place at the university, including:
 - 1) Appointing the external auditor, and approving the fee for such service;

- 2) Reviewing the external auditor's letter of engagement, independence, and the scope of services;
- 3) Reviewing the external auditor's comprehensive audit plan, scope of the examination, and the nature and level of support to be provided by the internal audit function;
- 4) Meeting with the external auditor, independent from management, to review audit results and when planning the upcoming audit year;
- 5) Assessing the performance of the external audit function; and
- 6) Providing an avenue of communication between the external auditor, management and the Board of Governors.

- ii) Reviewing and recommending to the Board approval of the university's annual audited financial statements, as well as reviewing significant findings or recommendations submitted by the external auditor.
- iii) Overseeing the provision of internal and external audit functions at the university, including annual reviews, area specific evaluations, functional assessments and process appraisals

c. Risk Management

- i) Reviewing and approving the risk management process at the university that ensures that appropriate processes are in place to determine management's risk parameters and risk appetite.
- ii) Monitoring and ensuring that appropriate processes are in place to identify, report and control areas of significant risk to the university and ensuring that appropriate mitigative actions are taken or planned in areas where material risk is identified.
- iii) Receiving regular reports from management on areas of significant risk to the university, including but not limited to legal claims, development (fundraising activities), environmental issues, health, safety and other regulatory matters.

2. MEETINGS

The Committee shall meet at least four (4) times per year. In accordance with the UOIT Act and the Board of Governors Meeting Policy and Procedures, the Committee shall conduct three types of Meetings as part of its regular administration: Public, Non-Public and *In Camera* (when required).

3. MEMBERSHIP

The Committee shall be composed of:

- Between three (3) and seven (7) external governors
- Up to three (3) elected governors

- ~~Chief Financial Officer (non-voting)~~

~~The Board Chair and Vice Chair(s) and the President are invited to attend as voting members.~~

At least one member of the committee shall have an accounting designation or related financial experience.

All members of the committee shall be financially literate and have the ability to read and understand the university's financial statements, or must be able to become financially literate within a reasonable period of time after his/her appointment to the Committee. In this regard, the Chief Financial Officer or other financial expert will ensure that each new member receives appropriate training in reading and understanding the financial statements.

4. QUORUM

Quorum requires that half of the Committee members entitled to vote be present.

Commented [BD1]: SLT members will provide support to Board committees as required/requested – it is no longer necessary for the CFO to be a member

Commented [BD2]: Article 7.4 of By-law No. 1 states that Chair & President are members of all Board committees – this is no longer necessary



COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

TO: Audit and Finance Committee

DATE: November 19, 2018

PRESENTED BY: Cheryl Foy, University Secretary and General Counsel

SUBJECT: University Risk Management Update

COMMITTEE/BOARD MANDATE:

- Section 5 of the university’s Risk Management Policy (“Policy”) provides that the responsibility to oversee the University’s Risk Management (“URM”) program resides with the Board of Governors (“Board”).
- The Policy also states the Audit & Finance Committee (“A&F”) is delegated to carry out this oversight responsibility on the part of the Board and to report annually to the Board on the status of the risk management program.
- The responsibility for overseeing risk management at the University is also included in the Committee’s Terms of Reference.
- In support of the Committee’s mandate, we are providing the Risk Management and Insurance Work Plan for review.

BACKGROUND/CONTEXT & RATIONALE:

- The third Annual University Risk Management Report was presented and accepted by the Board on June 27, 2018. The keys areas of focus in 2018/2019 are:
 - Development and implementation of an annual repeatable process to work with Risk Owners to manage their risks and maintain their registers;
 - Education and Training through maintenance and enhancement of the Risk Management website;

- Continuing to facilitate risk management training sessions relating to implementation of URM;
- Developing Frequently Asked Questions and procedural documents to insurance support, risk understanding and expectations;
- Supporting SLT and Board to determine next steps with strategic risks;
- Developing related policies identified as Foundational Risks to the University through the Risk Register review process;
- Preparing the 2018-19 Annual Risk Report to the Board and Audit and Finance Committee;
- Developing an Insurance Work Plan; and
- Continuing to monitor and record the Metrics of the University;

We have attached Appendix A “Draft Risk Management and Insurance Work Plan” which encompasses the risk management and insurance goals and objectives for the 2018/2019 academic year.

