

**Brandon University Board of Governors
(Open Session)**

**Saturday, June 15, 2024
Louis Riel Room & Zoom
8:30 a.m.**

Present: Charles Adamu; Edward Bach (Zoom); Kristal Bayes-McDonald (Zoom); Joy Chikezie (Zoom); David Docherty; Julee Galvin (Chair); Scott Hayward; Michael Juce (Zoom); Michelle Magnusson; Mary Jane McCallum (Zoom); Asit Patel; Ayushi Patel (Zoom); Quintin Pearce; Kevan Sumner (Zoom)

Resources: Bernadette Ardelli (Zoom); Kofi Campbell; Scott Lamont; Meghan Lamontagne (Recorder); Louise Moss; Allison Noto

Regrets: Barbara MacKalski

Guests: Melanie Sucha

1. CALL TO ORDER

The Chair called the meeting to order at 8:36 a.m.

The Chair acknowledged that Brandon University campuses are located on Treaty 1 and Treaty 2 Lands, the traditional homelands of the Dakota, Anishinaabek, Cree, Oji-Cree, Dene, and the Red River Métis peoples.

The Chair acknowledged that that herself, Asit Patel, and Edward Bach will be retiring from the Board as their terms will be ending in late-June. It was noted that a service recognition event will be held in the fall. In addition, she acknowledged that Scott Lamont will be retiring from his position of Vice-President (Administration & Finance) at the end of June.

2. AGENDA & MINUTES

2.1 Approval of Agenda of June 15, 2024

Motion: Moved and seconded (S. Hayward/M. Magnusson)

BE IT RESOLVED THAT the agenda of the June 15, 2024, Board of Governors meeting (Open Session) be approved.

**061 Jun24
CARRIED**

2.2 Approval of Consent Agenda

Motion: Moved and seconded (Q. Pearce/Asit Patel)

BE IT RESOLVED THAT the consent agenda of the June 15, 2024, Board of Governors (Open Session) meeting be approved as follows:

2.2.1 Minutes of May 11, 2024

2.2.2 Report from the Provost & Vice-President (Academic)

2.2.3 Report from the Vice-President (Administration & Finance)

2.2.4 Report from the Vice-President (Research & Graduate Studies)

2.2.5 Transactions of \$100,000 or More – April 2 to May 31, 2024

2.2.6 Report on President’s Expenses for 2023-24

2.2.7 Final List of May Graduands

2.2.8 Reports from Committees Reporting to the Board:

2.2.8.1 Board of Directors of BU Foundation

2.2.8.2 BU Senate

2.2.8.3 BU Students’ Union

2.2.8.4 Board of Trustees of the BU Retirement Plan

2.2.8.5 Governance & Nominating Committee

**062 Jun24
CARRIED**

3. REPORTS

3.1 Report from President

The President’s written report was provided in the agenda package. In addition to the written report, D. Docherty provided highlights from the 2024 Brandon University Convocation ceremonies as well as a brief fall enrolment update.

4. NEW BUSINESS

4.1 Motion: Brandon University 2024-25 Proposed Budget

Motion: Moved and seconded (S. Hayward/Asit Patel)

BE IT RESOLVED THAT the Board of Governors approve the proposed 2024-2025 Brandon University Budget, as recommended by the Finance Committee.

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D. Docherty stated it has been an interesting 16 months, noting the Premier's announcement at the State of the Province address of the additional funding. This places BU in a good spot noting there will still be challenges, however, we are now able to move forward. BU has only received the April 2nd letter indicating 2% plus \$243k. The Premier's statement of providing up to \$7.4M of additional funding has not been provided in writing. D. Docherty remains in regular contact with the province and noted that the province is aware that the budget is being approved without the additional funding confirmed in writing.

