Minutes of the Board of Governors Meeting

March 6, 2017

Minutes of the regular meeting of the Board of Governors (Board) of the Ontario College of Art and Design University (OCAD U) held in Room 322, 3rd Floor Boardroom, 230 Richmond Street West at 4:36 pm on the 6th day of March, 2017.

Present: Alvaro Araya, Andre De Freitas, Kiki Delaney, Sara Diamond (President), Bob Finlay (joined the meeting during item 3 via teleconference), Myrna Francis, Claude Galipeau, Tracy Gordon (via teleconference), Eric Hanson, David Holland (Vice Chair and Audit, Finance & Risk Committee (AFRC) Chair), Helen Kearns (Investment Committee Chair), Raja Khanna (via teleconference) (items 3-5 with proxy for remainder), Lanita Layton (via teleconference), Ryan Murphy (via teleconference), Charles Reeve, Mark Robert, John Semple (Board Chair), Virginia Trieloff, and Sylvia Whitton.

In Attendance: Lizz Aston, Director of Operations, OCAD Student Union (OCADSU) (items 1-9 only); Carole Beaulieu, Vice-President, Advancement & Board Secretary (VP A&BS), Valerie De Souza, Manager, University Governance, Deanne Fisher, Vice-Provost, Students & International (Vice-Provost)(items 1-9 only), Peter Fraser (Director of Finance) (items 1-9 only), Camille Isaacs (Co-Chair, Presidential Task Force on Underrepresentation in Hiring)(items 1-7 only), Robert Luke, Vice-President, Research & Innovation (VP R&I) (items 3-9 only), Pablo Munoz, Director of Campaigns and Advocacy, OCADSU (OCADSU Director of Campaigns and Advocacy) (items 1-5 only); Gillian (Jill) Siddall, VP, Academic & Provost (VP A&P) (items 1-6 only), Alan Simms, Vice-President, Finance & Administration (VP F&A), Nicholas Smith, Finance Manager OCADSU (items 1-9 only) and other members of the OCAD U community.

Regrets: John Albright, Sharifa Khan, Idris Mootee, Paul Rowan, Daniel Sawaya, Jaime Watt, Carol Weinbaum.
1. Welcome and Constitution of Meeting

Dr. John Semple, Board Chair, welcomed members to the meeting, which was duly constituted with quorum present. He acknowledged the ancestral and traditional territories of the Mississaugas of the New Credit, the Haudenosaunee, the Anishnabe and the Huron-Wendat, who are the original owners and custodians of the land on which OCAD U stands. He also welcomed members of the OCAD U Student Union (OCADSU) and other member of the student body attending today’s meeting.

2. Consent Agenda Items

The following consent agenda materials were distributed in advance of the meeting:

Consent Agenda Table of Contents
1. Summary of pending action items

Consent agenda decision items:
2. Approval of minutes of December 5, 2016 Board of Governors meeting
3. Approval of Project Chroma extension
4. Approval of joint venture bank account signing officers
5. Approval of Ancillary Fees Protocol Agreement
6. Approval of Laptop Program Fees

Consent agenda information items:
7. Information report from the President
8. Information report from the Vice-President, Academic & Provost
9. Information report from the Vice-President, Advancement & Board Secretariat
10. Information report from the Vice-President, Finance & Administration
11. Information report from the Vice-President, Research & Innovation
12. Information report from the Executive Committee Chair
13. Information report from Senate Chair

On motion made by Mark Robert, seconded by Sylvia Whitton, and adopted, it was resolved that the Board of Governors approve the consent agenda decision items, including the minutes of the December 5, 2016 regular meeting of the Board of Governors, and to accept the consent agenda information reports, as presented.

