

BOARD OF GOVERNORS' 118th REGULAR MEETING

AGENDA

Thursday, February 25, 2020

1:00 p.m. to 3:50 p.m.

[Videoconference](#)

No.		Topic	Lead	Allocated Time	Suggested Start Time
		PUBLIC SESSION			
1		Call to Order	Chair		
2		Agenda (M)	Chair		
3		Conflict of Interest Declaration	Chair		
4		Chair's Remarks	Chair	5	1:05 p.m.
5		President's Report	Steven Murphy	30	1:10 p.m.
	5.1	Strategic Discussion: Fiscal Sustainability*			
6		Co-Propuluous Report	Jim Wilson	5	1:40 p.m.
7		Academic Council	Ferdinand Jones	5	1:45 p.m.
	7.1	Vision, Mission, and Values* (U)	Laura Elliott	10	1:50 p.m.
		Committee Reports			
8		Strategy & Planning Committee (S&P) Report	Thorsten Koseck	10	2:00 p.m.
	8.1	Vision, Mission, Values Refresh* (M)			
9		Audit & Finance Committee (A&F) Report	Laura Elliott	15	2:10 p.m.
		Finance			
	9.1	Third Quarter Financial Reports & 2021-2022 Budget Update* (U)			
10		Investment Committee Report	Stephanie Chow	5	2:25 p.m.
	10.1	Quarterly Report			
11		Governance Nominations & Human Resources Committee (GNHR) Report	Maria Saros	5	2:30 p.m.
12		Consent Agenda: (M)	Chair	5	2:35 p.m.
	12.1	Compliance Policy*			
	12.2	Updated BMO Banking Resolution*			
	12.3	RBC Dominion Securities Banking Resolution*			

No.		Topic	Lead	Allocated Time	Suggested Start Time
	12.4	Minutes of Public Session of Board Meeting of December 2, 2020*			
	12.5	Minutes of Public Session of A&F Meeting of November 25, 2020*			
	12.6	Minutes of Public Session of GNHR Meeting of October 22, 2020*			
	12.7	Minutes of Public Session of S&P Meeting of October 8, 2020*			
	12.8	Minutes of Public Session of Investment Meeting of November 12, 2020*			
13		Information Items (also available on the Board portal):	Chair	5	2:40 p.m.
		A&F			
	13.1	Project Updates*			
	13.2	Compliance, Risk and Policy Updates*			
	13.3	Credit Rating Update*			
	13.4	Fiscal Blueprint 2021-2022*			
14		Other Business	Chair		
15		Adjournment (M)	Chair		2:45 p.m.
		BREAK		15	
No.		Topic	Lead	Allocated Time	Suggested Start Time
		NON-PUBLIC SESSION (material not publicly available)			3:00 p.m.
16		Call to Order	Chair		
17		Conflict of Interest Declaration	Chair		
18		Chair's Remarks	Chair	10	
		Durham College Board Engagement (U)			
19		President's Report	Steven Murphy	10	3:10 p.m.
		Committee Reports (confidential items only)			
20		A&F Report	Laura Elliott	5	3:20 p.m.
21		GNHR Report	Maria Saros	5	3:25 p.m.
	21.1	Board Membership and Leadership Succession Update			
22		S&P Report			
	22.1	Advancement & the Board (D)	Thorsten Koseck	5	3:30 p.m.
23		Consent Agenda (M):	Chair		3:35 p.m.
	23.1	Minutes of Non-Public Session of Board Meeting of December 2, 2020*			

	23.2	Minutes of Non-Public Session of A&F Meeting of November 25, 2020*			
	23.3	Minutes of Non-Public Session of GNHR Meeting of October 22, 2020*			
	23.4	Minutes of Non-Public Session of S&P Meeting of October 8, 2020*			
	23.5	Minutes of Public Session of Investment Meeting of November 12, 2020*			
24		For Information:			
	24.1	Advancement Update*			
25		Other Business	Chair		
26		In Camera Session	Chair	10	3:40 p.m.
27		Termination (M)	Chair		3:50 p.m.

Becky Dinwoodie, Secretary

Consent Agenda: *To allow the Board to complete a number of matters quickly and devote more of its attention to major items of business, the Agenda has been divided between items that are to be presented individually for discussion and/or information and those that are approved and/or received by consent. A Consent Agenda is not intended to prevent discussion of any matter by the Board, but items listed under the consent sections will not be discussed at the meeting unless a Governor so requests. Governors are supplied with the appropriate documentation for each item, and all items on the Consent Agenda will be approved by means of one omnibus motion.*

BOARD REPORT

SESSION:

Public
Non-Public

☒
☐**ACTION REQUESTED:**

Decision
Discussion/Direction
Information

☐
☒
☐

TO: Board of Governors

DATE: February 25, 2021

PREPARED BY: Brad MacIsaac, VP Administration

SUBJECT: Pre-Budget Budget 2021-22 Discussion

BOARD MANDATE:

The board is responsible for governing and managing the affairs of the university, which includes the responsibility of approving the annual budget of the university and to monitor its implementation.

We are providing the Board with an update on the 2021-2022 budget planning to help the Board fulfill its mandate and to obtain strategic feedback.

BACKGROUND/CONTEXT & RATIONALE:

At the December 2020 Board meeting, we reviewed the in-year forecast and assumptions for the next year. In advance of the April budget setting meeting, this session is a review of a few competing demands Ontario Tech is facing. The intent is to outline the direction and get strategic feedback.

The current budget planning environment remains unstable and difficult to predict given the ongoing, ever-changing, and currently worsening COVID-19 pandemic situation. The 2020-2021 Ontario Tech budget news is more positive than initially anticipated. While we had a plan in place to reduce revenues by \$20M we are currently projecting a \$10M loss. The difference is primarily due to a 2% overall increase in enrolment thanks to increased registrations by continuing students.

We cannot plan on this increased enrolment trend continuing as the 2020-21 new undergraduate intake was down 5.1%, which will impact revenue in the out years, and the current OUAC applications are down 8.2%. Additionally, we cannot assume the continuing return rate will hold constant (i.e. retention into year two has averaged 81% over the last five years and this year was 87%. We believe largely due to the winter 2020 “pass/fail” option).

DISCUSSION:

The 2021-22 Operating Budget is being prepared in the context of continuing revenue pressures caused by: i) capped government grant funding, ii) frozen domestic tuition fees, and iii) limited increases to international enrolment due to risks caused by travel restrictions and virtual availability. Additionally, operating expenses continue to increase at a rate above 2% per year.

While the leadership team will go into greater detail at the April budget meeting, a few of the questions that have been asked over the past budgets include:

Is the university confident in its revenue projection?

The preparation of the operating budget involves the use of projections and estimates that increase the level of overall risk of not achieving the desired results. For example, a 1% deviation in enrolment will lead to ~\$1M variance (positive or negative) from tuition fee revenues. In non COVID times, we have a goal of being within 3% of targets.

The university has projected enrolments based on three-year averages and added some conservative inflationary projections to counteract the inherent enrolment risk. Is this sufficient?

Recommendation: Yes, based on past practice and noting we are expecting over \$2 M discretionary funds in 2020-2021 that can be brought forward a year as contingency.

Are resources allocated in line with the school's strategic priorities?

The first draw on the ~\$190M budget is a reallocation to invest \$6M more in personnel costs compared to 2019-2020. With \$3.3M investment in capital, there is less than \$2M left for discretionary spend which will be prioritized on Learning Re-imagined, Recruitment and Student Success.

As we look to the out years we have growing needs for supports both inside and outside of the classroom. For example, to become "fast followers" in technology we estimate the need for over \$4M investment in the short term. How will this cost be covered?

Recommendation: review any in-year savings till 2022-23 to set aside for oto IT purchases.

What is the university doing to mitigate flat grants and domestic tuition freeze?

The university continues to explore alternate sources of revenues. To ensure focus, a key criteria is how any new venture would be tied to the core mandate of learning (teaching and research). To this end, increased retention would stick closer to our mission than any other initiative. If we increased year 1 to 2 rate by 1% in each of the next three years we could add over \$2M to our annual base. Next would be enhanced recruitment both domestic and international. We have seen a correlation between enrolment growth in the system and new programs. Ontario Tech is currently reviewing 22 new programs with a focus on creating short programs (i.e. diplomas) and more pathway partnerships. Finally, would be the investment in continuing education and Ontario Tech Talent with a focus on micro-credentials.

We are closely monitoring the balance of bringing in more students with the quality of learning. To put it into the context of flat tuition and grant, university salaries increase ~\$2.5 - 3M each year and to offset this we need ~300-350 more students each year. What may this do to class sizes?

Recommendation: revised our international student intake targets to grow from an intake of 135 in 2020 to 180 for 2021 and 225 for 2022 as we move from 6% of the student body towards the system average of 15%.

Does the school have sufficient reserves to cover major changes?

The university attempts to maintain appropriate reserves and contingencies to address unexpected events. To balance the budget we are looking at carrying forward funds from 2020-21 to act first as contingency until September and then be available to fund discretionary expenditures (further information on reserves is in the Budget Paper Appendix F).

Over the next decade, we have plans to complete the top floor of the new A5 building, move into our own buildings downtown, rather than leasing, and prepare for increasing deferred maintenance. Eight years ago the university started to put aside \$3.5M for these activities but this was paused the last two budget cycles. What is the right amount to reserve?

Recommendation: In 2021-2022 we reserve up to \$1 M if possible at end of the year and implement an upward sliding scale model as we plan for more maintenance and future purchase.

ALIGNMENT WITH MISSION, VISION, VALUES:

The suggested directions are made with an eye on the mission of the university and an investment in the priorities laid out in the Integrated Academic Research Plan. They will allow Ontario Tech to continue to provide high quality undergraduate and graduate services and experiences to its students.

COMPLIANCE WITH POLICY/LEGISLATION:

The assumptions are to be compliant with provincial tuition fee policy and Ontario Tech's ancillary fee protocol.

NEXT STEPS:

Information sharing meetings are scheduled with the internal community over the coming weeks, the leadership team will review the formal winter count data and finalize the budget submission. This will be presented to A&F and the Board in April 2021.

SUPPORTING REFERENCE MATERIALS:

Fiscal Blueprint 2021-2022, Feb 2021 (included for information)

BOARD REPORT

SESSION:

Public ☒
Non-Public ☐

ACTION REQUESTED:

Decision ☒
Discussion/Direction ☐
Information ☐

Financial Impact ☐ Yes ☒ No

Included in Budget ☒ Yes ☐ No

TO: Board of Governors

DATE: February 25, 2021

FROM: Laura Elliott, Governor and Member of Academic Council

SUBJECT: Refreshed University Vision, Mission, Values

BOARD MANDATE:

The Board of Governors is responsible for governing and managing the affairs of the university, which includes determining the mission, vision and values of the university following consultation with Academic Council.

The Strategy and Planning Committee will be presenting a version of the VMV amended from the version approved by Strategy and Planning. The VMV was amended to reflect subsequent comments from Academic Council at its January meeting. The purpose of this Memorandum is to obtain the Board's approval of the amended Vision, Mission, and Values (VMV).

BACKGROUND/CONTEXT & RATIONALE:

This most recent draft of the VMV was developed following a special consultation session with the Board on December 17, 2020. This special consultation session with the Board followed numerous consultations held with our university stakeholders throughout the fall term. These included a series of virtual Town Halls open to all faculty and staff, a focus group session with representatives from the Ontario Tech Student Union, and dedicated discussion and debate at the November meeting of Academic Council. Written feedback was encouraged and additional input was solicited via the university's Weekly Report communications portal.

The attached version (without the blacklines) was presented to the Strategy and Planning Committee for recommendation on January 14, 2021. The Strategy and Planning Committee recommended the updated Vision, Mission, and Values subject to minor amendments, as the committee was mindful that the updated version would be presented to Academic Council on January 26 and that further revision might be required.

BOARD CONSULTATION SESSION:

The key points of feedback received from the Board included the following:

- the VMV should elevate and differentiate us as an institution;
- incorporating Ontario Tech's four key strategic directions (i.e., Tech with a conscience, learning re-imagined, sticky campus, and partnerships) into the VMV would provide strong linkages with the Integrated Academic-Research Plan and our branding;
- "Tech with a conscience" is a differentiator; it is a phrase that explains our value proposition and resonates with our community; and
- the Values are very well articulated; we must constantly lead with our values.

In response to this feedback, changes were made and incorporated into the version of the VMV presented to the Strategy & Planning Committee for recommendation.

ACADEMIC COUNCIL CONSULTATION:

The initial consultation with Academic Council took place on November 24, 2020 and an excerpt from the minutes summarizing the feedback is attached for ease of reference. The updated VMV that incorporated the Board's feedback was presented to Academic Council on January 26. Academic Council had a robust discussion of the updated version and some members expressed concerns about the changes made in the amended version. A summary of the Academic Council discussion in January is also attached.

As the governor member of Academic Council, I was in attendance (virtual) and noted the feedback of Academic Council. I know that the Board respects and values the views of the university community, and in particular the Academic Council, a key partner in university governance. It is important to the Board that Academic Council sees that its advice and input is respected and considered. As such, the purpose of this memo is to ensure that the concerns and comments of Academic Council are given full consideration by the Board before approving the refreshed VMV. This is in keeping with process as the Strategy and Planning Committee was aware that the document was going back to Academic Council and might be subject to further comment. The motion passed by Strategy and Planning supporting the version before the Committee at the time, reflects the Committee's awareness that changes were possible after the final consultation with Academic Council.

RECOMMENDED AMENDMENTS:

Following a thorough review and consideration of Academic Council's feedback, the President and Provost have prepared an amended version of the VMV. I have reviewed this and feel that it addresses the points raised by Academic Council and improves the document overall. The proposed amendments to the VMV are as follows:

VISION: Embracing technology with a conscience to advance knowledge and promote sustainability.

MISSION: Tech with a conscience: Innovating to improve lives and the planet by incorporating technology-enhanced learning strategies and promoting the ethical development and use of technology for good through intensive research and inquiry.

Partnerships: Uncovering innovative solutions for their most pressing problems through purposeful research and collaboration with industry, community, government and academic partners especially as it relates all facets of global sustainability and well-being.

REQUEST:

At the Board Meeting, the Chair of Strategy and Planning will be presenting a VMV that has been amended from the version reviewed by the Board of Governors in December. It is my request that the Board accept and approve the proposed amendments for the reasons set out above.

SUPPORTING REFERENCE MATERIALS:

- VMV presented to Strategy & Planning Committee for recommendation in January 2021
- VMV presented to Academic Council blacklined to show recommend changes as a result of Academic Council input in January
- Excerpts from Academic Council VMV consultation

ONTARIO TECH MOTTO/TAG LINE

Tech with a conscience

ONTARIO TECH VISION

Embracing technology with a conscience to advance knowledge and sustain the planet.

ONTARIO TECH MISSION

We equip future leaders to solve complex problems.

We respond to the needs of students and the evolving world by providing superior undergraduate, graduate, and lifelong learning experiences. To this end, ‘what we do’ to achieve our mission and to ‘tell our story’ is guided by a community-focused approach on our strategic priorities:

- **Tech with a conscience:** *Innovating to improve lives and the planet by incorporating technology-enhanced learning strategies and promoting the ethical use of technology for good through research and inquiry.*
- **Learning re-imagined:** *Co-creating knowledge by adapting to the ever-changing educational landscape through the provision of flexible and dynamic learning and research opportunities.*
- **Creating a sticky campus:** *Cultivating student- and community-centric engagement opportunities by encouraging an inclusive culture for our institution through online and on-campus activities.*
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January 26, 2021 - Updated Vision, Mission and Values (VMV)

The Provost reminded AC that it is the Board's responsibility to establish VMV in consultation with AC. She discussed the consultation process in refreshing the VMV. The rationale is set out in the report included in the meeting material. She responded to the questions and comments of AC members, which included:

- Good consultation process.
- How was input from consultations taken into consideration? Reference was made to the feedback from AC in November about including research intensivity.
 - The Provost advised that the version presented today differs greatly from what was presented to the Board in December. What is consistent is the values section – this did not change from the last version that was presented. The Board felt strongly that the vision and mission should differentiate Ontario Tech from other institutions in the province and that it should be a forward-thinking vision and mission.
 - She noted that the Board is tasked with establishing the VMV and ensuring the VMV align with the university's strategic planning.
 - The Provost clarified that a special consultation session was held with the Board on December 17.
- It is the role of any university to create new knowledge – really like “tech with a conscience” – VMV seems to focus on research into existing technology and the ethical implications of that technology rather than creating new knowledge and technology.
- Appreciate that intellectual resilience/excellence has been added back in as a value.
- Concern was expressed about the Board revising the document and not returning the document to AC for further consultation.
 - The Provost noted that the values section did not change following the Board consultation.
 - She thanked the community for their input into the values section and the Board accepted it as is.
- Comment about first statement: “sustain the planet”. The planet is not a threat. The problem is human civilization and the biodiversity that sustains it. This is not optimal language.
- Instead of "sustain the planet", it might be better to tie in the previous language around "make an impact on the world".

AC was advised that the comments are being duly noted and that this is not necessarily the final version going forward to the Board for approval. A member commented that they hope L. Elliott and the Chair recognize that there is some need for further consultation, which may be beneficial to the final outcome. L. Elliott

confirmed that she noted all of the comments from AC and that when they consider the VMV at the Board, these would be raised for further consideration.

November 24, 2021 - Vision, Mission, and Values Consultation (excerpt from approved minutes):

“The Provost advised that a number of consultation sessions were held over the past few weeks. The goal was to bring an updated document to Academic Council for further consultation. The document included in the meeting material sets out draft language for the refreshed vision, mission, and values. The feedback of Council will be incorporated into the next version. They have had productive online sessions with faculty, staff, and the Student Union and have been continuously updating the document.

Comments from Academic Council members included:

- suggestion to keep the idea of a “sticky campus” but reimagine it so as not to explicitly refer to campus as it is not consistent with how things are right now – think of a different way of talking about getting students more involved and integrated into the university;
 - the Provost noted that we are not going to be in a pandemic state forever – the vision, mission, and values look forward and will last for some time
- the values haven’t changed much and there is greater emphasis on inclusion;
- one of the current values is “Dedication to Quality and Intellectual Rigour” – as a learning institution, we should keep something like this as a value – should capture that we value academic excellence;
- suggestion to include more values;
- suggestion to reflect research intensive nature of the university (as stated in the university’s Act that we are a research-intensive institution)
- clarification as to what is meant by “putting people first” – does this take priority over environment?
 - the Provost noted that we value people at the university – would love to articulate that we value students, staff, faculty and they are a first priority for the university
- suggestion to replace “putting people first” with something like “we value the people in our community”

BOARD REPORT

SESSION:

Public ☒
Non-Public ☐

ACTION REQUESTED:

Decision ☒
Discussion/Direction ☐
Information ☐

Financial Impact ☐ Yes ☒ No

Included in Budget ☒ Yes ☐ No

TO: Board of Governors

DATE: February 25, 2021

FROM: Strategy & Planning Committee

SUBJECT: Refreshed University Vision, Mission, Values (VMV)

BOARD MANDATE:

The Board of Governors is responsible for governing and managing the affairs of the university, which includes determining the mission, vision and values of the university following consultation with Academic Council.

The Strategy and Planning Committee is recommending an updated version of the VMV for approval by the Board of Governors. The attached version reflects amendments made to incorporate the feedback of Academic Council during their meeting on January 26, pursuant to the report provided by Laura Elliott, the governor member of Academic Council.

BACKGROUND/CONTEXT & RATIONALE:

This most recent draft of the VMV was developed following a special consultation session with the Board on December 17, 2020. This special consultation session with the Board followed numerous consultations held with our university stakeholders throughout the fall term. These included a series of virtual Town Halls open to all faculty and staff, a focus group session with representatives from the Ontario Tech Student Union, and dedicated discussion and debate at the November meeting of Academic Council. Written feedback was encouraged and additional input was solicited via the university's Weekly Report communications portal.

The attached version (without the blacklines) was presented to the Strategy and Planning Committee for recommendation on January 14, 2021. The Strategy and Planning Committee recommended the updated Vision, Mission, and Values subject to minor amendments, as the committee was mindful that the updated version would be presented to Academic Council on January 26 and that further revision might be required.

RECOMMENDED AMENDMENTS:

Pursuant to the report of L. Elliott and following a thorough review and consideration of Academic Council's feedback, the Strategy and Planning Committee is recommending the following additional changes to the refreshed Vision, Mission, and Values:

VISION: Embracing technology with a conscience to advance knowledge and promote sustainability.

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MOTION for CONSIDERATION:

Pursuant to the recommendation of the Strategy and Planning Committee, the Board of Governors hereby approves the refreshed Vision, Mission, and Values, as presented.

SUPPORTING REFERENCE MATERIALS:

- VMV presented to Academic Council blacklined to show recommend changes as a result of Academic Council input in January
- Excerpts from Academic Council VMV consultation

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confirmed that she noted all of the comments from AC and that when they consider the VMV at the Board, these would be raised for further consideration.

November 24, 2021 - Vision, Mission, and Values Consultation (excerpt from approved minutes):

“The Provost advised that a number of consultation sessions were held over the past few weeks. The goal was to bring an updated document to Academic Council for further consultation. The document included in the meeting material sets out draft language for the refreshed vision, mission, and values. The feedback of Council will be incorporated into the next version. They have had productive online sessions with faculty, staff, and the Student Union and have been continuously updating the document.

Comments from Academic Council members included:

- suggestion to keep the idea of a “sticky campus” but reimagine it so as not to explicitly refer to campus as it is not consistent with how things are right now – think of a different way of talking about getting students more involved and integrated into the university;
 - the Provost noted that we are not going to be in a pandemic state forever – the vision, mission, and values look forward and will last for some time
- the values haven’t changed much and there is greater emphasis on inclusion;
- one of the current values is “Dedication to Quality and Intellectual Rigour” – as a learning institution, we should keep something like this as a value – should capture that we value academic excellence;
- suggestion to include more values;
- suggestion to reflect research intensive nature of the university (as stated in the university’s Act that we are a research-intensive institution)
- clarification as to what is meant by “putting people first” – does this take priority over environment?
 - the Provost noted that we value people at the university – would love to articulate that we value students, staff, faculty and they are a first priority for the university
- suggestion to replace “putting people first” with something like “we value the people in our community”

Financial Update
Report to the Audit and Finance Committee
For 9 months ending December 31, 2020

February 17, 2021

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Report to Audit and Finance Committee – February 17, 2021
For 9 months ending December 31, 2020
Table of Contents

	<u>Page</u>
I. 2020/21 Operating Forecast	1 - 4
II. Consolidated Financial Statements	5 - 10

**ONTARIO TECH UNIVERSITY - OPERATING FORECAST SUMMARY
FOR THE YEAR ENDING MARCH 31, 2021 (in '000s)**

April 1, 2020 - March 31, 2021				
	Total Annual Budget	Y/E Forecast	Fav. (Unfav.) Forecast vs. Budget \$ / %	
<u>Revenue</u>				
Grants	81,023	81,555	533	1%
Tuition	68,629	80,666	12,037	18%
Student Ancillary	10,732	12,111	1,379	13%
Other	13,821	9,735	(4,086)	-30%
Total Revenue	\$ 174,204	\$ 184,067	\$ 9,862	6%
<u>Expenditures</u>				
Academic	75,193	76,431	(1,239)	-2%
Academic Support	34,356	34,478	(122)	0%
Administrative	27,490	26,211	1,279	5%
Sub-total	\$ 137,039	\$ 137,121	(82)	0%
Purchased Services	12,336	11,599	737	6%
Total Commercial	7,558	6,027	1,532	20%
Debenture Interest Expense	10,541	10,541	-	0%
Total Operating Expenses	\$ 167,474	\$ 165,287	\$ 2,187	1%
Net Contribution from Operations	\$ 6,730	\$ 18,780	\$ 12,049	179%
Capital Expenses funded from Operations	2,171	7,794	(5,623)	-259%
Debenture & lease principal repayments	6,743	6,743	0	0%
Total Net Surplus	\$ (2,183)	\$ 4,243	\$ 6,427	294%

Other Disclosures: funded through PY reserves

& external financing: New Building	\$ 20,008	\$ 19,800	\$ 208	1%
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2020/21 Operating Forecast Summary

Based on Nov 1 enrolment count data and expense projections from budget holders, the operating budget, after capital expenditures, is projecting a favourable variance of \$6.4M of which \$2.2M will be utilized to cover the original approved budget deficit, for a net operating surplus of \$4.2M at the end of the fiscal year.

Better than expected enrolment has resulted in an upside in both tuition and student ancillary fees. However, the ongoing pandemic has led to a longer than expected physical closure for most of the campus premises. Whilst this has resulted in base building cost savings (e.g. janitorial services and utilities) in the current year, it has adversely impacted our commercial revenues such as ACE, food services, parking and rental income from the Arena and Campus Fieldhouse.

Below are the variances of the year-end forecast to the approved budget:

Enrolment

FTE's	2019/20 Actual	2020/21 Approved Budget *	2020/21 November 1 count **	Variance to Approved Budget
Undergraduate				
Domestic	7,901	7,152	8,186	1,034
International	461	365	512	147
Graduate				
Domestic	429	382	453	71
International	183	263	199	-64
Total FTE's	8,974	8,162	9,350	1,188

* 2020/21 approved budget reflects the uncertainty around the global pandemic and its anticipated impact on enrolment projections.

** Nov 1 update reflects the official fall enrolment count to the Ministry

Current eligible undergraduate and graduate enrolment projection is within the + / - 3% of the University's corridor midpoint. 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.

2020/21 Operating Forecast Summary (continued)

The pivot to online learning last spring and the successful transition to the hybrid model, have resulted in a higher than budgeted enrolment. Except for international graduate students which shows a net unfavourable variance to budget of 64 FTE, total domestic undergraduate and graduate at 8,639 FTE are 1,105 FTE (~15%) more than anticipated, with increases seen across all faculties.

It is also noted that total current projections at 9,350 FTE are 376 FTE (~4%) more than the prior year 2019/20 actual enrolment, with a higher number of returning students, offset by a decrease of 6% in first-year domestic intake which will have a flow-through financial impact in the next 4 years.

Revenues

Total revenues are favourable \$9.9M against the approved budget.

Better than expected enrolment has resulted in an upside of \$12.0M in tuition fees and a net \$1.4M in student ancillary fees, including the accounting recognition of \$0.9M of prior year ancillary fees for investment in athletic ground renovations.

These positive variances are offset by \$4.1M lower than expected Other revenues, mostly attributable to a decrease in our commercial revenues such as ACE, food services, parking, daycare and rental income from the Arena and Campus Fieldhouse, as a result of the longer than expected closure of most of the campus facilities (the approved 2020/21 budget assumed a partial return to campus for September 1, 2020).

The decrease in Other revenues is offset by a corresponding net decrease in expenses of \$1.5M (see Total Commercial under “Expenses” section below).

Expenses

Total operating expenses and capital are projected to be net \$3.4M unfavourable to budget.

Academic units are unfavourable \$1.2M and includes increases in part-time labour, including sessionals, and various operating expenses, associated with higher than expected enrolment.

Academic support units are projected to be in line with their total approved budgets, with the Registrar’s Office forecasting an overspend of \$0.8M, comprising of \$0.5M increase in entrance scholarships as more students met the criteria for these scholarships, and \$0.3M additional investment in recruitment efforts. This overspending is offset by other variances, none of which is material.

Administrative units are favourable \$1.3M to budget. This positive variance includes \$1.2M of base building cost savings due to the longer than expected physical closure of most of the campus premises, release of \$1.0M of operational reserves which will not be utilized in the current year, offset by \$0.4M increase in legal fees and other variances, none of which is material.

2020/21 Operating Forecast Summary (continued)

Total Commercial Expenses are showing a positive variance of \$1.5M due to cost savings directly attributable to the decrease in revenues for ACE, food services, parking, daycare and rental income from the Arena and Campus Fieldhouse (see Other revenues under “Revenues” section above).

Capital Expenses funded from Operations is \$5.6M unfavourable to budget. The variance is comprised of \$2.7M investment in the ACE MGP (Moving Ground Plane) to cover for project costs not funded by external grant, \$1.0M in IT to support the current and future hybrid learning platform and to invest in laptops for faculty and staff, \$0.9M for athletic ground renovations which are fully funded by student ancillary fees (see Student ancillary fees under “Revenues” section above), \$0.7M in facilities infrastructure for projects that have been put on hold for the last 2 years due to budget constraints and \$0.2M increase in faculty capital investment.

New Building

In addition to the operating spending, the University is investing \$20.0M in the new A5 building in the current year, using a combination of restricted prior year reserves, contribution from the University’s Student Union and a construction loan of up to \$25.0M.

Conclusion

The current operating forecast is showing a net surplus of \$4.2M based on expected enrolment, spending plans and the current COVID situation in the Region and the Province which Management will continue to closely monitor.

Actual operating results for the fiscal year will be reviewed in conjunction with the University’s financial position at year-end. In addition to reserves that are required to comply with contracts and/or policies (e.g. faculty start-up and PD funds, unspent student ancillary fees), an appropriate amount of surplus will be reserved for future operating contingencies, ongoing student recruitment efforts and strategic investment in our IT infrastructure to support the future of the University’s hybrid learning model. These restricted reserves are approved by the Board of Governors at the end of the fiscal year.

ONTARIO TECH UNIVERSITY
Consolidated Statement of Financial Position
As at December 31, 2020

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>	<u>YOY Variance</u>	<u>Mar 31, 2020</u>
ASSETS				
CURRENT				
Cash and cash equivalents	\$ 40,738,745	\$ 15,971,250	\$ 24,767,496	\$ 42,339,591
Short-Term Investments	-	25,508,584	(25,508,584)	7,052,500
Grant receivable	9,844,887	9,088,304	756,583	9,183,463
Other accounts receivable	41,016,580	40,321,207	695,373	8,543,271
Prepaid expenses and deposits	1,754,283	2,235,284	(481,001)	2,270,296
Inventories	41,308	710,490	(669,182)	57,736
	<u>93,395,804</u>	<u>93,835,119</u>	<u>(439,316)</u>	<u>69,446,857</u>
INVESTMENTS	31,591,858	28,920,233	2,671,625	26,137,454
CAPITAL ASSETS	399,507,768	393,293,380	6,214,388	396,612,877
TOTAL ASSETS	\$ 524,495,429	\$ 516,048,733	\$ 8,446,696	\$ 492,197,188
LIABILITIES				
CURRENT AND LONG-TERM LIABILITIES				
Accounts payable and accrued liabilities	24,446,817	24,567,969	(121,151)	27,506,321
Deferred revenue	57,290,678	51,108,211	6,182,468	22,206,208
	<u>81,737,496</u>	<u>75,676,179</u>	<u>6,061,316</u>	<u>49,712,529</u>
LONG TERM DEBT	302,285	426,616	(124,331)	425,924
OBLIGATIONS UNDER CAPITAL LEASE	36,385,512	37,119,602	(734,089)	36,954,011
DEBENTURE DEBT	151,543,488	158,105,761	(6,562,273)	158,105,761
DEFERRED CAPITAL CONTRIBUTIONS	159,426,955	157,349,205	2,077,750	162,196,325
	<u>429,395,736</u>	<u>428,677,363</u>	<u>718,373</u>	<u>407,394,550</u>
Net Assets				
UNRESTRICTED				
NET ASSETS, excluding current year surplus	61,536,522	63,995,371	(2,458,849)	64,154,137
ENDOWMENTS	24,346,517	23,538,942	807,576	23,536,115
CURRENT YEAR SURPLUS / (DEFICIT)	9,216,654	(162,943)	9,379,597	(2,887,614)
	<u>95,099,693</u>	<u>87,371,369</u>	<u>7,728,324</u>	<u>84,802,638</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 524,495,429	\$ 516,048,733	\$ 8,446,696	\$ 492,197,188

ONTARIO TECH UNIVERSITY
Consolidated Statement of Operations
For the 9 months ending December 31, 2020

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>	<u>YOY Variance</u>
REVENUE			
Grants - operating & research	\$ 59,678,771	\$ 56,611,867	3,066,905
Grant - debenture	13,500,000	13,500,000	-
Donations - operating & research	542,744	426,846	115,898
Student tuition fees	53,719,294	53,968,757	(249,463)
Student ancillary fees	8,527,717	11,178,696	(2,650,979)
Revenue from purchased services	251,722	2,371,748	(2,120,026)
Other income	3,525,952	7,365,501	(3,839,549)
Amortization of deferred capital contributions	7,050,102	7,056,987	(6,885)
Interest revenue	607,422	1,050,022	(442,599)
Unrealized gain on investments	4,556,057	465,997	4,090,061
	151,959,782	153,996,419	(2,036,637)
EXPENSES			
Salaries and benefits	82,964,378	84,236,766	(1,272,388)
Student aid, financial assistance and awards	8,467,879	8,689,067	(221,187)
Supplies and expenses	14,784,697	22,322,183	(7,537,486)
Purchased Services	8,471,291	9,742,326	(1,271,035)
Professional fees	812,157	1,204,563	(392,407)
Interest expense - Current Obligations	69,959	108,097	(38,138)
Interest expense - Long Term Debt	9,696,961	10,040,459	(343,499)
Amortization of capital assets	17,165,159	17,709,725	(544,566)
Loss on disposal of assets	310,647	106,175	204,471
	142,743,128	154,159,362	(11,416,234)
Excess of revenues over expenses	\$ 9,216,654	\$ (162,943)	\$ 9,379,597

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ONTARIO TECH UNIVERSITY
Consolidated Statement of Cash Flows
For the 9 months ending December 31, 2020

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenses	9,216,654	(162,943)
Items not affecting cash:		
Amortization of capital assets	17,165,159	17,709,725
Amortization of deferred capital contributions	(7,050,102)	(7,056,987)
Loss on disposal of assets	310,647	106,175
Unrealized gain on investments	(4,556,057)	(465,997)
	<u>15,086,300</u>	<u>10,129,973</u>
Working Capital		
Grant and other accounts receivable	(33,134,735)	(33,508,787)
Prepaid expenses and deposits	516,013	(68,534)
Inventories	16,428	(577,146)
Accounts payable and accrued liabilities	(3,059,504)	(5,046,069)
Deferred revenue	35,084,471	30,808,345
	<u>14,508,973</u>	<u>1,737,782</u>
INVESTING		
Purchase of capital assets	(20,100,696)	(19,012,060)
Investments	6,154,153	(10,229,363)
Endowment contributions	810,403	1,695,653
	<u>(13,136,140)</u>	<u>(27,545,770)</u>
FINANCING		
Repayment of long term debt	(6,685,912)	(6,287,993)
Repayment of obligations under capital leases	(568,499)	(476,748)
Deferred capital contributions	4,280,732	3,306,989
	<u>(2,973,679)</u>	<u>(3,457,751)</u>
NET CASH OUTFLOW	(1,600,846)	(29,265,739)
CASH BALANCE, BEGINNING OF YEAR	42,339,591	45,236,989
CASH BALANCE, END OF PERIOD	\$ 40,738,745	\$ 15,971,250

CONSOLIDATED FINANCIAL STATEMENTS

In addition to normal operating activities, these financial statements reflect the ongoing construction of the new A5 building and the impact of the global pandemic and the resulting physical closure of the most of the campus facilities on expenses in the current year.