K. Sumner joined the meeting at 8:53 a.m.

S. Lamont presented an overview of the 2024-25 budget, noting the budget book provides further details. A summary of the presentation is as follows:

- Budget Principles in priority order include:
 - Student success – access, progression, graduation, integration and transfer
 - Fiscal and program efficiency, sustainability, accountability and transparency
 - Indigenous student success and indigenizing the curriculum and environment
 - Strategic and Academic Plan initiatives
 - Supporting BU regional strengths
- Operating Revenues & Expenses:
 - Total operating revenue is projected to be \$67.7M, noting total revenue of approx. \$82M on a consolidated basis.
 - Provincial operating grant revenue of \$48.6M.
 - Total projected operating tuition revenue of \$16.2M, noting approx. 22% of revenue typically comes from international student tuition, which will be reduced significantly this year.
 - Total operating expenses are projected to be \$67.7M, noting a large portion is salaries and benefits (\$54.98M)

- Expenditures include \$1.84M for contingency in consideration of risks such as a decrease in international enrolment, unexpected repairs & maintenance, utilities, etc.
- Enrolment by credit hours has been slowly increasing since 2022 and is projected to continue increasing for 2024. The last peak was in 2018 followed by a steady decline, with 2022 being the lowest. The pandemic was noted as a factor in the decline.
- An increase in first time domestic students is anticipated for 2024.
- Budget Recommendations:
 - Academic vacant positions filled per staffing plans.
 - Administrative vacant positions filled per staffing plans.
 - Contract Academic Staff appointments at 2021/22 levels (number of credit hours)
 - BUFA collective agreement new terms and conditions, including exempt staff that align with the BUFA/BU CA.
 - Support staff collective agreements TBD and estimated.
 - Travel budgets at pre-pandemic levels.
 - PENT support reinstated.
 - VP Research and Grad Studies – budget allocated.
 - AVP Indigenous Initiatives – budget allocated.
 - Inflationary increases for travel, utilities, library acquisitions and consumables.
 - Annual ERP student fees towards legacy stabilization costs and future ERP.
- Budget Assumptions:
 - Student domestic enrolment – increase of 3%
 - Student international enrolment – decrease of 20% (largely impacted by the government’s decisions)
 - Student tuition and fees – increase of 2.75%
 - The above results in a net decrease in revenue of \$459k compared to 2023-24.
 - Ancillary Services allocation to operating revenues of \$100k
 - Provincial operating grant – increase of up to 21% more compared to last year (to be confirmed in writing by ministry) noting they have indicated that \$7.4M of additional funding will only be provided to the extent the university needs it for operations as they do not want a surplus. Discussions will continue on this matter.
- Capital Projects:
 - Brodie Science Building - \$5M received in 2023-24 for plans and drawing to tender stage. A further allocation of \$2.5M was received for 2024-25 to advance the project. The drawings are planned to be ready for March 2025.
 - McMaster Hall - \$7.1M received in 2023-24 to complete the second half of the building renovation. The project is on budget

and projected to have 60-80% of the 80 rooms ready for September 2024 occupancy.

- ERP Project Costs (as of March 31, 2024) – Costs since 2018:
 - Total implementation expenses - \$4.6M
 - Total Implementation Revenue - \$2.6M
 - Total balance owing from operating to payback the remaining expenses is \$2,047,349
- Risks:
 - Enrolment – Domestic and International
 - Cyber security
 - Operating grant funding
 - Ancillary Services – renovation of McMaster Hall
 - Collective bargaining
 - Legacy ERP system sustainability
- Consolidated vs Operating:
 - Operating is Faculties, Schools, and Administrative units
 - Consolidated is the whole university and all of its activities including Ancillary Services, The Conservatory of Music, PENT, Campus Manitoba, Research and Special Purposes funds, and the BU Foundation
 - The BU Retirement Fund is separate
 - A balanced budget on an operating basis will produce what appears to be surplus budget on a consolidated basis because, most notably, the investment income from the Foundation cannot be used for base operations. For 2024/25, the Foundation net income budget is \$1.56M
 - Net surplus or deficit on the audited financial statements will be different from operating revenues and expenses due to yearend non-cash entries, such as accrued Employee future benefits. For 2023/24 Employee future benefits reduced by \$4.41M, taking the statement from a deficit to a surplus.
 - BU must report on a consolidated basis which shows the results of all of BU's assets and liabilities.

