

**CONSENT AGENDA
to the Open Agenda of the 609th Meeting of the Board of Governors**

**Monday, April 30th, 2018
Room 2440R River Building, Carleton University**

4.1 ITEM(S) FOR APPROVAL

4.1.1 Approval of minutes of the previous meeting and Business arising from the Minutes

- a) Approval of the Open Session Minutes of the 608th meeting on March 27th, 2018

4.1.2 Student Association Fees 2018/2019

- a) A working paper was circulated in advance.

4.1.3 Statement of Investment Policies and Procedures (SIPP) for Carleton University Retirement Fund

- a) A working paper, SIPP and glossary were circulated in advance.

4.2 ITEM(S) FOR INFORMATION

4.2.1 Committee Minutes

- a) Finance Committee
 - 292nd Meeting, March 14, 2018

4.2.2 Minutes from Senate Meeting

- Approved Minutes from February Senate meeting were circulated in advance.



Canada's Capital University

The Board of Governors acknowledges and respects the Algonquin First Nation, on whose traditional territory the Carleton University campus is located.

**Minutes of the 608th Meeting of the
Board of Governors**

**Tuesday, March 27th, 2018 at 4:00 p.m.
via Teleconference**

PRESENT:	Dr. F. Afagh	Dr. C. Gold	Ms. R. Stiles
	Mr. E. Berhe	Mr. L. Harrington	Dr. A. Summerlee
	Dr. C. Carruthers	Ms. L. Honsberger	Mr. A. Tattersfield
	Ms. G. Courtland	Mr. O. Javanpour	Mr. A. Ullett
	Mr. D. Craig	Dr. I. Lee	Ms. L. Watson
	Ms. L.A. Daly	Dr. P. Merchant	Mr. B. Wener
	Mr. P. Dinsdale	Mr. N. Nanos	Ms. C. Young
	Mr. J. Durrell	Mr. J. Nordenstrom	
	Mr. K. Evans	Ms. N. Prowse	
	Mr. D. Fortin	Dr. E. Sloan	
REGRETS:	Ms. D. Alves	Mr. G. Farrell	
STAFF:	Ms. S. Blanchard	Mr. E. Kane	
	Ms. J. Conley	Mr. S. Levitt	
	Mr. D. Cumming	Mr. M. Piché	
	Ms. A. Deeth	Mr. R. Thomas	
	Ms. A. Goth (Recording Secretary)	Dr. J. Tomberlin	
	Dr. R. Goubran	Ms. B. Steele	

OPEN SESSION

1. CALL TO ORDER AND CHAIR'S REMARKS

The Chair called the meeting to order at 4:10 p.m. All attendees and observers were welcomed. The Open Session was broadcasted to Southam Hall 617 via teleconference.

2. DECLARATION OF CONFLICT OF INTEREST

The Chair asked for any declarations of conflict of interest from the members. There were none declared.

3. APPROVAL OF OPEN AGENDA

Mr. Wener moved, and Mr. Evans seconded, that the open agenda of the 608th meeting of the Board of Governors be approved, as presented. The motion carried.

4. APPROVAL OF THE OPEN CONSENT AGENDA

The following items were circulated in the open consent agenda for information: minutes of the previous meeting, miscellaneous administration fees (2018/2019), membership of the Founders Award Committee and the Executive Committee Terms of Reference.

Mr. Tattersfield moved, and seconded by Ms. Daly, that the Open Consent agenda with the exception of the item 4.1.4 Executive Committee Terms of Reference be approved, as presented. The motion carried.

A question was raised regarding the removal of a sentence from paragraph one, which stated “shall submit Minutes of its meetings to the Board at the next Board meeting”. It was clarified that instead a section was added to the terms of reference called “Minutes and Reports” which states “The Executive Committee will provide Minutes of its meetings to the Board at the next meeting immediately following the minutes approval. The Chair of the Board will provide a report at Board Meetings as appropriate.”

Mr. Wener moved, and seconded by Ms. Prowse, that the item 4.1.4 Executive Committee Terms of Reference be approved, as presented. The motion carried.

5. OPEN – ITEM(S) FOR EDUCATION & RESEARCH STRATEGIC INITIATIVES

5.1 Update on Negotiations (R. Thomas)

Mr. Thomas gave a verbal update on the current progress of the negotiations between Carleton and CUPE Local 2424. Carleton offered to meet with an external mediator in hopes of returning to the negotiating table and the Union accepted. The two parties are set to resume talks as of March 28th, 2018 and the negotiating team is hopeful for a resolution.

6. OPEN - ITEM(S) FOR APPROVAL

6.1 University Operating and Capital Reserve Policy (B. Wener)

A working paper and proposed policy for University Operating and Capital Reserves was circulated in advance.

Mr. Wener, Chair of the Finance Committee introduced the item. The reserves were discussed at the Board Retreat and based on advice from external auditors, it was

determined to be necessary to develop a formal policy regarding the use of the operating reserves. The policy outlines that the Financial Planning Group will review any operating or capital reserves at the end of the year as part of the annual budgeting process.

A question was raised concerning the date this policy becomes effective and how the re-cooped amounts will be spent. It was explained that the policy will become effective at the beginning of the fiscal 2018/2019 year. Therefore, any residual amounts (over 10% of the unit's original budget at year end 2019) will require a plan on how the reserve or deficit will be managed which will be reviewed by the Financial Planning Group during the annual budget process.

It was asked which academic and administrative units are affected by this policy. The policy will encompass all units including Faculty. Mr. Piché added that each unit is permitted a 10% operating reserve to cover equipment, labs, events, etc. The 10% amount was the deemed appropriate based on an average of 2-6 months operating expenses.

Mr. Wener moved, and seconded by Dr. Summerlee to approve the University Operating and Capital Reserves Policy, as presented. The motion carried with one abstention.

6.2 Operating Budget Update and Use of Projected Amounts Available, 2017/2018
(B. Wener)

A working paper and presentation entitled *2017-18 Budget Update Finance Committee March 14, 2018* was circulated in advance.

Mr. Wener, Chair of the Finance Committee introduced the item. The use of projected amounts was brought before the Finance Committee on March 14th, 2018. In the event that management projects a surplus from operations in any year, the use of that surplus must be approved by the Finance Committee and brought to the Board for final approval prior to the year-end. In this case, the year ended April 30th, 2018, and management is projecting a year end surplus of \$10.1M. Management's proposed use for the surplus is as follows:

- \$5 M to the Capital Reserve Fund, which will be set aside for the potential University Centre project;
- \$3.141 M to matching endowment for Student Aid
- \$1.944 M Investment Income Equalization Fund

The surplus was arrived at mainly due to enrolment. The pattern of surplus is similar to past years, however it was noted that the amount of the surplus is significantly lower than in previous years as expenses continue to rise.

A concern was brought forward regarding the funding of the University Centre and that it might be indicated that students do not see renovation of the space as a necessity based on the outcome of referendum in 2016. Ms. Blanchard, Vice-President (Students and Enrolment) respond that students do desire the space but did not want have a student fee increase to fund the additional space. There is a need for the space to provide off campus students a better opportunity to experience campus life. There has also been discussion regarding the concept of a combined mental health, wellbeing and student success space. There is \$30M set aside for the University Centre and the total cost of the potential project is estimated at \$38M. It was noted that the renovation is still in a conceptual phase and the funds have only been earmarked at this time. A process and proper business case will be prepared and brought forward to the Building Program Committee and subsequently to the Finance Committee for approval if and when management is prepared to proceed with the project. The University has a campus masterplan that includes number of projects organized in a priority cue. The masterplan and the Capital Reserve Fund are reviewed on an annual basis.

Mr. Wener moved, seconded by Dr. Summerlee, as recommended by the Finance Committee, to approve the appropriation of the 2017-18 unallocated funds as follows: \$5.0 M towards the Capital Reserve, \$3.1M towards matching Endowed Student Aid and \$1.9M towards Carleton's Investment Income Equalization Fund, as presented. The motion carried.

6.3 Proposal for the Fit-up of the 4th and 6th Floors of the Health Sciences Building
(B. Wener and D. Craig)

A working paper and appendices were circulated in advance.

Mr. Wener, Chair of the Finance Committee introduced the item. During the Finance Committee meeting on March 14th, 2018, the fit-up for the 4th and 6th floor of the Health Science Building was discussed. It is estimated that it will cost \$9M based on the original design for the floors that was done in 2014/2015 but this project has not gone to tender. As such, the exact amount is not known at this time. In the event the estimated cost increases (above \$9M), the proposed amount shall go back to the Finance Committee for review and approval by the Board of Governors. The fit-up is required due to the significant growth in the Neuroscience and Health Sciences programs. The estimated cost includes the fit-up of the space but does not include equipment. The Science Faculty will be responsible to fund the purchase of any necessary equipment for the space.

President Summerlee spoke to the challenges experienced with the move into the Health Science Building. Dr. Summerlee reassured the Board that there has been extensive consultation and sign-off from the Faculty and the Dean regarding the fit up of the 4th and 6th floor of the building. There was an in depth review at the Building Program Committee, who are satisfied that the reasoning and justification is sound. The

Committee is recommending to proceed with the fit up now in an effort to minimize the disruption to teaching and research.

A concern was raised previously in regarding 300 change orders, the estimated date of completion and the impact on balance of the contingency fund. Mr. Piché, Vice-President (Finance and Administration) explained that the 300 change orders are still in the process of being categorized. The contingency funds will be used towards the construction of the building but currently there are no indicators that the building project will be over budget. Mr. Craig, Chair of the Building Program Committee indicated that floors 1, 2, 3, and 5 are 99% complete and floor 7 will be commissioned in the next few weeks. There was a teleconference of the Building Program Committee to discuss the report on the deficiencies that was brought forward. It was requested that in the future, such requests for should be brought forward in a much more orderly manner to allow the committee more time to provide a detailed response.

A request was made for the detailed responses to questions raised by a board member to be shared. The President respond that the report will be shared with the Building Program Committee members following the meeting.

Mr. Craig moved, seconded by Mr. Wener, as recommended by the Building Program and Finance Committees to approve the proposed fit-up of the 4th and 6th Floors of the Health Science Building at a cost not to exceed \$9 M, as presented. The motion carried.

6.4 Ancillary Budget, 2018/2019 (B. Wener)

A working paper, report and presentation was circulated in advance.

Mr. Wener, Chair of the Finance Committee introduced the item and noted that the ancillaries include: physical recreation and athletics; the bookstore; health and counselling services; parking services; housing residences; conference and dining; the University Centre; the Print Shop, the ancillary property rentals and the ancillary capital fund. The total revenue projected for 2018/2019 is \$68.4M, with operating expenses of \$43.9M, renovation budget/debt reductions of \$19.7M and a net surplus of \$4.8M. There are plans for some of the surplus to be designated towards renovation repairs and capital maintenance. The Finance Committee reviewed and recommends the Ancillary Budget for approval.

The Chair requested clarification on the additional resources planned for Health and Counselling Services which are a critical component to the Ancillary Budget. Ms. Blanchard, Vice-President (Students and Enrolment) responded that additional resources were introduced in the 2017/2018 Health and Counselling Budget to address the growing needs of mental health services on campus. Overall, there are approximately 40,000 visits to the Health and Counselling Office annually and a third of them are for mental health issues. The additional resources include: an Assistant Director to coordinate a step care

approach to mental health, a Health Promotion Coordinator, an Indigenous Counselor, a Sexual Assault Counsellor, a therapy assisted online program, an additional Psychiatrist and Psychotherapist, as well as, making our Fit Action Program a permanent service. The 2018/2019 budget will also include the hiring of a full time Mental Health Worker to pilot the single session model and additional same day appointments as well as, three additional counsellors to assist with wait times and a therapy dog initiative.

A question regarding a separate waiting area for the graduate students for Health and Counselling Services was proposed. Ms. Blanchard assured the Board that there is a working group currently looking at possible alternatives.

A question was whether there is a current shortage of available parking and if the University is working on developing a possible solution. Mr. Piché, Vice-President (Finance and Administration) advised that there is a proposed plan in place that includes the addition of three stories to the parking garage located on the North end of the campus. The addition would be done in conjunction with the rail shutdown in approximately 2020/2021. He also advised that there has been discussions with the City of Ottawa and the National Capital Commission regarding possible improvements. Mr. Wener added that the masterplan calls for reduced parking in the core of the campus and will see it moved to the perimeter. Concerns about the effect of this on accessibility were noted. Work is proposed to begin in 2019, which will see improvements developed for both parking and traffic flow. Dr. Summerlee offered to review this matter further with management to facilitate a more in depth discussion concerning campus parking and traffic flow. Mr. Craig agreed that he is looking forward to having some of these ideas and alternatives brought forward to the Building Program Committee.

Mr. Craig moved, Ms. Sloan seconded to approve 2018/2019 Ancillary Budget, as presented. The motion carried.

7. OPEN – ITEM(S) FOR INFORMATION

7.1 Dominion Chalmers United Church – Update (S. Levitt)

With the assistance of Mr. Farrell, Mr. Levitt has been meeting with the Church representatives and their legal counsel. There are a few issues that need to be finalized but there is confidence that in the coming weeks parties ought to be in a position where an agreement of purchase and sale can be signed. The Agreement will be subject to closing conditions and approval of the respective parties. The negotiations are moving forward and an agreement will be brought to the Board based on the conditions previously approved.

7.2_ Report from the Chair (C. Carruthers)

Dr. Carruthers noted that the Carleton community should be proud as the Women's Varsity Basketball team who won the National Championships to cap off an undefeated year. The men's team also won the bronze. Dr. Carruthers explained that he was able to travel to Halifax and watch the teams achieve their victories. He advised that during his time in Halifax he had the opportunity to meet some of the players and their parents. He also had the opportunity to meet with many alumni supporters that follow the varsity teams closely and consistently donate adding to the success of the teams.

