



The following Motions and Documents were considered by the Board Finance and Property Committee during the Open Session of its November 26, 2019 meeting:

Agenda Title: **Collection of University of Alberta Students' Union 2019-20 Operating / Referendum Fees**

APPROVED MOTION: THAT the Board Finance and Property Committee approve the collection of the revised 2019-20 University of Alberta Students' Union fees, as set forth in Attachment 1 of the agenda documentation.

Final Item: 4b.

Agenda Title: **Capitalization of Unrestricted Funds to Permanent Restricted Endowments Net Assets**

APPROVED MOTION: THAT the Board Finance and Property Committee, acting with delegated authority of the Board of Governors, approve the transfer of \$166,629.63 of unrestricted net assets to permanent restricted endowment net assets.

Final Item: 4c.

Agenda Title: **Non-endowed Investment Pool - Income/Reserve Transfer**

APPROVED MOTION: THAT the Board Finance and Property Committee recommend that the Board of Governors approve the transfer of \$15 million additional funds to the University of Alberta 2019-20 Operating Budget, sourced from non-endowed investment income and the non-endowed investment reserve.

Final Recommended Item: 7.

**Governance Executive Summary
Action Item**

Agenda Title	Collection of University of Alberta Students' Union 2019-20 Operating / Referendum Fees
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Motion

THAT the Board Finance and Property Committee approve the collection of the revised 2019-20 University of Alberta Students' Union fees, as set forth in Attachment 1 of the agenda documentation.

Item

Action Requested	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Recommendation
Proposed by	University of Alberta Students' Union
Presenter(s)	Joel Agarwal, Students' Union VP Academic

Details

Responsibility	University of Alberta Students' Union
The Purpose of the Proposal is	To approve the collection of the revised University of Alberta Students' Union 2019/20 Operation / Referendum fees.
Executive Summary <i>(outline the specific item – and remember your audience)</i>	<p>The Board of Governors previously approved the collection of the 2019/20 Students' Union fees on May 10, 2019, effective September 1, 2019, however, the following two fees, approved by student referendum and by the Engineering Faculty Association, respectively, were missed on the proposal that came forward to the Board of Governors. The amendments, as highlighted in yellow in Attachments 1 and 2, are as follows:</p> <ul style="list-style-type: none"> - The Aboriginal Student Council referendum fee: in addition to its current fee structure, a fee of \$1.00 (from \$0.00) shall be assessed to Intersession students enrolled Full-time, and \$0.50 (from \$0.00) to be assessed to Intersession students enrolled Part-time. Off-campus students shall be assessed \$0.50 (from \$0.00). Students may opt-out of the fee by the add/drop deadline of the semester. - The Engineering Faculty Association Membership Fee shall be increased to \$10.00 (from \$7.00/semester). The fee will apply to all Undergraduate Faculty of Engineering students, applicable to Full and Part-time students. The increased fee collection is to take effect January 1, 2020. This fee will not be assessed to off-campus and intersession students. Students may opt-out of the fee by the add/drop deadline of the semester. <p>There are no other changes to the fee structure or the administration of Students' Union Fees.</p> <p>For reference, the Students' Union's approved operating budget can be accessed online at http://su.ualberta.ca/about/budgetsfees/.</p> <p>Upon approval by the Board Finance and Property Committee, the Students' Union will advise the Registrar's Office of the new and updated fees, and the new fees will be assessed starting January 1, 2020. No changes have been made to the Fall 2019 fee collection.</p>

Item No. 4b

Supplementary Notes	Prior to June 14, 2019, the Board of Governors approved the collection of fees on behalf of the Students' Union, but as per the BFPC Terms of Reference approved on that date, BFPC now has delegated authority to approve the collection of fees. Hence BFPC can approve the amendment to the fees (rather than recommend to the Board of Governors).
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Engagement and Routing (Include meeting dates)

Consultation and Stakeholder Participation	<u>Those who are actively participating:</u> <ul style="list-style-type: none"> Students' Council, April 09, 2019 (for approval)
<For information on the protocol see the Governance Resources section Student Participation Protocol >	<u>Those who have been consulted:</u> <ul style="list-style-type: none"> Finance Committee, April 03, 2019 (for approval)
	<u>Those who have been informed:</u> <ul style="list-style-type: none"> Executive Committee, March 26, 2019 (for approval)
Approval Route (Governance)	<ul style="list-style-type: none"> Board Finance and Property Committee, April 16, 2019 (for recommendation) Board of Governors, May 10, 2019 (for approval) Board Finance and Property Committee, November 26, 2019 (for approval) Board of Governors, December 13, 2019 (for information)

Strategic Alignment

Alignment with <i>For the Public Good</i>	Objective 22: Secure and steward financial resources to sustain, enhance, promote, and facilitate the university's core mission and strategic goals. Objective 23: Ensure that the University of Alberta's campuses, facilities, utility, and information technology infrastructure can continue to meet the needs and strategic goals of the university.		
Alignment with Institutional Risk Indicator	Please note below the specific institutional risk(s) this proposal is addressing. <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input checked="" type="checkbox"/> Student Success </td> </tr> </table>	<input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input checked="" type="checkbox"/> Student Success
<input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input checked="" type="checkbox"/> Student Success		
Legislative Compliance and jurisdiction	<ul style="list-style-type: none"> Students' Union Strategic Plan Students' Union Bylaw 3000, 6000, and 8200 Students' Union Budget Principles 2019/2020 Post Secondary Learning Act (PSLA): Sections 95(2), 60(1)(b), and 62. Board Finance and Property Committee (BFPC) Terms of Reference Section 2k 		

Attachments:

- University of Alberta Students' Union Fee 2019-20 (for approval) (1 page)
- University of Alberta Students' Union Assessment of Undergraduate Student Union Referendum / Dedicated Fees – Allocation 2019-20 (for information) (3 pages)

Prepared by: Peter Ta peter.ta@su.ualberta.ca, Senior Manager – Finance, University of Alberta Students' Union

Undergraduate students are assessed fees from both Schedule 1, 2, 3 and 4:
(Attachment 1)

Students' Union Undergraduate Fees - TERM						
Effective: September 1, 2019						
	1. Basic Fee	2. Engineering	3. Augustana	4. Business	5. Science	6. Arts
Fall or Winter Term Full Time Fees:						
Students' Union Fee	\$ 51.82	\$ 51.82	\$ 51.82	\$ 51.82	\$ 51.82	\$ 51.82
Referendum Fees	\$ 47.71	\$ 57.71	\$ 80.07	\$ 57.71	\$ 52.71	\$ 50.21
Total Fall or Winter Term Full Time Fees	\$ 99.53	\$ 109.53	\$ 131.89	\$ 109.53	\$ 104.53	\$ 102.03
Fall or Winter Term Part Time Fees:						
Students' Union Fee	\$ 30.44	\$ 30.44	\$ 30.44	\$ 30.44	\$ 30.44	\$ 30.44
Referendum Fees	\$ 43.93	\$ 53.93	\$ 80.07	\$ 53.93	\$ 48.93	\$ 46.43
Total Fall or Winter Term Part Time Fees	\$ 74.37	\$ 84.37	\$ 110.51	\$ 84.37	\$ 79.37	\$ 76.87
Fall or Winter Term Off Campus Student Fees:						
Students' Union Fee	\$ 30.44	\$ 30.44		\$ 30.44	\$ 30.44	\$ 30.44
Referendum Fees	\$ 43.93	\$ 43.93		\$ 43.93	\$ 43.93	\$ 43.93
Total Fall or Winter Term Off Campus Fees	\$ 74.37	\$ 74.37		\$ 74.37	\$ 74.37	\$ 74.37
Spring or Summer Term Fees:						
Students' Union Fee	\$ 31.47	\$ 31.47		\$ 31.47	\$ 31.47	\$ 31.47
Referendum Fees	\$ 17.92	\$ 17.92		\$ 17.92	\$ 17.92	\$ 17.92
Total Spring or Summer Term Fees	\$ 49.39	\$ 49.39		\$ 49.39	\$ 49.39	\$ 49.39
Spring or Summer Term Off Campus Fees:						
Students' Union Fee	\$ 31.47	\$ 31.47		\$ 31.47	\$ 31.47	\$ 31.47
Referendum Fees	\$ 17.92	\$ 17.92		\$ 17.92	\$ 17.92	\$ 7.92
Total Spring or Summer Term Off Campus Fees	\$ 49.39	\$ 49.39		\$ 49.39	\$ 49.39	\$ 49.39

