



BOARD OF GOVERNORS
Audit & Finance Committee

February 15, 2024
2:00 p.m. to 5:00 p.m.
[Videoconference](#)
+1 289-335-9942 PIN: 117 129 614#

Members: Carla Carmichael (Chair), Roger Thompson (Vice-Chair), Laura Elliott
Mitch Frazer, Dale MacMillan, Steven Murphy

Staff: Kirstie Ayotte, Jackie Dupuis, Sara Gottlieb, Krista Hester, Lori Livingston,
Brad Maclsaac, Pamela Onsiong, Lauren Turner

Guests: Taylor Woodward, PH&N

AGENDA

No.	Topic	Lead	Allocated Time	Suggested Start Time
PUBLIC SESSION				
1	Call to Order	Chair	5	2:00 p.m.
2	Agenda (M)			
3	Conflict of Interest Declaration			
4	Chair's Remarks	Chair	5	2:05 p.m.
5	President's Remarks	Steven Murphy	10	2:10 p.m.
6	Strategic Discussion: Campus Master Plan – Update and Discussion* (D)	Brad Maclsaac	25	2:20 p.m.
7	Finance			
7.1	Third Quarter Financial Reports* (U)	Pamela Onsiong	10	2:55 p.m.
7.2	2024-2025 Tuition and Ancillary Fees* (M)	Sarah Thrush & Brad Maclsaac	10	3:05 p.m.
8	Investment Oversight – Semi-Annual Investment Portfolio Report* (D)	Brad Maclsaac	5	3:15 p.m.
9	Risk – Interim Risk Management Update* (U)	Jackie Dupuis & Brad Maclsaac	15	3:20 p.m.

D – Discussion

M – Motion

P – Presentation

U – Update

* Documents attached

No.	Topic	Lead	Allocated Time	Suggested Start Time
10	Consent Agenda (M):	Chair	5	3:35 p.m.
10.1	Minutes of Public Session of A&F Meeting of November 23, 2023*			
11	Adjournment (M)	Chair		3:40 p.m.
BREAK – 10 minutes				
NON-PUBLIC SESSION (material not publicly available)				
12	Call to Order	Chair	5	3:50 p.m.
13	Conflict of Interest Declaration			
14	President's Remarks	Steven Murphy	10	3:55 p.m.
15	Investment Oversight – Semi-Annual Report from Investment Manager* (U)	PH&N	20	4:05 p.m.
16	Audit – 2022 External Auditor Performance Review* (M)	Brad Maclsaac	15	4:25 p.m.
17	Financial Framework Update* (U)	Brad Maclsaac	5	4:40 p.m.
18	Non-Public Risk Update – Questions Only	Jackie Dupuis & Brad Maclsaac	5	4:45 p.m.
19	Consent Agenda (M):	Chair	5	4:50 p.m.
19.1	Minutes of Non-Public Session of A&F Meeting of November 23, 2023* (M)			
19.2	2023-2024 Work Plan* (I)			
19.3	A&F Committee Action Points* (I)			
20	<i>In Camera</i> Session (M)		5	4:55 p.m.
21	Termination (M)			5:00 p.m.

COMMITTEE REPORT

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

TO: Audit & Finance Committee
DATE: February 15, 2024
FROM: Brad Maclsaac, Vice-President, Administration
SUBJECT: Campus Master Plan - Update and Discussion

COMMITTEE MANDATE:

The A&F Committee is responsible for overseeing the financial affairs of the university with respect to all auditing, financial reporting and internal systems and control functions, budget approvals, investment of the university's endowment funds, risk management, and other internal and external audit functions and activities at the university. The Committee will report and make recommendations to the Board of Governors regarding these and other related matters.

This paper will update the Committee on a process associated with the University's differentiated growth plan and how it connects with the phasing of the Campus Master Plan. A similar presentation was made to S&P to outline the strategic vision and implementation planning for the projects. This session will elaborate on the connection to financing structures and potential partnerships.

BACKGROUND AND STRATEGIC CONTEXT:

Ontario Tech continues to grow, expand and mature into the promise its founders envisioned when it was established in 2002. The [2023-2028 Integrated Academic-Research Plan](#) (IARP) charts our course towards our goal of being a preeminent institution. It works in tandem with the existing [Strategic Research Plan 2020-2025](#) and it drives our year-over-year budgeting and capital planning processes. As the University moves forward with the implementation these plans it is anticipated that the bold transformation set out will result in significant differentiated enrolment growth to 18,000 students by 2030, to meet the needs of the growing Greater Toronto Area university-aged population and international demand for STEM and professional programs offered by Ontario Tech. In tandem we will see corresponding expansion in our research and support services.

Based on these refreshed plans we continue to review the previous and ongoing space consultations which informed the creation the "Framework and Action Plan to Develop Downtown Oshawa" (2011) and overall Campus Master Plan (2015). The key academic and strategic objectives for the University outline significant next steps in the ongoing development of the University's campus and the implementation of its Campus Master Plan. Ontario Tech is looking to deliver growth that:

- contributes to the thoughtful development of the North and Downtown locations over the long-term,
- considers the role Ontario Tech University plays as a community and city builder, and

- supports the implementation of the University's emerging academic and housing strategy.

Enrolment Growth

Ontario Tech is well poised for enrolment growth. In Fall 2023, the University had over 11,000 students registered, which represented a significant increase in enrolments over the year before. Ontario Tech student applications have significantly outperformed the Ontario university system for three consecutive years, showing an impressive increase of 73% applications over 2021. The University's enrolment statistics, anticipated new programs, and estimated offering formats are being used as a key planning assumption for the space of the future.

The differentiated growth priority identified in the IARP will be accomplished through the University's Strategic Enrolment Management (SEM) planning processes that focus on purposeful growth in our STEM and professional programs. SEM plans are the key driver that shape our financial, capital and academic resourcing plans. Our SEM strategies will ensure that as we grow, we will consciously transform into a specialized, comprehensive-sized, research-intensive institution by purposely managing program expansion at the undergraduate and graduate levels. The University continues to explore how we can enhance program delivery models to improve learning outcomes for students while building capacity for growth by incorporating more technology and digital learning within courses, offering more hybrid learning and simulation opportunities.

Table 1: IARP Growth Scenario Enrolment: Total Students

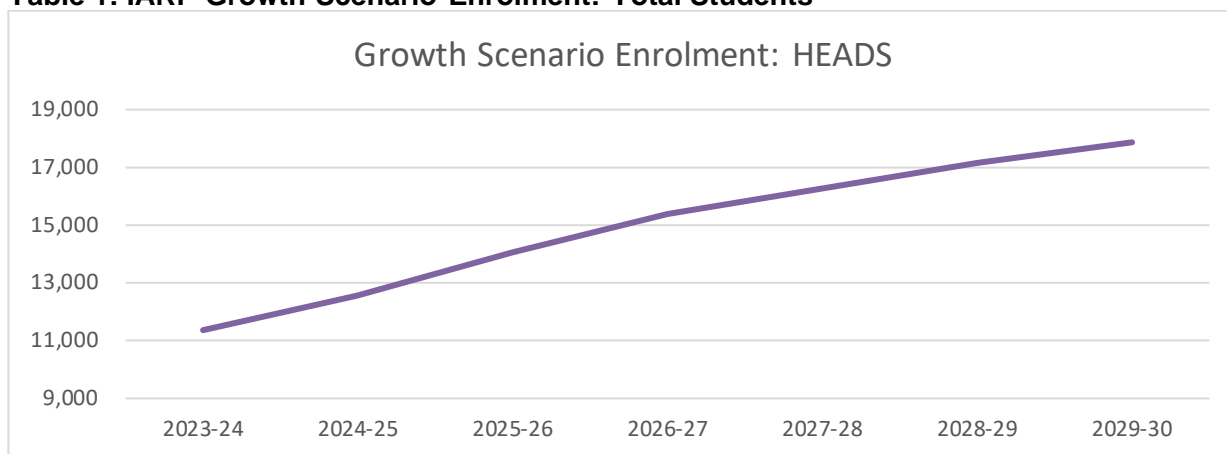


Table 1 illustrates how the University is looking to grow its traditional intake which includes continued domestic student increases and an international growth from 9% to 20% of total students (current median for international students in Ontario universities). Significant increases in the mature student population are also anticipated, given the planned expansion of professional-based masters programs. Working together we will explore many alternate scenarios as we alter to deliver on what the market demands. As part of this process we need to accommodate not only the number of traditional and non-traditional students expected, but what type of space and infrastructure is needed to support; various curriculum delivery modes (in-class, hybrid and on-line), evolving technology, extra-curricular activities and wrap around services. The impacts on the campus infrastructure will vary depending on the path taken; therefore, we need to design and build flexible options that reflect academic program needs.

Space Principles

The University's space assumptions are based on the Council of Ontario University standards that may be seen as a **target** to be achieved, a **minimum** to be met, a **maximum** not to be exceeded, an **optimum** to strive for, or a **guideline** to be used as a benchmark. Based on 2022 data Ontario Tech is under 75% of the formulaic need for core academic space (teaching, research, academic support) compared to the system which is above 82%. Our desire is not to hit the COU figures, but rather use them with our own

internal factors to create the optimal mix of space with an eye on our available resources.

In 1969, COU initiated the development of a space classification and space standards framework that details the inventory of physical facilities at all Ontario universities compared to requirements generated through application of the space standards. During this half century timeframe, the evolution of technology, culture, and student expectations have led to significant changes to learning delivery and study habits, the conduct of research, the role of the library, patterns of work, and the array and delivery of student services and amenities on campus. In 2021, the COU Task Force on University Space Transformation commissioned a study to holistically assess and update the space standards framework to better reflect and support the campus of the 21st Century. Ontario Tech is using these new principles with our own efficiency targets to help guide the future planning of space.

Ontario Tech Space Needs

As we look at the needs for Ontario Tech, we focus on the number of classes students take on campus and the corresponding research and support services that are tied to these as we grow. There are two basic ways that we count the number of students registered. When we use headcount, we count every student registered regardless of the number of courses they are enrolled in. When we use full-time equivalent (FTE), we total the proportion of a full program that each student is registered in (e.g. a student taking 8 courses of a normal 10 course load is 0.8 FTE). In September 2023, we had a headcount of more than 11,000 students, which we estimate will be ~9,500 FTEs.

The second important concept when discussing building plans and space is the difference between gross square feet (GSFs) and net assignable square feet (NASFs). GSF includes the total floor space in a building to the outside wall, including parts that cannot be assigned for individual unit use such as elevators, hallways, mechanical rooms and atria. NASFs include the interior assignable areas. In 2023, Ontario Tech has over 1.15 million square feet of buildings which is essentially the same as 2019 even though we added Shawenjigewining Hall in 2021 because we moved out of 11 Simcoe, St Gregory's, Library portable and J-block. In other words, we have modernized our space and made it more 'student-friendly' (i.e. sticky), but not sufficiently grown it.

As noted earlier, there are several different strategic enrolment plans that could get us to 18,000 students. We must explore different space scenarios if the increasing program need tutorial and lab support verses what could be required for weekend executive master programs. Using just simple averages to start the high-level planning process if we had 15,000 more traditional students and 3,000 continuing learning students who could fit more into online, nights and weekends we would need 300,000 gsf to maintain our current ratios of space. This varies depending on the type of program, the type of researcher hired and even the location of the building as one may connect well with existing utilities while another may consume a large portion of the building if it is the first and needs to service the full future location. We could see a need for less space if the is more offerings in a hybrid fashion and more sharing of rooms on campus. We could see a need for more space if we expand our need support services, study areas and large-scale research projects.

Funding the Expansion

Using 2023 construction costs for a general academic building (i.e. classrooms, offices, light labs) a 100,000 gsf building would be above \$70 million. In the past the University has had a reserve built up for major capital projects which is not the case at this time due to well documented financial pressures in the system. Similar to ones own financial planning, capital planning helps the institution determine both short-and long-term space goals and create a balanced financial plan to meet those goals. The University has different options at its disposal such as:

- 1) Lobby Municipal/Provincial/Federal government.
- 2) Fundraise through the Capital Campaign.

- 3) Enter partnerships with developer/lease to own.
- 4) Use, temporarily, working Capital reserve.
- 5) Borrow from a financial institution.

It is important to note that the Ministry of Colleges and University is finalizing Financial Sustainability Framework which outlines key metrics institutions will be reporting on to monitor the level of financial risk. Additionally, Ontario Tech is in the final stages of moving its debt guidelines to a more formal policy per the Auditor General recommendations. To stay within our internal policy, we may be able to borrow \$35M, with the assumption that other funding areas like advancement can offset the other portion of the building cost. This \$35M with five percent interest over a twenty-five-year term would require \$2.5M annual payment. Additionally, we anticipate almost \$1M a year in increased operating costs. While the institution could weigh the risks of borrowing more this gives a marker for the community to review.

Funding Ancillary Services through Private Partnerships

Achieving the academic and research strategic objectives set out in the IARP will require a significant investment in people, programs, technologies, and physical assets. As we look to the future, we expect that all of our funds must be laser focused on supporting this growth. Estimating 300,000 gsf of additional academic space which costs \$210 million in 2023 dollars means that while there is a compelling need for new investments in ancillary support facilities such as student housing, there is no funding expected from government sources to develop and operate such facilities. Ontario Tech recognizes the need to explore more cost and risk effective models. Over the past decade a trend towards working with private sector partners for the development of these facilities has emerged in the post-secondary sector in Canada.

Given the student housing shortfall that currently exists, and that is projected to grow significantly over the next few years, the development of new student housing capacity is viewed as essential to achieving the University's enrolment growth objectives and central to the student experience at the University.