The Statement of Financial Position is stable at the end of the reporting quarter.

Although a net \$10.2M cash has been invested to-date in the new A5 building, cash and short-term investments are flat compared to last year, mostly due to lower operating spending in the current year.

Note: short-term investments at the end of the reporting period mature within 90 days of quarter-end, and are hence disclosed under “Cash and cash equivalents”.

Accounts receivable balance of \$41.0M consists of \$37.6M of tuition fees receivable of which over 90% relates to the future winter 2020 semester for which payment is not due till January 2021. Due to covid-19, many students have also opted to pay their fees on a monthly payment plan which, coupled with a net increase of 376 FTE over the prior year, has resulted in a slight net year-over-year increase in other accounts receivable.

Investment balance of \$31.6M relates to endowed funds held at PH&N. The year-over-year increase of \$2.7M is comprised of mark-to-market unrealized gain \$1.7M, new in-year donations \$1.0M, net investment income \$0.8M, offset by student bursary disbursements \$0.8M.

Capital assets increase of \$6.2M includes net additions of \$28.3M, offset by accumulated amortization of \$22.1M in the last 12 months.

Net additions comprise \$21.2M of construction-in-progress (new A5 building \$14.8M, ACE Moving Ground Plane \$6.4M), \$5.3M of building and building renovations (\$2.0M athletic facilities, \$1.4M portables move and renovations whilst A5 is under construction, \$1.0M donated Stone House), \$2.6M major equipment and FF&E, offset by net disposals \$0.8M of laptops.

Liabilities

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 \$57.3M comprises \$36.7M deferred tuition representing winter term fees not earned at the end of the quarter, and \$20.6M of revenues billed or received and not yet spent at the end of the reporting quarter (\$10.8M of externally funded research revenues, \$4.2M of expendable donations, \$4.0M of student ancillary fees, and \$1.6M of miscellaneous deferred revenues).

CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 \$6.6M relates to the principal repayment and resulting drawdown of the debt in the last 12 months. This debt is fully payable in October 2034.

Deferred capital contributions increased \$2.1M and includes new grants and donations of \$11.6M received in the last 12 months for specific capital projects, offset by \$9.5M amortization into revenues of capital grants and donations received since inception of the University.

New grants and donations received comprise of \$5.3M for the ACE Moving Ground Plane project, \$3.3M for the new A5 building (including \$3.0M contribution to the A5 construction costs from the University Student Union, as per the license agreement between the two parties), \$1.0M for the ACE Autonomous Vehicle Innovation Network (AVIN) project, \$1.0M for donated building, and \$1.0M for various campus renovations.

The Statement of Operations shows a net year-over-year decrease of \$2.0M (1.3%) in revenues, coupled with a net decrease of \$11.4M (7.4%) in expenses.

Revenues

Significant variances in revenues include:

Grants – operating & research increase of \$3.0M includes \$1.6M of external research grants, \$0.6M in performance funding grant due to the earlier timing of receipt of this grant in the current year, and other miscellaneous grants, none of which is material (note: there is no additional operating grant funding for year-over-year domestic growth from the Province).

Student ancillary fees decreased \$2.7M as the prior year included the accounting recognition of \$1.0M of fees for investment in athletic facilities projects, coupled with \$1.0M net decrease in TELE hardware fees as the TELE program is fully decommissioned in the current year, and \$0.7M less revenues recognized for Varsity ancillary fees due to lower expenses incurred as a result of the pandemic.

Revenue from purchased services from Durham College decrease of \$2.1M includes \$1.0M decrease in bookstore revenues as the bookstore is outsourced to a third party as of April 1, 2020 (in compliance with generally accepted accounting principles for revenue recognition, revenue is now recorded on a net commission basis), \$0.9M decrease in parking revenues due to the physical closure of most of the campus premises, and other immaterial variances.

CONSOLIDATED FINANCIAL STATEMENTS (continued)

Other income decreased \$3.8M and is mainly attributable to the impact of covid-19 and the resulting physical closure of the campus on our commercial revenues (\$1.0M ACE, \$0.5M Regent Theater, \$0.5M from the Arena, and other variances, none exceeding \$0.5M).

Unrealized gain on investment relate to the mark-to-market gain on our endowed investments. The gain at the end of the reporting period is as a result of the equity market outperforming which has been driven by, amongst others, comfortable fiscal and monetary policy, low interest rates, the roll-out of covid-19 vaccines and an expected reopening of the economy.

Expenses

Expenses are mostly flat over the prior year, except for:

Salaries and benefits decrease \$1.3M and includes decrease of \$3.2M attributable to current year budget reductions (\$1.2M contract staff, \$1.1M sessionals and teaching assistants which will increase in Q4, \$0.9M full-time staff temporary layoffs and work load reductions), decrease \$0.9M in work-study student programs and decrease \$0.7M to reflect the reversal of administrative leaves accrued in the prior year. These decreases are offset by \$3.1M in annual salary increases and enhanced benefits for faculty and staff, \$0.7M in net new hires and other immaterial variances.

Supplies & expenses and Purchased services total decrease of \$8.8M (~27%) over the prior year is directly attributable to the impact of covid-19 including the physical closure of most of the campus premises and the current year budget reductions (decrease in: travel and related expenses \$2.3M; base building costs \$1.4M; promotional and branding expense \$1.1M, contract services and consulting \$0.9M; instructional and office supplies \$0.5M, and other variances, none exceeding \$0.5M).

BOARD REPORT

SESSION:

Public

**ACTION REQUESTED:**

Decision
Discussion/Direction
Information

**TO:** Board of Governors**DATE:** February 25, 2021**FROM:** Audit & Finance Committee**SUBJECT:** Compliance Policy

ACADEMIC COUNCIL MANDATE:

- In accordance with committee's Terms of Reference, the committee has been delegated responsibility to oversee university compliance, which includes ensuring that appropriate policies, procedures and processes are in place to identify, comply and monitor the university's compliance obligations.
- The committee is seeking the Board's approval of the Compliance Policy, as presented.

BACKGROUND/CONTEXT & RATIONALE:

- The Compliance Policy is being established to support an institutional compliance risk management framework that will seek to demonstrate good governance, compliance with laws, regulations, policies and procedures.
- The Compliance Policy applies to all university employees, students, and those holding appointments and/or honorific appointments.
- The accountability framework identifies the role of each university member and outlines the responsibilities of each role to ensure that the University has processes to identify and address compliance risk.
- Compliance risk management tools have been developed to support, manage and monitor the university's obligations.

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

- This policy supports the university's values of integrity and respect by demonstrating the institution's commitment to ethical conduct through adherence with all laws and compliance obligations.

- By promoting compliance at Ontario Tech University, this policy will support the strategic pillar of creating a “sticky campus”. In order to create a “sticky campus”, the university community must trust that the university is a safe space where the university’s obligations are known, documented and followed by all university members.

CONSULTATION:

- Developed in consultation between Compliance, Policy and General Counsel.
- Policy Advisory Committee – September 30 for consultation.
- Senior Leadership Team – November 9 for consultation.
- Academic Leadership Team – November 10 for consultation.
- Online Consultation: November 17-27.
- Academic Council – November 24 for consultation.

Consultation Comments and Response To Date

- We received feedback regarding the title of roles within the policy. Some roles were felt to be inconsistent, confusing and vague.
- **Response:** The affected role titles have been amended to “Executive Compliance Lead” and “Functional Unit Lead” to address community concerns. “University Deans” have been removed.
- We received feedback regarding the granularity of the provision related to HR’s role in institutional training initiatives.
- **Response:** The provision was amended to further clarify that Human Resources is responsible for compliance training that is offered by their department.
- We received feedback that there should be an annual list that identifies the affected Executive Compliance Leads and Functional Unit Leads along with areas of responsibility.
- **Response:** The Compliance Register (see the attached “Supporting Reference Material” below) will be the tool that will meet this need. Currently, this information is managed in Excel, with hopes of automating this process in the near future.
- We received feedback that the opening sentence of the policy should further define the term “Compliance”.
- **Response:** The opening sentence has been amended with updated wording to address these concerns.

COMPLIANCE WITH POLICY/LEGISLATION:

- The Compliance Policy will introduce a compliance risk management framework to ensure that the University can identify and demonstrate compliance to its obligations.

MOTION for CONSIDERATION:

That pursuant to the recommendation of the Audit and Finance Committee, the Board of Governors hereby approves the Compliance Policy, as presented.

SUPPORTING REFERENCE MATERIALS:

- Compliance Policy
- Compliance Management System – Responsibility Framework



Classification Number	<i>To be assigned by Policy Office</i>
Framework Category	Legal, Compliance and Governance
Approving Authority	Board of Governors
Policy Owner	University Secretary and General Counsel
Approval Date	DRAFT FOR DISCUSSION
Review Date	
Supersedes	

COMPLIANCE POLICY

PURPOSE

1. The University is committed to complying with all applicable laws. The purpose of this Policy is to provide a compliance governance framework which allows the University to demonstrate such compliance. The Compliance governance framework will facilitate Compliance through the creation of clear roles and responsibilities and processes that supports the University, University Employees, and University Members to comply with Obligations.

DEFINITIONS

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

“Compliance” means to ensure that the University is aware of and demonstrating adherence to its Obligations.

“Compliance Checklist” means a document that is completed on an annual basis to evaluate whether Obligations have been completed.

“Compliance Manual” means a comprehensive document compiling the Compliance Obligations of the University including Policies and Procedures (with reference to specific legislation, rules, and regulations) that address Compliance risks to which the University is exposed.

“Compliance Monitoring Plan” means a plan and timetable to monitor the institutional Compliance Checklist Process, Compliance risk assessments and CRMP’s.

“Compliance Register” means a comprehensive listing of key statutory and regulatory requirements of the University, along with an assigned Executive Compliance Lead.

“Compliance Risk Management Plan” (“CRMP”) means a document that should comprise of the following:

- The legal requirements that have to be complied with;
- The control measure that will ensure Compliance. This may include the development and implementation of a policy, procedure, or other control;
- The responsible person for implementing the control measure;
- The target date for implementing the control measure;
- The monitoring plan to ensure implementation of the control measure; and
- The frequency of monitoring.

“Executive Compliance Lead” means a member of SLT with delegated responsibility for addressing specific Compliance Obligations and certifying an annual Compliance Checklist in

their areas of responsibility. The Provost and Vice-President, Academic along with the Executive Compliance Leads responsible for Finance, Human Resources, Research & Innovation, External Relations, Legal, and Governance may delegate part or all of his/her Compliance management duties to a University Employee who serves as a Functional Unit Lead, but s/he remains responsible for Compliance management of their respective area.

“Functional Unit Lead” means any faculty, department, administrative unit, research facility (e.g. ACE) or third-party contractor reporting to an Executive Compliance Lead.

“Obligation” means a requirement mandated under federal, provincial or municipal laws, regulations, University policy, procedure, directive or by-law.

“Risk Assessment” means a formalized, systematic ranking and prioritizing of identified risks, using a likelihood/consequence framework.

“Risk Review” means an annual risk identification and Risk Assessment process, conducted in accordance with the University’s Risk Management Policy and facilitated by the Risk Management Committee.

“Senior Leadership Team” (“SLT”) is comprised of the President, Provost and Vice-President, Academic, the heads of Finance, Human Resources, Research & Innovation, External Relations, Legal, and Governance. All of the members of SLT (with the exception of the President) are also known as Executive Compliance Leads.

“Supervisor” means a person who has charge or authority over the employment activities of a University Employee;

“University Member” means any individual who is:

- Employed by the University (**“University Employee”**);
- 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. This Policy applies to all University Members and extends to all activities of the University.
4. The University Secretary and General Counsel, or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of this Policy.

POLICY

Ontario Tech University is committed to Compliance, integrity, ethical behaviour and good governance. The University is required to comply with numerous Obligations relating to its key activities and stakeholders, and to effectively integrate these Obligations into day-to-day operations. Compliance is

fundamental to the University achieving its strategic, operational and business objectives. This policy establishes a framework to identify, manage, and define accountabilities and reporting on Obligations.

5. Responsibilities and Accountabilities

5.1. University Secretary and General Counsel (“USGC”) is responsible to:

- Direct and oversee Compliance risk management through the development, implementation and monitoring of the University’s Compliance management framework.

5.2. SLT is responsible to:

- Meet regularly and whenever required by the University Secretary and General Counsel, to discuss and give directions regarding Compliance risk management and strategies; and
- Decide whether any Compliance matters will be reported to the Board of Governors.

5.3. Executive Compliance Lead is responsible to:

- Be aware of Obligations applicable to their area of responsibility;
- Ensure Compliance with applicable Obligations;
- Implement and monitor a Compliance risk management program that satisfies the specific Compliance Obligations for which they are accountable, including policy, procedures and training program(s);
- Annually certify the Compliance Checklist; and
- Ensure appropriate delegation of part or all of their Compliance risk management duties to Functional Unit Leads, while taking measures to ensure appropriate oversight by the Executive Compliance Lead.

5.4. USGC Delegate is responsible to:

- Identify Compliance management requirements to the affected departments and following-up on the development and implementation of required policies, procedures and other controls;
- Report Compliance management deficiencies to SLT to ensure corrective actions are implemented;
- Compile and maintain the Compliance Manual;
- Compile and maintain the Compliance Register;
- Monitor legislative and regulatory changes and work with the Executive Compliance Lead to advise the affected departments of proposed changes to ensure adequate planning for upcoming changes;
- Perform independent Compliance monitoring (control effectiveness reviews);

- Evaluate Compliance breaches with a view to identify trends and/or areas of process improvement, recommendations and remedial actions, and;
- Support the Policy & Compliance Advisor in the review of Compliance policies and procedures.

5.5. Policy & Compliance Advisor is responsible to:

- Coordinate legal reviews;
- Assist with the development of institutional policies;
- Consult with policy owners regarding Compliance risks and gaps;
- Conduct research and policy scans;
- Provide other recommendations; and
- To maintain the Policy Framework and Policy Library by ensuring all links to associated documents, such as procedures are functional.
All policies, procedures, guidelines and standards are posted on the Policy Library website administered by the Office of the University Secretary and General Counsel.

5.6. Human Resources is responsible to:

- Establish a system to enable the ability to track the completion of Compliance training for those courses offered by Human Resources for University Employees; and
- In collaboration with applicable Supervisors, the Executive Compliance Lead responsible for Human Resources (or delegate) will follow up with any University Employees who have not completed Compliance training within the 6-month time frame required by the Ethical Conduct Policy.

5.7. Supervisors are responsible to:

- Ensure that University Employees under their authority are aware of their Compliance Obligations relevant to their jobs; and
- Ensure that University Employees under their authority complete the requisite Compliance training within the six-month time frame required by the Ethical Conduct Policy.

5.8. University Employees are responsible to :

- Comply with applicable laws, regulatory requirements and Compliance related policies and standard operating procedures at all times; and
- Report a Compliance breach or deficiency in Compliance management in accordance with section 11 of this policy and other related procedures without delay.

COMPLIANCE RISK MANAGEMENT

6. Compliance Manual

- 6.1.** The Compliance Manual is a document compiling the Compliance Obligations of the university and includes:
 - a)** Specific legislation, rules and regulations;
 - b)** Primary and secondary Obligations;
 - c)** Penalties;
 - d)** Limitation periods;
 - e)** Director/Officer liability; and
 - f)** Policies and procedures that address the Compliance risk.
- 6.2.** The USGC Delegate has the responsibility for developing, implementing and monitoring the legislative landscape of the University;
- 6.3.** The Compliance Manual is supported by the Compliance Register and the Compliance Checklist.

7. Compliance Register

- 7.1.** The Compliance Register includes:
 - a)** A list of applicable legislation and regulations; and
 - b)** An assigned Executive Compliance Lead with primary responsibility for each set of Obligations.
- 7.2.** Executive Compliance Lead(s) have the responsibility for developing, implementing and monitoring a policy, program and training to satisfy each subset of Obligations assigned in the Compliance Register.
- 7.3.** The Compliance Register is supported by the Compliance Manual and the Compliance Checklist.

8. Compliance Checklist

- 8.1.** Executive Compliance Lead will work with the USGC Delegate to identify applicable laws and regulations that pose Compliance and reputational risk to the University. The Compliance Checklist will outline detailed Obligations of each functional area, along with information related to risk mitigation efforts that have been implemented, including: policies, procedures and processes that address the Compliance risks associated with the identified Obligations.
- 8.2.** Executive Compliance Lead will certify the results of the annual Compliance Checklist.
- 8.3.** The USGC Delegate will periodically review the Certified Compliance Checklist(s), to assess the sufficiency of the controls developed to address the Compliance risks of the University.

Additional Compliance management deficiencies may also be identified by:

- Specific Compliance risk self assessments;

- Monitoring and/or analysis of incidents of Compliance process breakdown; and;
- External audit findings.

- 8.4.** The Executive Compliance Leads with responsibility for Finance, and Human Resources are each responsible for Compliance management for their specific areas of oversight, with the assistance of external consultants and advisors. They will ensure that all compliance breaches and deficiencies are promptly reported to SLT to ensure that appropriate actions are undertaken to address the related compliance matter.
- 8.5.** Certified Compliance Checklists will be submitted to the USGC Delegate each year on a specified time table ("Compliance Monitoring Plan"). Results of the annual Compliance Checklists, will be reported to the Audit and Finance Committee of the Board as part of its Compliance oversight role.
- 8.6.** USGC Delegate will monitor legislative and regulatory changes over time and will update Compliance Checklists to comply with identified Obligations. Executive Compliance Leads and will also have the responsibility of monitoring applicable Compliance Obligations within their area of responsibility and communication of any relevant changes to the USGC Delegate.

9. Risk Assessment

- 9.1.** The USGC Delegate will evaluate the impact of non-Compliance in consultation with General Counsel, and then will identify the level of risk associated with the non-compliant Obligations. All identified risks will be included in department risk registers, as part of the annual Risk Review.

10. Compliance Risk Management Plan ("CRMP")

- 10.1.** For each Compliance risk that has been identified as "High"; a Compliance risk management plan ("CRMP") for each risk must be developed. Where the legal requirement generally affects a specific faculty, department, administrative unit, research facility (e.g. ACE) or third-party contractor, the Executive Compliance Lead of the affected area has the primary responsibility for developing the relevant CRMP. If the requirement affects more than one functional unit, then the General Counsel will decide which Executive Compliance Lead will be responsible for developing the CRMP in line with established procedures.
- 10.2.** For risks that are determined to be low and/or medium risk, the USGC Delegate will work with Executive Compliance Lead to monitor and address the gap or deficiency in Compliance Obligations.

11. Non-Compliance Reporting

- 11.1.** If any University Member identifies or has evidence of a violation of the Compliance Policy the University Member must make a Report to the General Counsel in accordance with the Safe Disclosure Policy and Procedure.
- 11.2. No Reprisal:** The University will not discharge, discipline, demote, suspend, threaten or in any manner discriminate against any University Member based on any good faith and lawful actions of such University Member to responsibly and carefully

report Compliance issues using the channels provided by the University. Those who make disclosure are protected from reprisal.

12. Training & Education

- 12.1.** The Compliance Office will support the development and implementation of institutional Compliance training and education programs required in order to reinforce the importance of Compliance management. The type of training and education will be developed and conducted as appropriate.

MONITORING AND REVIEW

- 13.** This Policy will be reviewed as necessary and at least every three years. The Audit and Finance Committee, or successor thereof, is responsible to monitor and review this Policy.

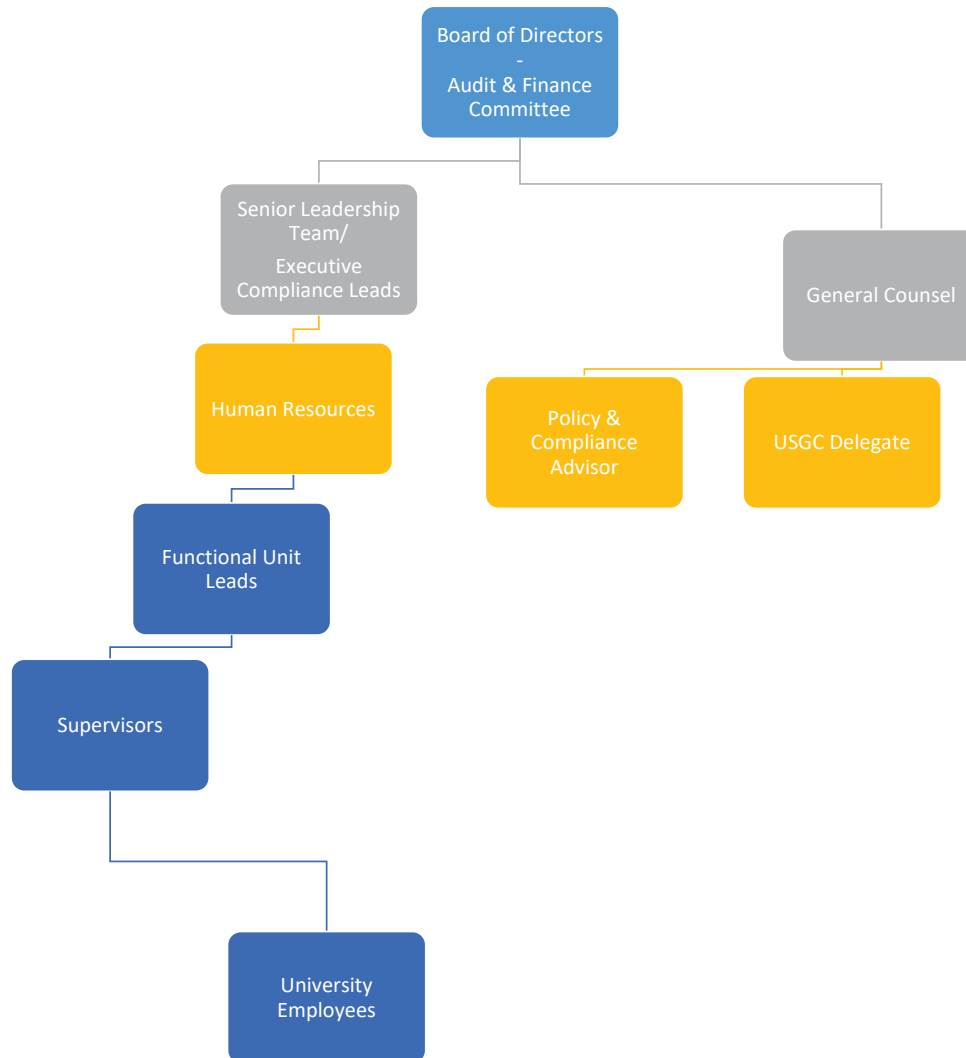
RELEVANT LEGISLATION

All legislation applicable to university activities.

RELATED POLICIES, PROCEDURES & DOCUMENTS

All university policies applicable to Compliance Obligations.

Compliance Management System – Responsibility Framework (January 2021)



BMO Banking Resolution

RESOLVED/ENACTED:

1. THAT the following members, officers, agents and employees of the Corporation (the ***“Authorized Person(s)”***) is/are authorized to do any one or more of the following on behalf of the Corporation, subject to the *University of Ontario Institute of Technology Act*, By-laws, and policy instruments of the Corporation, all to the extent indicated in the table under subparagraph 1(d):
 - (a) To sign all cheques and orders for the payment of money and other negotiable instruments of the Corporation drawn on the accounts indicated in the table under subparagraph 1(d);
 - (b) ~~to open or close any deposit or other account(s) with the Bank (the “Accounts”) and to sign authorization, set-up or other documentation and agreements with the Bank regarding any of the Accounts, any services (including, without limitation, cash management services) or any other matter as such Authorized Person(s) in his, her or their sole discretion deem advisable or as the Bank may request including, without limitation, providing for ratification of any signature or action on behalf of the Corporation; to negotiate with, deposit with or transfer to the Bank (but for credit to the Corporation's account only) all or any bills of exchange, promissory notes, cheques and orders for the payment of money and other negotiable instruments, and for the said purpose to endorse the same on behalf of the Corporation (by rubber stamp or otherwise);~~
 - (c) to arrange, settle, balance and certify all books and accounts between the Corporation and the Bank; and to receive all paid cheques and vouchers, unpaid and unaccepted bills of exchange and other negotiable instruments;
 - (d) to obtain delivery from the Bank of all or any stocks, bonds and other securities held by the Bank in safekeeping or otherwise for the account of the Corporation and to give valid and binding receipts therefor.

Type or Print name(s) of Authorized Person(s).				
Provide specimen signature(s) and applicable number of signatures required to exercise each authority				
Types of Authorities 1(a) - (e)	Name(s) of Authorized Person(s)	Specimen Signature(s)	Number of Authorized Person(s) Required to Sign	Account Number(s) (indicate if applicable to all accounts or limited to specific accounts)
	Steven Murphy		2	
	Lori Livingston		2	
	Brad MacIsaac		2	

2. THAT previous authorities granted by way of a resolution/by-law in respect of the foregoing matters passed by the Council, Assembly or Board of Trustees or other governing body, as applicable, of the Corporation is repealed as of the date of this resolution/by-law in respect of matters done hereafter. The foregoing resolution/by-law shall continue in force until a certified copy of a resolution/by-law revoking, repealing or modifying it has been received by the Bank.

- (B) THAT the Bank may assume that this Certificate of Account Authorities, the authorizations granted pursuant to the foregoing, and the Corporation's articles or constitution, by-laws and resolutions, or other equivalent documents, as applicable, copies of each of which will be delivered to the Bank from time to time, are in full force and effect and that each branch of the Bank with which any dealings are had by the Corporation may act upon them until each such branch is notified in writing to the contrary.
- (C) THAT (1) I am a duly elected director and/or officer and/or member of Council, Assembly or other governing body as applicable, of the Corporation; (2) set out above are the correct names and genuine specimen signatures of individuals authorized to act on behalf of the Corporation as set out above; and (3) I am authorized by the Corporation to certify the matters

RBC DOMINION SECURITIES INC. BANKING RESOLUTION

RESOLVED: THAT

(a) one or more accounts in the name of the Account Holder be opened and maintained with RBC Dominion Securities Inc. and/or any of its affiliated companies ("RBC DS") for the purpose of dealing in securities, commodities, financial or index future contracts and/or options on securities, commodities or financial or index future contracts on a cash settlement or margin basis and may include short sales or uncovered writings; AND THAT

(b) the trading officers set out below by name and their respective signatures ("the Trading Officers") be and each is authorized to give orders or trading instructions to RBC DS, whether in writing or not in respect of account dealings for or on behalf of and in the name of the Account Holder, provided that for greater certainty, any person who is designated as a Trading Officer, unless also designated as a Signing Officer (as defined below), shall not be authorized to give instructions in respect of matters referred to in (c) below; AND THAT

(c) any two (2) of the Signing Officers set out below by name and their respective signatures (the "Signing Officers") are hereby authorized, subject to the University of Ontario Institute of Technology Act, By-laws, and policy instruments of the Account Holder, to: (i) execute and deliver for, on behalf of and in the name of the Account Holder, any and all agreements, consent letters or instruction or other documents required by RSC DS for the establishment, reclassification or operation of any account; and (ii) withdraw for, on behalf of and in the name of the Account Holder from any of its accounts any monies or securities contained in such accounts; AND THAT

(d) RBC DS shall be entitled to act and rely upon the actions and instructions of the Trading Officers and the Signing Officers taken or given in accordance with this resolution without making or continuing any investigations or inquiries into the propriety of such actions, orders, and instructions: AND THAT

(e) this resolution shall remain in full force and effect until written notice or revocation thereof has been filed by an authorized party of the Account Holder [the Secretary in the case of a corporation, the partners in the case of a partnership, members in the case of an investment club, associates in the case of an association or other authorized individuals in the case of any other similar organization] to the Manager of the Compliance Department at RBC DS.

Please specify on this line if the resolution requires that one or more specific Trading Officer(s) give instructions, and/or if one or more specific Signing Officer(s) give instructions in respect of matters referred to in (c) above: any two (2) of the Trading Officers and/or Signing Officers.

Trading Officers AND Signing Officers:

STEVEN MURPHY, President and Vice-Chancellor

LORI LIVINGSTON, Provost and VP, Academic

BRAD MACISAAC, VP, Administration

BOARD OF GOVERNORS' 117th REGULAR MEETING

Minutes of the Public Session of the Meeting of Wednesday, December 2, 2020
1:00 p.m. to 3:00 p.m., Video Conference

GOVERNORS IN ATTENDANCE:

Dietmar Reiner, Board Chair
Laura Elliott, Chair of Audit & Finance Committee
Stephanie Chow, Chair of Investment Committee
Maria Saros, Chair of Governance, Nominations & Human Resources Committee
Thorsten Koseck, Chair of Strategy & Planning Committee
Steven Murphy, President
Mitch Frazer, Chancellor
Azzam Abu-Rayash
Liqun Cao
Kevin Chan
Douglas Ellis
Francis Garwe
Ferdinand Jones
Kori Kingsbury
Dale MacMillan
Mark Neville
Dietmar Reiner
Kim Slade
Trevin Stratton
Roger Thompson
Jim Wilson
Lynne Zucker

BOARD SECRETARY:

Becky Dinwoodie, *Associate University Secretary & Judicial Officer*

STAFF:

Jamie Bruno, *Assistant Vice-President, Human Resources*
Cheryl Foy, *University Secretary & General Counsel*
Les Jacobs, *VP, Research and Innovation*
Barb Hamilton, *Assistant to the University Secretary & General Counsel*
Lori Livingston, *Provost & VP Academic*
Brad MacIsaac, *Vice-President, Administration*
Susan McGovern, *VP External Relations & Advancement*
Andrew Gallagher, *Interim Chief Financial Officer*

GUESTS:

Chelsea Bauer, *Faculty Association*

Wesley Crichlow, *Professor, Faculty of Social Science & Humanities*
Mike Eklund, *President of Faculty Association*
Edgar Hielema, *Gardiner Roberts LLP*
Emil Ilnicki
Christine McLaughlin, *Faculty Association*

1. Call to Order

The Chair called the meeting to order at 1:00 p.m.