Students' Union Undergraduate Fees - ANNUAL/TERM			
Effective: September 1, 2019			
	7. Nursing	8. Law	9. Education
Fall Term Full Time Fees:			
Students' Union Fee	\$ 51.82	\$ 51.82	\$ 51.82
Referendum Fees	\$ 60.21	\$ 97.71	\$ 55.71
Total Fall or Winter Term Full Time Fees	\$ 112.03	\$ 149.53	\$ 107.53
Winter Term Full Time Fees:			
Students' Union Fee	\$ 51.82	\$ 51.82	\$ 51.82
Referendum Fees	\$ 47.71	\$ 47.71	\$ 47.71
Total Fall or Winter Term Full Time Fees	\$ 99.53	\$ 99.53	\$ 99.53
Fall Term Part Time Fees:			
Students' Union Fee	\$ 30.44	\$ 30.44	\$ 30.44
Referendum Fees	\$ 52.43	\$ 43.93	\$ 51.93
Total Fall or Winter Term Part Time Fees	\$ 82.87	\$ 74.37	\$ 82.37
Winter Term Part Time Fees:			
Students' Union Fee	\$ 30.44	\$ 30.44	\$ 30.44
Referendum Fees	\$ 43.93	\$ 43.93	\$ 43.93
Total Fall or Winter Term Part Time Fees	\$ 74.37	\$ 74.37	\$ 74.37
Fall or Winter Term Off Campus Student Fees:			
Students' Union Fee	\$ 30.44	\$ 30.44	\$ 30.44
Referendum Fees	\$ 43.93	\$ 43.93	\$ 43.93
Total Fall or Winter Term Off Campus Fees	\$ 74.37	\$ 74.37	\$ 74.37
Spring or Summer Term Fees:			
Students' Union Fee	\$ 31.47	\$ 31.47	\$ 31.47
Referendum Fees	\$ 17.92	\$ 17.92	\$ 17.92
Total Spring or Summer Term Fees	\$ 49.39	\$ 49.39	\$ 49.39
Spring or Summer Term Off Campus Fees:			
Students' Union Fee	\$ 31.47	\$ 31.47	\$ 31.47
Referendum Fees	\$ 17.92	\$ 17.92	\$ 17.92
Total Spring or Summer Term Off Campus	\$ 49.39	\$ 49.39	\$ 49.39

Students' Union Undergraduate Fees - ANNUAL					
Effective: September 1, 2019					
Referendum Fee	Fall Enrollment		Referendum Fee	Winter Enrollment	
	Health Plan Fee	Dental Plan Fee		Health Plan Fee	Dental Plan Fee
Full Time Fees	\$140.60	\$ 151.62	Full Time Fees	\$ 93.73	\$ 101.08
Part Time Fees	\$140.60	\$ 151.62	Part Time Fees	\$ 93.73	\$ 101.08
Off-Campus Fees	\$140.60	\$ 151.62	Off-Campus Fees	\$ 93.73	\$ 101.08

Students' Union Residence Association Fees (Full & Part Time)			
Effective: September 1, 2019			
Full & Part Time Students (Per Year)		Full & Part Time Students (Per Year)	
HUB Community	\$45.00	East Campus	\$ 36.00
International House	\$50.00	Newton Place	
L'Association de la Residence de la Faculte Saint-Jean	\$67.00	Lister Hall	\$ 75.00

- The Basic Fee (Column 1) applies to all students except those in the Faculties of Engineering, Augustana, Business, Science, Arts, Nursing, Law, & Education
- Engineering students are assessed the Basic Fee for all terms (which is included in Column 2) , plus a \$10.00/term Faculty Association Membership Fee (FAMF). This FAMF is only being assessed in the Fall and Winter Full Time and Part Time terms, not Intercession or Off-Campus.
- Augustana students are assessed the amount in Column 3 for Fall/Winter Terms. The Referendum portion of the Augustana Fee in Column 3 includes a \$65.00/term Faculty Association Membership Fee. Council has decided not to assess Augustana Off-Campus or Intercession students at this time.
- Business students are assessed the Basic Fee for all terms (which is included in Column 4) , plus a \$10.00/term Faculty Association Membership Fee (FAMF) This FAMF is only being assessed in the Fall and Winter Full Time and Part Time terms, not Intercession or Off-Campus.
- Science students are assessed the Basic Fee for all terms (which is included in Column 5) , plus a \$5.00/term Faculty Association Membership Fee (called SCI-5) This FAMF is only being assessed in the Fall and Winter Full Time and Part Time terms, not Intercession or Off-Campus.
- Arts students are assessed the Basic Fee for all terms (which is included in Column 6) , plus a \$2.50/term Faculty Association Membership Fee (called OASIS) This FAMF is only being assessed in the Fall and Winter Full Time and Part Time terms, not Intercession or Off-Campus.
- Nursing students are assessed the Basic Fee for all terms (which is included in Column 7), plus a \$12.50 Faculty Association Membership Fee (FAMF) for Full Time Fall Term Students, and a \$8.50 FAMF for Part Time Fall Term Students, which is included in the Referendum portion of the fee in Column 7. This FAMF is only being assessed in the Fall Term, and does not include Intercession or Off-Campus students.
- Law students are assessed the Basic Fee for all terms (which is included in Column 8) , plus a \$50.00 Faculty Association Membership Fee (FAMF) for Full Time Fall Term Students Only, which is included in the Referendum portion of the fee in Column 8. This FAMF is only being assessed in the Fall Term, and does not include Intercession or Off-Campus students.
- Education students are assessed the Basic Fee for all terms (which is included in Column 9) , plus a \$8.00 Faculty Association Membership Fee (FAMF) for Full & Part-Time, Fall Term Students Only, which is included in the Referendum portion of the fee in Column 9. This FAMF is only being assessed in the Fall Term, and does not include Intercession or Off-Campus students.
- Health and Dental Plan Fee: This fee is assessed to all full and part time undergraduate students on an annual basis effective September 1, 2009. The fee is assessed IN ADDITION to the term fees outlined in Schedule 1 & 2 above. Undergraduate students enrolled in the Fall Term, and taking 3 or more credit, shall be assessed the full amount. The plan will typically provide coverage from September to August year-long. Undergraduate students enrolled in the Winter Term, taking 3 or more credit, & have not previously been assessed in the prior Fall Term, shall be assessed a pro-rated amount. The plan will typically provide coverage from January to August.
- Residence Association Membership Fee: These fees are assessed to all full-time and part-time residents of the Residence Associations named as the Fund . Fees shall be assessed once per year, upon proof that the student is a resident of the residence at the time of fee assessment. These fees assessed are IN ADDITION to the term fees outlined in Schedule 1 & 2 above.

All Students' Union fees (including Referendum fees) are subject to the Alberta CPI (2.25%) except for the Access Fund fee which is calculated on an Average Cost Index, nor Faculty Association & Residence Fees (which have no increase). All applicable increases are already built into the above figures.

