
**PUBLIC SESSION AGENDA
Thursday, December 7, 2017
3:00 p.m. to 4:20 p.m.
55 Bond Street, DTB 524**

**Phone Number: 1-877-385-4099 (toll free in Canada & U.S.)
Participant Access Code: 1028954#**

AGENDA

No.		Topic	Lead	Allocated Time	Suggested End Time
1		Call to Order	Chair		
2		Agenda (M)	Chair		
3		Conflict of Interest Declaration	Chair		
4		Chair's Remarks	Chair		
5		Approval of Minutes of the Meeting of October 26, 2017* (M)	Chair		3:10 p.m.
6		President's Report	T. McTiernan	10	3:20 p.m.
		Committee Reports (confidential items only)			
7		Audit & Finance Committee (A&F)			
	7.1	A&F Report (U)	N. Allen	5	3:25 p.m.
	7.2	Second Quarter Financial Reports* (U)	N. Allen	10	3:35 p.m.
	7.3	Budget Assumptions, Targets & Outcomes* (U)	C. Elliott/ R. Bailey	15	3:50 p.m.
8		Investment Committee			
	8.1	Investment Report (U)	S. Chow	5	3:55 p.m.
9		Governance Nominations & Human Resources Committee			
	9.1	GNHR Report (U)	K. Brearley	5	4:00 p.m.
10		Strategy & Planning Committee			
	10.1	Pathways Awards (P)(U)	UOIT Students	10	4:10 p.m.
11		Consent Agenda: (M)	Chair	5	4:15 p.m.
	11.1	Minutes of the Audit & Finance Committee Meeting of October 12, 2017*			
	11.2	Minutes of the Governance, Nominations & Human Resources Committee Meeting of September 27, 2017*			

	11.3	Minutes of the Investment Committee Meeting of August 16, 2017*			
12		Information Items:			
	12.1	2018-2019 Election Process*			
13		Termination of Non-Public Session (M)	Chair	5	4:20 p.m.
		P - Presentation			
		M - Motion			
		U - Update			
		D - Discussion			
		* Documents attached			

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 OF GOVERNORS' 104th REGULAR MEETING & ANNUAL GENERAL MEETING (PUBLIC SESSION)

Minutes of Meeting of Thursday, October 26, 2017

55 Bond Street, DTB 524

3:40 p.m. – 5:30 p.m.

GOVERNORS IN ATTENDANCE:

Doug Allingham, Board Chair

Nigel Allen, Chair of Audit & Finance Committee

Karyn Brearley, Chair of Governance, Nominations & Human Resources Committee

Stephanie Chow, Chair of Investment Committee

Valarie Wafer, Chair of Strategy & Planning Committee (*via teleconference*)

Fardan Ali

Jeremy Bradbury

Don Duval (*via teleconference*)

Francis Garwe

Jay Lefton

Tim McTiernan, President (*ex-officio*)

Dietmar Reiner

Bonnie Schmidt

Mary Simpson

Noreen Taylor, Chancellor (*ex-officio*) (*via teleconference*)

Shirley Van Nuland

Yowsif Yakub

REGRETS:

Andrew Elrick

Mike Snow

John Speers

Mary Steele

BOARD SECRETARY:

Becky Dinwoodie, *Assistant University Secretary*

UOIT STAFF:

Robert Bailey, *Interim Provost & VP Academic*

Cheryl Foy, *University Secretary & General Counsel*

Doug Holdway, *Interim VP of Research, International and Innovation*

Andrea Kelly, *Assistant to the University Secretary & General Counsel*

Susan McGovern, *VP External Relations & Advancement*

Pamela Onsiong, *Director, Financial Planning & Reporting*

Cathy Pitcher, *Assistant to the President*

GUESTS:

Mikael Eklund (*via teleconference*)

1. Call to Order

The Chair called the meeting to order at 4:29 p.m.

2. Agenda

A request was made to move the Audit & Finance Committee Report to before the President's Report.

Upon a motion duly made by K. Brearley and seconded by N. Allen, the Agenda was approved, as amended.

3. Conflict of Interest Declaration

There were no conflict of interest declarations.

4. Chair's Remarks

The Chair welcomed the new governors, F. Ali, S. Chow, and Y. Yakub, to the Board. He commented that he is looking forward to working with the Board in the year ahead.

5. Approval of Minutes of the Meeting of June 22, 2017

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

9.1 Audit & Finance Committee (A&F) Report

N. Allen delivered the A&F report to the Board. The SIRC building had its occupancy inspection on October 6 and should be substantially completed by the end of the month. The building project has come in on time and on budget. C. Elliott commented that the design-build process worked very well for the university. N. Allen congratulated C. Elliott and his team, including Larry Brual, for the successful management of the project.

At the last meeting, the committee received a presentation on UOIT Financial Controls, Cyber Fraud, and Insurance Coverage, which was timely given the recent phishing fraud experienced at MacEwan University. The presentation summarized the controls in place at the university to prevent such a fraud from happening. As cyber schemes get more sophisticated, it is essential for the university to

stay on top of recent developments and continue to test its control processes. Since people tend to be a key point of vulnerability, it is important to communicate and raise awareness of these types of scams at the university. The committee considered purchasing insurance to cover such a fraud; however, given the maximum limit available is \$250,000 and the minimum deductible is \$10,000, the committee decided to forgo additional insurance at this time and focus on internal controls.

6. President's Report

The President noted the university's improvement in the 2018 Maclean's university rankings. He also reported that the women's soccer team is having another successful season and the men's soccer team advanced to the quarter-finals.

The President reported on his attendance at the recent COU and UC meetings, which focused on themes of equity, diversity, and inclusivity, and free speech on campus.

ACE demonstration videos

The President introduced a video demonstrating ACE's hurricane-force wind testing abilities that was shown on CTV in September.

7. Academic Council Report

The President reviewed the Academic Council Report distributed in advance with the Board.

8. Start-Up Update

R. Bailey reviewed the 2017 enrolment update included in the meeting material. As the faculty complement matures, they expect PhD enrolment to increase over the next few years. Although enrolment is above the corridor mid-point, it is still within the appropriate range of the updated SMA and positions the university well for the negotiation of the next SMA.

(N. Allen, J. Lefton, and S. Van Nuland left the meeting at 4:52 p.m.)

Committee Reports

9. Audit & Finance Committee (A&F)

9.1 *moved up in agenda to after item 5*

9.2 First Quarter Report

N. Allen reviewed the first quarter financial report, which is currently forecasting an upside of \$6.9m in revenues against the original budget. The surplus is comprised of:

- Core Operating Grant - \$0.7M

- Tuition Fees - \$3.0M
- “One-time-only” - net retail sales tax rebate \$3.2M

The Budget Working Group has consulted with stakeholders regarding the prioritization of strategic requests across all units of the University. As a result of this prioritization, additional in-year projects and resources, totaling \$3.0M, have been approved by the Senior Leadership Team. Management will be returning to the committee with recommendations for allocating the surplus at the next meeting.

10. Investment Committee

10.1 Quarterly Report

S. Chow provided the Board with an update from the most recent Investment Committee meeting. She discussed the performance of the university’s portfolio and responded to questions from the Board members.

11. Governance Nominations & Human Resources Committee (GNHR)

11.1 GNHR Committee Report

K. Brearley delivered an update from GNHR. One of GNHR’s responsibilities is to advise the Board on its performance. A theme coming out of last year’s Board Assessment was a desire to improve Board meeting efficiency by reducing the volume of material distributed to the Board while continuing to provide governors with the information necessary for effective decision-making. With the support of the new Board Chair and Executive Committee, several changes will be implemented to Board and committee meetings this year. The changes include:

- switching the order of the public & non-public sessions of committee meetings to encourage more public discussion;
- an updated cover report, which must accompany all agenda items for a committee/Board meeting - the report will serve as an Executive Summary of the agenda item;
- intention of including a report for each item is to reduce presentation time at each meeting & free up time for Board discussion;
- Board members expected to review written materials in advance;
- inclusion of non-contentious items on the consent agenda or for information; and
- reducing the level of detail in minutes, which will help reduce the volume of material & improve efficiency of the Secretariat.

GNHR will continue to monitor and assess the effectiveness of these changes.

The committee received an update on the implementation of the Policy on Sexual Violence for Students & Procedures for Responding to Incidents of Sexual Violence, which is included for information in the Board’s meeting material. The committee also received an update regarding the university’s draft Executive Compensation Plan.

11.2 By-law Review Project – Draft By-laws 1 & 2

K. Brearley introduced the draft by-laws to the Board for consideration. The by-laws represent a tremendous amount of work done by the By-law Review Working Group. She thanked the Working Group for all of their work and noted that the group had great discussions and valuable contributions were made by all members of the group. Upon the Board's consideration of the by-laws, the Working Group will have fulfilled its mandate and will be defunct.

A lot of work will flow from the implementation of the by-laws and the governance bodies of both the Board and Academic Council will be responsible for the work. The updated by-laws will provide a solid foundation for the university's governance going forward. The Board has a desire to improve bicameral governance and the committee views these changed by-laws as a significant step forward in that regard. The composition has changed significantly to allow more faculty involvement and the delegation of authority to Academic Council is much clearer. Governance is not a static, one-time project – it requires continuous work and she encouraged individuals at all levels of the university to work together to strengthen the university's governance processes.

Upon a motion duly made by K. Brearley and seconded by M. Simpson, pursuant to the recommendations of the Board of Governors By-law Review Project Working Group and Governance, Nominations and Human Resources Committee, the Board of Governors approved By-law Numbers 1 and 2, as presented, and to be implemented in September 2018.

A comment was made about the Executive Committee not including any elected members. It was suggested that the matter be reviewed by GNHR. J. Bradbury and S. Van Nuland were asked to prepare a note on the issue.

The Board Chair thanked K. Brearley, C. Foy and the Working Group for all of the work put into completing the by-law review over the past two years.

12. Strategy & Planning Committee (S&P)

12.1 S&P Committee Report

V. Wafer provided the Board with an update from S&P. The committee is continuing to focus on advancing the goals set out in the university's strategic plan and the updated SMA is an example of this. The updated SMA and strategic plan are being used to guide the development of an integrated academic plan. The committee looks forward to receiving a draft integrated academic plan.

At the last meeting, the committee also received a report on the proposed process to be followed to finalize a list of the university's strategic risks and a copy of the report is included in today's meeting material. The committee supported the proposed approach and looks forward to receiving the final list of strategic risks from the senior leadership team following appropriate consultation. The committee will also consider how to incorporate strategic risks into the upcoming Board retreat.