As a result, the following consent decisions, in addition to the approval of the minutes, were made by the Board:
• approval of the extension of the completion of Project Chroma to May 31, 2018 with the originally allocated budget of $6,596,512, as recommended by the Audit, Finance and Risk Committee;
• approval of the following list as authorized signers on the Joint Venture bank account “Hullmark 230-240 Richmond LP and OCAD University”:
  o Vice President Finance & Administration – Alan Simms
  o Director of Finance- Peter Fraser,
    as recommended by the Audit, Risk and Finance Committee;
• approval of the amended Ancillary Fees Protocol Agreement and appendices, as presented, and as recommended by the Audit, Finance & Risk Committee;
• approval of the revised Laptop Program Fees for 2017-18 as presented in Appendix A, and as recommended by the Audit, Finance and Risk Committee.

3. OCADSU Presentation

The OCADSU Director of Campaigns and Advocacy presented the OCADSU Money Matters Survey Summary Report to the Board with the support of the current OCADSU executive, the incoming OCADSU executive and a group of other students in attendance.

The President welcomed the OCADSU Money Matters Survey Summary Report. She noted that although the University has financial challenges, many recommendations will be considered by the University’s administration. She commented that OCAD University’s financial challenges are compounded by:
(1) the University not having received transition funding when becoming a university, yet having to make the right investments and expenditures to bring the college up to university standards to support students and faculty;
(2) a low basic income unit (BIU) weight for per student government funding; and
(3) the University’s inability to meet enrolment targets for undergraduate domestic students and the flow-through effect this has on the normal time period a student attends university.

She added that there are some elements that the University is trying to balance the financial challenges, including:
• the implementation of the non-expense-driven components of the Academic Plan (especially the transformation of space that the Creative City Campus project) and the search for alternate sources of funding for the Academic Plan;
• the search for additional sources of revenue, including the revenue-positive (after initial development) series of programs of the Campus for the Connected World – Phase 1;
• the search for both funding for capital and scholarships and bursaries in the University’s ongoing fundraising efforts; and
• ongoing dialogue with the Ontario government for a correction in the funding formula.

The Vice-Provost then responded to the OCADSU report and presentation noting that management needs time to respond to the details raised in the report, including the report’s recommendations. She noted that the data is helpful and that management will work with OCADSU to address the issues raised. She noted that there has been a 93% increase in scholarships and bursaries over the last four years as a result of the Ignite Imagination fundraising campaign and that there are now also bursaries for international students. She commented on the new free net tuition under the Ontario government’s new Ontario Student Assistance Program (OSAP) noting that currently 60-70% of OCAD U students are on OSAP and it is estimated that 50% of those students will qualify for new free tuition because of their independent status. Finally, she noted that the University is looking at using expanding its use of grocery cards to support students.

The VP F&A added that the new OSAP regime will direct the financial assistance funding to the university from the government and so many of the matters about outstanding student balances will disappear. He noted that management will be reviewing the pilot project of compound interest on late fees policy and a report will be brought forward with next steps at the next Board meeting. Finally, he remarked that all universities are expected to increase tuition by the 3% increase allowed by the Ontario government.

Then there was a fulsome discussion on the OCADSU report and presentation during the open discussion where the Board Chair invited other students attending the meeting to speak to the urgency of report recommendations. The OCADSU Director of Campaigns and Advocacy stressed that OCADSU was against tuition fee increases. Board members empathized with the students’ concerns and also noted that they needed to consider the overall financial health of the institution.

4. President’s Report

The President gave her oral report to the Board commenting on the process to develop the Strategic Mandate Agreement (SMA) with the Ontario government, where the University will be asking for an increase in the BIU weight funding per student and government backing to better support experiential learning for students. She noted that the University will be presenting a first draft of the SMA to the Ontario government in early April 2017 and will then have further consultations. Finally, she
added that OCAD U continues to advocate BIU weight change for OCAD U programs and she thanked all the Board members who participated in the letter-writing for this purpose.

5. **Capital Strategy Review and Discussion Paper**

The VP F&A presented the Capital Strategy Review and Discussion Paper (Capital Paper) with the aid of a PowerPoint presentation, which addressed:

A. context,
B. space metrics,
C. recent pipeline and major capital projects (including an update on Creative City Campus),
D. five to twenty years (including future potential exploration sites),
E. summary of recommended actions, and
F. next steps.