2. Agenda

Upon a motion duly made by L. Elliott and seconded by M. Saros, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There were no conflicts declared.

4. Chair's Remarks

The Chair welcomed everyone to the second Board meeting of the year. He welcomed the newest governors, D. Ellis and A. Abu-Rayash, to their first meeting. The Chair shared that he is looking forward to working with them. He remarked that we have an engaged and open Board and he hopes the new governors enjoy their experience. The Chair asked everyone to introduce themselves for the benefit of the new governors.

The Chair noted that it would be the last meeting that A. Gallagher would be attending as his term as Interim CFO was coming to an end. He thanked A. Gallagher for all of his work over the past year – his transition was seamless and he helped guide the university through a very difficult fiscal period. The Chair also congratulated B. MacIsaac on his recent appointment as VP, Administration.

The Chair reported that the Board received a request from the Student Union President to present to the Board about proctoring systems and alternative course assessments. Upon reviewing the request, it was decided that it was not an appropriate matter for consideration by the Board for several reasons, including:

- the Board's primary role is as an oversight body and to provide strategic direction and not to involve itself in operational or matters involving the day to day life of the university; and
- the Board is respectful of the bicameral system of governance and proctoring systems and alternative course assessments fall within the jurisdiction of Academic Council under its general authority to establish academic standards and curricular policies and procedures of the university.

Since the Board last met in September, we have entered the second wave of the pandemic. It is important to remain vigilant and continue to practice the preventative measures. While people are tired, now is not the time to become complacent.

The Chair commented that he continues to be impressed by the resilience of the university community and the sustained focus on providing our students with an exceptional learning experience.

The Chair reminded the Board of his priorities as Chair. He shared some insights from his conversations with individual governors, including the support for engaging in more strategic discussions. The Chair reinforced the expectation that members come prepared to meetings.

5. President's Report

The President discussed the university's transition online due to COVID. He credited faculty and staff for the successful transition online. He noted that the decision was made on a Thursday and the university was up and running by the Monday. The post-secondary sector is changing globally and competition has broadened as a result of going online. He observed that COVID has pushed higher education ahead at least a decade or more. Most Ontario and Canadian universities are talking about being hybrid/blended. It is important to determine what is really happening on the ground or in the virtual space right now and what will be happening next September, or when we can safely bring students back to campus. The President shared some of the approaches faculty are using to online learning (e.g. synchronous/asynchronous learning, flipped classrooms, VR incorporated into the classroom, etc.). Many faculty members are using this time to reassess pedagogy and explore alternative assessment methods.

As a sector, we are hearing from other universities that when they return, they will be offering hybrid learning, but mostly trying to return back to "normal". The President believes this would be a lost opportunity. In the post-COVID world, things will have changed. They are also hearing from students that the university should keep online offerings to provide flexibility in finishing programs. They are also hearing that students would like to return to campus but would like to see the university keep the best of what is being offered online.

The President responded to comments and questions from the Board. A member commented that offering online options may broaden student recruitment opportunities. The Board Chair commented that the agility and innovation the university has shown by turning a crisis into an opportunity speaks volumes about the leadership of the university. The President shared that the feedback of our students has been uplifting and our students also view this as an opportunity to reset.

5.1 Strategic discussion: President's Equity Taskforce (PET) Report

The President introduced W. Crichlow and provided an overview of W. Crichlow's contributions to the institution. The President noted that the PET Report is an historic starting point, as it is the first time the university has a comprehensive view of what is happening at the institution with respect to equity, diversity, and inclusion (EDI).

W. Crichlow provided an overview of the development of the report. He commented that it was a challenging task and thanked all of the taskforce members and those who contributed to the development of the report. It is a great starting point for the work being done at the university. W. Crichlow reported that recommendations in the PET Report are already coming to fruition, including the hiring of an EDI Director, hiring of a Human Rights expert, and the Board's priority of developing a Board Governance EDI strategy.

One of the challenges that needs to be addressed is data and data collection; we need to understand exactly where we are so we are able to identify where improvements are required. W. Crichlow responded to questions and comments from the Board.

A member commented that EDI initiatives need buy in from everyone and should be included as a part of everyone's role. There was a discussion regarding the roll out and operationalization of the recommendations in the PET Report. The President advised that the university will be developing a strategic plan and identifying short-term and long-term measures that can be taken. A comment was made that there is also a role for the Truth and Reconciliation calls to action in the plan.

The Board Chair thanked W. Crichlow for chairing the taskforce. The Board discussed how to move forward on the key recommendations with respect to the Board in a meaningful way. It will be important to avoid tokenism and take sustainable actions. Some considerations to be taken into account are:

- Ensure students understand how this is important in their careers.
- Does the university's student population reflect the community we serve?
- Does Board composition reflect the diversity of our population?

Longer term measures will involve training and years of practice. The university must also look at alternative ways of doing things (e.g. tenure and promotion practices). There are things that are going to take time because they involve cultural change. A member expressed support for providing multi-faith chaplaincy and services to help address mental health issues.

It is integral we have a game plan to get us there, despite how long it takes. The Board will continue to be updated on the steps being taken. It will be a learning process for both the Board and the university community.

6. Academic Council

F. Jones delivered the Academic Council report. The work of Academic Council and its committees was well underway. He informed the Board that Academic Council continued to meet over the summer months in light of the ongoing COVID crisis.

As one of the governance bodies, Council has engaged in several strategic discussions since July, focusing on:

- centring on students as a key university stakeholder, as we plan for the return to campus, how we can differentiate Ontario Tech from other institutions to enhance student experience and engagement; and
- blended learning.

Academic Council implemented its recently approved Vice-Chair selection procedures and appointed Amir Mostaghim as Vice-Chair for a one-year term. Academic Council confirmed the eligibility for graduation of those students who fulfilled all degree requirements at the end of the Summer and Fall Terms of 2020 and recommended the conferral of degrees by the Chancellor. Academic Council also approved the following items:

- Cyclical Program Review 18-Month Follow-Up Reports for the Master of Applied Science and Master of Engineering in Automotive Engineering, Master of Applied

Science, Master of Engineering, and Doctor of Philosophy in Electrical and Computer Engineering, and Master of Applied Science, Master of Engineering, and Doctor of Philosophy in Mechanical Engineering programs

- Cyclical Program Review 18-Month Follow-Up Reports for Bachelor of Engineering in Manufacturing Engineering, and Bachelor of Engineering in Mechanical Engineering Cyclical Program Reviews
- Faculty of Education Major Program Modification – Minor Program in Educational Studies and Digital Technology
- Faculty of Social Science and Humanities Major Program Modification – Bachelor of Arts in Psychology
- Faculty of Social Science and Humanities Major Program Modification – Bachelor of Science in Psychology
- Academic Integrity policy instruments
- Virtual proctor system directives
- English Language Proficiency – Duolingo English Test

Academic Council was also consulted on the university's mission, vision and values refresh and the Compliance Policy development.

The Board Chair thanked F. Jones for serving as the governor member of Council for the past 2 years.

7. Co-Populous Report

J. Wilson delivered the Co-Populous report. At the Durham College (DC) Board meeting in October, they received a presentation about the transition to remote delivery and there was a discussion regarding the tech applications being used. J. Wilson reported that they also received an enrolment update, with enrolment for fall 2020 being down approximately 9.3% from fall 2019. The DC Board was also informed that the web application program was suspended as of winter 2021. They also received an update on the 2021 business plan.

There was a discussion as to how the Board can help strengthen the relationship with DC.

Committee Reports

8. Audit & Finance Committee (A&F) Report

L. Elliott delivered the A&F report. She highlighted that the Compliance, Risk and Policy Update and Freedom of Expression Annual Report were included in the Board's meeting material for information. She reported that A&F was consulted on the draft Compliance Policy. The policy is undergoing extensive consultation and will be presented to the Board for approval in the new year. The committee also received updates on the status of the Signing Authority Policy review and the Controlled Goods Compliance framework.

8.1 Second Quarter Financial Reports

L. Elliott provided a high-level overview of the second quarter financial reports, which were reviewed in greater detail by A&F. She noted key aspects of the reports:

- Y/E Forecast at the end of the second quarter is showing an anticipated surplus of \$2.6M versus an original budget deficit of \$2.2M;
- projected enrolment is 1,135 FTE more than budgeted, and has translated into an additional \$8.6M of tuition fees;
- the pandemic is having an adverse impact on our auxiliary revenues, including ACE, food services, parking, with a net downside of \$3.3M forecast against budget;
- forecast expenses include decrease in expenses to offset the decrease in the above auxiliary revenues, net base building cost savings as a result of the physical closure of much of the campus facilities, and an increase of capital investment in the ACE Moving Ground Plane;
- the anticipated Y/E surplus of \$2.6M continues to be a fluid number with Management closely monitoring the financial impact of the pandemic on future university activities; and
- the University is also investing \$20.0M into the new A5 building, which will be funded by a combination of prior year reserves and external financing;

L. Elliott responded to questions from the Board.

8.2 Enrolment & Budget Update

B. MacIsaac and L. Livingston provided an overview of the enrolment and budget planning update included in the meeting material. L. Livingston noted that it continues to be an unstable environment. A recommendation was made to the Board that if the university does have surplus funds, that they be invested in:

- employee and student wellness (e.g. bringing back people from layoff);
- increased recruitment and retention initiatives; and
- technology to support students, staff and faculty.

B. MacIsaac and L. Livingston responded to questions from the Board.

Upon a motion duly made by L. Elliott and seconded by L. Zucker, the Board of Governors unanimously approved the following motion:

WHEREAS the 2020-2021 budget was prepared and approved in June 2020 based on a forecast using the best information available at that time;

WHEREAS the Board of Governors directed management to continue to meet with the Chair of the Audit and Finance Committee to conduct further budget reviews in light of the continuing high degrees of risk and uncertainty precipitated by the COVID-19 pandemic;

WHEREAS management has updated the forecast for 2020-2021 based on the most recent enrolment update and the Audit and Finance Committee noted the competing forces of positive budget direction in the current year, with continuing risk and uncertainty in the current and following budget years;

NOW THEREFORE pursuant to the recommendation of the Audit and Finance Committee, the Board of Governors authorizes the President to spend additional in-year revenues and savings, if any, toward strategic initiatives and those initiatives that mitigate future budget risk, in accordance with the recommendations presented by the Senior

Leadership Team, and requests that the President report on these matters to the Audit and Finance Committee at every meeting through 2021.

8.3 New Building Financing

C. Foy reviewed the proposed new building financing resolution with the Board. A. Gallagher provided the background to the financing and explained the transaction, highlighting the advantages of the structure. C. Foy discussed the compliance of the financing with the debenture covenants. C. Foy responded to questions from the Board.

Upon a motion duly made by F. Jones and seconded by D. MacMillan, the Board of Governors unanimously approved the following motion:

WHEREAS Royal Bank of Canada (the "Bank") as lender, issued a commitment letter dated as of the 29th of September, 2020 ("Commitment"), to the Corporation, extending to the Corporation credit facilities in the aggregate amount of up to CDN\$25,000,000.00 (the "Financing");

AND WHEREAS pursuant to the Commitment, the Corporation may issue bankers' acceptances (with interest coupons attached, if applicable) in each case for acceptance by the Bank (collectively the "Bankers' Acceptances"), and the Corporation wishes to facilitate the issuance, endorsement, substitution and replacement of Bankers' Acceptances, together with interest coupons, if applicable, from time to time;

AND WHEREAS pursuant to the Commitment Letter, it is contemplated that the Corporation and the Bank shall enter into an International Swaps and Derivatives Association, Inc. Master Agreement together with, a draft schedule to the Master Agreement (such Master Agreement and schedule being referred to hereinafter as the "ISDA Agreement");

AND WHEREAS pursuant to Section 9(1)(p) of the University of Ontario Institute of Technology Act, 2002, S.O. 2002, Chapter 8, Schedule O (the "Act"), the Board of Governors of the Corporation is responsible for governing and managing the affairs of the university and has the necessary powers to do so, including the power to make by-laws, resolutions and rules for the conduct of its affairs;

AND WHEREAS pursuant to Section 15(8) of the Act the Corporation, if authorized by its by-laws, may, on such terms and in such amounts as the board may approve, borrow money and give security for money borrowed; and issue or give bonds, debentures and obligations as security; and pursuant to Section 10.1 of By-law Number 1 of the Corporation the Board of Governors is authorized by resolution to borrow money on the credit of the Corporation in such amounts, on such terms and from such persons, firms, or corporations, including chartered banks, as may be determined by resolution of the Board;

AND WHEREAS pursuant to Section 9.2 of By-law Number 1 of the Corporation, notwithstanding any provisions to the contrary contained in the By-laws of the Corporation, the Board of Governors of the Corporation may, at any time, by resolution direct the manner in which, and the persons by whom, any particular instrument, contract, or obligation of the Corporation may or shall be executed;

AND WHEREAS the Audit and Finance Committee of the Corporation has considered the Financing, and recommends it to the Board of Governors and on this basis and on the basis of its own deliberations, the Board, having sought and received legal advice, has

determined that it is in the best interests of the Corporation to enter into, execute and deliver the Commitment, from time to time the Banker's Acceptances, and the ISDA Agreement, and all documents contemplated by, ancillary to, or required with respect to the Commitment, the Banker's Acceptances and the ISDA Agreement (collectively, the "Documents"), and to enter into, execute and deliver all other agreements, documents and instruments in writing contemplated and required in connection with each of the Documents, and to perform all of the Corporation's obligations thereunder.

NOW THEREFORE BE IT RESOLVED THAT:

Financing

1. The Corporation be and is hereby authorized to borrow from the Bank an aggregate maximum principal amount of up to CDN\$25,000,000.00 pursuant and subject to the terms and conditions set forth in the Commitment and the Documents.

Commitment

2. The Corporation is hereby authorized to enter into, execute and deliver, the Commitment and its associated Documents, with such non-material changes as the person signing the Commitment may approve, the execution by such person to conclusively evidence such person's approval of same and that such Commitment and such Documents as executed and delivered are the Commitment and Documents authorized by this resolution.

Banker's Acceptances

3. Any individual officer as designated by the Bank from time to time as a securities officer of the Bank be and hereby is appointed an authorized signatory of the Corporation for the purposes of the issuance, endorsement (if applicable), substitution and replacement of Bankers' Acceptances and any interest coupons that may relate thereto.

4. Each such Bank securities officer so appointed as authorized signatory of the Corporation be and hereby is authorized to make use of a mechanical or other device for the purpose of affixing a facsimile of his/her signature as drawer and endorser (if applicable) to any Bankers' Acceptances (including any interest coupons that may relate thereto) and any replacements and substitutions thereof.

5. The Bank be and is hereby authorized and directed to honour, pay and charge to the account of the Corporation all Bankers' Acceptances (and interest coupons, if applicable) bearing facsimile signatures of persons having authority to sign Bankers' Acceptances (and interest coupons, if applicable) pursuant to this agreement and such Bankers' Acceptances (and interest coupons, if applicable) shall be binding on the Corporation to the same extent as they would have been had they been manually signed.

ISDA Agreement

6. The Corporation is hereby authorized to enter into the ISDA Agreement and its associated Documents with such non-material changes as the person signing the ISDA Agreement may approve, the execution by such person to conclusively evidence such person's approval of same and that such ISDA Agreement and Documents as executed are the ISDA Agreement and Documents authorized by this resolution.

7. The Corporation is hereby authorized from time to time to enter into transactions contemplated by the ISDA Agreement.

General

8. In this resolution, the term "Authorized Signatory" means any one of the following acting alone: the officers and the members of the Board of Governors of the Corporation.

9. Any Authorized Signatory is hereby authorized, for and in the name of and on behalf of the Corporation, to do, or cause to be done, all such acts and things, and to negotiate, execute (whether under seal or otherwise) and deliver, or cause to be delivered,

all such instruments, agreements and documents (in electronic form or otherwise) as in the opinion of such person may be necessary or desirable to complete the transactions contemplated by the Documents and this resolution, with such amendments or variations thereto as such person may approve, the execution and delivery thereof and the doing of all such acts and things by such person, as the case may be, being conclusive evidence of such approval.

10. All acts, transactions, agreements or documents undertaken or executed prior to the date of these resolutions by any Authorized Signatory of the Corporation in the name and on behalf of the Corporation, in connection with the execution and delivery of the Documents, are hereby ratified, confirmed, approved and adopted, and such Documents shall constitute and remain the binding obligations of the Corporation.

8.4 Project Updates – Questions Only

B. MacIsaac responded to questions from the Board. There was a discussion regarding the impact of COVID on the ACE integration delay and the options available to mitigate the cost implications. B. MacIsaac advised that they are looking at what can be done virtually. The Board Chair and T. Koseck offered to provide advice regarding the process of bringing workers in from the US, if required.

9. Investment Committee Report

9.1 Quarterly Report

S. Chow delivered the quarterly report. She reported that the university's endowment portfolio was at \$28.9m at the end of September and has \$560,000 in cash, which is primarily used for scholarships and bursaries. She advised that a direct real estate strategy was recently added to the portfolio. Because of the volatility of the market, the committee continues to be proactive in getting frequent updates from PH&N. S. Chow thanked A. Gallagher for his assistance in working with PH&N during his time as Interim CFO.

10. Governance Nominations & Human Resources Committee (GNHR) Report

M. Saros delivered the GNHR report. The committee received an update on the implementation of the By-laws that came into effect in September 2018. The university is continuing to make good progress on the implementation of the new by-laws. The most substantive impact has been the formation of the Academic Council Governance & Nominations Committee. That committee's focus for the year will be rolling out good governance principles to Faculty Councils.

The committee reviewed the proposed Board PD work plan for 2020-2021, which is included in the meeting material for information. As mentioned by the Chair in his remarks, developing a Board Governance EDI strategy is on the committee's work plan for the year and GNHR had a preliminary discussion during their meeting in October. The committee is only at the beginning stages of this initiative and will be looking at what the Board can do to complement the work already being done at the institution. M. Saros advised that it will be a multi-year plan (3-5 years).

The committee also had a strategic discussion focused on the mental health of the university's students and staff. The committee was pleased to see the focus on the mental health of the university community and that the university is keeping the well-being of our students and university community at the forefront.

M. Saros commented that she really enjoyed the PD session on Ontario Tech Talent earlier that day.

11. Strategy & Planning Committee (S&P) Report

T. Koseck delivered the S&P report. He advised that the committee had an initial consultation on the refresh of the university's mission, vision and values. Consultations with the community have begun and a special consultation session with the Board has been scheduled for December 17. T. Koseck encouraged all members to attend the session and to provide their feedback, as it is a key responsibility of the Board. The goal is to bring a recommendation to the Board for approval in the new year.

T. Koseck also reported that S&P had an engaged strategic discussion on blended learning. The university community is being engaged in the evolution of blended learning at the institution, including strategic discussions with Academic Council. S&P also received a presentation on Integrated Planning & Strategy. The integrated plan is a rolling plan approach, where it is reviewed annually to assess what was accomplished over the past year and to consider adding new actions and goals. The year over year planning process will serve us well with the uncertainty of the pandemic.

The committee also began planning for the annual Board retreat. The committee supported holding the retreat in May the same day of the S&P meeting and a meeting invitation would be sent out soon.

12. Consent Agenda:

Upon a motion duly made by D. MacMillan and seconded by M. Saros, the Board of Governors approved the Consent Agenda:

- 12.1 Minutes of Public Session of Board Meetings of June 25 & September 23, 2020
- 12.2 Minutes of Public Session of A&F Meeting of June 19, 2020
- 12.3 Minutes of Public Session of GNHR Meeting of May 14, 2020
- 12.4 Minutes of Public Session of S&P Meeting of May 28, 2020
- 12.5 Minutes of Public Session of Investment Meeting of August 13, 2020
- 12.6 BMO Banking Resolution
- 12.7 PH&N Signing Authority Resolution

13. Information Items

A&F

- 13.1 Compliance, Risk and Policy Update
- 13.2 Freedom of Expression Annual Report
- 13.3 ACE Enhancement Project & New Building Project Updates
- 13.4 AVIN Project

GNHR

- 13.5 Board PD 2020-2021

14. Other Business

15. Adjournment

Upon a motion duly made by F. Jones and seconded by T. Stratton, the public session adjourned at 3:22 p.m.

Becky Dinwoodie, Secretary

DRAFT



BOARD OF GOVERNORS
Audit & Finance Committee

Minutes of the Public Session of the Meeting of Wednesday, November 25, 2020
2:00 – 3:50 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, Andrew Gallagher, Lori Livingston, Brad MacIsaac, Susan McGovern, Pamela Onsiong, Les Jacobs
- Guests:** Shay Babb, Jackie Dupuis, Mike Eklund, Christine McLaughlin (Ontario Tech FA), Bobbi-Jean White & Reagen Travers (KPMG), Ed Hielema (Gardiner Roberts LLP), Chelsea Bauer (Ontario Tech FA)

1. Call to Order

The Chair called the meeting to order at 2:01 p.m.

2. Agenda

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

3. Conflict of Interest Declaration

There was none.

4. Chair's Remarks

The Chair welcomed the committee to their first meeting of the Board year. She noted that it was also her first meeting as Chair of the committee. The Chair thanked the outgoing Chair, Nigel Allen, for being instrumental in her transition to the role of Chair. She also congratulated B. MacIsaac on his recent promotion to VP Administration. She thanked A. Gallagher for all of his work as Interim CFO. The Chair also welcomed R. Thompson to his first committee meeting since joining the Board in September.

The Chair remarked that she is looking forward to working with the committee to advance the committee's mandate. The committee accomplished a lot last year and she is

confident they will continue to make progress. As the university continues to deal with COVID and the uncertainty it brings, this committee's oversight continues to be integral, now more than ever.

As the agenda was very full, the Chair advised that she would be actively managing the meeting to ensure the committee gets through all of the agenda items. She shared that she hopes everyone reviewed the material in advance and encouraged everyone to actively engage in the meeting.

5. President's Remarks

The President provided a brief update on enrolment numbers. He advised that the university will need to bring in more students over the next few years to make up for the decreased enrolment this fall. From a planning perspective, in most sectors it has been a difficult year to project where COVID would lead in terms of finances and there remains a high degree of uncertainty.

The university is focused on strengthening our digital platforms as an investment. The President noted that they are not treating COVID as a once in a hundred-year occurrence, but are looking at how the university handles risk, how the university adapts, and how to come out of the crisis stronger. He reported that he has been visiting every Faculty Council and university departments. The signs are that we have been able to move more quickly and effectively in delivering higher quality learning than other institutions. This presents an opportunity to re-envision what higher education looks like. He also noted that the flexibility of working from home presents an opportunity for broader recruitment of staff and faculty.

He hopes that 2021 is a better year and he anticipates it will be an exciting time for the university to examine what has been learned from the pandemic. He advised that robust processes are being put in place to capture what we have learned.

The President responded to questions from the committee. There was a discussion regarding the structures in place to support the mental health of the university community, as we will be dealing with the effects of COVID for quite some time. The President advised that our students can now access mental health services by phone and virtually. He has heard from students that they feel more comfortable with this. Further, the university is incorporating different technologies into the services being offered to the student community. The President also confirmed that there are robust coverages for mental health included in the employee benefits packages. From the senior leadership team down, mental health is touched upon at most meetings. Managers are being encouraged to touch base with their teams to find out how they are doing as staff and faculty are juggling many different issues. They are trying to develop tailor-made solutions for people and are empowering managers to check in and see how people are doing. It is important for people to know that they are part of a community that cares about them.

There was a discussion regarding how our enrolment this year compares to other institutions. The President explained that due to the uncertainty related to COVID, students seem to be gravitating towards the larger legacy universities with recognized brands (e.g. UofT, Western, Queen's). The larger, more well-known universities have lowered their entrance averages and accepted more students, which has had a knock-on effect for smaller, lesser known institutions.

A member noted that the Ministry of Health has asked OPG to take part in a rapid testing pilot and asked whether there would be an opportunity for the university to take part in this type of project, as well. The President advised that the MCU asked whether the university would have the capacity of level 2 labs to analyze these tests or could serve as a community centre for testing. They are exploring different options.

6. Annual Terms of Reference Review

B. Dinwoodie presented the committee's Terms of Reference (ToR) for annual review. She noted that the ToR were last updated in November 2020 to reflect the university's new brand. The annual ToR review provides the committee with an opportunity to review the mandate, membership, and meeting frequency to ensure they continue to be appropriate. The committee members did not have any proposed changes resulting from the review.

7. Finance

7.1 Second Quarter Financial Reports

P. Onsiong reviewed the forecast summary with the committee. She highlighted that the enrolment projection is better than anticipated. The higher number of returning students was offset by a 7% decrease in first year students. This has translated into an \$8.6m increase in tuition revenues. P. Onsiong explained that the decrease in revenues from ancillary services is due to COVID closures. Based on current enrolment projections and the COVID situation, they were currently forecasting a surplus of \$4.8m. Management is focused on recruitment and enhancing technologies to put us in the best position possible for next year.

P. Onsiong responded to questions and comments from the committee. A member commented that it is always good to see that the financial position is better than expected. There was a discussion regarding the ongoing pressure on costs related to COVID. P. Onsiong noted that the university experienced a decrease of almost \$5m in expenses over the prior year due to reduced spending tied to efforts to reduce the budget and that those savings offset the university's COVID-related expenses. A suggestion was made to footnote the surplus to clarify what it is actually based on.

7.2 2020-2021 Enrolment & Budget Update

The committee received a presentation on the 2020-2021 enrolment and budget update. With the forecasted surplus of \$2.6m, A. Gallagher noted that there remain a lot of

unknown factors. As challenges continue and in the face of ongoing cost pressures, management is recommending that, to the extent there is any excess revenue or cost savings, that funds for next year be spent on student recruitment efforts and enhancing technology. There was a suggestion that management provide an update to the committee earlier than June 2021 and that it be incorporated into budget planning for next year. A. Gallagher clarified that A&F would be updated before then. A friendly amendment to the motion was proposed to provide that the President will report on the 2020-2021 budget at every A&F meeting through 2021.

Upon a motion duly made by D. Reiner and seconded by D. MacMillan, the Audit and Finance Committee unanimously recommended the following motion for approval by the Board of Governors:

WHEREAS the 2020-2021 budget was prepared and approved in June 2020 based on a forecast using the best information available at that time;

WHEREAS the Board of Governors directed management to continue to meet with the Chair of the Audit and Finance Committee to conduct further budget reviews in light of the continuing high degrees of risk and uncertainty precipitated by the COVID-19 pandemic;

WHEREAS management has updated the forecast for 2020-2021 based on the most recent enrolment update and the Audit and Finance Committee notes the competing forces of positive budget direction in the current year, with continuing risk and uncertainty in the current and following budget years;

NOW THEREFORE the Audit and Finance Committee recommends that the Board of Governors authorizes the President to spend additional in-year revenues and savings, if any, toward strategic initiatives and those initiatives that mitigate future budget risk, in accordance with the recommendations presented by the Senior Leadership Team, and requests that the President report on these matters to the Audit and Finance Committee at every meeting through 2021.

7.3 Budget Assumptions, Targets & Outcomes

B. MacIsaac discussed the budget assumptions for the upcoming year. They are anticipating an increase in students returning to school due to COVID and a change in grading standards. They will be using the 3-year average from 2017 on to get an anticipated enrolment number. He noted that they anticipate flat domestic tuition due to the government's tuition framework. He advised that the university would be able to raise international tuition by 5-10% and still be below the Canadian average.

L. Livingston noted that the strategy is to enhance recruitment efforts and try to get back to the previous years' levels of incoming students. Once we recruit students, it will be important to retain them and will focus on enhancing student success programming. By ensuring we deliver a quality product, this will also enhance our ability to retain students. L. Livingston highlighted the strategic areas of investment: recruitment, retention, technology, and valuing the university's people.

L. Livingston and B. MacIsaac responded to questions from the committee. There was a discussion regarding how we gauge student satisfaction, including international students. L. Livingston advised that we are trying to poll our students to assess their level of satisfaction. Further, she and the President are engaging in student focus groups. There was also a discussion of the success of the grade change to pass or W in winter term 2020. L. Livingston confirmed that many students selected the pass/W option, with the net effect being that students who otherwise would have been dismissed due to poor academic performance continued this year. While this contributed to a higher retention rate, it leaves us vulnerable to a double cohort of dismissals this year. They are carefully monitoring the academic performance of these students. The student success program is in high gear for the next term in order to avoid a double cohort of dismissals.

7.4 New Building Financing

The committee received a presentation on the proposed terms of the new building financing. There was a discussion regarding the covenants associated with the financing. E. Hielema, the university's external counsel, advised that the covenants are very typical for this type of financing. The committee also discussed the value added of using this form of financing, as it has a favorable locked in interest rate for 25 years. M. Frazer commented that this is the best interest rate product on the market right now and that there are a number of banks marketing this to universities and other similar organizations.

C. Foy advised that there are complexities with respect to mortgages on our buildings since the university does not own the land on which the buildings are situated.

Upon a motion duly made by S. Chow and seconded by D. MacMillan, the Audit and Finance Committee unanimously recommended the following motion for approval by the Board of Governors:

WHEREAS the Board of Governors approved negotiating and finalizing a GMP agreement for the new building construction with Eastern up to a maximum amount of \$41M and the total cost of construction and fit out not to exceed \$48M at their meeting on February 28, 2019;

WHEREAS additional financing is required to fund the completion of the new building construction;

WHEREAS the university invited three institutions to bid on the new building financing;

WHEREAS the successful bidder was RBC;

WHEREAS the university is in the process of concluding the terms of the construction loan with RBC;

WHEREAS the Audit and Finance Committee received a summary of the key terms and risks of the RBC construction loan at their meeting on November 25, 2020;

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 negotiating, finalizing and executing and delivering the loan agreement, hedging agreement, and all ancillary documents, and recommending that the Board of Governors pass all necessary resolutions (including in the form required by RBC), all with respect to the new building financing with RBC up to a maximum of \$25M on the terms set out in the summary presented;
2. Directing the university to provide the Board with annual updates on the final negotiated loan and hedging agreements; and
3. Authorizing and directing any two of the President, Provost, VP Academic, or VP Administration 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.

8. Investment Committee Oversight

8.1 Quarterly Report

S. Chow reported that the university's portfolio is at \$28.9m and has a cash balance of \$561,000. The return over the last quarter was ahead of the benchmark and is also ahead of the benchmark at the 5-year cycle. She also reported that over the last few meetings, the Investment Committee had discussed adding an allocation to direct real estate investment. She explained the rationale for adding such an allocation.

S. Chow advised that in favour of a stronger performance in the portfolio, PH&N reduced holdings in low volatility equities, which remained in line with the target allocations. PH&N continue to monitor the performance of the portfolio. In light of the continuing uncertainty of COVID, the committee has been receiving more frequent updates from PH&N. S. Chow noted that the committee continues to maintain a long-term focus. She also discussed the education session, which examined the postsecondary investment landscape.

9. Project Updates – questions only

B. MacIsaac delivered a short verbal update on the ACE project. When A&F last met in June, they were advised that the project integration was delayed from October 2020 to January 2021. In September, the senior team decided not to bring up the technical team from the US due to COVID considerations. They explored implementing a quarantine period for the technical team, as well as getting an exemption. Since obtaining an exemption was not possible, work on integration in December will not be possible and there will be a further delay.

B. MacIsaac responded to questions from the committee. There was a discussion regarding the impact on the operations of the facility and whether there are any integration experts in Canada that could assist. B. MacIsaac advised that there would be no significant implications for operations this year and that any delay would impact future projects. He also confirmed that MTS must be used for the integration project.