(M. Simpson left the meeting at 5:05 p.m.)

13. Consent Agenda:

Upon a motion duly made by T. McTiernan and seconded by F. Garwe, the Board approved the following items on the consent agenda:

13.1 Amendment to UOIT Pension Plan

13.2 Minutes of the Audit & Finance Committee Meeting of June 12, 2017

13.3 Minutes of the Governance, Nominations & Human Resources Committee Meeting of June 7, 2017

13.4 Minutes of the Investment Committee Meeting of May 24, 2017

13.5 Minutes of Strategy & Planning Committee Meeting of May 17, 2017

14. For Information:

14.1 Implementation of Policy on Sexual Violence for Students & Procedures for Responding to Incidents of Sexual Violence

14.2 Risk Management: Strategic Risks

14.3 Program Review Final Assessment Reports

15. Termination of Public Session

There being no other business, upon a motion duly made by J. Bradbury and seconded by K. Brearley, the public session of the meeting terminated at 5:08 p.m.

Becky Dinwoodie, Secretary



**Financial Update
Report to the Audit and Finance Committee
For 6 months ending September 30, 2017**

November 22, 2017

	<u>Page</u>
I. Consolidated Financial Statements	1 - 6
II. Financial Metrics	7 - 9
III. 2017 – 18 Forecast Update	10 - 13
IV. Capital	14 - 15
V. Cash Flow	16 - 17
VI. Long-term Forecast	18 - 20

Consolidated Financial Statements of

**UNIVERSITY OF ONTARIO
INSTITUTE OF TECHNOLOGY**

For 6 months ending September 30, 2017

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Financial Position
As at September 30, 2017

	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>YOY Variance</u>	<u>Mar 31, 2017</u>
ASSETS				
CURRENT				
Cash and cash equivalents	\$ 37,098,165	\$ 49,695,640	\$ (12,597,475)	\$ 56,795,539
Short-Term Investments	16,624,798	1,148,400	15,476,398	-
Grant receivable	6,862,333	8,643,123	(1,780,790)	6,152,287
Other accounts receivable	42,772,339	42,183,190	589,149	7,624,344
Prepaid expenses and deposits	2,022,321	1,835,412	186,909	1,689,870
Inventories	616,373	827,007	(210,634)	172,514
	105,996,329	104,332,772	1,663,557	72,434,554
			-	
INVESTMENTS	27,308,913	30,173,106	(2,864,193)	29,632,811
			-	
CAPITAL ASSETS	404,548,738	394,876,324	9,672,414	399,939,626
			-	
TOTAL ASSETS	\$ 537,853,979	\$ 529,554,592	\$ 8,299,388	\$ 502,006,991
LIABILITIES				
CURRENT AND LONG-TERM LIABILITIES				
Accounts payable and accrued liabilities	23,398,513	25,512,759	(2,114,245)	34,633,948
Deferred revenue	73,156,123	71,052,687	2,103,436	20,878,720
	96,554,637	96,737,835	(183,198)	55,512,668
LONG TERM DEBT	3,643,784	9,233,533	(5,589,749)	6,390,043
OBLIGATIONS UNDER CAPITAL LEASE	38,425,679	38,900,333	(474,654)	38,672,762
DEBENTURE DEBT	172,823,718	178,096,238	(5,272,520)	175,501,181
DEFERRED CAPITAL CONTRIBUTIONS	163,688,645	160,924,316	2,764,329	164,581,824
	475,136,463	483,892,255	(8,755,792)	440,658,478
Net Assets				
NET ASSETS, excluding current year surplus / (deficit)	41,731,791	29,128,143	12,603,648	29,128,146
ENDOWMENTS	19,756,993	18,736,532	1,020,461	19,616,720
CURRENT YEAR SURPLUS / (DEFICIT)	1,228,732	(2,202,340)	3,431,072	12,603,647
	62,717,517	45,662,336	17,055,181	61,348,513
TOTAL LIABILITIES AND NET ASSETS	\$ 537,853,979	\$ 529,554,592	\$ 8,299,388	\$ 502,006,991

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Operations
For 6 months ending September 30, 2017

	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>YOY Variance</u>
REVENUE			
Grants - operating & research	\$ 34,752,075	\$ 33,753,371	\$ 998,704
Grant - debenture	6,750,000	6,750,000	-
Donations - operating & research	831,755	396,897	434,858
Student tuition fees	25,652,405	24,519,248	1,133,157
Student ancillary fees	8,557,507	9,803,039	(1,245,532)
Revenue from purchased services	1,988,074	2,294,965	(306,892)
Other income	9,200,617	4,400,464	4,800,153
Amortization of deferred capital contributions	4,379,913	4,311,368	68,545
Interest revenue	261,061	215,507	45,554
Unrealized gain on investments	620,274	1,422,043	(801,768)
	92,993,681	87,866,902	5,126,779
EXPENSES			
Salaries and benefits	48,292,072	47,264,856	1,027,217
Supplies and expenses	16,176,172	15,548,922	627,250
Purchased Services	5,803,724	6,795,079	(991,355)
Professional fees	2,450,327	305,998	2,144,329
Interest expense - Current Obligations	88,586	78,305	10,281
Interest expense - Long Term Debt	7,156,997	7,406,181	(249,184)
Amortization of capital assets	11,612,673	12,344,743	(732,070)
Loss on disposal of assets	184,396	325,158	(140,762)
	91,764,949	90,069,242	1,695,707
Excess of revenues over expenses	\$ 1,228,732	\$ (2,202,340)	\$ 3,431,072

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Cash Flows
For 6 months ending September 30, 2017

	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenues over expenses	1,228,732	(2,202,340)
Items not affecting cash:		
Amortization of capital assets	11,612,673	12,344,743
Amortization of deferred capital contributions	(4,379,913)	(4,311,368)
Loss on disposal of assets	184,396	325,158
Unrealized gain on investments	(620,274)	(1,422,043)
	<u>8,025,614</u>	<u>4,734,151</u>
Working Capital		
Grant and other accounts receivable	(35,858,041)	(38,186,296)
Prepaid expenses and deposits	(332,451)	(133,734)
Inventories	(443,859)	(672,745)
Accounts payable and accrued liabilities	(11,235,435)	1,744,608
Deferred revenue	52,277,404	50,694,409
	<u>12,433,232</u>	<u>18,180,392</u>
INVESTING		
Purchase of capital assets	(16,406,182)	(10,035,002)
Investments	(13,680,628)	11,065,731
Endowment contributions	140,273	564,873
	<u>(29,946,537)</u>	<u>1,595,602</u>
FINANCING		
Repayment of long term debt	(5,423,722)	(5,149,354)
Repayment of obligations under capital leases	(247,083)	(189,993)
Deferred capital contributions	3,486,734	2,950,000
	<u>(2,184,071)</u>	<u>(2,389,348)</u>
NET CASH (OUTFLOW)	(19,697,375)	17,386,646
CASH BALANCE, BEGINNING OF YEAR	56,795,539	32,308,994
CASH BALANCE, END OF PERIOD	\$ 37,098,165	\$ 49,695,640

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

Cash and short-term investments increased \$2.9m over last year. Any surplus cash from under-spending in the last budget year was offset by a net \$14.6m in SIRC capital investment in the first 6 months of the current year.

Grant receivable balance of \$6.9m includes \$5.3m Collaborative Nursing (CN) grant funded on a slip-year basis (PY bal. \$3.0m receivable in CY, and CY bal. \$2.3m receivable in next FY) and \$1.6m of external research grants all of which are current.

Grant receivable decreased \$1.8m as the prior year balance included \$2.9m of SIF grant receivable (received in Oct 2016) for SIRC construction, offset by increase of \$0.6m research grants and \$0.5m increase in CN grant associated with YOY growth.

Other accounts receivable includes student and trade receivables. Y/E balance of \$42.8m includes \$40.1m of student A/R (\$1.3m for spring 2017 and prior, \$6.5m for fall 2017 and \$32.3m for the future winter 2018 semester for which payment is due in Jan 2018), other current receivables comprising \$0.7m of sales tax recoverable, \$0.6m ACE, and other balances, none exceeding \$0.5m.

Investment balance of \$27.3m comprises \$24.5m endowed funds held at PH&N and \$2.8m from MoF held in trust at BNY. The decrease of \$2.9m includes a decrease of \$5.3m used to repay the MoF loan in the last 12 months (**see Other Long Term Debt note under Liabilities below**) offset by a net increase of \$2.4m in endowed funds (new in-year donations \$1.0m, net investment income \$0.9m, M2M unrealized gain \$0.9m, offset by bursary disbursements \$0.4m).

Capital assets increase of \$9.7m includes net additions of \$27.2m, offset by accumulated amortization of \$17.5m in the last 12 months. Additions comprise \$25.9m WIP (\$23.3m SIRC & \$2.6 rolling road), \$1.8m laptop purchases net of \$7.6m disposals, \$3.3m building, SIRC parking, lab renovations and FFE, \$3.0m major equipment, and \$1.1m computer equipment and servers, offset by disposal of Dulemba land \$0.3m.

Liabilities

Accounts payable and accrued liabilities decreased \$2.1m and includes \$1.9m decrease due to earlier flow-through of student fees to the Student Union and \$1.0m decrease in accounts payable due to the timing of payment of third party invoices. These decreases were offset by increase of \$1.0m for the Sep 2017 payroll deductions paid in Oct 2017, and other variances, none of which exceeds \$0.5m.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

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 \$73.1m includes \$56.5m deferred tuition representing 3 months of fall fees and all of winter term fees not earned at the end of the quarter, and \$16.6m of revenues billed / received and not yet spent at the end of the quarter (5.7m of student ancillary fees, \$5.7m of externally funded research revenues, \$3.6m of expendable donations, and \$1.6m of miscellaneous deferred revenues).

Increase of \$2.1m in deferred revenues include \$1.5m increase in deferred tuition representing YOY enrolment growth.

Other long-term debt decrease of \$5.6m includes \$5.3m repayment of the MoF loan in the last 12 months (see **Investment note under Assets above**) and other repayments, none of which exceeds \$0.5m. Balance of \$3.6m includes the last instalment of the MoF loan of \$2.8m – this was paid in full on October 15, 2017.

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

Decrease in long-term debenture debt of \$5.3m relates to the principal repayment and resulting drawdown of the debt in the last 12 months. This debt is fully payable in October 2034.

Increase in deferred capital contributions of \$2.8m includes new capital grants and donations of \$11.6m received in the last 12 months, offset by \$8.8m amortization into revenues of all capital grants received since inception of the University. New capital grants and donations received include \$7.7m SIF grant for SIRC construction, \$2.3m for the Moving Ground Plane, \$0.9m Graduate Expansion Grant. \$0.7m for building and lab maintenance.