- One of the priorities identified for 2018-2019 was to work with Academic Council regarding their role in risk (task 35). As part of the university’s By-laws Implementation Plan, Academic Council has established a new Governance and Nominations Committee, which will be responsible for overseeing Academic Council’s implementation of the new By-law No. 2. Given the importance of the development of Academic Council governance and the volume of work that will be required to implement the new By-law, we proposed deferring the Academic Council risk work plan.

CONSULTATION:

- Risk Management Committee – October 30, 2018
- Audit & Finance Committee

COMPLIANCE WITH POLICY/LEGISLATION:

- The development and tracking of a Risk Management and Insurance Work Plan promotes compliance with the University’s Risk Management Policy by establishing clear goals and objectives to support the integration of the URM.

NEXT STEPS:

- The Committee to confirm the adequacy of the Risk Management and Insurance Work Plan for the 2018/2019 academic year.

MOTION FOR CONSIDERATION:

- None required.

SUPPORTING REFERENCE MATERIALS:

- Appendix A “Draft Risk Management and Insurance Work Plan”

Risk Management and Insurance Work Plan (Phase 6)

Task	Proposed Action	Timeline	Status
1. Draft Space Risk Communication	Develop memo to present to all Risk Owners regarding the changes to Risk Registers moving forward.	September 2018	Complete
2. Risk Management Framework Policy and University Continuity Policy	Post Risk Management Framework Policy and University Continuity Policy for University Members comments and feedback.	July – September 2018	Complete
3. Draft Annual Repeatable Process for Risk Owners	Develop draft process review of Risk Registers for Risk Owners that is both annual and repeatable.	September 2018	Complete
4. Progress Risk Management Committee Meeting	Agenda: Present Draft Risk Management Work Plan for 2018/2019, discuss committee members for 2018/2019, review website enhancements, review Draft Repeatable Process document for Risk Registers.	October 30, 2018	Complete
5. Excess Insurance Analysis	Marsh Insurance review. University excess liability for general, auto, non-owned auto, and E&O.	November 2018	
6. Draft Space Risk Communication	Present Draft Space Risk Communication to ALT for review and feedback.	November 2018	Deferred to December 2018
7. Interim Risk Register Review	Share with Risk Owners the Draft Repeatable Annual Process, and conduct interim review of Risk Registers and mitigation strategies (includes new Risk Owners).	November & December 2018	

Risk Management and Insurance Work Plan (Phase 6)

Task	Proposed Action	Timeline	Status
8. Insurance Renewal	CURIE Insurance Renewal Review: General Liability, Errors and Omissions, Property and Excess Property.	December 2018	
9. Define Certificate Of Insurance (COI) process	Refine storage and collection process for COI's (legal suite). Develop process instructions for future support and training.	December 2018	
10. SLT – Proposed Assignment of Strategic, Foundational, High/Extreme Risks	Present proposed ownership, of Strategic, Foundational, and High/Extreme Risks, along with template for reporting.	December 3, 2018	
11. Progress Risk Management Committee Meeting	Agenda: Review changes/feedback to Risk Management Policy, enhancements to risk management website, Event Approval Directive.	December 4, 2018	
12. University Directives	Development of Campus Event, Field Trip, and UAV Directives to increase support, risk understanding, and expectations for University members.	January 2019, ongoing	
13. Risk Website Update	Review and Update Risk Management website, adding new forms, tabs, and FAQ's.	January 2019, ongoing	
14. Increase Education surrounding Insurance at UOIT	Enhance insurance section of website to include documents relating to insurance, FAQ's, develop literature for posting on the "weekly report".	January 2019, ongoing	

Risk Management and Insurance Work Plan (Phase 6)

