



Board of Governors  
Open Session Minutes

Friday, June 23, 2017  
2-31 South Academic Building (SAB)  
8:00 AM - 12:00 PM

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**ATTENDEES:**

Voting Members:

Michael Phair	Appointed Chair, General Public
Dick Wilson	Appointed Vice-Chair, General Public
Marina Banister	Appointed Member, President (Students' Union)
Matthew Barnett	Appointed Member, Non-Academic Staff Representative (NASA Appointee)
David Cooper	Appointed Member, Academic Staff Representative (AASUA Appointee)
Dominique Grégoire	Appointed Member, General Public
Barry James	Appointed Member, University of Alberta Senate Representative
LeRoy Johnson	Appointed Member, General Public
Ray Muzyka	Appointed Member, General Public
Lynne Paradis	Appointed Member, General Public
Lynn Parish	Appointed Member, General Public
Robert Parks	Appointed Member, University of Alberta Alumni Association Representative
Michael Sandare	Appointed Member, Undergraduate Board of Governors Representative
Babak Soltannia	Appointed Member, President (Graduate Students' Association)
Zahra Somani	Appointed Member, General Public
Sheri Somerville	Appointed Member, General Public
Douglas Stollery	Appointed Member, Chancellor
Glenn Stowkowy	Appointed Member, University of Alberta Alumni Association Representative
Owen Tobert	Appointed Member, General Public
David Turpin	Appointed Member, President and Vice-Chancellor

Non-Voting Officials Appointed by the President:

Lorne Babiuk	Vice-President (Research)
Steven Dew	Provost and Vice-President (Academic)
Marion Haggarty-France	University Secretary
Brad Hamdon	General Counsel
Gitta Kulczycki	Vice-President (Finance and Administration)
Heather McCaw	Vice-President (Advancement)
Andrew Sharman	Vice-President (Facilities and Operations)
Catherine Swindlehurst	Chief of Staff (President's Office)
Jacqui Tam	Vice-President (University Relations)
Juli Zinken	Board Secretary and Manager of Board Services

Regrets:

Jeremy Richards	Appointed Member, Academic Staff Representative (General Faculties Council Appointee)
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Presenter(s):

David Lawson	Chair, Board Investment Committee
Ron Ritter	Director, Treasury and Investment (Finance and Supply Management Services)

Staff:

Erin Plume, Assistant Board Secretary

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## **OPENING SESSION**

### 1. Chair's Session

*Presenter(s):* Michael Phair

#### 1a. Call to Order and Confirmation of Quorum

*Presenter(s):* Michael Phair

The 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):* Michael Phair

The motion was moved and seconded.

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

#### 1bi Review of Consent Agenda

*Presenter(s):* Michael Phair

The Chair invited members to inform him if there were any requests to remove an item from the Open Session Consent Agenda. There were no requests to remove items.

#### 1c. Conflict of Interest - Opportunity for Declaration

*Presenter(s):* Michael Phair

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. Mr James reminded members that he is the Chair of the Audit Committee for the Province of Alberta; the financial statements of the University are approved by this committee; and Mr Stowkowy declared a general conflict in that his firm does work for the University of Alberta.

Seeing no further declarations, the Chair declared the question asked and answered.

#### 1d. Chair's Remarks

*Presenter(s):* Michael Phair

The Chair welcomed members and guests and acknowledged all Indigenous peoples and the traditional lands on which the Board was gathered.

He noted that the Board had held its annual recognition dinner the night before and recognized the Board's outgoing and retired members, acknowledging in particular two members for whom this was their final Board meeting: Barry James for his three years of service as Senate representative, and Rob Parks, who served as alumni representative since 2014. Board members joined the Chair in thanking Mr James and Mr Parks for their valuable contributions to the Board and its committees over the past three years.

The Chair also acknowledged that this would be Lorne Babiuk's last Board meeting after ten years as Vice-President (Research), and members recognized Dr Babiuk for his tremendous leadership at the university and support to the Board.