CONSOLIDATED STATEMENT OF OPERATIONS

Revenue

Total Revenue increased \$5.1m (5.8%) over the prior year. Significant variances include:

- 1) Operating grant (COG) increase of \$0.7m and research grant increase of \$0.3m. COG increase is as a result of final COG adjustment by MAESD for 2016 – 17 enrolment in March 2017. This now forms the baseline for 2017-18 grant.
- 2) Student tuition fee increase of \$1.1m is due to increase in enrolment of 128 FTE over the prior year, coupled with a 3% YOY average increase in tuition fees.

CONSOLIDATED STATEMENT OF OPERATIONS (continued)

- 3) Student ancillary fees decrease of \$1.2m includes a decrease of \$1.9m in TELE fees due to the declining student participation in the program further to the “BYOD” (Bring Your Own Device) initiative for the Faculties of Science, Health Science and Business & IT, starting fall 2017.

The decrease in TELE fees is offset by an increase of \$0.7m attributable to the accounting recognition of prior year deferred revenues to fund for the purchase of athletic equipment in the current year.

- 4) Other income increase of \$4.8m includes the one-time receipt in July 2017 of \$4.9m of retail sales tax rebates on construction costs for the period January 2003 to December 2005 (**see Note (3) under Expenses below for associated consulting costs**).
- 5) Unrealized gain on investments decrease of \$0.8m is due to relatively lower market returns in the current year v/s the prior year.

Expenses

Total Expenses increased \$1.7m (1.9%) over the prior year. Significant variances include:

- 1) Salaries & Benefits increase of \$1.0m includes \$1.5m for faculty and staff salary increases effective July 1, 2017, \$0.2m net new hires, offset by \$0.7m reversal of accrued administrative leave not paid out in the current year.
- 2) Purchased Services decrease of \$1.0m includes \$0.5m decrease in bookstore expense due to declining bookstore sales resulting from increased on-line competition, \$0.3m decrease for vacant positions in the shared IT and Facilities areas and \$0.2m decrease in utilities consumption due to a cooler summer in the current year.
- 3) Professional fees increase of \$2.1m includes \$1.7m of consulting fees with respect to the one-time receipt in July 2017 of \$4.9m of retail sales tax rebates on construction costs (**see Note (4) under Revenue above**), \$0.3m of legal fees relating to the Student Association-related matters and other immaterial variances.
- 4) Amortization of capital assets decreased \$0.7m and is mainly attributable to the decrease in asset base resulting from current capital assets being fully depreciated in the current year, coupled with a higher number of laptops disposed and sold to students as a result of “BYOD” for the Faculties of Science, Health Science and Business & IT.

II. FINANCIAL METRICS

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

The table below shows UOIT's forecast metrics for fiscal year 2017 – 18 and the actuals for the 2 fiscal years 2016 – 17 and 2015 - 16. Also included are the average comparator and average sector metrics for fiscal year 2015 - 2016 (latest published data). The average comparator includes the data for what is classified as “small” universities based on student FTE (“Full-time equivalents”). The small sector universities comprise of 7 universities: Algoma, Lakehead, Laurentian, Nipissing, OCADU, Trent and UOIT.

Financial Metrics	Forecast	Actual	Actual	Average comparator	Average sector
	2017 - 18	2016 - 17	2015 - 16	2015 - 16	2015 - 16
Net Income/Loss Ratio (1)	5.1%	6.2%	1.7%	-0.4%	2.5%
Net Operating Revenues Ratio (2)	15.6%	18.1%	10.9%	2.6%	6.6%
Primary Reserve Ratio (days) (3)	34	40	27	24	94
Interest Burden Ratio (4)	8.4%	8.9%	9.4%	3.3%	2.3%
(b) IBR w MTCU funding	2.0%	2.0%	2.2%	n/a	n/a
Viability Ratio (5)	9.3%	10.0%	6.4%	11.8%	154.7%

Financial Metrics Analysis

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

Based on the current projection of additional revenues in the current fiscal year, coupled with savings from its planned capital reserves (see Section III “2017-18 Operating Forecast Summary” on Pages 10 - 13), it is forecast that UOIT will continue to show positive net earnings ratio in 2017 – 2018.

II. FINANCIAL METRICS (continued)

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

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

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

Primary reserve ratio is stable as although internally-restricted capital reserves have been consumed to fund for the SIRC building in the current year, these will be replenished at the end of this fiscal year with actual operating surplus.

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

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

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

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

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

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

II. FINANCIAL METRICS (continued)

(1) Net Income/Loss Ratio

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

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

(4) Interest Burden Ratio

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

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

(2) Net Operating Revenues Ratio

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

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

(5) Viability Ratio

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

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

(3) Primary Reserve Ratio

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

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

University of Ontario Institute of Technology

III. 2017 - 18 Operating Forecast Summary (in '000 s) For the year ending March 31, 2018

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

April 1, 2017 - March 31, 2018					
Annual Budget, excluding Carryforward	Carryforward Budget	Total Annual Budget	Y/E Forecast	Fav. (Unfav.) Forecast to Budget \$ / %	
Revenue					
Grants	75,541	75,541	76,643	1,102	1%
Tuition	78,318	78,318	81,812	3,494	4%
Student Ancillary	12,081	12,081	12,835	754	6%
Other	17,074	17,074	22,332	5,257	31%
Total Revenue	\$ 183,014	\$ 183,014	\$ 193,621	\$ 10,606	6%
Expenditures					
Academic/ACRU	69,480	70,428	68,981	1,447	2%
Academic Support	33,431	33,431	36,240	(2,809)	-8%
Administrative	31,772	31,772	28,206	3,566	11%
	\$ 134,683	\$ 135,631	\$ 133,427	\$ 2,205	2%
Purchased Services	13,733	13,733	13,521	212	2%
Ancillary/Commercial	10,072	10,072	10,044	28	0%
Debenture Interest Expense	11,061	11,061	11,061	-	0%
Fundraising Expense	-	245	971	(726)	-296%
Total Expenses	\$ 169,548	\$ 170,742	\$ 169,023	\$ 1,720	1%
Operating Contribution	\$ 13,466	\$ 12,271	\$ 24,598	\$ 12,326	100%
Expenses disclosed on the Balance Sheet					
Capital Expenses	6,324	6,324	9,269	(2,945)	-47%
Principal Repayments - debenture/leases	5,948	5,948	5,948	0	0%
Use of PY internally restricted reserves			840	840	0%
Net Operating Contribution	\$ 1,193	\$ (0)	\$ 10,221	\$ 10,221	0%
SIRC Building (not funded from Operating Budget)					
Capital Grant	-	-	4,583	4,583	0%
Use of PY internally restricted reserves			10,367	10,367	0%
Total SIRC Costs	-	-	\$ 14,950	\$ (14,950)	0%

Reconciliation to Y/E forecast GAAP FS:

	\$
Net forecast contribution from Operations	24,598
Items not budgeted:	
Externally funded research donations and revenues	9,500
Externally funded research expenses	(8,991)
Non-cash transactions:	
Amortization of capital assets	(23,086)
Amortization of deferred capital contributions	8,953
Unrealized gain on investments	985
Capital revenues accounted as Deferred Capital Contributions on the balance sheet	(521)
Excess revenues over expenses - as per GAAP Financial Statements	\$ 11,438

III. 2017 – 18 Operating Forecast Summary

Based on the Fall Day 10 enrolment projection, the operating budget, after capital expenses, principal lease repayments and restricted reserves, shows a net operating contribution of \$10.2m at the end of the fiscal year.

The operating budget does not include the impact of the construction of the new SIRC Building and this is disclosed separately under “Other Disclosure”).

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

Enrolment

	2017 - 18 Approved Budget	2017 - 18 Day 10 Count	Variance to Approved Budget
FTE's			
Undergraduate			
Domestic	7,755	7,999	244
International	501	474	-27
Graduate			
Domestic	329	425	96
International	137	146	9
Total FTE's	8,722	9,044	322

Day 10 enrolment count shows a positive net variance of 322 FTE against an original budget of 8,722 FTE. Current eligible undergraduate and graduate enrolment projection is within the +/- 3% of UOIT's corridor midpoint

Domestic undergraduate and graduate increased 340 FTE against the approved budget, with all faculties experiencing overall growth, except for Engineering U/G (-8 FTE), Health Science U/G (-52 FTE) and Social Sciences Graduate (-7 FTE).

International undergraduate is unfavorable against budget by 27 FTE, mostly relating to Business and IT (-21 FTE) and Engineering (-16 FTE), offset with higher than expected enrolment in Science (+9 FTE). International graduate is slightly favorable to budget.

III. 2017 – 18 Operating Forecast Summary (continued)

Revenues

Core Operating Grant (COG) previously known as the base operating grant, is not impacted by growth as under the new funding formula model, there is no additional funding for growth for the period of SMA 2 (2017 - 18 to 2019 - 20 inclusive), except for Collaborative Nursing (CN). Instead, the funding received for 2017 – 18, excluding CN, is set at the same level received for the 2016 – 17 enrolment.

Total grants are favourable \$1.1m and relates to final enrolment confirmation for 2016 – 17 (which forms the basis of the 2017 – 18 COG) being higher than what was included in the budget model.

Tuition fees for the year are favourable \$3.5m against an original budget of \$78.3m. This positive variance includes \$1.8m attributable to higher than expected growth, \$1.5m positive variance as the original 2017-18 budget model was understated for the calculation of the Faculty of Engineering tuition fees and the financial impact for “student drops” and \$0.2m higher than expected revenue from the new English Learning Centre.

The current year and long-term forecasts have been adjusted to account for the \$1.5m misstatement in tuition fees.

Student Ancillary fees are favourable \$0.8m, and is mainly attributable to the accounting recognition of prior year deferred revenues to fund for the purchase of capital equipment in the current year.

Other Revenue, including purchased services, is favorable \$5.4m to budget and includes \$4.9m of one-time receipt in settlement of historical claims for retail sales tax rebates on construction costs for the period January 2003 to December 2005 and other immaterial variances.

Expenses

Academic/ACRU units are showing a positive variance of \$1.4m mostly relating to labour savings from open positions across all faculties. The most significant variances, neither of which exceeds \$0.5m, are in the Faculty of Business & IT and the Faculty of Health Sciences.