10. Risk, Compliance & Policy

10.1 Risk, Compliance & Policy Update

(a) Compliance Policy

C. Foy provided an overview of the Compliance Policy, which was included in the meeting material. She explained that the policy is the first step in developing a compliance framework at the university. The university has over 400 pieces of legislation that must be adhered to. She noted that the policy will return to the committee in February for deliberation. C. Foy also advised the committee that lots of good feedback was received from Academic Council at their last meeting. The goal is to have the policy in place by next March.

C. Foy responded to questions and comments from the committee. She noted that not many universities have undertaken a comprehensive compliance review and that they worked with other institutions to develop the list. In response to a question about the nature of progress reports, she clarified that they are unsure of what progress reports will look like at this point. The university is currently dealing with compliance matters as they arise (e.g. Controlled Goods, AODA, etc.). Policy developments will develop out of grassroots efforts and identified priorities. C. Foy explained that while this is not a mandated process, the university is being proactive and the work is integral to the Board's ability to verify the compliance of the university.

A member suggested that as the compliance framework evolves, the university should consider whether an internal audit role or oversight role should be implemented to conduct internal checks on compliance with university policies. C. Foy advised that the Board has considered this several times in the past and the response was that the university was so early in the development of some of these programs (e.g. Policy Framework), that it was premature to have an internal audit function at that stage. As the framework matures, an internal audit function would make sense. She also noted that the university has a Safe Disclosure Policy in place that provides the university community with an opportunity to report non-compliance with policies and procedures. C. Foy ended by inviting the committee to provide any additional feedback they might have directly to her prior to the committee's February meeting.

(b) Signing Authority Policy Review Update (U)

C. Foy provided an update on the Signing Authority Policy Review. She noted that this is a long-standing item and that they have experienced several challenges along the way. C. Foy advised that the review began with Craig Elliott and A. Gallagher recently completed a draft. The goal is to present the updated policy to the Board for approval by the end of the year.

(c) Controlled Goods & Exports Compliance Update

C. Foy discussed the development of the controlled goods compliance framework. Under Canada's Controlled Goods Program, the university is required to appoint an "Authorized Individual" who is responsible for the compliance obligations of the university. Under the university's current registration, the University Secretary & General Counsel has served as the Authorized Individual for the institution. As a result of the implementation of the Controlled Goods compliance program, the Vice-President, Research & Innovation will assume the institution's Authorized Individual duties.

10.2 Freedom of Expression Annual Report

C. Foy presented the annual freedom of expression report and explained the background to the annual reporting requirements. She clarified the Freedom of Expression Policy applies to on campus and online activities.

11. Consent Agenda:

11.1 Minutes of Public Session of Meeting of June 19, 2020

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

12. For Information:

12.1 Project Updates:

- (a) ACE Enhancement & New Building**
- (b) AVIN**

12.2 Risk, Compliance & Policy Update

13. Other Business

14. Adjournment

Upon a motion duly made by D. MacMillan and seconded by D. Reiner, the public session adjourned at 3:50 p.m.

Becky Dinwoodie, Secretary



BOARD OF GOVERNORS

Governance, Nominations & Human Resources Committee (GNHR)

Minutes of the Public Session of the Meeting of Thursday, October 22, 2020 Video Conference, 2:00 p.m. to 3:20 p.m.

Members: Maria Saros (Chair), Laura Elliott, Francis Garwe, Mitch Frazer, Steven Murphy, Dietmar Reiner, Trevin Stratton

Regrets: Kori Kingsbury

Staff: Jarek Baginski, Jamie Bruno, Becky Dinwoodie, Cheryl Foy, Barb Hamilton, Monica Jain, Les Jacobs, Lori Livingston, Langis Roy

Guests : Chelsea Bauer (FA), Mike Eklund (FA), Andrew Sunstrum

1. Call to Order

The Chair called the meeting to order at 2:02 p.m.

2. Agenda

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

3. Conflict of Interest Declaration

There was none.

4. Chair's Remarks

The Chair started by thanking F. Garwe for his leadership and mentorship. She remarked that he is leaving big shoes to fill. She thanked the senior leadership team for leading the university through the pandemic and prioritizing the health and safety of the university community.

The Chair advised that she has a conflict and must step off the call for a short while and F. Garwe has agreed to step in during that time.

5. President's Remarks

The President also expressed thanks to F. Garwe for his leadership. The President provided an update on the university's COVID efforts. The university has had a more seamless transition online than many other institutions. The President shared that when he has the opportunity, he asks students how the fall term is going. Overwhelmingly, the responses have been positive. The President attributed this to the hard work of faculty and staff. He is proud of how the university continues to support students during this difficult time. We will use what we have learned during the pandemic to strengthen the institution going forward. The President noted that several institutions have tried to hold classes in person and others are offering a hybrid model. He has been hearing that other institutions are not communicating as effectively as Ontario Tech and are making very last-minute changes. He advised that the Provost has been speaking to the Deans in order to understand what is working across the university.

The President advised that from a governance perspective, in-depth strategic discussions are being held with Academic Council about blended learning. He clarified that the intention is not to become a fully online university. He looks forward to the discussion and debate about how the university will become more of what it was intended to be as set out in its founding legislation. Academic Council will be discussing: What blended learning is and is not; What blended learning means for Ontario Tech?; and, How do we promote culture change at the university going forward?

The President also discussed government relations and the potential impact of a tuition freeze. There was a discussion regarding how Ontario university presidents would be aligning regarding this potential issue. The President advised that the Ontario university presidents are working with the new CEO of COU, Steve Orsini, to present the government with several options instead of freezing tuition.

The President responded to a question about enrolment at institutions that are struggling with the transition online. It seems that in a time of crisis, students gravitate to institutions with recognizable names. The big-name institutions have lowered entry requirements and increased student intake, which has had a domino effect on less recognizable institutions. The university's first year enrolment is down about 7%, which will have budget consequences as the students work their way through the system. He is confident that we can win students back with a different and value-added proposition going forward.

6. Governance:

6.1 GNHR Terms of Reference Review

C. Foy advised that the committee has an annual opportunity to review and comment on its Terms of Reference. She asked the committee to consider, in particular, whether the mandate and membership are still appropriate and whether the number of meetings is sufficient. There was a discussion regarding whether there are other frameworks out there that could help improve the effectiveness of the committee. C. Foy advised that we are always looking at new ways of doing things to improve efficiency. There was general

agreement that the Terms of Reference are broad enough to encompass the work that the committee is doing. There could be changes coming out of the development of the EDI governance strategy this year.

6.2 By-laws Implementation Update

C. Foy reminded the committee that this is a multi-year project coming out of the by-law review. She referred the committee to the By-law Implementation Plan, which provides the status of all of the work being done. She highlighted several of the key accomplishments. The focus for Academic Council's Governance and Nominations Committee this year will be rolling out good governance principles to Faculty Councils.

6.3 Board Engagement:

(M. Saros left at 2:30 p.m.)

(a) Board PD 2020-2021

C. Foy presented the proposed professional development work plan for the year. The work plan was developed keeping in mind the university's strategic priorities, the work of the Board this year, and getting to know different areas of the university. C. Foy added that we could also offer some optional sessions, if governors are interested. She asked the committee what other areas they think the Board members would like to learn about.

The committee shared the following feedback on the PD work plan:

- EDI is a huge area of challenges and opportunities for all organizations – must relate to the work of the university; focus on expectations for staff and support for students; EDI topic is incredibly important and all encompassing; C. Foy advised that at the December Board meeting, the Board would be receiving an update from the President's Equity Task Force and the February PD session would focus on what the Board can do to promote EDI.
- Important for the Board to learn about the EDI work already happening at the university – L. Livingston advised that the new Director of EDI was recently hired and is developing a strategic plan for the university; cultural competencies will be an area of focus.
- It is a comprehensive work plan – might be helpful to have a session on governors being ambassadors for the university as every governor has a unique skillset and must apply that to help promote the university. C. Foy advised that something similar to this was done during last year's retreat, when governors were asked to create a statement of commitment and an ambassador session could help carry on that momentum.
- A suggestion was made that the Board would benefit from an education session on the strategic relationship with Durham College (optional session or record it to make it available to governors at various times).
- Another helpful session would be Funding 101.

6.4 Development of Board Governance EDI Strategy

C. Foy advised that the Board is at the beginning stages of this initiative. The question that must be answered is: What can the Board do to complement the EDI work being done at the institution? C. Foy asked the members to identify what is important to the committee and what they would like to see in a work plan. GNHR will be the engine of EDI for the Board. The Board should build on what the university is already doing. C. Foy informed the committee that she does have an idea about a guest speaker for the February PD session, but welcomed ideas from the committee, as well. This initiative will be a multi-year plan (3-5 years). It will be internal and external facing.

A member commented that it is important for the university to demonstrate EDI leadership in Durham Region, as it will be linked to the brand we are building in the region. Are we walking and living the path? How is the university contributing to the well-being of the region? The university can play a key role in building the future. Another member commented that the Board benefits from governors coming from different environments.

(M. Saros returned at 2:53 p.m.)

6.5 Strategic Discussion: Mental Health in the Time of COVID

J. Baginski and M. Jain delivered a presentation on supporting student mental health in the time of COVID. The university recognizes that mental health is increasingly important and that the context for students has changed dramatically. They outlined the initiatives implemented to transition online and to support students during the pandemic. The committee was asked to assess whether the university is keeping up, changing accordingly, and to focus on the key next steps and strategies.

The committee had the following comments and questions:

- Encouraged to hear that the response times to students were dramatically reduced.
- How are our students resilient?
 - Students who are compromised will be compromised at a greater scale;
 - University does an excellent job supporting our students – from advisors to mental health supports.
- Applauded the team for the work they are doing – particularly the peer mentorship for first year students.
- Lessons learned in terms of service delivery during the pandemic?
 - Learned power of e-counselling – was previously only provided to remote students.
 - Have become better at delivering virtual services – have heard from students that they hope that the virtual option remains available for a blended delivery.
 - Also implemented the stepped care – better equipped to provide specialized and customized service – launched in September

- Wait list cut down significantly despite higher volumes – have capacity to accommodate those in acute need almost immediately.
- Happy to see the focus on this and that keeping the well-being of students and university community at the forefront.
- Concern about the lingering effects of COVID and economic recovery and the university should keep a focus on it.
- Programs/sessions geared towards mental health issues for the broader student population?
 - M. Jain spoke about Campus Connected – staff led session teaching peers to recognize signs and help their peers – once training completed, given a sticker to indicate those who can be approached for assistance – for students and staff.
 - Such programming is provided year-round.
 - Working to normalize mental health and eliminate the stigma – looking at emotional wellness.
- Very proud to be associated with the work being done at the university – great number of partners available to help – noted that physicians at CAREA available to help support students in the community.
 - Uptake across the sector was initially low but trend will be that demand will increase.
 - With the student population, there will be more need, especially over the next 18 months.

J. Bruno delivered a presentation on the efforts implemented to support staff mental health. He advised that in January, the university partnered with Mental Health Canada in providing a session called the “Working Mind”, which was designed to help employees learn to identify the symptoms and signs of mental health challenges and to help develop the tools to deal with them. This also assists managers in dealing with the effects of COVID. The Chair commented that she appreciates the level of care being taken to ensure everyone can emerge resilient from this crisis.

7. Consent Agenda:

7.1 Minutes of the Meeting of May 14, 2020

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

8. Other Business

9. Adjournment

There being no other business, upon a motion duly made, the public session adjourned at 3:33 p.m.

Becky Dinwoodie, Secretary



BOARD OF GOVERNORS
Strategy & Planning Committee (S&P)

Minutes of the Public Session of the Meeting of Thursday, October 8, 2020
2:00 p.m. to 3:35 p.m., Videoconference Only

Attendees: Thorsten Koseck (Chair), Liquan Cao, Kevin Chan, Mitch Frazer, Steven Murphy, Dietmar Reiner, Jim Wilson, Lynne Zucker

Staff: Jamie Bruno, Becky Dinwoodie, Cheryl Foy, Andy Gallagher, Les Jacobs, Lori Livingston, Brad MacIsaac, Sue McGovern

Guests: Chelsea Bauer, Kerry Johnson, Mike Eklund, Kerry Johnson, Christine McLaughlin, Hannah Scott

1. Call to Order

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

2. Agenda

Upon a motion duly made by L. Zucker and seconded by S. Murphy, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There were none.

4. Minutes of Public Session of Meeting of May 28, 2020

Upon a motion duly made by J. Wilson and seconded by K. Chan, the Minutes were approved as presented.

5. Chair's Remarks

The Chair shared a story to demonstrate pre-task safety and emphasized its importance. He thanked everyone for participating in the meeting and acknowledged that these are trying times. The Chair thanked the senior leadership team for how they have been handling the pandemic. He shared that his son, who is an Ontario Tech student, is doing well from a mental health and learning perspective. He has children attending different postsecondary institutions and shared that there is a noticeable difference in how the institutions are delivering their programs online.

6. President's Remarks

The President acknowledged that people are tired and feeling the strain of the ongoing COVID situation. He noted that the fall Reading Week is coming up, which is usually a stressful time of year and has been exacerbated by the pandemic. The President reported that he is spending a lot of time attending department meetings to thank everyone for their efforts.

The President observed that working flat out does not necessarily lead to a business' survival. He emphasized the importance of staying focused on what the university will look like post-pandemic. The Provost is working hard to learn the lessons that are accumulating from transitioning to online learning in order to determine what is working and what is not. The focus will be on enriching our digital platform across the institution. The President followed up on the Chair's comment about the mental health of the university community. It is important to ensure our community has continued access to mental health services and to normalize conversations about the struggles people are experiencing. He encourages everyone to build time in their day to be physically and mentally active.

The President noted that we have had a strong start to the fall term and hopes that continues.

The Chair asked a question about the sticky campus priority and whether there are preparations to ensure we carry on with that priority to take it to the next level. The President responded that the sticky campus is relevant now more than ever. The university has enlarged its campus to include the virtual world and is working to build a sense of community online. When individuals feel they are part of something and that people care, that contributes to the sticky campus experience. From what the President has heard from students, they are having very positive experiences. He added that the sticky campus concept will evolve over time. The President advised that they continue to ask questions, such as:

- How do we make the campus sticky?
- How do we value our students' time while on campus?
- How do we ensure that when students are away from campus that they still feel cared about by their community?

The Chair suggested that the university should focus on the first-year student experience and helping them build their network of colleagues to help them get acclimated to the campus experience when it is safe to return. The President advised that the university's Student Union and student clubs have been readily adaptable to moving online. Further, the Provost is in the process of reinventing orientation and some of the changes were implemented virtually this year.

A committee member asked about the lessons learned with our first-year students and whether information is being collected on how successful the virtual orientation and transition has been for them. L. Livingston advised that a number of task forces were established to plan for this year, including one focused on first-year transition. A survey

was conducted of incoming students prior to the start of classes and part way through the semester. Further, Student Life is continuing to keep data on the usage of services by student groups. The Faculty of Education is conducting a research project focused on how our students are adapting to the COVID situation.

There was also a discussion regarding whether this would be the new normal as opposed to a temporary measure to deal with COVID. The President noted that realistically, the university is looking at this as a multi-year phenomenon as opposed to a discrete event. It is quite possible that the 2021-2022 academic year may not be a normal year, which makes the collection of data that much more important. Each week, we are learning something new and it is crucial to implement those lessons to differentiate ourselves.

7. Strategy

7.1 S&P Terms of Reference Review

C. Foy reviewed the S&P Terms of Reference with the committee. She asked the committee members to focus their review on the mandate, number of meetings, and membership composition to ensure they remain appropriate. A comment was made about including the strengthening of the relationship with Durham College as part of the mandate. C. Foy advised that the relationship with Durham College is usually managed by the Board Chair and is normally discussed by the Board's Governance, Nominations & Human Resources Committee.

7.2 Review of University's Mission, Vision & Values

L. Livingston advised the committee that initially the plan was to bring the update of the university's mission, vision, and values forward earlier in the year and it was postponed due to the pandemic. She noted that discussions about refreshing the mission, vision and values commenced as far back as 2015-2016 during the renewal of the university's Strategic Plan. The decision at that time was not to refresh them. Since then, S. Murphy has joined the university as President and L. Livingston joined as Provost. The five strategic pillars have been implemented since their arrival, which form the basis of the university's Integrated Plan.

L. Livingston explained that a working paper on the mission, vision, and values has been developed, which describes the history of the disconnect between the university's mission, vision, and values and strategic plan. L. Livingston advised that they are ready to begin consultations with the university community. She reviewed the consultation process, which will include strategic focus group discussions and accepting written feedback on the working paper. Academic Council will be consulted during their meeting on November 24. The goal is to bring a recommendation to the Board for approval in December. There was a discussion regarding how the committee could provide support for the refreshed mission, vision, and values at the Board level. B. MacIsaac discussed the process that was used in the past. He advised that there has been ongoing consultation and listening to feedback on the mission, vision, and values over the past four years. It was suggested that a separate consultation session be held for the Board to allow governors to provide feedback before it comes forward for approval.

7.3 Strategic Discussion: Blended Learning

S. Murphy introduced the strategic discussion. He noted that a good starting point is to ask: “What does blended learning mean?”. Prior to the pandemic, people would have gravitated to a definition involving a combination of online and face-to-face delivery. By that definition, blended learning has been around for a long time at Ontario Tech. It is important to have this discussion now given how much has changed due to the COVID landscape.

The next questions to ask are:

- What should blended learning look like at Ontario Tech?
- How do we get there?

S. Murphy reminded the committee that most of the university’s employees are working offsite and may continue to do so going forward. He has seen definitions of “blended” in reference to organizations, as well. Faculty members have always had a mix, depending on the discipline (e.g. lab work, work from home doing research, classroom time, etc.). There are many different ways of interpreting what “blended” and “hybrid” mean. It’s also important to discuss experiential learning and what that means (e.g. breakout sessions in class, simulations, work placements, etc.). All of these require something different from the student.

S. Murphy noted that the university was established to be responsive to employers’ needs. The university will have a chance to take hold of the opportunity that the pandemic has provided to the sector and accelerate our digital presence. In the new normal, many places will likely fall into a hybrid category.

The committee considered how the university will define and differentiate itself in a hybrid environment. S. Murphy advised that this would differ from discipline to discipline. Every university will have changed due to the pandemic and this presents an opportunity for Ontario Tech to capitalize on enhanced digital learning. There are many misconceptions related to blended learning and concern was expressed that the goal was to be a fully online institution. S. Murphy emphasized that they want to hear from the community. He also noted that the Faculty of Education is one of the leaders in the country with regard to learning with technology embedded in it.

Comments from the committee included:

- timing of return to campus must be right in terms of prioritizing safety; and
- encouraged the team to be creative in bringing students back to campus and being a leader in blended learning.

L. Livingston discussed the verb “blended” and reviewed the definition. The current thinking around the term is very limited and includes face-to-face and online instruction. Blended learning is also used to refer to many different types of learning. Lectures, labs, tutorials, co-ops, experiential learning – these are mixed together to create an experience

for our students. Traditional face-to-face lectures are quite passive and students' attention spans are short. The best strategy to keep students' attention is to combine the auditory and visual senses. The sense of touch could also be added to the strategy, which is common in health care and chemistry labs. L. Livingston used the examples of learning catheterization and simulating code blue situations to demonstrate active learning.

C. Foy discussed the process that will be followed to engage the community in the evolution of blended learning at the institution. She noted that we are at the very beginning of the process, which is why it is being discussed with the committee. Strategic discussions have also been scheduled with Academic Council. There are different conceptions of what blended learning is and anxieties associated with some of those. The initial conversation with Academic Council will be what members think about blended learning and trying to develop a collective definition. A key thing coming out of that discussion will likely be that blended learning is that not one thing but a set of things that will develop over time. Once we feel we have landed on what blended learning is not, Academic Council will discuss where we want to go with it and what the implementation challenges would be. The last part of discussion will be how to roll it out, respecting academic freedom. The focus will be on where we want to go collectively.

A committee member commented that a cultural shift is required in addition to the process of change. Anxiety may arise about what the change means for the future. There was a discussion regarding whether the university has considered being part of a consortium of institutions doing something similar. S. Murphy advised that nearly every institution across the globe is having this type of conversation. It is important to normalize what we mean by blended (often interpreted as online as opposed to face-to-face). He added that Ontario Tech has an advantage because it is a younger institution and shifted quickly online. The creativity required to transition online is the same creativity required to incorporate different types of learning in a program. In terms of consortia, the university has many partnerships with different institutions. Until we have a clear picture of where we are going and feeling grounded, we will wait to develop these types of partnerships.

8. Planning

8.1 Integrated Planning & Strategy (pre-budget)

L. Livingston reminded the committee that last year a new approach to integrated planning was implemented – the university adopted a rolling plan approach, where departments annually review what was accomplished over the past year and identify what was successfully completed and consider adding new actions and goals. This year will be the first year that we will be conducting an evaluation of the past year. This type of planning holds people accountable as opposed to being merely aspirational. It also

allows us to adjust to the unexpected. A year over year planning process will serve us in good stead in light of the pandemic.

8.2 Board Retreat Planning

C. Foy reminded the committee that for the past two years, the retreat has been held on the same day as the S&P meeting in May and the proposed plan for 2021 would be for the retreat to be held virtually. The committee had no objections to holding the retreat on May 13, the same date as the S&P meeting. C. Foy discussed the proposed retreat topic. Building on last year's retreat focused on a deep dive into blended learning, it was proposed that next year's retreat focus on:

- What does the future university look like and where we are going?
- Desire of some students for online and on demand learning.
- Explore trends in blended learning.
- Different elements of online learning and the merging of different models.
- Exploring challenges faced in different sectors (e.g. LinkedIn, Google) & the potential impact of partnerships with educational institutions.

S. Murphy added that this would be an important visioning exercise for where we can get to as a university. The pandemic has accelerated our sector by about two decades. We are also seeing trends of Google learning and consulting firms offering courses.

When people think about university, they typically envision 18-24 year olds. There is an opportunity to explore how we could serve learners over the course of their lifetime. Universities should have relevance to learners right across their life span in conjunction with private and public partners in designing offerings. Four to six years is a long time to obtain a credential and does not necessarily align with adult learners. It takes something like COVID to focus on why science, health care, etc. are important.

9. Other Business

10. Adjournment

There being no other business, upon a motion duly made by K. Chan, the meeting adjourned at 3:35 p.m.

Becky Dinwoodie, Secretary



BOARD OF GOVERNORS
Investment Committee

Minutes of the Public Session of the Meeting of November 12, 2020
2:00 p.m. – 3:00 p.m., Videoconference

Members: Stephanie Chow (Chair), Ferdinand Jones, Thorsten Koseck, Mark Neville, Dietmar Reiner, Maria Saros, Kim Slade, Steven Murphy

Staff: Jamie Bruno, Becky Dinwoodie, Cheryl Foy, Andrew Gallagher, Brad MacIsaac

Guests: Leila Fiouzi (PH&N), Chelsea Bauer (FA), Connor Glassco (PH&N), Jacinta O'Connor (PH&N),

1. Call to Order

The Chair called the meeting to order at 2:03 p.m.

2. Agenda

Upon a motion duly made by T. Koseck and seconded by F. Jones, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There were no conflict of interest declarations.

4. Minutes of Public Session of Meeting of August 13, 2020

Upon a motion duly made by T. Koseck and seconded by M. Neville, the Minutes were approved as presented.

5. Chair's Remarks

The Chair welcomed the committee to their first meeting of the Board year. She welcomed the committee's newest member, Kim Slade. The Chair commented that she is looking forward to continuing to work with the committee to advance the committee's mandate. The committee accomplished a lot last year and she is confident they will continue to make progress. She also shared that she hopes everyone continues to remain vigilant against COVID as Ontario's numbers rise. She reminded the committee to be mindful of the time to ensure they get through the agenda and encouraged robust discussion.

6. President's Remarks

The President commended the university's faculty and staff for a smooth transition to

online learning. He has heard that many other institutions are pre-recording lectures and posting them online for their classes; whereas the university's instructors and staff are going well beyond that level and our students are benefitting from this. The feedback the President has heard from our students is that they would like to get together in person and he advised that we will return to campus as soon as it is safe to do so. He stated that it is the responsible thing to be planning for a potential fall 2021 online. The President also discussed enrolment across the sector and globally, observing that it has been a strange year in terms of enrolment. He noted that there have been many externalities affecting decisions.

7. Terms of Reference Review

B. Dinwoodie presented the committee's Terms of Reference (ToR) for annual review. She noted that the ToR were last updated in November 2020 to reflect the university's new brand. The annual ToR review provides the committee with an opportunity to review the mandate, membership, and meeting frequency to ensure they continue to be appropriate. The committee members did not have any proposed changes resulting from the review.

8. Review of Statement of Investment Policies

B. Dinwoodie presented the university's Statement of Investment Policies (SIP) for annual review. The annual review presents an opportunity for the committee to be reminded of the parameters for investing the university's endowed funds. She noted that the SIP was last updated in February and highlighted the amendments. The committee members did not propose any changes to the SIP at that time.

Investment Review

9.1 Second Quarter Investment Review

L. Fiouzi reviewed the second quarter investment results set out in the report included in the meeting material. She advised that the portfolio saw a 4.2% return over the last quarter and a 5.3% return for the last year. She highlighted that they were able to preserve capital in the portfolio during the downturn in March. L. Fiouzi highlighted the recent portfolio changes and provided an overview of the rationale for those changes.

L. Fiouzi reviewed the business cycle scorecard included in the meeting material. She noted that we went through the recession and are now at the start of a new cycle. She discussed when they think the GDP will return to 2019 levels, which will likely be 2022. She also discussed the competing forces on inflation. She advised that deflationary pressures will dominate in the short-term and oil will likely remain depressed for longer.

L. Fiouzi responded to questions from the committee. There was a discussion regarding whether amendments should be made to the structure of the portfolio as a result of these changes. L. Fiouzi advised that PH&N has already made the changes they could that align with the university's SIP and Asset Class Management Strategy. Any further recommendations would be made during the non-public session.

There was also a discussion regarding the impact of the U.S. presidential election. L. Fiouzi advised that it is noise in the market and will have only a short-term impact that would not be relevant to long-term investments.

9.2 Investment Learning: University Investment Landscape

A. Gallagher shared his observations on the report entitled *Review of University Endowment and Pension Funds* by Jacky Shen, which was included in the meeting material. He noted that the average compounded growth rate was about 6.5%, which is not out of line with the long-term growth that universities expect. He also noted that the survey was done as of December 31, 2019 and 2019 was a strong year. The average return was 13.8%, which is similar to the performance of the university's portfolio. There was a small range between 12.3% to 14.8%. There was an annualized return median of 8.2% and Ontario Tech's return was just under 8%. The return of 8.2% is higher than one might expect but it reflects 2019 as a strong year and also includes 2008. Those heavily weighted in fixed income have done relatively less well than others. The average in 2019 was 20% of assets in alternative investments and Ontario Tech is at about half of that. The large bulk of assets are in very few university pools (top 7 universities make up 50% of the assets). Some of the larger funds have more flexibility in their portfolios and more opportunity to invest in some of the pools that we do not.

The university seems to be relatively middle of the road and the portfolio's returns appear to be in line with the overall survey and are moving in the direction of some of the higher returning funds with the investment in direct real estate. A member commented that they found the report interesting and, although we are a bit more conservative, this is in part due to the relative youth of the institution. The committee agreed that the presentation was helpful to them to get a better understanding of where the university fits in the context of the sector.

10. Other Business

11. Adjournment

There being no other business, upon a motion duly made by T. Koseck, the public session adjourned at 2:45 p.m.

Becky Dinwoodie, Secretary

COMMITTEE/BOARD REPORT

SESSION:

Public ☒
Non-Public ☐

ACTION REQUESTED:

Decision ☐
Discussion/Direction ☐
Information ☒

Financial Impact ☐ Yes ☒ No

Included in Budget ☒ Yes ☐ No

TO: Board of Governors

DATE: February 25, 2021

PRESENTED BY: Brad MacIsaac, VP, Administration

SUBJECT: Capital Projects Update – ACE Moving Ground Plane and New Building (A5)

COMMITTEE/BOARD MANDATE:

In accordance with its Terms of Reference, A&F is responsible for overseeing the financial affairs of the university, which includes ensuring fiscal responsibility and providing oversight for major capital projects, auxiliary operations, and structures.

We are providing the Board with an update on the status of the ACE Enhancement Project and the new building (A5).

BACKGROUND/CONTEXT & RATIONALE:

A5 is proceeding as planned for an opening in fall 2021. As previously noted the ground water delayed the project but the revised scheduling is on track. With COVID concerns some construction has been pulled forward (i.e. wiring and wall enclosure) noting we may incur delays later depending on regional restrictions. With 39 of 41 sub-contracts awarded we are on budget.

ACE MGP was expected to be installed December 2020 with full integration by February 2021. However, due to COVID restrictions technical expertise required for integration is not able to cross the border at this time. The ACE team has worked closely with the American installers and will be attempting an innovative virtual installation. To do this we will be bringing in a local mechanical team.

We know that there will be additional costs due to projet extention (i.e. adding time for project manager), the virtual installation (i.e. bringing in mechanical team) and the unknown potential costs as we put the equipment together. For this reason a revised budget will be brought forward at the next meeting of A&F.

RESOURCES REQUIRED:

While no resources are being requested at this time we know there will be an increased budget. We will have better information at the next meeting of A&F as the installation progresses.

CONSULTATION:

For the ACE MGP operations plan there were consultations with the ACE Management Committee to look at options (i.e. delay, maximizing virtual work and minimizing numbers on campus) and the Pandemic Response Team (i.e. on-site working requirements).

NEXT STEPS:

An update will be provided at the next meeting of A&F.

SUPPORTING REFERENCE MATERIALS:

- PowerPoint summaries for month ending January 2021 attached

ACE Enhancement Project



Monthly Project Update
JANUARY 2021

Progress Update (31 January 2021) :

Moving Ground Plane Integration into CWT

- MTS confirmed working remotely providing real time technical support to ACE team to perform the works this coming February Shutdown
- One part of turntable received from USA
- All controls received in ACE facility
- Ride height control and drag links fabrication on going with Multimatic
- Old belt received from USA
- Preparation works for February shutdown – RRS modification buildup



ACE Enhancement Project – Implementing MGP

Phase I

February 3 – March 5, 2021

Assembly and functional operation and fitting of machine

Phase II

Controls/integration & Debug

June 21 – July 30, 2021

Phase III

Commissioning and Acceptance

Offline Activities

March 6 – June 20, 2021

Includes wiring, piping, programming, testing



ACE Enhancement Project – Implementing MGP

ACE developed an alternate plan for Phase I

ACE is scheduled to attempt implementing Phase I: February 3 – March 5, 2021

- Use a unique (never attempted) remote approach with MTS from the US
- This will involve using:
 - Additional expert in-house and local resources
 - Virtual real time video
 - Computer support remotely from the US

Therefore there will not be any US travel for this initial phase

With completion of Phase I activities and success we will be able to better evaluate any further cost impacts to the overall project.



Health & Safety

- ☐ Health & Safety measures were in place in compliance to the new norm
- ☐ Mandatory use of face mask implemented
- ☐ **No covid-19 case identified and incident to report this period**

Change Orders:

- Nothing to report this period

Procurement Summary:

- Nothing to report this period

Financial Summary:

- Total Actual Cash Flow to date \$14.92M
- Project estimated cost at completion \$15.67M
- FedDev agreed to release the 75% of holdback amount prior project completion, documentations and review in progress
- Cash flow Breakdown of Sources and Uses of funds next slide.

