



**BOARD OF GOVERNORS**  
**Audit & Finance Committee (A&F)**

---

**Minutes of the Public Session of the Meeting of**  
**Wednesday, February 19, 2020**  
**2:00 p.m. to 4:00 p.m.**  
**North Campus, ERC 3023**

**Members:** Nigel Allen (Chair), Doug Allingham, Stephanie Chow (*videoconference*), Dale MacMillan, Steven Murphy, Dietmar Reiner

**Staff:** Becky Dinwoodie, Cheryl Foy, Andrew Gallagher, Lori Livingston, Brad MacIsaac, Pamela Onsiang

**Guests:** Chelsea Bauer (Faculty Association)

**1. Call to Order**

The Chair called the meeting to order at 2:00 p.m.

**2. Agenda**

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

**3. Conflict of Interest Declaration**

There was none.

**4. Chair's Remarks**

The Chair welcomed the members to the first committee meeting of the new year. He noted that the committee has a fair bit of material to get through and he was looking forward to the discussions.

**5. President's Remarks**

The President reminded the committee that 80-85% of the university's expenses are fixed costs (mostly labour), which continue to increase while the university's funding through tuition and grant money remains flat or is declining (tuition reduced by 10% for 2019-2020). There are few options available to increase the university's revenue (e.g. philanthropy and other income-generating activities). The university is committed to remaining strategically focused during times of fiscal restraint. They are taking a strategic look at belt-tightening and how to generate additional income.

The President discussed the university's energy initiative. It is a multidisciplinary effort and is focused on helping society become carbon neutral. He also discussed the skills shortage and how governments are focused on the premise that a degree should lead to a job.

The President reviewed the five strategic pillars and several of the initiatives supporting the pillars:

- sticky campus (introduction of basketball teams);
- tech focus;
- entrepreneur skillset & work-integrated learning;
- partnerships (strengthening partnership with OPG); and
- story-telling (e.g. rebrand, dramatic changes on campus in terms of appearance & acceptance)

In times of fiscal restraint, we must remain focused on the strategic priorities. The Chair shared feedback he received on the rebrand when attending the Oshawa Curling Club. The President commented that our students have shared their enthusiasm for proudly sporting the new uniforms. S. Chow also shared that the rebrand was also a topic of discussion at a recent CPA meeting.

## **6. Investment Committee Oversight**

### **6.1 Quarterly Report**

S. Chow delivered a report from that morning's Investment Committee meeting. The investment account is at \$28.3m and the cash account is at \$485,000. The return over the last quarter was 2.5%, which was slightly behind benchmark. The main reason for the portfolio coming under the benchmark was the performance of the market neutral fund, which was removed from the investment portfolio in December 2019.

### **6.2 Statement of Investment Policies Amendment (SIP)**

S. Chow reviewed the proposed amendments to the SIP, which were set out in the accompanying report. She advised of an amendment to the Investment Committee's recommendation - in s. 5.1(e) of the SIP, the Investment Committee updated it to "commercial investment grade income producing real estate" and removed the reference to "Canadian". She also highlighted the recommended change in 6.1, where the range is changed to 0-20% from of 0-15%. S. Chow responded to questions from the committee. There was a discussion regarding whether a change in oversight would be required due to the proposed amendments. S. Chow explained the rationale for allowing for investment in direct real estate and clarified that the investment would still be done through funds.

*Upon a motion duly made by S. Chow and seconded by D. Reiner, pursuant to the recommendation of the Investment Committee, the Audit & Finance Committee recommended the proposed amendments to the Statement of Investment Policies, as amended, for approval by the Board of Governors.*

### **6.3 Endowment Disbursement**

S. Chow presented the endowment disbursement recommendation for consideration. She provided an overview of the report that was included in the meeting material.

*Upon a motion duly made by S. Chow and seconded by D. Allingham, the Audit & Finance committee recommended the disbursement of up to \$725,000 from Endowment Funds for distribution as student awards in 2020-21.*

## **7. Finance**

### **7.1 Third Quarter Financial Reports**

The Chair welcomed A. Gallagher to his first A&F meeting.