Academic Support units are unfavorable to budget of \$2.8m. This includes \$0.7m additional “University Priorities Fund” for faculty spend, \$0.4m additional spend identified in-year for Library access copyrights and a new Diversity office, \$0.3m additional Student Life expenses, including a new athletic program Manager and Advisor (funded from prior year internally restricted reserves), \$0.3m additional labour and OPEX for the new English Learning Centre (funded from increased revenues), and other immaterial variances.

Administrative units are showing a favourable variance to budget of \$3.6m and includes \$4.7m release of operational contingency reserves which will not be utilized in the current year and \$0.7m reversal of administrative leave accruals not paid in the current year. These increases are offset by \$1.7m of consultants’ fees with respect to the retail sales tax dispute (settled in June 2017 for \$4.9m), \$0.6m increase in additional legal fees for SA-related matters, and other immaterial variances.

III. 2017 – 18 Operating Forecast Summary (continued)

Capital Expenses funded from Operations are unfavourable \$2.9m to budget and includes \$1.7m additional IT & Facilities capital projects identified in-year, including the atrium renovations, \$0.8m for athletic equipment and \$0.4m additional faculty capital purchases.

Conclusion

Our current forecast is showing a surplus of \$13.7m against which SLT has approved an additional \$3.5m for in-year projects and resources, leaving a net surplus contribution of \$10.2m. This surplus includes \$4.7m earmarked in the 2017 – 18 budget for building & deferred maintenance and operational reserves, which will not be utilized at the end of the fiscal year.

Consistent with the prior years, and at year-end, Management will make a recommendation to the Committee to restrict actual surplus for future projects to improve and invest in the University's campus facilities, faculties and student aid.

IV. CAPITAL

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

A. Software and Informatics Research Centre (“SIRC”)

In March 2016, UOIT’s Board of Governors approved the award of the design and build of a new building (“SIRC”) to Ellis Don Corporation, and also approved the completion of the preliminary design phase.

On June 29, 2016, the Board approved the construction and fit-out of the new 4-floor “SIRC” building at a total cost not to exceed \$26.3m for the first phase (construction and fit-out of the first 2 floors), and not to exceed a further \$7.0m for the fit-out of the remaining 2 floors, the latter being subject to approval of UOIT’s application for “SIF” (Strategic Investment Fund) funding.

On September 14, 2016, UOIT signed an agreement with the Province, which was made effective as of May 9, 2016. This Ontario Transfer Payment Agreement confirmed a “SIF” funding of \$13,001,890 (\$11,801,890 Federal Funds and \$1,200,000 Ontario Funds). The Ministry formally announced this infrastructure funding for UOIT on October 13, 2016.

The original target date for completion of the 4 floors fully fitted-out is November 2017, with occupancy in January 2018.

Status update

The construction of the first two floors of the SIRC building has been completed. The Office of Registrar moved in on August 10, 2017 and classes run as of the start of the new academic year in September 2017 on the 2nd Floor.

The 3rd and 4th Floors achieved substantial completion on October 31, 2017, with planned occupancy of lab and faculty offices in November / December 2017, and classes on the 3rd and 4th Floors as of the start of winter semester in January 2018.

Costs incurred on the SIRC project as at the end of October were \$30.2m against a total approved budget of \$33.5m. It is forecast that the contingency funds of \$1.2m will not be utilized.

SIF funding received as at the end of October amounted to \$10.6m against a total approved grant of \$13.0m.

Construction holdbacks, amounting to net \$2.0m, were released and paid in Sep 2017 with an additional \$0.4m to be paid in Jan 2018. Payment for all warranty holdbacks will be made in fiscal year 2018 – 19.

IV. CAPITAL (continued)

Please see separate report for details of SIRC actual cash flow, budget and forecast to completion date.

B. Moving Ground Plane (“MGP”)

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

UOIT has also submitted an application to FedDev for additional funding of approximately \$10.2m and is working with industry partners (e.g. Magna and Multimatic) to complete the funding requirements for the installation and integration of the MGP into the ACE facility.

It was anticipated that installation of the MGP at the ACE facility would be completed in late 2017 and become operational as of early 2018.

MGP Progress Update

- The University has paid ODU USD 2.0m in settlement for the equipment in September 2016, and has received CAD 2.25m (CAD 2.5m less 10% holdback) from the Ministry of Economic Development and Growth in November 2016.
- At the request of Multimatic, all components of the rolling road have been moved to a location at the Oshawa Airport.
- Executive Management is currently conducting active discussion with the Federal Government, Province and our industry partners to obtain the funding required for the installation and integration of the MGP into the ACE facility.

V. CASH FLOW

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

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

In September 2014, and as approved by the Board, the University invested \$16.0m surplus operating cash in short-term GIC's at BMO Nestbitt Burns, of which \$6.0m has a renewable maturity date of 30 days and \$10.0m has a maturity date of 1 year.

In April 2015, the University transferred \$1.1m from BNY to RBC Wealth Management and these were invested in annual GIC's.

In September 2016, in light of the uncertainty regarding the timing of receipt of the SIF funding, and to provide flexibility for the SIRC construction project, all GIC's that matured at that time, were re-invested in 30-day cashable GIC's.

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

Cash Flow Update

- UOIT has not utilized its available line of credit at the end of the reporting quarter.
- With the construction of SIRC nearing completion, and a healthy operating cash balance, short-term investments amounting to \$17.6m, have been re-invested in annual GIC's at BMO Nesbitt Burns and RBC Wealth Management respectively.
- **Operating cash balance**, including short-term investments of \$17.8m, is projected at **\$39.0m** at the end of the fiscal year.
- **Externally and internally restricted cash balances** (including Research, Advancement, Campus Childcare, Regent Theatre, and ACE) is projected at **\$11.4m** at the end of the fiscal year.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Cash Flow Forecast Summary for the year ended March 31, 2018

	Actual		Forecast						Total Forecast	
	Apr - Jun 2017	Jul - Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	FY 2017-18	
	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	
Operating Beginning Cash Balance	A	28,936	12,479	26,085	13,701	14,814	7,170	28,131	25,416	28,936
Total Operating Inflows	B	37,730	68,909	10,506	15,169	10,418	35,079	9,911	10,022	197,744
Total Operating Outflows	C	(48,464)	(46,403)	(22,232)	(13,469)	(16,847)	(13,092)	(12,613)	(14,225)	(187,345)
Net Operating Cash Flows	D=B+C	(10,734)	22,506	(11,726)	1,700	(6,429)	21,987	(2,702)	(4,203)	10,399
Total Operating Cash Available	E=A+D	18,202	34,985	14,359	15,401	8,385	29,157	25,429	21,213	39,335
SIRC Building Outflows	F	(6,723)	(10,900)	(1,241)	(587)	(2,215)	(1,026)	(13)	(11)	(22,716)
SIRC Building Inflows	G	1,000	2,000	583	0	1,000	0	0	0	4,583
Net SIRC Building	H=F+G	(5,723)	(8,900)	(658)	(587)	(1,215)	(1,026)	(13)	(11)	(18,133)
Operating Ending Cash Balance after SIRC	I=E+H	12,479	26,085	13,701	14,814	7,170	28,131	25,416	21,202	21,202 N1
Total Internally and Externally Restricted Cash	J	10,365	10,209	11,163	11,524	12,154	11,992	11,642	11,413	11,413 N2
Total Consolidated Cash Position	K=I+J	22,844	36,294	24,864	26,338	19,324	40,123	37,058	32,615	32,615

Total Cash Forecast as at MAR 31, 2018

Total Operating Cash after SIRC	21,202	N1
Add: Short-term investments in GIC's	17,790	
Total Operating Cash and ST investments	<u>\$ 38,992</u>	
Total Restricted Cash	<u>\$ 11,413</u>	N2

VI. LONG-TERM FORECAST

In April 2017, and as part of the annual budget presentation to the Audit and Finance Committee, a long-term forecast was presented for the budget years 2017 – 18 to 2026 – 2027 inclusive. This forecast was based on 2016 - 17 Feb 1 count enrolment numbers.

In the attached forecast:

The 2017 – 18 forecast has been updated to account for the financial impact of the Fall Day 10 enrolment count.

For years 2018 - 19 onwards, the long-term forecast includes enrolment data from June 2017, which was based on projections from confirmed students coming to UOIT in Fall 2017 – 18.

Assumptions on the forecast model

1. Grant funding as per the new funding formula implemented in 2017 – 18 year.
 - Funding held at 2016 – 17 level for the period of SMA 2 (2017-18 to 2019-20 inclusive)
 - Negotiation with MAESD in 2018-19 for growth funding above the corridor for future SMA's.
 - Currently, there is no indication from MAESD that there will be funding above growth; therefore, the model includes an “*uncertainty in growth funding*”.
2. Growth in undergraduate domestic (mostly engineering and business), offset by a slight decline in international undergraduate.
3. Tuition YOY average increase at the current approved rate of 3.0%, with a relatively higher increase for international students in the first 5 years.
4. Retention rate held at current rate of 80.3%
5. Salary increases as per the new JES and as per faculty collective agreements
6. New faculty hires to maintain current student to faculty ratio
7. New administrative hires at 2:1 for every new faculty hire
8. Faculty headcount annual attrition \$0.5m
9. TELE transformation to a full “BYOD” model by FY 2019 - 20
10. Operational reserves \$2.0m + planned capital and deferred maintenance reserves \$2.5m for a total of \$4.5m
11. 3% YOY increase in utilities
12. 2% YOY increase in purchased services cost from Durham College

The operating long-term forecast excludes both the moving ground plane as this project is funded through external funding, and the SIRC building as this is fully funded by the SIF grant and UOIT's prior year internally restricted reserves.

VI. LONG-TERM FORECAST (continued)

Summary

The long-term forecast presented to the Committee in April 2017 showed a balanced budget over the 10-year period 2017 – 18 to 2026 – 27 inclusive.

The current model is forecasting a surplus of \$25.5m over the 10-year period.

The significant items contributing to this surplus comprise of,

- 1) \$15.0m increase in tuition fees - Adjustment to the budget model for Engineering courses and student drops. Impact in current year 2017- 18 is \$1.5m; therefore, impact over 10 years is \$15.0m.
- 2) \$34.3m – increase in grant and tuition fees (net of tuition set aside and grant uncertainty) as a result of growth and increase in international tuition rates.
- 3) \$(24.9) m – new hires to maintain student/faculty ratio and administrative/faculty ratio as a result of growth, including impact of salary increases and employees' benefits.

**UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
LONG-TERM FORECAST**

10-year Forecast (in ' 000s)												
	SMA 2			SMA 3			SMA 4			SMA 5		
17/18 Original Budget	17/18 Fcst	18/19 Fcst	19/20 Fcst	20/21 Fcst	21/22 Fcst	22/23 Fcst	23/24 Fcst	24/25 Fcst	25/26 Fcst	26/27 Fcst	Total 10-year Forecast	
REVENUES												
Core Operating Grant, excluding CN grant	\$ 50,437	\$ 50,257	\$ 50,693	\$ 50,617	\$ 52,682	\$ 52,652	\$ 52,619	\$ 52,847	\$ 52,820	\$ 52,810	\$ 53,337	\$ 521,334
<i>Uncertainty in Growth Funding</i>	\$ -	\$ -	\$ -	\$ -	\$ (2,066)	\$ (2,035)	\$ (2,002)	\$ (2,230)	\$ (2,203)	\$ (2,194)	\$ (2,721)	\$ (15,451)
CN grant	\$ 4,292	\$ 4,751	\$ 4,417	\$ 4,445	\$ 4,473	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 44,942
Debenture Grant	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 135,000
Other Grants	\$ 7,469	\$ 8,134	\$ 8,794	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 88,935
Student Tuition Fees	\$ 78,318	\$ 81,812	\$ 86,147	\$ 90,691	\$ 95,824	\$ 99,988	\$ 105,165	\$ 110,166	\$ 114,922	\$ 119,644	\$ 124,410	\$ 1,028,768
Student Ancillary Fees	\$ 12,081	\$ 12,835	\$ 11,335	\$ 9,613	\$ 9,366	\$ 9,368	\$ 9,424	\$ 9,639	\$ 9,685	\$ 9,741	\$ 9,785	\$ 100,790
Revenues from Ancillary Operations	\$ 3,957	\$ 3,600	\$ 3,957	\$ 3,957	\$ 4,021	\$ 4,086	\$ 4,153	\$ 4,221	\$ 4,291	\$ 4,362	\$ 4,434	\$ 41,082
Donations	\$ 1,075	\$ 1,215	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 10,890
Other Revenues	\$ 11,886	\$ 17,516	\$ 12,298	\$ 12,154	\$ 12,109	\$ 12,361	\$ 12,604	\$ 12,701	\$ 12,712	\$ 12,723	\$ 12,735	\$ 129,912
Total Revenues	\$ 183,015	\$ 193,621	\$ 192,216	\$ 195,052	\$ 199,985	\$ 204,471	\$ 210,015	\$ 215,395	\$ 220,278	\$ 225,138	\$ 230,032	\$ 2,086,202
EXPENDITURES												
Base Expenditures												
FT Labour	\$ (86,628)	\$ (85,833)	\$ (94,518)	\$ (97,130)	\$ (101,829)	\$ (105,392)	\$ (109,572)	\$ (114,396)	\$ (117,688)	\$ (122,156)	\$ (126,622)	\$ (1,075,136)
PT Labour	\$ (16,311)	\$ (19,203)	\$ (15,811)	\$ (16,539)	\$ (17,351)	\$ (17,687)	\$ (18,062)	\$ (18,489)	\$ (18,904)	\$ (19,301)	\$ (19,696)	\$ (181,043)
Operating Expenses	\$ (73,933)	\$ (69,935)	\$ (72,276)	\$ (72,725)	\$ (73,563)	\$ (74,279)	\$ (75,643)	\$ (76,518)	\$ (77,535)	\$ (78,439)	\$ (79,375)	\$ (750,287)
Capital Expenses	\$ (6,143)	\$ (9,270)	\$ (5,404)	\$ (5,384)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (55,113)
Approved Expenditures	\$ (183,015)	\$ (184,240)	\$ (188,008)	\$ (191,778)	\$ (197,751)	\$ (202,366)	\$ (208,284)	\$ (214,412)	\$ (219,135)	\$ (224,903)	\$ (230,701)	\$ (2,061,578)
Budget Surplus/(Deficit)	\$ (0)	\$ 9,381	\$ 4,208	\$ 3,274	\$ 2,233	\$ 2,105	\$ 1,731	\$ 983	\$ 1,143	\$ 235	\$ (669)	\$ 24,624
Funded through PY reserves		\$ 840										\$ 840
Total	\$ (0)	\$ 10,221	\$ 4,208	\$ 3,274	\$ 2,233	\$ 2,105	\$ 1,731	\$ 983	\$ 1,143	\$ 235	\$ (669)	\$ 25,464



Budget Update Board of Governors

Presented By Craig Elliott, CFO and Robert Bailey, Provost
December 7, 2017



Agenda

- 1. 2017-18 Budget**
- 2. Ten Year Forecast**
- 3. 2018-19 Budget**
- 4. Questions/Comments**

2017-18 Budget



Revenue

- Our final enrolment numbers for 2016/17, used as the basis for fixed Grant funding in 2017/18, were higher than our budget estimates resulting in an incremental \$700K of grant revenue.
- Day 10 enrolment numbers are approximately 320 FTE ahead of budget, but still within our enrolment corridor with MAESD. This will generate an additional \$3.0M in tuition from FTE growth, and the recalculation of Engineering tuition.
- Other revenue will have a one-time favourable increase of \$3.2M from the settlement of a historical PST rebate claim

Expense

- On the expense side, we anticipate a number of open positions within the faculties despite our efforts to fill these during the spring/summer. This is estimated to reduce expenses for 2017/18 only by \$1.5M
- Across all departments and faculties we anticipate another \$.5M in saving from lower expenditures

YE Forecast vs Budget at Q2

- Given the revenue and expense updates we just discussed, we are now anticipating a surplus of \$13.6M
- We had planned for a surplus of \$4.7M (\$2.5M for building/deferred maintenance, and \$2.2M contingency)
- The Budget Working Group (BWG) have canvassed SLT to solicit expenditures of a strategic nature, within their areas of responsibility. The BWG prioritized these items and proposed an incremental \$3.5M in spending - \$0.9M Base, and \$2.6M OTO for this year. The senior leadership team have approved these additional expenses.
- Budget holders will be notified of approved items in their area, and Finance will follow-up with the forecasting of these expenses for Q3

Breakdown of Addition In-year Spend for 2017-18

- Base Budget \$0.9M
 - e.g. Disease Surveillance Nurse
 - e.g. JobE increases from appeals
 - e.g. Cybersecurity insurance
 - e.g. Faculty OPEX increase

- One Time Only \$2.6M
 - e.g. Atrium modification
 - e.g. IT Capital
 - e.g. Branding
 - Faculty Capital Fund
 - e.g. Compustat Research Insight Database (FBIT)
 - e.g. Digital Technology Tool Kit Enhancement (FEdu)
 - e.g. OPG X-Lab (FESNS)
 - e.g. Engineering & Innovation Design Studio (FEAS)
 - e.g. Resilient Minds (FHSci)
 - e.g. Genetic analyzer (FSci)
 - e.g. City Innovation Lab (FSSH)

YE Forecast vs Budget at Q2

- If we allocate \$2.5M toward our next building, and spend an additional \$3.5M, we will still have a surplus of \$7.6M
- We are proposing that the remaining surplus of \$7.6M also be allocated toward our next building.

Ten Year Forecast



Key Points From Ten Year Forecast at Q1

- The long term forecast we presented with the 2017/18 budget was balanced for the 10 year period with surpluses in the first five years offset by loses in the last five years
- In the updated 10 Year Forecast for Q1 2017/18 we can see the impact of higher FTE enrolment levels generating approx. \$47M additional Grant and Tuition revenue over the 10 year period.
- The higher FTE attract additional costs in terms of new hires to maintain current student/faculty ratios, and administration/faculty ratios. Other additional items include \$1M/year in administration salaries with the introduction of JES, changes to CPP costs, added costs for new minimum wages legislation, and latest estimates of contract settlements. Total additional expenses over the 10 year period are \$25M
- The Net impact is a surplus, excluding OTO items in 2017/18, of \$19M over the next ten years or roughly \$2M per year.
- This \$2M per year is the amount that we will focus on in the upcoming 2018/19 budget as it is frames the amount of additional ASKS that can be funded

10-year Forecast (in ' 000s)												
	SMA 2			SMA 3			SMA 4			SMA 5		
17/18 Original Budget	17/18 Fcst	18/19 Fcst	19/20 Fcst	20/21 Fcst	21/22 Fcst	22/23 Fcst	23/24 Fcst	24/25 Fcst	25/26 Fcst	26/27 Fcst	Total 10-year Forecast	
REVENUES												
Core Operating Grant, excluding CN grant	\$ 50,437	\$ 50,858	\$ 50,693	\$ 50,617	\$ 52,682	\$ 52,652	\$ 52,619	\$ 52,847	\$ 52,820	\$ 52,810	\$ 53,337	\$ 521,935
<i>Uncertainty in Growth Funding</i>	\$ -	\$ -			\$ (2,066)	\$ (2,035)	\$ (2,002)	\$ (2,230)	\$ (2,203)	\$ (2,194)	\$ (2,721)	\$ (15,450)
CN grant	\$ 4,292	\$ 4,292	\$ 4,417	\$ 4,445	\$ 4,473	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 44,483
Debenture Grant	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 135,000
Other Grants	\$ 7,469	\$ 7,811	\$ 8,794	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 88,612
Student Tuition Fees	\$ 78,318	\$ 81,313	\$ 86,147	\$ 90,691	\$ 95,824	\$ 99,988	\$ 105,165	\$ 110,166	\$ 114,922	\$ 119,644	\$ 124,410	\$ 1,028,269
Student Ancillary Fees	\$ 10,950	\$ 10,950	\$ 10,944	\$ 8,886	\$ 9,016	\$ 9,368	\$ 9,424	\$ 9,639	\$ 9,685	\$ 9,741	\$ 9,785	\$ 97,438
Revenues from Ancillary Operations	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 4,021	\$ 4,086	\$ 4,153	\$ 4,221	\$ 4,291	\$ 4,362	\$ 4,434	\$ 41,438
Donations	\$ 680	\$ 680	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 10,355
Other Revenues	\$ 11,886	\$ 15,071	\$ 12,298	\$ 12,154	\$ 12,109	\$ 12,361	\$ 12,604	\$ 12,701	\$ 12,712	\$ 12,723	\$ 12,735	\$ 127,467
Total Revenues	\$ 181,489	\$ 188,432	\$ 191,825	\$ 194,325	\$ 199,635	\$ 204,471	\$ 210,015	\$ 215,395	\$ 220,278	\$ 225,139	\$ 230,032	\$ 2,079,547
EXPENDITURES												
Base Expenditures												
FT Labour	\$ (86,628)	\$ (86,628)	\$ (94,518)	\$ (97,130)	\$ (101,829)	\$ (105,392)	\$ (109,572)	\$ (114,396)	\$ (117,688)	\$ (122,156)	\$ (126,622)	\$ (1,075,931)
PT Labour	\$ (16,311)	\$ (16,311)	\$ (15,811)	\$ (16,539)	\$ (17,351)	\$ (17,687)	\$ (18,062)	\$ (18,489)	\$ (18,904)	\$ (19,301)	\$ (19,696)	\$ (178,151)
Operating Expenses	\$ (73,933)	\$ (73,933)	\$ (72,276)	\$ (72,725)	\$ (73,563)	\$ (74,279)	\$ (75,643)	\$ (76,518)	\$ (77,535)	\$ (78,439)	\$ (79,375)	\$ (754,285)
Capital Expenses	\$ (6,143)	\$ (6,143)	\$ (5,404)	\$ (5,384)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (51,986)
Approved Base Expenditures	\$ (183,015)	\$ (183,015)	\$ (188,008)	\$ (191,778)	\$ (197,751)	\$ (202,366)	\$ (208,284)	\$ (214,412)	\$ (219,135)	\$ (224,903)	\$ (230,701)	\$ (2,060,354)
Budget Surplus/(Deficit)	\$ (1,526)	\$ 5,417	\$ 3,817	\$ 2,548	\$ 1,883	\$ 2,105	\$ 1,731	\$ 983	\$ 1,143	\$ 235	\$ (669)	\$ 19,193
Funded through PY reserves	\$ 1,526	\$ 1,526	\$ 391	\$ 726	\$ 350							\$ 2,993
Additional Q2 Forecast Items		\$ 6,700										\$ 6,700
Total	\$ (0)	\$ 13,643	\$ 4,208	\$ 3,274	\$ 2,233	\$ 2,105	\$ 1,731	\$ 983	\$ 1,143	\$ 235	\$ (669)	\$ 28,887
Total Excluding OTO in 2017/18	\$ (0)	\$ 3,743	\$ 4,208	\$ 3,274	\$ 2,233	\$ 2,105	\$ 1,731	\$ 983	\$ 1,143	\$ 235	\$ (669)	\$ 18,987