UNIVERSITY OF ALBERTA STUDENTS' UNION					Fee Inc Amt	Fee Inc Amt	Fee Inc Amt	Fee Inc Amt
ASSESSMENT OF UNDERGRADUATE STUDENT UNION REFERENDUM/DEDICATED FEES								
2019-20								
(Attachment 2)								
	CPI	1.11%	1.55%	FT / PT	\$3.00	\$3.25	\$3.50	
	Tuition	1.45%	1.00%	S / S	\$1.50	\$1.63	\$1.75	
					1.74%	1.12%	1.55%	2.25%
					1.70%			
YEAR	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
NAME OF DEDICATED FUND	FEE	FEE	FEE	FEE	FEE	FEE	FEE	FEE
	IMPLEMENTED	PER TERM	PER TERM	PER TERM	PER TERM	PER TERM	PER TERM	PER TERM
WUSK(WORLD REFUGEE STUDENTS)								
	1988							
Full-time assessment		0.45	0.46	0.47	0.48	0.49	0.50	0.51
Part-time assessment		0.45	0.46	0.47	0.48	0.49	0.50	0.51
STUDENTS INVOLVEMENT ENDOWMENT								
	1990							
Full-time assessment		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Part-time assessment		0.00	0.00	0.00	0.00	0.00	0.00	0.00
CJSR								
	1989							
Full-time assessment		2.04	2.07	2.12	2.16	2.18	2.21	2.26
Part-time assessment		0.73	0.74	0.76	0.77	0.78	0.79	0.81
GOLDEN BEAR AND PANDA LEGACY FUND								
	1991							
Full-time assessment		4.08	4.14	4.25	4.32	4.37	4.44	4.54
Part-time assessment		4.08	4.14	4.25	4.32	4.37	4.44	4.54
CAMPUS RECREATION								
	1994							
Full-time assessment		3.82	3.88	3.98	4.05	4.10	4.16	4.25
Part-time assessment		3.82	3.88	3.98	4.05	4.10	4.16	4.25
Intercession assessment		3.82	3.88	3.98	4.05	4.10	4.16	4.25
ACCESS FUND								
	1995							
Full-time assessment		14.08	14.08	14.08	14.34	14.56	14.56	14.56
Part-time assessment		14.08	14.08	14.08	14.34	14.56	14.56	14.56
Intercession assessment		6.19	6.20	6.20	7.17	7.28	7.28	7.28
STUDENT LEGAL SERVICES								
	1998							
Full-time assessment		0.70	0.71	0.73	0.74	0.75	0.76	0.78
Part-time assessment		0.70	0.71	0.73	0.74	0.75	0.76	0.78
APIRG								
	2001							
Full-time assessment		3.30	3.35	3.44	3.50	3.54	3.59	3.67
Part-time assessment		1.65	1.68	1.72	1.75	1.77	1.80	1.84
GATEWAY FUND								
Full-time assessment		3.26	3.31	3.39	3.45	3.49	3.54	3.62
Part-time assessment		3.26	3.31	3.39	3.45	3.49	3.54	3.62
Intercession assessment		0.41	0.42	0.43	0.44	0.44	0.45	0.46
SUB RENOVATION FUND								
	2014							
Full-time assessment			9.00	9.23	9.39	9.50	9.65	9.87
Part-time assessment			9.00	9.23	9.39	9.50	9.65	9.87
Intercession assessment			4.50	4.62	4.70	4.75	4.82	4.93
THE LANDING FUND								
	2015							
Full-time assessment				1.50	1.53	1.55	1.57	1.61
Part-time assessment				1.50	1.53	1.55	1.57	1.61
Intercession assessment				0.00	0.00	0.00	0.00	0.00
CAMPUS FOOD BANK FUND								
	2017							
Full-time assessment						1.00	1.02	1.04
Part-time assessment						1.00	1.02	1.04
Intercession assessment						0.00	0.00	0.00
ABORIGINAL STUDENT COUNCIL								
	2019							
Full-time assessment								1.00
Part-time assessment								0.50
Intercession assessment								1.00
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time Term		31.73	41.00	43.19	43.96	45.53	46.00	47.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term		37.50	38.08	39.05	42.73	46.46	50.68	51.82
Total Fall or Winter Term Full Time Fees		69.23	79.08	82.24	86.69	91.99	96.68	99.53
Total Fees Allocated to Referendum/(Dedicated Fee)- Part Time Term		28.77	38.00	40.11	40.82	42.36	42.79	43.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term		18.28	18.56	19.04	22.37	25.87	29.77	30.44
Total Fall or Winter Term Part Time Fees		47.05	56.56	59.15	63.19	68.23	72.56	74.37
Total Fees Allocated to Referendum/(Dedicated Fee)- Intercession		10.42	15.00	15.23	16.36	16.57	16.71	17.92
Total Fees Allocated to Students' Union Services/Operations - Intercession		23.74	24.11	24.73	26.66	28.59	30.78	31.47
Total Spring or Summer Term Fees		34.16	39.11	39.96	43.02	45.16	47.49	49.39

(Attachment 2)	CPI	1.11%	1.55%	2.56%	1.74%	1.12%	1.55%	2.25%
	Tuition	1.45%	1.00%	0.85%	1.70%			
	YEAR	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
NAME OF DEDICATED FUND	IMPLEMENTED	FEE	FEE	FEE	FEE	FEE	FEE	FEE
		PER TERM	PER TERM	PER TERM	PER TERM	PER TERM	PER TERM	PER TERM
FACULTY OF ENGINEERING STUDENTS	2004							
	2019							
	FACULTY ASSOCIATION MEMBERSHIP FEE	\$10.00						
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time Term								57.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term								51.82
Total Fall or Winter Term Full Time Fees								109.53
Total Fees Allocated to Referendum/(Dedicated Fee)- Part Time Term								53.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term								30.44
Total Fall or Winter Term Part Time Fees								84.37
Total Fees Allocated to Referendum/(Dedicated Fee)- Intersession								17.92
Total Fees Allocated to Students' Union Services/Operations - Intersession								31.47
Total Spring or Summer Term Fees								49.39
AUGUSTANA STUDENTS	2007							
	FACULTY ASSOCIATION FEE	\$65.00						
Assessment for Dedicated fees of ELB, Access, Wusc and Faculty Fee of \$65.00/term**		79.53	79.54	79.55	79.82	80.05	80.06	80.07
Total Fees Allocated to Students' Union Services/Operations - Part Time Equivalent*		37.50	38.08	39.05	42.73	46.46	50.68	51.82
*change to ft equivalent in 2009/10		117.03	117.62	118.60	122.55	126.51	130.74	131.89
**Change Faculty Fee to \$65.00/term from \$62.50/term effective Sept 1, 2009								
FACULTY OF BUSINESS STUDENTS	2008							
	2017							
	FACULTY ASSOCIATION MEMBERSHIP FEE	\$10.00						
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time Term					53.96	55.53	56.00	57.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term					42.73	46.46	50.68	51.82
Total Fall or Winter Term Full Time Fees					96.69	101.99	106.68	109.53
Total Fees Allocated to Referendum/(Dedicated Fee)- Part Time Term					50.82	52.36	52.79	53.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term					22.37	25.87	29.77	30.44
Total Fall or Winter Term Part Time Fees					73.19	78.23	82.56	84.37
Total Fees Allocated to Referendum/(Dedicated Fee)- Intersession					16.36	16.57	16.71	17.92
Total Fees Allocated to Students' Union Services/Operations - Intersession					26.66	28.59	30.78	31.47
Total Spring or Summer Term Fees					43.02	45.16	47.49	49.39
FACULTY OF SCIENCE STUDENTS	2013							
	FACULTY ASSOCIATION MEMBERSHIP FEE	\$5.00						
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time Term		36.73	46.00	48.19	48.96	50.53	51.00	52.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term		37.50	38.08	39.05	42.73	46.46	50.68	51.82
Total Fall or Winter Term Full Time Fees		74.23	84.08	87.24	91.69	96.99	101.68	104.53
Total Fees Allocated to Referendum/(Dedicated Fee)- Part Time Term		33.77	43.00	45.11	45.82	47.36	47.79	48.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term		18.28	18.56	19.04	22.37	25.87	29.77	30.44
Total Fall or Winter Term Part Time Fees		52.05	61.56	64.15	68.19	73.23	77.56	79.37
Total Fees Allocated to Referendum/(Dedicated Fee)- Intersession		10.42	15.00	15.23	16.36	16.57	16.71	17.92
Total Fees Allocated to Students' Union Services/Operations - Intersession		23.74	24.11	24.73	26.66	28.59	30.78	31.47
Total Spring or Summer Term Fees		34.16	39.11	39.96	43.02	45.16	47.49	49.39
FACULTY OF ARTS STUDENTS	2019							
	FACULTY ASSOCIATION MEMBERSHIP FEE	\$2.50						
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time Term							48.50	50.21
Total Fees Allocated to Students' Union Services/Operations - Full Time Term							50.68	51.82
Total Fall or Winter Term Full Time Fees							99.18	102.03
Total Fees Allocated to Referendum/(Dedicated Fee)- Part Time Term							45.29	46.43
Total Fees Allocated to Students' Union Services/Operations - Part Time Term							29.77	30.44
Total Fall or Winter Term Part Time Fees							75.06	76.87
Total Fees Allocated to Referendum/(Dedicated Fee)- Intersession							16.71	17.92
Total Fees Allocated to Students' Union Services/Operations - Intersession							30.78	31.47
Total Spring or Summer Term Fees							47.49	49.39