A&F Roll up Financial Report as of 31 January 2021

ACE ENHANCEMENT PROJECT		JANUARY 2021				
Sources of Funds - Cash Flow						
Description	Total Funding	Actual Total Todate	J an 2021	Funding at Completion	Funding Balance	Remarks
FEDDEV	\$ 9,465,000	\$ 8,518,500	\$ -	\$ 9,465,000	\$ 946,500	75% HB amount plan to release prior completion
PROVINCIAL	\$ 1,500,000	\$ 1,350,000	\$ -	\$ 1,500,000	\$ 150,000	10% to be released upon project completion
MAGNA	\$ 1,000,000	\$ 658,533	\$ -	\$ 1,000,000	\$ 341,467	
ONTARIO TECH (Announce Contribution)	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -	
ONTARIO TECH (Loan to ACE)	\$ 2,510,000	\$ 3,191,304	\$ 66,386	\$ 2,510,000	\$ (681,304)	in lieu of committed funds above
THE GREENBRIAR FOUNDATION	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -	
GA HAYBALL FOUNDATION	\$ 225,000	\$ 225,000	\$ -	\$ 225,000	\$ -	
ACE INTERNAL (ERF/ Research Fund)	\$ 165,000	\$ 165,000	\$ -	\$ 165,000	\$ -	
ONTARIO TECH (Additional Loan to ACE)	\$ 209,354	\$ 209,354	\$ -	\$ 209,354	\$ -	
Totals	\$ 15,674,354	\$ 14,917,691	\$ 66,386	\$ 15,674,354	\$ 756,663	
Uses of Funds - Cash Flow						
Description	Total Budget	Actual Total Todate	J an 2021	Estimate at Completion**	Variance / Cost Increase	Remarks
Moving Ground Plane Integration into CWT	\$ 3,350,000	\$ 5,419,476	\$ 27,057	\$ 5,841,054	\$ 2,491,054	More complex turntable integration design and build. Repair to MGP
Aerodynamic Enhancements Required for MGP	\$ 2,540,000	\$ 2,086,872	\$ 1,573	\$ 2,256,163	\$ (283,837)	Value engineered design
Acoustics	\$ 845,000	\$ 701,297	\$ 12,229	\$ 780,168	\$ (64,832)	Major delays due to Covid-19
Precision Measurement Capability	\$ 1,850,000	\$ 1,085,272	\$ -	\$ 1,086,433	\$ (763,567)	In-house design and build
Chamber Modifications	\$ 630,000	\$ 705,981	\$ 3,568	\$ 706,655	\$ 76,655	System requires more process air and vacuum
Base Building Modifications	\$ 3,645,000	\$ 3,414,767	\$ 3,958	\$ 3,416,973	\$ (228,027)	No Storage Building
Engineering and Project Management	\$ 2,000,000	\$ 1,504,026	\$ 18,002	\$ 1,586,908	\$ (413,092)	Contingency & commissioning move to MGP Integration
				\$ -		
Totals	\$ 14,860,000	\$ 14,917,691	\$ 66,386	\$ 15,674,354	\$ 814,354	Unforeseen full integration and covid-19 effect

BOARD REPORT

SESSION:

Public
Non-Public

☒
☐**ACTION REQUESTED:**

Decision
Discussion/Direction
Information

☐
☐
☒

TO: Board of Governors

DATE: February 25, 2021

FROM: Cheryl Foy, University Secretary and General Counsel

SUBJECT: Risk Management Update

Risk Management Update

COVID-19: The university Operations Taskforce, chaired by the Director of Risk Management, continues to collaborate on emerging trends, evaluate long-term impacts, and re-evaluate existing and ongoing mitigation strategies. Risk Management continues to promote the University Risk Management Framework and support Risk Owners during the COVID-19 pandemic, by developing risk-related tools, providing regular education surrounding government restrictions, and performing risk assessments on operational activities which have resumed. As we continue to navigate through the second wave, risk management continues to inform decision making on the health, safety, and security of the university and its members.

Annual Risk Management Activities: Risk Management is preparing for discussions with Risk Owners regarding the university's annual Risk Register review, with an enhanced focus on the university's Strategic Risks, risks associated with EDI, technological infrastructure, financial sustainability, and compliance. The strategic risks alignment to operational risks will be concluded during this review and shared for discussion with the university's Senior Leadership Team.

Insurance:

Insurers continue to face volatile circumstances in the face of global natural disasters, and the COVID-19 pandemic. In Marsh's latest Global Insurance Market Index, the market reflected a 22% increase in cost of premiums in the third quarter of 2020. This is the largest increase since the index was first launched in 2012. Global financial and professional lines were up 47% on average, compared to casualty insurance by 7%. Directors and Officers liability insurance coverage costs continue to climb with an increase between 25-50%.

In anticipation of coverage restrictions and premium increases in 2021, Risk Management is working with the university broker and other members of the insurance marketplace to discuss coverage gaps and the risks associated in the existing university business environment.

Risk Management is continuing to progressively train members of the university on insurance gaps and associated risks, related specifically to international travel and student placement programs.

BOARD REPORT

SESSION:

Public
Non-Public

☒
☐**ACTION REQUESTED:**

Decision
Discussion/Direction
Information

☐
☐
☒

TO: Board of Governors

DATE: February 25, 2021

FROM: Cheryl Foy, University Secretary and General Counsel

SUBJECT: Compliance Update

COMMITTEE MANDATE:

- The Audit and Finance Committee is responsible for overseeing university compliance, risk management, and other internal control functions at the university.
- This oversight includes receiving regular reports from management on areas of significant risk to the university including regulatory matters, as well as policy development and approvals at the university, in accordance with the Policy Framework.

BACKGROUND/CONTEXT & RATIONALE:

- The purpose of this report is to provide the Board with an update on the status of compliance, risk and policy development activity being undertaken by the Office of the University Secretary and General Counsel (USGC).

Compliance Update**Ethics & Compliance:**

Work has continued to support the university's Ethical Conduct Policy framework. Guidance and reporting forms are currently being developed for the Conflict of Interest and Gift Registry Procedures.

From a training and awareness perspective, as of October 2020, Ethics & Compliance has been included in the Employee Onboarding Orientation session with links to all relevant policies and procedures`.

The Compliance Policy is scheduled to be presented at February's Audit and Finance Committee meeting for recommendation. The Compliance Responsibility Framework, the Compliance Manual and the Compliance Register are controls that have been developed to support the introduction of a university compliance risk management framework.

Accessibility:

The Accessibility Working Group members have established subcommittees to address and meet the accessibility commitments outlined in the University's Multi-Year Accessibility Plan 2020-2025. Over the course of the 2020 reporting period, the Human Resources subcommittee identified and addressed opportunities to enhance employee accessibility including: the development of an employee accessibility-related website, forms, guidance materials, a manager tool kit and disability accommodation and emergency response procedures. All enhancements have been approved, implemented and published on the Human Resources website located here:

<https://hr.ontariotechu.ca/accessibility/index.php>.

A new subcommittee has been formed and led by The Teaching & Learning Centre. The subcommittee will focus on the availability, sufficiency and compliance with educator training requirements; specifically related to accessibility programming, course delivery and instruction.

Copyright:

The Copyright Advisory Committee is a new cross-functional advisory body that will support the university's copyright compliance strategy. Committee members have had an introductory meeting to discuss setting the committee's priorities and objectives during the committee term.

Legal and Compliance continue to work with university members to address and develop guidance materials to support the transition to blended learning.

Information Governance:

The Information Governance working group comprising of Legal, Compliance and IT continue to assess the university's information governance environment. Compliance is currently reviewing relevant materials from IT and DC IT, with a view of proposing a road map to address information management, cybersecurity and information security risks.

Occupational Health & Safety Act Compliance Review:

A compliance review has commenced to assess the university's compliance with the *Occupational Health & Safety Act*. Compliance has met with the Health & Safety Officer to discuss the scope of the review and its objectives. The review is currently in the early information-gathering phase.

Controlled Goods:

The Controlled Goods Program Policy is scheduled to be presented for written consultation at February's Audit & Finance committee meeting. This policy will give faculty members the flexibility to conduct research utilizing controlled goods outside of the ACE environment. In anticipation of this institutional change, Compliance, ORS and ACE met to discuss operationalizing the proposed policy and procedures, along with discussions around the registration requirements. ACE is following up with the Controlled Goods Directorate to obtain further clarification on registration amendment requirements.

COMMITTEE REPORT

SESSION:

Public
Non-Public

☒
☐**ACTION REQUESTED:**

Decision
Discussion/Direction
Information

☐
☐
☒

TO: Board of Governors

DATE: February 25, 2021

FROM: Cheryl Foy, University Secretary and General Counsel

SUBJECT: Policy and Privacy Update

COMMITTEE MANDATE:

- The Audit and Finance Committee is responsible for overseeing risk management, and other internal systems and control functions at the university.
- This oversight includes receiving regular reports from management on areas of significant risk to the university including regulatory matters, as well as policy development and approvals at the university, in accordance with the Policy Framework.

BACKGROUND/CONTEXT & RATIONALE:

- The purpose of this report is to provide the Board with an update on the status of compliance, risk and policy development activity being undertaken by the Office of the University Secretary and General Counsel (USGC).

Policy Update

- The USGC is supporting a variety of policy projects at the university relating to microcredentials, work from home, academic appeals and compliance policies in areas such as workplace violence and worker safety. In addition, we are supporting amendments to several graduate policies. The approval of these policies will complete the long-term project of bringing academic regulations in the Undergraduate and Graduate Academic Calendars into compliance with the Privacy Framework.
- The USGC expects the following instruments to advance to deliberation and approval steps before the end of this board year:
 - Accommodation Policy

- Respectful Campus Policy and Harassment and Discrimination Procedures
 - Compliance Policy
 - Controlled Goods Policy
- The USGC is supporting the amendment of the Signing Authority Policy and Register and will develop policy instruments to give direction around signing authorities for agreements that do not involve expenditures.
- A total of 6 Policy Instruments have been approved from June 1, 2020 to February 1, 2021. A complete list of Policy Instrument approvals has been included as Schedule A.

Privacy Update

- We have supported the development of an online COVID-19 screening form in compliance with obligations under the Freedom of Information and Protection of Privacy Act (FIPPA).
- The USGC, in collaboration with Teaching and Learning has developed a Directive and guidance for the use of Virtual Proctor Systems in a privacy-protective manner. This policy work arises from a PIA completed by the USGC. The directive and guidance were approved by Academic Council at the November meeting.
- The USGC has conducted a joint training session with Shared Services staff at Ontario Tech and Durham College, related to obligations under Ontario privacy law. We will be following up the training by developing guidance documents and processes to ensure that compliance obligations in the shared services environment can be met by both institutions.
- Each year, the university provides statistical reporting to the Information and Privacy Commissioner related to compliance activities under FIPPA. The university reports the number and certain details of access to information requests. The table below sets out the number of access to information requests, PIA's, and privacy investigations in the 2020 calendar year with a comparison to the two previous years:

TABLE 3: Privacy Activity by year, calendar year 2018-2020

Category	Calendar year 2018	Calendar year 2019	Calendar year 2020	Calendar year 2021 YTD
Requests for personal information	11	9	4	1
Requests for general information	3	3	3	0
Informal Requests	3	9	7	1

resolved by USGC				
3rd party notifications	2	1	3	
Privacy Impact Assessments	-	-	9	3 (<i>in progress</i>)
Breaches investigated	11	16	8	2

- The statistical report considers the university's compliance obligations under FIPPA. There have been two instances of non-compliance with legislated timelines in the 2020 calendar year:
 - **2020-10-002:** The delay resulted from efforts to provide information outside the scope of FIPPA which required drafting a summary report for the requester.
 - **2020-10-004:** The request was not forwarded to the Privacy Office until after the legislated timeline had expired. Remote working conditions contributed to the delay.

SUPPORTING DOCUMENTS:

- Schedule A List of Policy Instrument approvals
- Schedule B IPC Statistical Reporting

Schedule A: Policy Instrument Approvals

November 1, 2020 to January 31, 2021

- Volunteer Policy (November 11, 2020)
- Volunteer Procedures (November 20, 2020)
- Academic Integrity Policy (November 24, 2020)
- Academic Integrity Violation Procedures (November 24, 2020)
- Virtual Proctor System Directives (November 24, 2020)
- Missing Student Procedures (January 12, 2021)



The Year-End Statistical Report
for the
Information and Privacy Commissioner of Ontario

Statistical Report of
University of Ontario Institute of Technology
for the Reporting Year 2020
for
Freedom of Information and Protection of Privacy Act

Section 1: Identification

1.1 Organization Name

University of Ontario Institute of Technology

Head of Institution Name & Title

Steven Murphy, President and Vice-Chancellor

Head of Institution E-mail Address

president@ontariotechu.ca

Management Contact Name & Title

Cheryl Foy, University Secretary & General Counsel

Management Contact E-mail Address

cheryl.foy@ontariotechu.ca

Primary Contact Name & Title

Cheryl Foy, University Secretary & General Counsel

Primary Contact Email Address

cheryl.foy@ontariotechu.ca

Primary Contact Phone Number

9057213174

Primary Contact Fax Number

9057213076

Primary Contact Mailing Address 1

Office of the Board of Governors

Primary Contact Mailing Address 2

Ontario Tech University

Primary Contact Mailing Address 3

2000 Simcoe Street North

Primary Contact City

Oshawa

Primary Contact Postal Code

L1G0C5

1.2 Your institution is:

University

Section 2: Inconsistent Use of Personal Information

2.1

Whenever your institution uses or discloses personal information in a way that differs from the way the information is normally used or disclosed (an inconsistent use), you must attach a record or notice of the inconsistent use to the affected information.

0

Your institution received:

- ☐ No formal written requests for access or correction
- ☒ Formal written requests for access to records

Section 2: Inconsistent Use of Personal Information

- ☐ Requests for correction of records of personal information only

Section 3: Number of Requests Received and Completed

Enter the number of requests that fall into each category.

- 3.1** New Requests received during the reporting year
- 3.2** Total number of requests completed during the reporting year

Personal Information	General Records
3	3
3	3

Section 4: Source of Requests

Enter the number of requests you completed from each source.

- 4.1** Individual/Public
- 4.2** Individual by Agent
- 4.3** Business
- 4.4** Academic/Researcher
- 4.5** Association/Group
- 4.6** Media
- 4.7** Government (all levels)
- 4.8** Other
- 4.9** Total requests (Add Boxes 4.1 to 4.8 = 4.9)

Personal Information	General Records
3	1
0	0
0	2
0	0
0	0
0	0
0	0
0	0
3	3

BOX 4.9 must equal BOX 3.2

Section 5: Time to Completion

How long did your institution take to complete all requests for information? Enter the number of requests into the appropriate category. How many requests were completed in:

- 5.1** 30 days or less
- 5.2** 31 - 60 days
- 5.3** 61 - 90 days
- 5.4** 91 days or longer
- 5.5** Total requests (Add Boxes 5.1 to 5.4 = 5.5)

Personal Information	General Records
1	3
1	0
0	0
1	0
3	3

BOX 5.5 must equal BOX 3.2

Section 6: Compliance with the Act

In the following charts, please indicate the number of requests completed, within the statutory time limit and in excess of the statutory time limit, under each of the four different situations:

NO notices issued;

BOTH a Notice of Extension (s.27(1)) and a Notice to Affected Person (s.28(1)) issued;

ONLY a Notice of Extension (s.27(1)) issued;

ONLY a Notice to Affected Person (s.28(1)) issued.

Please note that the four different situations are mutually exclusive and the number of requests completed in each situation should add up to the total number of requests completed in Section 3.2.(Add Boxes 6.3 + 6.6 + 6.9 + 6.12 = BOX 6.13 and BOX 6.13 must equal BOX 3.2)

A. No Notices Issued

	Personal Information	General Records
6.1 Number of requests completed within the statutory time limit (30 days) where neither a Notice of Extension (s.27(1)) nor a Notice to Affected Person (s.28(1)) were issued.	1	3
6.2 Number of requests completed in excess of the statutory time limit (30 days) where neither a Notice of Extension (s.27(1)) nor a Notice to Affected Person (s.28(1)) were issued.	2	0
6.3 Total requests (Add Boxes 6.1 + 6.2 = 6.3)	3	3

B. Both a Notice of Extension (s.27(1)) and a Notice to Affected Person (s.28(1)) Issued

	Personal Information	General Records
6.4 Number of requests completed within the time limits permitted under both the Notice of Extension (s.27(1)) and a Notice to Affected Person (s.28(1)).	0	0
6.5 Number of requests completed in excess of the time limit permitted by the Notice of Extension (s.27(1)) and the time limit permitted by the Notice to Affected Person (s.28(1)).	0	0
6.6 Total requests (Add Boxes 6.4 + 6.5 = 6.6)	0	0

C. Only a Notice of Extension (s.27(1)) Issued

	Personal Information	General Records
6.7 Number of requests completed within the time limits permitted under both the Notice of Extension (s.27(1)).	0	0
6.8 Number of requests completed in excess of the time limit permitted by the Notice of Extension (s.27(1)).	0	0
6.9 Total requests (Add Boxes 6.7 + 6.8 = 6.9)	0	0

D. Only a Notice to Affected Person (s.28(1)) Issued

	Personal Information	General Records
6.10 Number of requests completed within the time limits permitted under both the Notice to Affected Person (s.28(1)).	0	0
6.11 Number of requests completed in excess of the time limit permitted by the Notice to Affected Person (s.28(1)).	0	0
6.12 Total requests (Add Boxes 6.10 + 6.11 = 6.12)	0	0

E. Total Completed Requests (sections A to D)

Personal Information	General Records
----------------------	-----------------

Section 8: Exemptions & Exclusions Applied

8.9	Section 17 - Third Party Information
8.10	Section 18 - Economic and Other Interests of Ontario
8.11	Section 18.1 - Information with Respect to Closed Meetings
8.12	Section 19 - Solicitor-Client Privilege
8.13	Section 20 - Danger to Safety or Health
8.14	Section 21 - Personal Privacy(Third Party) ²
8.15	Section 21(5) - Refusal to Confirm or Deny
8.16	Section 21.1 - Species at risk
8.17	Section 22 - Information soon to be published
8.18	Section 27.1 - Frivolous or Vexatious
8.19	Section 49 - Personal Information(Requester)
8.20	Section 65 - Act Does Not Apply ³
8.21	Section 65(6) - Labour Relations & Employment Related Records and Appointment and Placement Related Records
8.22	Section 67 - Other Acts
8.23	PHIPA Section 8(1) Applies
8.24	Total Exemptions & Exclusions Add Boxes 8.1 to 8.23 = 8.24

0	0
0	0
0	0
1	0
0	0
0	0
0	0
0	0
0	0
2	0
0	1
1	0
0	0
0	0
5	1

¹ not including Section 14(3)

² not including Section 21(5)

³ not including Section 65(6)

Section 9: Fees

Did your institution collect fees related to request for access to records?

	Personal Information	General Records	Total
9.1	Number of REQUESTS where fees other than application fees were collected	0	0
9.2.1	Total dollar amount of application fees collected	\$15.00	\$15.00
9.2.2	Total dollar amount of additional fees collected	\$0.00	\$0.00
9.2.3	Total dollar amount of fees collected (Add Boxes 9.2.1 + 9.2.2 = 9.2.3)	\$15.00	\$30.00
9.3	Total dollar amount of fees waived	\$0.00	\$0.00

Section 10: Reasons for Additional Fee Collection

Enter the number of REQUESTS for which your institution collected fees other than application fees that apply to each category.

	Personal Information	General Records	Total
10.1	Search time	0	0
10.2	Reproduction	0	0
10.3	Preparation	0	0

Section 10: Reasons for Additional Fee Collection

- 10.4** Shipping
- 10.5** Computer costs
- 10.6** Invoice costs (and other as permitted by regulation)
- 10.7** Total (Add Boxes 10.1 to 10.6 = 10.7)

0	0	0
0	0	0
0	0	0
0	0	0

Section 11: Correction and Statements of Disagreement

Did your institution receive any requests to correct personal information?

- 11.1** Number of correction requests received
- 11.2** Correction requests carried forward from the previous year
- 11.3** Correction requests carried over to next year
- 11.4** Total Corrections Completed $[(11.1 + 11.2) - 11.3 = 11.4]$

Personal Information

0
0
0
0

BOX 11.4 must equal BOX 11.9

What course of action did your institution take regarding the requests that were received to correct personal information?

- 11.5** Correction(s) made in whole
- 11.6** Correction(s) made in part
- 11.7** Correction refused
- 11.8** Correction requests withdrawn by requester
- 11.9** Total requests (Add Boxes 11.5 to 11.8 = 11.9)

Personal Information

0
0
0
0
0

BOX 11.9 must equal BOX 11.4

In cases where correction requests were denied, in part or in full, were any statements of disagreement attached to the affected personal information?

- 11.10** Number of statements of disagreement attached:

Personal Information

0

If your institution received any requests to correct personal information, the Act requires that you send any person(s) or body who had access to the information in the previous year notification of either the correction or the statement of disagreement. Enter the number of notifications sent, if applicable.

- 11.11** Number of notifications sent:

Personal Information

0

Note:

This report is for your records only and should not be faxed or mailed to the Information and Privacy Commissioner of Ontario in lieu of online submission. Faxed or mailed copies of this report will NOT be accepted. Please submit your report online at: <https://statistics.ipc.on.ca>.

Thank You for your cooperation!

Declaration:	
I, Cheryl Foy, University Secretary & General Counsel, confirm that all the information provided in this report, furnished by me to the Information and Privacy Commissioner of Ontario, is true, accurate and complete in all respects.	
<hr/>	<hr/>
<i>Signature</i>	<i>Date</i>

BOARD REPORT

SESSION:

Public
Non-Public

☒
☐**ACTION REQUESTED:**

Decision
Discussion/Direction
Information

☐
☐
☒

TO: Board of Governors

DATE: February 25, 2021

PRESENTED BY: Brad MacIsaac, VP Administration

SUBJECT: Ontario Tech Credit Rating

COMMITTEE/BOARD MANDATE:

The Audit & Finance Committee is responsible for overseeing the financial affairs of the university with respect to all financial reporting/ internal control functions, budget approvals, risk management and other internal/ external audit functions at the university. The committee also oversees the university's compliance program.

We are providing this report as an update to the Board on the Committee's financial oversight mandate.

BACKGROUND/CONTEXT & RATIONALE:

This report provides an update on Ontario Tech credit ratings, which were issued in November 2020 (Moody's) and January 2021 (DBRS).

Ontario Tech 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 and reviews with both agencies are conducted annually.

Both have remained at previous levels: Moody's has confirmed our Credit Rating at A1 - Stable. DBRS has confirmed our Credit Rating as A (low) – Stable. Although Ontario Tech ratings have trended positively over the past five years, our credit rating remains at the low end of the range in our sector. This is due to high debt levels which are a consequence of the Provincial choice to have Ontario Tech fund its own initial infrastructure costs.

In reaffirming their ratings, both agencies acknowledged Ontario Tech's positive operating results while highlighting the pressures caused by flat government grants and tuition framework especially in the uncertain times caused by COVID. Neither noted

concerns with the declining reserves as we were clear on our plans for internally financed large capital projects instead of taking on new debt. Moody's noted the university has been successful in the past with similar financing strategies, with the goal of replenishing reserves following internal draws.

IMPLICATIONS:

Credit ratings assess a debtor's ability to pay back debt by making timely interest payments and the likelihood of default. It 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 Ontario Tech, an improved credit rating would result in lower borrowing costs on future debts.

NEXT STEPS:

Continue working with DBRS and Moody's to provide information, highlight Ontario Tech's operational improvements, and to ensure our credit rating accurately reflects the university's fiscal position.

SUPPORTING REFERENCE MATERIALS:


Moody's Credit Opinion – Nov 2020

DBRS Rating Report – Jan 2021

CREDIT OPINION

5 November 2020

Update

 Rate this Research

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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University of Ontario Institute of Technology (Canada)

Update to Credit Analysis

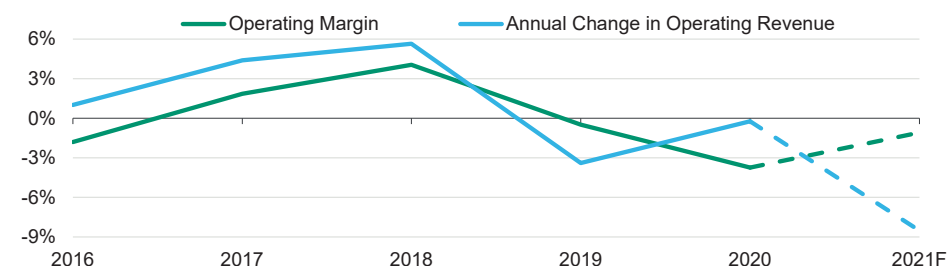
Summary

The credit profile of the University of Ontario Institute of Technology (A1 Stable) (Ontario Tech) reflects solid operating cash flows, declining debt burden and moderate levels of liquidity from cash and investments. The provincially mandated tuition freeze in 2020/21, which follows a 10% tuition cut in 2019/20, will continue to weaken tuition revenues. The coronavirus pandemic poses additional operating challenges to the university through reduced demand for commercial/ancillary services, elevated pandemic-related expenses, and weaker enrolment levels, especially for international students. Nevertheless, the university exhibits prudent fiscal management including expense containment measures to mitigate these pressures.

Exhibit

The pandemic has exacerbated existing operating challenges

Year ending March 31



Source: Moody's Investors Service; University of Ontario Institute of Technology financial statements

Credit strengths

- » Declining debt burden, low interest rates and provincial debt service subsidies support debt affordability
- » Solid levels of liquidity from cash, investments and reserves
- » Strong operating cash flow margins supported by prudent fiscal management

Credit challenges

- » Revenue constraints from provincial tuition restrictions and the coronavirus pandemic
- » Limited capacity to expand physical infrastructure
- » Weaker research profile and fundraising capacity than peers

Rating outlook

The stable outlook reflects our opinion that the university will be able to maintain adequate levels of cash and investments and strong cash flows that allow it to mitigate ongoing operating pressures.

Factors that could lead to an upgrade

A significant improvement in the university's liquidity profile, as measured by spendable cash and investments, or an ability to maintain strong liquidity metrics if debt was required to expand capital, could put upward pressure on the rating.

Factors that could lead to a downgrade

A significant weakening in operating results with consistent operating deficits, or a decline in liquidity as a result of weaker enrolment levels or a deterioration in expenditure controls would put downward pressure on the rating.

Key indicators

Exhibit 2

University of Ontario Institute of Technology

(Year Ending March 31)	2016	2017	2018	2019	2020
Operating Revenue (CAD Million) [1]	179.6	187.5	198.0	191.3	190.9
Annual Change in Operating Revenue (%)	1.0	4.4	5.6	(3.4)	(0.2)
Operating Cash Flow Margin (%)	21.3	23.0	23.3	19.1	15.7
Total Cash and Investments (CAD Million)	62.9	80.9	77.9	89.0	75.5
Spendable Cash and Investments to Operating Expenses (x)	0.3	0.4	0.3	0.3	0.3
Total Debt to Cash Flow (x)	6.1	5.1	4.5	5.5	6.5

[1] Revenue net of scholarship expenses

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

Detailed credit considerations

The credit profile of Ontario Tech 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](#) in the event that the university faced acute liquidity stress.

Baseline credit assessment

Declining debt burden, low interest rates and provincial debt service subsidies support debt affordability

Ontario Tech's debt burden will continue to decline over the next two years given the amortizing nature of its existing debenture and a lack of expected new long-term debenture issuances. Debt affordability remains strong, supported by the continued low interest rate environment. Total debt to cash flow stood at 6.5x in 2019/20 and debt to operating revenue stood at 1.06x. The debenture grant from the province will continue to ease the financial impact of the debt burden on the university.

The university's total debt as at March 31, 2020 primarily includes a CAD158 million senior unsecured debenture maturing in 2034 (issued in 2004) and CAD37 million in long-term capital lease obligations for buildings in downtown Oshawa. The Durham College of Applied Arts and Technology provides a guarantee to Ontario Tech's 2004 debenture, providing additional credit support to debenture holders.

Debt affordability is supported 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 (received semi-annually) earmarked for debt service of the university's 2034 maturity, CAD220 million notional value debenture.

Solid levels of liquidity, cash, investments and reserves

The university's prudent fiscal management have resulted in solid levels of wealth from spendable cash and investments, despite a recent weakening. At March 31, 2020, total cash and investments stood at CAD76 million, a level that is up approximately 20%

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

from 2015/16 levels, although below the previous year's level of CAD89 million mostly due to weaker tuition revenues and significant purchases of capital assets in 2019/20.

Within total cash and investments, only about one-third is permanently restricted. Spendable cash and investments (which exclude permanently restricted assets such as endowments) measured CAD52 million in 2019/20. The liquidity portfolio including reserves will continue to support the university's efforts in making moderate, internally financed investments in campus infrastructure, and provides a buffer against fiscal challenges from provincial tuition constraints and the coronavirus pandemic.

The internally financed investments include large capital projects financed through reserves instead of taking on new debt, and the university has been successful in the past with similar financing strategies, with the goal of replenishing reserves following internal draws. In our view the liquidity profile will continue to support the university's efforts in making similar investments in campus infrastructure. The university also maintains a CAD17 million operating line of credit which remained undrawn as at March 31, 2020.

The university's cash and investment balances provide a cushion against the debt, with spendable cash and investments covering 0.27x total debt at March 31, 2020.

Strong operating cash flow margins supported by prudent fiscal management

Ontario Tech maintains solid operating cash flows, including CAD30 million in 2019/20. This supports strong operating cash flow margins (net income before non-cash expenses relative to operating revenue) which exceeded 15% in the last 5 years despite weaker operating performance. These levels are supported not only by prudent fiscal management, but also by annual provincial debt subsidies.

Although cash flows over the next two years could be constrained by limited domestic tuition growth and additional coronavirus spending, we note that the university retains flexibility to lower both operating and capital expenses. In 2020/21, the university already implemented temporary layoffs, staff work load reductions, delayed hires and terminations of part-time contracts, resulting in an estimated savings of about CAD5.6 million. Other measures also support cash flows including deferral of non-essential IT procurements and delaying some campus renovations.

The non-tenure eligible teaching track stream for academic staff, coupled with a defined contribution pension plan, also support expense flexibility. As management seeks ways to achieve balanced fiscal outcomes, we do not expect a significant deterioration in the university's operating cash flows. As a result, we expect operating cash flow margins to remain approximately in line with current levels over the next two years.

Revenue constraints from provincial tuition restrictions and the coronavirus pandemic

The university's fiscal profile is challenged by restrictions on domestic tuition as the province continues to seek ways to improve tuition affordability. The province mandated a 10% reduction in domestic tuition fees for 2019/20 followed by a freeze in domestic tuition fees in 2020/21, adversely impacting operating revenues. The provincial directive weakens the university's ability to generate revenue in 2020/21 in an environment further constrained by the coronavirus pandemic.

A new provincial funding framework, which was planned to be introduced during the 2020/21 academic year but now postponed by two years, will transition from a primarily enrolment-based funding model to a predominantly performance-based model. Although the deferral of the model's implementation allows Ontario Tech to have sufficient time to incorporate expected changes into its future budgets, the move to a higher share of performance-based funding will remove the funding stability from the current provincial funding model.

Ontario Tech, along with the higher education sector globally, also faces fiscal pressure related to the pandemic including higher pandemic-related expenses and uncertainty relating to tuition revenue. Revenues related to ancillary services and operations are also constrained, including student housing, parking and rental income as several buildings are typically rented out for community and cultural events throughout the year. The university will also record higher expenses for online learning transition and increased student support. In 2019/20, Ontario Tech recorded a deficit of CAD2.6 million (1.2% of total revenues, based on audited financial statements) which included the early impacts of the pandemic. For 2020/21, in line with the university's forecasts, we expect a modest shortfall of CAD3.6 million (2.0% of total revenues) which may be covered fully with reserves.

The second wave of the pandemic, which appears to be already underway, along with continued travel restrictions, campus closures and public health concerns may constrain demand in the near-term for the university.

Limited capacity to expand physical infrastructure

The university's ability to increase revenues is also constrained by physical capacity limitations given limited available space to expand significantly. Although the coronavirus pandemic has temporarily halted the requirement for expansions, major capital expansion (including through adjacent lands) would require significant cash reserves.

Although limited reserves have historically enabled moderate campus investments, the university has limited available reserves to fund major new capital acquisitions or expansions without incurring new debt or substantial new government capital grants. Since we do not expect the university to issue new long-term debt in the near future, the likelihood of material campus expansion over the next few years is low.

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 than in recent years.

Weaker research profile and fundraising capacity than peer

Ontario Tech is a small university and the youngest in Ontario. Its research profile reflects this status as it secures lower levels of long-term research grants from the federal government relative to its larger, more established peers. Externally funded operating research grants are low compared to peers with modest growth to CAD11.2 million in 2019/20 from CAD10.4 million in 2018/19. Nevertheless Ontario Tech has partnered with several large corporations in the region for in-kind research collaborations, which, although they do not contribute to revenues, could enhance the university's research profile.

Ontario Tech's relatively young stage of development also limits its ability to raise significant fundraising revenue, as it does not yet have a large alumni and donor pool to draw donations from. The university initiated its first official fundraising campaign in 2017, and following a more challenging fundraising environment in 2020/21, we expect to see some growth in restricted reserves and donation revenues in the subsequent years.

