



UNIVERSITY OF ALBERTA

UNIVERSITY GOVERNANCE

Board of Governors Open Session Minutes

Friday, June 19, 2015
2-31 South Academic Building (SAB)
8:00 AM - 12:00 PM

ATTENDEES:

Voting Members:

Douglas O. Goss	Appointed Chair, General Public
Shenaz Jeraj	Appointed Vice-Chair, General Public
Dick Wilson	Appointed Vice-Chair, General Public
David Cooper	Member, Academic Staff Representative (AASUA Appointee)
Jane Halford	Member, University of Alberta Alumni Association
James Heelan	Member, General Public
Barry James	Member, University of Alberta Senate
LeRoy Johnson	Member, General Public
Azhar Khan	Member, Undergraduate Board of Governors Representative
Navneet Khinda	Member, Students' Union
Steven LePoole	Member, General Public
Raymond Muzyka	Member, General Public
Robert Parks	Member, University of Alberta Alumni Association
Michael H. Ross	Member, General Public
Indira Samarasekera	Member, President
Nizar Somji	Member, General Public
Robert H. Teskey	Member, General Public

Non-Voting Officials Appointed by the President:

Lorne Babiuk	Vice-President (Research)
Phyllis Clark	Vice-President (Finance and Administration)
Marion Haggarty-France	University Secretary
Brad Hamdon	General Counsel
Don Hickey	Vice-President (Facilities and Operations)
Colm Renehan	Interim Vice-President (Advancement)
Olive Yonge	Interim Provost and Vice-President (Academic)

Regrets:

Mike Belosevic	Member, Academic Staff Representative (General Faculties Council)
Marcia Lang	Senior Strategic Advisor to the President
Colin More	Member, Graduate Students' Association
Debra Pozega Osburn	Vice-President (University Relations)
Christopher Pu	Member, Non-Academic Staff Representative (NASA Appointee)
Ralph Young	Member, Chancellor

Presenter(s):

David Lawson	Chair, Board Investment Committee
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Staff:

Ann Hodgson, Manager, Governance Operations, University Governance
Juli Zinken, Acting Board Secretary and Manager of Board Services

OPENING SESSION

1. Chair's Session

1a. Call to Order and Confirmation of Quorum

Presenter(s): Douglas O. Goss

The Acting Board Secretary confirmed that the attendance constituted quorum. The Chair called the meeting to order at 8:00 a.m.

1b. Approval of Open Session Agenda

Materials before members are contained in the official meeting file.

Presenter(s): Douglas O. Goss

The motion was moved and seconded.

THAT the Board of Governors approve the Open Session agenda as presented.

CARRIED

1c. Conflict of Interest - Opportunity for Declaration

Presenter(s): Douglas O. Goss

The Chair made note of the following:

- The University of Alberta has policy and procedure in place for Conflict of Interest and Conflict of Commitment, and Board members make annual disclosures.
- In addition, Board members must declare any conflict related to the Board Agenda of each meeting and, in the event of such conflict, absent themselves from the discussion and voting on the item.
- The Post-Secondary Learning Act, Section 16(5) states that: The members of the board must act in the best interests of the university.

The Chair invited members to declare conflicts of interest related to the Open Session Agenda of the meeting. Seeing none, he declared the question asked and answered.

1d. Chair's Remarks

Presenter(s): Douglas O. Goss

The Chair welcomed members and guests and informed them that the Board had celebrated its retiring members the night before at its annual member recognition dinner, honouring in particular President and Vice-Chancellor, Indira Samarasekera, who finishes her second term at the end of June. He noted that today's Board of Governors' meeting would be the President's last and led members in applauding President Samarasekera for her service, her passion and her unwavering dedication to the University of Alberta.

The Chair also congratulated Dr Ray Muzyka on being named a recipient of the 2015 University of Alberta Alumni Innovation Award, along with his former Bioware partner, Dr Greg Zeschuk, noting that the award recognizes University of Alberta alumni who have significantly impacted their profession, community, the University, or society at large by developing an innovative program, process or product.

He reminded members that the President is the spokesperson for the University and that he is the Board of Governors' spokesperson.

2. Report of the President

Presenter(s): Indira Samarasekera, Lorne Babiuk

In addition to her written report, the President included verbal points of interest to the Board on the provincial government's recent announcement of Bill 3, reviewing the details of the Bill and informing the Board of its implications for post-secondary education and the University of Alberta. She apprised the Board of a recent meeting with the Minister and Deputy Minister of Innovation and Advanced Education where she articulated the University of Alberta's need to compete with peer institutions and offered that the University play a leadership role in the Campus Alberta network.