Task	Proposed Action	Timeline	Status
15. SLT – Proposed Assignment of Strategic, Foundational, High/Extreme Risks	Update from proposed Risk Owners on mitigation and processes surrounding the Strategic, Foundational, and High/Extreme Risks.	January 14, 2019	
16. Progress Risk Management Committee Meeting	Agenda: TBD	February, 2019	
17. Present Individual Risk Registers for 2018/2019 term	Share with Risk Owners the 2018/2019 registers for upcoming review, set meeting and share time schedule for completion.	February 4, 2019	
18. Audit & Finance – Proposed Risk Assignment and Update and RM Policy	Present the proposed assignment and update to Strategic, Foundational, and High/Extreme Risks. Present changes on Risk Management Framework Policy for feedback and approval.	February 10 to CF for February 20, 2019	
19. Audit & Finance – Draft Continuity Policy	Present the Draft Continuity Policy for consultation and recommendation.	February 20, 2019	
20. Board of Governors – Draft Continuity Policy	Pending recommendation from A&F: Present the Draft Continuity Policy for approval to the Board.	February 28, 2019	
21. Insurance Renewal	Marsh Insurance Renewal Review: Automobile, Non-Owned Automobile, Garage Auto, Machinery Breakdown, Crime, Special Crime, Marine, Nuclear Liability, and Cyber Liability.	March 2019	

Risk Management and Insurance Work Plan (Phase 6)

Task	Proposed Action	Timeline	Status
22. Insurance Travel Policy Renewal	Travel policy review and renewal for students, Governors travelling internationally.	March 2019	
23. Risk Register Review	Meet with individual Risk Owners to review 2018/2019 Risk Registers and provide training on repeatable risk register process.	To be completed by March 4, 2019	
24. Approval of Risk Registers	Each SLT member approves Risk Registers (incl. High/Extreme risks) within their respective unit/faculty and forwards to Risk Management.	March 25, 2019	
25. Progress Risk Management Committee Meeting	Agenda: Update on Risk Register review, update on metrics.	April 2019	
26. Audit & Finance - Metrics	Present 2018/2019 Risk Management and Insurance Metrics.	April 15, 2019	
27. SLT Discussion – Medium Risks	SLT discusses Medium/High/Extreme Risks identified within 2018/2019 term.	April 8 & 15, 2019	
28. 2018/2019 Risk Annual Risk Management Report	Draft Annual Risk Report.	To be completed by May 1 st and shared with CF	
29. Risk Management Committee – Draft Risk Plan	Agenda: Present Draft 2019 Risk Management Report.	2 nd week in May 2019	
30. SLT – Draft Risk Plan	Present the draft 2018 Risk Management Report.	May 13 th to CF for May 20, 2019	

Risk Management and Insurance Work Plan (Phase 6)

Task	Proposed Action	Timeline	Status
31. Develop Insurance Report	Draft 2018/2019 Insurance Report.	June 3 rd to CF for June 10, 2019	
32. Audit & Finance – Draft Risk Plan & Insurance Report	Present the draft 2018 Risk Management Report, and Insurance Report for 2018/2019 term.	June 3 rd to CF for June 10, 2019	
33. Board of Governors – Draft Risk Plan	Present the draft 2018 Risk Management Report.	June 17 th to CF For June 26, 2019	
34. Progress Risk Management Committee Meeting	Agenda: TBD	June 2019	
35. Work with Academic Council regarding their role in risk		Proposed to defer until 2019-20 year	
36. Waivers	Take inventory/canvas Units to identify all waivers currently in circulation and develop template waivers for common usage.	Inventory check April 2019, Develop templates December 2019	
37. UOIT Vehicle Policy	Develop draft policy and procedures surrounding the use of University vehicles.	December 2019	
38. Insurance Gap Analysis	Review current insurance portfolio to determine appropriate limits and coverage/benchmark against current market.	Ongoing	

Risk Management and Insurance Work Plan (Phase 6)