(Attachment 2)	CPI	1.11%	1.55%	2.56%	1.74%	1.12%	1.55%	2.25%
		Tuition	1.45%	1.00%	0.85%	1.70%		
		YEAR	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
NAME OF DEDICATED FUND	IMPLEMENTED	FEE PER TERM	FEE PER TERM	FEE PER TERM	FEE PER TERM	FEE PER TERM	FEE PER TERM	FEE PER TERM
FACULTY OF NURSING STUDENTS	2009							
(FULL-TIME-FALL ONLY) FACULTY ASSOCIATION FEE		\$12.50						
(PART-TIME-FALL ONLY) FACULTY ASSOCIATION FEE		\$8.50						
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time Term	*changed*							
Total Fees Allocated to Students' Union Services/Operations - Full Time Term								
Total Fall or Winter Term Full Time Fees								
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time FALL Term	2013	44.23	53.50	55.69	56.46	58.03	58.50	60.21
Total Fees Allocated to Students' Union Services/Operations - Full Time Term		37.50	38.08	39.05	42.73	46.46	50.68	51.82
Total Fall or Winter Term Full Time Fees		81.73	91.58	94.74	99.19	104.49	109.18	112.03
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time WINTER Term	2013	31.73	41.00	43.19	43.96	45.53	46.00	47.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term		37.50	38.08	39.05	42.73	46.46	50.68	51.82
Total Fall or Winter Term Full Time Fees		69.23	79.08	82.24	86.69	91.99	96.68	99.53
Total Fees Allocated to Referendum/(Dedicated Fee)- Part Time Term	*changed*							
Total Fees Allocated to Students' Union Services/Operations - Part Time Term								
Total Fall or Winter Term Part Time Fees								
Total Fees Allocated to Referendum/(Dedicated Fee)- FALL Part Time Term	2013	37.27	46.50	48.61	49.32	50.86	51.29	52.43
Total Fees Allocated to Students' Union Services/Operations - Part Time Term		18.28	18.56	19.04	22.37	25.87	29.77	30.44
Total Fall or Winter Term Part Time Fees		55.55	65.06	67.65	71.69	76.73	81.06	82.87
Total Fees Allocated to Referendum/(Dedicated Fee)- WINTER Part Time Term	2013	28.77	38.00	40.11	40.82	42.36	42.79	43.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term		18.28	18.56	19.04	22.37	25.87	29.77	30.44
Total Fall or Winter Term Part Time Fees		47.05	56.56	59.15	63.19	68.23	72.56	74.37
Total Fees Allocated to Referendum/(Dedicated Fee)- Intersession		10.42	15.00	15.23	16.36	16.57	16.71	17.92
Total Fees Allocated to Students' Union Services/Operations - Intersession		23.74	24.11	24.73	26.66	28.59	30.78	31.47
Total Spring or Summer Term Fees		34.16	39.11	39.96	43.02	45.16	47.49	49.39
FACULTY OF LAW STUDENTS	2014							
(FULL-TIME-FALL ONLY) FACULTY ASSOCIATION FEE		\$50.00						
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time FALL Term			91.00	93.19	93.96	95.53	96.00	97.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term			38.08	39.05	42.73	46.46	50.68	51.82
Total Fall or Winter Term Full Time Fees			129.08	132.24	136.69	141.99	146.68	149.53
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time WINTER Term			41.00	43.19	43.96	45.53	46.00	47.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term			38.08	39.05	42.73	46.46	50.68	51.82
Total Fall or Winter Term Full Time Fees			79.08	82.24	86.69	91.99	96.68	99.53
Total Fees Allocated to Referendum/(Dedicated Fee)- Part Time FALL Term			38.00	40.11	40.82	42.36	42.79	43.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term			18.56	19.04	22.37	25.87	29.77	30.44
Total Fall or Winter Term Part Time Fees			56.56	59.15	63.19	68.23	72.56	74.37
Total Fees Allocated to Referendum/(Dedicated Fee)- Part Time WINTER Term			38.00	40.11	40.82	42.36	42.79	43.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term			18.56	19.04	22.37	25.87	29.77	30.44
Total Fall or Winter Term Part Time Fees			56.56	59.15	63.19	68.23	72.56	74.37
Total Fees Allocated to Referendum/(Dedicated Fee)- Intersession			15.00	15.23	16.36	16.57	16.71	17.92
Total Fees Allocated to Students' Union Services/Operations - Intersession			24.11	24.73	26.66	28.59	30.78	31.47
Total Spring or Summer Term Fees			39.11	39.96	43.02	45.16	47.49	49.39
FACULTY OF EDUCATION STUDENTS	2019							
(FULL & PART TIME-FALL ONLY) FACULTY ASSOCIATION FEE		\$8.00						
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time FALL Term							54.00	55.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term							50.68	51.82
Total Fall or Winter Term Full Time Fees							104.68	107.53
Total Fees Allocated to Referendum/(Dedicated Fee)- Full Time WINTER Term							46.00	47.71
Total Fees Allocated to Students' Union Services/Operations - Full Time Term							50.68	51.82
Total Fall or Winter Term Full Time Fees							96.68	99.53
Total Fees Allocated to Referendum/(Dedicated Fee)- FALL Part Time Term							50.79	51.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term							29.77	30.44
Total Fall or Winter Term Part Time Fees							80.56	82.37
Total Fees Allocated to Referendum/(Dedicated Fee)- WINTER Part Time Term							42.79	43.93
Total Fees Allocated to Students' Union Services/Operations - Part Time Term							29.77	30.44
Total Fall or Winter Term Part Time Fees							72.56	74.37
Total Fees Allocated to Referendum/(Dedicated Fee)- Intersession							16.71	17.92
Total Fees Allocated to Students' Union Services/Operations - Intersession							30.78	31.47
Total Spring or Summer Term Fees							47.49	49.39
HEALTH AND DENTAL PLAN								
Full and Part Time Annual Fee - Health (Enrollment Starting in Fall Term)	2009	110.27	118.00	118.00	129.80	136.50	136.50	140.60
Full and Part Time Annual Fee - Dental (Enrollment Starting in Fall Term)		111.69	116.50	116.50	128.15	147.20	147.20	151.62
Full and Part Time Annual Fee - Health (Enrollment Starting in Winter Term)	2015			78.67	86.53	91.00	91.00	93.73
Full and Part Time Annual Fee - Dental (Enrollment Starting in Winter Term)				77.67	85.43	98.13	98.13	101.08
RESIDENCE ASSOCIATION MEMBERSHIP FEES								
HUB Community (Per Term)	2017				22.50	22.50		
(Per Year)	2019						45.00	45.00
International House (Per Term)	2017				25.00	25.00		
(Per Year)	2019						50.00	50.00
L'Association de la Residence de la Faculte Saint-Jean (Per Term)	2017				33.50	33.50		
(Per Year)	2019						67.00	67.00
East Campus Student Association (Per Term)	2017				18.00	18.00		
(Per Year)	2020							36.00
Newton Place (Per Year)	2018						40.00	40.00
Lister Hall (Per Year)	2018						75.00	75.00

Item No. 4c

**Governance Executive Summary
Action Item**

Agenda Title	Capitalization of Unrestricted Funds to Permanent Restricted Endowments Net Assets
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Motion

THAT the Board Finance and Property Committee, acting with delegated authority of the Board of Governors, approve the transfer of \$166,629.63 of unrestricted net assets to permanent restricted endowment net assets.

