Carleton UNIVERSITY

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 604th Meeting of the Board of Governors

Thursday, October 5th, 2017 at 4:00 p.m.
Room 2440R Richcraft Hall, Carleton University

PRESENT:	Dr. F. Afagh	Mr. D. Fortin	Dr. E. Sloan
	Ms. D. Alves	Ms. C. Gold	Mr. R. Stiles
	Mr. E. Berhe	Mr. L. Harrington	Dr. A. Summerlee
	Dr. C. Carruthers (Chair)	Ms. L. Honsberger	Ms. C. Switzer
	Ms. G. Courtland	Mr. O. Javanpour	Mr. A. Tattersfield
	Mr. D. Craig	Dr. I. Lee (phone)	Mr. A. Ullett (phone)
	Ms. L. A. Daly	Dr. P. Merchant	Ms. L. Watson
	Mr. P. Dinsdale (phone)	Mr. N. Nanos (Vice-Chair)	Mr. B. Wener (phone)
	Mr. K. Evans	Mr. J. Nordenstrom	Ms. C. Young
	Mr. G. Farrell	Ms. N. Prowse	
REGRETS:	Mr. C. Chi	Mr. J. Durrell	Ms. R. Thompson
STAFF:	Ms. S. Blanchard	Ms. A. Goth (Secretary)	Mr. M. Piché
	Mr. D. Boyce	Dr. R. Goubran	Mr. T. Sullivan
	Ms. J. Conley	Mr. S. Levitt	Dr. J. Tomberlin
	Mr. D. Cumming	Ms. K. McKinley	Mr. B. Winer

OPEN SESSION

1. CALL TO ORDER AND CHAIR'S REMARKS

The Chair called the meeting to order at 4:00 p.m. All attendees, guests and observers were welcomed. The Open Session was live-streamed to Southam Hall 617.

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 AGENDA

Mr. Tattersfield moved, and it was seconded by Dr. Merchant, that the open agenda of the 604th meeting of the Board of Governors be approved, as presented. The motion carried.

4. APPROVAL OF THE CONSENT AGENDA

The following items were circulated in the open consent agenda for approval: open session minutes of the 603rd meeting June 29th, 2017, board member committee membership, 2017/18 Carleton University Board of Governors Award for Outstanding Community Achievement criteria.

The following items were circulated in the open consent agenda for information: Investment Manager for the Pension Fund working paper, Board Work Plan and Schedule for 2017/2018 and Committee minutes for Building Program, Community Relations and Advancement, Finance and the Joint Finance and Building Program meetings.

Ms. Switzer moved, and it was seconded by Ms. Alves, that the open consent agenda be approved, as presented. The motion carried.

5. ITEM(S) FOR APPROVAL

5.1 Audited Financial Statement for year ended April 30th, 2017 and Audit Finding Report

The following documentation was circulated in advance:

- Presentation to the Finance Committee Fiscal Year 2016-2017
- Working Paper for Financial Report
- Financial Report to the Board of Governors
- Working paper for Audited Financial Statements
- Presentation to the Board of Governors FY2017 Audited Financial Statements
- Consolidated Financial Statements of Carleton University Year Ended April 30, 2017
- Working Paper for Audit Finance Report, Management Letter, Independence Letter
- Audit Finding Report
- Management Letter
- Independence Letter

The Chair of the Finance and Audit Committees introduced the item. The independent auditors report and the audited financial statements for the year ended April 30th, 2017 are the result of work done by Financial Services and the external auditors KPMG. Audit

Committee is charged with reviewing and recommending the financial statements to the Board for approval. In preparation for the recommendation by the committee, Financial Services prepared the financial report of operations which provides a detailed review on a major account basis for the year ended April 30th, 2017. The Financial Report on Operations is reviewed by the Finance Committee and provides an understanding to the financial statements and the presentation of those results. The financial statements are prepared in accordance with accounting standards for non-for-profit organizations and they include several pages of notes regarding disclosure as required by the Chartered Accountants Association of Canada. KPMG reviews the Financial Statements and provides the Board of Governors with an auditors report on the findings and a management letter. The financial statements were found to be presented by staff in accordance with generally accepted standards for non-for-profit organizations and there were no material errors or admissions or weaknesses/deficiencies noted by KPMG in the internal control. The Audit Committee felt that the management letter contained no issues of focus and the report provided on financial statements was an unqualified opinion.

Mr. Michel Piché, Vice-President (Finance and Administration) was introduced to give a presentation on the operating results. Carleton's Financial Report for year ended April 30th, 2017, provides a summary of the results of operations and salary activities, research, plant enterprises and the university's financial position was prepared for internal management purposes and supplements the Audited Financial Report. A reconciliation between the two reports is found on page 20 of the Financial Report. An overview of the financial results of 2016/17 was provided with the revenue for 2016/17 of $488M with tuition representing 54% and government grants representing 36% of the total. Investment and miscellaneous fees and income represent the other 10%. Miscellaneous fees for $19M or 4% includes application and admission fees, deferred payments and processing fees, co-op, career services and media services, etc.