He welcomed Katherine Binhammer, appointed effective July 1, 2017 as General Faculties Council appointee on the Board, and Mary Pat Barry, Past-President of Alumni Council, and the Alumni Association nominee to the Board, to the meeting as observers, and noted that Charlene Butler was the proposed nominee to represent the Senate on the Board but was not able to attend today's meeting.

The Chair then provided an update on plans for the upcoming Board strategic retreat in August, thanking Board members and administration for taking time out of their summer for this important session. He noted that the book *University Leadership and Public Policy in the Twenty-First Century* by Peter MacKinnon had been distributed to members and encouraged them to read it prior to the retreat.

The Chair noted his attendance, along with the Chancellor and Deputy Provost Wendy Rodgers, at the opening of the Faculty of Extension Indigenous Gathering Space in Enterprise Square earlier in the week.

Finally, the Chair acknowledged Item 4di on the agenda, "Sexual Violence Policy and Procedure", speaking to the item's importance and its thorough consultation process, and reminding Board members that, as university volunteers, they had a part to play once the policy was in place.

#### 2. Report of the President

Materials before members are contained in the official meeting file.

*Presenter(s):* David Turpin

##### *Discussion:*

In addition to his written report, President Turpin provided verbal remarks on the President's Executive Committee's three-day strategic retreat earlier that week, where they reviewed the past year's initiatives including: the national recruitment strategy, signature area identification, academic governance renewal, and budget model redevelopment; and then looked forward to the coming year, including focus on: experiential learning; equity, diversity and inclusion; the university budget model; and a professional development framework for faculty and staff.

Dr Turpin then briefed the Board on the [final report of Canada's Fundamental Science Review](#) (commonly referred to as "The Naylor Report"), chaired by Dr David Naylor of the University of Toronto, and the efforts of Universities Canada and the U15 Group of Canadian Research Universities to coordinate a national campaign communicating support for the report's recommendations to the federal government. (*Secretary's note: at the request of the Chair, a copy of the final report is appended to the file copy of these minutes as Attachment 1*)

Finally, in recognition of the one-year anniversary of the Fort McMurray fires, Dr Turpin distributed a summary brochure of the response from the University of Alberta community and noted that the university had been given a photo acknowledging its service and actions at that time.

Dr Turpin responded to questions from the Board regarding: to what extent the university had discussed The Naylor Report with the provincial government and the extent of government's awareness of the importance of research and funding needs; the value of international rankings such as the Times Higher Education World University Rankings and the QS World University Rankings; whether the university received reimbursement from the province for its response to the Fort McMurray fires; whether the three-day management retreat led to any surprising or unexpected outcomes; whether it was possible to place international rankings in a greater context; and the status of the university's response to Peter MacKinnon's report on the Peter Lougheed Leadership College.

The Chair commended the President on his work engaging local, national and international communities.

3. Report from the University Secretary

*Presenter(s):* Marion Haggarty-France

*Discussion:*

There was no report.

**CONSENT AGENDA**

4. Approval of the Consent Agenda

Materials before members are contained in the official meeting file.

*Presenter(s):* Michael Phair

Action Items

- 4a. Approval of the Open Session Minutes of May 12, 2017
- 4b. Approval of the Open Session Minutes of May 29, 2017
- 4c. Report of the Finance and Property Committee
- 4ci. Dentistry/Pharmacy Building Renewal and Repurpose - CEAR
- 4cii. Capitalization of Unrestricted Funds to Permanent Restricted Endowments Net Assets
- 4d. Joint Report of the Human Resources and Compensation and Safety, Health and Environment Committees
- 4di. Sexual Violence Policy and Procedure
- 4e. Report of the University Relations Committee
- 4ei. University of Alberta Annual Report

Information Reports

- 4f. Report of the Audit Committee
- 4g. Report of the Finance and Property Committee
- 4h. Report of the Human Resources and Compensation Committee
- 4i. Report of the Investment Committee
  - Investment Committee Annual Report

- 4j. Report of the Safety, Health and Environment Committee
- 4k. Report of the University Relations Committee
- Regular Reports
- 4l. Chancellor's Report
- 4m. Alumni Association
- 4n. Students' Union
- 4o. Graduate Students' Association
- 4p. Association of Academic Staff
- 4q. Non-Academic Staff Association
- 4r. General Faculties Council
- 4s. 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 presented.