Item

Action Requested	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Recommendation
Proposed by	Steven Dew, Provost and Vice-President (Academic)
Presenter(s)	Steven Dew, Provost and Vice-President (Academic)

Details

Responsibility	Provost and Vice-President (Academic)
The Purpose of the Proposal is <i>(please be specific)</i>	To approve a transfer of \$166,629.63 of unrestricted net assets to permanent restricted endowment net assets.
Executive Summary <i>(outline the specific item – and remember your audience)</i>	<p>As per the University of Alberta Endowment Management Procedure, any requests for transfers from unrestricted funds to endowment capital are subject to approval by the Provost, prior to being submitted to BFPC for approval.</p> <p>The Faculty Engineering has requested capitalization of the funds received from the wind down proceeds from the TRLabs company into their DiscoverE Endowment (E7584).</p> <p>The request has been reviewed by the Provost and Vice-President (Academic), who is supportive. The rationale for the approval is that this is a one-off source of funds, long-term in nature as per its original purpose, so it is fitting that the funds be added to an endowment in the same Faculty.</p>
Supplementary Notes and context	Prior to June 14, 2019, the Board of Governors approved the transfers of unrestricted net assets to permanent restricted endowment net assets, but as per the BFPC Terms of Reference approved on that date, BFPC now has delegated authority to approve these transfers.

Engagement and Routing (Include meeting dates)

Consultation and Stakeholder Participation (parties who have seen the proposal and in what capacity) <For information on the protocol see the Governance Resources section Student Participation Protocol >	<u>Those who are actively participating:</u> <ul style="list-style-type: none"> • Provost and Vice-President (Academic) • Vice-President (Finance & Administration)
	<u>Those who have been consulted:</u> <ul style="list-style-type: none"> • Office of Advancement • Financial Services
	<u>Those who have been informed:</u> <ul style="list-style-type: none"> • N/A
Approval Route (Governance) (including meeting dates)	Board Finance and Property Committee (approval)– Nov 26, 2019 Board of Governors (for information) – Dec 13, 2019

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Strategic Alignment

<p>Alignment with <i>For the Public Good</i></p>	<p>Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all Albertans. OBJECTIVE: Secure and steward financial resources to sustain, enhance, promote, and facilitate the university’s core mission and strategic goals. i. Strategy: Seek and secure resources needed to achieve and support our strategic goals. ii. Strategy: Ensure a sustainable budget model to preserve and enhance our core mission and reputation for excellence in teaching, learning, research, and community engagement.</p>			
<p>Alignment with Institutional Risk Indicator</p>	<p>Please note below the specific institutional risk(s) this proposal is addressing.</p> <table border="0" data-bbox="570 695 1542 905"> <tr> <td data-bbox="570 695 1084 905"> <input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure </td> <td data-bbox="1084 695 1542 905"> <input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input type="checkbox"/> Student Success </td> </tr> </table>		<input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input type="checkbox"/> Student Success
<input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input type="checkbox"/> Student Success			
<p>Legislative Compliance and jurisdiction</p>	<p>BFPC Terms of Reference Capitalization of Unrestricted Funds to Permanent Restricted Endowment Procedure</p>			

No Attachments

Prepared by: Giovana Bianchi, Senior Administrative Officer, Finance and Administration
giovana.bianchi@ualberta.ca

Governance Executive Summary
Action Item

Agenda Title	Non-endowed Investment Pool - Income/Reserve Transfer
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Motion

<p>THAT the Board Finance and Property Committee recommend that the Board of Governors approve the transfer of \$15 million additional funds to the University of Alberta 2019-20 Operating Budget, sourced from non-endowed investment income and the non-endowed investment reserve.</p>
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Item

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation
Proposed by	Gitta Kulczycki, Vice-President (Finance and Administration)
Presenter(s)	Gitta Kulczycki, Vice-President (Finance and Administration)

Details

Responsibility	Vice-President (Finance and Administration) Provost and Vice-President (Academic)
The Purpose of the Proposal is <i>(please be specific)</i>	To seek recommendation for Board approval of a transfer of \$15 million additional funds to the University of Alberta 2019-20 Operating Budget, sourced from non-endowed investment income and the non-endowed investment reserve.
Executive Summary <i>(outline the specific item – and remember your audience)</i>	<p>The Board of Governors approved, on December 14, 2018, the establishment of an investment income reserve as outlined in the University Funds Investment Policy, with the amount of the reserve to be formally disclosed in the University's year-end audited finance statements as Internally Restricted Net Assets.</p> <p>The Non-endowed Investment Pool (NEIP) is allocated across three underlying strategies: Liquidity, Yield and Return Seeking. The University Funds Investment Policy is included as Attachment 1. The relevant clause from the Investment Policy reads as follows:</p> <p><i>5.3 Budget Considerations and Risk Management</i></p> <p><i>All earnings from Liquidity will form part of the base budget and be available for spending in the year in which they're earned. All earnings from Yield and Return Seeking will be reinvested to build an investment income reserve. Appropriations from this investment income reserve to the strategic initiatives fund can only be made when total market value of Yield and Return Seeking exceeds the underlying obligation (investment cost) by a factor of 1.17x.</i></p> <p>As of September 30, 2019, the market value of the Yield and Return Seeking strategies exceeded the underlying obligation (investment cost) by a factor of 1.12x. This excess of \$55m (12%) represents the investment income reserve. Up to \$15M of this excess will be required for the 2019/20 budget.</p> <p>The 2019-20 operating budget was developed with \$15M in investment income. As of September 30, we had realized \$13.3M of this amount. A conservative estimate of the NEIP's investment income for the fiscal year ending March 31, 2020 is \$15.5M. Income from the liquidity pool will be lower in the second half of the year because of lower balances</p>

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and lower interest rates, so the forecast is a total of \$6.0M. Yield income is assumed to equate to what was generated in the first 6 months, so \$3M for the full year. Return seeking is forecast to end the year with a total of \$5M, as certain contemplated investment rebalancing transactions will result in unrealized losses being realized this fiscal year. Other investment income is forecast at \$1.5M. This brings the total year forecast to \$15.5M.

As members are aware, the institution has entered a period of significant reduction in our main source of revenue, the Campus Alberta Grant. In the current year, with less than 5 months remaining, the Grant has been cut by \$44.4M. This is exacerbated by the complete elimination of Infrastructure Maintenance Projects funding of \$34.9M. Although the government has lifted the freeze on tuition, with the academic year in full swing this opportunity has no impact until 2020-21.

Our strategy for handling the reduction for the current budget year is to institute a one-time cut across the organization, after absorbing as much as possible at the institutional level. Inclusive of the \$15M being requested, we can absorb \$34.2M at the institutional level (please see Attachment 2 for the components of this amount), with a remainder of \$45.1M being addressed by a one-time cut of 4.7% to the Faculties and 8.0% to the Central units. The base reduction in our Campus Alberta grant would then be addressed by base reductions in Faculty and Unit budgets for the 2020-21 year, along with the next reduction in our base grant anticipated in the winter/spring 2020 provincial budget. This will form the basis of the 2020-21 operating budget.