Student fees of $265M are offset by around $41M distributed in student aid throughout the year. Expenses and appropriations for the year equal $488M, with staffing costs making up 62% of total expenses. Other noteworthy categories include student aid, facility maintenance, campaign matching and other. The year 2016/17, was a successful financial year for Carleton University where we saw enrollment increase by 2.8% or 731 full time equivalent. The operating results showed a surplus of $53.2M appropriated to cover pension liabilities of $12.2M, endowed student aid of $10M, endowed academic chair matching for $10M and investment equalization fund for $21M. Ancillary operations generated a $4.8M surplus, which will be used to fund deferred maintenance projects and debt reduction in ancillary operations.

It was also a very good year in investments, with income of $33.5M from all funds except the endowed funds. This represented a return of slightly above 6% and benefitting from a 22% return from the $100M invested in equities as per the investment committee decision in 2015.

Investment in capital projects totalled $51.6M, reflecting construction of the new Health Sciences Building, the Advanced Research and Innovations Smart Environment (ARISE) facility, various energy reduction initiatives and deferred maintenance projects. We also reduced our long-term debts by $3.6M. These debt instruments are associated with mortgages and loans payable on student residence at rates between 2.9% to 6.7% and maturing between 2017 and 2042. The other charts in the presentation provide budget to actual variance analysis and 5-year trends for operating income and operating expenditures.

The favourable operating results, cash appropriations and marketable securities increased by $73.3M year over year helping to generate investment income. Similarly, an increase of the endowment fund to $264M during the year upped the investment balance by $40.4M. The other charts included provide a picture of assets and liability changes over the past five years, including changes in internally restricted net assets.

Discussion:
It was asked if the substantial surpluses been a trend year over year (beyond 2016) or if it was recent phenomenon. It has been a trend (maybe not as good as 2016/17) over at least the last 5 years, which has allowed Carleton to address pension liability issues, capital construction programs and so on. The surplus are committed to outstanding liabilities or put into reserve for strategic plan initiatives with a significant amount being added to student aid.

It was asked if operating expenditures are trending to increase year over year and if this is meeting plan or is it expected to continue to escalate. The actual expenditures compared to budget for 2016/17 were favourable due to cost control and will need to be monitored. Overall, Carleton does a very good job at controlling expenses and meeting budgets.

The current funded status of our pension obligation was requested. On a going-concern basis the pension is funded at a 93% ratio and on a solvency valuation basis the pension is funded at 83.1% ratio. This funding ratio allowed Carleton to be eligible for the Provincial solvency funding relief. Maintaining a healthy balance, when it comes to the pension reserve it is very important for the institution and protecting pensions is a critical issue.

Ms. Blanchard was congratulated on her team's hard work in increasing recruitment by 2.8%. It was asked if any of the surplus funds are being used for student benefit (other than the funds added to student aid). $10M was put into student aid matching from the surplus. One of the challenges that Carleton is dealing with is trying to understand exactly what the implication of changing the support by government to students will be. The government is implementing a net tuition rebate system on tuition fees for people in middle to lower socio-economic groups. Carleton will know more about how many students are impacted a little later in the season and that will help us determine to what extent we need to go further. The costs of education continues to increase and it is very

important for Carleton to continue to work quite deciduously to think about how we can diversify our revenue sources in order to be able to minimize any increases that there are in costs for students. The Board was asked to consider the issue at the Board Retreat planning session in October.

It was asked if a written policy on what to do with excessive revenue over expenses. The Board does have a policy that any allocation of the surpluses excess of revenues over expenditures is brought back to the Finance Committee for approval. It was agreed that a written policy on surpluses and carry forward balances is needed for contingency and to align with short-term and long-term planning.

As recommended by the Audit Committee, Mr. Wener moved, and it was seconded by Mr. Tattersfield, that the Audited Financial Statements for the year ended April 30th, 2017 be approved, as presented. The motion carried.

5.2 Final Design for the new School of Business Building

A memo, working paper, capital project approval and control document, building rendering and floor plans were circulated in advance.

The Chair of the Building Program Committee introduced the item and outlined that the committee met on September 19th, 2017 to discuss the final design. In March, the Board approved a $2.2M expenditure for the architectural firm to complete a final design suitable to proceed to final documentation for tender. The chair remarked that the design is extremely exciting and will be a visionary building on campus. The building would be the centrepiece of the university and will be built in P2 across from the Health Sciences Building and in the future there are plans for a new quad area. It will be a key area on campus for pedestrians and transit. The building and the landscaping is intended to be a welcoming space.