Existing Student Housing Facilities

Ontario Tech does not currently own residence facilities but, through an arrangement has access to residence spaces in buildings owned by Durham College. University's students have typically occupied approximately 67% of the total beds available (840 beds in fall 2023). The Scion Group, a leading provider of and consultant for student housing in North America, recently completed a projected student housing demand analysis for Ontario Tech. The Scion analysis highlighted that we not only need space as we grow to 18,000 but that there was already a significant demand for student housing, estimating we were almost 500 bed short if the location and costs were right. By Fall 2030 we will need 1,300 additional beds. Looking at a phased in approach the first 350 beds could cost about \$55 million.

Transaction Structure and Enabling Agreements

As a result of the proven demand and the lack of institutional funding, we are seeking to partner with a third-party developer to design, build, finance and operate a purpose-built student housing project on its North Oshawa campus by fall 2028. As outlined in the IARP, a key priority of the University's new academic plan is the creation of a "sticky campus". This Project is meant to foster community by becoming a hub of activities and an important space for both its residents, as well as the broader campus population. As such, the Project is expected to incorporate suitable areas for collaborating and learning, facilitate integration of groups of students and enrich student life.

Our process was initiated in 2023, and we have now successfully completed the first stage of a two stage Request for Submissions (RFS) process. The intent of stage 1 was to identify Respondents with the capacity to fully design, build, finance, operate and maintain the Project. The University team, supported by its advisors (Urban Land Advisors and Ernst & Young), completed a comprehensive review of the submissions, followed by structured interviews the University has identified a Short-Listed of 3

Respondents who will move forward to stage 2. The Short-Listed Respondents will develop detailed submissions in response to the comprehensive requirements set out by the University in the RFS document. We have planned two sets of commercially confidential meetings over March and April to set out the vision and address questions. The final submission is set for mid May 2024. After that time the University will be working with the selected proponent on the execution of required agreements. It is expected that a set of enabling agreements will be established between Developer and the University, which will convey rights to the use of the Project Site for a specified period of time. In return, it will make payments to the University for base land rent and potentially a revenue participation component, as negotiated. The term of conveyance is expected to be set to optimize Project viability and student affordability.

There is a strong track record of success for similar projects being implemented in Canada over the past decade with many lessons being learned over that time. Appendix 1 provides an overview of the benefits and disadvantages associated with traditional models used by universities for delivering student housing facilities as compared to using a Public-Private Partnership (P3) model and summarizes the significant advantages for Ontario Tech by moving forward with a P3 approach to deliver its first purpose-built student housing facility.

Summary

The IARP is the anchoring planning document that guides the initiatives in place or underway at the University to drive us towards being a preeminent global institution. As we aspire to grow to 18,000 students there is a corresponding need to outline the enabling plans. The Campus Master Plan is a visionary, forward thinking document that provides the framework, strategy and collection of tools needed to guide campus development in keeping with space requirements. This plan is a coordinated development solution that will guide the character, scale, facilities and layout of the shared Oshawa campus and will address future academic, research, student life, athletic and community partnership needs.

To deliver on the strategic academic objectives Ontario Tech is facing increased pressures to provide dynamic on-campus space. The University also needs to balance reductions in public funding and concerns about overall affordability with the need for high-quality facilities. For this reason, we must be laser focused on what the most efficient and effective use of our limited resources might be.

Using current metrics, the University aims to add at least 300,000 gsf of core teaching, research, study space to support our growth plans. This varies depending on the type of program, the type of researcher hired and even the location of the building. In 2023 dollars this equates to over \$210 million dollars in construction. For that reason, we know we will need to implement a phased in approach that corresponds with our offerings. We will need to examine how we can do things differently now to accommodate growth in the space we have while looking to the future offerings.

In addition, this core space we will need ancillary services such as student housing. The SCION study estimates an extra 1,300 beds to accommodate current deficit and growth to 18,000. In 2023 dollars we are estimating the first phase of 350 beds to cost about \$55 million dollars. A Traditional Model will require significant investment from the University to fund both capital and operations and maintenance costs of a new student residence. Using a P3 approach, the University can design, build, operate, and maintain a new student residence with little to no capital outlay. Moreover, the P3 Model minimizes overall risk to the University.

As outlined in the IARP, Ontario Tech continues to grow, expand and mature into the promise its founders envisioned as a technologically forward-looking institution. With intention, we must pursue a bold transformational plan—one focused on a differentiated program mix and growth in student numbers—to ensure a sustainable future for Ontario Tech. Through our enabling plans, like the CMP, we will articulate how we get there from here. This will require each and every member of the Ontario Tech community—students, staff, faculty, alumni, community members and partners—to collectively engage and contribute

on an every-day basis. It is with our collective efforts that we will succeed and build on the solid foundation that we have already created and push Ontario Tech towards a bright, sustainable future.

APPENDIX 1: RATIONALE FOR USING A PUBLIC-PRIVATE PARTNERSHIP (P3) MODEL

A maturing student housing market in Canada presents an opportunity for Ontario Tech to enhance its student experience while significantly reducing risk and preserving financial flexibility to focus all available operating and capital budget resources on delivering the core academic mission of teaching and research. Historically, a traditional institution-built, owned, and operated model (described below) has been preferred; however, in the last decade, the post-secondary context has seen an increased number of P3s being very successfully used for student housing solutions.

Traditional Model

Historically, institutions have sought to retain ownership, control and responsibility for the design, construction, financing, operation, and maintenance of student housing. This has enabled institutions to play a strong role in the delivery and lifecycle of student housing projects. Institutions would often procure an architect to design the facility, before inviting bids from construction contractors, or procuring a Design-Build contractor. It requires the institution to use its equity or to borrow to create student housing. Once built, an institution takes on responsibility for operations and maintenance of student housing facilities, often through third-party contractors and operators. The traditional approach to delivery affords many benefits and challenges as outlined below.

Benefits	Challenges
<ul style="list-style-type: none">▶ Easy to manage linear process with discrete procurement steps. Process can expedite time to market subject to ready and complete design documents and a dedicated capital team.▶ Process is familiar to the market▶ Strong control over design and operation of the facility▶ Drives competition in construction costs as institutions can review competitive bids once design is complete	<ul style="list-style-type: none">▶ Institution retains design, construction (if delayed) and maintenance risk▶ Lack of long-term buy-in from designers and constructors means neither are incentivized to consider assets' long-term lifecycle which can lead to deferred maintenance and operational inefficiency▶ Subject to demand and revenue risk during operational phase▶ Realities of year-to-year budgeting can lead to deferred maintenance▶ Financial contributions from institution can place pressure on balance sheets

P3 Model

The P3 model has emerged globally as a way for the private sector to provide public infrastructure. A P3 can take on numerous configurations, but in its broadest application involves a private sector partner contracting with a governmental entity to finance, construct, operate, and maintain public infrastructure that typically remains under governmental entity ownership. This approach is increasingly being adopted by Canadian post-secondary institutions for student residences to address growing demand for student housing but constrained institutional funding and resources. The benefits of the P3 approach to student housing delivery are increasingly effective in achieving student experience objectives while maintaining a degree of financial sustainability.

Institutional residence development and operations and maintenance can also divert campus leadership's attention from critical areas of focus. Through the P3 delivery approach, institutions have the opportunity to reduce their direct role in these non-core functions, allowing critical resources to be more focused on the core academic mission.

Implementing a successful P3 model must be done thoughtfully through a well-defined strategy. However,

if effectively designed and implemented, P3 models can reduce financial liability, shift long-term budget strategies, transfer targeted risk features, access innovative real estate design and technology, and deliver an exclusive experience for students. Deploying a P3 model gives institutions the ability to increase focus on what they do best: teaching and research.

The P3 approach to delivery of institutional housing offers various advantages and challenges including:

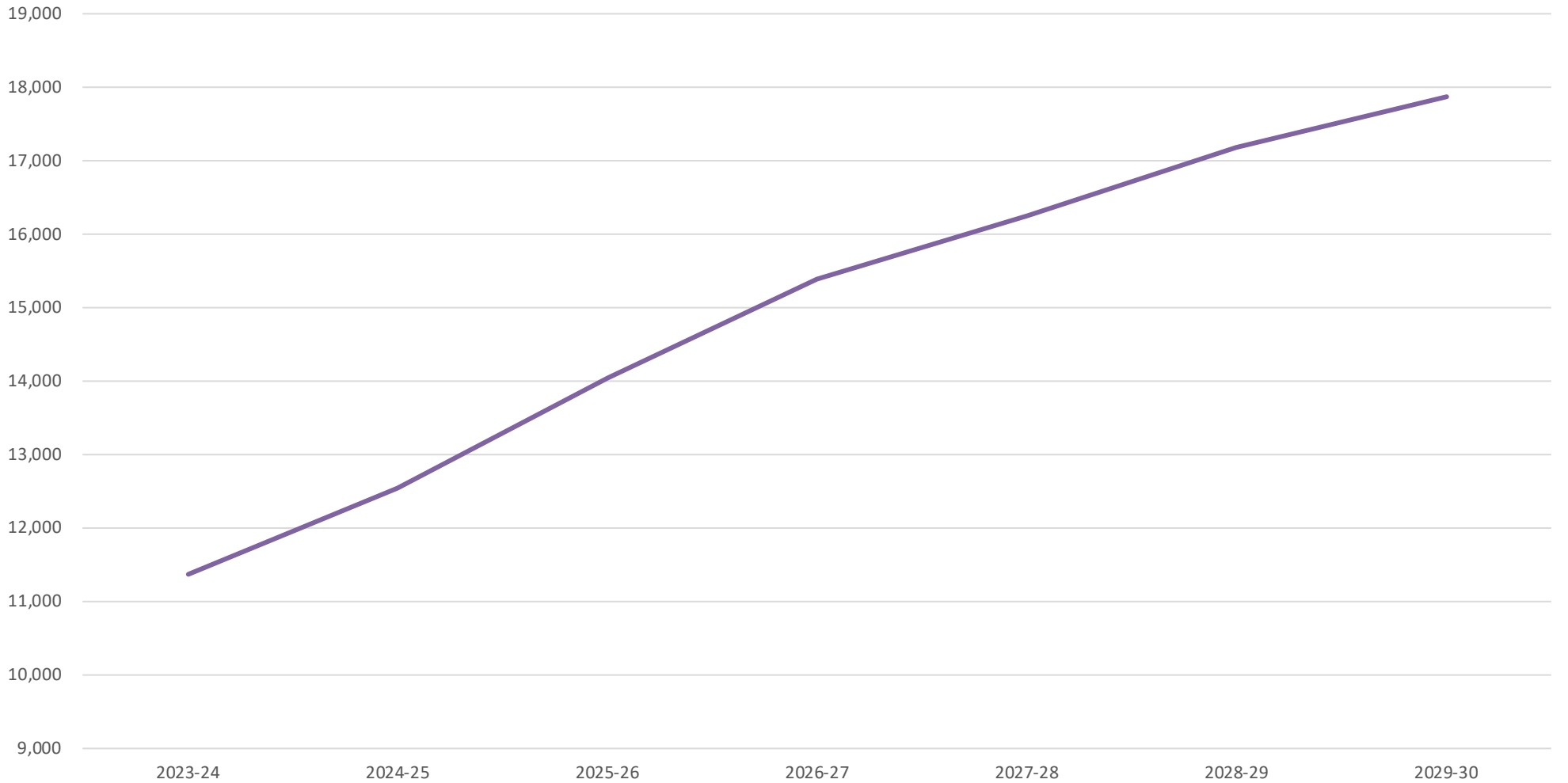
Benefits	Challenges
<ul style="list-style-type: none"> ▶ Project risks are allocated to the party(ies) best able to manage and control the risks <ul style="list-style-type: none"> o Cost and schedule certainty supported by private sector efficiency o Revenue and occupancy risk transfer incentivizes continued, long-term maintenance of and additional enhancements to the facility ▶ Efficient transaction structuring to maximize development charge and property tax exemptions ▶ Outsourced non-core assets allows focussed attention on the needs of the core academic mission ▶ Innovation features are more easily accessible to the private sector which offers cutting-edge, unique design and technology features ▶ Reduced resourcing requirements by institutions whilst oversight and advisory of the facility retained 	<ul style="list-style-type: none"> ▶ Less control and flexibility in delivery and design of the facility compared to the traditional approach ▶ While ownership of the land (for on-campus student housing) and student residence building is typically retained by the institution, for some institutions, the perception of excessive private sector involvement with associated profits can be challenging for stakeholders ▶ Long-term dedicated resources by the institution is required to maintain multi-generational relationship

Long Term Space Planning and Joint CMP Next Steps Discussion – Jan 2024



IARP outlines a vision of growth to 18,000

Growth Scenario Enrolment: HEADS



Community Consultations

Date	Topic	Senior Leaders	
2023-10-16	Overview of Differential growth	Steven Murphy Lori Livingston Brad Maclsaac Sarah Thrush	Recording
2023-11-28	Budget Blueprint	Brad Maclsaac Sarah Thrush	Recording
2024-01-29 2024-02-05	Space Allocation	Brad Maclsaac Lori Livingston Sarah Thrush	
2024-01-30	Activity Based Budget	Lori Livingston Sarah Thrush Brad Maclsaac	
2024-04* TBD	Budget	Brad Maclsaac Lori Livingston Sarah Thrush	
2024-05-13	2023/24 Differential Growth wrap up.	Steven Murphy Lori Livingston Brad Maclsaac Sarah Thrush	