Extraordinary support considerations

Moody's assigns a very high likelihood that the Province of Ontario would act to prevent a default by the university. The very high support level reflects a perceived risk to the province's reputation as regulator of the university sector if Ontario Tech or any Ontario university were to default. In addition, Durham College of Applied Arts and Technology provides a guarantee to Ontario Tech's 2004 senior unsecured debenture. As colleges in Ontario face stronger regulation than universities, and therefore are closer to the province, the guarantee provides for a stronger level of extraordinary support for Ontario Tech, if the university were to face acute liquidity pressure, than other universities in the province.

ESG considerations

How environmental, social and governance risks inform our credit analysis of Ontario Tech

Moody's takes into account the impact of environmental (E), social (S) and governance (G) factors when assessing sub-sovereign issuers' economic and financial strength. In the case of Ontario Tech, we assess the materiality of ESG to the credit profile as follows:

Environmental considerations are not material to Ontario Tech's credit profile. The university owns land and owns/operates buildings which may be subject to environmental risks (e.g. asbestos in older buildings or clean-up following construction), but these risks are small and the university proactively manages them through its facilities maintenance.

Social considerations are material to Ontario Tech's credit profile and the risks are moderate. Social considerations principally relate to developments in public policy on education, in particular Ontario's objective of promoting improvements in tuition affordability through mandated provincial tuition fee restrictions. We also consider the coronavirus outbreak as a social risk which adds a high degree of uncertainty on enrolment levels as students may alter their plans on attending universities during a global health pandemic. These pressures are partly mitigated by solid enrolment demand.

Governance considerations are also material to Ontario Tech's credit profile. We assess governance risk as low given a strong institutional framework and prudent financial planning which includes annual balanced budgets and 5-year strategic plans. Each faculty is responsible for developing its own budget and adhering to self-imposed revenue and expense targets. Oversight is strong from the Academic Council and Board of Governors.

Further details are provided in the "Detailed credit considerations" section above. Our approach to ESG is explained in our cross-sector methodology [General Principles for Assessing Environmental, Social and Governance Risks](#).

Rating methodology and scorecard factors

The assigned BCA of a3 is two notches lower than the scorecard indicated outcome of a1, reflecting the combination of a high debt load which limits future debt issuances, the university's small size relative to Ontario peers and capacity constraints for expansion which limit future growth. For details of our rating approach, please refer to the [Higher Education](#) (May 2019) and [Government-Related Issuers](#) (February 2020) methodologies.

Exhibit 3

University of Ontario Institute of Technology

Rating Factors	Value	Score
Factor 1: Market Profile (30%)		
Scope of Operations (Operating Revenue) (\$000)	143,448	A2
Reputation and Pricing Power (Annual Change in Operating Revenue) (%)	(0.2)	B1
Strategic Positioning	A	A
Factor 2: Operating Performance (25%)		
Operating Results (Operating Cash Flow Margin) (%)	15.7	Aa1
Revenue Diversity (Maximum Single Contribution) (%)	43.0	Aa2
Factor 3: Wealth & Liquidity (25%)		
Total Wealth (Total Cash & Investments) (\$000)	53,241	A2
Operating Reserve (Spendable Cash & Investments to Operating Expenses) (x)	0.3	A1
Liquidity (Monthly Days Cash on Hand)	104	A1
Factor 4: Leverage (20%)		
Financial Leverage (Spendable Cash & Investments to Total Debt) (x)	0.3	A2
Debt Affordability (Total Debt to Cash Flow) (x)	6.5	Aa2
Scorecard-Indicated Outcome		a1
Assigned BCA		a3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars, consistent with the Higher Education Methodology.

Source: Moody's Investors Service

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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Rating Report

University of Ontario Institute of Technology

DBRS Morningstar

January 15, 2021

Contents

- 1 Ratings
- 1 Rating Update
- 2 Financial Information
- 2 Issuer Description
- 2 Rating Considerations
- 4 Operating Performance
- 7 Capital Plan
- 7 Debt and Liquidity
- 10 Durham College Guarantee
- 10 University Funding in Ontario
- 15 Rating History
- 15 Related Research
- 15 Previous Report

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Ratings

Debt	Rating	Rating Action	Trend
Issuer Rating	A (low)	Confirmed	Stable
Series A Senior Unsecured Debentures	A (low)	Confirmed	Stable

Rating Update

On December 3, 2020, DBRS Limited (DBRS Morningstar) confirmed the University of Ontario Institute of Technology's (the University or Ontario Tech) Issuer Rating and Series A Senior Unsecured Debentures (the Debentures) rating at A (low). Both trends are Stable. The University's credit profile has been steadily improving in recent years supported by a strengthening academic profile, ongoing student demand for its high-demand Science, Technology, Engineering, and Mathematics (STEM) program offerings, positive operating results, and debt reduction. However, ratings are limited by Ontario Tech's limited financial flexibility as represented by DBRS Morningstar's calculation of expendable resources. In addition, the challenging operating environment and provincial policy uncertainty remain obstacles for all public universities in the Province of Ontario (Ontario or the Province; rated AA (low) with a Stable trend by DBRS Morningstar).

After several years of positive operating results, the University reported a consolidated deficit of \$2.6 million in 2019–20. The deficit primarily resulted from a decline in tuition revenues (-3.8%) and lower revenue from auxiliary services, such as parking operations (-12.6%), coupled with higher spending on salaries and benefits (+7.6%) and a significant unrealized loss on the endowed investments as a result of the impact of the global Coronavirus Disease (COVID-19) pandemic on the equity market (-500.0%).

The University responded to the coronavirus pandemic with campus closure and a transition to online learning, which resulted in anticipated adverse financial impacts on income and some additional expenses toward student assistance, technology investments, and sanitization and extensive cleaning. Subsequently, Ontario Tech revised its budget estimates downward in June 2020 to reflect additional operating pressures arising from the pandemic. However, the University's year-to-date performance is ahead of the June budget expectations, with Ontario Tech anticipating a nearly balanced result in 2020–21. The improved budget outlook stems from stronger-than-anticipated growth in enrolment in fall 2020, supported by some savings on utilities, lower discretionary spending, and delayed full-time hires.

The medium-term outlook is less clear given ongoing travel restrictions and other pandemic-related health concerns. The University forecasts modest deficits over the next few years, though the actual performance will likely be slightly better than budget following a resumption of enrolment growth.

Ontario Tech revised its enrolment projections downward but continues to budget enrolment growth of more than 5% over the next five years.

The University's debt burden remains the highest among DBRS Morningstar-rated Ontario universities at \$21,796 per full-time equivalent (FTE) student, although the circumstances surrounding Ontario Tech's debt burden remain unique in the Ontario context. The Province supports a large share of the University's annual debt-servicing costs through a restricted debt-servicing grant. While the legal obligations rest with the University, this arrangement effectively results in only one-third of its total debt being serviced through its general operations (e.g., unrestricted operating grants, tuition revenue). The University is contemplating approximately \$25 million in new debt, resulting in debt per FTE above \$22,000 over the next three years. Although the addition of a new bank loan will reduce borrowing flexibility within the current rating category, DBRS Morningstar anticipates Ontario Tech's debt burden to decline gradually over the medium term as debt amortizes.

DBRS Morningstar does not expect the ratings to shift materially given a challenging outlook for the sector in general. However, a resumption of positive operating results and debt reduction, together with favourable resolution of operating and policy uncertainty, could lead DBRS Morningstar to consider changing the trend to Positive. Though unlikely, DBRS Morningstar could lower the rating if there is a sustained deterioration in operating outlook and a materially higher debt burden.

Financial Information

(CAD millions)	For the year ended March 31				
	2020	2019	2018	2017	2016
Operating result	(2.6)	6.9	15.4	12.6	2.9
Surplus-to-revenue (five-year average) (%)	3.4	4.5	5.0	5.2	4.3
Debt per FTE (\$)	21,796	22,731	23,410	24,738	26,288
Expendable resources to debt (%)	11.3	17.3	13.6	9.4	6.1
Interest coverage ratio (x)	2.0	2.5	3.1	2.8	2.4

Issuer Description

Ontario Tech is located in Oshawa, Ontario, and provides career-oriented university programs and transitional programs to enable college graduates to complete university degrees. The University was established in 2002 and has an enrolment of about 9,000 FTEs. Ontario Tech has developed a strong reputation for its STEM programming and industry partnerships.

Rating Considerations

Strengths

1. Provincial support

Universities are stable institutions and a critical component of the public sector. Access to high-quality postsecondary education remains a priority for the Province. As such, universities in Ontario and across Canada benefit from stable and consistent revenue sources. Government grants and tuition fees account for about 80% to 85% of revenue for Ontario Tech.

2. Established reputation

Ontario Tech has grown rapidly since its establishment in the early 2000s and has developed a strong reputation in several high-demand, engineering- and technology-related fields. The University ranks reasonably well in Canada for a new and small university and is well established in the Durham Region (Oshawa). Ontario Tech's name recognition remains limited outside the Greater Toronto Area (GTA) but is improving with a growing alumni base and improved visibility.

3. Effective financial management practices

Financial management practices have improved significantly over the past several years. The University has developed effective budget and planning processes, improved internal and external reporting, and made its operations more effective and cost efficient.

4. Defined contribution pension plan

Ontario Tech has a defined contribution pension plan, which alleviates the risk of meeting future benefit payments for retired employees. Defined benefit plans are the norm for Canadian universities.

Challenges

1. Limited control of revenue

Canadian universities have limited control over their main revenue sources—tuition fees and government grants. The Province imposed a 10% reduction on tuition fees for domestic students in regulated programs for 2019–20, while effectively limiting domestic enrolment growth and freezing operating grants. The changes to the tuition fee framework are estimated to have adversely affected Ontario Tech's revenue by \$9 million in 2019–20.

2. Cost pressures and pandemic impacts

Underlying cost pressures are somewhat detached from the University's revenue drivers. Canadian universities' expense bases are largely fixed and growing in the form of tenured faculty, unionized support staff, externally mandated student aid requirements, and large infrastructure footprints. In recent years, inherent cost pressures have outpaced provincially controlled revenue growth for many DBRS Morningstar-rated universities. The fixed nature of expenses also tends to slow the pace at which universities can respond to a significant exogenous shock to revenue, such as the coronavirus pandemic. As with other universities, these factors have compelled Ontario Tech to undertake adjustments. Ontario Tech has less operational flexibility to adjust to the constrained operating environment than larger, more established universities. The University responded to the pandemic with campus closure and a transition to online learning, which resulted in anticipated adverse financial impacts on income and some additional expenses toward student assistance, technology investments, and sanitization and extensive cleaning.

3. Limited balance sheet flexibility

Ontario Tech incurred losses for several years after its establishment in 2002, resulting in an accumulated deficit and a negative net-asset position. Over the last several years, net assets have risen, supported by positive operating results. Nevertheless, as a relatively new and small institution that has operated primarily in a constrained funding environment, Ontario Tech's balance sheet has limited financial flexibility compared with most other DBRS Morningstar-rated universities.

4. Significant debt burden

Ontario Tech has the highest debt burden among DBRS Morningstar-rated Ontario universities at \$21,796 per FTE; however, the debt burden and its funding are unique among Ontario universities because the amortizing Debentures, issued when the University was established, are largely serviced by restricted debt-servicing grants from the Province. Effectively, Ontario Tech services one-third of its total debt with general operations (e.g., unrestricted operating grants, tuition fees).

Operating Performance

2019–20 Results

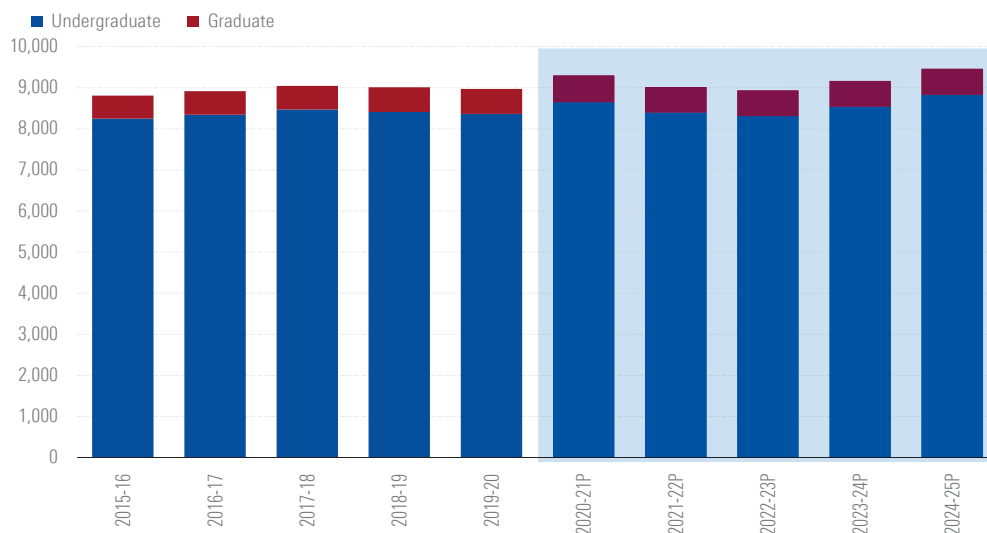
Ontario Tech has generated positive consolidated results over the past many years. However, the University reported a deficit of \$2.6 million in 2019–20 as the pandemic exacerbated the imbalance caused from expense growth outpacing revenues.

Total revenue slightly declined (-0.4%) as a decrease in tuitions (-3.8%), lower revenue from auxiliary services, such as parking operations (-12.6%), and other revenue (-6.9%) offset modest growth across most revenue categories. Tuition revenue declined due to a combination of weaker domestic undergraduate enrolment and a provincially mandated 10% reduction in domestic tuition rates in 2019–20. The pandemic prompted universities to move the majority of their operations online, which resulted in lower ancillary revenues for most Ontario universities that DBRS Morningstar rates.

Provincial operating grants remained stable, in line with the Province's funding formula under the Strategic Mandate Agreement with Ontario Tech.

Total expense increased (+4.2%) mainly because of higher spending on salaries and benefits (+7.6%), increased student aid and financial assistance (+2.9%), and other expenses (+4.2%). The increase in spending was partially offset by lower interest expense (-3.0%) as debt continued to amortize and owing to some savings from supplies and expenses (-1.0%) reflecting reduced on-premise activities due to the pandemic-led closures in the final months of F2020.

As at March 31, 2020, net assets were \$84.8 million (-1.2%), slightly lower compared with the prior year. While still weaker than many Ontario universities, the University's net asset position has improved considerably over the last decade through its efforts to strengthen the balance sheet.

Exhibit 1 Enrolment (FTEs)

Sources: Ontario Tech and DBRS Morningstar. P = Projection.

2020–21 Budget and Year-to-Date Performance

The University uses an incremental budget model and prepares its budget on a modified cash basis. The budget's scope differs somewhat from that of the audited financial statements, but variances between bottom-line results are generally modest.

Ontario Tech revised its budget estimates downward in June 2020 to reflect additional operating pressures arising from the pandemic. However, the University's year-to-date operating performance is ahead of June budget expectations and Ontario Tech now forecasts a nearly balanced result in 2020–21. The University's June 2020 budget projected a deficit of \$2.1 million for F2021. The improved outlook relative to the June budget update is driven by stronger-than-estimated enrolment growth in fall 2020, University-wide cost reduction initiatives (including hiring delays, salary reductions, temporary and permanent layoffs, deferred capital spending, and lower discretionary spending, among other measures), and the use of prior year surpluses. Despite a decline in first-year intake of domestic students (-6%), total enrolment increased by 3.6% (as of October 2020 data), compared with actual enrolment in the prior year.

In January 2019, the Province introduced a new tuition fee framework imposing a 10.0% reduction in 2019–20 domestic tuition fee levels (relative to 2018–19) and stipulated that fees shall remain frozen at that level into the subsequent year (2020–21). The impact of the tuition fee reduction on University revenues is roughly \$9.0 million in 2019–20 and \$12.0 million in 2020–21. There is presently no guidance for domestic tuition fees in future years. In 2020–21, tuition rate increases ranged between 0% and 10% for international students.

The pandemic resulted in loss of revenues from parking, day care, and other campus facilities, and the University anticipates an ancillary budget deficit in F2021. However, a significant portion of the University's ancillary operations (such as, bookstores, food services, and housing) are outsourced to external vendors or are managed by Durham College of Applied Arts and Technology (DC). As such, the financial impact on consolidated results will be limited.

Operating Outlook

The medium-term outlook is less clear given ongoing travel restrictions and other pandemic-related health concerns. In addition to the changes in provincial policy, the University's strategy has shifted considerably under the leadership of its new president, Steven Murphy. The University's budget-working group has been working on a multi-year cost reduction initiative that aims to sustainably re-adjust Ontario Tech's cost base downward and increase financial flexibility.

The University expects the level of provincial operating grants to remain stable, though the allocation of operating grants will shift from an enrolment-based approach to a performance-based approach under the next iteration of the Strategic Mandate Agreement (SMA3). However, as a result of the pandemic, Ontario has indicated that the move to performance-based funding will be delayed by two years, thus holding operating grants stable around current levels with no adverse funding impacts if a university is unable to achieve its negotiated performance targets.

Ontario Tech's academic profile has improved over the past decade but remains relatively weak compared with larger and more established universities in Ontario. The University has limited visibility outside the GTA. The University rebranded itself Ontario Tech University in 2019 and started to make changes to the campus to improve its attractiveness as a destination for students. Although some of the initiatives will be delayed because of the pandemic, the University will continue to explore addition of new facilities, more student- and community-oriented spaces, and improved food services.

Ontario Tech envisions continued international enrolment growth and has contracted agencies in various countries to support this effort. International students currently make up 7% of the student population, although the University expects this share to rise to about 15% over time. The targeted level is comparable with many other DBRS Morningstar-rated universities but well below the highs seen at some universities and colleges. Like most universities, Ontario Tech hopes to diversify the program mix for international students but expects most to continue to enter computer science and engineering programs in the near to medium term.

As with other universities, labour costs are Ontario Tech's largest expense, accounting for more than half of total expenses. Compensation costs have steadily risen over the last five years with underlying growth in the University's workforce and negotiated compensation increases. Labour relations at Ontario Tech are constructive and there is little risk of a work stoppage in the near term. The University has signed collective agreements (that expire in 2021) with its faculty and sessional instructors, providing modest salary and wage increases. Bargaining discussion will likely begin early next year. The University ratified the collective agreement (expiring in June 2023) with Ontario Public Service Employees Union,

which represents administrative staff at Ontario Tech. The renewed collective agreement includes annual increases limited to 1%, which is consistent with the recent provincial legislation aimed at slowing growth in public sector compensation (Protecting a Sustainable Public Sector for Future Generations Act, 2019).

Capital Plan

Capital investment increased to \$28.5 million in F2020, compared with \$16.4 million in the prior year. Currently, the University has several other capital projects underway as it seeks to increase research and academic capacity and improve student experience:

- **Automotive Centre of Excellence (ACE) Enhancement Project:** The ACE is one of the world's largest and most sophisticated wind tunnels, capable of simulating extreme weather conditions. In 2016, the University bought a state-of-the-art moving ground plane (MGP), one of only 14 worldwide. The MGP is "a giant belt that acts as a road moving under a vehicle, simulating the aerodynamic forces against moving vehicles, and measuring physical characteristics in real-world conditions."¹ Ontario Tech secured the necessary \$11.0 million in funding to install and integrate the MGP into the ACE. Installation and integration of the MGP commenced in November 2018, though the pandemic has prompted some delays in completion, which was previously scheduled for fall 2020.
- **General Academic and Student Building:** Ontario Tech has begun the construction of a five-storey academic building that will house the student union as well as classroom and research space. The new building is to be a showcase on the main campus and will replace some of the portables currently in use, providing a modest amount of new teaching capacity. The new building will also include better-quality spaces for students to congregate, study, and engage. The total control budget is \$48 million (including \$750,000 in contingencies), which will be largely funded by the University with contributions from the student union, fundraising and philanthropy, \$25.0 million of external financing, and possibly contributions from the federal government. Occupancy is planned by fall 2021.

Ontario Tech does not have any other projects contemplated after the new academic building is complete, although over the medium to long term, the University may require additional capacity to sustain its planned enrolment growth. There are options to extend several of the existing facilities if additional space is necessary.

Ontario Tech's deferred maintenance (DM) needs are limited because most buildings were built in the 2000s. As at fiscal year-end 2020, the University estimated DM of \$16.4 million and an overall facilities condition index of 0.008, which is considered manageable. Ontario Tech intends to allocate roughly \$2.0 million for DM spending, funded by the Province's Facility Renewal Program, and another \$0.5 million to DM reserves.

Debt and Liquidity

Ontario Tech's total debt was \$195.5 million at March 31, 2020. On a per-student basis, this equates to \$21,796 per FTE and is the highest among DBRS Morningstar-rated universities. The University's debt

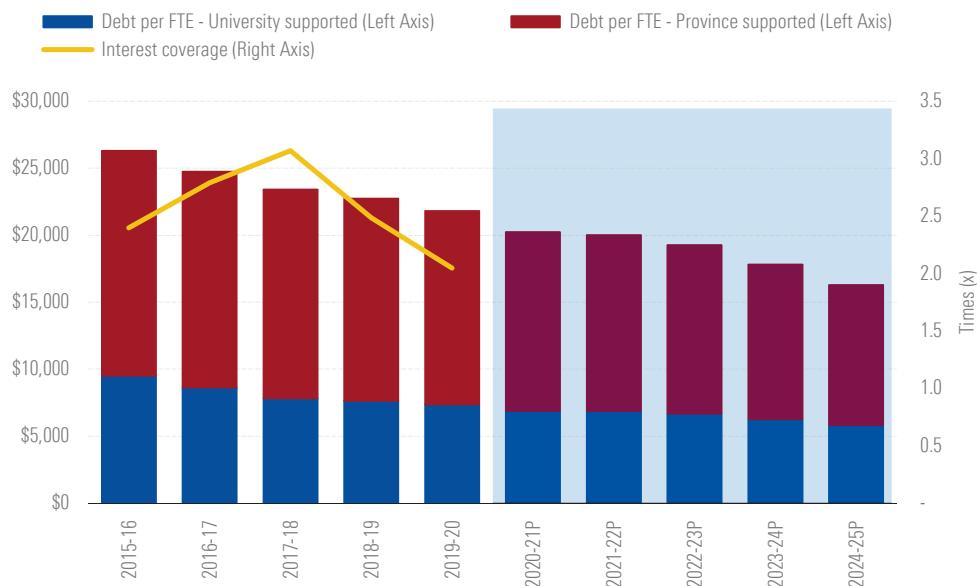
¹ University of Ontario Institute of Technology, "Province and industry partners rally to drive automotive innovation" (2018).

comprises \$158.1 million in amortizing Debentures, \$37.0 million in capital leases, and \$0.4 million in other long-term debt. Ontario Tech's debt continues to amortize by roughly \$7.0 million annually.

Ontario Tech's debt burden is significant and unusual in the Ontario context, reflecting a policy decision made by the Province when the University was established in the early 2000s. The Province provided Ontario Tech with relatively modest upfront capital grants, with the University funding much of the initial infrastructure with debt that was to be supported by Provincial operating grants. At first, the debt servicing grant was targeted at 15% of the annual operating grant, but it was later converted to a flat \$13.5 million annual restricted grant aimed at ensuring the University's financial sustainability and mitigating the risk of default. The grant covers about 80% of the annual \$16.5 million requirement for principal and interest. While the legal obligation rests with the University and the grants flow through Ontario Tech, the Province is effectively servicing 80% of the Debentures.

Excluding the portion of the debt effectively serviced by the Province would yield a debt burden of \$66.1 million or \$7,400 per FTE. DBRS Morningstar continues to view Ontario Tech's debt burden as elevated among Ontario universities but acknowledges the unique circumstances surrounding the debt. The Province has provided Ontario Tech with assurances that the restricted grant will continue until the Debentures are fully repaid in 2034, although the payments are subject to conditions and require annual legislative approval. Nevertheless, DBRS Morningstar is confident that the Province will continue to provide the grants until the debt is retired because of the importance of postsecondary education to the provincial government, the political consequences resulting from the failure of a publicly funded and regionally important university, and the grant's relatively small size in the broader provincial budget. A material reduction in the grant would challenge the University's finances and put downward pressure on the credit profile.

Although still high, the University's debt-servicing costs have been declining as debt amortizes. Total interest costs represent about 6.3% of total expense, nearly halved relative to a decade ago. Nevertheless, interest coverage was relatively low at 2.0x, compared with 2.5x in the prior year. DBRS Morningstar expects interest coverage to remain lower than at most DBRS Morningstar-rated universities over the coming years.

Exhibit 2 Debt per FTE and Interest Coverage

Sources: Ontario Tech and DBRS Morningstar. P = Projection.

Note: The chart above does not include \$25 million planned new debt as the amortization schedule is unavailable.

The University's balance sheet has improved significantly over the last 10 years, supported by ongoing effort to improve operating results and financial management practices. Ontario Tech's net assets have risen because of accumulation of reserves, and debt has declined steadily. Nevertheless, and consistent with the rating, the University's balance sheet exhibits less flexibility than most other DBRS Morningstar-rated universities. Expendable resources comprise a subset of net assets, including unrestricted net assets, most internally restricted net assets, and internally restricted endowments. DBRS Morningstar assesses Ontario Tech's expendable resources to be \$22.1 million, or a modest 11.3% of total debt outstanding at March 31, 2020. Over the medium to long term, DBRS Morningstar expects the University's expendable resources to be supported by positive operating results and as the University sets aside capital reserves for future projects.

The University's efforts to address debt and financial management practices have also improved its liquidity. In recent years, cash and short-term investments have risen and Ontario Tech has repaid balances on its credit facilities (its \$5.0 million credit facility with IBM was closed in F2019). The University maintains a \$17.0 million operating bank line with a major Canadian bank that was undrawn as of March 31, 2020.

Unlike most DBRS Morningstar-rated universities, Ontario Tech does not have a defined benefit pension plan, which alleviates longer-term funding risks. The University does not report any long-term obligations associated with employee future benefits.

Outlook

The University is contemplating approximately \$25 million in new debt, resulting in debt per FTE above \$22,000 over the next three years. Although the addition of a new bank loan will reduce borrowing flexibility within the current rating category, DBRS Morningstar anticipates Ontario Tech's debt burden to decline gradually over the medium term as debt amortizes.

Durham College Guarantee

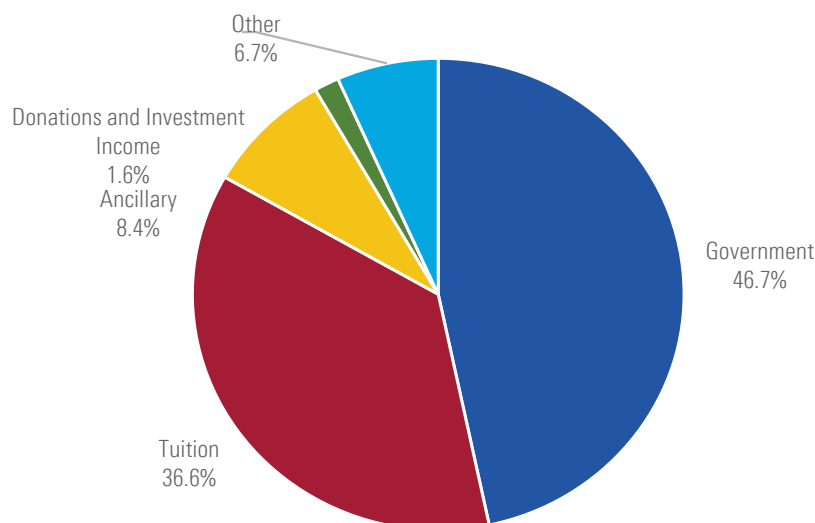
DC unconditionally and irrevocably guarantees the punctual performance of all obligations related to the Debentures, plus all accrued interest starting on the date that payment is demanded. The language of the guarantee is comprehensive and consistent with DBRS Morningstar criteria requirements. The guarantee requires DC to pay all present and future amounts due and unpaid in respect of the Debentures immediately after written demand by the Trustee. Material conditions precedent to demand payment are (1) Ontario Tech's failure to promptly pay an instalment of principal and interest and (2) the occurrence of any event of default (with DC formally notified about such event) that is continuing and has not been waived. If either condition is met, the Trustee shall not be required to exhaust all remedies against Ontario Tech before demanding payment from DC. While DC is an agent of the Province, the guarantee is limited to the assets held by DC with no recourse to the Province. DC was established in 1967 and is one of the largest colleges in Ontario, providing career-focused programs to more than 13,600 full-time students and many part-time, continuing education, and online students through campuses in Oshawa and Whitby and smaller satellite sites in Pickering and Uxbridge. DC consistently reports small but positive operating results. However, it has limited balance sheet flexibility despite a manageable amount of debt.

The DC guarantee was important at the time of DBRS Morningstar's initial rating of Ontario Tech in 2004; however, since that time, the guarantee's importance has diminished as the University gained scale.

University Funding in Ontario

Canadian universities in the Province generally have three key sources of revenue for their core teaching and research activities: (1) government grants, (2) student fees, and (3) donations and investment income. For Ontario Tech, these accounted for roughly 85% of total revenue in 2019–20, which is comparable with other DBRS Morningstar-rated universities.

Provincial government funding remains one of the primary sources of revenue for universities across the country, although its relative importance remains under pressure in most provinces because of strained finances and competing priorities. Over time, this has led to a gradual shift in the relative shares of revenue provided by operating grants, which have declined, and tuition fees, which have increased.

Exhibit 3 Revenue Breakdown (2019–20)

Sources: Ontario Tech and DBRS Morningstar.

Government Funding (Provincial and Federal; 46.7%)

Government funding includes operating grants, research grants, and contracts as well as capital grants. Operating grants are the most important and stable revenue source.

In 2017–18, the provincial government introduced a new funding model for Ontario universities in which a large share of funding was enrolment based, but the model reduced the financial incentive to increase domestic undergraduate enrolment and provided universities facing enrolment declines with downside protection. Under this model, funding was relatively stable for all Ontario universities over a three-year period (from 2017–18 to 2019–20).

The Province has concluded negotiations with universities to ascertain enrolment corridors and funding targets under the next iteration of the SMA3. DBRS Morningstar does not expect funding levels or the allocation formula to change significantly over the next few years and funding is unlikely to include any inflationary increases. The medium-term outlook remains uncertain, given that the direction of fiscal policy under the current government is one of constraint.

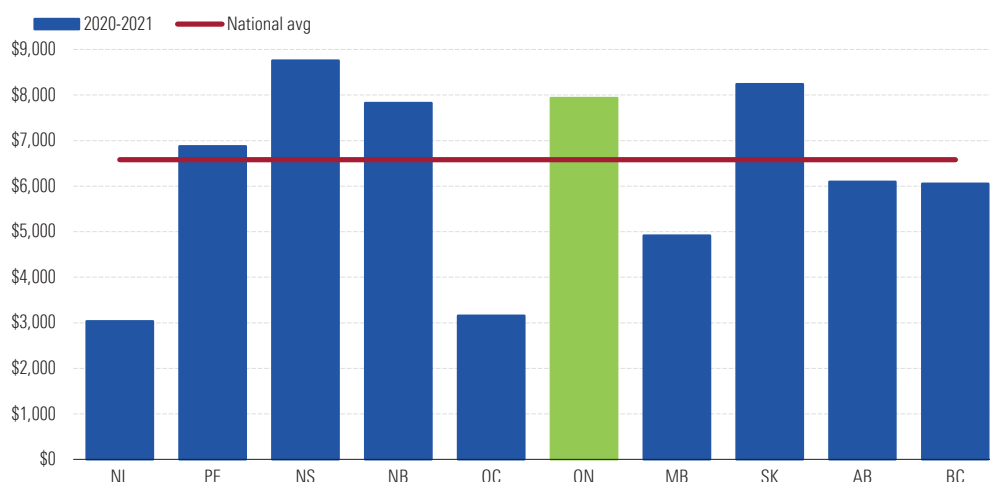
Research and capital grants are another important source of funding. The federal government typically provides 65% to 75% of all public research funding, whereas the Province provides the bulk of capital funding. In 2019–20, the federal and provincial governments provided additional funding for financial assistance to students and modest emergency relief funding to universities to offset initial pandemic-related costs.