The President responded to questions from the Board relating to the details of the market modifier rollback; the perception for the professional Faculties regarding quality for cost; how the University plans to allocate the market modifier backfill; and the University's government relations strategy.

The President invited Dr Lorne Babiuk to provide an update on research funding and suggested that, in the future, Dr Babiuk report regularly to the Board through the Board Learning and Discovery Committee regarding research funding competitions and announcements.

Dr Babiuk provided an update on the status of the University of Alberta's submissions to the Canada First Research Excellence Fund (CFREF) competition. He also informed the Board of the university's recent success in the Canada Foundation for Innovation (CFI) John R. Evans Leaders Fund competition, where the university received four awards totaling \$1.1 million in funding.

Dr Babiuk and President Samarasekera responded to questions from the Board regarding the University of Toronto's research funding successes, details on the CFREF competition, and the University of Alberta's plans for aboriginal initiatives and increased aboriginal student enrolment.

The President also informed the Board that Dr Catherine Swindlehurst, former Director, Office of the President, had been named Chief of Staff of that office.

3. Report from the University Secretary

Presenter(s): Marion Haggarty-France

The University Secretary referred Board members to the 2015-2016 Board of Governors' schedule in front of them, noting it is now available on the University Governance website. She also invited Board members to take time over the summer to read the book provided to them: *University Leadership and Public Policy in the Twenty-First Century: A President's Perspective*, by Peter MacKinnon.

4. Approval of the Consent Agenda

Materials before members are contained in the official meeting file.

Presenter(s): Douglas O. Goss

The Chair removed items 4h, *Report of the Investment Committee*, and 4i, *Investment Committee Annual Report*, from the Consent Agenda.

4a. Approval of the Open Session Minutes of May 8, 2015

4b. Approval of the Open Session Minutes of June 1, 2015

4c. Report of the Finance and Property Committee

4ci. Creation of a Legal Entity Policy

4cii. Rescission of the \$50.00 Faculty Student Fund fee for the Faculty of Law

4d. Report of the University Relations Committee

4di. University of Alberta Annual Report

Information Reports

4e. Report of the Audit Committee

4f. Report of the Finance and Property Committee

4g. Report of the Human Resources and Compensation Committee

4h. Report of the Investment Committee – removed from Consent Agenda

4i. Investment Committee Annual Report – removed from Consent Agenda

4j. Report of the Learning and Discovery Committee

4k. Report of the Safety, Health and Environment Committee

4l. Report of the University Relations Committee

Regular Reports

4m. Chancellor's Report

4n. Alumni Association

4o. Students' Union

4p. Graduate Students' Association

4q. Association of Academic Staff

4r. Non-Academic Staff Association

4s. General Faculties Council

4t. Board Chair and Board Members Activity Report

The motion was moved and seconded.

THAT the Board of Governors approve the Open Session Consent Agenda, as amended.

CARRIED

At the invitation of the Board Chair, Mr David Lawson, Chair of the Board Investment Committee, reviewed the Committee's report to the Board from its June meeting, highlighting in particular the Committee's approval of a revised Statement of Investment Principles and Beliefs (SIP&B).

The Board engaged in discussion regarding the SIP&B, the appropriateness of its comparables, strength of the statement (in particular, the use of the word "generally"), and extent of stakeholder consultation. Following discussion, the Board Chair asked that Administration, in consultation with the Board Investment Committee, consider the feasibility of incorporating environmental, social and governance (ESG) goals, targets and parameters into the University Funds Investment Policy, in order to assist the Board in determining what is most appropriate for the University. He requested that the incorporation of ESG issues into policy also involve reporting on how University investment activities support ESG best practices.

Mr Lawson then presented the Board Investment Committee's Annual Report, providing highlights related to fund performance and accomplishments over the year, including: the great success in returns earned by the endowment funds, the addition of two private equity mandates, a change in currency risk management

practices, and a dynamic investment approach. He noted that, going forward, management would be expanding in emerging assets and private equity, reviewing the appropriateness of commodities as an asset class in the inflation sensitive investment strategy, and concluding an assessment of the University's investment management capabilities with the assistance of an independent external consultant.

ACTION ITEMS

5. Report of the Investment Committee

5a. University Investment Policy

Materials before members are contained in the official meeting file.

Presenter(s): David Lawson

Purpose of the Proposal: To implement minor revisions to the University Funds Investment Policy. Major revisions to the policy were approved by the Board of Governors on June 21, 2013 that are expected to have a higher probability of maintaining the real value of the Unitized Endowment Pool (UEP) (after inflation and spending). Other minor revisions were approved by the Board of Governors on June 20, 2014.