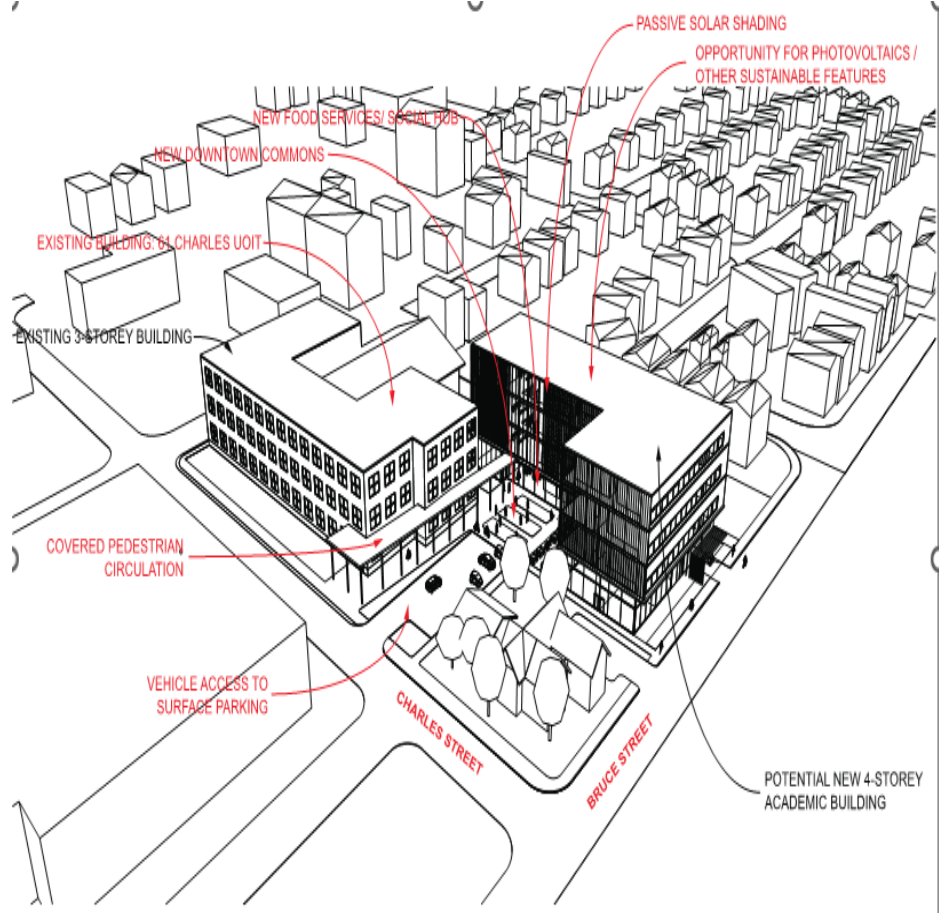
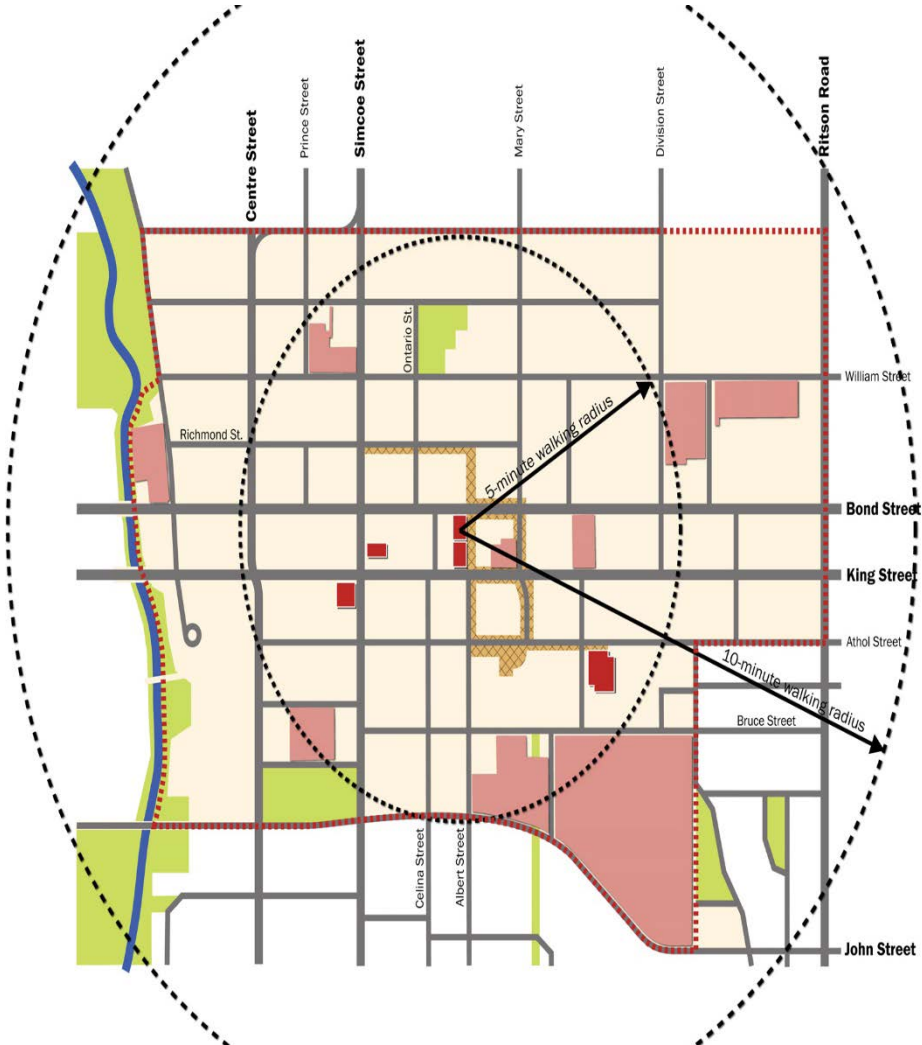
What Space Would be Required – estimating 300,000 gsf

Table 31: ONTARIO TECH: Institutional Space Requirements as Measured by COU Space Standards, 2019-20

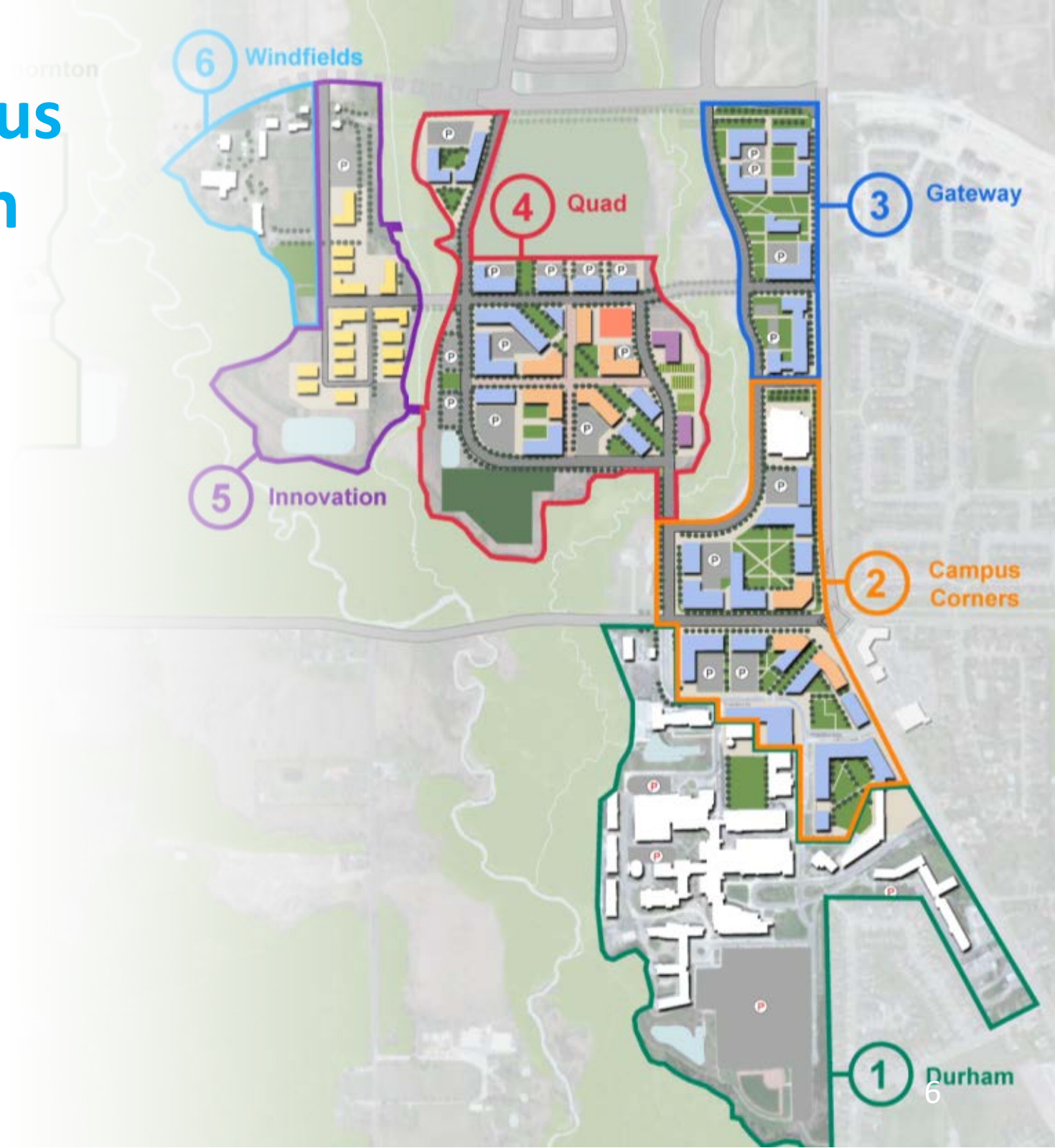
	Input Measure	Space Factor	Generated Space	Inventory	% I/G	System Average	2016-17 % I/G
TEACHING/RESEARCH/ACADEMIC SUPPORT							
CLASSROOMS							
Total FTE Students	8,570.76	1.11	9,513.54	8,595.61	90.4	83.9	80.4
CLASS LABS							
Lab Contact Hours W	1,052.00	0.8	841.60	1,399.34			
Lab Contact Hours X	7,806.01	0.6	4,683.61	3,150.99			
Lab Contact Hours Y	5,147.50	0.5	2,573.75	1,601.68			
Lab Contact Hours Z	2,766.87	0.3	830.06	844.89			
Unclassified	0.00			0.00			
Total Class Lab	16,772.38		8,929.02	6,996.90	78.4	75.7	58.9
RESEARCH LABS							
Research Disciplines A	85.85	45.0	3,863.25	2,361.34			
Research Disciplines B	117.75	30.0	3,532.50	2,732.27			
Research Disciplines C	58.95	20.0	1,179.00	1,038.55			
Research Disciplines D	92.88	10.0	928.85	1,450.53			
Research Disciplines E	111.89	5.0	559.45	975.37			
Research Disciplines E	64.65	2.0	129.30	91.88			
Unclassified	1.50			0.00			
Total Research	533.48		10,192.35	8,649.94	84.9	70.0	78.0
OFFICE - ACADEMIC							
Total FTE Faculty	304.00	12.0	3,648.00	4,353.43	119.3	114.1	126.7
Research Appointments	33.75	12.0	405.00	70.01	17.3		34.6
Total FTE Grads	607.20	3.0	1,821.60	594.52	32.6	67.3	45.2
Total FTE Non-Acd Staff	118.50	12.0	1,422.00	1,185.76	83.4	103.5	71.4
Office Service	7,296.60	0.25	1,824.15	947.72	52.0	109.3	48.1
Total Academic Office			9,120.75	7,151.44	78.4	94.9	83.3
OFFICE - ADMINISTRATIVE							
Total FTE Non-Acd Staff	356.80	12.0	4,281.60	3,964.55	92.6	103.3	86.4
Office Service	4,281.60	0.5	2,140.80	1,962.40	91.7	120.3	77.1
Total Admin. Office			6,422.40	5,926.95	92.3	109.0	83.3
Total Office - Academic & Administrative			15,543.15	13,078.39	84.1	98.2	83.3
LIBRARY FACILITIES & LIBRARY STUDY SPACE							
Study (Total FTE Students)	8,570.76	0.5	4,285.38	1,615.09	37.7	51.0	41.0
Traditional Static Shelving Space	64,059.04	0.005	320.30				
Mobile Compact Shelving	6,972.50	0.004	27.89				
Super High Density	0.00	0.0035	0.00				
Total Stack	71,031.54		348.19	1,079.59	310.1	79.8	203.0
Library Support	4,633.56	0.25	1,158.39	737.59	63.7	69.8	102.4
Total Library Facilities & Library Study Space			5,791.96	3,432.27	59.3	65.1	64.6
NON-LIBRARY STUDY SPACE							
	8,570.76	0.4	3,428.30	1,582.61	46.2	76.8	28.8
SUB-TOTAL: TEACHING/RESEARCH/ACAD SUPPORT			53,398.32	42,335.72	79.3	81.3	71.3



March 2011 Framework & Action Plan



2015 Campus Master Plan

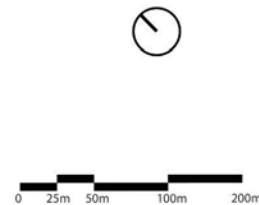


Phasing: 30 + years



Phase 1: Proposed GFA			
Building	Floorplate (sq.ft.)	Storey	Total sq.ft.
1-A	43,174	5	215,870
1-B	26,189	5	130,943
1-C	22,271	5	111,353
Phase 1: Total Building GFA			458,166
Existing Parking Area			611,067
Phase 1: New Parking Area			247,828
Phase 2: Proposed GFA			
Building	Floorplate (sq.ft.)	Storey	Total sq.ft.
2-A	50,149	5	250,745
2-B	34,541	5	172,707
2-C	23,121	3	69,363
2-D	41,796	5	208,981
2-E	41,796	1	41,796
Phase 2: Total Building GFA			743,593
Existing Parking Area (remaining)			562,285
Phase 2: New Parking Area			66,166
Phase 3: Proposed GFA			
Building	Floorplate (sq.ft.)	Storey	Total sq.ft.
3-A	44,821	5	224,105
3-B	40,828	5	204,138
3-C	10,818	5	54,089
3-D	23,153	5	115,766
3-E	22,367	5	111,837
3-F	24,811	5	124,054
3-G	19,612	5	98,059
3-H	18,266	5	91,332
3-I	24,273	5	121,363
3-J	27,652	5	138,262
Phase 3: Total Building GFA			1,283,005
Existing Parking Area (remaining)			199,208
Phase 3: New Parking Area			40,978
Total Building GFA			2,484,764
Total Parking Area (New & remaining)			488,014