A request was sent out for new Community-At-Large Board members applications. and A total of 166 applications received. The Nominating Committee will be going through the applications, reviewing the skill set and diversity of the applicants, as well as how these individuals can assist the University. It was noted that a large majority of the applicants were alumni.

The new Student Board of Governor representative elections were held in March and all candidates elected for nomination to the Board were women. Their nominations will be brought forward to the Nominating Committee and then to the Board at the June meeting for approval.

7.3 Report from the President (A. Summerlee)

A report was circulated in advance.

It was asked why an update on the current situation with CUPE 2424 was not mentioned in Dr. Summerlee's memorandum. Dr. Summerlee advised that the discussions need to be focused at the bargaining table and that an update was provided by the Associate Vice-President of Human Resources at the beginning of the meeting.

7.4 Committee Chair Updates

a) *Building Program* (D. Craig)

Mr. Craig, Chair of the Building Program Committee gave an update. Floors 1, 2, 3 and 5 of the Health Science Building are 99% complete, floor 7 is approaching 95% and will begin being commissioned in the coming weeks. Much hard work is being done to clear up the deficiencies that were identified during the initial turnover period. The Business school (Nicol Building) is now out to tender and will be closed with pricing in mid-April. The ARISE building is 40-45% complete with substantial completion expected by the end of September 2018. The request for an extension of funding was submitted to the ministry and confirmation of the extension has been received. Mr. Craig wished to bring the Boards attention to Item 6.3 from the Presidents report, which discussed the Boards oversight on

facilities management and how to better manage these projects in the future. He advised this will be monitored closely by the Finance and Building Program Committees and with frequent updates moving forward.

b) Community Relations & Advancement (L.A. Daly)

Ms. Daly, Chair of the CR&A Committee advised the Board that the Talk Exchange has been postponed due to the ongoing strike and the new date is to be determined. A meeting of the CR&A Committee is scheduled for April 12th.

c) Finance Committee (B. Wener)

Mr. Wener took the opportunity to thank the members of the Finance Committee for accommodating the change in venue of the last meeting due to a disruption. He also provided a reminder that the next meeting is scheduled for April 18th where the 2018/2019 Operating Budget will be presented.

d) Governance Committee (K. Evans)

Mr. Evans, Chair of the Governance Committee advised that there was nothing further to report, and that the next meeting of the committee will take place in May.

8. OPEN – OTHER BUSINESS

No additional business was raised.

9. OPEN – QUESTION PERIOD

No questions were brought forward for question period.

10. END OF OPEN SESSION AND BRIEF NETWORKING BREAK

It was moved by Mr. Craig, seconded by Dr. Summerlee to adjourn the meeting at approximately 5:24 pm.

COMMITTEE: Board of Governors
MEETING: 609th/April 30th, 2018
ORIGINATOR: Vice-President,
Finance &
Administration
ITEM: 2018-2019
Student Association
Fees

I. MATERIAL ATTACHED

The following material is attached:

- 2018-2019 Proposed Student Association Fees – CUSA & GSA

II. THE ISSUE

Student Associations charge fees for their activities. Charges must be reviewed and approved annually.

III. DECISION REQUIRED

Approve the 2018-2019 Student Association Fees.

IV. BACKGROUND

Changes to the following fees and rates are proposed for 2018-2019:

Undergraduate Students' Association Fee

The following fees are increased annually by CPI in accordance with previous referenda, and/or by agreement with the CFS:

- CUSA
- CKCU
- OPIRG
- Accessibility Fund
- Clubs and Societies
- Foot Patrol
- WUSC
- Interval House
- Sock n' Buskin
- Garden Spot
- Charlatan¹
- CFS, CFS-Ontario²
- Unicentre
- World Food Program
- CUSERT
- Career and Placement
- Carleton Academic Student Government

The following change, not related to CPI, is proposed for 2018-2019:

- Annual increase of 2.5% in U-Pass, as per agreement between Carleton University and OC Transpo, as per referendum held by CUSA in 2012.

¹Ancillary Fee committee recommended that the Charlatan fee to be tied to CPI starting in 2018-2019 academic year

² Increase calculated by 1.5969% as indicated in letter from the Canadian Federation of Students

Graduate Students' Association Fee

The following fees are increased annually by CPI in accordance with previous referenda, or by agreement with the CFS:

- GSA Operating Fee
- CKCU
- Sexual Assault Centre
- OPIRG
- Foot Patrol
- Garden Spot
- The Leveller
- CFS, CFS-Ontario
- GSA Health & Dental³

The following change, not related to CPI, is proposed for 2018-2019:

- Annual increase of 2.5% in U-Pass as per agreement between Carleton University and OC Transpo, and passed by referendum held by GSA in 2012.

Other Compulsory Fees for CUSA and GSA

In addition to association fees, Graduate and Undergraduate students pay fees for two ancillary operations: Athletics and Health Services. The fees per term for 2018-2019 are as follows:

	Undergraduate	Graduate
Athletics ⁴	\$97.84	\$88.09
Health & Counselling Services ⁵	\$32.92	\$32.92

V. ANALYSIS

The majority of the fees presented for 2018-2019 are all existing fees, which either remain unchanged or have been increased subsequent to student referenda.

Note: The Graduate Student Association (GSA) held a referendum in March 2018 to institute a new \$1.31 per semester fee to support the Carleton University Student Emergency Response Team (CUSERT). The referendum participation rate to approve this new fee was 6.5%, below the required 15% threshold, therefore this fee is excluded from the recommended 2018-19 fees.

VI. OPTIONS

Recommend fees to the Board as presented, or refer the issue back to the University Administration for modification.

³ Referendum approved in the 2017-2018 Student Association paper

⁴ Undergraduate fee increased by CPI. Graduate fee remains consistent with 2017-2018 fee as per previous referendum

⁵ Increased by CPI

VII. RECOMMENDATION

That the proposed changes to Student Association Fees for 2018-2019 be approved for implementation on September 1, 2018.

CARLETON UNIVERSITY

PROPOSED STUDENT ASSOCIATION FEES

FULL-TIME UNDERGRADUATE	2017- 2018 Fee	PROPOSED INCREASE	INCREASE %	2018- 2019 Fee
- Per Academic Year				
Students' Association	\$43.98	\$0.62	1.40%	\$44.60
CKCU Radio	\$14.05	\$0.20	1.40%	\$14.25
OPIRG	\$7.28	\$0.10	1.40%	\$7.38
Accessibility Fund	\$5.78	\$0.08	1.40%	\$5.86
Clubs and Societies	\$7.03	\$0.10	1.40%	\$7.13
Foot Patrol	\$1.73	\$0.02	1.40%	\$1.75
WUSC	\$2.44	\$0.03	1.40%	\$2.47
Interval House	\$0.58	\$0.01	1.40%	\$0.59
Sock n' Buskin	\$0.86	\$0.01	1.40%	\$0.87
Garden Spot	\$2.30	\$0.03	1.40%	\$2.33
Charlatan ⁶	\$5.67	\$0.08	1.40%	\$5.75
Carleton Legal Project	\$4.50	\$0.00	0.00%	\$4.50
Debating Society	\$1.00	\$0.00	0.00%	\$1.00
Canadian Federation of Students ⁷	\$8.98	\$0.16	1.78%	\$9.14
Canadian Federation of Students –ON ⁷	\$7.50	\$0.10	1.33%	\$7.60
Carleton Engineers Without Borders	\$2.00	\$0.00	0.00%	\$2.00
CUSA/GSA Drug/Accident/Dental Ins.	\$192.77	\$0.00	0.00%	\$192.77
University Centre Fee	\$51.31	\$0.72	1.40%	\$52.03
Millennium Village Fee	\$6.00	\$0.00	0.00%	\$6.00
UPass Fee ⁸	\$404.92	\$10.12	2.50%	\$415.04
UPass Admin Fee	\$4.32	\$0.00	0.00%	\$4.32
World Food Program	\$2.14	\$0.03	1.40%	\$2.17
CUSERT	\$2.63	\$0.04	1.40%	\$2.67
CUSA Bursary Fund	\$2.00	\$0.00	0.00%	\$2.00
Career and Placement	\$10.00	\$0.14	1.40%	\$10.14
Carleton Academic Student Government	\$1.15	\$0.02	1.40%	\$1.17
	\$792.92	\$12.61	1.59%	\$805.53

⁶ Ancillary Fee committee recommended that the Charlatan fee to be tied to CPI starting in 2018-2019 academic year

⁷ CFS and CFS-O fees increased by \$0.16 and \$0.10 respectively, as per letter received from CFS

⁸ Annual increase of 2.5% as per agreement between Carleton University and OC Transpo, and passed by referendum held by CUSA in 2012

**CARLETON UNIVERSITY
PROPOSED STUDENT ASSOCIATION FEES**

PART-TIME UNDERGRADUATE - Per Full Credit Course	2017-2018 Fee	PROPOSED INCREASE	INCREASE %	2018-2019 Fee
CUSA ⁹	\$23.63	\$0.33	1.40%	\$23.96
Charlatan	\$1.13	\$0.02	1.40%	\$1.15
Carleton Academic Student Government	\$0.23	\$0.00	1.40%	\$0.23
Career & Placement	\$2.00	\$0.00	0.00%	\$2.00
CUSERT	\$0.53	\$0.01	1.40%	\$0.53
University Centre	\$10.26	\$0.14	1.40%	\$10.41
	\$37.78	\$0.50	1.33%	\$38.28

FULL-TIME GRADUATE - Per Term	2017-2018 Fee	PROPOSED INCREASE	INCREASE %	2018-2019 Fee
Graduate Students' Association	\$88.82	\$1.24	1.40%	\$90.06
GSA Capital Development Fund	\$3.00	\$0.00	0.00%	\$3.00
GSA Accessibility Fund	\$3.00	\$0.00	0.00%	\$3.00
GSA Sexual Assault Centre Fund	\$1.09	\$0.02	1.40%	\$1.11
Canadian Federation of Students ¹⁰	\$8.24	\$0.13	1.40%	\$8.37
OPIRG	\$3.57	\$0.05	1.40%	\$3.62
WUSC	\$0.60	\$0.00	0.00%	\$0.60
Foot Patrol	\$0.41	\$0.01	1.40%	\$0.42
Charlatan	\$1.89	\$0.03	1.40%	\$1.92
CKCU Radio	\$3.48	\$0.05	1.40%	\$3.53
Garden Spot	\$1.15	\$0.02	1.40%	\$1.17
The Leveller	\$1.69	\$0.02	1.40%	\$1.71
U-Pass	\$202.46	\$5.06	2.50%	\$207.52
U-Pass Admin Fee (per year)	\$4.32	\$0.00	0.00%	\$4.32
Career and Placement	\$3.33	\$0.00	0.00%	\$3.33
MAcc Society Fee ¹¹	\$50.00	\$0.00	0.00%	\$50.00
GSA Health & Dental (per year)	\$388.00	\$5.43	1.30%	\$393.00
	\$765.05	\$11.63	1.52%	\$776.68

PART-TIME GRADUATE - Per Term	30% of full-time fee ¹²			
	\$36.08	\$0.51	1.40%	\$36.59

⁹ This fee excludes the UPass, Health & Dental insurance, and Engineers without Boarders (charged only to engineering students)

¹⁰ CFS increased by \$0.13 or 1.58% as per letter received from CFS

¹¹ Charged only to Masters of Accounting Students. Referendum approved in the 2017/18 Student Association paper

¹² Excluding U-Pass, GSA Health and Dental, and MAcc Society fee (charged only to Masters of accounting students)

COMMITTEE:	Board of Governors
MEETING:	609 th - April 30, 2018
ORIGINATOR:	Pension Committee
ITEM:	Approval of Statement of Investment Policies and Procedures for the Carleton University Retirement Fund

I. MATERIAL ATTACHED

- Statement of Investment Policies and Procedures for the Trust Fund Created Under the Carleton University Retirement Plan as at June 30, 2018.
- Glossary of Investment Terms

II. THE ISSUE

The Pension Benefits Act of Ontario requires that a Statement of Investment Policies and Procedures (“SIPP”) be established for every pension plan. The SIPP must be reviewed and approved annually and filed with the Financial Services Commission of Ontario.

III. DECISION REQUIRED

Approval of the Pension Committee’s recommendation to accept the SIPP at June 30, 2018.

IV. BACKGROUND

The SIPP is the document that formally outlines investment policy for the Retirement Fund (“the Fund”). In particular, it defines the asset mix policy for the plan, rate of return expectations, and categories of eligible investments. It also sets out the mandates for the Fund’s investment managers. The Pension Committee reviews the SIP&P annually. The Statement was approved by the Pension Committee at its meeting on March 8, 2018.

There are very few changes to the SIPP this year. They are highlighted in the attached document. They are:

- Change of date of the document.
- Changes to sections 4.5 (p.5), Investment Objectives and Mandates, and 5.1 (p.6), Asset Mix and Rebalancing, to reflect the addition of Brandes Investment Partners for a global small cap equity mandate of 5% of the fund. This mandate was previously recommended by the Pension Committee and approved by the Finance Committee of the Board and the full Board.
- Change to section 6.1.C (p.10), Permitted Investments and Constraints, to eliminate the definition of the size of small-cap non-Canadian equities as less than \$1 billion. While such definition may

apply to certain equity markets, in others small-cap may be defined as larger than \$1 billion. As the portfolio's small cap mandate is a global one, the existing definition is limiting in larger capital markets.

- Change to section 8.12 (p.18), Conflict of Interest, Related Party Transactions, to change the materiality threshold for such a transaction from 3% of the market value of the fund to 1%. The current market value of the fund is \$1.2B so this threshold would be \$12 million. This change was made because of the growth in the size of the fund.
- In the Appendix, changes to sections 4.1 (p.29) and 4.6 (p.32) to incorporate the global small cap mandate of Brandes Investment Partners.

