



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 609th Meeting of the
Board of Governors**

**Monday, April 30th, 2018 at 4:00 p.m.
Room 2440R Richcraft Hall, Carleton University**

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

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 OPEN AGENDA

Mr. Nordenstrom moved, and Mr. Wener seconded, that the Open Agenda of the 609th 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 approval:

Item(s) for Approval:

- Minutes of the previous meeting and business arising from the minutes
- Student Association Fees 2018/2019
- SIPP for CU Retirement Fund

Item(s) for Information:

- Minutes from Finance Committee
- Minutes from February Senate

Mr. Dinsdale moved, and Ms. Honsberger seconded, that the Open Consent Agenda be approved, as presented. The motion carried.

5. ITEMS FOR EDUCATION & RESEARCH STRATEGIC INITIATIVES

5.1 Ravens Basketball Engagement Actives (J. Brenning & J. Conley)

The Chair introduced Ms. Brenning and Ms. Conley and acknowledged the success of Carleton's Ravens Varsity Basketball Teams, their fans and alumni supporters.

Ms. Brenning, Associate Vice-President, Recreation and Athletics provided an update on the recent women's and men's basketball teams successes. The women's team was ranked number one overall for the first time in Carleton's history and the men's program had 13 titles in 15 years. Alumni engagement with the basketball teams has been a real focus over the past two years with several different, large events.

Ms. Conley, Chief Advancement Officer, noted Athletics thrives on the challenges from fundraising and the peer-to-peer friendly competition. Two notable challenges include the Dunsmore Challenge and the Nicol Challenge, both offering matching funds up to \$25,000 - \$60,000. This year saw unprecedented levels of engagement with the Raven's Nest venue selling out on five separate occasions.

There is a significant amount of investment in athletics programs and it is a useful tool in engaging our alumni and students while demonstrating school pride. At Carleton, the donations have been used to help enhance the programs. An example of this was the men's basketball team's participation in a tournament held in Italy. This provided

exposure for players to NBA scouts, and scouts from professional European teams. The funds are also used to provide meal supplements for players when on the road and to assist with the increasing demands on competitive staffing. It was noted that the investment in athletics, the library, and healthy living programs helps to elevate school spirit and is evident to prospective students, which converts to increased interest and enrolment.

Ms. Brenning and Ms. Conley were thanked for their leadership and involvement in athletics and fundraising efforts. The coaches were also recognized for their involvement and mentorship with a focus on building the complete individual in athletics, academics and volunteering to produce successful students, athletes and ambassadors of Carleton.

6. OPEN – ITEM(S) FOR APPROVAL

6.1 Proposed Operating Budget 2018/2019

A presentation and working paper were circulated in advance.

Mr. Wener, Chair of the Finance Committee introduced the item, noting that in accordance with the mandate provided by the Board, management has produced a balanced budget for contingencies, planned capital expenditures and replenishment of reserves. It was noted that it is becoming increasingly difficult to match and/or exceed those operating expenses with operating revenues as the expenses have increased at a rate of 6% per year while revenue has increased at a rate of only 3% per year.

Mr. Pichè, Vice-President (Finance and Administrative) provided a presentation that included information on the various aspects of the University's planning process. There are two main parts consisting of a base budget and annual appropriations that contribute to the planning process and help to determine where funds are allocated. Carleton is projecting strong financial results for 2018/2019 which will serve the university well during an upcoming period of limited government funding. Heading towards the end of the Strategic Integrated Plan (SIP), Carleton is looking at developing strategic priorities for the coming years. These priorities were reviewed during the Board Retreat where a need to emphasize branding and communications was identified.

Enrolment drives the university's revenue and is a key contributor to financial success. Carleton continues to grow annually and is one of two Canadian Universities that have grown consistently in the last 5-8 years despite conservative projections. This demonstrates the incredible effort from the student services and recruitment teams at continuing to attract and retain students. There has been a shift in enrolment by Faculties over the years with Science and Engineering continuing to grow, while the Faculty of Arts and Social Sciences have experienced a slight decline. The Sprott School of

Business has managed to maintain consistent enrolment and will look to more positive projections in the coming years.