Task	Proposed Action	Timeline	Status
39. Develop Education surrounding traveling abroad	In collaboration with International Travel, develop risk awareness strategies for University members traveling abroad, as well as support development of University member policy.	Ongoing	
40. Monitor and Record Metrics	Continue to monitor and record metrics for the office of Risk Management.	Ongoing	
41. Crisis Response Plan for Cyber Loss	Work with IT to develop a crisis response plan in the event of a cyber loss.	Underway	

DRAFT



COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Consultation
 Information

TO: Audit and Finance Committee

DATE: November 19, 2018

FROM: Cheryl Foy, University Secretary and General Counsel

SUBJECT: Contract Management and Signing Authority Policy Instruments - Update

COMMITTEE MANDATE:

- Under the Policy Framework, the Audit and Finance Committee is the deliberative body or approval authority for Legal Compliance and Governance policy instruments.
- We are updating the Committee on changes to the drafts and upcoming consultation on the draft documents.

PURPOSE OF POLICY INSTRUMENT:

- This Policy, in support of Contract Management at UOIT and will guide the development and implementation,
 - applies to all types of Contracts,
 - defines the responsibilities of individuals who negotiate, approve, or sign Contracts on behalf of the University, and
 - specifies who has the authority to sign a Contract on behalf of the University.
- This Policy is intended to ensure:
 - that there is sound stewardship of the University’s resources and assets through a University-wide framework of Contract signing authority and delegation of that authority where appropriate,
 - that risk management processes are in place to support effective and informed decision-making,

- that roles and responsibilities are clarified so that administrators and others can manage their respective areas of responsibility effectively, efficiently and transparently,
- that there is consistent accountability and reporting throughout the University, and
- that all Contracts undergo authorized review and approval prior to execution.

SUMMARY/RATIONALE OF KEY AMENDMENTS (if applicable):

- Contract Management and Signing Authority Policy has been split into two separate policies to ensure clarity of policy ownership. The Contract Management Policy has elements related to contract negotiation, management and approval. The Signing Authority Policy has elements related to delegation of signing authority and the establishment of a Signing Authority Register.
- With the exception of this structural change, policies are consistent with the drafts circulated to this body in February 2018.
- A section related to Financial Review, modeled after the Legal Review, has been added to the Contract Management Procedures and the threshold value for required Legal Review will be made consistent with the level for Financial Review.
- Consistent with the plan presented to the Committee, a Signing Authority Register working group met over the past months to provide more detail to the Signing Authority Register, resulting in a substantially updated draft. Work on the Register continues.
- Once the Register is completed, the Signing Authority Procedures will be subject to a review and amendments if necessary.

CONSULTATION:

- Extensive consultation was conducted in early 2018 on a joint Contract Management and Signing Authority Policy, Procedure and Register. The current drafts of the policy instruments represent the results of that consultation.
- The policy instruments with substantive changes since that consultation are outlined in the summary of key amendments section above.
- Given the changes, additional consultation is recommended and a path is set out below.

List of Consultation Dates in 2018:

- Policy Advisory Committee (January 23 – Consultation)
- Finance and Audit Committee (February 21 – Consultation)
- Academic Council (February 27 – Consultation)
- Research Board (February 27 – Consultation)
- Board of Governors (March 7 – Update)
- University Administrative Council (March 13 – Consultation)
- Audit & Finance Committee (April 26 – Update)
- President/SLT (Mandatory Consultation)

COMPLIANCE WITH POLICY/LEGISLATION:

- These policy instruments will be enacted to ensure clear delegation of signing authority consistent with the UOIT Act and compliance with contractual terms through the enactment of a process for clear contract ownership/management and compliance.

NEXT STEPS:

Follow the consultation path outlined below bringing the policies and procedures back to A&F and the Board early in 2019.

- Policy Advisory Committee (November 22 - Policy Assessment)
- Online Community Consultation (December - Mandatory Consultation)
- Academic Council (January 22 - Mandatory Consultation)
- Administrative Leadership Team (January 8 - Mandatory Consultation/Deliberation)
- Audit and Finance Committee (February 20 Deliberation/Approval)
- Board of Governors (February 28 - Approval)

SUPPORTING REFERENCE MATERIALS:

- None