VI. OPTIONS

Approve the recommendation of the Pension Committee to accept the SIPP as at June 30, 2018 or refer the matter back to the Pension Committee.

VII. RECOMMENDATION

That the motion of the Pension Committee to accept the SIPP as at June 30, 2018 be approved.

Statement of Investment Policies and Procedures
for the
Trust Fund Created Under
The Carleton University Retirement Plan

Prepared pursuant to
The Pension Benefits Act of Ontario

Registration Number 0526616

June 30, 2018

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Section 1 – Purpose

- 1.1 Carleton University (the “University”) provides pension benefits to its employees through the Carleton University Retirement Plan (the “Plan”). The primary goal of the Plan is to assist Plan beneficiaries in providing for a financially secure retirement income at a reasonable cost. The prudent and effective management of the Trust Fund (the “Fund”), as described in Section 13 of the Plan, will have a direct impact on the achievement of this goal.
- 1.2 This statement of investment policies and procedures (the “Statement”) addresses the manner in which the Fund shall be invested to achieve the primary goal of the Plan. The University has prepared the Statement to ensure continued prudent and effective management of the Fund so that there will be sufficient amounts to meet the obligations of the Plan as they come due. The Statement also defines the management structure and other procedures adopted for the ongoing operation of the Fund.
- 1.3 This statement has been prepared in accordance with all relevant legislation relating to the investment of registered pension plans assets. Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with applicable legislation.
- 1.4 All references to the terms of the Carleton University Retirement Plan contained in this Statement are of a summary nature only. The Plan is administered in accordance with the terms of the Plan text as amended from time to time.
- 1.5 In accordance with section 78 of Regulation 909 of the Ontario Pension Benefits Act, this policy complies with the federal investment rules under Canada’s Pension Benefits Standards Regulation, 1985.

Section 2 – Governance and Administration

- 2.1 Section 15 of the Retirement Plan states that the Plan will be administered by the University. Section 15 also describes the composition and role of the Pension Committee (the “Committee”). The Committee is responsible for all matters in regard to the administration of the Plan. Various agents may be retained to assist the Committee in carrying out their duties in respect of the Fund. From an investment standpoint, the Committee is responsible for reviewing the performance of the Fund, and for the

preparation of recommendations to the Board of Governors (the “Board”) of the University as to the appointment of the investment managers (the “Managers”) and the custodian.

- 2.2 The Board, the Committee, the Managers, and any agent or adviser providing services in connection with the investment of the Fund accepts and adheres to this Statement.
- 2.3 This Statement provides broad investment guidelines for the management of the Fund. The management of the assets of the Fund is delegated to professional investment managers. Neither the Board of Governors, the Pension Committee nor any employee of the University shall select securities on behalf of the Fund.
- 2.4 In developing the Statement, the Committee has considered factors such as the following:
- the nature of the Plan’s liabilities;
 - the allocation of such liabilities between active members and retired members;
 - the funded and solvency positions of the Plan;
 - the net cash flow position of the Plan;
 - the investment horizon of the Plan;
 - expected risk tolerance of the University and Plan beneficiaries,
 - historical and expected capital market returns and volatilities; and
 - the benefits of investment diversification.
- 2.5 The mandate of each Manager appointed shall be determined by the Committee, subject to approval by the Board.
- 2.6 A Custodian will be appointed for all or part of the Fund assets. Any Custodian shall be a trust company registered in Canada. All investments and assets of the Fund shall be held by a Custodian.
- 2.7 The Fund’s financial statements shall be audited by an independent auditor at least annually. The audited statements shall be reviewed and approved by the Committee and reviewed by the Board of Governors.
- 2.8 This policy shall be reviewed and approved by the Committee at least annually. It may be reviewed and amended from time to time by the Committee. It must be reviewed and approved annually by the Board of Governors.

Section 3 – Plan Overview

3.1 The Plan is fundamentally a money purchase plan, with contributions of 4.37% of pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE) plus 6% of pensionable earnings above the YMPE being made by each active member to that member's Money Purchase account. The University makes contributions of 4.62% of pensionable earnings up to the YMPE plus 6.25% of pensionable earnings above the YMPE to the member's Money Purchase account.

Members make an additional contribution of 1.7% of pensionable earnings up to the YMPE and 2.4% above the YMPE, to a maximum of an additional 2% of pensionable earnings to the Minimum Guarantee Fund. The University makes an additional annual contribution, based on actuarial requirements, and in accordance with relevant legislation to the Minimum Guarantee Fund.

Contributions to the Minimum Guarantee Fund are essentially used, as required, to ensure that an active member's pension on retirement is not less than that produced by a defined benefit formula.

3.2 An account is maintained for each active member and for each former member for whom a balance has been left in the Fund. This account is credited with relevant contributions as well as a proportionate share of the Fund's investment return. Money Purchase Pensions are based on the amount in a member's account. Active members and these former members therefore have a direct interest in the Fund's return.

3.3 For pensioners, annual member pension benefits, including lifetime and bridge benefits, are adjusted by a percentage equal to the four-year arithmetic average investment return earned by the fund minus 6%. So that annual adjustments are reasonably smooth, a four-year moving average of the Fund's return is used in the formula and there is a non-reduction provision for service prior to July 1, 2003. Pensioners therefore have a direct interest in the Fund's return.

3.4 As the Sponsor of the Plan, the University always has an interest in the success of the Plan, and therefore in the Fund's return.

Section 4 – Investment Objectives and Mandates

Investment Objectives

- 4.1 The Committee shall manage the Fund on a going concern basis, with the primary objective of providing reasonable rates of return, consistent with available market opportunities, a quality standard of investment, and commensurate with the University's risk tolerance level.
- 4.2 As the result of analyzing the relevant investment-related features of the Plan's design, the Committee has identified the fundamental risk policy issue as follows:
- To identify the best way of achieving an acceptable degree of opportunity for high long-term returns, subject to the following constraints:
 - safeguarding the University's contribution rate;
 - maintaining reasonable stability in pensioners' annual increases;
 - acceptably protecting the money purchase balances of active members nearing retirement.
- 4.3 After studying several different approaches, the Committee has noted that there is invariably a conflict between increased long-term investment opportunity and increased short-term safety.
- 4.4 The Committee expects the Benchmark Portfolio (as outlined in Section 4.5) to earn a 4.1% long-term real return, after investment management fees, over the long term (10 years or more). In any one year, however, the annual real return may be significantly above or below 4.1%

Benchmark Portfolio

- 4.5 The Committee believes that a portfolio (the "Benchmark Portfolio") invested in the following asset mix (based on market value) can, over the long term, achieve the stated investment objectives:

Asset Class	Benchmark Index	Benchmark Portfolio (%)
Cash and Short-Term ⁽¹⁾	FTSE TMX 91-Day T-Bill Index	0.0
Fixed Income ⁽²⁾	FTSE TMX Canada Bond Universe Index	20.0
Canadian Equities	S&P/TSX Capped Composite Index	25.0
High-Yield Debt	Merrill Lynch US High Yield Constrained Index	5.0
Global Infrastructure	CPI + 5.0%	15.0
Non-Canadian Equities, Core and Small Cap	Morgan Stanley Capital International (MSCI) World Index	30.0
Emerging Markets Equity	MSCI Emerging Markets Equity Index	5.0
Total		100.0

(1) Excludes temporary cash holdings arising from portfolio adjustments.

(2) Cash used as part of a bond duration strategy shall be deemed to be bonds for asset mix purposes

Where cash and short-term investments are held as part of a derivatives strategy to gain exposure to a particular asset class, then, for the purpose of the Fund's asset mix, such investments shall be deemed not to be cash and short-term investments, but rather investments of the asset class to which the derivatives relate.

Since the Fund will be actively managed, and since asset classes provide different returns, the actual asset mix at any time may deviate from the above. Section 5 defines the limits for such deviations.

Rate of Return Objectives

4.6 The Committee expects the total annualised returns of the Fund to exceed by 1.00% the returns that could have been earned by passively managing the Benchmark Portfolio, assuming quarterly rebalancing of the Benchmark Portfolio. For the purpose of measuring rates of return of the Fund, all returns shall be measured before investment management fees, but after transaction costs, and over rolling four-year periods. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns.

To achieve its rate of return objectives, the Committee shall recommend the

appointment of Managers. The Managers will be assigned such mandates and performance targets as the Committee deems to be in the best interests of the Fund. The Committee shall monitor the Managers both qualitatively and quantitatively.

Section 5 – Asset Mix and Rebalancing Policies

Asset Mix Policy

- 5.1 The market values of the individual asset class components of the Fund shall be within the following minimum and maximum aggregate investment limits:

Asset Class	Minimum (%)	Benchmark (%)	Maximum (%)
Cash and Short-Term	0.0	0.0	5.0
Fixed Income	10.0	20.0	30.0
High Yield Debt	2.0	5.0	8.0
Global Infrastructure	5.0	15.0	20.0
Equities			
Canadian Equities	15.0	25.0	35.0
Non-Canadian Equities			
Global Core	15.0	25.0	35.0
Emerging Markets	2.0	5.0	8.0
Global Small Cap	2.0	5.0	8.0
Total Equities	50.0	60.0	70.0

- 5.2 Notwithstanding the asset mix ranges shown above, the Committee may authorize temporary asset mix positions outside those ranges to accommodate a Fund restructuring, a Manager restructuring, or a Manager request submitted in writing and providing the rationale for the request.

Rebalancing Policy

5.3 The Committee believes, for the reasons set out below, that it is in the best interests of the Fund to control asset mix deviations:

- The Committee has adopted the Benchmark Portfolio and ranges based on the acceptability to the Committee of its risk/return trade-offs. Significant asset mix deviations from the Benchmark Portfolio would for the Committee's purposes, be sub-optimal.
- The Committee has established the investment manager structure to achieve goals of diversification and efficiency.

5.4 Therefore, the Committee may, from time to time and in its absolute discretion, rebalance the actual asset mix back to the Benchmark Portfolio so as to align the two more closely. Between rebalancing events, cash flow may be used to rebalance towards the asset mix of the Benchmark Portfolio.

5.5 Infrastructure assets are, by their nature, illiquid and may not be able to be rebalanced immediately; however the objective is to methodically move the allocation to within the investment policy range as soon as practicable.

Section 6 – Permitted Investments and Constraints

Permitted Investments and Constraints by Asset Class

6.1 The following investments may be made either directly, through pooled or mutual funds, private investment funds or through insurance contracts. The list of permitted investments and constraints outlined below apply to all relevant mandates. Additional constraints may be imposed by the Committee on certain mandates. Such additional constraints shall be documented in a separate manager mandate.

A. Cash

Permitted Investments

Cash on hand, demand deposits, treasury bills, short-term notes and bankers' acceptances, term deposits, commercial paper and guaranteed investment certificates having a term of less than or equal to one year.

Investment Constraints

All cash investments shall have a minimum rating of R1 by the Dominion Bond Rating Service (DBRS) or equivalent.

B. Fixed Income

The provisions of this section do not apply to high-yield debt mandates. Permitted investments and constraints for high-yield debt mandates are outlined in Section 6.1.E of this document.

Permitted Investments

Bonds, debentures, or other debt instruments of corporations, Governments, Government agencies, or guaranteed by Governments, mortgage-backed securities, mortgages, preferred shares, and bonds where capital, interest, or both are linked to increases in the cost-of-living (i.e., real return bonds).

Investment Constraints

The investment constraints below apply to the total fixed income portion of the Fund and each Manager's fixed income portfolio.

1. Not more than 5% of the market value of fixed income securities shall be invested in any one non-government entity.
2. The bond portfolio may be invested to a maximum market value of:
 - 100% in Federal government bonds and guaranteed Federal agency bonds;
 - 60% in provincial bonds and guaranteed provincial agency bonds, subject to a single province a maximum of 15% for provinces rated AA or better and 10% for provinces rated less than AA (Standard and Poor's, DBRS, or equivalent rating);
 - 10% in municipal bonds; and
 - 50% in corporate issues and other bonds.
3. Investments in bonds and debentures shall have a minimum rating of BBB by Standard and Poor's or DBRS, or an equivalent minimum rating. Not more than 10% of the market value of the fixed income portfolio shall be invested in BBB bonds or debentures. Where an investment in the portfolio is downgraded to below BBB, the Manager, in consultation with the Committee, shall use its best judgement to determine whether the BBB rating is likely to be restored within a reasonable

period of time. If so, the Manager may retain the investment and shall keep the Committee informed of its rating. If not, the Manager shall take all reasonable steps to liquidate the investment in an orderly fashion with due regard to price and liquidity constraints, while keeping the Committee informed.

4. Any direct mortgages in the fixed income portfolio shall meet the following requirements:
 - shall only be first mortgages, shall not exceed 75% of the appraised value, and shall be in metropolitan areas;
 - no one mortgage shall exceed 2% of the total market value of the fixed income portfolio, and the total value of all mortgages shall not exceed 5% of the total book value of the Fund.

C. Equity

Permitted Investments

Common shares, American depository receipts, global depository receipts, rights, warrants, installment receipts, securities convertible into common shares, real estate, venture capital, exchange traded index participation units or exchange traded funds, and Canadian income trusts which provide provincially-legislated limited liability protection to the unitholder.

Investment Constraints – Canadian Equities

The investment constraints below apply to the total Canadian equity portion of the Fund and to each Manager's Canadian equity portfolio.

1. The market value of any single equity holding shall not exceed its weight in the S&P/TSX Capped Composite Index plus 5 percentage points.
2. The proportion of the market value of the Canadian equity portfolio invested in one sector of the S&P/TSX Capped Composite Index shall not exceed the sector's weighting in the S&P/TSX Capped Composite Index plus 10%.
3. Not more than 10% of the Canadian equity portfolio shall be invested in small cap stocks (i.e., market capitalization of less than \$500 million).
4. Not more than 10% of the outstanding securities of any one company shall be purchased.
5. To achieve a reasonable level of diversification, there shall be at least 20 different Canadian equity holdings.