**CARRIED**

### **ACTION ITEMS**

#### 5. Report of the Investment Committee

*Presenter(s):* David Lawson

#### 5a. University Endowment Pool (UEP) Spending Policy

Materials before members are contained in the official meeting file.

*Presenter(s):* David Lawson; Ron Ritter

*Purpose of the Proposal:* To replace the current inflation indexed banded endowment spending policy with a policy based on a 60 month average market value with a four percent program spending rate and an administrative fee of 0.85 percent which is reduced to 0.60% over a five year transition period.

*Discussion:*

The Chair introduced the item, recognizing the fine work of the Investment Committee and thanking Mr Lawson for his strong leadership.

Mr Lawson reviewed the proposal, informing members that the policy represented a comprehensive review across the university including broad consultation with stakeholders and potential donors. He outlined three major concerns expressed by endowment stakeholders with respect to the current spending policy: its complexity, low level of program spending, and high administrative assessment for indirect costs. He then reviewed the proposed changes intended to address those concerns, including: a policy based on a 60 month average market value with a four percent program spending rate and an administrative fee of 0.85 percent which would be reduced to 0.60 percent over a five year transition period, six percent lower probability than the current spending policy, and an additional \$9 million in support annually to programs funded by endowments, commencing in the 2018/19 fiscal year.

Mr Lawson, Mr Ritter, and Ms Kulczycki responded to questions from the Board regarding: why there is an administrative fee; how the administrative cost was determined; whether there are now greater efficiencies in administration; and what might trigger a review of the policy, if approved.

The motion was moved and seconded.

THAT the Board of Governors, on the recommendation of the Board Investment Committee, approve the revised University Endowment Pool Spending Policy, as set forth in Attachment 1.

**CARRIED**

5b. University Funds Investment Policy

Materials before members are contained in the official meeting file.

*Presenter(s):* David Lawson; Ron Ritter

*Purpose of the Proposal:* To revise the University Funds Investment Policy.

*Discussion:*

Mr Lawson introduced the item and reviewed the proposal, outlining the major changes: to create alignment with the committee's recently approved Statement of Investment Principles and Beliefs and introduce responsible investment related policy; to make it consistent with the proposed University Endowment Pool (UEP) Spending Policy, with greater emphasis being placed on intergenerational equity as opposed to real (after inflation) endowment growth; to modify the UEP asset allocation for risk management and diversification purposes; and to reassess the asset allocation for the Non-Endowed Investment Pool and recommend an expanded investment opportunity universe to enhance investment earnings. He also reviewed the implementation plan and next steps.

Mr Lawson and Mr Ritter responded to questions from members regarding: the decision to delegate decisions regarding Environmental, Social and Governance (ESG) factors to investment advisors and how that delegation would be monitored; whether the university would be able to assess investment managers' interest in ESG areas and how it would be measured; why responsible investing wasn't included in the objectives of the committee's Statement of Investment Principles and Beliefs (SIP&B); the use of "business rationale" versus "moral rationale" in the SIP&B's "responsible investment" section and whether this section should be at the front of the document; the number of investment managers; how these changes might affect the current managers; how the managers are monitored; whether there was any concern that by further diversifying the university might veer into derivatives similar to Harvard in 2009; and confirmation that the university would avoid situations similar to asset-backed commercial paper.

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 July 1, 2017, as set forth in Attachment 1.

**CARRIED**

6. Report of the Board Chair

*Presenter(s):* Michael Phair

6a. Board Committee Appointments

Materials before members are contained in the official meeting file.

*Presenter(s):* Michael Phair; Marion Haggarty-France

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

*Discussion:*

The Chair introduced the item and, along with the University Secretary, responded to questions regarding: why only one Board member was appointed to the Investment Committee; why certain committees' composition guidelines were more restrictive than others; and how committee compositions might change in the future following discussions at the Board Strategic Retreat.

The motion was moved and seconded.

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

**CARRIED**

**CLOSING SESSION**

7. *Adjournment*

*Presenter(s):* Michael Phair

The Chair adjourned the Open Session at 9:45 a.m.