- Existing Bus Stop
- Existing Buildings
- Property Lines
- Existing Park
- Existing Waterbody
- Phase 01 - Proposed Building
- Phase 02 - Proposed Building
- Phase 03 - Proposed Building
- Proposed Parking
- Proposed Park
- Proposed Gateway
- Proposed Street Network
- Proposed Shared/Flexible Street
- Proposed Pedestrian Path



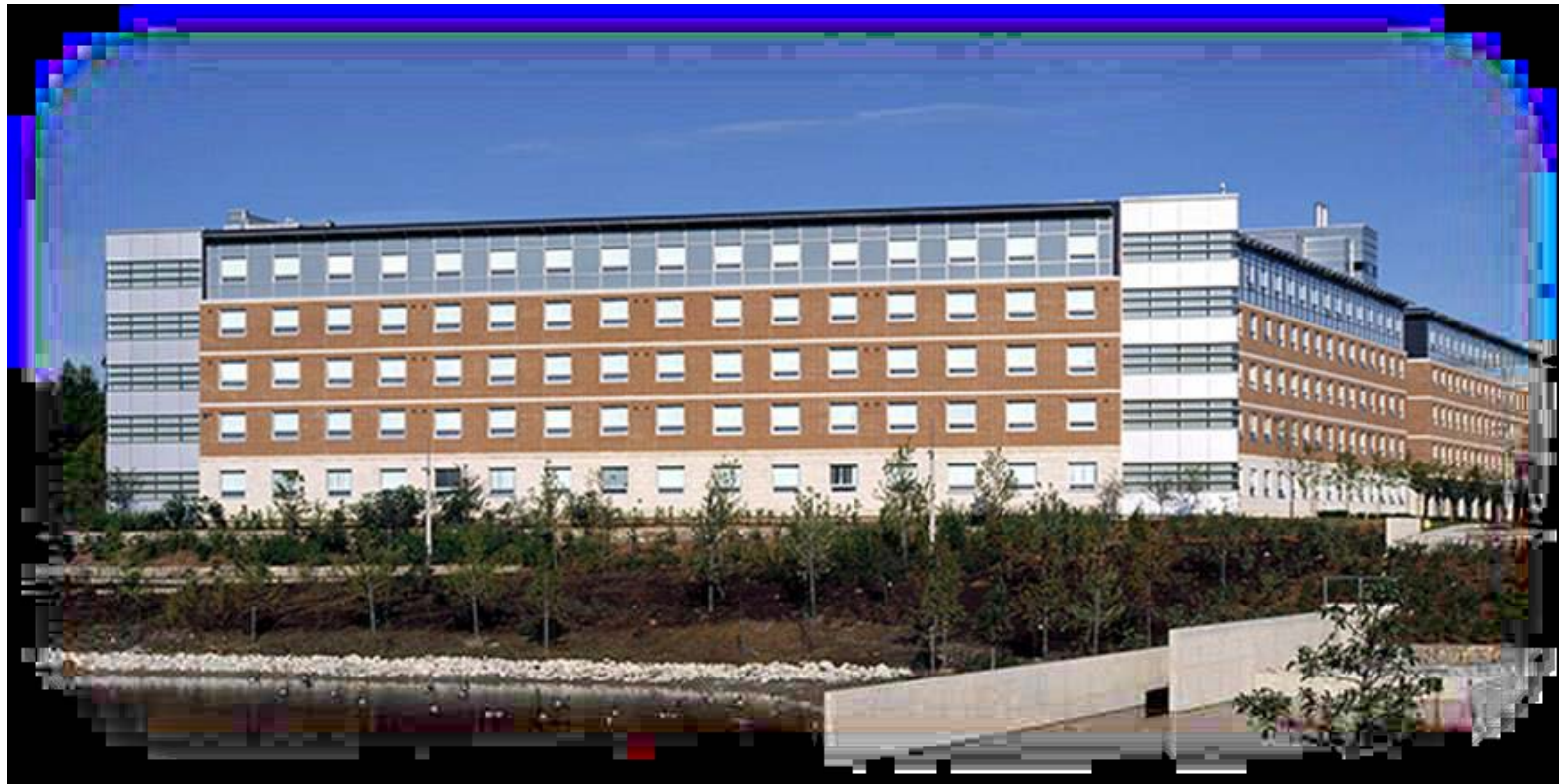
Where to start? Core Academic

At \$700/ sq ft – 300,000 gsf = \$210M

		TOTAL	Phase 1 Selector	Phase 2 Selector
Space Group	Space Description	3914	Total GSM	Total GSM
Learning	Classroom	3,205	1,923	1,282
	Class Labs	1,971	788	1,182
Learning Total		5,176	2,712	2,465
Study Space	Non-Library (COU Cat 11)	2,207	883	1,324
Study Total		2,207	883	1,324
Research	Research Laboratories	8,521	2,556	5,113
	Graduate Offices	1,573	629	944
Research Total		10,094	3,186	6,056
Offices	Academic Offices	2,925	1,755	1,170
	Administrative Offices	2,305	1,383	922
Offices Total		5,230	3,138	2,092
Other Space	Food	1,219	488	732
	Common Use & Student Activity	1,097	439	658
	Central Services	258	103	155
	Plant Maintenance	341	136	204
	Assembly & Exhibition	476	191	286
Other Total		3,391	1,357	2,035
Total GSM		26,099	11,275	13,972
		280,825	121,314	150,342

Student Housing Analysis - 1,300 additional spaces

First 350 estimated at \$55M



HOUSING PROGRAM

Description	Beds / Unit	Total Units	Total Beds	Bed %	NSF/Unit	Total NSM
2 Bedroom 1 Bath Suite (4 bed)	4	30	120	21.6%	445	13,350
Studio suite	1	100	100	18.0%	218	21,800
Micro Studio	1	105	105	18.9%	155	16,275
2 Bedroom 1 Bath Suite (2 bed)	2	115	230	41.4%	448	51,520
Subtotal		350	555	100%		9,567
...						

The primary objectives :

Support the academic mission: The Project will be in support of, and consistent with, the University's academic mission. In addition to helping create a "sticky" campus and contributing towards the ongoing development of the Campus Master Plan, this Project will be a key enabler of achieving the significant growth plan for domestic and international undergraduate enrolments, as well as the strategic expansion of the University's innovative graduate program offerings.

Optimize financial feasibility: The Project will eliminate or minimize the financial contribution required of the University to the extent possible by:

- Generating revenues and creating revenue sharing opportunities for the University.
- Minimizing Project costs, including through working collaboratively with the Developer to minimize taxes and development charges associated with the Project.
- Facilitating the University's retention of land ownership throughout the term of agreement, with reversion of building assets to the University, at a nominal cost, at the end of the Project term.

Create affordable housing solutions: Given the rising cost of housing solutions in Durham, it is important that the Project provide affordable options for students who, as noted earlier, have indicated affordability as a top priority.

Minimize risk: The University will seek to minimize its exposure to risks, including financial risks or liabilities and reputational risks.

Enhance the student experience: The Project will provide services and amenities that will add to the student experience and campus environment, while also strengthening the University's position as a pre-eminent post-secondary institution in the City of Oshawa and Durham Region.

Embrace sustainability: The Project will embrace and implement practices that take a long-term view to protecting and enhancing the University's reputation and align with the University's sustainability practices sustainability practices. We will be seeking to have the facility designed as a "net zero" building.

BENEFITS OF P3

- ▶ Project risks are allocated to the party(ies) best able to manage and control the risks

 - o Cost and schedule certainty supported by private sector efficiency

 - o Revenue and occupancy risk transfer incentivizes continued, long-term maintenance of and additional enhancements to the facility

- ▶ Efficient transaction structuring to maximize development charge and property tax exemptions

- ▶ Outsourced non-core assets allows focussed attention on needs of the core academic mission

- ▶ Innovation features are more easily accessible to the private sector which offers cutting-edge, unique design and technology features

- ▶ Reduced resourcing requirements by institutions whilst oversight and advisory of the facility retained

CHALLENGES OF P3

- ▶ Less control and flexibility in delivery and design of the facility compared to the traditional approach

- ▶ While ownership of the land (for on-campus student housing) and student residence building is typically retained by the institution, for some institutions, the perception of excessive private sector involvement with associated profits can be challenging for stakeholders

- ▶ Long-term dedicated resources by the institution is required to maintain multi-generational relationship

CRITERIA	General description of agreement terms to be reviewed
Building Details	Summary of key statistics, including Bed Count
Land/Site Requirements	<ul style="list-style-type: none"> - Summary of building site(s) proposed - Proposed phasing requirements (if applicable) - Alignment with Campus Vision and Campus Master Plan
Capital Cost Estimate	Core Student Housing project: \$M Additional Academic Space: \$M (Optional)
Financial Considerations	Residence Project NPV: \$M Additional Academic Space NPV: \$M Capital structure: xx% Debt / yy% Equity
Expected Opening	RFS document indicates Fall 2028 is expected, with Fall 2027 preferred
Project Term	Base term length & Optional extension(s) – if proposed
Guarantees Required/ Risk Transfer	RFS document indicates that OTU will not provide occupancy guarantees, nor assume financing or construction risk
Project Payment Streams	Base land rent to OTU, plus any revenue participation (if applicable)
	Share of revenue (meal plan, summer, commercial, other)
	Summary of lease payments from OT for Academic Space (if applicable)
Rental Rates to students	<ul style="list-style-type: none"> - Anticipated starting rates to students, plus anticipated escalation - Summary of housing rate setting process
End of Term Provisions	RFS document stipulates building ownership will revert to OTU at the end of the contract term, at nominal cost.



QUESTIONS?

COMMITTEE REPORT

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

TO: Audit & Finance Committee

DATE: February 15, 2024

PRESENTED BY: Pamela Onsiong

SLT LEAD: Brad MacIsaac

SUBJECT: 3rd Quarter - Operating Forecast for year ending March 31, 2024

COMMITTEE MANDATE:

The Committee is responsible for overseeing the financial affairs of the University, including approval of the annual budget and financial reporting to ensure that appropriate financial controls, reporting processes and accountabilities are in place at the University.

BACKGROUND/CONTEXT & RATIONALE:

In April 2023, the Committee approved a balanced 2023/24 budget which included \$1.0M of expenses to be funded from internally restricted prior year reserves, if needed, (see **N1** on Operating Forecast Summary) and an expectation that management would work towards the planned \$3 to \$4M surplus to reserve for future capital repairs and investment. This report provides the Committee with an overview of the projected year-end results against the approved budget (Appendix 1).

The operating budget is based on a projection of cash receipts and expenditures for the year. This contrasts with the audited financial statements which are prepared in accordance with generally accepted accounting principles (“GAAP”) for non-for-profit organizations in Canada. In arriving at the year-end results on a GAAP basis, adjustments are required to be made to the management report, e.g.

- The management report includes cash outlays for capital investment in the budget year while the GAAP financial statements include an expense that reflects the amortization of all capital assets over their useful lives.
- Conversely, the GAAP financial statements include the unrealized gain/loss on endowed investments while these are not budgeted and therefore not included in the management report.

HIGHLIGHTS

Based on Dec 1, 2023 enrolment count and expense forecasts from budget holders the **net operating surplus** for the year is projected to be **\$3.1M against an original balanced budget and a \$3.8M surplus**

reported at the end of the second quarter. Excluding the \$1.0M of prior year internally restricted reserves that will not be utilized, the forecast surplus is favourable \$4.2M and comprises of:

- a. **\$4.8M favourable variance in revenue**
- b. net **\$2.1M labour and operating expense savings**, offset by
- c. **\$2.8M more capital investment** than budgeted

The University continues with prudent financial planning in light of the continuing decline in provincial grant funding, the cut and subsequent freeze to domestic tuition coupled with year-over-year escalating costs. In November 2021, a Strategic Reserves Discussion Paper was presented to A&F that highlighted a need in excess of \$4.0M reserves annually to meet future capital (e.g. Charles Hall and Library expansion) and deferred maintenance (e.g. roof replacement) needs. Should the 2023-2024 forecast trend continue, management will be recommending that the **actual surplus at the end of the year** be reserved for this purpose. Details for variances are provided below.

- a. **Revenue:** is favourable \$4.8M (or 2%) against original budget. The positive variance in revenue is mostly due to \$2.3M increase in interest proceeds on operating cash and short-term investment balances due to the increase in interest rates over the last year as part of the Bank of Canada monetary policy to curb high inflation and a further \$1.1M attributable to the accounting recognition of expendable donations to fund specific projects.

As a result of the higher-than-expected revenue, Management has allocated funds to some of the secondary priorities from the 2023-2024 budget setting process, including \$0.8M investment in 8 new hires in the current year and \$0.7M in new capital. These additional expenses are included in the forecast operating and capital expenses.