Investment Constraints – Non-Canadian Equities

The investment constraints below apply to the total non-Canadian equity portion of the Fund and to each Manager's equity portfolio.

1. An investment in the shares of any single company shall not exceed 5% of the market value of all non-Canadian equities held.
2. Not more than 10% of the outstanding securities of any one company shall be purchased.
3. Not more than 5% of the market value of the Fund shall be invested in small cap stocks (i.e., market capitalization of less than \$1 billion).
4. Not more than 5% of the market value of the Fund shall be invested in emerging markets equities.
5. To achieve a reasonable level of diversification, there shall be at least 20 different foreign equity holdings.

For greater clarification, the investment constraints relating to non-Canadian small cap stocks and emerging market equities may from time to time exceed 5% in accordance with the asset mix ranges outlined in section 5.1.

Investment Constraints – Real Estate and Venture Capital

The investment constraints below apply to the real estate and venture capital portion of the Fund.

1. Investments in real estate shall not exceed 5% of the market value of the Fund, and an investment in any one parcel of real estate shall not exceed 2% of the market value of the Fund.
2. Investments in venture capital shall not exceed 3% of the market value of the Fund, and an investment in any one venture shall not exceed 1% of the Fund.

D. Global Infrastructure

Infrastructure investments will be held through private long-term investment funds. The investment criteria for each fund (e.g. type of assets, geographic and sector focus) are outlined in the respective Private Placement Memoranda and related documents such as side letters. The Committee will review the investment guidelines for each infrastructure fund prior to recommending approval to the Board.

E. High Yield Debt

Permitted Investments

Bonds, debentures or other debt instruments of corporations, Governments, Government agencies, or guaranteed by Governments, private placement securities classified as 144a debt securities, bank loans, U.S. Treasury futures and options, currency forward or futures contracts, credit default swaps, common and preferred shares and warrants.

Constraints

The investment constraints below apply to the total high-yield debt portion of the Fund and each Manager's high-yield debt portfolio.

1. No more than 5% of the market value of high-yield debt securities shall be invested in any one non-government entity.
2. The maximum allocation to securities with ratings below B- or B3 Is the Index weight +5%. If a security is unrated, a comparable rating shall be determined by the Manager. In the event that a security within the Manager's portfolio is downgraded and causes the Manager's portfolio to exceed the limit, the Manager shall immediately notify the Committee in writing of this occurrence and recommend a course of action for approval by the Committee.
3. No more than 25% of the market value of high-yield debt securities shall be invested in any one industry.
4. No more than 2% of the market value of high-yield debt securities shall be invested in equity or equity-related securities.
5. Short sales of securities are not permitted.
6. Security purchases on margin are not permitted except for futures or other over-the-counter derivatives.

F. Derivatives

1. Where appropriate and prudent, derivatives are used as a risk management tool. Derivatives will only be used after full consideration of the related risks and in compliance with market and regulatory obligations. Risk (such as counterparty risk) will be identified, measured, managed and monitored on an ongoing basis.

The Fund may use exchange-traded, over-the-counter and other forms of bilateral derivative contracts to gain or reduce exposure to interest rates, foreign exchange

rates, credit debt instruments, commodities and public equities. Exchange-traded derivative positions are regularly valued using quoted market prices, where available, or discounted cash flows using current market yields for over-the-counter derivatives. Derivative instruments are classified in accordance with the underlying exposure to fixed income or public equity.

2. Permitted Investments

Permitted derivative investments are:

- Option contracts, including stock, stock index, currency, bond, bond futures and interest rate
- Futures contracts, including stock index, currency, bond and interest rate
- Forward contracts, including currency, and interest rate
- Swap contracts, including credit default, equity, currency and interest rate
- Mortgage derivatives

Guidelines and Restrictions

1. Derivatives may only be used with the expressed written consent of the Committee.
2. Derivatives may be used as a hedge against existing investments or liabilities, provided their particular purpose/usage has been fully disclosed to the Committee.
3. Derivatives may be used to hedge financial risks associated with the underlying portfolio when they hedge those risks more efficiently than cash market instruments. Derivatives used for hedging purposes must have a reasonably high negative correlation with the underlying asset or liability being hedged.

Investment Constraints

1. Derivatives shall not be used to create leverage or for speculative purposes.
2. Counterparties will carry a minimum BBB or its equivalent credit rating unless approved by the Committee. The Managers shall be responsible for assessing all counterparty risk associated with derivative instruments, with regards to credit rating, and total exposure limits for each derivatives securities dealer and bank.
3. These guidelines and restrictions on derivative investments are not intended to restrict investments in derivative instruments by pooled vehicles, including limited partnerships, whose primary investment focus is to invest in other asset classes

such as real estate, private debt and infrastructure.

4. The Managers shall implement internal procedures and controls in order to ensure that derivatives are used in compliance with the Statement at all times.
5. Derivatives shall be sold only for securities held in the Fund, and bought only when the Fund holds sufficient cash to make the required payment at maturity.
6. The Fund may post collateral as required to complete derivative transactions. Pledging of collateral for purposes of derivatives is permitted. Assets that can be pledged for collateral are set out in legal agreements or are defined by exchanges. The level of collateral pledged is determined and monitored as part of liquidity management.

G. Currency

A currency hedge on a portion of the Funds' U.S. and Non-North American equity and infrastructure exposure will be used to manage currency risk. This hedging activity will be subject to the constraints outlined in Section 6.1.F above. Those managers whose mandate(s) permit hedging of the foreign exchange risk of the underlying foreign equity securities may do so directly into Canadian dollars, or into U.S. dollars and then back into Canadian dollars. Speculative currency management is not allowed.

Investments Requiring Prior Written Approval

- 6.2 The Managers shall not make investments in investment categories other than those explicitly permitted in the Statement, unless the Committee first consents in writing.

Other Constraints

- 6.3 The Fund shall not borrow funds to acquire securities or otherwise deal in margin trading.
- 6.4 All investments shall be made in accordance with the Code of Ethics and Standards of Practice of the CFA Institute.

Exceptions to Statement

- 6.5 If at any time an investment or group of investments does not conform with the limitations provided herein, the Manager, in consultation with the Committee, shall use its best judgement as to the action required to correct the situation. If it appears that the situation shall be corrected within a reasonably short period of time through cash flow into the Fund, the Manager - with the approval of the Committee - may elect not to liquidate the temporarily non-conforming investments.

- 6.6 The Committee may direct a Manager to deviate from the investment guidelines of the Statement with respect to a portion of the Fund. Such direction shall be in writing and shall specify the value of the assets to be invested and how those assets are to be invested. Unless instructed otherwise by the Committee in the written direction, each Manager shall invest the remaining portion of the Fund according to the normal investment guidelines of the Statement as if the assets subject to the special instructions were not part of the Fund.
- 6.7 To the extent that the Committee invests all or part of the Fund in a Manager's pooled funds or private investment funds, the foregoing investment constraints, and any other provisions of the Statement that may be affected, shall not apply, but the Manager shall be governed by the Manager's own investment policy for the pooled funds or private investment funds. The Manager shall provide such policy to the Committee and shall inform the Committee when and how the guidelines of the pooled funds or private investment funds differ from the guidelines of the Statement.

Section 7 – Liquidity

- 7.1 It is expected that cash flow from contributions and regular income (i.e., interest, coupons and dividends) generated from securities held in the Fund will be sufficient to meet most or all of the required disbursements under the Plan.
- 7.2 Disposing of securities from time to time can make up any shortfall. Considering the type of investments held in the Fund and the relatively small anticipated shortfalls, it is not expected that the disposal of securities will have significant implications on the investment of the Fund.
- 7.3 The difference between cash flow/income and disbursements will be monitored by the Committee on an ongoing basis. Should the shortfall become sizeable in the future, the Committee will consider the options available to meet the Plan's liquidity requirements in order to avoid untimely disposal of securities, and instruct the Managers of any related modification to their mandates.

Section 8 – Conflict of Interest Policy

Conflict of Interest and Procedures for Disclosure

- 8.1 A conflict of interest refers to a situation where financial, professional or other personal consideration may compromise or have the appearance of compromising an individual's

professional judgment in the performance of his or her duties or in the exercise of his or her fiduciary obligations as a member of the Pension Committee.

A conflict of interest exists where (1) the member owes a duty to the beneficiaries of the Retirement Plan, and (ii) the member has a personal interest in the matter or owes a duty to act in the matter in the interests of a different person, group of persons, institution or organization.

A conflict of interest may arise in various cases. The following are definitions of the various types of interests that a member may have, which could give rise to a conflict of interest:

Financial Interest: A member has a pecuniary or financial interest where he or she stands to gain a financial advantage from a decision made. The financial interest may take the form of money, gifts, favors or other special considerations. This does not apply to compensation paid to University employees who are Members of the Pension Committee nor reimbursement of approved expenses to Members of the Pension Committee in the discharge of their duties.

Undue Influence: A private or personal interest that impairs, influence or appears to influence the objective exercise of his or her duties as a member of the Committee.

Adverse Interest: A member is a party to a claim or proceeding against the University.

Personal Relationship: A non-arm's length relationship, including but not limited to family members and persons with whom there is or has recently been a close personal relationship.

Apparent/Perceived Conflict of Interest: A reasonable apprehension which a reasonable person may have, that a conflict of interest exists, even if there is neither a potential nor a real conflict.

8.2 For purposes of this section 8, a Pension Committee member shall not be considered to have any such interest merely by virtue of being a member of the Plan.

8.3 Process for Dealing with a Conflict of Interest

Both prior to serving on the Pension Committee and during their term of office, Members must openly disclose a potential, real or perceived conflict of interest as soon as the issue arises and before the Pension Committee deals with the matter at issue.

If there is any question or doubt about the existence of a real or perceived conflict, the matter may be referred to the Pension Committee, as the case may be, who will determine by majority vote if a conflict exists. The Member potentially in a conflict of interest shall be

absent from the discussion and shall not vote on the issue.

It is the responsibility of other Members who are aware of a real, potential or perceived conflict of interest on the part of a fellow Member to raise the issue for clarification, first with the Member in question and, if still unresolved, with the Chair of the Pension Committee.

If a conflict is identified, the Member must abstain from participation in any discussion on the matter, shall not attempt to personally influence the outcome, shall refrain from voting on the matter and, unless otherwise decided by the Pension Committee, must leave the meeting room for the duration of any such discussion or vote.

The disclosure and decision as to whether a conflict exists shall be duly recorded in the minutes of the meeting.

- 8.4 The Committee shall satisfy itself that an appropriate policy regarding conflicts of interest exists and is followed by any Manager recommended by it to the Board. As a minimum, the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute shall be deemed to apply to such Manager. Any investigation required by the Committee shall be carried out before the recommendation is made.
- 8.5 The failure of a person to comply with the procedures described in this Section 8 shall not of itself invalidate any decision, contract or other matter.
- 8.6 If after a decision has been made, it comes to the attention of the Committee that a member had or has had a conflict of interest, the Chair will appoint an "ad hoc" committee of the members, excluding the person with the alleged conflict, to review all the circumstances and to recommend to the Committee the action to be taken.
- 8.7 This policy shall apply also to the Board of Governors, and any agent or advisor to the Committee who assists the Committee in the execution of its responsibilities under the Pension Benefits Act (Ontario).

Related Party Transactions

- 8.8 For the purpose of this section, a "related party" in respect of the Plan has the meaning given to such term in Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada).
- 8.9 Prior to July 1, 2016, the following related party transactions are permitted for the Plan:
- any transaction that is required for the operation or administration of the Plan, the

terms and conditions of which are not less favourable to the Plan than market terms and conditions; and

- any purchase of securities of a related party, provided that those securities are acquired at a public exchange recognized under the Pension Benefits Standards Act and Regulations, 1985 (Canada).

8.10 On and after July 1, 2016, the following related party transactions are permitted for the Plan:

- any transaction for the operation or administration of the Plan, the terms and conditions of which are not less favourable to the Plan than market terms and conditions and the transaction does not involve the making of loans to, or investments in, the related party.

8.11 On and after July 1, 2016, the following exceptions apply to the restrictions on transactions with related parties:

- i. investments in an “investment fund” (as defined in the Pension Benefits Standards Regulations, 1985) or a segregated fund in which investors other than Carleton University and its affiliates may invest and which complies with the requirements applicable to a pension plan under Schedule III of the Pension Benefits Standards Regulations, 1985;
- ii. investments in an unallocated general fund of a person authorized to carry on a life insurance business in Canada;
- iii. investments in securities issued or fully guaranteed by the Government of Canada or a Province of Canada or an agency thereof;
- iv. investments in a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada or a Province of Canada or an agency thereof;
- v. investments in a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a marketplace; and
- vi. investments that involve the purchase of a contract or agreement in respect of which the return is based on the performance of a widely recognized index of a broad class of securities traded at a marketplace.

8.12 A related transaction is also permitted if the value of the transaction is nominal or

immaterial to the Plan. A transaction will be considered to be nominal or immaterial if its value is no more than ~~3%~~ **one percent** of the market value of the assets of the Fund at the time the transaction is entered into or completed.

Section 9 – Delegation of Voting Rights

- 9.1 The Committee delegates to the Managers the responsibility of exercising all voting rights acquired through the Fund. The Managers shall exercise such voting rights with the intent of fulfilling the investment objectives and policies of the Statement and for the long-term benefit of the Fund.
- 9.2 The Managers shall provide their voting rights policies to the Committee. Each Manager shall prepare an annual report to the Committee outlining and explaining any departures from, or exceptions to, the policies, any issues where the Manager has voted against corporate management, and any other extraordinary matters.
- 9.3 The Committee retains the right to exercise acquired voting rights at any time by notifying the Managers.