Tuition (36.6%)

On January 17, 2019, the Province announced a revised tuition fee framework for regulated domestic programs at Ontario universities and colleges. The framework required Ontario universities to reduce tuition fees for domestic funding (eligible programs by 10% in 2019–20) and to maintain these tuition fees at this level for the 2020–21 academic year.

International student fees are not regulated by the Province and are generally set to recover the full costs of international student enrolment.

Exhibit 4 Average Provincial Undergraduate Tuition Fees (CAD)



Source: Statistics Canada

Donations and Investment Income (1.6%)

Unrestricted donations and investment income, recognized on the statement of operations, represent a modest portion of the University's total revenue. Endowed contributions and investment income earned by the externally restricted endowments are recognized as changes in net assets and are not captured on the statement of operations until they are spent, at which point they are recorded as revenue.

As a relatively new university with a small alumni base, fundraising efforts have been modest. Ontario Tech focuses on the local community and companies in the region that have a stake in the University. The University has increased efforts to improve visibility, supported by the appointment of a new Chancellor. The University has an eight-year, \$50 million fundraising campaign underway. To date, the University has raised \$24.5 million in pledges and donations.

Ontario Tech's endowment has risen steadily over the years and amounted to \$23.5 million, or \$2,624 per FTE as of March 31, 2020. This is relatively low in comparison with other DBRS Morningstar-rated universities.

Statement of Operations (Adjusted)

(CAD thousands)	For the year ended March 31				
	2020	2019	2018	2017	2016
Revenues					
Student tuition fees	77,110	80,152	78,266	74,818	69,730
Other student fees	14,455	12,546	13,466	13,774	14,558
Government operating grants	64,046	63,768	61,786	60,150	59,192
Research grants	11,246	10,444	10,467	9,640	9,172
Debentures grant	13,500	13,500	13,500	13,500	13,500
Unrestricted donations	1,865	1,573	1,934	1,090	702
Interest income	1,586	1,520	1,166	865	1,026
Amortization of deferred capital contributions	9,559	9,238	9,036	8,796	8,705
Ancillary operations	3,265	3,734	3,600	3,993	3,725
Other revenue	14,093	15,136	19,107	15,791	10,903
Total revenues	210,726	211,610	212,328	202,417	191,213
Expenses					
Salaries and benefits	114,363	106,246	97,530	96,519	94,207
Student aid, financial assistance, and awards	12,839	12,479	11,478	-	-
Supplies and expenses	30,760	31,081	31,608	36,581	36,022
Amortization of capital assets	23,752	23,676	23,730	24,859	26,191
Interest expense	13,443	13,862	14,317	14,823	15,285
Other expenses	18,125	17,398	18,268	17,031	16,621
Total expenses	213,283	204,743	196,931	189,813	188,326
Excess of revenue over expense	(2,557)	6,867	15,396	12,604	2,886
Gross capital expenditures	28,535	16,351	25,139	28,176	9,350

Statement of Financial Position (Adjusted)

(CAD thousands)	As at March 31				
	2020	2019	2018	2017	2016
Assets					
Cash and short-term investments	49,392	62,161	52,195	56,796	42,479
Receivables	17,727	15,901	15,705	13,777	12,894
Inventories & prepaid expenses	2,328	2,300	1,861	1,862	1,856
Long-term investments	26,137	26,809	25,682	29,633	30,968
Capital assets	396,613	392,097	399,588	399,940	397,511
Total assets	492,197	499,268	495,030	502,007	485,708
Liabilities and net assets					
Liabilities					
Payables and accrued liabilities	27,506	29,614	25,821	34,634	24,195
Deferred revenue	22,206	20,300	19,580	20,879	20,358
Long-term debt	158,532	164,820	170,744	181,891	192,479
Capital lease obligations	36,954	37,596	38,167	38,673	39,090
Deferred capital contributions	162,196	161,099	162,549	164,582	162,286
Total liabilities	407,395	413,430	416,861	440,658	438,408
Net assets					
Unrestricted net assets	4,504	3,264	(1,296)	(10,744)	(22,161)
Internally restricted net assets	17,589	31,786	29,811	31,574	36,293
Equity in capital assets	39,174	28,946	28,613	20,902	14,996
Endowment—externally restricted	23,536	21,843	21,040	19,617	18,172
Total net assets	84,803	85,839	78,169	61,349	47,300

Total liabilities and net assets	492,197	499,268	495,030	502,007	485,708
Commitments & other obligations					
Operating lease obligations	10,197	11,915	13,634	14,733	16,662

Calculation of Free Cash Flow (Adjusted)

(CAD thousands)	For the year ended March 31				
	2020	2019	2018	2017	2016
Operating balance as reported	(2,557)	6,867	15,396	12,604	2,886
Amortization	23,752	23,676	23,730	24,859	26,191
Other noncash adjustments	(7,125)	(9,981)	(9,502)	(10,932)	(7,742)
Cash flow from operations	14,070	20,563	29,624	26,531	21,335
Change in working capital	(2,055)	3,878	(12,039)	10,071	(585)
Operating cash flow after working capital	12,015	24,441	17,586	36,601	20,750
Net capital expenditures ¹	(17,879)	(8,562)	(18,136)	(17,083)	(8,452)
Free cash flow	(5,864)	15,879	(550)	19,518	12,298

¹ Gross capital expenditures less restricted contributions for capital purposes received during the year.

Summary Statistics (Adjusted)

	For the year ended March 31				
	2020	2019	2018	2017	2016
Total students (FTEs)	8,969	8,905	8,924	8,916	8,809
Undergraduate (%)	93	94	94	94	94
Graduate (%)	7	6	6	6	6
Annual change (%)	0.7	(0.2)	0.1	1.2	0.2
Enrolment (Headcount)	10,390	10,348	10,273	10,154	9,945
Domestic (%)	93	94	94	93	93
International (%)	7	6	6	7	7
Operating results					
Surplus (deficit; CAD thousands)	(2.6)	6.9	15.4	12.6	2.9
- As % of revenues	(1.2)	3.2	7.3	6.2	1.5
- As % of revenues (five-year rolling average)	3.4	4.5	5.0	5.2	4.3
Revenue mix					
Government funding (%)	46.7	45.8	44.6	45.5	47.4
Tuition (%)	36.6	37.9	36.9	37.0	36.5
Ancillary (%)	8.4	7.7	8.0	8.8	9.6
Donations and investment income (%)	1.6	1.7	1.6	1.8	0.2
Other (%)	6.7	6.9	8.9	7.0	6.4
Debt and liquidity					
Total debt, including capital leases (CAD millions)	195.5	202.4	208.9	220.6	231.6
- Per FTE student (CAD)	21,796	22,731	23,410	24,738	26,288
Interest costs as share of total expense (%)	6.3	6.8	7.3	7.8	8.1
Interest coverage ratio (x)	2.0	2.5	3.1	2.8	2.4
Expendable resources (CAD millions)	22.1	35.0	28.5	20.8	14.1
As a share of long-term debt (%)	11.3	17.3	13.6	9.4	6.1
Endowments (market value)					
Total market value (CAD millions)	23.5	21.8	21.0	19.6	18.2

Per FTE student (CAD)	2,624	2,453	2,358	2,200	2,063
Annual change (%)	7.7	3.8	7.3	8.0	12.0

Rating History

Issuer	Debt	Current	2019	2018	2017	2016	2015
University of Ontario Institute of Technology	Issuer Rating	A (low)	A (low)	A (low)	A (low)	BBB (high)	BBB (high)
University of Ontario Institute of Technology	Series A Senior Unsecured Debentures	A (low)	A (low)	A (low)	A (low)	BBB (high)	BBB (high)

Related Research

- *Rating Public Universities*, May 15, 2020.
- DBRS Morningstar Canadian University Peer Comparison Table, January 15, 2021.
- Corporate Risk Assessment Scorecard for Public Universities, January 15, 2021.

Previous Report

- University of Ontario Institute of Technology: Rating Report, December 19, 2019.

Notes:

All figures are in Canadian dollars unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrsmorningstar.com. Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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FISCAL BLUEPRINT 2021-2022

Budget Working Group
February 2021

Contents

Executive Summary	2
Preamble: Budgeting in Pandemic Times	3
Planning and Budgetary Context	4
Looking Ahead – Building Assumptions.....	5
Revenue Sources	7
Tuition Fees	8
Ancillary Fees	8
Government Grants	9
Expenses	9
Personnel Costs.....	10
Facilities Costs.....	10
Financial Aid Costs	11
Information Technology Costs.....	11
Commercial Costs	11
Registrar’s Office Costs.....	12
Key Budget Risks	12
Summary.....	13
Appendices	15
<i>Appendix A: Ontario Undergraduate Domestic Tuition, 2020-2021.....</i>	<i>15</i>
<i>Appendix B: Ontario Undergraduate International Tuition, 2020-2021.....</i>	<i>15</i>
<i>Appendix C: Ontario Undergraduate Ancillary Fees by University, 2020-2021.....</i>	<i>16</i>
<i>Appendix D: Facilities Condition and Renewal Background</i>	<i>17</i>
<i>Appendix E – DRAFT Operating Budget</i>	<i>18</i>
<i>Appendix F – Reserves and Surpluses.....</i>	<i>20</i>

Executive Summary

This paper outlines the initial phase of a new budget-setting process to enhance the clarity of Ontario Tech's approach to financial planning. This document provides a budget overview (i.e. revenues and expenses) while recognizing the tensions we face due to multiple competing demands.

Normally, our process begins with stating our estimated assumptions, yet we are not moving forward into a normal year. The uncertainties of COVID-19 overshadow our budget-related discussions. In setting the 2020-2021 budget, we reviewed many COVID-related scenarios and delayed budget setting from April to June. Choosing a scenario that still seemed risky at the time, we established an overall budget total that was almost \$20 million less than 2019-2020.

Looking forward into 2021-2022, our revenues are trending towards 2019-2020 levels (i.e. approximately \$190 million) resulting from flat government funding and anticipating domestic tuition freeze continuation. We expect international student growth to boost our revenues, but we remain uncertain about the impact of ongoing travel restrictions and the extent to which virtual learning will be offered.

The first draw on the \$190 million budget is an investment in our employees, including limited hiring of new members and the provision of mandated salary increases. The budget includes \$6 million more in salaries and benefits compared to 2019-2020. After removing the debenture grant from the calculation, about 69 per cent of the university's total expenses cover employee compensation.

When we add salaries and other items such as facilities, financial aid, and commercial services (e.g. parking, food sales, facility rentals), about 97 per cent (i.e. \$185 million) of our budget is allocated. With \$3.3 million of investments in capital expenditures, there is less than \$2million (or about one per cent of the total budget) left for discretionary spending.

Spending what limited funds we have available requires a strategic and focused approach. We must prioritize our spending in areas to support the long-term sustainability of Ontario Tech. To this end, the following investments are seen as our top priorities for 2021-2022:

1. **Learning Re-imagined:** Investing approximately \$600,000 in **technology to refurbish and add to our technological assets.**
2. **Sticky Campus:** Investing approximately \$600,000 into **enhanced student recruitment** (e.g. recruitment staff, new digital media platforms) and **student success retention** (e.g. advising transformation, graduate scholarship program) initiatives.

Preamble: Budgeting in Pandemic Times

The pandemic had an immediate impact on teaching, learning, and work at universities across Canada. In March 2020, universities emptied their classrooms, residences, most research spaces and offices to ensure safety on their campuses. Some 1.4 million learners and their professors pivoted to online learning. From that date onward, many started to question what the next few years would look like.

This unprecedented public-health crisis threw Canadian universities into a state of financial uncertainty. The schools' two main revenue sources, tuition fees and public grants, were threatened as students contemplated gap years and governments reigned in spending. Supplemental income from commercial services (e.g. parking, food sales, facility rentals) and corporate partnerships could no longer be counted on. The recruitment of international students that many institutions relied on to boost revenue was also clearly compromised due to the inability to get study permits, let alone travel. Additionally, schools poured money into emergency measures (e.g. student supports, enhanced cleaning measures, and technology investments) with no sense of when, or how, the post-secondary sector would return to normal business. To help manage through the crisis, the sector implemented a number of cost-saving strategies including cuts to discretionary expenditures, travel and professional development initiatives. Hiring freezes, layoffs and deferred investments in capital maintenance projects were also common. However, many of these cost-reduction strategies need to be viewed as temporary.

For Ontario Tech, we looked at a number of different scenarios in planning for 2020-2021. While there were early indications that many students would opt out of enrolling for the year, we took a risk in setting our budget based on anticipated minimal decreases in domestic student enrolments, combined with an anticipated 50 per cent reduction in new international student enrolments (Scenario A, Figure 1). This resulted in an estimated **COVID-related revenue decrease of \$20 million** as tabled in June (2020) in comparison to April (or pre-COVID 2020-2021). Both presentations included a proposed budget with a projected \$2.2 million deficit.

Figure 1: Ontario Tech COVID Enrolment Scenario Planning

Scenarios		2018-2019	2019-2020	A	B	C
	FTEs	8924	8969	8160	7700	7260
Intake	Domestic UG			-10%	-15%	-20%
	International UG			-50%	-75%	-100%
Continuing	Domestic UG & Grad			-5%	-10%	-15%
	International UG & Grad			-15%	-25%	-35%

While 2020 national enrolment numbers are not yet finalized, indications from across the country are that new domestic student enrolments are steady, retention has grown and the ability of international students to learn virtually have led to less significant drops than originally anticipated. For Ontario Tech, unexpected total enrolment increases—fuelled by larger than anticipated continuing student numbers —brought in almost \$14 million more in revenues than originally forecasted in the COVID-related budget (June 2020). However, commercial services incurred a \$4-million loss. In summary, our 2020-2021 revenues were about \$10 million higher than anticipated in our COVID-related (June) budget but \$10 million (or about six per cent) below the pre-COVID (April) budget revenue estimates.

As we pass the 2020-2021 fiscal third quarter (Q3), the plan includes using the approximate \$9.8 million in additional revenue to:

- Offset the pre-COVID (April) budget deficit of \$2.2 million.
- Invest approximately \$1.2 million into academic units.
- Cover about \$4.3 million in capital project expenditures (including \$2.7 million for the cost of the ACE Moving Ground Plane project not offset by external funding and \$1 million for Athletic facility enhancements, which is covered by the ancillary fee reserve).

It is proposed that any remaining funds available at the end of the 2020-2021 fiscal year be carried forward into 2021-2022 fiscal for specified purposes (e.g. to cover the labour costs associated with a required increase in the number of nursing clinical placement sections and graduate student scholarships) or to be used as a contingency to offset the uncertainty of enrolment (**Note:** These reserves are described in Appendix F).

Looking forward, much uncertainty remains about the overall operating funding of universities, as well as funding for university research and infrastructure, at a time when federal and provincial governments face substantial increases in debt and ongoing fiscal challenges. While Ontario Tech recognized unexpected total enrolment gains in 2020-2021, it is important to note our **new** undergraduate intake was 5.1 per cent below last year. This shortfall in new student numbers will impact revenue in the out years and makes our efforts related to improving student success and retention more important than ever. Moreover, many questions remain as to what the medium- and long-term impacts of the pandemic will be on Canadian universities.

Planning and Budgetary Context

This paper provides an overview of Ontario Tech's main revenue streams and expenses while also highlighting the opportunities we are pursuing as well as the challenges we currently face. This paper outlines the initial phase of a new budget-setting process to enhance the clarity of our financial-planning efforts as well as our budget recommendations in an environment fraught with competing demands. The focus will be on the revenues and expenses associated with our operating budget (including commercial services and capital). Ontario Tech's operating budget accounts for 94 per cent of our total budget, with the other six per cent being largely related to sponsored research.

As we strive to reach our [vision and mission](#) through working on our strategic priorities (as outlined in the [Integrated Academic & Research Plan](#) and the [Strategic Research Plan](#)) we have started on a path that will help solidify our university as a remarkable and recognized place of work and study. With numerous competing demands the Senior Leadership Team has developed short-term priorities. This does not eliminate the need for growth and investment in many areas, but rather a focused approach to spending in our current environment.

In this current period of fiscal constraint, the university remains committed to finding efficiencies, while still being able to deliver quality education to our students and supporting our employees. The Senior Leadership Team has reviewed a number of approaches to revenue allocation with an eye on one-time only investments for the next year to provide maximum flexibility going forward. We are prioritizing actions that will help us move towards the following strategic priorities:

1. **Learning Re-imagined:** investing in the next generation of innovative and high-quality tech-based programs and the **technology** needed to support them.

2. **Sticky Campus:** bringing more students to campus via investments in **enhanced recruitment** and **digital media platforms** and boosting student success once they are here (i.e. advising transformation).

Remaining focused on strategic priorities in a time of budgetary constraints requires all constituents of our university to work together. This includes following the guiding principles (established in 2019) to develop the annual Operating Budget and working to ensure the end product is balanced and decisions are financially sustainable in the long term. The principles to guide the annual Operating Budget:

Students: We are committed to providing an excellent learning environment and student experience.

Faculty and Staff: We are committed to minimizing the impact on people by finding efficiencies.

Access: We are committed to maintaining and enhancing a diverse and inclusive campus community.

Communication: We are committed to communicating regularly with our campus community about the budget process as it progresses.

Looking Ahead – Building Assumptions

Ensuring that students have access to high-quality post-secondary education has never been more critical than it is right now. For many, the learning gained through the pandemic presents opportunities in addition to challenges. The Ontario Tech community will come together to think of new ideas to rebuild and reinvigorate the academy.

Although the university has long-term plans to grow to 20,000 students, the short-term growth in student numbers will be relatively flat. Ontario Tech's enrolment challenges and opportunities have not substantially changed since the 2014 release of our Strategic Enrolment Management Plan 2014-2020: Vision Critical. The university still recruits the majority of its students from the Greater Toronto Area (GTA) and the international student population remains steady representing about 6 per cent of our students across all programs. Space limitations continue to hinder significant growth in some popular programs and retention rates remain lower than the system average. With the Ontario population on the cusp of a demographic upturn, the university should be moving into another growth phase. But the era of Ontario universities receiving funding based primarily on enrolments has changed and institution support has decreased. We now find ourselves needing more funds to cover inflationary expenses, with relatively little left over to put into the strategic investments. We have no choice but to continue investing in our efforts to recruit more students and to retain those who have already enrolled in our programs.

The vast majority of our revenue is driven by the number of students registered in our programs. Enrolments drive our revenue from grants, tuition and ancillary fees—all of which are governed by the Province of Ontario. As we look to the next three years, our assumptions include:

- **Enrollment (Figure 2):** Overall enrolments will decrease as our new intake numbers remain flat and we experience lower progression into upper years due to decreases in our new student intake in 2020. The cancellation of the Ontario Universities Fair and school recruiting visits will reduce our ability to recruit students.

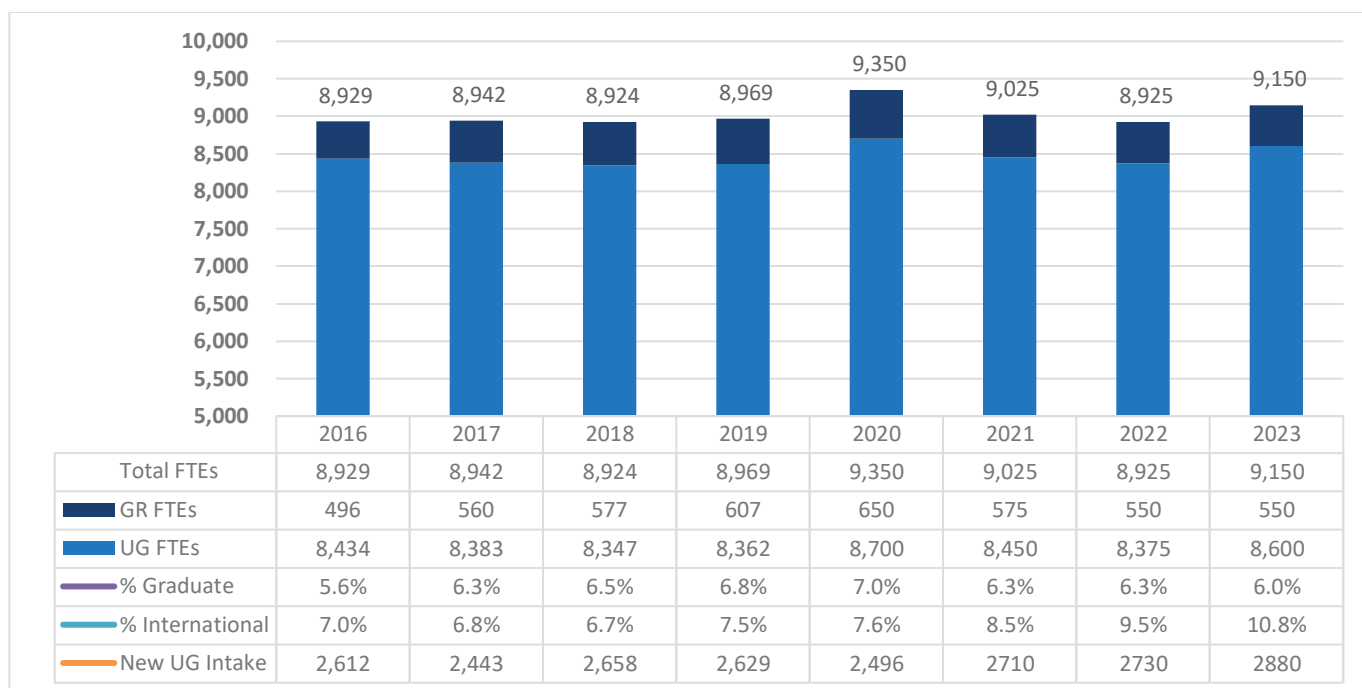
With the normal university-aged population demographic holding steady and an anticipated upsurge in competition for students amongst Ontario PSE institutions, caused by the creation of new university and college programs, we need to diversify our recruitment efforts to include new and enhanced pathways and non-traditional learner populations.

In 2019, we proposed a plan to grow to an annual intake of 240 new international students to begin to move our international student numbers to be closer to that of the Ontario university average (i.e. about 15 per cent of the total student body). Due to continued travel restrictions, it will be difficult to reach this target. Therefore, we have revised our international student intake targets to 180 for 2021 and 225 for 2022.

These assumptions are set with the information we have at this time and will be revised as deemed necessary. Any one positive or negative event can drastically change our budget projections. For example, these events might include if we enroll more international students than anticipated, if we get access to provincial or federal monies to fund building construction, if government allows a permutation in grant and/or tuition increases to at least equal the rate of inflation or if we are able to renegotiate the \$3-million debenture. At this time our budget is established on the basis of:

- **Grants:** These are expected to remain flat as the province has implemented a model that provides institutions with the same level of support as that received in 2016-2017. The implementation of performance-based funding has been delayed until at least 2023.
- **Tuition:** Domestic tuition fee rates were rolled back 10 per cent in 2019-2020 and frozen for 2020-2021. At present, we do not have any information on the domestic tuition framework for future years. The logical assumption is that the tuition freeze will continue.
- **Ancillary Fees:** These fees are governed by a fee protocol that allows for an annual inflationary increase. The 2021 rate is 1.9 per cent.
- **Commercial Revenues** (e.g. parking, food sales, facility rentals): will continue to be reduced as the pandemic impacts run into 2022.
- **Expenses:** Operating expenses have increased at a rate greater than inflation. For example, the Ontario University system has seen increases of about four per cent annually over the past 3 years. With known increases in cleaning supply costs, required lab kits (e.g., personal protective equipment) and food costs, we anticipate limiting operational expense increases at a rate of four per cent will be difficult.

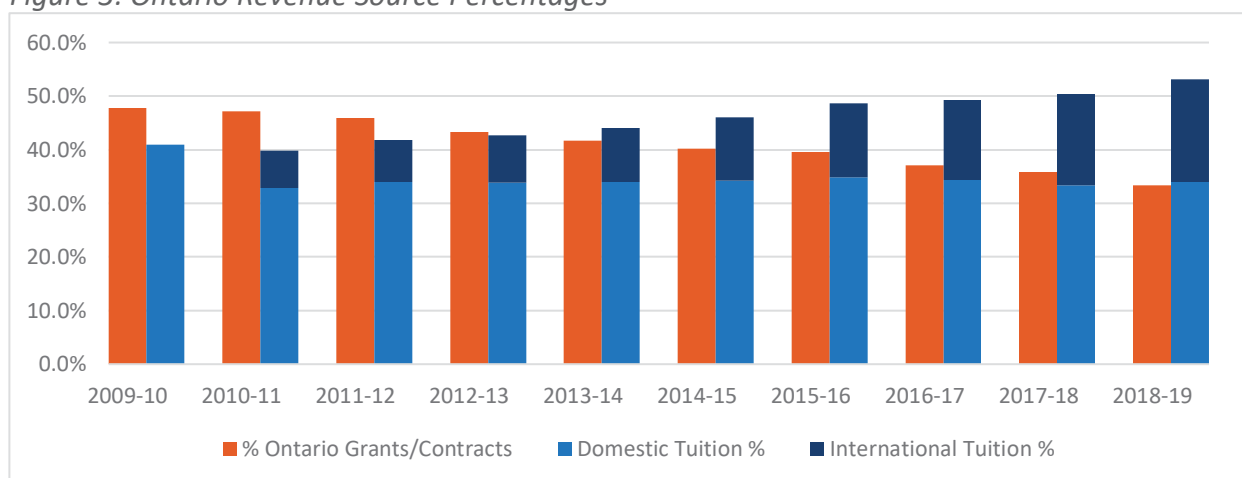
Figure 2: Total Student Enrolment (FTEs)



Revenue Sources

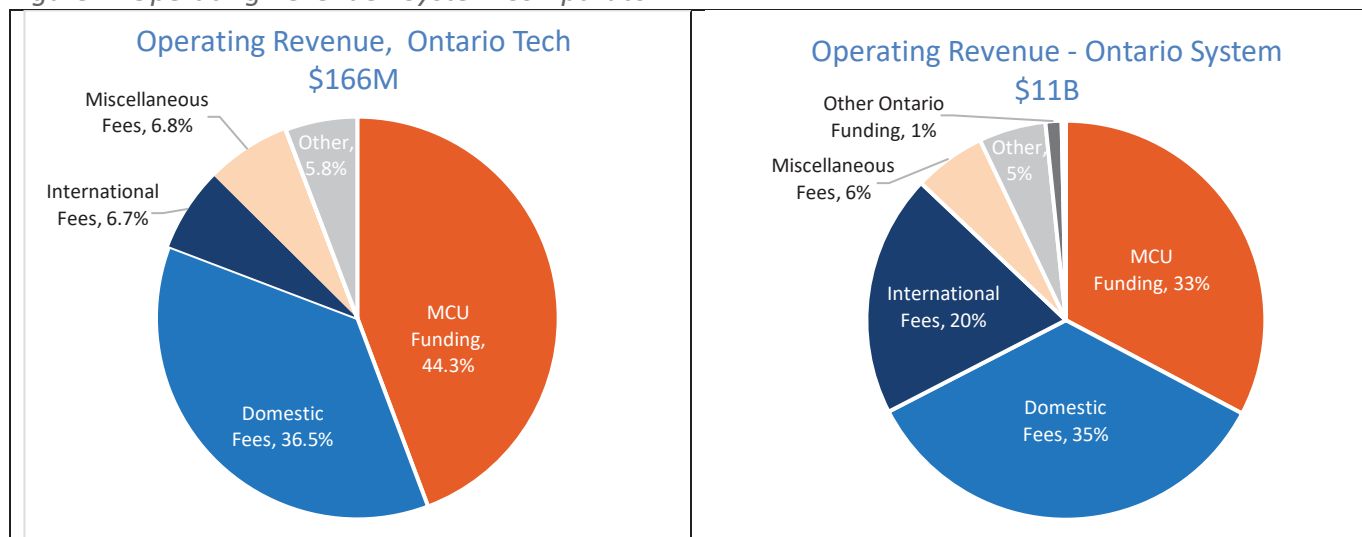
A university's revenue is primarily a function of the number of students who register and the policies put in place by the provincial government that enhance or constrain revenue growth. In Ontario, government grant funding of universities has been essentially flat, while income from students has grown. In summarizing the current revenue conditions, it is important to note that the university's two main revenue streams, domestic tuition and government grants (Figure 3), are currently frozen. This means the university system will see no new revenue in 2021-2022 from these sources and will need to rely going forward on a substantial increase in enrolment, particularly by international students.

Figure 3: Ontario Revenue Source Percentages



When adding in other fees such as student ancillary fees, in 2018-2019 Ontario Tech's operating revenues from tuition and student fees represented 43 per cent of our total revenues versus the provincial system average of 55 per cent (Figure 4). Depending upon the university in question, the proportion of revenues funded by students, ranges from a low of about 40 per cent to a high of 70 per cent of total revenues.

Figure 4: Operating Revenue - System Comparator



Tuition Fees

Tuition comprises both domestic and international amounts and represents what undergraduate and graduate students pay for educational instruction. Currently, tuition for undergraduate domestic students at Ontario Tech is around the median for Ontario universities (Appendix A). In February 2019, the government announced a 10 per cent cut to domestic student tuition fees for the 2019-2020 academic year and a subsequent tuition freeze for domestic students for the 2020-2021 academic year. For Ontario Tech, this meant a revenue reduction of \$9.4 million (2019-2020) and \$12 million (2020-2021) relative to what we had expected. As a result of the cuts to domestic tuition fees, all institutions across Ontario have shifted toward international recruitment strategies to help enhance their revenue streams. Competition for international students is on the rise in Canada, as well as globally. For 2021-22, Ontario Tech proposes increased international undergraduate tuition fees by 10 per cent for new and five per cent for continuing. These increases will still keep our international tuition fees among the lowest in the system and below the system median (Appendix B).

Ancillary Fees

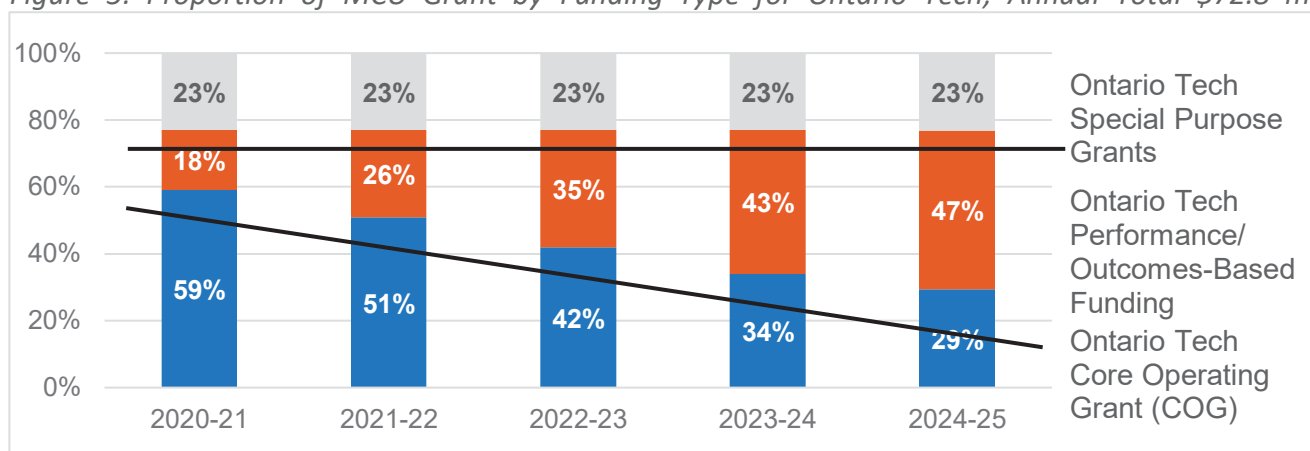
The remaining student fees are classified as ancillary fees. Ancillary fees are restricted for the activities for which they were approved (e.g., recreation services, health services, student success centre, disability services and a variety of other student-centred services). These represent about 12 per cent of total student fees. Over the past five years Ontario Tech has focused on keeping these fees relatively flat as we have the highest ancillary fees in Ontario (Appendix C). This number is due to a number of factors including, but not limited to:

- The small size of the institution.
- Two capital projects supported by students (i.e., Campus Recreation and Wellness Centre and new A5 Building).
- The cost of the UPASS program (i.e., unlimited use of the Durham Transit system at a greatly reduced price).
- Direct access to degree program-related software packages.