- b. **Operating expenses** are showing a favourable variance of net \$2.1M (or 1%) mostly attributable to net vacant full-time staff positions offset by an increase in limited term contracts to back-fill for the vacant positions and new in-year hires, \$0.9M decrease in scholarships as the estimated need was set higher than actual, \$0.5M savings due to the termination of an operating lease in downtown Oshawa, and savings in other general operating expenses.
- c. **Capital Expenses** are unfavourable \$2.8M (or 38%) against budget, of which ~ 75% are funded by higher-than-expected provincial facilities grants and expendable donations. The remaining 25% (\$0.7M) increase in capital expenses is funded from the forecast operating surplus and includes investment in the University's emergency management systems to improve campus safety and costs associated with the Campus Master Plan review for academic and student residence space.

FINANCIAL IMPLICATIONS:

The primary purpose of this financial update is to report on the projected year-end results of the operating budget. Maintaining a balanced (or surplus) budget is critical to Ontario Tech's short-term financial health and long-term financial sustainability.

SUPPORTING REFERENCE MATERIALS:

- Appendix 1: Management Reporting: Operating Forecast Summary for the year ending March 31, 2024

APPENDIX 1

Ontario Tech University Operating Forecast Summary For the year ending March 31, 2024 (in \$ 000's)

The table below shows the variance of the year-end forecast vs the approved 2023/24 budget

April 1, 2023 - March 31, 2024				
Total Annual Budget	Y/E Forecast	Fav. (Unfav.) Budget vs. Forecast \$ / %		
Revenue				
Grants	84,876	85,580	705	1%
Tuition	102,209	102,588	380	0%
Student Ancillary	16,389	16,370	(19)	0%
Other	22,807	26,505	3,698	16%
Total Revenue	226,280	231,044	\$ 4,764	2%
Expenditures				
Academic/ACRU	94,615	93,456	1,159	1%
Academic Support	48,894	47,266	1,629	3%
Administrative	31,211	32,173	(961)	-3%
Sub-total	174,720	172,895	1,825	1%
Purchased Services	15,308	15,276	33	0%
Total Ancillary/Commercial	10,702	10,469	233	2%
Debenture/SWAP Interest Expense	9,609	9,586	23	0%
Total Operating Expenses	210,339	208,225	\$ 2,114	1%
Net Contribution from Operations	\$ 15,941	\$ 22,819	\$ 6,878	43%
Capital Expenses				
Principal Repayments - debt & capital leases	7,512	10,337	(2,825)	-38%
	9,468	9,353	115	1%
	\$ (1,038)	\$ 3,129	\$ 4,167	-401%
Other disclosures:				
Funded by prior year restricted reserves (N1)	1,038	0	(1,038)	-100%
Total Net Surplus	\$ (0)	\$ 3,129	\$ 3,129	N/A

N1. Original budget had PY reserves of \$2,003k being utilised to balance the budget. \$965k of these related to PY deferred ancillary revenues (forecast \$490k) to fund athletic renovations and therefore have now been reclassified to Student Ancillary under Revenue above, where the deferred revenues will be recognized in actual

COMMITTEE REPORT

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

TO: Audit and Finance Committee

DATE: February 15, 2024

PRESENTED BY: Pamela Onsiong

SLT LEAD: Brad MacIsaac

SUBJECT: Third Quarter - Financial Statements (unaudited) for the 9 months ending December 31, 2023

COMMITTEE MANDATE:

The Committee is responsible for overseeing the financial affairs of the University, including approval of the annual financial statements and financial reporting to ensure that appropriate financial controls, reporting processes and accountabilities are in place at the University.

BACKGROUND/CONTEXT & RATIONALE:

This report provides the Committee with an overview of the statements of financial position, operations and cash flow as at December 31, 2023, together with a year-over-year comparison (Appendix 1).

HIGHLIGHTS:

These Consolidated financial statements reflect normal operating activities at the University. The University follows Canadian Accounting Standards for Non-for-Profit Organizations in Part III of the Chartered Professional Accountants of Canada (“CPA”) Handbook. In compliance with these standards, student tuition fees are recognized as revenue in the statement of operations when courses are provided, resulting in the deferral of \$44.0M in tuition fees at the end of the reporting quarter. This deferred revenue will be taken into income by the end of the fiscal year, thus bridging the gap in the current quarter operating deficit.

Management is currently reviewing the basis of deferral for unspent funds in the revenue-generating units. Where funds do not meet the criteria of a contractual external restriction, these will be taken into income at the end of the fiscal year and a recommendation made to set aside an internally restricted reserve for the surplus. For this third quarter report, the surplus for these units has been deferred.

Statement of Operations

The statement of operations includes a net increase in revenue of \$16.6M (or 10.0%) and an increase in expenses of \$14.9M (or 9.0%) over last year. The net deficit at the end of the reporting quarter is \$0.3M versus a net deficit of \$2.0M in the prior year.

Revenue increase is largely driven by:

- \$1.1M increase in **expendable donations** recognized to offset expenses incurred in compliance with donors' agreement, including research projects and student awards.
- \$6.8M increase in **tuition fees** of which \$5.6M is due to increase in enrolment (estimated net 450 domestic FTE and 50 international FTE) coupled with the year-over-year average increase of 5% in international tuition fees, and \$1.2M increase in student supplemental fees, which will be internally restricted if not spent by end of year.
- \$1.8M increase in **student ancillary fees** of which \$1.2M relates to the accounting recognition of current and prior year ancillary fees to fund athletic capital renovations, and remaining increase due to the year-over-year increase in enrolment and an average 2% increase in ancillary fees.
- \$2.0M increase in **other income** due to the recovery of the commercial services from the pandemic, including \$0.9M increase in ACE revenues mostly due to increase in "electric vehicle" testing, and \$0.9M research revenues recognized to offset increase in expenses.
- \$1.8M increase in **interest revenue** on treasury balances and short-term investments, attributable to the rising interest rates in the last year.
- \$2.4M increase in **unrealized gain on endowed investments** as global equity markets witnessed a comeback in 2023 after a disappointing 2022 with equity gains being driven by a combination of a strong economy and the likely end of interest rate hiking cycle.

Expenses increase is driven by:

- \$8.5M increase in **salaries and benefits** includes \$7.2M increase for faculty and staff new hires and annual salary increases, and \$1.3M increase in limited term contracts. Salaries and benefits, which comprise over half of the total expenses of the University and are mostly tied to collective agreements, have consumed ~50% of the year-over-year increase in total revenue.
- \$2.9M increase in **supplies and expenses** as activities return to pre-pandemic levels with increases seen in travel (\$1.3M), cost of goods sold for food services (\$0.5M), janitorial services (\$0.4M) and increased supplies for more in class sessions (\$0.4M) in the current year, offset by decrease of \$0.5M in lease costs due to the termination of the lease at 11 Simcoe and other immaterial variances.
- \$1.5M in **loss on other investments** attributable to the loss in its wholly-owned subsidiary.
- \$2.2M increase in **unrealized loss on interest rate swap** relates to the mark-to-market loss on the University's derivative financial instrument entered to finance the construction of Shawenjigewining Hall and reflects the decrease in the prevailing swap rates.

Statement of financial position

The statement of financial position remains stable at the end of the reporting quarter with **net assets** increase of \$5.2M (or 4.6%) over the prior year. Net Assets increased in line with the net increase in assets and liabilities, and are supported by cash and restricted investments.

Total Assets increase of \$3.3M (or 0.6%) over the prior year is largely driven by:

- **Other accounts receivable** increase of \$7.9M includes \$6.2M of student account receivable attributable to year-over-year enrolment growth.
Other accounts receivable balance of \$53.4M consists of net \$49.0M of student receivable (\$45.2M for Winter 2024 semester for which payment due date is Jan 19th, \$3.8M for Fall 2023 and prior receivable), \$3.1M of trade, research and ACE receivable and other immaterial variances.
- **Endowed investments** increased \$2.7M and includes \$1.4M of mark-to-market unrealized gains, \$1.3M net investment income, \$0.2M new donations offset by \$0.2M of awards disbursements.
- **Other assets** increase of \$2.3M represents balances due from its 2 wholly-owned subsidiaries, Ontario Tech Talent and Regent Corporation.

These increases were offset by decreases in:

- **Cash and short-term investments** decrease of \$4.4M mainly attributable to \$7.3M investment in Regent Corporation and its related assets in Feb 2023. Cash and operating short-term investment balances remain stable at \$68.0M, of which ~ 35% pertain to externally restricted expendable donations and research funds.
- **Capital assets** decrease of \$7.0M which is due to the net impact of accumulated amortization vs asset additions in the last 12 months.

Liabilities decrease of 2.0M (or 0.4%) over the prior year is mainly driven by:

- \$9.2M in total **debt repayment**.
- \$3.2M decrease in **deferred capital contributions** and relates to the net impact between contribution amortization (\$8.1M) and new grants and donations received for capital projects (\$4.9M)
- These decreases are offset by \$8.2M increase in **revenues earned and deferred** as these are not spent at the end of the reporting quarter, including \$7.0M of deferred tuition.

FINANCIAL IMPLICATIONS:

The primary purpose of this financial update is to report on the statement of financial position of the University for the period ending September 30, 2023. Maintaining a stable financial position is critical to Ontario Tech University's long-term financial sustainability.

COMPLIANCE WITH POLICY/LEGISLATION:

These audited financial statements are prepared in compliance with generally accepted accounting principles for not-for-profit organization.

SUPPORTING REFERENCE MATERIALS:

- Appendix 1: Consolidated GAAP Financial Statements for the 9 months ending December 31, 2023.

Appendix 1

Consolidated Financial Statements of

ONTARIO TECH UNIVERSITY

For 9 months ending December 31, 2023

ONTARIO TECH UNIVERSITY
Consolidated Statement of Financial Position
As at December 31, 2023

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>	<u>YOY Variance</u>	<u>Mar 31, 2023</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 68,398,962	\$ 55,549,413	\$ 12,849,549	\$ 62,176,383
Short term investments	-	17,211,507	(17,211,507)	17,000,000
Grant receivable	11,679,830	9,333,372	2,346,458	9,287,216
Other accounts receivable	53,419,085	45,549,090	7,869,995	8,619,781
Prepaid expenses and deposits	2,651,204	2,504,167	147,037	2,684,901
Inventories	43,416	27,394	16,022	33,729
	136,192,497	130,174,943	6,017,554	99,802,010
Endowed investments	35,307,393	32,554,299	2,753,094	33,435,346
Other investments	(2,416,913)	(681,017)	(1,735,897)	(1,007,713)
Other assets	5,244,867	2,913,267	2,331,600	2,975,239
Capital assets	388,762,881	395,814,699	(7,051,818)	398,222,231
Intangible asset - goodwill	973,421	-	973,421	973,421
Total assets	\$ 564,064,147	\$ 560,776,192	\$ 3,287,955	\$ 534,400,534
Liabilities and Net Assets				
Current and long-term liabilities				
Accounts payable and accrued liabilities	26,169,792	23,931,098	2,238,694	30,576,509
Deferred revenue	79,807,309	71,578,141	8,229,168	35,326,367
	105,977,102	95,509,240	10,467,862	65,902,876
Obligations under capital lease	26,954,090	34,509,364	(7,555,273)	27,275,782
Debenture debt	129,205,319	137,121,464	(7,916,146)	137,121,464
Fair value of interest rate swap	21,227,661	20,882,932	344,729	21,670,242
Other debt	6,095,618	174,223	5,921,395	6,935,027
Deferred capital contributions	154,877,739	158,097,949	(3,220,210)	156,391,888
	444,337,528	446,295,171	(1,957,643)	415,297,280
Net Assets				
Net assets, excluding current year surplus	93,170,821	90,723,933	2,446,888	90,562,828
Endowments	26,855,164	25,791,175	1,063,989	25,932,433
Current year surplus/(deficit)	(299,366)	(2,034,087)	1,734,721	2,607,993
	119,726,618	114,481,021	5,245,598	119,103,254
Total liabilities and net assets	\$ 564,064,147	\$ 560,776,192	\$ 3,287,955	\$ 534,400,534

ONTARIO TECH UNIVERSITY
Consolidated Statement of Operations
For the 9 months ending December 31, 2023

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>	<u>YOY Variance</u>
REVENUE			
Grants - operating & research	\$ 62,429,610	\$ 61,633,124	796,486
Grant - debenture	13,500,000	13,500,000	-
Donations - operating & research	1,849,717	712,477	1,137,240
Student tuition fees	69,579,243	62,760,309	6,818,934
Student ancillary fees	10,101,877	8,277,760	1,824,117
Revenue from purchased services	1,036,113	976,281	59,832
Other income	10,335,680	8,379,684	1,955,996
Amortization of deferred capital contributions	6,058,010	6,146,599	(88,589)
Interest revenue	3,483,921	1,711,620	1,772,300
Gain on disposal of assets	28,259	82,992	(54,734)
Unrealized gain/(loss) on endowed investments	469,877	(1,927,089)	2,396,966
	178,872,307	162,253,758	16,618,549
EXPENSES			
Salaries and benefits	103,305,995	94,841,573	8,464,421
Student aid, financial assistance and awards	11,061,361	10,762,172	299,189
Supplies and expenses	26,575,061	23,629,584	2,945,477
Purchased Services	10,024,721	9,239,920	784,801
Professional fees	861,036	797,152	63,884
Interest expense - debt obligations	9,028,784	9,680,077	(651,293)
Interest expense - other	177,613	143,029	34,584
Amortization of capital assets	16,638,485	17,412,931	(774,447)
Loss/(gain) on other investments and disposal of assets	1,409,200	(73,206)	1,482,407
Unrealized loss/(gain) on interest rate swap	89,419	(2,145,387)	2,234,806
	179,171,673	164,287,845	14,883,828
Excess of expenses over revenues	\$ (299,366)	\$ (2,034,087)	\$ 1,734,721

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Cash Flows
As at December 31, 2023