It was determined that despite setbacks/delays with the labour dispute, there should not be a significant effect on enrolment for Fall 2018. The 2018/2019 operating budget totals \$505M (\$575M including the ancillary budget). Tuition accounts for the largest portion of the revenue followed closely by government grants. It was noted that the government grants will continue to decrease year after year as a result of limited available funding. Salary and benefits combine for the most significant portion of expenses. A combined expense of \$60M was allocated to student support services such as scholarships and incentives.

There is an increase in graduate student government grants expected. Carleton has been approved for the funding of 150 graduate spaces of which 75 international graduate spaces would have their tuition rate funded at the domestic level. In terms of differentiation funding, the new SMA includes a shift in enrolment funding. Carleton is expected to receive 92% of total government grant funding based on enrolment and another 8% based on meeting certain SMA criteria. Various efforts are being employed to improve the matrix that makes up the differentiation funding starting in 2020/2021.

Expected investment income is \$8.2M, resulting from a 2.7% return on investments. As agreed upon previously, any investment return exceeding \$8.2M will be held in a reserve investment fund equalization account which will help Carleton handle years of negative return. Other income consists of \$7.1M reflective of supplementary fees as approved by the Board.

The provisions and contingencies account for \$36.8M of the budget which includes ongoing contingency of \$12.2M, an enrolment incentive of \$2.2M and capital projects at \$22.4M. The capital projects portion accounts for the ARISE Building fit-up as well as additional funds for the Capital Reserve.

Carleton's financial projects have continued to increase annually and there is a significant amount in the reserve funds to handle any deficits. If everything remains consistent it is anticipated that Carleton will have a breakeven point (revenues = expenses based on conservative approach) during the 2022/2023 budget year. A conservative, moderate and best-case scenario was requested for future presentations.

In terms of capital investments, the following projects have been approved:

- Health Science Building at \$52M:
 - including the fit-up of the 4th and 6th floor
- SIF Projects:
 - ARISE Building at \$29.5M (extended to fall 2018)
 - Energy Retrofit at \$20.5M

- CoGen Project at \$20.7M (substantial completion fall 2018)
- Nicol Building at \$48M

Potential future projects (in planning and development and subject to approval by the Board) include:

- New athletic facility estimated at \$10-\$12M
- Extension to University Centre estimated at \$38M
- Extension to P7 parking garage estimated at \$25M
- Other potential projects:
 - Condo type student residence (TBD)
 - New Engineering building from Ontario STEM funding (TBD)

The proposed extension to the University Centre is to create a health and wellness centre to provide additional service to students.

An additional draw from the Capital Reserve will likely be the Nicol Building. It was clarified that the fit-up of the ARISE Building is included as part of the budget submission for 2018/19 (in provisions and contingencies).

There is also a need to expand parking on the perimeter of the campus (as per the Campus Master Plan) with a window of opportunity with the shutdown of the light rail system in 2020-2021.

The pension plan based on the July 1, 2016 valuation showed a solvency deficit of \$223M and has been helped by different relief measures by the government requiring payment on the interest of the deficit for periods of three years at a time. At the end of 2017-2018 there is \$129M in the Pension Reserve Fund which has been built responsibly over time. The new funding framework changes the way Ontario organizations will deal with the going concern funding and solvency funding which are measures of an organizations ability to maintain pension benefits. The regulation strengthens the going concern funding (10-year amortization of deficits) and provides flexibility in the solvency funding (meeting solvency status at 85% is required and if below this there is a 5-year amortization period). For Carleton, with the new funded Provision for Adverse Deviation (PfAD), a pension reserve will be required to deal with years where there are negative returns on investment due to changes in demographics and interest rates, etc. that would negatively impact the solvency funding. The PfAD was set at 10% of the value of the pension fund (for Carleton \$125M). With the new regulations Carleton's Pension Fund will be one of the few that will be fully funded and sustainable for the future. The date of the next valuation was discussed and the benefit of redoing it in light of the regulation to the university's benefits.

The University of Toronto, Queen's University and the University of Guelph are working on a pilot project for a combined defined benefit pension. Each of the three universities

have large pension deficits but this would not mean that the other Ontario Universities would come to the aid of those that are in deficit. All university pension plans (with the exception of Ryerson and Carleton) have large deficits. Carleton has strengthened and maintained a strong governance structure for the Pension Plan which is sustainable and can be effectively managed internally.

There was a discussion of the carry-forward/reserves maintained by the Faculties which are used for existing or future liabilities, acquisition of capital assets including construction of new facilities, major equipment, deferred maintenance, one-time strategic initiatives such as donation matching contributions, endowments, major research projects, unexpected changes in financial condition and academic and administrative requirements.