We are working hard to make thoughtful, reasoned decisions on where we can reduce university expenditures while preserving the excellence of our teaching and research. This will be challenging. The request for \$15 million in additional investment income to support the budget in the current year provides a bit of breathing room as we undertake our planning for the next 3 years.

We remain fully committed of the need for the investment reserve for long-term stability, understanding that market returns have volatility and monies invested have underlying obligations associated with them. Equally, the opportunity to create a strategic investment fund for returns above the reserve level, once reached, is very important to the long term future of the university. However, at this moment we are facing a significant financial challenge which compels a different strategy in the short term for the NEIP.

Our Director of Treasury and Investments offers that an investment reserve of \$40M (9%) has the following implications:

- There will be a slightly smaller buffer to guard against concurrent unrealized losses in the underlying investment strategies and an unexpected need for the funds. The majority of the NEIP's investment risk is associated with its Return Seeking strategy, which is invested alongside the endowments in the University Endowment Pool (UEP). The allocation to the Return Seeking strategy currently has a market value of \$251 million. An investment income reserve of \$40 million, or 16% of underlying

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	<p>investment in the Return Seeking strategy, remains sufficient to cover potential mark to market losses within two standard deviations of the University Endowment Pool's expected returns at a 95% confidence level (one in twenty years).</p> <ul style="list-style-type: none"> • The anticipated appropriations from the investment income reserve to the strategic initiatives fund will be delayed by approximately one year. • The \$15 million transfer from the investment income reserve will not have any investment implications, and will be funded from the NEIP's Liquidity strategy. The NEIP's 41% allocation to the Liquidity strategy is above its target of 35%, while the 23% allocation to the Return Seeking strategy is below its target of 30%. As of September 30, 2019 the NEIP balance was \$1.1 billion. The NEIP balance would have to decline to \$850 million before any policy based rebalancing is required between the three underlying investment strategies (Liquidity, Yield and Return Seeking).
Supplementary Notes and context	

Engagement and Routing (Include meeting dates)

<p>Consultation and Stakeholder Participation (parties who have seen the proposal and in what capacity)</p>	<p><u><i>Those who are actively participating:</i></u></p> <ul style="list-style-type: none"> • President and Vice-Chancellor • Provost and Vice-President (Academic) • Vice-President (Finance & Administration) <p><u><i>Those who have been consulted:</i></u></p> <ul style="list-style-type: none"> • Associate Vice-President, Finance and Supply Management Services • Director, Investments and Treasury
<p>Approval Route (Governance) (including meeting dates)</p>	<p>Board Finance and Property Committee (recommendation) - Nov 26, 2019 Board Investment Committee (information) – Nov 28, 2019 Board of Governors (approval) - Dec 13, 2019</p>

Strategic Alignment

<p>Alignment with <i>For the Public Good</i></p>	<p>Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all Albertans. OBJECTIVE: Secure and steward financial resources to sustain, enhance, promote, and facilitate the university's core mission and strategic goals.</p> <p>i. Strategy: Seek and secure resources needed to achieve and support our strategic goals.</p> <p>ii. Strategy: Ensure a sustainable budget model to preserve and enhance our core mission and reputation for excellence in teaching, learning, research, and community engagement.</p>						
<p>Alignment with Institutional Risk Indicator</p>	<p>Please note below the specific institutional risk(s) this proposal is addressing.</p> <table border="0" data-bbox="581 1885 1524 1980"> <tr> <td><input type="checkbox"/> Enrolment Management</td> <td><input type="checkbox"/> Relationship with Stakeholders</td> </tr> <tr> <td><input type="checkbox"/> Faculty and Staff</td> <td><input type="checkbox"/> Reputation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Funding and Resource Management</td> <td><input type="checkbox"/> Research Enterprise</td> </tr> </table>	<input type="checkbox"/> Enrolment Management	<input type="checkbox"/> Relationship with Stakeholders	<input type="checkbox"/> Faculty and Staff	<input type="checkbox"/> Reputation	<input checked="" type="checkbox"/> Funding and Resource Management	<input type="checkbox"/> Research Enterprise
<input type="checkbox"/> Enrolment Management	<input type="checkbox"/> Relationship with Stakeholders						
<input type="checkbox"/> Faculty and Staff	<input type="checkbox"/> Reputation						
<input checked="" type="checkbox"/> Funding and Resource Management	<input type="checkbox"/> Research Enterprise						

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	<input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Safety <input type="checkbox"/> Student Success
Legislative Compliance and jurisdiction	<i>Post-Secondary Learning Act</i> BFPC Terms of Reference	

Attachments:

1. University Funds Investment Policy (10 pages)
2. Impact to Budget 2019-20 (1 page)

Prepared by: Giovana Bianchi, Senior Administrative Officer, Finance and Administration
(giovana.bianchi@ualberta.ca)



U of A Policies and Procedures On-Line (UAPPOL)

Original Approval Date: January 29, 2010

Most Recent Approval Date: December 14, 2018

University Funds Investment Policy

Office of Accountability:	Vice President (Finance & Administration)
Office of Administrative Responsibility:	Financial Services – Investments and Treasury
Approver:	Board of Governors
Scope:	Compliance with University policy extends to all members of the University community.

Purpose

The *Post-Secondary Learning Act*, Statutes of Alberta, (2003), Sections 75 and 76, provides The Governors of the University of Alberta with broad investment powers, the authority to pool funds and the authority to distribute income, subject to the terms of a trust on which it may be held. The purpose of this investment policy is to establish distinct asset allocation and risk tolerances for each of the University funds according to the individual fund's spending obligations, objectives, and liquidity requirements.

POLICY

1. DESCRIPTION OF UNIVERSITY FUNDS AND GOVERNANCE

The Board of Governors has delegated investment oversight to the Board Investment Committee as documented in the Board Investment Committee's Terms of Reference. The Board of Governors has retained responsibility for the following matters (as outlined in this document):

- The Investment Policy for the University, which shall include the establishment of broad risk tolerances, strategic asset allocation, and responsible investment.
- The investment objectives and Spending Policy of the University.

The Investment Policy is subject to annual review by the Board Investment Committee and any recommended changes require approval by the Board of Governors. Management's investment decisions are subject to the overall policy direction of the Board Investment Committee as reflected in this policy.

The Board Investment Committee approves Investment Proposals. Management has responsibility to select, retain, monitor and dismiss investment managers in accordance with the approved Investment Proposals. Funds are allocated to external managers, or, when determined to be advantageous, may be managed internally.

Each investment manager shall adhere to this policy and must exercise the care, skill, diligence and judgment that a prudent investor would exercise in making investments. Investment managers are



U of A Policies and Procedures On-Line (UAPPOL)

expected to be in compliance with all applicable laws and regulations as well as the Code of Ethics and Standards of Professional Conduct established by the CFA Institute.

1.1 University Endowment Pool (UEP)

The UEP consists of the University's endowed trust funds or other funds of a permanent or long-term nature. In addition, external funds may be invested in the UEP including funds of affiliated organizations and funds where the University is a beneficiary.

1.2 Other Endowments

Other endowments consist of endowed trust funds, which cannot be pooled for investment purposes because of constraints or conditions attached to the funds.

1.3 Non-Endowed Investment Pool (NEIP)

The NEIP consists of expendable funds, which are pooled for investment purposes.

1.4 Other Non-Endowed Funds

Other non-endowed funds consist of restricted non-endowed donations and the funds earmarked for the Supplementary Retirement Plans, which cannot be pooled for investment purposes because of constraints or conditions attached to the funds. Other non-endowed funds also include shares in publicly held companies received as a form of compensation for licensing a University created technology and related investments in venture capital limited partnerships.

2. UNIVERSITY ENDOWMENT POOL (UEP)

2.1 Purpose

The UEP represents the pooling of invested assets accumulated by or donated to the University for endowed purposes. The UEP's purpose is to foster an environment of academic excellence where superior teaching, learning, and research can be continuously pursued to benefit all generations equally over time.

