



BOARD OF GOVERNORS
Audit & Finance Committee

Minutes of the Public Session of the Meeting of Wednesday, February 17, 2021
2:00 – 3:15 p.m., Videoconference

Members: Laura Elliott (Chair), Stephanie Chow, Mitch Frazer, Dale MacMillan, Steven Murphy, Dietmar Reiner, Roger Thompson

Staff: Jamie Bruno, Becky Dinwoodie, Cheryl Foy, Lori Livingston, Brad MacIsaac, Susan McGovern, Pamela Onsiong, Les Jacobs

Guests: Shay Babb, Chelsea Bauer (FA), Mike Eklund (FA), Jenn Freeman, Christine McLaughlin (FA), Niall O'Halloran

1. Call to Order

The Chair called the meeting to order at 2:05 p.m.

2. Agenda

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

3. Conflict of Interest Declaration

None.

4. Chair's Remarks

The Chair noted that this is the time of year that people normally struggle with mental health due to the ongoing cold weather and dark days, which has been heightened by the pandemic. She encouraged everyone to prioritize their mental health, perhaps by participating in the Chancellor's Challenge. The Chair thanked the Chancellor for raising funds for our students while also promoting being active. The Chair also noted that the Agenda was structured to make time for strategic discussion and encouraged committee members to actively participate in the discussions.

5. President's Remarks

The President advised that members of the senior leadership team have been paired with a specific Board committee, which will help with the development of committee meeting agendas, with an increased focus on strategic priorities.

The President discussed the limited levers available to increase revenue for universities. He reminded the committee that in terms of real dollars, the amount of government grant has been declining since the early 2000's. The provincial government implemented a 10% tuition cut, followed by a tuition freeze. This leaves the university with little flexibility to handle increased costs. Further, the university has incurred increased costs transitioning due to COVID and has lost revenue from ancillary services. When we think about the future, the focus will be on two key priorities:

1. enhancing our technological platforms and infrastructure/learning reimagined; and
2. student recruitment.

The President shared that they are observing a robust interest in postsecondary education, but a nuanced one. Students are being drawn to the more well known institutions (e.g. Western, Queen's, Waterloo, UofT). Over the past year, several of the larger, more established institutions have been lowering their entrance averages in order to accept more students, which has had a negative effect on the enrolment at smaller, lesser known institutions. This highlights the importance of differentiating the university from other institutions and emphasizing our value proposition.

The President reminded the committee that the university's revenues are increasing at a lower rate than labour costs. He confirmed that the senior leadership team has been examining the facts of the Laurentian situation, from which there are valuable lessons to be learned by the sector. There is also some concern about third and fourth waves of the pandemic and the repercussions on employment across the GTA, which can cause challenges for our students.

The Chair noted that Laurentian is top of mind since it has been in the media the past few weeks.

6. Strategic Discussion: Fiscal Sustainability

The Chair started the discussion by referencing the two priorities identified by the President. She commented that when money is tight, it is important to focus on the institution's priorities. In response to a question about whether learning reimagined would be program based, L. Livingston responded that learning reimagined involves considering the future of learning. The university is already considering tech pilots. We understand that there will be a portion of students that would like to be on campus and others who will continue to stay home. We are looking at bringing both of those groups to the classroom. With respect to creating a sticky campus, the university will also be investing in increasing advising resources, restructuring advising teams, professional development of advisors, and student success programming of LEAP and UPrep programs.

Overall, the university's financial picture is looking healthy. A committee member commended the senior leadership team for the actions that were taken - great planning has kept the university in a good place. B. Maclsaac noted that the 2021-2022 budget is being developed based on the assumption that the university's buildings will be fully occupied in September. If there are savings there, the funds will be used to offset those places that are being run.

There was a discussion regarding the effects of the pandemic on enrolment in community colleges. Based on the news, colleges have generally taken a larger hit than universities. People in college are not seeing job prospects right away and are considering furthering their education. It is anticipated that there will be an increase in mature students and college graduates next year.