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenses	(299,366)	(2,034,087)
Items not affecting cash:		
Amortization of capital assets	16,638,485	17,412,931
Amortization of deferred capital contributions	(6,058,010)	(6,146,599)
Unrealized loss/(gain) on interest rate swap	89,419	(2,145,387)
Unrealized gain/(loss) on endowed investments	(469,877)	1,927,089
Gain on disposal of assets	(28,259)	(82,992)
Loss/(gain) on other investments and disposal of assets	1,409,200	(73,206)
	<u>11,281,592</u>	<u>8,857,749</u>
Working Capital		
Grant and other accounts receivable	(47,191,918)	(40,163,227)
Prepaid expenses and deposits	33,697	(345,351)
Inventories	(9,688)	(21,664)
Accounts payable and accrued liabilities	(4,406,717)	(6,556,992)
Deferred revenue	44,480,942	39,404,197
	<u>4,187,909</u>	<u>1,174,712</u>
INVESTING		
Purchase of capital assets	(7,150,876)	(9,280,731)
Investments	15,597,830	(952,567)
Other Assets	(2,269,628)	(439,690)
Endowment contributions	922,731	874,920
	<u>7,100,057</u>	<u>(9,798,068)</u>
FINANCING		
Proceeds from derivative financial instrument	(532,000)	(516,000)
Repayment of long term debt	(8,755,555)	(7,438,983)
Repayment of obligations under capital leases	(321,692)	(751,405)
Deferred capital contributions	4,543,861	3,653,694
	<u>(5,065,386)</u>	<u>(5,052,693)</u>
NET CASH INFLOW / (OUTFLOW)	6,222,580	(13,676,049)
CASH BALANCE, BEGINNING OF YEAR	62,176,383	69,225,461
CASH BALANCE, END OF PERIOD	\$ 68,398,962	\$ 55,549,413

Committee Report

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

TO: Board Audit and Finance Committee

DATE: February 15, 2024

PRESENTED BY: Lori Livingston, Provost and Vice-President Academic
Sarah Thrush, AVP Planning and Strategic Analysis

SUBJECT: 2024-25 Tuition Fees

BACKGROUND/CONTEXT & RATIONALE:

The tuition fee framework, released by the provincial government in December 2018, regulates all publicly funded programs and allows for tuition fee differentiation based on program and program year.

The framework initially had all domestic tuition rates decrease by 10% in 2019-20, then remain frozen since. As there has not been a release of a new framework for the 2024-25 academic year, this document proposes a range for domestic fee increases from 0-5% as we await the Ministry of Colleges and Universities (MCU) 2024-25 tuition fee framework release.

The 0% rate that assumes that domestic rates will remain frozen (current MCU tuition fee framework), and a 5% rate increase reflects recommendations made by the Blue Ribbon Panel to MCU. As a reminder, MCU allowed for tuition fee anomaly adjustments for three of our degree programs in 2023-24. The tuition anomaly approval allows for annual increase adjustments of up to 7.5% for these programs until we reach the fee level approved by MCU for these programs. When a new tuition fee framework is released, the University will use any flexibility, if provided, to adjust undergraduate tuition fees at that time.

The Ministry has allowed adjustments to domestic out-of-province rates and the rates proposed below are within this framework. Should the province continue the in-province tuition fee freeze and continue the up to 5% on out of province tuition fee increases, the university should adjust the proposed out-of-province fees to the maximum allowed. Currently the table reflects 5% increase allowable under the current tuition fee framework.

International tuition or cost recovery programs are not included in the limits imposed by the provincial framework.

Recommended international tuition fees for programs were informed by comparative analysis of international fees within the sector for similar programs. The majority of Ontario Tech programs are below the system average. Recommended adjustments bring Ontario Tech tuition fee levels closer to the average of competing programs. Undergraduate international fee increases have been proposed for the first year of undergraduate programs with a commitment to capping further tuition fee increases in years 2, 3 and 4 (for undergraduate programs) to no more than 5% per year.

The University is proposing 0% international tuition increase for research based Masters programs and PhD programs. A 5% increase to Professional/course-based Masters programs is being proposed.

Recognizing the need to address financial challenges of our students, the University continues to significantly invest in student financial supports by increasing the amount of entrance scholarships, in-course scholarships and bursaries available for students. For undergraduate students there has been a cumulative increase of 43% for scholarships and bursaries from 2020-21 to 2024-25. Graduate student support increased by 59% over 2022-23. For undergraduates, the increase reflects maintaining entrance scholarships for domestic students and increasing the international entrance scholarships. On the graduate side, support for international students in research-mode programs has significantly increased year over year through GITS and/or Dean's Graduate Scholarships, Teaching Assistantships, and supervisor-funded Graduate Research Assistantships to recognize increased numbers and need.

RESOURCES REQUIRED:

N/A

IMPLICATIONS:

The rates proposed in this document have been made to remain compliant with the current provincial government's tuition framework with the option to increase if any changes to the framework are announced impacting 2024-25 fee levels. Revenue projections for the 2024-25 Budget include the anomalies increase and 0% increase on domestic tuition levels. If there are any reductions to the rates we would need to explore further reductions to expenses to offset the change.

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

The fees recommended will allow Ontario Tech to continue to provide quality undergraduate and graduate programs.

ALTERNATIVES CONSIDERED:

The fees presented below bring Ontario Tech fee levels closer to the average of competing programs in the sector.

CONSULTATION:

These rates were present to deans and Academic Council. No substantive issues were raised.

COMPLIANCE WITH POLICY/LEGISLATION:

The current fees are in compliance with the province's existing tuition fee framework.

NEXT STEPS:

Confirm domestic tuition levels when MCU officially releases fee framework. Update tuition within Ontario Tech's student information system and website.

MOTION FOR CONSIDERATION:

That the Audit & Finance Committee hereby recommends the 2024-2025 tuition fees, as presented, for approval by the Board of Governors.

SUPPORTING REFERENCE MATERIALS:

- Appendix 1: Recommendations for Ontario Tech 2024-25 tuition fees

Appendix 1: Recommendations for Ontario Tech 2024-2025 tuition fees

Undergraduate Domestic

Green and blue highlights reflect approved MCU Tuition Anomalies Review to increase domestic tuition by 7.5% annually until fee has reached newly approved tuition maximum (applies to BCom, BEng and BSc Computer Science). Green shading highlights the tuition paid in 2023-24 and how tuition fee anomaly increase applies to student moving into second year in 2024-25.

	2023-2024	2024-2025	2024-25 Increase
BA, BAsC, BEd, BHSc, BSc, BSc & Mgt, UG Diploma			
First Year	\$5,982.80	\$5,982.80 - \$6,281.94	0-5%
Second Year	\$5,956.38	\$5,956.38 - \$6,254.18	0-5%
Third Year	\$5,926.62	\$5,926.62 - \$6,222.94	0-5%
Fourth Year	\$5,920.76	\$5,920.76 - \$6,216.78	0-5%
Fifth Year	\$5,914.98	\$5,914.98 - \$6,210.72	0-5%
BCom			
First Year	\$8,694.90	\$9,347.00	7.5%
Second Year	\$8,049.76	\$9,347.00	7.5%
Third Year	\$8,011.44	\$8,011.44 - \$8,412.00	0-5%
Fourth Year	\$8,003.52	\$8,003.52 - \$8,403.68	0-5%
BIT			
First Year	\$9,031.18	\$9,031.18 - \$9,482.72	0-5%
Second Year	\$9,022.42	\$9,022.42 - \$9,473.54	0-5%
Third Year	\$9,013.68	\$9,013.68 - \$9,464.36	0-5%
Fourth Year	\$8,991.78	\$8,991.78 - \$9,441.36	0-5%
BEng, BEng & Mgmt			
First Year	\$10,094.44	\$10,851.52	7.5%
Second Year	\$9,381.24	\$10,851.52	7.5%
Third Year	\$9,372.30	\$9,372.30 - \$9,840.90	0-5%
Fourth Year	\$9,283.04	\$9,283.04 - \$9,747.18	0-5%
Fifth Year	\$9,159.26	\$9,159.26 - \$9,617.22	0-5%
BSc & BSc & Mgmt (Comp Sci, Integrated Math & Comp Sci)			
First Year	\$6,815.39	\$7,326.54	7.5%
Second Year	\$6,333.84	\$7,326.54	7.5%
Third Year	\$6,327.84	\$6,327.84 - \$6,644.22	0-5%
Fourth Year	\$6,321.78	\$6,321.78 - \$6,637.86	0-5%
Fifth Year	\$6,321.64	\$6,321.64 - \$6,637.72	0-5%
BScN, BHA			
First Year	\$6,100.68	\$6,100.68 - \$6,405.70	0-5%
Second Year	\$6,094.76	\$6,094.76 - \$6,399.48	0-5%
Third Year	\$6,088.84	\$6,088.84 - \$6,393.28	0-5%
Fourth Year	\$6,082.92	\$6,082.92 - \$6,387.06	0-5%

Undergraduate Out of Province

Current framework allows up to 5% increase in tuition fees for out-of-province students (or application of tuition anomaly adjustment of up to 7.5% annually). *Note: Shaded cells show how the tuition anomalies policy applies to students (green shading highlights the tuition paid in 2023-24 and how tuition fee anomaly increase applies to student moving into second year in 2024-25).*

	2023-2024	2024-2025	2024-25 Increase
BA, BAsC, BEd, BHSc, BSc, BSc & Mgt, UG Diploma			
First Year	\$6,281.94	\$6,596.02	5%
Second Year	\$6,254.18	\$6,566.88	5%
Third Year	\$6,222.94	\$6,534.08	5%
Fourth Year	\$6,216.78	\$6,527.60	5%
Fifth Year	\$6,210.72	\$6,521.24	5%
BCom			
First Year	\$8,694.90	\$9,347.00	7.5%
Second Year	\$8,452.24	\$9,347.00	7.5%
Third Year	\$8,412.00	\$8,832.60	5%
Fourth Year	\$8,403.68	\$8,823.86	5%
BIT			
First Year	\$9,482.72	\$9,956.84	5%
Second Year	\$9,473.54	\$9,947.20	5%
Third Year	\$9,464.36	\$9,937.56	5%
Fourth Year	\$9,441.36	\$9,913.42	5%
BEng, BEng & Mgmt			
First Year	\$10,094.44	\$10,851.52	7.5%
Second Year	\$9,850.30	\$10,851.52	7.5%
Third Year	\$9,840.90	\$10,332.94	5%
Fourth Year	\$9,747.18	\$10,234.52	5%
Fifth Year	\$9,617.22	\$10,098.08	5%
BSc & BSc & Mgmt (Comp Sci, Integrated Math & Comp Sci)			
First Year	\$6,815.39	\$7,326.54	7.5%
Second Year	\$6,650.52	\$7,326.54	7.5%
Third Year	\$6,644.22	\$6,976.42	5%
Fourth Year	\$6,637.86	\$6,969.74	5%
Fifth Year	\$6,637.72	\$6,969.60	5%
BScN, BHA			
First Year	\$6,405.70	\$6,725.98	5%
Second Year	\$6,399.48	\$6,719.44	5%
Third Year	\$6,393.28	\$6,712.94	5%
Fourth Year	\$6,387.06	\$6,706.40	5%

Undergraduate International

Note: Shaded cells show how the tuition increases applies to international students (green shading highlights the tuition paid in 2023-24 and how tuition fee anomaly increase applies to student moving into second year in 2024-25, purple shading highlights students moving from second year in 2023-24 to third year in 2024-25 etc.).

	2023-2024	2024-2025	2024-25 Increase **
BA, BAsC, BEd, BHSc, BSc & Mgt			
First Year	\$30,655.26	\$32,188.02	5%
Second Year	\$30,655.26	\$32,188.02	5%
Third Year	\$29,261.86	\$32,188.02	5%
Fourth Year	\$25,450.20	\$26,722.70	5%
Fifth Year	\$25,337.96	\$26,604.84	5%
BCom			
First Year	\$34,003.02	\$35,703.16	5%
Second Year	\$34,003.02	\$35,703.16	5%
Third Year	\$32,457.42	\$35,703.16	5%
Fourth Year	\$28,229.54	\$34,080.28	5%
BIT			
First Year	\$37,111.72	\$38,967.30	5%
Second Year	\$37,111.72	\$38,967.30	5%
Third Year	\$33,884.60	\$38,967.30	5%
Fourth Year	\$29,470.84	\$35,578.82	5%
BEng, BEng & Mgmt			
First Year	\$41,798.60	\$43,888.52	5%
Second Year	\$41,798.60	\$43,888.52	5%
Third Year	\$38,163.94	\$43,888.52	5%
Fourth Year	\$33,192.74	\$40,072.12	5%
Fifth Year	\$33,161.14	\$34,852.36	5%
BSc & BSc & Mgmt (Comp Sci, Integrated Math & Comp Sci)			
First Year	\$33,961.68	\$35,659.76	5%
Second Year	\$33,961.68	\$35,659.76	5%
Third Year	\$31,008.48	\$35,659.76	5%
Fourth Year	\$26,969.34	\$32,558.90	5%
Fifth Year	\$26,943.64	\$28,317.80	5%
BScN, BHA			
First Year	\$31,259.30	\$32,822.26	5%
Second Year	\$31,259.30	\$32,822.26	5%
Third Year	\$29,838.42	\$32,822.26	5%
Fourth Year	\$25,951.70	\$31,330.34	5%