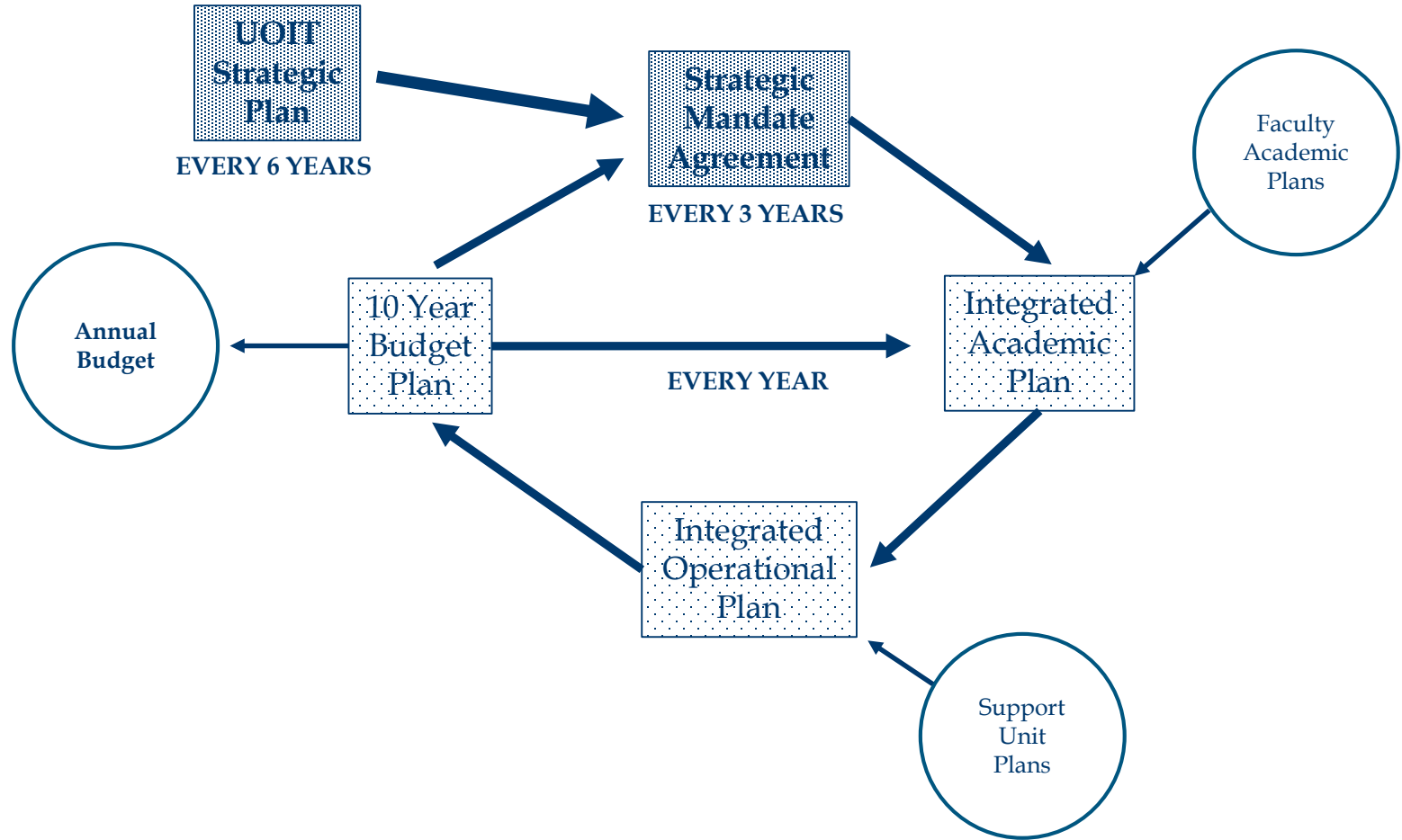
2018-19 Budget



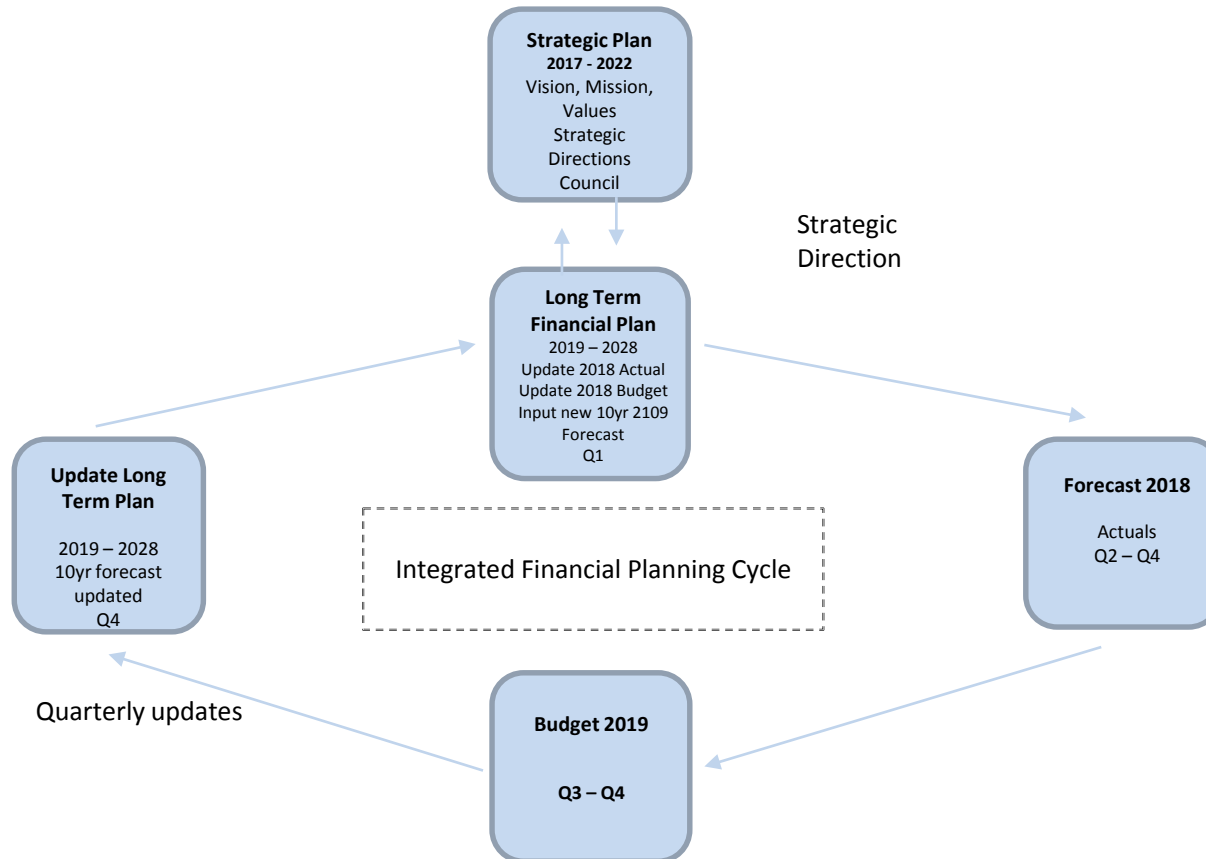
Budget Methodology

- Moving forward we will be using an “Incremental” model of budgeting with “Strategic” allocations of excess revenues over costs
- Each unit will start with their prior year base and be allocated funds to cover fixed costs such as salary and utility increases, contractual obligations, maintenance of faculty/student ratios, and to maintain faculty/staff ratios.
- After these fixed costs are applied, any remaining excess of revenues over expense will be allocated based on budget ASKS which align with UOIT Strategic Plans, Integrated Academic Plans, and Support Unit Plans.
- In order to confirm/validate our starting base position for incremental budgeting, we will introduce the following actions:
 - Unit reviews (faculty and administration) every 5 years to ensure optimum allocation of resources
 - Additional rigor around the replacement or addition of new positions