A break-down of the “Other” Category was requested. It was explained that this area of expenditure amounts to 10% of the budget and includes library acquisitions, campaign matching, research support, supplies, and travel. Exact numbers for these items were requested from the Assistant Vice-President (Financial Services).

The reserves were discussed which include Pension Reserve, Capital Reserve (together \$250M), Carry-forward Reserves (\$75M), and Research Reserve (\$24M).

The Health Sciences Building budget was a total of \$52M and a separate project has been approved for the 4th and 6th floors at a cost of \$9M.

Mr. Wener moved, Dr. Sloan seconded to approve the proposed Operating Budget for 2018/2019, as presented and recommended by the Finance Committee. The motion carried.

7. OPEN-ITEMS FOR INFORMATION

7.1 Report from the Chair (C. Carruthers)

A verbal report was provided by Dr. Carruthers. The governors were reminded to complete the 2018 Board Assessment. The assessment is critical for the board’s governance.

7.2 Report from the President (A. Summerlee)

A memo was circulated in advance.

The Director of Equity position has had a high turn-over in recent years. The current Director is retiring mid-year but this has been part of the transition plan for the office.

The commitment to action on self-identification for Indigenous faculty, staff and students was recognized. Assistance was offered by Mr. Dinsdale as he has experience in this area from various institutions.

7.3 Update on Comprehensive Campaign (D. Fortin)

A brochure was circulated in advance.

Dr. Summerlee gave an update as of April 30, 2018 (fiscal year-end). Credit was given to the Advancement team, Ms. Conley, Ms. Chea and Mr. Fortin for raising \$41.5M for 2017/2018 which is double previous years and a considerable achievement. It also reflects the considerable support provided by members of the Board with peer-to-peer and collaborative approaches. There are also considerable ongoing efforts to get to the campaign goal of \$300M.

Mr. Nordenstrom's leadership for the Clean Economy Fund was noted as a significant achievement of \$870,000.

Mr. Javanpour was recognized for his tireless support, and outreach for the Jelenkovic Centre.

The leadership of the President in championing the campaign was noted.

7.4 Committee Chair Updates

a) *Building Program* (D. Craig)

The Building Committee met on March 5th and will be meeting on May 3rd, and in a joint meeting with Finance later in May. The May agenda items include the Health and Safety Report, an update on Dominion Chalmers United Church purchase (a final agreement is being completed), project management improvements, transportation and parking, Health Sciences Building update (building and fit-up), ARISE Building (building and fit-up), and Nicol Building (tender results).

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

There was nothing additional to report.

c) *Finance Committee* (B. Wener)

The Finance Committee has reviewed the operating and ancillary budgets for 2018/19, student fees, and is maintaining a watch on the budgets of ongoing capital projects.

c) *Governance Committee* (K. Evans)

The Governance Committee will be meeting in May to discuss the board self-assessment results, and best practices review with a focus on frequency and format of meetings, training and orientation of members, and board recruitment.

8. OPEN – OTHER BUSINESS

No additional business was raised.

9. OPEN – QUESTION PERIOD

The following question was brought forward to the Board:

“Other institutions such as Brock, McMaster, U of T, (and just 2 weeks ago) University of Ottawa, have revised international PhD tuition rates to be on par with domestic. Carleton is still charging twice the domestic rate. Not only is this an unfair burden on international students, it also puts us at a competitive disadvantage for attracting top international graduate students. To remain competitive and enhance our international reputation, I believe Carleton should move to on-par tuition fees for international graduate students as well.”

The government has created a new international strategy that allows for a number (75) of international students to be funded at the domestic rate level but the Ministry has put an embargo on an announcement. Many universities have proceeded with an announcement but this does foreshadow an announcement from the Ministry in early May. This is a response to years of pressure from universities to fund international PhD students so that they can be only charged domestic student fees. A discussion paper is being reviewed internally with the financial planning group at Carleton and will be brought to the Board.

During the last Finance Committee meeting a delegation asked that the tuition fees of the social work program be reviewed. This will be part of the discussion on tuition fees.

10. END OF OPEN SESSION AND BRIEF NETWORKING BREAK

It was moved by Dr. Sloan, seconded by Mr. Ullett to adjourn the open session of the board at approximately 5:45 pm.