**Commitment to cap future tuition fee increases to no more than a 5% increase per year for international students.

Graduate Domestic

Program Based Tuition

	2023-2024	2024-2025	2024-25 Increase
Graduate Degree - Research Based Programs			
MA (Crim, SPI), MHSc, MSc	\$7,579.30	\$7,579.30	0%
MSc (Computer Science)	\$7,579.30	\$7,579.30	0%
MASc	\$7,859.94	\$7,859.94	0%
PhD	\$7,579.30	\$7,579.30	0%
Graduate Degree – Course Based Programs			
MEng, MEngM	\$8,859.94	\$8,859.94 - \$9,302.92	0-5%
MScN	\$8,761.50	\$8,761.50 - \$9,199.56	0-5%
EdD	\$10,097.00	\$10,097.00 - \$10,601.84	0-5%
Graduate Diploma			
Diploma in Accounting	\$8,933.60	\$9,380.28	5%
Diploma in Nuclear Technology	\$5,906.62	\$5,906.62 - \$6,201.94	0-5%
Diploma in Nuclear Design Engineering	\$5,906.62	\$5,906.62 - \$6,201.94	0-5%
Diploma in Engineering Management	\$5,906.62	\$5,906.62 - \$6,201.94	0-5%

Credit Based Tuition (per 3-credit course)

	2023-2024	2024-2025	2024-25 Increase
Graduate Degree (Per 3-credit course)			
MEd***	\$1,576.47	\$1,576.47 - \$1,655.28	0-5%
MA in Education***	\$1,576.47	\$1,576.47 - \$1,655.28	0-5%
MITS***	\$1,257.52	\$1,257.52 - \$1,320.38	0-5%
MBAI, MFDA***	\$2,709.00	\$2,709.00 - \$2,844.44	0-5%
Graduate Diploma (Per 3-credit Course)			
Diploma in Ed & Digital Technology	\$1,576.46	\$1,576.46 - \$1,655.28	0-5%
Police Leadership	\$1,576.46	\$1,576.46 - \$1,655.28	0-5%
Work Disability Prevention	\$1,576.46	\$1,576.46 - \$1,655.28	0-5%

***Program requires 30 credits hours total.

Graduate International

Program Based Tuition

	2023-2024	2024-2025	2024-25 Increase
Graduate Degree – Research Based Programs			
MA (Crim, SPI), MHSc, MSc	\$20,124.30	\$20,124.30	0%
MSc (Computer Science)	\$20,124.30	\$20,124.30	0%
MASc	\$22,313.12	\$22,313.12	0%
PhD	\$19,166.00	\$19,166.00	0%
Graduate Degree – Course Based Programs			
MEng & MEngM	\$30,408.66	\$31,929.08	5%
MScN	\$24,398.66	\$25,618.58	5%
EdD	\$18,243.21	\$19,155.36	5%
Graduate Diploma			
Diploma in Accounting	\$14,038.54	\$14,704.47	5%
Diploma in Nuclear Technology	\$20,272.44	\$21,286.06	5%
Diploma in Nuclear Design Engineering	\$20,272.44	\$21,286.06	5%
Diploma in Engineering Management	\$20,272.44	\$21,286.06	5%

Credit Based Tuition (per 3-credit course)

	2023-2024	2024-2025	2024-25 Increase
Graduate Degree (Per 3-credit course)			
MEd***	\$2,732.62	\$2,869.24	5%
MA in Education***	\$2,732.62	\$2,869.24	5%
MITs***	\$4,176.26	\$4,385.06	5%
MBAI, MFDA***	\$4,725.00	\$4,961.25	5%
Graduate Diploma (Per 3-credit Course)			
Diploma in Ed & Digital Technology	\$2,732.62	\$2,869.24	5%
Police Leadership	\$2,732.62	\$2,869.24	5%
Work Disability Prevention	\$2,732.62	\$2,869.24	5%

***Program requires 30 credits hours total.

English for Academic Purposes (EAP) Program

	2023-2024	2024-2025	2024-25 Increase
All Levels	\$3,041.29	\$3,041.29 - \$3,193.34	0-5%

COMMITTEE REPORT

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

TO: Audit & Finance Committee

DATE: February 15, 2024

PRESENTED BY: Brad Maclsaac, VP Administration

SUBJECT: 2024-25 Ancillary Fees

COMMITTEE/BOARD MANDATE:

The committee is responsible for overseeing the financial affairs of the university including reviewing and recommending approval of the tuition fees and ancillary fees.

We are seeking the committee’s recommendation of the proposed 2024-25 ancillary fees for approval by the Board of Governors.

BACKGROUND/CONTEXT & RATIONALE:

Provincial policy requires that a negotiated Compulsory Ancillary Fees protocol exists between the board of governors of each university and their student association. For Ontario Tech our agreed upon protocol, signed June 2018, creates a committee that consists of three student and three administrative representatives.

The terms of the current Ontario Tech protocol outline that Consumer Price Index increases do not require committee approval. The university uses the Bank of Canada average in September each year. For clarity, CPI is an indicator of changes in consumer prices experienced by Canadians. It is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers. Normally, the prices of certain CPI components can be particularly volatile. Since COVID we have seen much larger fluctuations than usual; hence, the reason we use CPI-median as our tracker. This is a measure of core inflation corresponding to the price change located at the 50th percentile of the distribution. This measure helps filter out extreme price movements specific to certain components.

The September 2023 median CPI is 3.8%. The recommended **average increase across all fees in 2024-2025 is 3.8%**. Of note, we are saying average as this takes in all fees which may not apply to all students (ie specific society fees) nor some subsets (ie part-time students). Looking through the lines you will see variations. One increase is 100% in “student ID” which is a combination from other areas that did not extend to the full 3% (e.g. UPASS and TELE) as we have moved expenses over to this unit to handle the digitization of the process. You will see the OUSA membership has gone up 10% based on the externally dictated membership rate, it is important to note this is a larger percentage due to the small dollar amount. Finally, there is a new fee for a virtual doctor being proposed by the OTSU. The committee has approved this in principle, but the students will be voting on this at their next general meeting.

As we know that every dollar counts to students, we have been watching our tuition and ancillary rates carefully and making any adjustments with this in mind. Our ancillary fees are higher than other Ontario institutions due to our smaller size and the fact that we have two capital projects (~\$350) approved through student referendum. Additionally, we have costs due to our dedication to providing a Technology Enhanced Learning Environment and Sustainable Campus. For many students this actually saves them money rather than having them go out and buy the materials independently. For example, the Durham Region Bus Pass saves students about 65% on a monthly adult rate.

IMPLICATIONS:

Altering the fees will alter our ability to provide specific services.

ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:

The fees recommended will allow Ontario Tech to continue to provide quality undergraduate and graduate services and experiences to its students.

ALTERNATIVES CONSIDERED:

Each fee change was reviewed by the Ancillary fee Committee.

CONSULTATION:

A request for fees was sent out to all unit leads and Ontario Tech Student Union in November. The committee met to evaluate and decide on changes. Instead of applying the CPI to all fees the Student Union and management discussed, and agreed to, reallocating the increase across services.

COMPLIANCE WITH POLICY/LEGISLATION:

The increases are compliant with provincial policy and Ontario Tech's ancillary fee protocol.

MOTION FOR CONSIDERATION:

That the Audit and Finance Committee hereby recommends the 2024-25 ancillary fees as presented, for approval by the Board of Governors.

BOG ANCILLARY & PROGRAM FEE SUMMARY: FY25			
Flat Fees. FT and PT students each semester	2023-24	2024-25	% Inc
Career Readiness	72.97	75.16	3.0%
Health Services (general)	28.41	29.26	3.0%
Mental Health Services	69.56	71.65	3.0%
Health and Wellness	15.90	16.37	3.0%
Sport and Recreation	95.20	98.05	3.0%
Campus Open Access	89.66	92.35	3.0%
Student Safety and Accessibility	35.17	36.22	3.0%
Student Success Support	32.98	33.97	3.0%
Physical and Virtual Infrastructure Enhancements	160.28	165.09	3.0%
Student ID	19.91	39.92	100.5%
Charged to FT each term			
U-Pass (Winter only)	300.10	305.70	1.9%
Flat Fees Paid half across two terms. FT and PT students.			
Campus Clubs	5.49	5.65	3.0%
Campus Life and Events	13.37	13.77	3.0%
Community and Social Programming	13.04	13.43	3.0%
Convocation	7.04	7.25	3.0%
Georgian Engagement Services	213.01	219.40	3.0%
Instructional Resource	147.41	151.83	3.0%
OUSA Membership Fee	3.24	3.58	10.5%
Student Engagement	71.60	73.75	3.0%
Student Learning	123.25	126.94	3.0%
Student Representation and Leadership	9.95	10.35	4.0%
Student Societies	3.48	3.58	3.0%
Student Society Fee FBIT	13.83	14.25	3.0%
Student Society Fee FEAS/FESNS	19.06	19.63	3.0%
Student Society Fee FHSc	10.20	10.51	3.0%
Student Society Fee FSCI	15.30	15.76	3.0%
Student Society Fee	7.50	7.73	3.0%
Technology-enriched Learning FBIT Non-Gaming	157.47	160.62	2.0%
Technology-enriched Learning FBIT -Gaming	348.80	355.78	2.0%
Technology-enriched Learning FEAS	204.70	208.80	2.0%
Technology-enriched Learning FESNS	204.70	208.80	2.0%
Technology-enriched Learning FEDU	228.58	235.44	3.0%
Technology-enriched Learning FEDU	114.24	116.52	2.0%
Technology-enriched Learning FHSc	164.55	167.84	2.0%
Technology-enriched Learning FSCI	159.60	162.79	2.0%
Technology-enriched Learning FSSH	136.23	138.96	2.0%
Technology-enriched Learning Undeclared	160.53	163.74	2.0%
Wellness and Support Services	11.90	12.26	3.0%
World University Services of Canada	2.87	2.96	3.0%
Flat Fees Paid half Fall and half Winter. FT only			
Benefit Plan Coordination	24.38	25.12	3.0%
USU Building	111.65	116.67	4.5%
Campus Recreation and Wellness Centre	179.94	183.58	2.0%
Varsity Sports	82.09	84.55	3.0%
Flat Fees Paid once per yr. (Fall or as admitted). FT only.			
Health & Dental - Fall	290.33	299.04	3.0%
Health & Dental - Winter	234.70	241.74	3.0%
Health & Dental -Summer	179.07	184.44	3.0%
Legal Protection Program - Fall	32.27	33.24	3.0%
Legal Protection Program - Winter/Summer	28.52	29.38	3.0%
International Health Insurance - Fall	756.00	778.68	3.0%
International Health Insurance - Winter	504.00	519.12	3.0%
International Health Ins.UHIP - Summer	252.00	259.56	3.0%
My Virtual Doctor*		44.07	
Flat Fees Paid once per yr. (Fall or as admitted). FT and PT students.			
Nursing Mask fee	45.90	0.00	-100.0%
Nursing Levy for CNSA	10.20	10.51	3.0%
Graduate Diploma in Accounting	255.00	262.65	3.0%
Flat Fees Paid at time of Course Registration			
Mandatory Co-op and Career Readiness Workshop Series	720.00	720.00	0.0%
Work-Term Co-op Fee	720.00	720.00	0.0%
Internship Fee (FBIT/FEAS only)	900.00	900.00	0.0%
Business - INFR 2421U	10.20	10.51	3.0%
Business - BUSI 4701U	5.10	5.25	3.0%
Medical Laboratory Fee - MLSC 1010U	62.36	64.23	3.0%
Medical Laboratory Mask Fee - MLSC 4400U	45.90	47.28	3.0%
Nursing Lab Supply Fee - NURS 1003U	51.96	53.52	3.0%
Nursing Lab Supply Fee - NURS 2810U	31.17	32.11	3.0%
Nursing Lab Supply Fee - NURS 2820U	51.96	53.52	3.0%
Nursing - Licensure Form Completion	102.00	105.06	3.0%
Nursing - Nurse Achieve - RN	111.59	111.59	0.0%
Nursing - Nurse Achieve - RPN	148.78	148.78	0.0%
Nursing - Synergy	50.50	50.50	0.0%
Kinesiology Lab Supply Fee - HLSC 3476U	20.79	21.41	3.0%
Kinesiology Lab Supply Fee - HLSC 3475U	10.38	10.70	3.0%
Flat Fee Paid Per Term (4 Terms)			
Education Placement Fee	150.00	150.00	0.0%
Summary (not including TELE or program fees)	\$ 2,009.74	\$ 2,086.30	3.8%

COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

TO: Audit and Finance Committee

DATE: February 15, 2024

PRESENTED BY: Brad Maclsaac, VP Administration

SUBJECT: Investment Portfolio Update

COMMITTEE MANDATE:

The Audit & Finance Committee is responsible for overseeing the investment of the Funds in accordance with the university’s [Statement of Investment Policies](#) (“SIP”) and the performance of the investment manager.

BACKGROUND/CONTEXT & RATIONALE:

In summer 2021 the committee recommended receiving updates twice a year with management bringing forward updates if needed (i.e. changes outside of the Investment Manager’s purview). The overall objective is to obtain the best possible total return on investments that is commensurate with the degree of risk that Ontario Tech is willing to assume in obtaining such return. As of December 30, 2023 we have a market value of \$35.0M which is up from last December (\$32.3M). Our performance measurements are:

1) **Asset mix range** as per SIP section 6.1 has been adhered to:

Asset Mix	Benchmark	Target	Min	Max	Check
Fixed Income		20%	15%	35%	✓
Cash & Short-term	<i>FTSE Canada 30 Day T-Bill Index</i>	0%	0%	10%	✓
Universe Bonds	<i>FTSE Canada Universe Bond Index</i>	20%	15%	35%	✓
Equities		55%	45%	65%	✓
Canadian	<i>S&P/TSX Capped Composite Index</i>	20%	10%	30%	✓
Global	<i>MSCI World Net Index \$C</i>	30%	20%	45%	✓
Emerging Markets	<i>MSCI Emerging Markets Net Index \$C</i>	5%	0%	10%	✓
Alternatives		25%	10%	30%	✓
Real Estate	<i>Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 400 bps</i>	10%	0%	15%	✓
Mortgages	<i>FTSE Canada Short Term Overall Bond Index</i>	8%	0%	15%	✓
Infrastructure	<i>Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 400 bps</i>	7%	0%	15%	✓

- 2) **Minimum performance expectations** are above our desire 6% annually in a 5-year period as outline in SIP section 7.1. This is being closely monitored based on the volatile market.