A member asked what keeps the VP, Administration up at night. B. Maclsaac responded that it is the difficult choices that must be made. He noted that the university's revenues are \$2m less than 2019 and salaries are \$6m more. It is difficult to balance competing priorities, while helping make things happen.

In the context of the SMA3, there was a discussion about the impact of the new funding model. B. Maclsaac confirmed that the SMA3 will have ten indicators, each one having its own formula for setting a target. He advised that when looking at most of the indicators, he is comfortable with 70% of them when looking two-years out. Work is continuing on how to count in-course experiential learning. They are also continuing to look at new programmings, offering shorter courses (undergraduate diplomas), and innovative ways to improve graduation rates.

There was a discussion about the opportunities for national and international partnerships. There was also a discussion about what steps the senior leadership is taking to "pandemic proof" the university. B. Maclsaac advised that improvements to technology and supporting the community in becoming more adept at technology platforms will help the university going forward. He also noted that the Registrar is in tune with domestic and international recruitment opportunities and is ensuring there is rigour attached to international opportunities. The univeristy is looking to increase the number of international students next year.

A member commented that this is the best time to be part of Ontario Tech as the rebranding has put the university in a position to take advantage of these opportunities and has accelerated the university's mission. There was also support expressed for focusing on key priorities. The member also commented that lowering entrance averages and accepting more students is not a winning strategy. Our university will be the university that every institution aspires to be in about 10 years.

The committee also had a discussion about the reserves set aside for deferred maintenance. It is important to think about the quality of the university's facilities in light

of the sticky campus priority. The university is in a good position to weather lesser investment in deferred maintenance at this time. It will be important for the Board to continue to monitor the costs of deferred maintenance every year. B. Maclsaac confirmed that last year there was no money set aside for reserves and they are not planning to do so next year. They will come to the board with a pro-rated increase to reestablish reserves in 2023 and onward. The investment in students will pay large dividends in the end.

7. Finance

7.1. Third Quarter Financial Reports & 2021-2022 Budget Update

P. Onsiong reviewed the third quarter financial reports, which were included in the meeting material. She highlighted the investments made in technology, student recruitment, and ACE. Any surplus will be reviewed and a recommendation will be made with respect to whether to set aside reserves at the committee's April meeting. P. Onsiong responded to questions from the committee.

8. Investment Committee Oversight

8.1. Quarterly Report

S. Chow delivered the Investment Committee's quarterly report. The portfolio's performance was 1% above benchmark for the last quarter and is just above \$31m. She reported on PH&N's annual ESG report and provided an overview of PH&N's ESG approach to investment. S. Chow advised that the Investment Committee had a robust discussion regarding the investment strategy, including the structure of the Statement of Investment Policies and Asset Class Management Strategy. The Investment Committee will continue their review with the goal of providing additional flexibility to the university's investment manager.

9. Project Updates – questions only

Written project updates were included in the committee's meeting material and B. Maclsaac responded to questions from the committee. He advised that with the anticipated ACE overrun, there will be some increase to the project costs. He informed the committee that instead of having the integration team from the US come up to complete the work, they are working on an innovative approach to do a virtual integration with the assistance of a local company. They are also looking at other ways of addressing the increased costs and will return to the committee with a better estimate of costs at the next meeting.

10. Consent Agenda:

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

10.1. Minutes of Public Session of Meeting of June 19, 2020

10.2. Compliance Policy

11. Written Consultation

The Chair thanked C. Foy and the senior leadership team for working to streamline committee meetings by including items for written consultation. The Chair asked the committee members to review the policy documents from an oversight perspective as opposed to wordsmithing. She encouraged members to send their feedback to B. Dinwoodie, who will forward their comments on to the policy owners.

11.1. Controlled Goods Policy

11.2. Radiation Safety Policy

12. For Information:

12.1. Credit Rating Update

12.2. Risk, Compliance & Policy Updates

12.3. Fiscal Blueprint 2021-2022

13. Other Business

14. Adjournment

Upon a motion duly made by D. Reiner, the meeting adjourned at 3:07 p.m.

Becky Dinwoodie, Secretary