Section 10 - Valuation of Investments Not Regularly Traded

- 10.1 It is expected that most of the securities held by the Fund will have an active market and that the values of such securities will be based on their market values.
- 10.2 Investments that are not regularly traded shall be valued at least annually by the Custodian in co-operation with each Manager. In making such valuations, considerations shall be given to bid and ask prices, previous transaction prices, discounted cash flow, independent appraisal values, the valuations of other comparable publicly-traded investments and other valuation techniques that are judged relevant to the specific situation.
- 10.3 For untraded investments on which the Custodian has not been provided with a valuation, the Manager shall report to the Committee within ten days after such time as the investment became untraded.

Section 11 – Securities Lending

11.1 The Fund may enter into securities lending agreements provided the loaned investments are secured by cash or readily marketable investments having a market value of at least 105% of the loan, and that level of security is maintained daily. Collateral provided with respect to any such securities lending agreements shall be held by the Lending Agent for the benefit of the Fund, and the collateral will not be subject to a right of set-off by a third party. For purposes of securities lending, acceptable collateral shall consist of the following:

- Obligations of or guaranteed by the respective governments of Canada or the United States, their respective agencies, or any Canadian province;
- Widely-traded debt instruments having a rating of at least single A (low) or the equivalent from a nationally recognized statistical rating organization (“NRSRO”);
- Commercial paper rated at least R-1 (low) or the equivalent by a NRSRO;
- Acceptances of banks and trust and loan companies whose short-term deposits are rated at least R-1 (low) or the equivalent by a NRSRO;
- High quality common and preferred shares;
- Shares of an exchange-traded fund that trade on a major stock exchange, commonly known as Index Participation Units (when immediately convertible into the underlying securities);
- Unconditional, irrevocable letters of credit that comply with the standards of the International Chamber of Commerce and which are issued by banks and trust and loan companies whose short-term deposits are rated at least R-1 (low) or the equivalent by a NRSRO;
- Convertible preferred shares and convertible debt instruments (when immediately convertible into the underlying securities);
- Sovereign debt obligations of countries other than Canada or the United States who are members of the Organization for Economic Co-operation and Development (OECD); and
- Canadian Hydro Bonds guaranteed by the respective Provincial governments having a rating of single A (low) or the equivalent by a NRSRO.

Section 12 – Soft Dollar Policy

- 12.1 No Manager shall enter a soft-dollar arrangement for trades on behalf of the Fund for the payment of third party services without the prior written approval of the Committee.
- 12.2 In the event a Manager receives soft dollars, these monies shall be used for the benefit of the Plan and not for the benefit of the Manager's firm.
- 12.3 The Managers shall be governed by the Soft Dollar Policy of the CFA Institute.

Section 13 – Statement Review

The Committee shall review the Statement at least annually, taking into account whether any developments such as the following have occurred:

- governance changes;
- changing investment beliefs;
- changing risk tolerance;
- changes to benefits provided by the Plan;
- changes to the Plan's membership demographics and liability distribution;
- changes to the Plan's cash flow and surplus/deficit position;
- changed expectations for the long term risk/return trade-offs of the capital markets;
- new investment products;
- changes to legislation; and
- any practical issues that arise from the application of the Statement.

**Implementation Guidelines
for the
Statement of Investment Policies and Procedures
for the
Trust Fund Created Under
The Carleton University Retirement Plan**

June 30, 2018

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Section 1 - Purpose

- 1.1 This Appendix forms part of the Statement and shall be interpreted in accordance with and subject to the Statement. Except where the context requires otherwise, a capitalized term in this Appendix shall have the meaning that is given to that term in the Statement.
- 1.2 Carleton University (the “University”) administers the Trust Fund (the “Fund”) to pay benefits in accordance with the terms of the Carleton University Retirement Plan (the “Plan”). The Pension Committee (the “Committee”), acting through the Board of Governors (the “Board”), has prepared a statement of investment policies and procedures (the “Statement”) pursuant to the requirements of The Pension Benefits Act of Ontario.
- 1.3 The Committee has prepared these guidelines (the “Guidelines”) to support the Statement and direct its implementation.

Section 2 – Fund Governance

2.1 The University is the legal administrator of the Plan and is responsible for all matters relating to the administration of the Plan. The Board delegates tasks to the Committee, and through the Committee to various agents retained to assist it in carrying out its duties. The Board, however, retains overall responsibility for the Fund. The Board has allocated its responsibilities in respect of the Fund as set out below.

2.2 **The Pension Committee**

The Committee shall:

- establish the Statement for approval by the Board;
- review the Statement at least annually, and recommend confirmation or amendment to the Board as needed;
- recommend for the Board's approval one or more custodians (the "Custodian") to hold the assets of the Fund;
- establish the specific investment mandates and recommend for the Board's approval the investment managers (the "Managers") to manage the Fund in accordance with such mandates;
- Engage and monitor one or more investment consultants (the "Consultants") to assist the Committee with its fiduciary duties in respect of the Fund;
- Engage and monitor an actuary (the "Actuary") to review the financial status of the Fund at regular intervals and to perform such other duties as are required by legislation or deemed necessary by the Committee;
- evaluate, both quantitatively and qualitatively, each Manager's performance at least annually. The review shall include a comparison of the rates of return achieved relative to the objectives established, an analysis of the reasons for such return, and an assessment of the risk assumed in the pursuit of such returns;
- ensure that the Custodian's reports are prepared and reviewed by a designated body;
- review and recommend for approval to the Board the audited financial statements of the Fund; and
- delegate tasks relating to the overall management of the Fund to selected agents or advisers retained by the Committee.

2.3 **The Managers**

The Managers shall:

- manage the short-term asset mix within the long-term guidelines of the Statement and Guidelines and select securities within each asset class, subject to all relevant legislation and the constraints and directives contained in the Statement and Guidelines and in any supplementary document provided by the Committee;
- meet with the Committee at least annually, or more often if the Committee so requests, to present their analysis of the investment performance and to describe their current and future investment strategies regarding their specific investment mandates;
- prepare written reports of investment performance results at least quarterly;
- submit certificates at least annually, or more often if the Committee so requests, attesting to their compliance with the Statement and Guidelines, and notify the Committee if at any time an investment or group of investments does not comply with the Statement and Guidelines;
- give prompt notice to the Custodian of all purchases and sales of securities;
- advise the Committee on an ongoing basis of any changes in the organization, personnel or investment process;
- permit a tour of their premises and a review of their internal control systems and procedures by the Committee at least once a year;
- identify provisions in the Statement and Guidelines that may need to be revised due to new investment strategies or changes in the capital markets; and
- be governed by the Code of Ethics and Standards of Professional Conduct of the CFA Institute.

2.4 **The Custodian**

The Custodian shall:

- perform the regular duties required of a custodian by law;
- maintain safe custody over the assets of the Fund,
- perform the duties required of the Custodian pursuant to agreements entered into from time to time with the University, including the collection of contributions and payment of pension benefits and expenses relating to the administration of the Plan.
- Execute instructions of the University and the Investment Managers, process the security transactions that result from the buy and sell orders placed by the Managers

and record income; and

- provide the Committee with monthly portfolio reports of the assets of the Fund and monthly reports of the transactions during the period, as well as any reports containing additional information agreed upon between the Committee or its agents and the Custodian.

2.5 **The Performance Measurement Consultants**

The Performance Measurement Consultant shall:

- At least quarterly, provide the Committee with the annualised time-weighted rates of return for the Fund, for each asset class component of the Fund, and for each Manager;
- At least quarterly, provide the Committee with analyses of Fund performance relative to market indices or custom indices as may be agreed upon with the Committee, on a total Fund basis and for each Investment Manager,
- provide such other information and analysis as the Committee may from time to time as requested.

2.6 **The Actuary**

The Actuary shall:

- perform actuarial valuations of the Plan as required, but no less frequently than every three years,
- advise the Pension Committee on any matters relating to Plan design, funding, and regulatory matters,
- assist the Pension Committee in any other way as required in order for the Committee to meet its fiduciary duties,

2.7 **The Consultants**

From time to time the Committee may engage experts to assist them in meeting their fiduciary responsibilities in managing the Fund. Such consultants shall

- provide advice and deliverables to the Committee per the terms of the engagement;
- adhere to this policy as per section 2.3 of the Statement.

Section 3 – Investment Beliefs

3.1 The Committee has from time to time reviewed and confirmed its investment beliefs.

Currently, the Committee believes:

- that equity investments will provide greater long-term returns than fixed income investments, although with greater short-term volatility;
- that it is prudent to diversify the Fund across the major asset classes;
- that a meaningful allocation to foreign equities increases portfolio diversification and thereby decreases portfolio risk while, at the same time, providing the potential for enhanced long-term returns;
- that investment managers with active mandates can add after-fee value mostly through security selection strategies and/or reduce portfolio risk below market risk, and that most of the Fund should be allocated to such managers;
- that investment managers with active balanced mandates can add incremental value through their short-term and mid-term asset allocation strategies and/or reduce portfolio risk below the risk of a portfolio with a static asset mix, and that a portion of the Fund should be allocated to such managers;
- that multiple investment managers are appropriate, given the size of the Fund, provided they offer asset class or style diversification;
- that the overall Fund should be rebalanced within prescribed limits to manage the risk of deviating too far away from the Benchmark Portfolio; and
- that it is prudent to manage currency risk on a non-speculative, non-leveraged manner to control the overall foreign currency exposure of the Fund.

3.2 **Responsible Investing**

The University provides pension benefits to its employees through the Plan. The primary goal of the Plan is to assist Plan beneficiaries in providing for a financially secure retirement income at a reasonable cost. The Committee has a fiduciary duty to act in the long-term interests of the beneficiaries of the Plan. The prudent and effective management of the Fund as described in this Statement has a direct impact on the achievement of this goal.

In this fiduciary role, the Committee is guided by certain principles as they relate to responsible investing. These are:

- That the fund must be invested to achieve the best possible risk-adjusted rate of return on the Fund's assets.
- That portfolio diversification is necessary to achieve these returns.
- That responsible corporate behaviour with respect to environmental, social and governance (ESG) factors can have a positive effect on long-term financial performance (to varying degrees across companies, sectors, regions, assets classes and time)
- That taking into account ESG issues may better align the portfolio with the interests of our plan members.
- That imposing constraints on portfolio investments may increase risk or reduce returns or both.

These beliefs are consistent with the United Nations Principles for Responsible Investment (UNPRI) which are considered best practice in the area of responsible investing.

The principles will be applied by

- Encouraging investment counsel and other service providers to incorporate ESG issues into investment analysis and decision making,
- Requiring annual disclosure by Investment counsel of the processes by which ESG factors are incorporated into the investment decision making process,
- Examining ways to support the UNPRI by aligning with coalitions and/or industry groups that support ESG principles within the investment industry,
- Requiring disclosure of proxy voting records by investment managers.

Section 4 – Managers, Mandates and Objectives

- 4.1 The Committee has retained the following external Managers and assigned them the investment mandates shown:

Manager	Mandate
Phillips, Hager & North Investment Mgmt Ltd.	Domestic Balanced – Active
Foyston, Gordon & Payne, Inc.	Canadian Equities – Active
MFS Investment Management Canada Ltd.	Domestic Balanced – Active
MFS Investment Management Canada Ltd.	Non-Canadian Equities – Active
Alliance Bernstein	Non-Canadian Equities – Active
William Blair	Emerging Markets Equities - Active
Global Infrastructure Partners	Infrastructure
Macquarie Infrastructure Partners II	Infrastructure
Macquarie European Infrastructure Fund III	Infrastructure
Brookfield Infrastructure Fund III	Infrastructure
Mackay Shields LLC	High Yield Debt
Brandes Investment Partners	Global Small Cap Equities - Active
State Street Global Advisors	Strategic Currency Hedge

- 4.2 The Committee expects that the annualised returns of the Manager's portfolio and its component asset classes shall exceed the returns of the representative benchmark indexes plus the value-added targets identified below for that Manager. Total portfolio value-added shall be the principal measure of performance; asset class value-added shall be a supplemental measure of performance.
- 4.3 A secondary performance objective for an active Manager shall be to equal or exceed the median of the returns of other managers with comparable mandates in a well-recognised manager performance universe, on an asset class level.

- 4.4 The Committee expects that the volatility of a Manager's quarterly returns shall be equal to or less than the median volatility of other managers with comparable mandates in a well-recognised manager performance universe.
- 4.5 For the purpose of measuring rates of return for the Managers, all returns shall be measured before investment management fees, but after transaction costs, and over rolling four-year periods. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns. The returns of all portfolio benchmarks utilizing more than one asset class shall be calculated assuming quarterly rebalancing.
- 4.6 In the benchmark tables below, the portfolio benchmark allocations and the minimum and maximum ranges are measured at market value.

Balanced Benchmark for Phillips, Hager & North

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
Cash and Short-Term	FTSE TMX 91-Day T-Bill	0	10	0	0.00
Fixed Income	FTSE TMX Canada Bond Universe	55	75	65	0.35
Canadian Equities	S&P/TSX Capped Composite Index	25	45	35	1.50
Total *	Portfolio Benchmark			100	0.75

*Includes value-added expectation for asset mix management.

Balanced Benchmark for Foyston, Gordon & Payne, Inc.

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
Canadian Equities	S&P/TSX Capped Composite Index	40	60	100	1.50
Total	Portfolio Benchmark			100	1.50

*Operational cash is allowed up to 5% of the portfolio.

MFS Investment Management Canada, Ltd.

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
Cash and Short-Term	FTSE TMX 91-Day T-Bill	0	10	0	0.00
Fixed Income	FTSE TMX Canada Bond Universe	30	50	40	0.35
Canadian Equities	S&P/TSX Capped Composite Index	50	70	60	1.50
Total *	Portfolio Benchmark			100	1.00

* Includes value-added expectation for asset mix management.

Non-Canadian Equity Benchmark for MFS Investment Management Canada Ltd.