A. Noto presented on the state of the operating fund. An overview of net assets from BU's balance sheet (consolidated statement of financial position) and consolidated income statements (annual consolidated surplus/loss) from 2018-19 to 2023-24 was provided. A negative balance of \$2,144,920 between 2022-23 and 2023-24 was highlighted, which is a reduction in a prior period surplus that has to be recognized for a new accounting standard (PS3400) that applies to revenue collected for tuition, parking and housing for the month of April (noting year-end is March 31st, whereas the academic year goes until the end of April). This is a one-time reduction and will not be reported this way moving forward. However, this will impact the operating fund.

A. Noto provided a breakdown of net assets from BU's financial statements between 2019-20 to 2023-24 and highlighted significant changes over the last five years in terms of the accumulated deficit from operations. Deficits for employee future benefit obligations, balances owing due to/(from) capital fund, and the ERP capital fund were explained. The growing deficit for the central operating fund was highlighted, showing a total deficit of \$9,645,769 in 2023-24.

The Board inquired about the reasons behind the growing operating deficit and the university's practices around shifting money between funds.

D. Docherty provided an overview and explanation of the university's restricted funds. While these funds are held in the same consolidated fund, they can only be used for the purpose to which they are assigned (e.g., research; deferred maintenance; envelope funds). In terms of the deficit, the new PS3400 accounting standard as well as the impacts of the pandemic were noted as partial factors.

D. Docherty provided an overview of factors that have led to the current budget position, listed as follows:

- COVID hit and enrolments dropped. In 2022-23, when we returned to normal classroom offerings, enrolment dropped by almost 9% rather than rebound. We had a similarly disappointing enrolment in 2023-24.
- The Downtown Project and Fleming Project were both stopped when it became apparent that funding was not going to be found for these projects, generating losses of \$3M between them when development costs had to be written off immediately.
- Increasing costs of supplies, utilities, salaries & benefits, others.
- Enterprise Resource Planning (ERP) project – as noted earlier.
- Revenue recognition (PS3400 new accounting standard) of -\$2.144M.

The Board inquired about the \$7.4M additional funding that was recently announced by the provincial government.

D. Docherty provided an overview of how the funding would be received and utilized. It was confirmed that the province will provide the funds as needed, noting the university plans to use the funds for strategic investments such as hiring positions to provide greater retention. It was noted that \$1.8M of the funds has been allocated to contingency within the proposed budget.

S. Lamont added that the full \$7.4M has been built into the proposed budget as though all funds will be received in the 2024-25 year.

The Board inquired about student growth and enrolment management.

D. Docherty spoke to the university's strategic enrolment management initiative, noting work has begun in terms of how to target growth (e.g., high schools, Mini

U) as well as looking at whether BU is providing the right opportunities in the right programs. The university has capacity for approximately 1,000 more students without the need for more buildings, noting the importance of incremental growth (e.g., increase of 100 students per year). It was noted that increased student numbers would require an increase in student support to ensure students can complete their degree at BU.

The Board inquired about the practice of contingency funds at Manitoba post-secondary institutions.

S. Lamont reported that most institutions have a contingency fund, noting some may have this by way of budget surplus or by having funds set aside as an annual contingency. It was noted that BU has not had a contingency or been in a surplus position in the past four to five years.

The Board requested confirmation that the proposed budget is balanced.

D. Docherty confirmed that the proposed budget is balanced, noting that this was made possible with the additional funds received by the province. It was further noted that the additional funds were provided to address the inequitable funding received by BU last year compared to Winnipeg institutions.

CARRIED

4.2 Brandon University 2023-24 Audit Results

This item was addressed as part of Item 4.3

4.3 Motion: Brandon University 2023-24 Audited Financial Statements

Motion: Moved and seconded (Q. Pearce/M. Magnusson)

BE IT RESOLVED THAT the Board of Governors approve the audited Financial Statements for Brandon University for the year ended March 31, 2024, as recommended by the Audit & Risk Committee.

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The Board reviewed the audited financial statements for the year ended March 31, 2024, which were provided in the meeting package.

A. Noto spoke to the audit results. She reported that the Audit & Risk Committee received an audit presentation and received a detailed review of the statements.