Strategic Planning Cycle



Financial Planning Cycle



1-Sep-2017	Preparation of data for FAST Budget (Finance only)	
1-Sep-2017	BPWG reviews allocation model for faculties	
8-Sep-2017	BPWG reviews 2018-19 preliminary forecast and long-term forecast with updated allocation for faculties and makes recommendations to BWG	
9-Sep-2017	2018-19 space requirements completed and sent back to OCIS	
11-Sep-2017		Q2 FAST Forecast open to budget holders
14-Sep-2017	BWG reviews allocation model for faculties, proposed 2018-19 forecast and long-term forecast, and amounts available for distribution to other units. Develop ask strategy.	
15-Sep-2017	FACULTY Long-term staffing plans completed and submitted to AVP, Academic Planning	
18-Sep-2017	BWG presents 2017-18 high level assumptions to SLT	
26-Sep-2017	Pre-budget discussions - UOIT and DC Finance: includes budget criteria for shared services in ITS, Facilities, Student Services, Library. Review CN enrolment projection for 2017-18 and confirm Overhead costs for CN and shared services	
28-Sep-2017	BWG reviews draft presentation to PACIP on Oct 5th	
5-Oct-2017	High level presentation of budget assumptions to PACIP, including review of allocation methodology to faculties	
10-Oct-2017	Detailed review of faculty budget allocation with Deans and BPO's	
10-Oct-2017	Finance to finalize budget guidelines	
11-Oct-2017	All in-year hires, salary increases, and merit increases built into FAST budget (Finance only)	
13-Oct-2017		Budget holders submit Q2 forecast in FAST
25-Oct-2017	FAST Budget module open to budget holders	Q3 FAST Forecast open to budget holders
21-Nov-2017	Update on in-year and present budget assumptions to Academic Council	
22-Nov-2017	Update on in-year and present budget assumptions to A&F	

5-Dec-2017	Update on in-year and present budget assumptions to Academic Council Executive	
12-Dec-2017		Budget holders submit Q3 forecast in FAST
15-Dec-2017	Budget holders submit 2018-19 budget in FAST	
Jan 2 - 5/2018	Finance prepares 1st draft budget, including purchased services and summary of base and oto asks	
12-Jan-2018	BWG reviews 1st draft budget and preliminary review of asks	
Jan 11 - 12/2018	Finance reviews DC/UOIT shared service budgets. Joint presentation by UOIT and DC staff responsible for the areas of: IT, Facilities, Student Services, Ancillary, and Purchasing	
15-Jan-2018	BWG reviews 1st draft budget, including long-term forecast, and preliminary review of asks with SLT	
Jan 15 - 19/2018	Budget holders make presentations to Deans / VP's	
22-Jan-2018	UOIT reviews shared Library and CN with DC Finance and stakeholders	
22-Jan-2018	BPWG reviews list of asks and makes recommendations to BWG	
29-Jan-2018	BWG reviews list of asks in conjunction with 2nd draft budget	
Feb 6 - 8/2018	DC confirms final shared service operating costs, and capital requirements	
12-Feb-2018	BWG presents 2nd draft budget to SLT and makes budget asks recommendations	
21-Feb-2018	High level presentation of revenues and base expenditures to A&F	
22-Feb-2018	BWG reviews and approves 3rd draft budget for recommendation to SLT	
22-Feb-2018	UOIT confirms final shared Library and CN budget to DC	
5-Mar-2018	Final budget approved by SLT	
Mar 6 - Mar 30/2018	Preparation of budget presentation files for A&F/Board	
20-Mar-2018	Feedback from Academic Council on SLT-approved budget prior to A&F	
12-Apr-2018	Budget package sent to SLT for review	
19-Apr-2018	Final budget package to Governance for distribution to A&F Committee	
26-Apr-2018	Presentation of proposed budget to A&F	
9-May-2018	Presentation of proposed budget to Board for approval	
5-Jun-2018	Presentation of Board approved budget to Academic Council Executive	
19-Jun-2018	Presentation of Board approved budget to Academic Council and actual results for YE March 2018	

Questions





**BOARD OF GOVERNORS
AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF OCTOBER 12, 2017
PUBLIC SESSION**

Attendees: Nigel Allen (Chair), Jeremy Bradbury, Tim McTiernan, Dietmar Reiner, Mary Simpson

Staff: Robert Bailey, Becky Dinwoodie, Craig Elliott, Cheryl Foy, Doug Holdway, Susan McGovern, Pamela Onsiog

Regrets: Doug Allingham

Guests: Stephanie Chow (via teleconference), Talib Ali (UOIT SU), Miguel Salaices (UOIT SU), Denise Martins (UOIT FA), Ali Naqvi (UOIT student)

1. Call to Order

The Chair called the meeting to order at 10:32 a.m.

2. Agenda

Upon a motion duly made by M. Simpson and seconded by T. McTiernan, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There were no conflict of interest declarations.

4. Approval of Minutes of Meetings of June 12, 2017

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

5. Chair's Remarks

The Chair welcomed the committee to the first meeting of the academic year. He also welcomed and introduced the guests attending the meeting. He noted that there is a pending college faculty strike.

While the strike could have implications for UOIT, such as picket lines at campus entrances, there are contingency plans in place.

(J. Bradbury arrived at 10:35 a.m.)

6. President's Remarks

The President added that a campus wide communication was sent out that morning regarding the potential college strike. He discussed the strike by college OPSEU support staff in 2011 and how the management of the strike was as constructive as it could have been.

The President was pleased to inform the committee that the university had a good start to the year. The university's enrolment is beyond its target and within its corridor. He was hopeful that the university could have its final SMA in place by the Board meeting on October 26.

The President shared the good news that the university moved up in the Maclean's university rankings and is now ranked eighth overall among Primarily Undergraduate Schools.

7. SIRC Building Construction Project

C. Elliott reviewed the SIRC project presentation. He advised that the building had an occupancy inspection on October 6 and that they anticipate receiving the occupancy permit imminently. The target for substantial completion is the end of the month. C. Elliott confirmed that the project did not use any of its contingency funds. All deficiencies on floors 1 and 2 have been cleared. C. Elliott advised that there are no risks that are of concern at that date.

The Chair remarked that it was great news that the project came in on time and on budget. C. Elliott added that it was the result of the team managing the project. He also noted that the design-build process worked well for the project.

8. Finance

8.1 First Quarter Financial Reports

P. Onsiong reviewed the financial update report with the committee. Other than the SIRC project, there were no out of the ordinary transactions during the first quarter. P. Onsiong reviewed the university's assets and liabilities. The university invested \$30M in capital assets, including \$24M for SIRC. She also advised that the final payment on the Ministry of Finance loan would be made on Friday, October 13, 2017.

P. Onsiong responded to questions from the committee. The Chair noted that the variances are explained well in the notes at the end of the financial statements.

P. Onsiong went on to discuss the financial metrics, including the factors contributing to the positive outlook for the year. She advised that there is a positive variance of 322 FTE. She explained the

impact of the increase in FTE in the context of the new funding formula. P. Onsiong also noted the “One-time-only” net retail sales tax rebate of \$3.2M.

There was a discussion regarding the decrease in international undergraduate students. It can be difficult to predict international enrolment due to delays in obtaining student visas.

The committee also discussed the anticipated surplus of \$11-13M, which is largely due to one time receipts. C. Elliott confirmed that they will be returning to the committee with recommendations for the strategic allocation of the surplus. The committee members confirmed their interest in understanding the university’s priorities for surplus spending.

T. McTiernan provided an update on the status of the moving ground plane. The university has been actively involved with the federal and provincial governments regarding obtaining funding for the installation of the moving ground plane.

P. Onsiong advised that the university has a healthy cash position. She also reviewed the long-term forecast and summarized the changes made to a number of the assumptions since the last forecast was made. With the change in assumptions, the forecast is showing a surplus of close to \$20M over the next 10 years.

8.2 UOIT Financial Controls, Cyber Fraud, and Insurance Coverage

C. Elliott discussed the recent phishing scam experienced at MacEwan University, resulting in a loss of almost \$12M. In light of the event, a review of the university’s financial controls was conducted. C. Elliott discussed the controls in place at the university designed to prevent a similar fraud from occurring. As the schemes get more sophisticated, it is essential for the finance and I.T. teams to stay on top of recent developments. C. Elliott answered questions from the committee. He confirmed that external auditors test the control processes. He also advised that the financial team members attend conferences to keep current.

R. Bailey reviewed the Cyber Security presentation included in the materials. He discussed ransomware attacks, in particular. In such attacks, people tend to be the “weakest link”. The university’s I.T. group stages fake phishing attacks across the university to assess the university’s vulnerabilities. Communication about such weaknesses is key. He noted that UOIT and Durham College I.T. staff work together to prevent such attacks.

C. Foy advised that the university is not insured for the type of fraud MacEwan experienced but there is insurance available that has a maximum limit of \$250,000 and a minimum deductible of \$10,000. The committee supported the recommendation to forgo additional insurance at this time and focus on strengthening internal controls.

9. Investment Committee Oversight

9.1 Investment Committee Quarterly Report

S. Chow provided an update from the last Investment Committee meeting. The portfolio is performing well – 1% above benchmark. She discussed the Investment Committee’s educational session on global economic performance.

10. Compliance & Policy

10.1 Risk Management

C. Foy started by reminding the committee members that they are responsible for the oversight of the risk management process. She advised the committee that the Director of Risk Management is working with individual risk holders to increase their understanding of their responsibility for risk. The Director of Risk Management, Elaine Wannamaker, is retiring at the end of December. E. Wannamaker has been instrumental in getting university to where it is in its implementation of risk management. While recruitment for a replacement is underway, the pace of progress in the implementation of risk management could be slowed due to the transition.

10.2 Compliance

C. Foy provided a compliance update. She advised that they are working on the development of a compliance framework, which has been slow due to limited resources. As the Board expressed a desire to increase resources to devote to compliance, there have been developments and she will have more information at the next meeting.

10.3 University Code of Ethics

C. Foy advised that several agreements require the university to have a code of ethics in place. While there are elements of a code of ethics in policy documents at the university, they are not conveniently located in one document. Further, it would be helpful to benchmark the provisions with other institutions’ codes of ethics. The relevant policy elements will be compiled into a draft code of ethics and will be presented at a future meeting.

11. Other Business

12. Termination

There being no other business, upon a motion duly made the public session of the meeting adjourned at 11:28 a.m.

Becky Dinwoodie, Secretary

Public Session Minutes for the Meeting of September 27, 2017

Attendees: Karyn Brearley (Chair), Doug Allingham, Robert Bailey (acting President), Francis Garwe

Staff: Becky Dinwoodie, Craig Elliott, Cheryl Foy, Douglas Holdway, Susan McGovern

Regrets: Andrew Elrick, Jay Lefton

Guests : Mike Eklund, Christine McLaughlin, Glenna Raymond (*teleconference*), Hannah Scott (*teleconference*)

1. Call to Order

The Chair called the meeting to order at 10:04 a.m.

2. Agenda

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

3. Conflict of Interest Declaration

There were no conflict of interest declarations.

4. Approval of Minutes of the Meeting of June 7, 2017

Upon a motion duly made by D. Allingham and seconded by R. Bailey, the minutes were approved as presented.