The Board discussed the Capital Paper noting that it provides the context the Board had requested. The President noted that the Creative City Campus project will envision changes to the library, rethinking studio, social and gathering, and outdoor spaces at OCAD U. The VP F&A added that the architects will be seeking input from OCADSU for social and gathering space in the project design work.

6. **Audit, Finance and Risk Committee (AFRC) Report**

The AFRC Chair introduced this item noting that AFRC met on February 23, 2017 to review all these matters and that briefing materials were distributed in advance for all these component reports.

(1) **2016/2017 Third Quarter (Q3) Financial Results and Enrolment Update**

This report was treated for information only and was not discussed.

(2) **Multi-Year Financial Forecast for 2017/18 to 2019/20**

The VP F&A presented the multi-year financial forecast with the aid of the PowerPoint presentation, in which he noted:
operating expenditures will exceed operating revenues before remedial action in each of 2017/18 and 2018/19 before being restored to a balanced position without the need for remedial action in 2019/20;
remedial action expressed as a percentage of operating expenditures, would be approximately 3.6% and 2.5% for 2017/18 and 2018/19 respectively;
the University’s financial position improves over the three year forecast period, however, remedial action of 3.6% of expenditures in 2017/18 will require consideration of significant expenditure reduction strategies in the upcoming fiscal year; and
major investment in the new Academic Plan’s priorities and initiatives may not be possible over this period without increasing revenues and/or further reducing expenditures.

The VP A&P added that the University will still be moving forward with implementation of the Academic Plan as many of the goals do not require new resources or can be accommodated through the capital plan, but that there will be smaller financial investments in the first two years of the Academic Plan.

The VP F&A added a few explanatory points:
- the 3% domestic tuition increase is included in the financial forecast presented;
- capital projects are not included in the financial forecasts, but investment in funding the executive education plan is; and
- the assumptions will be used by the Budget Advisory Committee in developing the 2017/18 budget for review and approval at the next meetings of the Board.

The Board then had an in-depth discussion on this matter conversing on:
- the impact of the low BIU weight;
- other sources of revenue generation (including fundraising);
- communications between university and students; and
- competing challenges between students’ concerns and financial viability of university as a whole.

(3) Undergraduate & Graduate Domestic Tuition Fee Approvals

The Director of Finance presented the tuition fee recommendations to the Board. He noted that there were no proposed changes in international student tuition fees, just undergraduate and graduate domestic tuition fees, because the Board approved a two-year increase on the former fees last year. He noted the
importance of the tuition fee increases to the fiscal health of OCAD U and the government’s expectations that they would be implemented.

The AFRC Chair added that AFRC grappled with the tuition fee recommendations, but in light of the overall financial situation of the university needed to make these recommendations for the best interests of the University as a whole at this time.

The President commented that all universities are moving forward with these 3% domestic tuition increases.

The Board Chair noted that all public institutions, including hospitals, are being treated the same and having their budgets tightened.

The Board considered and discussed the matter and then made some decisions.

On motion made by David Holland, seconded by Claude Galipeau, and adopted, it was resolved that the Board of Governors approve that, in relation to undergraduate student tuition fees, eligible (domestic) student tuition fees increase by the maximum allowable (3%) per year for the years 2017/18 and 2018/19 per the Ontario government tuition fee framework guidelines announced in December 2016, as recommended by the Audit, Finance and Risk Committee.

On motion made by David Holland, seconded by Claude Galipeau, and adopted, it was resolved that the Board of Governors approve that, in relation to graduate student tuition fees, domestic student tuition fees increase by the maximum allowable (3%) per year for the years 2017/18 and 2018/19 per the Ontario government tuition fee framework guidelines announced in December 2016, as recommended by the Audit, Finance and Risk Committee.