2.2 Nature of UEP Liabilities (Spending Policy)

The UEP provides funding to the faculties and departments of the University to be used for endowed purposes in accordance with the terms of each endowment. The objective is an appropriate and stable spending allocation that maintains its purchasing power over time, as outlined in the University Endowment Pool Spending Policy. This policy may be amended from time to time by the Board of Governors to ensure that the real value of the endowments (i.e., net of inflation) is maintained.

3. INVESTMENT OBJECTIVES OF THE UEP

3.1 Return and Risk

The principal investment objective of the UEP is to earn a long-term real rate of return that meets or exceeds total endowment spending as outlined in the UEP Spending Policy.

Intergenerational equity requires that the UEP be managed to provide a comparable level of support to future generations as current beneficiaries receive. This means that the value of the UEP should be preserved over time in real dollar terms in order to maintain the future purchasing power of assets. In setting the spending and investment policies for the UEP, the focus should be not just to preserve but

to grow the real value of assets over time, as a margin of safety is required to maintain a stable level of support for endowed purposes across varying capital market and economic conditions.

Assets are allocated across four strategic classifications based on their primary role in the portfolio, which includes Growth, Inflation Sensitive, Deflation Hedging, and Diversifiers. In order to achieve its investment objectives, the UEP will have to maintain a majority weighting in Growth assets and less liquid investment strategies. This is based on projected capital market assumptions which indicate that over long periods of time, these assets can be expected to provide returns that exceed total endowment spending. Deflation Hedging strategies are expected to help provide protection in times of equity market stress and support spending in a prolonged deflationary period. Conversely, Inflation Sensitive assets are expected to protect the UEP from high or unanticipated inflation, while Diversifiers consist of investment strategies that are expected to provide uncorrelated returns to the other three classifications.

There are many types of risk that impact investment performance, including but not limited to capital markets, economic, environmental, governance, interest rates, liquidity, political, and social. Risks will be monitored through the use of quantitative and qualitative indicators and managed where appropriate via asset allocation, active management, derivatives and other strategies.

3.2 Asset Allocation

The strategic asset allocation is determined by the following four factors:

- Objective of a real rate of return that equals or exceeds the total rate of spending
- Long-term return, volatility, and correlation expectations for individual asset classes
- Diversification across asset classes and investment strategies
- Projected liquidity requirements of the UEP

The theoretically infinite time horizon of the UEP allows for the adoption of a strategic asset allocation policy with a high allocation to Growth assets along the following parameters:

Strategic Asset Allocation			
	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Growth	50%	60%	70%
Inflation Sensitive	15%	20%	25%
Deflation Hedging	5%	10%	15%
Diversifiers	5%	10%	15%
Total		<u>100%</u>	

To achieve diversification the UEP will invest in the following asset classes:



U of A Policies and Procedures On-Line (UAPPOL)

Growth			
	Minimum	Target	Maximum
<i>Long-Only Equity</i>			
Canadian Equity	5%	10%	15%
Global Equity	20%	25%	45%*
Emerging Markets Equity	5%	10%	15%
<i>Private Equity</i>	0%	10%	15%
<i>Marketable Alternatives</i>	0%	5%	10%
		<u>60%</u>	
Inflation-Sensitive			
<i>Real Assets</i>			
Real Estate & Infrastructure	0%	7%	10%
Natural Resource Equity	0%	5%	10%
Energy and Renewable Resources	0%	5%	10%
Commodities	0%	3%	5%
Real Return Bonds	0%	0%	5%
		<u>20%</u>	
Deflation Hedging			
<i>Fixed Income</i>			
Sovereign Bonds	5%	10%	15%
		<u>10%</u>	
Diversifiers			
<i>Uncorrelated Strategies</i>			
Absolute Return	5%	10%	15%
Cash	-5%	0%	5%
		<u>10%</u>	

* The higher maximum allocation to global equity is required to allow for a transition from the current asset allocation to the strategic asset allocation, after which the maximum allocation will be reduced to 30%.

3.3 Categories of Investments

Investment Proposals shall be classified in accordance with the following general categories in the context of overall fund objectives and the strategic asset allocation described above.

3.3.1 Growth

Growth assets include marketable equity securities, directional long/short equity hedge funds, and credit based fixed income strategies. Private investments include private debt, private equity, and venture capital.

3.3.2 Inflation Sensitive

Inflation sensitive assets include inflation linked bonds, real estate, infrastructure, timberland, farmland, natural resource public equities, commodities, and energy and renewable resources.

3.3.3 Deflation Hedging

Deflation hedging assets include high quality sovereign fixed income securities.

3.3.4 Diversifiers

Diversifiers include cash and cash equivalents, active currency management, managed futures, precious metals, and absolute return strategies including but not limited to low beta long/short equity, market neutral, event driven, merger arbitrage, and global macro.

3.4 Rate of Return Goals

In order of priority, it is expected that the UEP will achieve over any 4-year rolling period:

- An annualized real return that meets or exceeds total endowment spending.
- An annualized return, in excess of the following benchmark. The current benchmark will be modified towards the target benchmark as the strategic asset allocation is implemented.

UEP Policy Benchmark (Effective April 1, 2019)	Target
MSCI Canada IMI	10%
MSCI World IMI	35%
MSCI Emerging Markets IMI	10%
Cambridge Associates Private Equity Index	5%
IPD/Realpac Global Property Index	7%
S&P Global Natural Resources Index	5%
Dow Jones North America Select Junior Oil/Gas Index	5%
Bloomberg Commodity Index	3%
FTSE/TMX All Federal Bond Index	10%
LIBOR + 6%	10%
	100%

4. OTHER ENDOWMENTS

Other Endowments are invested with the same goals, restrictions and quality levels as described above, subject to any stipulation required by contractual agreement, or by condition of the estate, or administrative arrangement.

5. NON-ENDOWED INVESTMENT POOL (NEIP)

The NEIP consists of expendable funding that is pooled for investment purposes. The purpose of the NEIP is to provide both liquidity for the University's daily operations and the potential for return enhancement to support strategic initiatives. Long-term forecasts project that a portion of the NEIP will not be required for cash flow management purposes on an on-going basis. Therefore, an investment profile that is less liquid than what would be expected for funds with a short-term investment horizon is appropriate for a portion of the NEIP.

5.1 Asset Allocation

The strategic asset allocation in the NEIP shall be as follows:

	Minimum	Target	Maximum
Liquidity	20%	35%	50%
Yield	25%	35%	45%
Return Seeking	20%	30%	40%

In addition to the maximum policy allocation in the table above, the proportionate economic interest in the UEP of return seeking funds is limited to the quotient of 5.0% and the target allocation to illiquid investment strategies.

5.2 Categories of Investments

Investment Proposals shall be classified within the following categories:

5.2.1 Liquidity

The primary investment objectives for assets in the liquidity category are to meet the University's daily cash flow requirements and to earn a return that meets or exceeds inflation with an acceptable level of risk. Assets in the liquidity category include cash, obligations or deposits issues by Canadian chartered banks, ATB Financial or credit unions that are 100% guaranteed, and investment grade money market securities.

5.2.2 Yield

The investment objective for assets in the yield category is to generate additional return above liquidity assets with an appropriate level of risk. Yield assets include fixed income securities, mortgages, private debt, preferred and low-volatility equities, and absolute return strategies.

Yield also includes loans to University of Alberta Properties Trust Inc., and internal loans to University faculties, departments, and staff. Loans to University of Alberta Properties Trust Inc. will be at prevailing commercial terms and conditions. The Internal Loan Policy approved by the Board of Governors governs internal loans.

5.2.3 Return Seeking

All return seeking funds are invested in the UEP with the objective of earning a higher long-term rate of return, and are managed in accordance with Sections 2 through 4 of this policy.