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
Non-Canadian Equities	MSCI World	100*	100	100	1.5

* Operational cash is allowed up to 5% of the portfolio.

Non-Canadian Equity Benchmark for Alliance Bernstein

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
Non-Canadian Equities	MSCI World	100*	100	100	1.5

* Operational cash is allowed up to 5% of the portfolio.

Non-Canadian Equity Benchmark for William Blair

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
Emerging Market Equities	MSCI Emerging Markets	100*	100	100	1.5

* Operational cash is allowed up to 5% of the portfolio.

Infrastructure Benchmark for Global Infrastructure Partners, Brookfield and Macquarie

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
Global Infrastructure	CPI + 5.0%	100*	100	100	1.5

* Operational cash is allowed up to 5% of the portfolio.

High-Yield Debt Benchmark for Mackay Shields LLC

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
High-Yield Debt	Merrill Lynch U.S. High Yield Constrained Index	100*	100	100	0.75

* Operational cash is allowed up to 5% of the portfolio.

Global Small Cap Equity Benchmark for Brandes Investment Partners

Asset Class	Benchmark Index	Min. (%)	Max. (%)	Portfolio Benchmark (%)	Value-Added Target (% / annum)
Global Small Cap Equities	MSCI Global Small Cap Index	100*	100	100	1.00

* Operational cash is allowed up to 5% of the portfolio.

4.7 **Reasons for Termination of Managers**

The Committee shall from time to time determine whether any or all of the Managers should be replaced. Although not limited to the reasons set out below, a Manager may be replaced due to:

- failure by a Manager to meet the value-added performance targets set out in herein;
- a change in a Manager's ownership or key personnel;
- a desire to change the investment management structure;
- a failure to satisfy the requirements of Section 2;
- a failure to adhere to the investment constraints set out in the Statement and Guidelines;
- a change in a Manager's investment process or style; and
- an increase in investment management fees.

Section 5 – Monitoring and Control

5.1 Performance

The performance of the Investment Managers will be reviewed at least quarterly by the Committee. Both quantitative and qualitative criteria will be used, including those listed in section 4.6 of the Appendix.

In cases of manager underperformance, the Committee will undertake a detailed review of the manager and record same in the Committee minutes and/or notes held in the Office of Pension Fund Management.

5.2 Compliance Reporting by Investment Managers

Each Fund Manager is required to complete and deliver a compliance report to the Committee on a quarterly basis. The report will indicate compliance with this policy. In the event that a Manager is not in compliance with this policy, the Manager shall advise the Committee immediately and recommend a course of action to remedy the situation.

5.3 Selection of Investment Managers and Consultants

In the event that a new Investment Manager must be hired, whether to replace a terminated manager or to expand the existing Manager structure, the Committee will undertake a Investment Manager search with the assistance of a third-party investment consultant. The criteria for selecting new managers will be consistent with the investment beliefs outlined in Section 3 of the Implementation Guidelines, the fit of the Manager within the policy asset mix and existing manager structure, and the investment constraints detailed in section 6. Other factors include, but are not limited to, the investment style and process of the Manager, risk controls, depth of key personnel, and organizational stability.

The process for selecting consultants to assist the Committee in the discharge of its duties shall follow the guidelines applicable to the Broader Public Sector for the sourcing of such services.

5.4 Control Reporting by Custodian

Annually, the Custodian will be required to provide a Service Organization Control report to the Office of Pension Fund Management and to the external auditors for the Fund.

Carleton University Retirement Fund
Statement of Investment Policies and Procedures
Glossary of Investment Terms

Active Investing: A style of investing whereby investment counsel seek out securities that they believe will perform better than the market as a whole. (See also Passive Investing and Index.) The return on an active portfolio is expected to be greater than the return on the indices.

American Depository Receipts (ADRs): A system devised by the American investment community whereby the original stock certificate of a foreign security is registered in the name of an American trust company or bank and held in safekeeping by them. The trust company or bank then issues receipts against these stocks, and these are traded as ADRs.

AIMR: The Association for Investment Management & Research, this organization is the primary professional organization for securities analysts, investment managers and others involved in the investment decision-making process. The AIMR Code of Ethics and Standards of Professional Conduct are widely accepted.

Bankers Acceptance: A type of negotiable commercial paper issued by a non-financial corporation but guaranteed as to principal and interest payments by its bank.

Benchmark: A standard of measurement used to evaluate the performance of a portfolio. The benchmark can be a passive index or the performance of a universe of similar portfolios.

Bond: A long-term debt security on which the issuer agrees to pay the holder a specified amount of interest for a specified length of time, and to repay the loan on its maturity date.

Book value: The acquisition value of a security.

CBRS: Canadian Bond Rating Service. See Rating

Certificate of deposit: A fixed-income debt security issued by a chartered bank with maturities of one to six years.

Collateral: Securities or other property pledged by a borrower as a guarantee for repayment of a loan.

Commercial paper: Short-term negotiable debt securities issued by non-financial corporations with terms of a few days to a year.

Convertible: A bond, debenture or preferred shares which may be exchanged by the owner, usually for the common stock of the same company.

Carleton University Retirement Fund

Glossary of Investment Terms

Counterparty risk: The risk that the party on the other side of a transaction will be unable to fulfill its obligations under the contract.

Coupon: A portion of a bond certificate entitling the holder to an interest payment of a specified amount on or after its due date.

CPI: The consumer price index, a measure of inflation in the economy.

Credit Risk: The ability of a bond issuer to pay interest and principal on a timely basis or the likelihood that an issuer will default on principal or interest payments. Also known as default risk.

Credit Default Swap: A swap designed to transfer the credit exposure of fixed income products between parties. The purchaser of the swap makes payments up until the maturity date of a contract. Payments are made to the seller of the swap. In return, the seller agrees to pay off a third party debt if this party defaults on the [loan](#). A CDS is considered insurance against non-payment.

Currency risk: The risk that changes in foreign exchange rates will reduce the dollar value of overseas investments. A currency hedge seeks to eliminate this risk (see Hedging.)

DBRS: Dominion Bond Rating Service. See Rating

Debenture: A certificate of indebtedness of a government or company backed only by the general credit of the issuer.

Derivatives: Securities that have a relationship to an underlying asset or rate. The value is “derived” from the value of the underlying asset. Options, futures, and forward contracts are all forms of derivatives.

Diversification: Spreading investment risk by buying different securities in different countries, asset classes, and businesses.

Dividend: An amount distributed out of a company’s profits to its shareholders in proportion to the number of shares they hold. A preferred dividend remains at a fixed annual amount; a common dividend may fluctuate.

Duration: A measure of a bond’s average maturity. Specifically, it is the weighted-average maturity of all future cash flows paid by the bond, where the weights are the discounted present value of these cash flows.

Carleton University Retirement Fund

Glossary of Investment Terms

Emerging markets: Generally considered to be certain countries in Asia (China, India, Indonesia, Malaysia, South Korea, Taiwan and Thailand), Europe, Middle East and Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Egypt, Morocco and South Africa), and Latin America (Argentina, Brazil, Chile, Columbia, Mexico, Peru and Venezuela).

Equity investments: Securities that represent ownership interest in a firm. Commonly called stock.

Fixed Income: Bonds, debentures or other debt instruments. These securities pay interest and repay the invested capital at a future date (maturity).

Forward contract: A customized contract to buy or sell an asset at a specified date and at a specified price. No payment is made until maturity. (See also Derivatives)

FTSE TMX 91-day T-Bill Index: An index used to measure the performance of managers investing in Canadian cash and short-term (less than 1 year) investments

FTSE TMX Canada Bond Index: An index used as a benchmark to measure the performance of managers who invest in bonds.

Futures contract: A standardized contract to buy or sell an asset at a specified date and at a specified price. The contract is traded on an organized exchange, and the potential gain/loss is realized each day. (See also Derivatives)

Growth investing: Selection of securities with good prospects for above-average earnings growth relative to the rest of the market.

Guaranteed Investment Certificate: A security, usually issued by a trust company, requiring a minimum investment at a predetermined rate of interest for a stated length of time.

Hedge: A transaction intended to reduce the risk of loss from price fluctuations.

High-yield debt: Fixed income investments that are typically rated lower than BBB.

Index: Widely-used measures of the performance of the stock or bond market, based on the performance of certain stocks or bonds that are components of the index. These are used as benchmarks for evaluating the performance of investment counsel.

Index participation unit: A security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange.

Carleton University Retirement Fund

Glossary of Investment Terms

Infrastructure: The basic physical systems of a country. Transportation, ports, communication, energy, water and electric systems are all examples of infrastructure. Infrastructure investments tends to be less volatile than equities over the long term and generally provide a higher yield than conventional fixed income investments.

Installment receipts: A new issue of stock sold with the obligation that the buyers will pay the issue price in a specified series of installment payments instead of by a lump sum.

Interest rate risk: The potential for fixed income investments to decline in value as interest rates rise. (When current interest rates rise relative to the rates of bonds held by an investor, the principal value of the bonds in the investor's portfolio falls.)

Leverage: Seeking magnified returns on investment by using borrowed funds.

Liquidity: The ability of the market in a particular security to absorb a reasonable amount of buying or selling at reasonable price changes. Also refers to the Fund's ability to generate cash to meet ongoing pension payments.

Market risk: That portion of a particular security's risk that is common to all securities in its general class. This is the risk inherent across a broad market such as the bond market or stock market that cannot be eliminated by diversification; it is the chance that an entire financial market may decline.

Margin: The amount paid by an investor when credit is used to buy a security; the balance is loaned to the investor.

Maturity: The date on which a bond or debenture becomes due and is to be paid off.

Merrill Lynch U.S. High Yield Constrained Index: An index used as a benchmark for measuring the performance of high-yield debt managers.

Morgan Stanley Capital Investment (MSCI) World Index: A stock index used as a benchmark for measuring the performance of managers of non-Canadian stocks.

Mortgages, Direct – ownership of an interest in a single property by holding a mortgage

MSCI Emerging Markets Index: An index used to measure equity market performance in global emerging markets.

Option: The right to buy or sell specific securities at a specified price at a specified future date.

The Carleton University Retirement Fund

Glossary of Investment Terms

Passive Investing: Investing by replicating the security positions held in market indices. The expected return on such a portfolio is very close to the expected return on the indices. (See also Active Investing and Index.)

Pooled Fund: An investment fund made up of a number of securities. The investor holds units in the fund. Each unit represents a share of the total fund. This is as opposed to holding direct investments in the securities.

Preferred Stock: A class of shares that entitles the owner to a fixed dividend ahead of the company's common shares. Usually do not have voting rights.

Present Value: The current worth of a future cash flow.

Private Placements: The sale of securities to a relatively small number of select investors (normally large financial or institutional investors) as a way of raising capital. Private placements are the opposite of publically-traded securities which are available for sale on the open market.

Real return: The investment return adjusted by the inflation rate.

Rating: Evaluation by a credit rating agency, such as CBRS or DBRS, of a bond's investment quality.

Rebalancing: The act of reallocating assets within an investment fund in order to align the portfolio with the benchmark portfolio; that is, the policy asset mix for the fund as defined in the Statement of Investment Policies and Procedures.

Rights: A short-term privilege granted to a company's shareholders to purchase additional common shares, usually at a discount, from the company itself, at a stated price and within a specified time period.

Risk tolerance: Risk here is defined as the variability of investment returns. Investors with a low risk tolerance will look to invest in lower-yielding investments that do not have large fluctuations in the pattern of returns over time.

Scotia Capital Markets (SCM) 91-Day T-bill Index: see DEX Index

Scotia Capital Markets (SCM) Universe Index: See DEX Index

Sector: Industry groupings of the stocks in the equity market. Also the grouping of bonds by type of issuer (federal, provincial, municipal governments and corporate). Diversification by sector is a risk-control strategy.

Securities lending: A program, administered by the custodian, by which securities held in the portfolio are loaned on a short-term basis, for a fee, to another investor. The

The Carleton University Retirement Fund

Glossary of Investment Terms

borrower under the program must provide collateral equal to 105% of the value of the loaned security to protect the fund from the risk that the security is not returned.

Section 144A securities: Privately placed securities that may be traded among qualified (i.e. large, sophisticated) investors. Section 144A is the Securities & Exchange Commission rule that permits this without the usual two-year holding period requirement on privately placed securities.

Small-cap: Refers to smaller companies in the portfolio, as measured by market capitalization (i.e. the total value of all outstanding shares). In Canada, small cap is defined as firms having a market capitalization of less than \$500 million; outside of Canada small cap is defined as those firms having a market capitalization of less than \$1 billion. Small cap stocks tend to be less liquid than large-cap stocks (see Liquidity).

Soft-dollar arrangements: An arrangement between an investment manager and a broker whereby a portion of the commission paid on a trade is used to cover the cost of research supplied by the broker to the manager, or to cover the cost of a third-party service used by the plan sponsor.

Solvency position: Refers to the funded status of the Retirement Plan on the hypothetical assumption that the Plan is wound up immediately. When the liabilities for accrued benefits in the Plan exceed the market value of the Plan's investments, the Plan would be in a solvency deficit position.

Sovereign debt: Bonds issued by national governments, in a foreign currency, to finance their countries' growth. The risk of these bonds is linked to a country's stability.

S&P/TSX Capped Composite Index: An index used as a benchmark to measure the performance of managers who invest in Canadian equities. The Capped Index does not allow the value any single stock position to exceed 10% of the total value of all the securities in the index.

Term deposit: A fixed-income security, most commonly available from chartered banks, requiring a minimum investment at a pre-determined rate of interest for a stated length of time.

Treasury bills: Short-term government debt. T-bills do not pay interest but are issued at a discount (i.e. less than the face value). At maturity, the investor receives the face value. The difference between the discounted purchase price and the face value is the purchaser's income.

Value-added target: The amount by which an investment manager is expected to outperform the returns that can be received on a passively-invested portfolio.