Performance¹	Three Months %	One Year %	Three Years %	Five Years %	Since Incep. %
Ontario Tech Long Term Account	6.2	8.4	4.1	6.8	7.2
<i>Benchmark²</i>	6.7	11.4	4.6	7.4	6.8
Ontario Tech Term Account	1.3	5.1	2.5	2.1	1.6
<i>FTSE Canada 30 Day T-Bill Index</i>	1.3	4.8	2.2	1.8	1.3

¹ Total returns are gross of investment counseling fees and reported in Canadian dollars. Performance for periods of one or more years is annualized. Performance inception date for Long Term Account is August 31, 2010. Performance inception date for Short Term Account is November 30, 2013.

² Current Custom benchmark: 8% FTSE Canada Short Term Overall Bond Index; 20% FTSE Canada Universe Bond Index; 20% S&P/TSX Capped Composite Index; 30% MSCI World Net Index (C\$); 5% MSCI Emerging Markets Net Index (C\$); 17% Canadian CPI (Non-Seasonally Adjusted) 1-month lag + 400 bps.

SUPPORTING REFERENCE MATERIALS:

N/A

COMMITTEE REPORT

SESSION:

Public
Non-Public

ACTION REQUESTED:

Decision
Discussion/Direction
Information

TO: Audit & Finance Committee

DATE: February 15, 2024

FROM: Brad Maclsaac, Vice President Administration

SUBJECT: Interim Risk Update

COMMITTEE MANDATE:

The A&F Committee is responsible for overseeing risk management and other control functions at the University. This oversight includes receiving regular reports from management on areas of risk to the University.

BACKGROUND/CONTEXT & RATIONALE:

The office of Risk Management is charged with reporting at each A&F meeting new additions, initiatives, changes, or emerging risks impacting the University. While the period since our last report has not seen significant changes that would warrant a comprehensive overview, we are pleased to report that there have been key advancements in our mitigation strategies that are noteworthy.

EMERGING GLOBAL CLIMATE: The university referenced global climate change in 2023 reports. The university is the successful candidate chosen to participate in the Climate Change Vulnerability Assessment by CURIE. The anticipated report will detail a predictive analysis of future climate change and physical risk hazards predicated on the intimacies of the university's physical infrastructure. This detailed analysis is expected to demonstrate to leadership future considerations of climate change and its respective impact on our campus.

CYBER UPDATE: As noted in previous risk reporting, the university continues to work closely with internal and external partners. The university participated in a Cyber Survey Analysis presented by CURIE. It evaluated our cybersecurity posture across multiple areas, such as governance risk, compliance, information security, incident response, business continuity planning, and more. The university's commitment to its cyber risk strategy over 2023 has resulted in a silver rating, up from bronze, which has afforded the university more financial sustainability against cyber losses and enhanced cover compared to 2023. The report provides recommendations for further enhancements such as conducting comprehensive audits, encrypting sensitive data, and integrating robust business

continuity plans. The university's ITS and Risk Management teams will review these areas for improvement and implement a plan of action in 2024-2025 against our weighing of risk and available capacity to effect change.

Additionally, the university is set for a tabletop exercise this month lead by our breach counsel, CrowdStrike. The objective of the Response Readiness Exercise is to help the university and college prepare to respond to incidents faster and avoid common pitfalls during an incident. This collaborative engagement will allow our team, including IT, legal, C&M, Risk Management to proactively identify and solve potential obstacles involving retainer activation, tool deployment, legal considerations, attack containment processes, rapid forensic data acquisition and more.

GROWTH STRATEGY: The university's journey towards growth has been maintained top of mind for leadership and risk owners. Leadership is continuing the community consultations on focused conversations around philosophy, budget, and space. Further coordinated conversations with people managers have been carried across the institution in what can be described as *Differentiated Growth Management Huddles*. The design of these engagement sessions is intended to:

- Offer directional support;
- Create common messaging; and
- Provide focused sessions for members to share real-time challenges and opportunities within their areas and prompt the development of supports aligned to these areas.

These engagement sessions are timely, given the nature of recent changes presented by government entities, limiting international student permits, which has sparked additional inquiries surrounding the viability of growth. The university recognizes the persistent challenges posed by external influences on student enrollment, exemplified by the recent imposition of an international student cap on post-secondary institutions. We are proactively strategizing to mitigate financial implications while enhancing student recruitment initiatives.

NEXT STEPS:

As we delve deeper into discussions regarding strategic growth, it becomes increasingly important to align the University's risks with our overarching Integrated Academic Research Plan. This alignment is crucial not merely for coherence but for ensuring that our approach to risk management adds substantial value and meaningful impact to our broader objectives. Senior Leadership will be participating in a two-stage discussion surrounding the university's existing framework. Given the context of the university's current evolving landscape, the exercise is both timely and imperative. Our focus remains steadfast on identifying and mitigating risks and harnessing opportunities that arise from a well-structured risk strategy plan.



BOARD OF GOVERNORS

Audit & Finance Committee

Minutes of the Public Session of the Meeting of November 23, 2023 2:00 – 3:30 p.m., videoconference

- Members:** Carla Carmichael (Chair), Roger Thompson (Vice-Chair), Laura Elliott, Mitch Frazer, Kathy Hao, Dale MacMillan, Kim Slade, Steven Murphy,
- Staff:** Jamie Bruno, Jacquelyn Dupuis, Sara Gottlieb, Barbara Hamilton, Krista Hester, Lori Livingston, Brad MacIsaac, Kimberley McCartney, Pamela Onsiong, Sarah Thrush, Lauren Turner
- Guests:** Gaurav Singh and Dwight Thompson, guest governors; Bobbi-Jean White, KPMG

1. Call to Order

The Chair called the meeting to order at 2:00 p.m. and read aloud the land acknowledgment.

2. Agenda

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

3. Conflict of Interest Declaration

None.

4. Chair's Remarks

The Chair welcomed everyone to the first meeting of the Audit & Finance Committee (A&F) of the year. She welcomed guests.

5. President's Remarks

The President provided A&F with an update on his recent trip to southeast Asia, highlighting opportunities for Ontario Tech in nuclear energy and artificial intelligence (AI). He then provided an update on the Blue-Ribbon Panel report, noting that it is now

up to the provincial government to decide which recommendations, if any, it will implement. The findings of the report make it clear, however, that there won't be a new financial model implemented for the post-secondary sector. The President then discussed the growth strategy, underscoring its importance for Ontario Tech and reminding the Committee that it is embedded in the Integrated Academic-Research Plan (IARP). In response to a question about the government's emphasis on universities finding efficiencies, the President confirmed that efforts are being made to underscore the work the university has done in this regard. He also noted that while the University is always open to more efficiency practices, the financial situation remains unsustainable. Across the post-secondary sector, certainty is needed with respect to tuition and funding; answers promised by the provincial government for the fall have yet to materialize. The significant deficits recently disclosed by a number of universities emphasize this need. In response to a question about Ontario Tech's mix of domestic and international students, the President advised that the University remains well below the system average at 11% international enrolment. He stressed the importance of drawing from diverse countries, which was part of the impetus for his recent trip to Asia.

6. Annual Terms of Reference Review

The University Secretary presented A&F's terms of reference for annual review. No amendments were requested by the Committee. In response to a question, the University Secretary confirmed that the appointments of new governors to committees and succession planning were discussed at the October Governance, Nominations and Human Resources Committee meeting.

7. Finance

7.1 Strategic Discussion: Budget Assumptions

B. MacIsaac presented the Budget Assumptions, reminding A&F that this is an annual exercise that sets the stage for the presentation of the budget in April. He then provided an overview of the state of the University's finances at the close of Q2 in October, highlighting a revenue surplus of \$4.5 million with a trend towards a \$3.4-\$4 million surplus at year end. He reminded the Committee that the University strives for at least \$4 million per year in surplus for future maintenance and deferred capital projects.

S. Thrush then discussed enrolment growth scenarios, noting that the University has based its modelling primarily on a conservative scenario. She highlighted a 5% increase in undergraduate intake and 3% growth in domestic enrolment required to see the flow-throughs modelled for 2024/2025 to 2026/2027. Other noteworthy targets include moving from 9% to 10% graduate enrolment and increasing international enrolment from 11% to 12-13%.

B. MacIsaac then spoke to expenses, drawing the Committee's attention to \$12 million in increased revenue that is matched by labour costs, which are set to rise 3.3% next

year. Other noteworthy expenses included a \$1 million for the Provost's priorities, the majority of which will drive the differentiated growth agenda; \$1 million from largely restricted revenues that will be allocated to specific activities (e.g. cooperative education); and \$1 million for capital renewal that has historically been drawn upon for other initiatives. He noted that some equipment that is at end of life and at high risk for failure have been flagged high priority for budgetary allocation. On the whole, the budget runs a structural deficit due to increasing labour costs without any relief to tuition or grant funding, thus driving the need for differentiated growth. The University is, despite these challenges, striving to present a balanced budget in April.

Jacquelyn Dupuis joined the meeting.

The Provost then spoke to the uncertainty in the sector and the challenges they present for budgeting. With a razor-thin surplus, budget-holders have been told to look for efficiencies. She advised that if enrolment growth exceeds expectations, additional budget allocations may be made pending budgetary availability. She highlighted cooperative education and experiential learning programs as high priorities in this regard, both being key to recruitment. B. Maclsaac closed the presentation by advising the Committee of consultation taking place with respect to the budget.

A discussion then ensued on the budget assumptions. In response to a question about inflation, B. Maclsaac advised that business areas are effectively having to reduce budgets to offset inflation. He gave library subscription costs as an example. In response to a question about ancillary revenues, B. Maclsaac advised that, in general, increases to revenues are seen to correspond to increases in expenses. This year, however, business units will be asked to conduct three-year forecasts including revenue prediction; some areas such as continuous learning are expected to see greater increases which will then be incorporated into the budget. In response to a question about student perceptions of a potential tuition increase, the Provost advised that discussions with the Ontario Tech Student Union (OTSU) and the Ontario Undergraduate Student Alliance (OUSA) were supportive of the need for an increase. An open letter to the Ministry of Colleges and Universities from OUSA supported a tuition increase provided an equal or greater increase in operating grant funds were released by the government. B. Maclsaac added that staff meet with the OTSU to walk through the budget, particularly ancillary fees and student aid; the University is also lobbying the government to review the 2019 cut and freeze of the Ontario Student Assistance Program. In response to a question, a discussion ensued about risk tolerance in the budget. B. Maclsaac confirmed that some risk is incorporated – he noted the assumption of increased international enrolment despite global turmoil. The Committee Chair suggested that staff consider incorporating an inflationary model in the final budget, noting that business areas can only find so many efficiencies to offset those costs. The discussion closed with a request for management to bring a trajectory towards having 18,000 students enrolled by 2030.

Dale MacMillan joined the meeting.

7.2 Second Quarter Financial Results

P. Onsiong presented the Second Quarter Financial Results, drawing the Committee's attention to the almost \$2 million increase in interest revenues. She advised that while the increase is not expected to be permanent, this uptick is helpful for addressing the structural deficit in the budget.

8. Investments – Amendment of Statement of Investment Policies

B. Maclsaac presented the proposed Amendment of the Statement of Investment Policies. He reminded the Committee that in June 2023, the investment fund manager presented data on private equity and private debt funds. Over the summer, management continued to review the portfolios and is now recommending that both private equity and private debt funds be added to the alternative asset class, the allocation for which remains unchanged at 25%. In response to a question about reputational risk, B. Maclsaac confirmed that at quarterly meetings, PH&N reviews environment, social and governance (ESG) standards; he committed to ensuring that investments in the new portfolios are aligned with the University's values.

Upon a motion duly made by D. MacMillan and seconded by K. Slade, pursuant to the recommendations of management and the investment manager, the Audit & Finance Committee hereby recommends the proposed amendments to the Statement of Investment Policies to the Board as presented.

9. Risk – Interim Risk Management Update

J. Dupuis presented the Interim Risk Management Update, advising the Committee that overall the University continues to manage risk. She drew A&F's attention to a few key findings in the report, starting with operational risks. She noted the large number of risks associated with the University's operations, but also advised that they are collectively within the University's risk appetite. She discussed the risk of the emerging global climate, noting that the University is proactively monitoring and has a dynamic response to support safety and well-being on campus. With respect to financial risks, she reported that financial sustainability is paramount and different scenarios are being modelled with this objective in mind. She advised that the register of strategic risks continues to be reviewed by the senior leadership team. She noted that the differentiated growth strategy will require robust processes and change management and commented on employee engagement, talent and recruitment as an anecdotal risk reported across the University. She closed by noting that while there have not been any significant incidents, the cyber risk landscape continues to evolve, including the number of threat actors and attack methods. In response to a question about the growth strategy, B. Maclsaac confirmed that a working group with a project manager has been struck to track activities and deliverables. The Committee Chair recommended that a presentation be delivered to the Board on the growth plan so that the implications and sequencing of major aspects such as enrolment, revenues, and resourcing are understood.

10. Consent Agenda

10.1. Minutes of Public Session Meeting of June 14, 2023

10.2. Endowment Policy & Procedures

Upon a motion duly made by R. Thompson and seconded by L. Elliott, the Consent Agenda was approved as presented.

11. Adjournment

There being no other business, upon a motion duly made by D. MacMillan, the meeting adjourned at 3:30 p.m.

Lauren Turner, University Secretary

DRAFT