An outstanding issue was noted at the committee meeting, noting a specific employee group was not included in the assessment from the actuary regarding the pension liabilities. This impacts both BU's financial statements and the Retirement Plan statements. The impact of not including this in BU's statement is \$125k. It has been determined that this amount was not material to impact any decisions of the readers, therefore, has been left as an unadjusted error in the financial statements. The impact to the Retirement Plan is \$1.5M, noting the materiality was not large enough so will also be treated as an unadjusted error. It was further noted that the Board is not responsible for approving the audited financial statements for the BU Retirement Plan.

A. Noto presented the Brandon University audited financial statements for the year ended March 31, 2024. It was noted that corresponding notes are included in the statements for more detailed information to help understand accounting policies and standards.

A. Noto reported on notable variances per the Statement of Financial Position. An over \$10M increase in cash was noted due to provincial funding received for Brodie and McMaster projects, noting excess unspent funds from 2023-24 will be spent in 2024-25. Portfolio investments were explained, noting that approx. \$3.2M of this is kept for research. Accounts payable and accrued liabilities increased by approx. \$1.5M due to retroactive pay per the new BUFA Collective Agreement. An increase of approx. \$2.1M in unearned revenue was noted due to the first-time application of a new PSAS standard requiring tuition, parking, and housing revenue for the month of April to be deferred to the next year given the fiscal year end is March 31. Employee Future Benefits (primarily pension benefits) are in a positive position (showing as negative liability) noting this calculation is driven by market interest rates. Long term debt shows a significant variance due to the earlier noted provincial funding received for Brodie and McMaster, as it is administered by way of promissory notes and capital payments from the province. A variance in portfolio investments for restricted endowments was noted due to year-to-year changes from re-measurement gains from changes in market value. Total net assets were highlighted, noting that a detailed breakdown can be found in Note 16 of the financial statements. It was noted that the significant variance is largely due to the unspent provincial capital funding.

A. Noto reported on notable variances per the Statement of Operations & Accumulated Surplus (Income Statement). The enrolment target was not met this year resulting in some loss of tuition revenue compared to budget projections. Sales of goods and services brought in more revenue than projected largely due to new business brought in by Ancillary Services. Expenses show an increase of \$8M in spending compared to last year, noting a significant write-down for the ERP project. Increased expenses were also noted due to pension liabilities, salaries and benefits, and travel.

The Board inquired about various write-downs per Note 12 of the audited financial statements.

In response to an inquiry about various write-downs per Note 12, A. Noto provided an explanation of the assets under construction disposals and the furniture and equipment write-down. It was noted that the write-down for furniture and equipment was largely due to ERP.

In response to an inquiry about the variance in student receivables per Note 5, A. Noto confirmed this is largely due to slower payers, noting that the allowance for doubtful debts has been increased as a result. It is anticipated that the write-offs will go down in this line due to the new international student deposit.

In response to an inquiry regarding Note 2 (f) ii, A. Noto confirmed that collections of donated art, gemstones and rare books are not recognized as assets due to accounting standards and because of their need for regular reappraisal.

CARRIED

4.4 Motion: Annual Public Sector Compensation Disclosure

Motion: Moved and seconded (Asit Patel/S. Hayward)

BE IT RESOLVED THAT the Board of Governors approve the attached document as prepared in accordance with the Public Sector Compensation Disclosure Act, as recommended by the Audit & Risk Committee.

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The Public Sector Compensation Disclosure Act document was provided in the meeting package along with supporting background and rationale.

A. Noto provided an overview of the document, noting the report includes all employees who earned compensation of \$85k or more in the 2023 calendar year. The report is required to be made publicly available by June 30th.

CARRIED

4.5 Motion: Compliance with William D. Ford Direct Loan Program

Motion: Moved and seconded (S. Hayward/C. Adamu)

BE IT RESOLVED THAT the Board of Governors approve the Auditor's Report regarding the University's compliance with the William D. Ford Federal Direct Loan Program for the year ended March 31, 2024, as recommended by the Audit & Risk Committee.

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The Auditor's Report regarding Compliance with the William D. Ford Federal Director Loan Program was provided in the meeting package.

A. Noto provided an overview of the report, noting the purpose of this audit is to ensure that BU is compliant with specific regulations required to administer these loans. It was confirmed that there were no reportable findings in this year's audit.