Management and the Business School presented a significant rational to proceed with the project that is about 100,000 square feet, including public assembly space, electronic and interactive classrooms, student resources room, office space and space for entrepreneurial programs and some shelf space (unfinished space for future expansion) on the 5th floor at a total budget cost of $48M. Carleton has a high degree of classroom utilization (90%), and this building will provide, in addition to, much needed space for the Business School, additional classroom space to bring the rate down closer to 80% utilization. This is an extremely desirable ancillary aspect of this design and the building itself.

There is a need on campus for more flexible teaching and learning spaces which provided a very cogent case for consideration by the committee. There are some negative impacts if we do not proceed with the building such as loss of competitiveness and enrollment in the Sprott School of Business, and if we are perceived as less attractive and a non-competitive choice, the student's quality could also deteriorate. The Business School

comprises about 8% of Carleton's total enrollment. If enrolment drops the university could see a loss in base funding. The Building Program Committee is satisfied with the design and it is a much-needed facility, and are recommending it for construction.

The Finance Committee has looked at the funding and has understood that the $48M is available, $38M of which had been put aside previously and $8M had been put aside as part of the 2017/18 operating budget. The Finance Committee approved the funding.

It was requested by the Building Program Committee, that management provide a rational for and to include in the tender the option of completing the 5th floor. This could save conservable long-term costs for the university and minimize disruption to faculty, staff and students in the future. Any design or additional funding request are to be brought to the Building Program and Finance Committees, respectively for consideration.

Management, the Design Team and the Building Program and Finance Committees were thanked for their time in effort in considering the project.

Dr. Tomberlin, Interim Provost and Vice-President (Academic) and former Dean of the Sprott School of Business was invited to speak to the building under consideration. The building will be very distinctive on campus but will fit into the context of the rest of the university architecturally. The central location and the design are very consistent with the Business School which is part of and integrating into the university leaving an agenda of entrepreneurship throughout the university unlike other stand apart Business Schools. One of the feature points for the building is an "accelerator" right on the ground floor, immediately visible when you walk into the building. This space is not just a resource for the Business School but in fact, a resource for all of the students in the university. It will serve many of the joint programs, and all of the students with a minor in entrepreneurship.

The building will provide a gathering space that has been missing in the Business School since inception, where students can come together informally, cross paths randomly with staff members, faculty members and their colleagues at all levels. It will also provide a ceremonial space where events can be held. A big feature is the large classroom that can be glass so you can see it from that quad or it can be closed if you want to be holding some kind of a session that would require more privacy. The Faculty can finally have, a building, a facility which it can be proud of and which will attract more students.

Dr. Tomberlin was thanked for his leadership and vision for the project.

Discussion:
The reduction in parking with the addition of the building was discussed. P2 surface spaces will be lost when construction begins and there is no additional parking under the building. It is likely that an additional three stories will be added to the existing parking garage.

A question regarding the use of Carleton graduates (alumni) for building designs and engineering of projects on campus was asked. When taking bids for architectural firms to design buildings Carleton is legally required to conduct an open tender process. There are teaching and research opportunities for our students and faculty that could be explored.

It is expected that the building will be tender ready by the early spring, should be able to tender in within two months and a one-month evaluation period. The building could be ready for construction by next fall but we need to ensure that we have a fully comprehensive, error-free set of documents.

It was asked if potential overruns have been considered. It was discussed that building projects always have potential of a cost overrun but Carleton has a system in place that address it up front. The capital cost estimate for the building includes design fees, move in fees, equipment fees, and a 5% contingency allowance in the overall estimate. Management are confident that they have provided a good final estimate for the project. If it looks like that estimate is trending higher than the capital costs that we have allowed in the budget, there were need to be some cut backs to meet the budget or a case will be made to the Finance Committee to seek increased funding.

The operating costs of the building and the environmental impact were discussed. The operating costs of the building have been considered. The university uses the Green Globes system that is an internationally recognized, third party, certification and building environmental design and management tool for any new construction or major renovations. It allows evaluation of project management, energy consumption, site use, space and water optimization and waste management. A minimum rating for buildings on campus is a 3 and the new Nicol Building's rating is a 4. It was mentioned that the Nicol Building will use photovoltaics in its construction.

The tunnel access to and from the building was a primary design consideration. The building is built over top of the existing tunnel network so there will be an entry right from the tunnel into the basement of the building and will be integrated right into the tunnel network.

The incredible importance of the Business School over the last 50 years was stressed and its importance especially in the accounting, banking and government community in the Ottawa-Carleton area. The building is going to contribute enormously to the visibility of the school and to Carleton University.