P. Onsiong reviewed the financial reports with the committee. She discussed the tension between revenue and expenses.

Several of the key items P. Onsiong reviewed were:

- decrease of almost \$8m in cash & cash equivalents over last year due to new building project;
- have collected 95% of the accounts receivable since December;
- 26m cash injection in capital;
- university continues to repay debt - \$7m as of Dec 2019;
- revenue increase of 2% whereas expenses increased by 5%;
- ratios continue to be positive;
- at end of year, looking at a lower operating surplus than last year; and
- a net forecast operating surplus of \$3.1m., consisting mostly of planned surplus of \$2.5m.

### **7.2 2020-2021 Budget Update**

A. Gallagher, B. Maclsaac and L. Livingston presented the 2020-2021 budget update, which was included in the committee's meeting material.

(C. Bauer left at 2:56 p.m.)

### **7.3 2020-2021 Tuition Fees**

B. Maclsaac reviewed the process followed when proposing tuition increases and the considerations involved. He presented the proposed tuition fees for 2020-2021 for the committee's recommendation and responded to questions. He clarified that the accounting diploma is not funded by the Ministry; therefore, the tuition for the diploma is not subject to the tuition freeze. B. Maclsaac also explained the rationale for the 10% increase in first year tuition for international students and lower amounts in the subsequent years. The goal is to give international students sufficient notice of what tuition they should expect over the years.

*Upon a motion duly made by D. Reiner and seconded by D. Allingham, the Audit & Finance Committee recommended the 2020-2021 tuition fees, as presented, for approval by the Board of Governors.*

### **7.4 2020-2021 Ancillary Fees**

B. Maclsaac provided an overview of the ancillary fees protocol and membership of the Ancillary Fees Committee. He advised that fee increases below the Bank of Canada, Consumer Price Index (CPI) average of 12 months do not require Board approval. This year's CPI is 2.2%. The Ancillary Fees Committee has worked very hard over the last several years to hold ancillary fee increases at or less than the inflation rate. B. Maclsaac explained the reasons behind the university's higher ancillary fees (capital projects, UPASS, TELE software, etc.). He also advised that the Student Union would

be holding a referendum regarding Faculty specific society fees, as well as a new legal services fee. If the students vote in favour of the fees, an update will be presented for approval for the fall. B. Maclsaac responded to questions from the committee. He explained that the 14.99% increase for Faculty of Education ancillary fees was for software costs.

*Upon a motion duly made by D. Allingham and seconded by D. Reiner, pursuant to the recommendation of the Ancillary Fees Committee, the Audit and Finance Committee recommended Board approval of those 2020-21 ancillary fees that will be increased, as presented.*

## **7.5 TELE Program**

B. Maclsaac provided an update on the university's TELE program. In 2014-2015, approval was sought to spend \$6.5m for laptops. As programs continue to transition to the "bring your own device" model, that amount continues to decrease and the anticipated amount to be spent on laptops for the upcoming year is \$600,000. The timing of refresh cycles is also being extended.

## **8. Project Updates**

### **8.1 New Building**

B. Maclsaac presented the new building project update to the committee, which was included in the meeting material. He responded to questions from committee members. There was a discussion regarding the cost of water drainage on the site. B. Maclsaac advised that the cost would be approximately \$100,000. There was also a discussion regarding safety protocol for moving in to the building during continued construction. B. Maclsaac also updated the committee on the efforts to dispose of the portables that will no longer be used once the building is complete.

### **8.2 ACE Enhancement**

B. Maclsaac updated the committee on the progress being made on the ACE enhancement project. The presentation was included in the meeting material.

### **8.3 AVIN**

L. Jacobs presented the AVIN project update, which was included in the meeting material. There was a discussion regarding which other institutions would be working on something comparable to the university. L. Jacobs advised that other than Waterloo, the university is a leader in the field. The work being done has a multi-disciplinary focus.

## **9. Consent Agenda:**

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

### **9.1 Animal Care Committee:**

#### **(a) Terms of Reference**

#### **(b) Policy on the Care & Use of Animals in Research & Teaching**

#### **(c) ACC Administrative Procedure Series 001: Review & Approval of Animal Use Protocols**

**(d) ACC Administrative Procedure Series 002: Process for Reconsideration or Appeal of Decisions of the ACC**

**9.2 Minutes of Public Session of Meeting of November 20, 2019**

**10. For Information:**

**10.1 Credit Rating Update**

**10.2 Compliance & Policy Update**

**11. Other Business**

**12. Adjournment**

*There being no other business, upon a motion duly made by D. Allingham and seconded by S. Murphy, the meeting adjourned at 3:35 p.m.*

Becky Dinwoodie, Secretary