5. Chair's Remarks

The Chair welcomed the committee to the first meeting of the new Board year. It is an exciting time to be on campus, especially with recent addition of the SIRC building. The committee will be discussing several significant items, including the By-law Review Project, Executive Compensation Plan and the student Sexual Violence Policy implementation. She noted that the committee has a busy year ahead.

6. President's Remarks

R. Bailey wished everyone “Happy New Year” in academic terms. He commented that the university had a good start-up.

7. Governance

7.1 By-law Review Project – Draft By-laws 1 & 2

The Chair introduced the draft by-laws. She noted the tremendous amount of work that went into the project. She listed the members of the working group. She reported that there have been extensive discussions and active participation by all members of the group. Upon presentation of the by-laws, the mandate of the working group will be fulfilled and the group will be defunct. The governance bodies will be responsible for the work flowing from completion of the by-laws.

The Chair invited C. Foy to present the draft by-laws. C. Foy commented that there has been a lot of discussion and that the review has been a 2-year process.

(F. Garwe arrived at 10:09 a.m.)

C. Foy noted that most of the amendments to By-law No. 1 were clean-up. She reviewed the key changes to the by-laws set out in the related committee reports. She reminded the committee that the proposed composition of Academic Council was presented to the committee early on in the process since it would result in a significant increase in the size of Council. The rationale for the proposed composition is to increase faculty and student involvement, as well as reflecting the desire of faculty members to have a majority of faculty members on Academic Council.

C. Foy discussed the feedback received from the Academic Council consultation sessions, which was summarized in the addendum report circulated to the committee. As a result of the consultations, the working group recommended maintaining an administrative staff member as part of the Academic Council composition. C. Foy reviewed the options for maintaining an administrative staff member while also keeping a majority of faculty on Council.

G. Raymond added that she was pleased by the feedback provided at the Academic Council consultation session. She noted that Academic Council is a collective of the academy - it is important to ensure the voices of all members are heard and to improve the engagement of the entire Council.

C. Foy added that the By-law Review Working Group has developed a “parking lot” of issues that flow from the by-law review. Once the By-laws are approved, GNHR will be presented with a draft governance plan for both governing bodies.

The committee had an engaged discussion regarding the Working Group’s recommended options. The consensus of the committee was to add an additional elected at-large faculty representative, as described in option 2 of the addendum. The committee felt that this option reflected the goal of increasing participation and engagement.

Upon a motion duly made by D. Allingham and seconded by F. Garwe, pursuant to the recommendations of the Board of Governors By-law Review Project Working Group, the Governance, Nominations and Human Resources Committee recommended By-law Number 1, as presented, and By-law Number 2, as amended to reflect the changed Academic Council composition as described in option 2 of the addendum, for approval by the Board of Governors.

The Chair commented that she believes the revised by-laws will provide a solid foundation for the university's governance going forward. The Board has a desire to improve bicameral governance and the updated by-laws are a significant step forward in that regard. The recommended composition of Academic Council will allow more faculty involvement and the delegation of authority to Council is much clearer. She also noted that governance is not a static, one-time project – it requires continuous work and she encouraged individuals at all levels of the university to work together to strengthen the university's governance.

7.2 Board Processes

The Chair discussed the changes to Board processes that will be implemented during the upcoming Board year driven by last year's Board assessment results. The changes will include:

- switching the order of the public & non-public sessions to reduce duplication of discussion & encourage more public discussion;
- use of an updated cover report, which will serve as an executive summary of the agenda item;
- the intention of including a report for each item is to reduce presentation time at each meeting and free up additional time for Board discussion;
- reinforcing the expectation that Board members review written materials in advance of the meeting; and
- reducing the level of detail in meeting minutes, which will help reduce the volume of material & improve efficiency of the Secretariat.

The goal of these changes is to improve efficiency, reduce the length of meetings and make the meetings more impactful. The committee will monitor and assess the effectiveness of the changes throughout the year.

7.3 Executive Compensation Plan

R. Bailey provided a brief update on the status of the Executive Compensation Plan. There has been no further development with respect to the university's draft plan. R. Bailey responded to questions from committee members.

7.4 Policy:

(a) Implementation of Policy on Sexual Violence for Students and Procedures for Responding to Incidents of Sexual Violence

R. Bailey reviewed the key points of the related report with the committee and answered the committee's questions. He confirmed that training sessions are underway with faculty and staff members. R. Bailey advised that the Board will be given an update on the percentage of training completed at the AGM in June.

8. Other Business

9. Termination

There being no other business, upon a motion duly made by D. Allingham and seconded by F. Garwe, the public session of the meeting terminated at 10:43 a.m.

Becky Dinwoodie, Secretary

DRAFT

**Public Session Minutes for the Meeting of August 16, 2017
11:20 a.m. to 12:00 p.m., ERC 3023**

Attendees: Nigel Allen (Chair), Adele Imrie (*via teleconference*), Tim McTiernan, John Speers (*via teleconference*), Tyler Turecki

Staff: Becky Dinwoodie, Craig Elliott, Doug Holdway

Guests: Stephanie Chow, Leila Fiouzi and Taylor Woodward from PH&N

Regrets:

1. Call to Order

The Chair called the meeting to order at 11:07 a.m.

2. Agenda

Upon a motion duly made by T. Turecki and seconded by T. McTiernan, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There were no conflict of interest declarations.

4. Chair's Remarks

The Chair welcomed L. Fiouzi and T. Woodward from PH&N, as well as S. Chow to the meeting. He provided an overview of the items coming forward at the meeting.

5. Approval of Minutes of the Meeting of May 24, 2017

Upon a motion duly made by T. McTiernan and seconded by T. Turecki, the minutes were approved as presented.

6. Investment Review

6.1 First Quarter Investment Review

L. Fiouzi presented the first quarter investment review report and responded to questions from the committee.

7. Investment Learning – Economic Outlook for 2018

L. Fiouzi delivered a presentation on the economic outlook for 2018. She advised that the U.S. Federal Reserve has had its first tightening cycle since 2004. There were 17 rate hikes from 2004 to 2007 and none since 2007. Investors appear to be more complacent. The Global Policy Uncertainty Index is at a level that is somewhat concerning.

Global inflation is still relatively low due to the significant upheaval of the credit crisis (not all economic slack has been absorbed) and relatively low wage increases. During the most recent earnings period, profitability remains strong. It has been a long cycle – cycles tend to last 4-5 years and this cycle is now at 8 years.

Despite improvements in corporate profitability, there has been relatively low wage growth. The low growth can be attributed to remaining economic slack and structural changes (losing jobs to automation). There also appears to be a disconnect between the hard and soft economic data (soft is based on survey results). The hard data is not supported by the rosy picture painted by the soft data.

With respect to U.S. bank lending, credit creation has been negative in 2017. The rate of growth has declined, which is another concerning factor. Recovery in Canada has been faster than expected. L. Fiouzi compared the recovery of Alberta and Ontario.

Hourly wages have not recovered and when the minimum wage is increased, there will be an artificial increase.

Several of the key themes for 2017 and beyond:

- U.S. fiscal policy – corporate tax rate changes
- Rise in populism
- Retreat of globalization – rise of globalization had significant impact on economies and increased standards of living

The committee had a discussion regarding the possibility of a softer Brexit.

8. Other Business

9. Termination

There being no other business, upon a motion duly made by J. Speers and seconded by T. McTiernan, the public meeting terminated at 11:28 a.m.

Becky Dinwoodie, Secretary



BOARD REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

TO: Board of Governors

DATE: December 7, 2017

SUBMITTED BY: Becky Dinwoodie, Assistant University Secretary

SUBJECT: 2018-2019 Election Process

COMMITTEE MANDATE:

- In accordance with its Terms of Reference, the Board of Governors Recruitment, Appointment and Leadership Policy, and the Board of Governors Procedures for the Election of Faculty, Non-Academic Staff and Student Governors (“Election Procedures”), the Governance, Nominations and Human Resources Committee (GNHR) has overall responsibility and authority for elections to the Board of Governors
- The Chief Electoral Officer (CEO) (the University Secretary or designate) is responsible for recommending the timelines for Board elections to GNHR under section 3.2 of the Election Procedures

APPROVED MOTION:

Pursuant to the recommendation of the Chief Electoral Officer, the Governance, Nominations and Human Resources Committee approved the proposed 2018-2019 Board of Governors Elections Timeline, as presented.

BACKGROUND/CONTEXT & RATIONALE:

- The Office of the University Secretary coordinates the annual spring Board elections
- All of the elected Board members’ terms end as of August 31, 2018
- This will result in 4 vacancies for elected positions on the Board:

- 2 Teaching Staff governors
- 1 Administrative Staff governor
- 1 Student governor (graduate or undergraduate)
- The number of students serving on the Board has been reduced from two to one in accordance with the updated By-law No. 1, which was approved at the Board meeting on October 26
- The proposed election timeline was developed keeping in mind the timing of Reading Week and mid-term/final exam schedules

COMPLIANCE WITH POLICY/LEGISLATION:

- The approved process and timeline comply with the Election Procedures

NEXT STEPS:

- The CEO will work with the I.T., Global Communications and Student Life areas to conduct the Board elections in accordance with the approved timeline
- The CEO will return to GNHR on April 19, 2018 with nominations for the successful candidates
- Upon approval of GNHR, the nominations will be presented to the Board for approval on May 9, 2018

SUPPORTING REFERENCE MATERIALS:

- Board of Governors Elections 2018-2019 – Process & Timeline

Board of Governors Elections 2018-2019

Process and Timeline



Presented to: GNHR

Presented by: Becky Dinwoodie

Date: November 2017

Board of Governors

Vacant Elected Positions 2018-2019

Governor Position	Vacancy
Teaching Staff	2 positions
Administrative Staff	1 position
Student (undergraduate or graduate)	1 position

Board of Governors

Election Timeline 2018-2019

Process	Proposed Dates
Nomination & Election Process Announcements	Monday, February 12
Nominations Open	Monday, February 26
Nominations Close	Monday, March 12
Review of Candidate Eligibility	Tuesday, March 13 to Friday, March 16
Candidate Information Meetings (mandatory)	Monday, March 19 & Tuesday, March 20
Campaign Period (if required)	Monday, March 26 – Wednesday, April 4
Voting Period (if required)	Wednesday, April 4 until Friday, April 6
Voting Results Presented to GNHR for Recommendation	Thursday, April 19 (pending any outstanding investigations per Election Procedures)
GNHR's Recommendation Reported to Candidates	Friday, April 20
GNHR's Recommendations presented to Board for Approval	Wednesday, May 9