One of the challenges for the institution is enrollment growth at the undergraduate level will be dictated by the corridor funding model of the provincial government. The Business School has the capacity to grow at the graduate level and continue to grow. Part of the rationale for finishing of the 5th floor is in fact the significant growth that has already occurred in the two new graduate programs that have been implemented within

the Sprott School. Due to increased enrollment in many of the programs across campus, the current space that will be vacated by Sprott will be desperately needed. The increased emphasis on entrepreneurship throughout the campus will be benefitted tremendously by having the dedicated space in the Nicol Building and the Carleton community in general is fully supportive of the new building.

It was moved by Mr. Craig and seconded by Mr. Nanos as recommended by the Building Program and Executive Committees to approve the final design and tender of the new Nicol Building at a cost not to exceed $48M, as presented. The motion carried.

6. ITEM(S) FOR DISCUSSION

6.1 President's Goals an Objective 2017/18

A memo and the goals and objectives for the interim president 2017-2018 were circulated in advance. The Chair thanked Dr. Summerlee for his leadership and ability to successfully integrate with the campus community. It was discussed that it is absolutely necessary for the President to have strong communications and relationships with students and work on enhancing and building services for our students. Clear key performance measures for the five areas outlined need to be identified to clarify expectations.

6. ITEM(S) FOR INFORMATION

6.2 Dominion Chalmers United Church

A memo was circulated in advance.

President Summerlee gave a short briefing on the proposed acquisition. The University has entered into a 90-day expression of interest with the Dominion Chalmers United Church. An in-depth due diligence investigation with internal and external organizations is being conducted and will be brought to the Building Program Committee, Finance Committee, and Executive Committee for consideration. Thereafter, it will be brought to the full Board for consideration in early December with background information and a recommendation about whether to proceed or not. All funds to support the purchase, the renovation and further capital improvement have either been raised or pledged. Funds will not be taken from the operating or the reserves of the university if Carleton decides to proceed.

6.3 Report from the Chair

The Chair have a brief update on the Presidential Search. The committee is composed of key stakeholders and Perrett Laver has been engaged as the search firm. The committee is conducting broad, stakeholder engagement to look at what are the opportunities and challenges currently and what are the qualities and skill set required for the next President of Carleton University. The committee is conducting internal engagement and public forums in the next couple of weeks. All comments will be brought together to develop a position profile and advertisement that will be distributed widely.

Perrett Laver is experienced in presidential searches and have conducted searches for the University of British Columbia, University of Alberta and University of Saskatchewan all in the last 5 years. Department of University Communications, specifically Mr. Cumming was thanked for his work on the presidential search website. The committee his hopeful and enthusiastic that we will have strong candidates.

6.4 Report from the President

The President's Report, a board retreat planning document and a report from the Office of the Vice-President (Students and Enrolment) was circulated in advance. There was no further discussion on the item.

7. OPEN- OTHER BUSINESS

7.1 Sexual Violence Policy

There has been some criticism of Carleton University and how it is handling sexual violence on campus. It was asked what Carleton is doing to address the issues and if the members of the Board feel there is a need to revisit the policy.

President Summerlee responded that the policy has been challenging and the community has been deeply engaged. The university has to ensure that the policy deals with disclosure and with individuals that submit formal complaints. The real challenge is that every single case that comes forward is completely different and the circumstances around it are different and therefore flexibility is need in responding to complaints.
In the 9 months that they policy has been in place there have been few complaints but we have been able to look at the impact and be flexible enough within the scope of the policy to cover every one of those variances. It is a policy that must be focused on survivor support but it has also got to address the fact that the respondent has to be provided with the opportunity for procedural fairness.

It is a case of balancing priorities and balancing the speed of investigations with making sure that they are reasonable and fair to both sides. Carleton has worked to ensure that the survivor is not placed in a position of having to directly encounter the respondent on campus. Carleton has provided support for individuals who make disclosures, reviewing actions taken and learning from those experiences. Survivors need different types of support and we are ensuring that there is one channel, one process, and opportunity for people to know where to go to get those kinds of resources. There is a lot of collaboration with our student groups and staff and faculty unions are committed to making the sexual violence policy as responsive as possible. The faculty, students and staff need to be engaged to create appropriate and transparent mechanisms to let individuals know how and what to do when sexual violence is disclosed so they can be able to respond in an appropriate manner and recognize the importance of referral.

The low number of a cases coming forward at Carleton was discussed and it could be a measure of a low number of incidents or could be a lack of comfort in making disclosures.

Review the policy every three years is required by law. The Policy requires that the Board receive a formal report annually.

8. OPEN-QUESTION PERIOD

There were no questions.

9. END OF OPEN SESSION AND BRIEF NETWORKING BREAK

The Open Session of the Board of Governors adjourned at approximately 5:14 p.m.