Government Grants

In 2016, the government announced an enrolment-based funding formula where institutions receive a set operating grant as long as their five-year moving enrolment average stays within three per cent of an established target (or corridor mid-point). The new funding model was designed to provide equitable, predictable and stable funding for all institutions and greater certainty for planning. The total grant amount was set based on 2016-2017 enrolment numbers and has not changed since then. Changes to the funding formula were introduced in 2019-2020 as part of the third round of Strategic Mandate Agreements (SMA3). Under this new formula, funding is more heavily tied to performance and outcomes measures. Importantly, due to the COVID-19 pandemic, the provincial government has paused linking our funding to these new performance and outcome measures for two years. However, the SMA3 will be applied for a five-year term and over time, funding will be increasingly tied to the aforementioned metrics with a corresponding decrease in the portion of grants tied to enrolment (Figure 5).

Figure 5: Proportion of MCU Grant by Funding Type for Ontario Tech; Annual Total \$72.8 million



Expenses

Operating expenditures increase annually and are influenced by a number of factors including, but not limited to:

- Inflation.
- The cost to recruit and retain high-quality faculty, staff, and students.
- The escalating costs of key services (e.g. software licenses, library subscriptions).
- The cost of maintaining and servicing aging facilities.

After two years of strategic budget cuts prompted by mandated tuition decrease in 2019 and enrolment uncertainty in 2020, as well as escalating costs as described above, the goal for 2021 was to work with all academic and administrative units to reallocate monies within their budgets to support key functions rather than to introduce further cuts.

There are a number of predefined services or programs that are mandated by government or existing university policies and agreements leading to some monies being set aside and designated as restricted. Restricted funds represent monies that are collected from students, donated, or provided to us via designated granting programs. The university monitors the collection of these funds and automatically provides the money to the associated service departments. For instance, the Campus Health Services fee collected from students applies directly to the expenses of running this service and cannot be used for any

other purpose. Some monies received through government grants are also restricted. One example of a restricted grant at Ontario Tech is the debenture, which is valued at \$13.5 million annually and covers a portion of the \$16.5-million expense.

The operating budget includes both base and one-time discretionary funding. As we enter 2021-2022 budget planning, the university has a limited amount to invest in discretionary spending initiatives, given that 97 per cent (or \$185 million) of the \$190-million operating budget is required to cover our base and debenture costs. A further 1.4 per cent (\$2.5 million) of our revenues are restricted. This leaves only about one per cent (\$2 million) for new discretionary investments.

The following subsections provide a general breakout of the budgetary expenses (i.e. \$176.5 million) to be considered without the cost of the debenture grant included.

Personnel Costs

Sixty-nine per cent of Ontario Tech's annual budget supports personnel costs, including salaries and benefits. Year-over-year increases are a factor of new faculty and staff hires, and annual salary raises for existing employees. The first draw on the \$176.5 million is an investment in our employees, including hiring new members and providing the mandated salary increases. The budget includes \$6 million more in salaries and benefits compared to 2019-2020. Ontario Tech salary increases have annually increased by \$2.5 million to \$3 million over the past few years. Given that grant and tuition revenues remain flat for the foreseeable future, the university will need to bring in about 300 to 350 more students per year to cover these increasing salary costs.

HIGHLIGHT 1: Within the staffing full-time equivalents (FTEs) (Figure 6), the university will see five new faculty (including two CRCs) to advance our teaching and research mission, four new advising staff to focus on student success and retention, and the hiring of an Indigenous Outreach Co-ordinator to support our response to the Truth and Reconciliation Commission Calls to Action.

Figure 6: Staff Complements (FTEs)

FTE's	2018-19 Actual	2019-20 Actual	2020-21 Budget	2020-21 Forecast	2021-22 Budget	2022-23 ¹ Budget	2023-24 Budget
Filled	1-Oct	1-Oct		1-Oct			
TTT	207	221	217	220	225		
TF	77	84	82	83	83		
LTFM	24	18	16	16	16		
Staff	417	427	421	423	434 ²		
Total	725	750	736	741	766		

Facilities Costs

Ten per cent of our budgetary expenses include the costs associated with the annual upkeep of our physical infrastructure. There are 31 buildings (24 owned, portables and storage facilities and 7 leased)

¹ Out years will be added for April budget presentation

² This includes a ~three per cent holdback on approved FTEs based on normal annual vacancy rates.

totaling 116,724 gross square metres of space. Embedded in this number is more than \$5 million a year in building leases and \$3 million for the unfunded portion of the debenture. More than 60 per cent of our buildings are in great condition. As we plan for the future, funds need to be set aside for renovations and to move from leases to university-owned buildings.

HIGHLIGHT 2: As our buildings age, we need to set aside funds for deferred maintenance. The repair estimate is \$12 million (Appendix D) over the next decade. There is also a need for \$35 million³ to complete the top floor the new A5 Building and move to university owned buildings by 2030. Previously, we set aside \$3.5 million a year for these items but that was paused in 2020-2021 due to financial constraints.

Financial Aid Costs (including scholarships & bursaries)

Five and a half per cent of the budget is allocated for scholarships, bursaries and fellowships to help students attend the university and to support our institutional access agenda. With increasing entrance scholarships, graduate assistance and a new international program, we anticipate that we will distribute more than \$9 million to support students.

HIGHLIGHT 3: In 2021, we will introduce a new annual investment of \$200,000 to support students entering research based graduate programs.

Information Technology Costs

Three and a half percent is dedicated to IT operating costs and capital purchases. Funds have been reallocated to support learning re-imagined. This includes the purchasing of a limited number of hardware/software platforms to enhance in-class opportunities (i.e. piloting new classroom technology setups to achieve a flexible hybrid learning environment). The aim is to provide equitable access for students who cannot commit to coming to campus as the pandemic lingers on. We will also launch a customer-relationship management initiative in support of recruitment, advancement, research, continuous learning and other functions.

HIGHLIGHT 4: A \$600,000 investment in pilot projects leading to a high-level three- to five-year implementation plan by October 2021, which will outline transformative investments at the intersection of technology and pedagogy. We expect the need to set aside \$4 million in the near term for further investments aimed at enhancing our technology assets.

Commercial Costs

Four percent of our expenses are linked to a huge range of essential services and facilities to support staff, student, and visitor experiences on our campuses. These include parking, food services, and the use of the Regent Theatre, ACE, the Campus Bookstore, and the Campus Ice Centre/Fieldhouse. The general concept is to build a community (i.e. a sticky campus) by continuing to develop an exceptional experience through opportunities for engagement and support. As we work towards a sustainable future, the goal is to invest strategically to maintain and improve our facilities and services.

³ 66 per cent of \$53 million assuming other sources for the remainder

HIGHLIGHT 5: In 2020, we launched Dana's Hospitality as our new Food Services provider. As we begin to bring members of our university community back to campus, we will gradually open refreshed food outlets.

Registrar's Office Costs

Half a per cent is allocated to operate the recruitment, records and registration arm of our institution. The Registrar's Office operates a student-centred client service hub that deals with financial aid, registration and admissions inquiries. The Registrar's Office plays a key role in the university's strategic enrolment management efforts by co-ordinating student recruitment, as well as contributing to student success and retention through the various administrative services they provide.

HIGHLIGHT 6: A new \$625,000 investment into student recruitment aimed at increasing both the use of technology and contract staffing to engage one-on-one with prospective students via personal outreach, live chat, integrated text, and a robust lead scoring and nurturing system. Additionally, we have made investments in our international recruitment efforts by employing off-shore representatives in China, India and Africa.

Key Budget Risks

The following outlines key risks for the university as it relates to the budget-setting process.

Operational Risks

- **Uncertainty in achieving enrolment targets**, is a medium risk, especially as we look at steady new domestic and growing new international student enrolment numbers. In a normal year, a three-per cent variance for total FTEs is reasonable. With increasing competition for students and the lingering effects of the pandemic, we must stay focused on this area.
- Given that we have assumed an **ongoing freeze for tuition** in the coming year, this is a low risk area. However, continued freezes in future years will have a major impact on our revenues.

The province's **shift to a performance-based funding model** with SMA3 is not a concern right now as government funding for universities will be decoupled from the agreement for two years. However, as we look to the third year of the agreement, we anticipate that a number of our performance/outcome indicators will be negatively impacted.

- **Escalating COVID-19-related operating costs** is a low to medium risk as we have set aside within the budget what we believe to be adequate funds to accommodate smaller classes on campus. However, personal protective equipment costs are increasing at rates greater than 10 per cent and work-from-home costs may impact our spending. We will need to continue to track these trends.

Strategic Risks

- **Stakeholder Relations/Campus Experience/Culture:** For all of our stakeholders (e.g. students, staff, faculty, alumni and the community at large) these areas may all be impacted based on the

“learn/work from anywhere” atmosphere that emerges as a result of the pandemic. Finding the balance between working virtually and being on campus requires our full attention.

- **Campus Well-being:** Our staff and faculty share one thing in common: a dedication to student success. Our student and administrative services are backed by an impressive array of knowledgeable and caring professionals. By increasing virtual supports for all members and creating a new step-care model for student mental health, we are working to deliver this vital service. For our employees we have also increased access to services through our Employee Assistance Programs. Moving forward, enhancing our professional development offerings for staff and faculty will need to be a priority.
- **Physical/Virtual Infrastructure:** One of the first budget areas to be reduced was the repair and replacement of equipment. A central contingency fund has been set up should emergencies arise. However, the chances of equipment failure only increase as the need for these reductions continue. As we look to the virtual landscape there are also increasing cybersecurity threats. In collaboration with Durham College, a new Director of Cybersecurity has been hired in an effort to mitigate these risks.

Summary

Ontario Tech strives to advance its strategic priorities while ensuring that we engage in financially responsible budgeting practices. This paper provides a better understanding of Ontario Tech’s main revenue streams and expenses as we focus on the upcoming 2021-2022 budget. Resource allocation is important to everyone who is part of the institution and Ontario Tech strives to provide an improved understanding of the issues and factors that must be considered when we make necessary, but also difficult, decisions in our current fiscally constrained environment.

It is important to note that the university’s two main revenue streams (i.e. domestic tuition fees and provincial government grants) are currently frozen, while expenses continue to rise due to yearly salary increases and the costs of inflation. Ontario Tech has no choice but to focus on enrolment growth (especially international) and generating alternative revenue streams, as well as finding cost efficiencies, during this time of financial constraint.

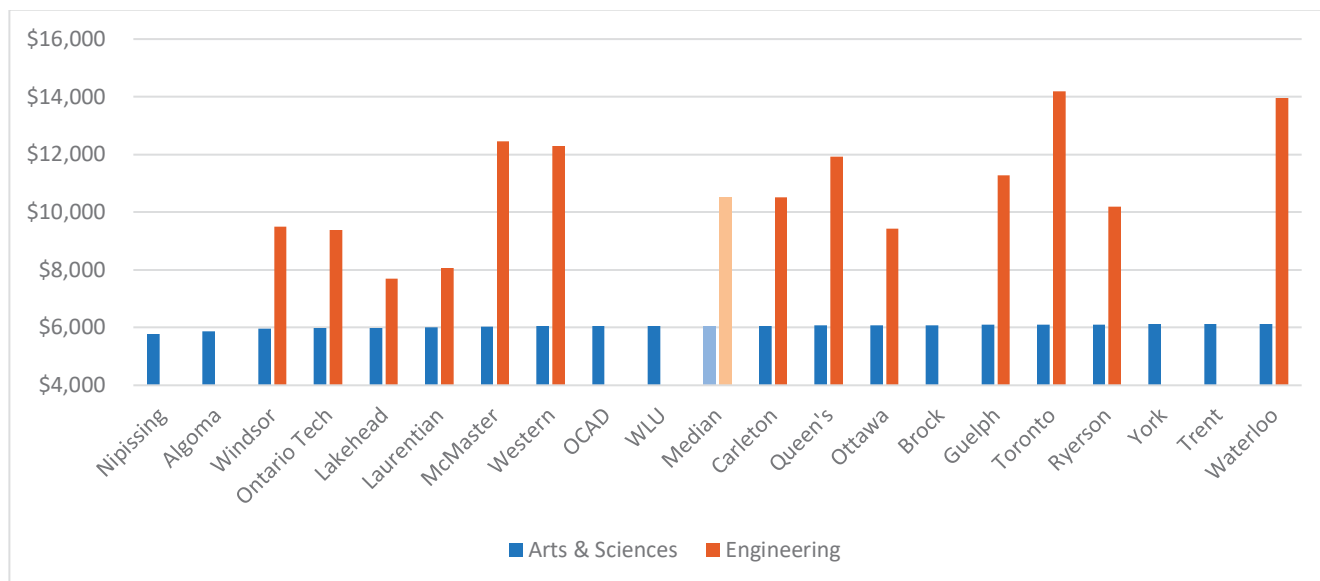
Key Highlights

- Undergraduate domestic enrolment is expected to remain stagnant over the next few years.
- Domestic tuition rates were reduced by 10 per cent in 2019-2020 and remains frozen at this time.
- Universities across Ontario, including Ontario Tech, have shifted their focus to recruiting international students to generate additional revenue causing greater competition.
- Ministry of Colleges and Universities grant funding amount is frozen at the 2016-2017 enrolment level. The funding formula has changed, but the total funding package remains the same.
- Expenses will continue to grow each year with annual salary increases and inflationary costs.

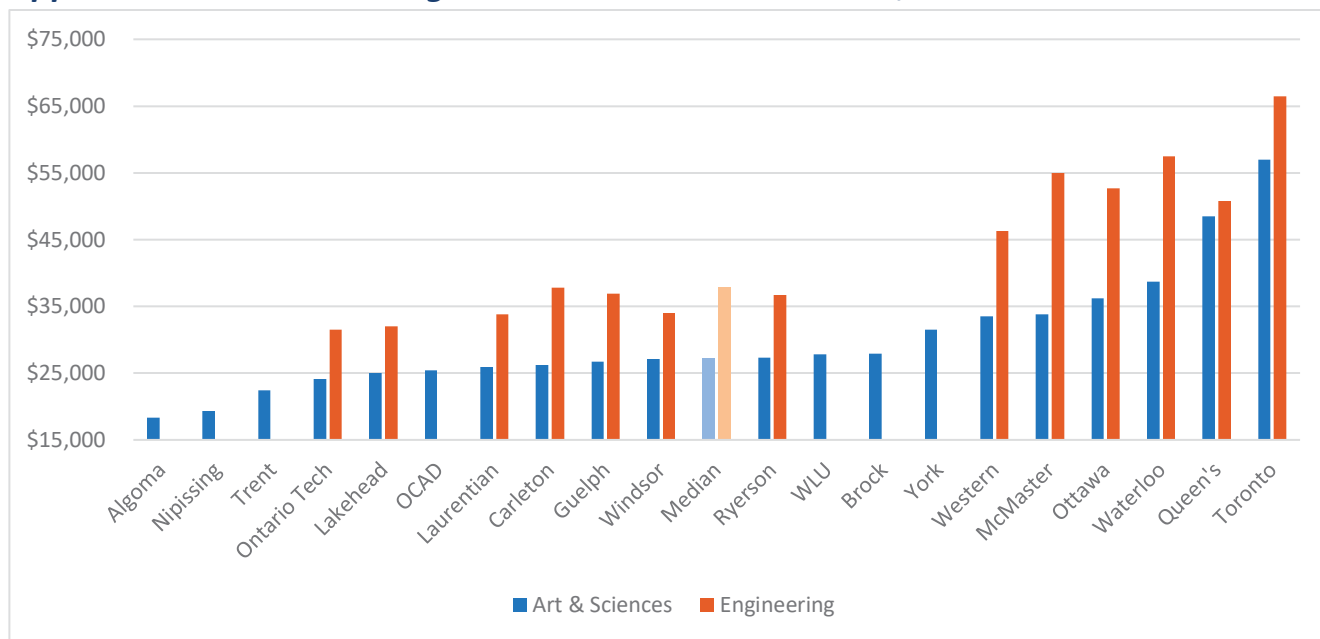
- The university has invested \$6 million more in salaries than 2019 - 2020 even though the total revenues are expected to be similar.
- The majority of the \$2 million discretionary funds are being prioritized for technology to support learning, enhanced student recruitment (e.g. recruitment staff, new digital media platforms) and student success retention (e.g. advising transformation, graduate scholarship program).

Appendices

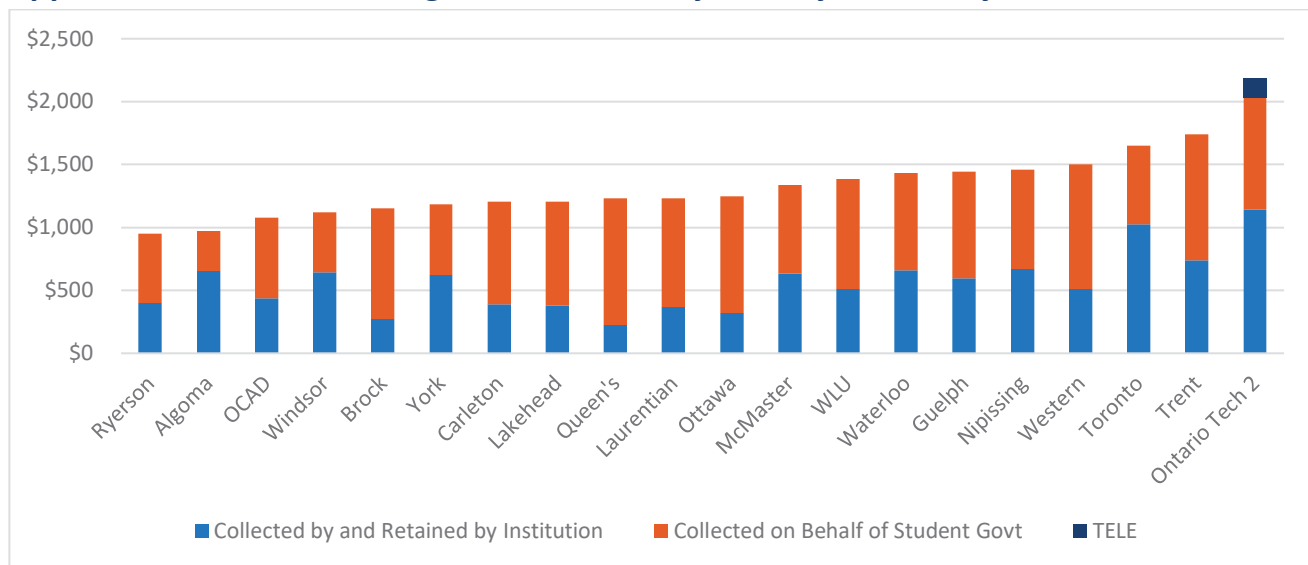
Appendix A: Ontario Undergraduate Domestic Tuition, 2020-2021



Appendix B: Ontario Undergraduate International Tuition, 2020-2021



Appendix C: Ontario Undergraduate Ancillary Fees by University, 2020-2021



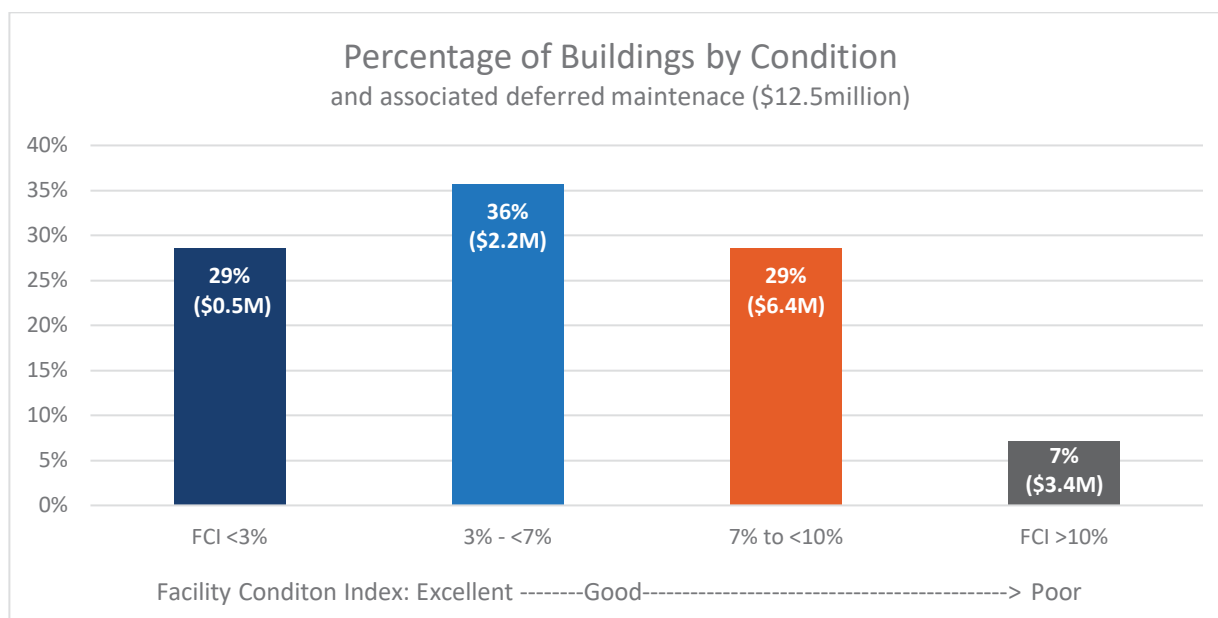
The Ontario Tech fees include:

- \$283.50 for UPASS so all students have free access to transit in Durham Region. Upon last review, only six other schools had a UPASS-like program (i.e., Carleton, Ottawa, McMaster, WLU, Waterloo, Western).
- \$277.10 for capital projects (i.e., the new A5 building and Campus Recreation Centre) that were student referendum approved.

Appendix D: Facilities Condition and Renewal Background

Ontario Tech has 31 buildings (24 owned buildings, portables and storage facilities and 7 leased buildings) totaling 116,724 gross square metres of buildings space. Fourteen buildings have been audited and assessed, having a current replacement value of \$305 million (2020-2021) and an estimated repair value of \$12 million over the next decade. The majority of buildings not assessed include our leased buildings, storage barns and temporary portables. Ontario Tech aims to audit 20 per cent of its campus facilities annually while also reassessing major facility systems every five years.

The Facility Condition Index (FCI) is the ratio of the cost of deferred maintenance (DM) to the cost of the current replacement value (CRV) of the physical infrastructure. The FCI is used to illustrate the condition of the current building. The chart below displays the condition of Ontario Tech's buildings and the amount of deferred maintenance associated with each FCI category. An FCI of less than seven per cent states the building is in great condition; seven per cent to 10 per cent are in good condition; and greater than 10 per cent is considered poor to very poor. As the value approaches 100 per cent, replacement for the building should be considered.



A capital improvements budget of about \$1.8 million (\$1.1 million grant and \$700,000 operating) in 2021-2022 is allowing the university to address some of the \$12M deferred maintenance backlog, as well as to undertake critical repairs, electrical upgrades, modernize classrooms, and to make other capital improvements. In 2019 the operating budget was \$1.4 million.

The vast majority of these funds are currently directed towards the moves into our new building, A5, and the backfill plans (e.g. moving the Offices of the President and Provost into the Science Building, expanding the Faculty of Science spaces in the Science Building, converting Energy Systems and Nuclear Science Research Centre classrooms into Kinesiology and Energy labs, and creating a machine shop to meet the needs of our researchers).

Ontario Tech could allocate fewer dollars to these capital projects but this would just defer critical maintenance activities into the future when finances may still be as tight.

Appendix E – DRAFT Operating Budget

The assumptions and priorities have been used to set a 2021-2022 Draft Operating Budget and a simple inflationary rate is applied to future years. *For reference only, not finalized.*

Appendix E.1 – Operating Statement Forecast

Operating Statement	2018-2019 Actual	2019-2020 Actual	2020-2021 Budget	2020-2021 Forecast	2021-2022 Budget	2022-2023 Budget	2023-2024 Budget
FTE	8,905	8,975	8,162	9,350	9,000	8,950	9,150
Grants	\$82,375	\$81,065	\$81,023	\$81,770	\$80,900	\$81,200	\$81,200
Tuition	\$82,247	\$79,102	\$68,629	\$78,791	\$82,100	\$84,600	\$90,400
Ancillary	\$12,541	\$14,453	\$10,732	\$11,211	\$11,900	\$12,000	\$12,200
Commercial	\$9,670	\$9,693	\$9,693	\$6,306	\$10,900	\$10,900	\$10,900
Other	\$8,043	\$8,255	\$4,128	\$3,762	\$3,500	\$3,500	\$3,500
Total Revenue	\$194,876	\$192,568	\$174,205	\$181,840	\$189,300	\$192,200	\$198,200

Appendix E.2 – Budget Forecast by Department (future years will be updated in April budget submission)

Department	2018-2019 Actual	2019-2020 Actual	2020-2021 Budget
Energy Systems and Nuclear Science	\$5,084	\$4,308	\$4,329
Business and Information Technology	\$11,837	\$11,883	\$12,225
Social Sciences and Humanities	\$9,979	\$10,294	\$10,378
Education	\$5,189	\$4,705	\$4,272
Health Sciences	\$11,069	\$11,812	\$12,867
Engineering	\$13,730	\$13,993	\$13,856
Science	\$12,511	\$13,066	\$12,441
Graduate Studies	\$2,845	\$2,917	\$2,952
Outsourced Electives	\$389	\$67	\$0
Life-Long Learning	\$0	\$1,678	\$1,150
Total Academic	\$72,632	\$74,723	\$74,470
Office of the Provost	\$1,654	\$948	\$1,015
Planning	\$1,395	\$1,069	\$748
Research & Innovation	\$2,423	\$2,612	\$2,461
Teaching & Learning	\$2,954	\$2,995	\$3,264
Registrar	\$7,350	\$7,490	\$6,859
Tuition Set Aside	\$7,173	\$7,707	\$6,656
Student Life	\$8,349	\$7,996	\$6,984
Library	\$3,973	\$3,835	\$3,891
IT - TELE	\$4,376	\$3,280	\$2,720
Total Academic Support	\$39,647	\$37,933	\$34,597
Secretariat and General Counsel	\$2,417	\$2,493	\$1,627
President	\$990	\$790	\$761
Finance	\$2,903	\$4,151	\$3,008
Central Operations	\$3,539	\$4,219	\$1,682
OCIS/Leased Space	\$12,670	\$11,831	\$12,127
IT (excluding TELE)	\$3,290	\$3,915	\$3,416
External Relations	\$6,099	\$6,575	\$4,944

Human Resources	\$2,708	\$2,500	\$2,302
Purchased Services	\$15,721	\$14,910	\$13,110
Total Administration	\$50,338	\$51,384	\$42,978
ACE	\$4,070	\$4,281	\$3,862
Campus Ice /Campus Tennis Centre	\$1,482	\$1,638	\$1,573
Food/Bookstore	\$0	\$301	\$1,105
Daycare	\$991	\$958	\$944
Regent	\$699	\$639	\$374
Total Ancillary / Commercial Expenses	7,242	7,818	7,858
Debenture	\$16,501	\$16,501	\$16,501
Total Operating Expenses	\$186,360	\$188,359	\$176,403

Appendix F – Reserves and Surpluses

Ontario Tech will routinely carry reserves that are reflected in the budgets and annual financial statements. These reserves are often mistaken for unrestricted funds—or money that can be leveraged towards absorbing the costs of funding cuts, reducing tuition fees or investing in particular programs and services. This misunderstanding highlights the need for a clear explanation of the purposes of reserves, and why these funds are often restricted in terms of what kinds of expenses they can cover. Reserves should always be reviewed with a university's financial statements, with such statements often providing a breakdown or explanation of their categories.

1. Providing short-term flexibility for unpredictable revenues and/or expenditures.

Where possible, universities keep prudent reserves to ensure that there is a level of stability to their revenues and expenditures, and to absorb or mitigate the costs resulting from external factors. Changes to government grants, tuition fee frameworks, other legislated obligations, the domestic and global economy, and foreign policy are all factors that have significant impacts on the financial health of Ontario's universities. For example, the 2018 deterioration in Canada-Saudi Arabia relations led to the Kingdom recalling its scholarship-funded students from Canadian universities. This led to a \$3-million loss in expected tuition fee revenue for Ontario Tech.

With the majority of the university budget being based on how many courses students take, there can be fluctuations in any one-year budget. Hence, the university will use carry forwards and contingencies to forecast a balanced scenario over three years. Assuming grants are relatively stable in a corridor model a good practice is to assume an annual three per cent enrolment fluctuation (or about \$3 million of tuition and ancillary fees in 2021). The university works hard to be balanced but will always err on the side of surplus over deficit.

2. Responding to one-time, evolving, or unexpected operational costs.

Universities frequently face unanticipated operational expenses at the institutional, faculty or departmental level. Reserves are intended to ensure that these costs can be met as they arise, whether as singular or ongoing expenses. Whereas more established institutions may have reserves set at the unit level, Ontario Tech maintains a central contingency. One of the key risks identified by many faculties in the risk register is the aging of equipment. As we approach our 20th year, equipment maintenance costs are increasing and the need for replacement is approaching.

Other examples of being prepared for unexpected costs include research grants from external funders that require matching financial commitments from the university. These are anomalous expenses. Changes to institutional operations incur ongoing costs that reserves are intended to cover. For example, the Student Choice Initiative (SCI) required universities to develop new ancillary fee protocols that allowed students to opt-in and/or opt-out of non-mandatory fees. Operationalizing this policy required significant financial and human resources at each institution to consult affected fee-collecting groups, revising ancillary fee schedules and developing a software opt-in/opt-out platform before the 2019-2020 academic year.

3. Funding long-term future and ongoing capital commitments.

Ontario's universities also use reserves for the purpose of investing in campus infrastructure to meet the changing needs of their students and keep current with advances in technology. Reserves are often earmarked for long-term capital commitments, such as the construction of new buildings

on campus, or for the upgrading and maintenance of existing infrastructure, such as outfitting existing studios and labs with the newest tools, equipment and technologies. The deferred maintenance of current university infrastructure is a significant and ongoing cost to institutions.

Since 2012 the university has had a planned set aside of \$3.5 million for capital improvements. With the building of Software and Informatics Research Centre and A5, these funds are depleted. The repair estimates total \$11 million over the next decade, the completion of the fifth floor A5 is estimated at \$4 million and there is a need for \$48 million to replace a downtown lease (i.e. Bordessa Hall) in 2030. To address these costs, we should be setting aside about \$5 million a year.

4. Unexpected Windfalls

While the university has made great strides in reviewing in-year expenses by implementing quarterly reporting, the fact is with 35 units estimating 176 submissions there is bound to be in-year fluctuations. This has been compounded in some years by last-minute grants/awards. For example the 2017-2018 financial statement is often brought up as it had a \$15.4-million surplus. To start this includes the investments, if we only look at operating, the number is \$13 million. Of this there was the \$3.5 million planned capital reserve and unexpected gains from a final quarter one-time enrolment grant of \$1.8 million and a \$4.9-million legal settlement. While above the normal three per cent variance, it should not be referred to as an example of poor fiscal planning or management.

5. Where we are today

As we complete 2020-2021 Q3, the university forecasts a \$4.2-million surplus. A portion of this is already required to be carried into the next fiscal as follows:

- \$300,000 student ancillary fees.
- \$400,000 as part of the collaborative Nursing program agreement to fund required smaller clinical sizes in 2021-2022.
- \$700,000 for student supports (i.e. \$200,000 for graduate scholarships and \$400,000 matching fund and other miscellaneous, emergency funds).
- The remaining surplus, if any, will be reviewed at year end but the idea is to use it as the enrolment contingency as we set a balanced budget. Should we hit our enrolment targets, it will support technology advances in support of learning re-imagined.

Internally Restricted Assets (\$'000)	2019 - 2020 Actual	2018 - 2019 Actual	2017 - 2018 Actual
Research Related	\$4,700	\$5,206	\$4,987
Capital Related	\$2,409	\$14,501	\$12,593
Student Awards	\$222	\$1,000	\$1,000
Working Capital	\$6,000	\$6,000	\$6,000
Budget Carry Forward	\$1,154	\$1,154	\$1,708
Other	\$3,104	\$3,925	\$3,524
Total Restricted	\$17,589	\$31,786	\$29,812