The Carleton University Retirement Fund

Glossary of Investment Terms

Value investing: Seeking stocks that appear “cheap” relative to a valuation model; such equities typically have assets and earnings selling at a discount relative to the market.

Venture capital: Investments in new firms, usually before public offerings of shares of the company. Typically accessed through a pooled fund.

Volatility: A measure of the uncertainty about the future price of an asset. Usually measured by the standard deviation of returns on the asset, it reflects the range of gain or loss in a given investment.

Warrant: A certificate giving the holder the right to purchase securities at a specific price within a specified time period.

Yield: The return on an investment.



Carleton
UNIVERSITY

Canada's Capital University

**Minutes of the 292nd Meeting of the Finance Committee
Wednesday, March 14th, 2018 at 4:00 p.m.
Room 503S, Tory Building**

Present:	Mr. B. Wener, Chair	Mr. G. Farrell
	Ms. D. Alves, Vice-Chair	Ms. C. Gold (phone)
	Mr. F. Afagh	Ms. L. Honsberger
	Dr. C. Carruthers (phone)	Dr. A. Summerlee
Staff:	Ms. S. Blanchard	Mr. M. Piché
	Ms. A. Goth (Recording Secretary)	Mr. B. Springer
	Dr. R. Goubran	Mr. T. Sullivan
	Mr. S. Levitt	Dr. J. Tomberlin
Regrets:	Mr. P. Dinsdale	Mr. N. Nanos

1. CALL TO ORDER AND CHAIRMAN'S REMARKS

The meeting was called to order at 4:02 p.m. The Chair welcomed the members and asked management to only invite staff when needed to the meetings. The meeting was interrupted and disrupted by a group of faculty and students that forced the meeting to be relocated at an inconvenience to all members of the committee and staff. The chair noted his appreciation for the action of the University Secretary in relocating the meeting and arranging for security.

2. DECLARATION OF CONFLICT OF INTEREST

The Chair asked if anyone on the Committee felt the need to declare a conflict of interest regarding any of the items on the agenda. No conflicts were declared.

3. APPROVAL OF AGENDA

It was moved by Mr. Farrell and seconded by Ms. Alves that the agenda of the 292nd meeting of the Finance Committee be approved, as presented. The motion carried.

4. APPROVAL OF MINUTES

4.1 Minutes of the previous meeting

Minutes of the 291st Finance Committee were circulated in advance. A correction was noted for page 3 to read “The actuarial valuation was filed in March 2017.” It was moved by Dr. Summerlee and seconded by Ms. Honsberger that the minutes be approved, as amended. The motion carried.

4.1.1 Business Arising

The action item:

Ms. Springer to report back to the committee regarding the Finance Committee responsibilities versus the Pension Committee’s responsibilities to the members.

The action item was tabled to the April 2018 meeting of the Finance Committee.

5. ITEM(S) FOR APPROVAL

5.1 University Operating and Capital Reserve Policy

A working paper and a proposed policy on the University Operating and Capital Reserve was circulated in advance.

The establishment of an operating and capital reserve policy was recommended by the external auditor and brought forward at the Board of Governors Retreat in October 2017. The policy has been developed to assist with managing the operating reserves in an open and transparent manner and to ensure the allocations of reserves are subject to regular scrutiny and reporting.

The policy defines the criteria for the creation and utilization of specific operating, capital reserves and carry-forwards. The Operating budget is divided into budgetary units called Resource Planning Committees (RPC’s), and each RPC Chair is ultimately responsible for the financial health of the departments within it. Annually each RPC presents to the Financial Planning Group their annual operating and fiscal budget requests. Up to 10% of a RPC’s original operating budget can be carried forward. Balances over the 10% must have a plan submitted to the Financial Planning Group for review and approval.

It was asked how the policy is different from current practice. The current practice allocates operating surpluses, if any, to reserves based on the recommendations of senior management. In the majority of cases the intended purpose of these reserves is noted for internal purposes. Each year the Finance Committee is expected to approve additions to the reserves and review the total reserves on hand. In addition, the Board of Governors approves the allocation of operating surpluses annually. The reserves are important to mitigate risks to the university as well as make strategic investments

when they arise such as government grants (e.g. SIF). There are also internal appropriations managed by the RPCs (Faculties and Departments) which if unused would carry-forward without expiry. The reserve that results is used for renovations, contingencies, new facilities, new equipment etc. If a request for additional funding for the RPC is needed the Financial Planning Group (FPG) meets monthly to review requests. The RPC reserves were identified during the audit report last year and amount to approximately \$75M. With the establishment of this policy RPC chairs will need to submit a plan for allocation if there is a surplus greater than 10% of their original operating budget.

Carleton has been fortunate to have Operating Surpluses which have generally been allocated to capital investment, student aid, pension liability/reserve and contingencies. Last year an investment income equalization fund was created to allow the university to be prudent with its projected investment returns and allow the university to offset any shortfalls.

It was asked why Carleton has surpluses and it was explained that Carleton has been fortunate to attract an increased number of undergraduate students (increased enrolment) which has led to increased revenues from government grants and tuition. Retention and graduation rates continue to be monitored to improve the flow-through numbers.

The policy has been reviewed and is recommended by the Senior Management Committee (SMC). A review of the policy is mandatory in 2023.

It was moved by Ms. Honsberger and seconded by Dr. Afagh to recommend the approval of the University Operating and Capital Reserves Policy to the board, as presented. The motion carried.

5.2 Operating Budget Update & Use of Projected Amounts Available 2017/2018

A working paper and presentation were circulated in advance.

The current financial projections indicate a \$10.1M surplus in unallocated funds available at the 2017-18 fiscal year-end. Administration is proposing the allocation of these funds as follows: \$5.0M towards to Capital Reserve for use towards a reserve for the potential University Centre renovation/addition, \$3.1M towards matching Endowed Student Aid, and \$1.9M towards Carleton's Investment Income Equalization Fund. The University Centre renovation/addition is the potential next priority capital project.

It was noted that in contrast the surplus at the 2016-17 fiscal year-end was \$38M appropriated as follows: \$10 million towards matching Endowed Student Aid, \$10 million towards five Endowed Chairs, \$6 million towards an Investment Income Equalization Fund, and \$12 million towards the Pension Liability Reserve. The 2017-18 surplus is significantly less than 2016-17. As operating costs are increasing, it is

projected that costs will exceed revenue in or about 2022-2023 due to the caps on major revenue such as enrolment and tuition but this is also the year that the Strategic Mandate Agreement will be renewed with the provincial government.

It was clarified that research income is not part of the operating budget.

The Investment Income Equalization Fund was established in 2017 so the university can be prudent with its projected investment returns and to allow the university to offset any shortfalls. There is currently no maximum on this fund but it is reviewed annually.

It was moved by Mr. Afagh and seconded by Ms. Alves to recommend the approval of the appropriation of the 2017-2018 unallocated funds as follows: \$5.0M towards the Capital Reserve, \$3.1M towards matching Endowed Student Aid, and \$1.9M towards Carleton's Investment Income Equalization Fund to the Board, as presented. The motion carried.

5.3 Miscellaneous Administrative Fees, 2018-2019

A working paper and presentation was circulated subsequent to the meeting package.

The fees table provided shows increases to the miscellaneous administrative fees for 2018-2019 based on Consumer Price Index (CPI) increase.

It was moved by Dr. Afagh and seconded by Mr. Farrell to recommend the approval of the Miscellaneous Administrative Fees as per the fee table circulated, to be charged beginning May 2018 to the board, as presented. The motion carried.

5.4 Funding for the Health Sciences Building 4th and 6th Floors

A working paper, report and appendices were circulated in advance.

The Health Sciences Building (HSB) was first considered by the Board of Governors in 2014 and originally designed as a six story building. The building was later redesigned to seven stories with two empty floors and the vivarium on the top floor of the building.

At this time, administration is asking for funding (\$9M) to fit-out the 4th and 6th floors of the building. It was noted that there is a significant contingency included in the requested funding of \$450,000. The Building Program Committee has reviewed the floor designs and concept and recommends it for approval by the Finance Committee. There will be three spaces for dry labs that will be equipped with plumbing to anticipate future use. The designs for the two floors were done in consultation with the Dean, Chairs and faculty and administration who have all signed agreements to that affect to ensure that expectations are clear.

There were four reasons stated for moving forward with the fit-out of the 4th and 6th floors now:

1. Continued and sustained growth in enrolment, faculty, and staff as well as the space for research and equipment;
2. Minimizing further disruption of research by completing the fit-out in one phase;
3. Ability to extend lease with the University of Ottawa to maintain research;
4. Lower cost of completing the fit-out now then at a later date.

Any research space not occupied by faculty or graduate students immediately will be considered for rental space with a well-funded, respected lab-based company that could rent the space for a period of 3 – 4 years. The advantages of the arrangement are that it would offset construction costs, provide operating revenue and offer potential research and training collaboration. The company may also agree to equip the facility and donate the equipment to the university at the end of the contract. Rent would be based upon market-rate. The Board and the Building and Finance committees will be kept fully informed of any potential arrangement.

As recommended by the Building Program Committee, it was moved by Dr. Afagh and seconded by Dr. Carruthers, to recommend the approval of the allocation of up to \$9.0M for the fit-out of the 4th and 6th floors of the Health Science Building to the board, as presented. The motion carried.

5.5 Ancillary Budget 2018/2019

A working paper, report and presentation were circulated in advance.

Ancillaries are expected to break even over time after covering both direct and indirect expenses. These ancillary units are encouraged to establish reserves to cover future capital requirements.

The proposed 2018-2019 Ancillary Budget shows a total revenue of \$68.4M (slight decrease from 2017-2018), operating expenses of \$43.9M and \$19.7M allocated for renovations/debt reductions, leaving a net surplus of \$4.8M. It is expected that the accumulated surpluses will be \$36.9M at the end of 2018-19.

The deferred maintenance does not include the \$21M required for capital maintenance of the pool. Management is assessing the viability of the expenditure in light of other competing capital projects such as expansion of the Athletics Complex (\$10M), addition to the North Campus parking structure (\$25M), addition to the University Centre (\$38M) and a new student residence (\$52M).

Health and Counselling Services and Athletics fees are per an ancillary protocol. Bill 148 and the increase in minimum wage has had a significant impact on the expenses for Athletics as they employ a significant number of students. Expenses for the ancillaries have increased in part due to increase in the cleaning contract.

The Health and Counselling Services has 15 GPs, 4 nurses, 9 counsellors, 2 psychiatrists and 5 GP psychotherapists with an increase in staff by 3 full-time and 1 part-time position in 2017/18 but this is not equal to the demand. A stepped care approach (Same Day Appointment (SDA)) and online support is being piloted to help with wait-times. The psychiatrists and psychotherapists are also increasing the number of days they see patients. The FITA program is being integrated with the Health and Counselling Services. An additional Mental Health Counsellor is being proposed for 2018/19 to continue the SDA Project and to trial “single session model”. Surpluses from the 2017/18 budget year will be used towards upgrades to the clinic space and equipment. It was noted that the operating budget also includes a budget line that supports health and counselling at the university which will support additional interns, therapy dogs, a diversity of stress relief support, programming for mental health awareness.

ACTION: Ms. Blanchard was asked to report back on the discrepancy between the direct expenses and transfers of \$11.8 (2017-18 Budget) and \$11.3M (2017-18 Projected).

ACTION: Ms. Blanchard to report back on the RFP process for the Under Armour (Gadar) agreement as the official brand and supplier of the Ravens teams.

It was clarified that Under Armour will be the preferred supplier for the teams but the teams coaches will pick the sports equipment.

The Bookstore is currently managed by Follett of Canada. Follett and Carleton continue to work collaboratively to best serve the university community. The biggest seller is apparel. The expenses and revenues on the Bookstore continues to be reviewed and small surpluses are being seen with increased marketing efforts.

There was a discussion about a set of pipes freezing in residence which was caused by a door being propped open in the winter. It caused less than \$20,000 in damages.

It was asked if there are sufficient parking spaces currently on campus. The Committee was advised that there are sufficient parking spots on campus although there is a wait list for the premier spots that are more central to campus. New parking development is planned for P18 and P9.

The Print Shop experienced a slight deficit in 2017/18.

Conference Services had higher revenues in 2017/18 due to the Canada 150 activities in Ottawa (this was a one-off increase in revenues).

It was moved by Dr. Summerlee, and seconded by Dr. Afagh, to recommend the approval of the 2018-2019 Ancillary Budget which shows total revenue of \$68.4M, operating expenses of \$43.9M and \$19.7M allocated for renovations/debt reductions, leaving a net surplus of \$4.8M with the surplus to cover ongoing deferred

maintenance and future capital projects to the board, as presented. The motion carried.

6. ITEM(S) FOR INFORMATION

6.1 Dominion Chalmers United Church - Update

Mr. Farrell and Mr. Levitt were invited to give an update on the ongoing negotiations with the Dominion Chalmers United Church (DCC).

Greg Farrell and Mr. Levitt have had good negotiations with the DCC representatives. An agreement in principle on the major terms has been reached as follows:

1. Purchase price of \$6.8 million (subject to adjustment due the results of the supplemental phase 2 environmental assessment);
2. Annual Rent of \$75,000 based on current usage and subject to revision annually if use increases or decreases during the initial term of the lease;
3. Initial term of the lease is to be 10 years with 3 five-year renewals. Rent for renewal periods will be based on market rent at time of renewal (i.e. no discount);
4. Termination provision in the lease agreement that following the first year, Carleton will have the discretion to terminate the lease on twelve months' notice for financial/operational, development/sale of the property and/or academic programming reasons.

External counsel, Church counsel and Mr. Levitt are working on the draft Agreement of Purchase and Sale as well as lease agreement.