(4) Business Plan for Campus for the Connected World (CCW) – Waterfront Phase 1

The VP R&I spoke about business planning activities for the CCW Waterfront Phase 1, which will be brought forward to the Board for approval at its next meeting. He commented on the four components of executive education (i. executive education program development, ii. The executive education customer discovery process, iii. executive education sales and marketing, and iv. The Scotiabank Design Thinking Research Studio). He added that the net income projections are net of operating costs for the initiative.
Board members discussed his report and support for this initiative was expressed.

(5) **Project Chroma (Enterprise Resource Planning) Update Report**

This report was treated for information only and received without comment.

(6) **Statutory Government Remittance Report**

This report was treated for information only and received without comment.

7. **Investment Committee Report**

   (1) **Approval of SIPG**

   The Investment Committee Chair introduced this item, noting that the Investment Committee oversees the endowment investments of the university and has worked over many months to modernize this policy which now places OCAD U in best practices in the sector. The updated Statement of Investment Policies and Guidelines (SIPG) includes environmental, social and governance (ESG) principles that have been well-researched, as well as aspirational goals of the United Nations Principles of Responsible Investing.

   On motion made by Helen Kearns, seconded by Sylvia Whitton, and adopted, it was resolved that the Board of Governors approve the Statement of Investment Policies and Guidelines, as presented, and as recommended by the Investment Committee.

   (2) **Approval of Payout Policy**

   The Investment Committee Chair then spoke to the payout policy and the Investment Committee’s recommendation to increase the payout policy for this year by 0.5% or $72,000 to show the Board’s support for more scholarships and bursaries for students now.

   On motion made by Helen Kearns, seconded by Myrna Francis, and adopted, it was resolved that the Board of Governors approve an annual payout of 3.5%, with a special additional allocation of 0.5% for this fiscal year only, based on the fiscal year beginning balance of the endowment.
fund for fiscal year 2016/2017, towards funding the endowment commitments per individual gift agreements, as recommended by the Investment Committee.


The President noted that Camille Isaacs, her Co-Chair on the Presidential Task Force on Underrepresentation in Hiring, had to go teach so the President would be presenting the report to the Board herself. She spoke to the task force context and mandate, membership, survey methodology, survey demographics, which she noted had been previously presented to the Board. She then spoke to the recommendations in the final report and the university action plan over the near-term (up to five years) and longer-term (up to ten-year goals) to implement those recommendations. She thanked the unions and faculty associations of the University for their assistance in developing these recommendations and action plan. She concluded by noting that the task force has now been wrapped up and that the Office of Diversity, Equity and Sustainability Initiatives will now take over the implementation of the action plan.

9. Other Business

The VP A&BS noted that catalogues of the artwork for this year’s Project 31 faculty art fundraising event on March 29, 2017 were distributed to Board members and encouraged all to purchase tickets for this great fundraising event.

Next meeting:
The next meeting of the Board is the Special Board Retreat scheduled to be on April 3, 2017.

On motion made by David Holland, seconded by Kiki Delaney, and adopted, it was resolved that the Board of Governors take the meeting in camera at 6:39 pm.

All persons not part of the Board, the Board Secretariat or presenters for the in camera items left the meeting.
10. New Chancellor Recruitment Process

The Board Chair introduced this item and then Sara Diamond as Chair of the Chancellor Appointment Committee (CAC) presented this matter. She spoke about the all the work and due diligence that of the chancellor search process that CAC did with executive search firm, Odgers Berndston, and put forward the candidate for approval that was supported by the Executive Committee. Then the Board made a decision.

The Board Chair noted that this decision is still under embargo until a communication strategy is approved by the new chancellor.

11. Debt Discussion

The VP F&A spoke to the operating cash flow needs and capital project financing strategies of the University and Board members discussed this matter.

12. Termination

On motion made by Kiki Delaney, seconded by David Holland and adopted, it was resolved that the meeting be taken out of in camera and terminated at 7:15 pm.

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Dr. John Semple, Board Chair       Carole Beaulieu,
Vice-President, Advancement & Board Secretariat and Board Secretary