Discussion:

Mr Lawson introduced the item, informing the Board that the proposed changes were intended to improve organization and consistency within the document. He noted that there were no major changes to the investment guidance, and that the governance statement was moved to the top of the policy in order to apply to both endowed and non-endowed assets.

The motion was moved and seconded.

THAT the Board of Governors, on the recommendation of the Board Investment Committee, approve the revised University Funds Investment Policy effective April 1, 2015, as set forth in Attachment 1 to the agenda documentation.

CARRIED

6. Report of the Finance and Property Committee

Presenter(s): Dick Wilson

6a. Envision: Year 3 – Capital Expenditure Authorization Request (CEAR)

Materials before members are contained in the official meeting file.

Presenter(s): Don Hickey

Purpose of the Proposal: To obtain approval to proceed with the third year of the five-year *Envision* energy management program and approval of a capital expenditure of not more than Nine Million Dollars (\$9 000 000) in Canadian funds to be implemented in the third year of the program.

Discussion:

Mr Hickey provided members with a brief history of the *Envision* energy management program, reminding members that the current *Envision* program was approved by the Board in 2013, and noting that the increased expenditure for Year 3 is due to higher-than-anticipated electricity consumption in new buildings. He reviewed the purposes of the program: to achieve energy savings, reduce operating and maintenance costs, improve space conditions, address deferred maintenance, reduce greenhouse gas emissions, and support sustainable development.

Mr Hickey also reviewed the project's financial analysis and borrowing proposal, explaining that the rationale for variations in borrowing percentages is intended to account for potential interest rate fluctuation, and that the \$9,000,000 expenditure will be paid back from the energy savings.

Mr Hickey responded to questions from members regarding the length of the program and whether or not it will impact the University's capital budget.

The motion was moved and seconded.

THAT the Board of Governors, on the recommendation of the Board Finance and Property Committee, approve the University's third year of the five-year *Envision* energy management program and a capital expenditure of not more than Nine Million Dollars (\$9,000,000.00) in Canadian funds to implement the third year of the program.

CARRIED

6b. Envision: Year 3 – Borrowing Resolution & Order in Council

Materials before members are contained in the official meeting file.

Presenter(s): Don Hickey

Purpose of the Proposal: To obtain financing to fund the implementation of the third of the five-year *Envision* energy management program. A borrowing resolution and borrowing motion requires the approval of the Board of Governors, based on the recommendation of the Board Finance and Property Committee, in order that the required Order in Council may be obtained from the Government of Alberta prior to undertaking the implementation.

Discussion:

This item was discussed and considered with Item 6a, *Envision: Year 3 – Capital Expenditure Authorization Request (CEAR)*.

The motion was moved and seconded.

THAT the Board of Governors, on the recommendation of the Board Finance and Property Committee:

- a) execute a Borrowing Resolution requesting approval of financing the third year of the five-year *Envision* energy management program in an amount not to exceed Nine Million Dollars (\$9,000,000.00) in Canadian funds for a term not to exceed fifteen (15) years at an interest rate of not more than five and one-half percent (5.5%); and
- b) make an application to the Minister of Innovation and Advanced Education for the required approval of the Lieutenant Governor in Council.

CARRIED

7. Report of the Board Chair

Presenter(s): Douglas O. Goss

7a. Committee Appointments

Materials before members are contained in the official meeting file.

Presenter(s): Douglas O. Goss; Marion Haggarty-France

Purpose of the Proposal: To consider revisions to the annual appointment roster to Board Committees.

Discussion:

The Chair presented his membership recommendations, indicating that the Advancement Board Committee has been removed from the roster until such time that the new President and Vice-President (Advancement) are in place and ready to work with the Committee.

Mr Michael Ross, Chair of the Board Audit Committee, informed the Board that he is working with the Board Chair to improve Audit Committee member succession and hopes to bring external Committee member candidates forward for consideration at the next Board meeting.

The motion was moved and seconded.

THAT the Board of Governors, on the recommendation of the Board Chair, Mr Douglas Goss, approve Board Committee appointments, as set forth in Attachment 1 to the agenda documentation.

CARRIED

CLOSING SESSION

8. *Adjournment*

Presenter(s): Douglas O. Goss

The Chair invited the President to reflect on her time at the University of Alberta. In response, President Samarasekera indicated that she was most proud of the University's collective commitment to raise the bar and become one of Canada's top universities, something that wouldn't have been possible without the broad support of the entire institution.

The Chair adjourned the Open Session at 10:00 a.m.