A supplemental Phase 2 Environmental Assessment is underway to determine the extent of contaminated soil (caused by PAH and PHC) on the property and the potential remediation costs. The Church understands that further examination is needed and that the results will have an impact on the negotiations, particularly purchase price. It was agreed that the additional assessment work is in the parties' respective interests and that the understanding reached on purchase price to date is conditional and would be affected by the results of the assessment.

Once an Agreement of Purchase and Sales and lease agreement is finalized it will go through the Church approval process and then back to the Carleton University Board of Governors for final approval.

The Chair thanked and recognized Mr. Levitt, Mr. Farrell and Dr. Summerlee for their work in the negotiations.

6.2 Investment Report

A working paper was circulated in advance.

Ms. Betsy Springer, Director, Pension Fund Management gave a summary of the Endowment Investment Report.

The Carleton University Endowment Fund (\$270.6M at December 31, 2017) is comprised of three subsidiary funds – the General Endowment (\$250.6M at December 31, 2017), the Sprott Bursary Fund (\$15.5M at December 31, 2017) and the Jarislowsky Chair in Water and Global Health (\$4.2M at December 31, 2017). There has been prudent management of the endowment with returns that outperformed benchmarks.

ACTION: Ms. Springer to report on the investment manager fees at the next meeting.

6.3 Update on Capital Projects

A summary and the ARISE-SIF Program extension documentation were circulated in advance.

Delays are being experienced for the completion of the animal care facility located within the Health Sciences Building due to the complexity of the design and new requirements. The project is expected to remain on budget.

The ARISE building is also experiencing construction delays. The most significant cause of delay was unforeseen underground reinforced concrete retaining structure that interfered with the construction of the new structure. The SIF funding extension has received an approval of extension to November 30, 2018 for substantial completion of the building. The project is expected to remain on budget. It was noted that fit-up is not included in the initial budget envelope and a request for funding for the fit-up on the ARISE building will be necessary in the 2018/19 budget.

It was clarified that the fit-up for the Nicol Building is included in the overall budget for the buildings construction.

7. **IN-CAMERA SESSION**

An in-camera session was held.

8. **OTHER BUSINESS**

8.1 Information Technology Projects

It was asked if the operating budget will have IT Projects highlighted including for example security software updates. It was noted that an increase in budget for IT support

for research in the 2018/19 operating budget that will be presented at next meeting. There is also planned updates to the travel system and Customer Relationship Management (CRM) system.

9. ADJOURNMENT

There being no further business the meeting adjourned at approximately 6:16 pm.



Carleton University acknowledges and respects the Algonquin people, traditional custodian of the land on which the Carleton University campus is situated.

Carleton University Senate
Meeting of February 16, 2018 at 2:00 p.m.
Senate Room, Robertson Hall

MINUTES

Attending: S. Ajila, A. Barclay, S. Blanchard, D. Buss, L. Callaghan, C. Carruthers, A. Chandler, Z. Clayden, W. Clement, J. Coghill, D. Deugo, A. Dodge, L. Dyke, J. Erochko, R. Goubran, E. Grant, N. Grasse, J. Green, P. Gunupudi, A. Hassan, O. Javanpour, W. Jones, C. Joslin, E. Kwan, P. Lagasse, K. Lumsden, M. Neufang, D. Nussbaum, Z. Parkkari, A. Plourde, M. Rooney, D. Russell, L. Schweitzer, P. Smith, A. Summerlee, C. Viju, P. Watzlawik-Li, C. Young.

Regrets: A. Bowker, J. Debanne, T. Di Leo Browne, C. Dion, M. Esponda, K. Evans, P. Farrell, W. Horn, S. Klausen, J. Liu, D. Long, J. Miller, H. Nemiroff, J. Paulson, J.C. Prent, A. Shotwell, E. Sloan, S. Taylor, J. Tomberlin, J. Wolfart

Guests: Prof. Wei Shi (nominee for Senate), Jennifer Conley and Holly Greatrex from Department of University Advancement

Recording Secretary: Kathy McKinley

Open Session:

- 1. Welcome (Chair)**
- 2. Approval of Agenda (open)**

It was **MOVED** (Z. Clayden, E. Grant) that Senate approve the open agenda for the meeting of Senate on February 16, 2018, as presented.
The motion **PASSED**.

3. **Minutes:** January 26, 2018 (open session)

It was **MOVED** (M. Neufang, L. Schweitzer) that Senate approve the minutes of the Senate meeting on January 26, 2018, as presented.

The motion **PASSED**.

4. **Matters Arising:**

Jennifer Conley and Holly Greatrex from the Department of University Advancement presented information on Student Awards, in response to a question from a Senator at the meeting on January 26, 2018.

The Chair thanked them for their presentation. There were no questions from the floor.

5. **Chair's Remarks**

- a. The Chair announced the re-establishment of the Convocation Steering Committee. This committee will reside in the President's office and will be charged with making decisions regarding the Convocation budget, changes to the Convocation schedule, and other major issues around Convocation. The constitution of the committee includes 5 members: the President, the Marshal of Convocation, the Provost, the Executive Assistant to the President, and the Assistant University Secretary.
- b. During the recent trip to India by members of the Federal Government, Navdeep Baines, Minister of Innovation, Science and Economic Development, signed two agreements for cooperation between India and Canada. One of these is the Canada-India Acceleration Program (CIAP) to support 50 women entrepreneurs from each country. Women from Canada would scale up their companies for untapped markets in cities across India and 50 women from India would travel to Canada to do the same. The Chair acknowledged Harry Sharma, Director of the Canada India Centre, and Carleton Board member Pradeep Merchant, who helped to facilitate the agreements and the financial support from both countries.

- c. The Chair announced that negotiations for the purchase of the Dominion Chalmers United Church are ongoing, and an announcement is forthcoming.
- d. The Chair spoke to a number of strategies to engage and support Indigenous students, including scholarships at the undergraduate and graduate level and recruitment of Indigenous faculty.

6. Question Period

a. Questions submitted in advance:

- 1) *We have not received an update for some time on the progress of the presidential search. Would it be possible for a representative of the Board of Governors to speak to Senators about this at our next meeting?*

Carleton Board of Governors Chair Chris Carruthers spoke to this item. The Presidential search is going well. There has been strong interest and the committee is pleased with the caliber of the applicants. The search firm is screening applicants over the next few weeks. Updates will continue to be posted regularly on the presidential search website.

- 2) *An update on the activities of the Honorary Degrees Committee would be useful. Is it possible to know who they are considering, and whether there have been debates or issues about the candidates?*

The Chair of the Honorary Degrees committee described the process involved in receiving and approving honorary degree nominees in the Closed Session of Senate.

The Chair of Senate noted that the names of nominees that come to the Honorary Degrees Committee cannot be shared and must remain strictly confidential. Only the names of nominees who have been recommended by the committee will be brought forward to a closed session of Senate for approval.

b. Questions from the floor

There were none.

7. Reports:

a. Senate Academic Program Committee (L. Dyke)

i. Major Modifications

The Committee prepared an omnibus motion to cover major modifications to existing programs. All modifications have been approved by Faculty Boards and have passed through the Quality Assurance process before coming to Senate.

It was **MOVED** (L. Dyke, Z. Parkkari) that Senate approve the major modifications as presented with effect from Fall 2018.

The motion **PASSED**.

Modifications included in the omnibus motion are listed below for information:

- The deletion of the Minor in Business for the B.Sc. Honours in Applied Physics program as presented with effect from Fall 2018.
- The deletion of the Minor in Business for the B.Sc. Honours and B.Sc. Major in Earth Sciences programs as presented with effect from Fall 2018.
- Major modifications to the Graduate programs in Architecture as presented with effect from Fall 2018.
- The introduction of SERG 5004 as presented with effect from Fall 2018.

ii. Dominican University College Major Modifications

Carleton University manages the quality assurance of Dominican University College programs. Carleton University Senate does not approve the modifications, but ratifies the quality assurance process.

It was **MOVED** (L. Dyke, W. Jones) that Senate ratify the outcome of the quality assurance process for the major modifications to the MA in Philosophy program at the Dominican University College as presented with effect from Fall 2018.

The motion **PASSED**.

7. Reports:

b. Senate Academic Governance Committee (Clerk)

- i. Modification to Academic Governance of the University, regarding the meeting schedule of Senate.

It was **MOVED** (D. Russell, Z. Clayden) that Senate approve the proposed modification to Article 5.2.2 and the addition of a new Article 5.2.7 in the Academic Governance of the University document, and the corresponding section in the Senate By-Laws, to allow Senate to meet on short notice.

Proposed Changes to AGU (in red):

5.2.2 Unless otherwise determined by Senate Executive, Senate meets once a month during the period from September to June. A special meeting of Senate shall be convened upon request, to the Clerk, of at least ten members of Senate. **Senate Executive may call a meeting with short notice when an issue arises that requires a timely response.**

5.2.7 The Notice of Motion period for a short-notice meeting of Senate is 48 hours and the meeting will be limited to considering the specific issues identified by Senate Executive. No regular business of Senate will be considered at a short-notice meeting. Any decisions taken at a short-notice Senate meeting will be reviewed at the next scheduled Senate meeting. If Senate is not scheduled to meet within a month of the short-notice meeting, an additional meeting of Senate with at least 10 days' notice will be called within the month following the short-notice meeting. All other rules of Senate, including quorum, will apply to a short-notice meeting of Senate.

Discussion:

Senators asked what Quorum would be for the short-notice meeting. The Clerk clarified that quorum would be the same as it is for regular Senate meetings (25% of members). If the issue is important, it should not be difficult to meet quorum as Senators will want to attend. Media for remote attendance (telephone or Skype) could be available and would further enable the group to meet quorum.

7. Reports:

b. Senate Academic Governance Committee (cont'd)

Senators also requested clarification of the sentence in 5.2.7 regarding the review of decisions made in short-notice meetings of Senate. The Clerk responded that the agenda of the regular Senate meeting would include a review of decisions made during any previous short-notice Senate meetings, and that Senate would always be able to reconsider any of these decisions. Some Senators felt that “review” was too strong a word for this section and that perhaps this sentence should be changed.

It was MOVED (L. Dyke, S. Ajila) that this sentence in the proposed addition to the AGU (5.2.7)

Any decisions taken at a short-notice Senate meeting will be reviewed at the next scheduled Senate meeting.

be changed to read

At the next regular Senate meeting Senators will be informed of the decision taken at the short-notice meeting.

The motion to amend was **DEFEATED**.

It was MOVED (M. Rooney, A. Barclay) that the following sentence be added to 5.2.7 to clarify the authority of decisions made at short-notice meetings of Senate:

Decisions made by Senate in short-notice meetings have the same weight and authority as decisions made in regular Senate meetings.

The motion **PASSED**. This sentence will be added to section 5.2.7 of the AGU.

Finally, several Senators asked under what conditions the short-notice meeting of Senate would be called. The Clerk responded that the Senate Executive Committee calls a short-

7. Reports:

b. Senate Academic Governance Committee (cont'd)

notice meeting of Senate when issues arise that cannot wait until the next regular meeting of Senate.

The Chair called for a vote on the amended motion.
The motion **PASSED**.

The Senate Office will distribute for information the revised motion with the next Senate meeting materials.

ii. SEARC

It was **MOVED** (D. Russell, D. Deugo) that Senate discontinue the Senate Emergency Academic Response Committee, as no issues within the mandate of Senate could be identified requiring a response in less than 48 hours.

The motion **PASSED**.

iii. Update to designations of ex officio members of Senate in Academic Governance of the University document and Senate By-Laws

It was **MOVED** (D. Russell, Z. Clayden) that Senate approve three changes to Article 3.2 of the Academic Governance of the University document, and the corresponding sections in the Senate By-Laws, to update the designations of the ex officio members of Senate.

Change *The Associate Vice-President (Academic)*
To *Vice-Provost and Associate Vice-President (Academic)*

Change *The Associate Provost (Quality Assurance) and Dean of Graduate and Postdoctoral Affairs*
To *Dean of Graduate and Postdoctoral Affairs*

7. Reports:

b. Senate Academic Governance Committee (cont'd)

Change *The Associate Vice-President (Students and Enrolment) and University Registrar*

To *The Vice-President (Students and Enrolment) and University Registrar*

The motion **PASSED**.

c. Honorary Degrees Committee (R. Goubran)

It was **MOVED** (R. Goubran, Z. Clayden) that Senate approve the Honorary Degree Policy, as submitted by the Senate Honorary Degrees Committee.

Discussion:

The Chair of the Honorary Degrees Committee (R. Goubran) outlined the major changes made to the Honorary Degree Policy, including expansion of the nomination form, a more clearly specified process, the addition of a list of honorary degrees that Carleton awards (including, for special cases, a Masters honorary degree), and a clause regarding the rescinding of an honorary degree. The length of time honorary degree recipients (approved but not yet awarded) remain on the Active List has also been shortened to three years.

The motion **PASSED** with the following friendly amendment (R. Goubran, Z. Clayden) to omit the word "public" from the sentence regarding the rescinding of Honorary Degrees.

d. Medals & Prizes Committee (Clerk)

It was **MOVED** (D. Russell, L. Schweitzer) that Senate approve the modifications to the Medals Policy, to eliminate the University Medal for Interfaculty Studies, and add four University Medals for the Bachelor degrees in Communication and Media Studies,

Economics, Global and International Studies, and Journalism and Humanities.

The Clerk spoke to this item. The Medals & Prizes Policy details which degrees are eligible for medals. A new number of specialized degrees, such as the BGIInS degree, were added to the list, and because of the growth of the number of specific interdisciplinary degrees, the old Interfaculty medal was discontinued.

There was no discussion.

The motion **PASSED**.

8. Reports for Information:

a. Nomination Form – Honorary Degrees Committee

The revised Honorary Degree Nomination Form was included for information. There were no questions or comments.

9. Other Business

There was no other business.

10. Adjournment

The meeting was adjourned at approximately 3:00 pm.