5.3 Budget Considerations and Risk Management

All earnings from Liquidity will form part of the base budget and be available for spending in the year in which they're earned. All earnings from Yield and Return Seeking will be reinvested to build an investment income reserve. Appropriations from this investment income reserve to the strategic initiatives fund can only be made when total market value of Yield and Return Seeking exceeds the underlying obligation (investment cost) by a factor of 1.17x.

5.4 Performance Benchmarks

For each component of the NEIP the benchmark is:

	NEIP Policy Benchmark (Effective April 1, 2019)	Target
Liquidity	Canadian Consumer Price Index (CPI)	35%
Yield	Canadian Consumer Price Index (CPI) + 3%	35%
Return Seeking	Current UEP benchmark (section 3.4)	30%
		100%

5.5 Other Non-Endowed Funds

The assets of Restricted Non-Endowed Donations shall be invested with the same goals, restrictions, and quality levels as described above and the University's Interest Procedure for Restricted Special Purpose and Restricted Research Accounts will apply, subject to any stipulation required by contractual agreement, or by condition of the estate, or administrative

arrangement. The assets of the Supplementary Retirement Plans shall be invested in accordance with the agreement.

6. GENERAL

6.1 Responsible Investment

As a responsible owner, the University will regularly engage and collaborate with its active investment managers on matters related to environmental, social and governance (ESG) risks and opportunities.

Specifically the University will:

- Integrate the consideration of ESG factors into the investment process as an additional criterion in the selection and ongoing monitoring of active investment managers.
- Regularly review and track the engagement of active investment managers with their investee companies and their proxy voting records on ESG related issues.
- Obtain and evaluate annual disclosure from all active investment managers on how ESG factors are incorporated into their investment decision making processes.
- Collaborate with other institutional investors and industry associations on ESG matters where appropriate.
- Disclose and publish a detailed listing of its investments annually, and report on ESG matters in the Investment Committee's annual report.

6.2 Use of Derivatives

Derivatives offer ways to enhance risk adjusted returns or to protect against unwanted market movements. Where prudent and appropriate, derivatives may be used to gain market exposure, assist with hedging, and/or risk management.

6.3 Leverage

Leverage is an integral component of certain investment strategies. Where leverage is used, investments will be structured to limit potential maximum losses to the amount invested. The use of leverage will not be undertaken at the portfolio or fund level.

6.4 Securities Lending and Commission Recapture

The securities may be loaned to investment dealers and banks as part of the custodian's lending program when it is deemed that such lending may add incremental return to the funds at minimal risk. External equity investment managers may be directed to participate in a commission recapture program in order to help mitigate internal investment research related expenses.

6.5 Exercise of Proxies and Voting Rights

Proxy or other voting rights will be exercised in the best interest of the University. The responsibility for voting may be delegated to the investment manager, but the University reserves the right to direct the investment manager on the voting of proxies.

6.6 Valuation of Infrequently Traded Investments

The valuation of infrequently traded investments shall be determined by the trustee or custodian of the fund. In the case of direct investments in real estate, the valuation shall be based on independent opinions of qualified appraisers as required.

6.7 Conflict of Interest Guidelines and Related Parties Transactions

The University's Conflict of Commitment and Conflict of Interest Policy will govern investment activities (General Faculties Council Policy # 35). Related Party transactions will be at fair market value.

6.8 Custody

To maintain a proper segregation of duties and adequate controls, all marketable securities held shall remain with or be monitored by a third-party custodian.

6.9 Donated Securities

Subject to market conditions, donated securities will generally be sold immediately upon receipt by the University. However, where it is advantageous to do so, and subject to the constraints of this policy, the University may hold these securities internally.

6.10 Policy Review

This policy shall be reviewed at least annually by the Board Investment Committee, who will either confirm or recommend changes to the Board of Governors. Upon recommendation from the Board Investment Committee, the Board of Governors can approve exceptions to this policy.

DEFINITIONS

Any definitions listed in the following table apply to this document only with no implied or intended institution-wide use. ▲Top	
Asset Allocation	The process of dividing investments into different categories (Growth, Inflation Sensitive, Deflation Hedging, and Diversifiers) based on the role that the underlying category or investment strategy performs towards achieving the return and risk tolerance objectives of the portfolio. Each category comprises a specific group of investments that have similar expected return patterns, similar expected risk profiles, high correlations with other investments in the same category, or have a high sensitivity to inflation.
Consumer Price Index (CPI)	A Statistics Canada index of retail prices for goods and services. Increases in the CPI are also referred to as increases in the cost of living and are directly correlated to increases in inflation.
Custodian	A financial institution, usually a bank or trust company, which holds an investment portfolio's securities and cash in safekeeping.
Deflation Hedging	Any asset class that serves the primary objective of providing protection in times of market stress, and supports spending in a prolonged deflationary period. This consists primarily of high quality government

	and investment grade fixed income securities.
Derivatives	A financial instrument whose value is dependent on the performance of an underlying instrument or asset typically a commodity, bond or equity. They are also available on currencies, interest rates, and equity indices. Futures and options are examples of derivatives.
Diversifiers	Any asset class or investment strategy that is expected to be uncorrelated with Growth, Inflation Sensitive, and Deflation Hedging assets. This may include cash, active currency management, managed futures, and hedge fund strategies including but not limited to low beta long/short equity, market neutral, event driven, merger arbitrage, and global macro.
Growth	Any asset class or investment strategy which can be expected to provide returns that exceed the inflation adjusted rate of spending over the long-term. This may include marketable equity securities, directional long/short equity hedge funds, and credit based fixed income strategies. Private investments include private debt, private equity, and venture capital.
Inflation Sensitive	Any asset class or investment strategy that is expected to protect the fund from high or unanticipated inflation. This may include inflation linked bonds, real estate, infrastructure, timberland, farmland, natural resource public equities, commodities, and energy and renewable resources.
Investment Proposal	A statement of objectives that defines the investment rationale, asset class and/or strategy, risk characteristics and performance expectation.
Liquidity	Any asset class or investment strategy which can be expected to preserve capital, mature in one year or less from the date of purchase and be liquidated to cash within three months.
Proxy	A written authorization given by a shareholder to another individual, usually the company's management, in order to cast his/her vote at a shareholder meeting or at some other point in time.
Rate of Return	The percentage change in the value of an asset, including interest and dividends, over an evaluation period.
Real Return Bond (RRB)	These bonds pay semi-annual interest based on a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on RRBs are adjusted for changes in the consumer price index (CPI). Thus rates are adjusted higher for increases in the CPI and vice versa. Also known as inflation linked bonds (ILB).
Responsible Investment	The integration of environmental, social, and governance (ESG) factors into investment and ownership decisions.
Return Seeking	Any asset class or investment strategy which can be expected to be invested without the need for liquidity for at least ten years.



U of A Policies and Procedures On-Line (UAPPOL)

Risk	The possibility of loss and/or the uncertainty of future returns.
Risk Tolerance	An individual's ability to handle temporary and sustained declines in the value of their portfolio.
Value at Risk	A statistical measure of the amount of loss a portfolio might expect to experience over a specified time horizon with a given probability.
Yield	Any asset class or investment strategy which can be expected to preserve capital and mature between one and ten years.

RELATED LINKS

Should a link fail, please contact the policy's Office of Administrative Responsibility (see header).

[University Endowment Pool \(UEP\) Spending Policy](#)

[Investment Committee Terms Of Reference](#)

[Statement of Investment Principles & Beliefs](#)

[Internal Loan Policy](#)

[Interest Procedure – Restricted Special Purpose and Restricted Research Accounts](#)

Approved:

Board of Governors, December 14, 2018

Board Investment Committee, September 27, 2018 and November 29, 2018

One-time cut – Institutional Plan

Cancel IMP* Projects	\$14.9M
Incremental Tuition	\$2.0M
Apply Budget Contingency	\$2.3M
<u>Investment Transfer**</u>	<u>\$15.0M</u>
Total	\$34.2M

* IMP = Infrastructure Maintenance Program

** If approved by the Board of Governors