CARRIED

4.6 Motion: Compliance with Specified Audit Procedures for 50/50 Raffles

Motion: Moved and seconded (Q. Pearce/M. Magnusson)

BE IT RESOLVED THAT the Board of Governors approve the Auditor's Report regarding the University's compliance with the Liquor, Gaming, and Cannabis Authority of Manitoba Specified Audit Procedures for 50/50 Raffles, for the year ended March 31, 2024, as recommended by the Audit & Risk Committee.

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The Auditor's Report regarding compliance with the specified audit procedures for 50/50 raffles was provided in the meeting package.

A. Noto provided an overview of the report, noting there were no reportable findings.

CARRIED

4.7 Motion: Revisions to the Safety and Health Policy

Motion: Moved and seconded (Asit Patel/M. Magnusson)

BE IT RESOLVED THAT the Board of Governors approve the revisions to the Safety and Health Policy, as recommended by the Governance and Nominating Committee.

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A blacklined version of the Safety and Health Policy along with a clean copy was provided in the meeting package.

S. Lamont provided an overview of the revisions, noting the policy has been reviewed to ensure compliance with the Workplace Safety & Health Act.

CARRIED

4.8 Nominations and Elections for the Board Representatives on the Brandon University Pension Trustees

The Chair reported that the Board appointed positions (J. Galvin and S. Lamont) will become vacant at the end of June. It was noted that S. Lamont will be replaced by the new Vice-President, Administration & Finance, which will be addressed at the September Board meeting. In the meantime, there is a need to replace J. Galvin's position as Board representative on the BU Pension Trustees.

The Chair provided an overview of the expectations of this role and called for nominations and volunteers three times.

Q. Pearce volunteered to let his name stand for this position and recused himself from the meeting. There were no further volunteers.

Motion: Moved and seconded (M. Magnusson/S. Hayward)

BE IT RESOLVED THAT the Board of Governors approve the appointment of Quinton Pearce as the Board Representative to the Board of Trustees of the BU Retirement Plan.

CARRIED

Q. Pearce returned to the meeting.

5. INFORMATION

5.1 Brandon University 2023-24 Retirement Plan Annual Report

The 2023-24 Retirement Plan Annual Report was provided in the meeting package for information.

A. Noto provided an overview of the report. The Pension Trustees approved the BU Retirement Plan annual financial statements this week, noting the Plan is in a surplus position. The \$1.5M unadjusted error as mentioned in Item 4.3, was noted. The figures in this report do not tie into the liability of the BU financial statements due to different fiscal reporting years and pension liability calculations. It was further noted that there was a significant pension improvement as a result of the new BUFA Collective Agreement and that despite that agreement being finalized in March 2024, it has been recognized in the December financial statements.

The Board inquired as to which number in the report would be impacted by the \$1.5M error.

A. Noto confirmed this would impact the Pension Obligations (end of year) amount on the Statement of Changes in Pension Obligations, noting the current \$226M would be increased by \$1.5M if the error were corrected.

6. MOVE TO CLOSED SESSION

Motion: Moved and seconded (S. Hayward/Asit Patel)

BE IT RESOLVED THAT the meeting move to Closed Session.

CARRIED

7. RAISE MOTION(S) FROM CLOSED SESSION

The following motions were raised from Closed Session:

BE IT RESOLVED THAT the Board of Governors approve the Termination Agreement between Brandon University and Anthology, Inc.

BE IT RESOLVED THAT the Board of Governors approve the recommendation for the Legacy System Conversion.

BE IT RESOLVED THAT the Board of Governors approve the appointment of Dr. Christophe LeMoine as Dean, Faculty of Science, for a five-year term from July 1, 2024, to June 30, 2029, as per the terms and conditions of the letter.

BE IT RESOLVED THAT the Board of Governors request that Administration provide an update to the September 2024 Board meeting on its Strategic Enrolment Management timeline and next steps.

8. ADJOURNMENT

Motion: Moved and seconded (E. Bach/K. Bayes-McDonald)

BE IT RESOLVED THAT the meeting adjourn at 2:04 p.m.

CARRIED

Chair, Board of Governors

Board Secretariat