



**BOARD OF GOVERNORS MEETING**

**June 7, 2019**

**9:00am – 12:00pm**

**Orillia Location - OA1025**

**Thunder Bay Location – UC2001 (Governance Conference Room)**

**AGENDA**

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**Board of Governors Members:** Mr. Robert Arnone; Dr. Michel Beaulieu; Ms. Ann Dumyn; Dr. Christine Gottardo; Ms. Angela Maltese; Mr. Brian McKinnon; Dr. Moira McPherson; Mr. Ross Murray (Chair); Ms. Kathryn Rippey; Ms. Catherine Siemieniuk; Mr. Sean Speer; Mr. David Tamblyn; Ms. Cathy Tuckwell; Ms. Maria Vasanelli; Mr. Nathan Wainwright; Ms. Wendy Walberg

**Administrative Resources:** Ms. Barbara Eccles (Secretary) - General Counsel & University Secretary; Marcie Morrison (Recorder) - Assistant University Secretary

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1. Approval of Agenda

MOVED that the agenda be approved.

2. Need for In Camera Items to be Declared

Members are reminded that items arising that need in camera attention should be declared at the point of discovery.

3. Declaration of Conflict of Interest

Members are reminded of their duty to declare a conflict of interest should awareness of conflict arise at any time during the meeting.

4. Approval of the April 25, 2019 Minutes

2min

5. Business Arising from the Minutes (not on the Agenda elsewhere)

6. Board Executive Committee Report – *for information*

*For information: The Board Executive Committee discussed items of business that were sensitive or confidential in nature. The approved minutes of the May 16, 2019 Board Executive Committee meeting were circulated to the Board of Governors for*

*information with the in camera meeting package.*

7. Chair's Report (Mr. Ross Murray) 5min
8. [President's Report](#) (Dr. Moira McPherson) 5min
  - a. Sustainability Action Plan 2019-2024 - for information
9. Board Standing Committee Reports
  - 9.1 Audit & Risk Committee Report (Ms. Ann Dumyn) 10min
    - 9.1.1 Pension Investment Fund Annual Report – for information
    - 9.1.2 Approval of the Pension Investment Fund Audited Financial Statements

MOVED that the Lakehead University Pension Investment Fund financial statements be approved.
  - 9.2 External Relations Committee Report (Mr. Brian McKinnon) 5min
  - 9.3 Finance & Operations Committee Report (Ms. Angela Maltese) 10min
    - 9.3.1 Approval of Proposed Amendments to the Statement of Investment Policies and Procedures, Lakehead University Pension Plan

WHEREAS at the April 26, 2019 Joint Pension Meeting of the Pension Board/Committee, the attached proposed amendments to the Statement Investment Policies and Procedures were approved for recommendation to the Board of Governors;

MOVED that the proposed amendments to the Statement of Investment Policies and Procedures, Lakehead University Pension Plan be approved.
    - 9.3.2 Approval of Proposed Amendments to the Endowment Management Policy

MOVED that the proposed amendments to the Endowment Management Policy be approved.

9.3.3 Approval of the Lakehead University Professional Pension Plan Text Amendment

WHEREAS Lakehead University (hereinafter referred to as the "University") has established the Pension Plan for Professional Staff of Lakehead University (hereinafter referred to as the "Plan") effective September 1, 1965;

AND WHEREAS the University wishes to amend the Plan to change the contribution rate for full-time faculty members and full-time librarian members pursuant to a Memorandum of Agreement between Lakehead Faculty Association and Lakehead University dated March 20, 2019;

AND WHEREAS paragraph 19.1 permits the University to amend the Plan;

NOW THEREFORE BE IT AND IT IS HEREBY RESOLVED THAT THE BOARD OF GOVERNORS APPROVES THAT THE PLAN SHALL BE AMENDED EFFECTIVE JANUARY 1, 2020 AS FOLLOWS:

1. the following new paragraph 3.1.2 is hereby added to Article 3 immediately after paragraph 3.1.1 and all following paragraphs under Article 3 shall be renumbered accordingly:

"3.1.2 Notwithstanding the foregoing, however, an Active Member that is employed full-time and is subject to the Agreement, and is either faculty or a librarian as determined by the Board of Governors shall contribute to the Plan each pay day the applicable percentage of his Earnings as provided under Article 3.1.1, but without regard to the contributions to the Canada Pension Plan."

9.4 Governance & Nominating Committee Report (Ms. Kathryn Rippey) 10min

9.4.1 Amendments to the Board of Governors Bylaws

MOVED that the proposed amendments to the Bylaws, Article 1(f) be approved.

10. Strategic Plan Interim Progress Report (Dr. Moira McPherson) 30min

11. Update on Maple Leaf School (Dr. David Barnett and Mrs. Kathy Pozihun) 10min

12. Other Reports for Information

5min

12.1 Northern Ontario School of Medicine

12.2 Senate (Dr. Christine Gottardo)

13. In Camera Meeting

MOVED to adjourn to an in camera meeting to discuss items of a personnel, legal, or real estate nature, and other sensitive or confidential matters, and that only members of and others approved by the Board may be present.

14. Motions Arising from the In Camera Meeting

15. Items for Information

15.1 Next Meeting: Annual Meeting: October 3, 2019, 9:00am to 3:00pm,  
Senate Chambers

16. Other Business

Adjournment



**BOARD OF GOVERNORS MEETING****April 25, 2019****9:00am – 12:00pm****Thunder Bay Location – UC1001 (Senate Chambers)****Orillia Location - OA2005****DRAFT MINUTES**

**Board of Governors Members in Attendance:** Mr. Robert Arnone; Dr. Michel Beaulieu; Ms. Ann Dumyn; Dr. Christine Gottardo; Ms. Angela Maltese; Ms. Moira McPherson; Mr. Ross Murray (Chair); Ms. Kathryn Rippey; Ms. Catherine Siemieniuk; Mr. David Tamblin; Ms. Cathy Tuckwell\*; Mr. Nathan Wainwright; Ms. Wendy Walberg

**Regrets:** Mr. Brian McKinnon

**Absent:** Mr. Sean Speer; Ms. Maria Vasanelli

**Administrative Resources in Attendance:** Ms. Barbara Eccles (Secretary) - General Counsel & University Secretary; Marcie Morrison (Recorder) - Assistant University Secretary

**Invited Guests in Attendance:**

Dr. David Barnett - Provost and Vice President (Academic) (Lakehead University)

Ms. Rita Blais - Associate Vice President, Financial Services (Lakehead University)

Ms. Deb Comuzzi - Vice President, External Relations (Lakehead University)

Mr. Toby Goodfellow - Chief of Staff, Office of the President (Lakehead University)

Dr. Dean Jobin-Bevans - Principal, Orillia Campus (Lakehead University)

Dr. Heather Murchison - Vice Provost, Institutional Planning & Analysis (Lakehead University)

Mrs. Kathy Pozihun - Vice President, Administration & Finance (Lakehead University)

*\*Video Conference*

The meeting was called to order at 9:07am.

*Secretary's Note: Ms. Rippey's term as an LGIC appointee to the Board of Governors expired effective April 13, 2019. The Board reappointed her to the Board as an external member effective April 13, 2019.*

1. Approval of Agenda

MOVED (M. Beaulieu) that the agenda be approved.

CARRIED

2. Need for In Camera Items to be Declared

Members were reminded that items arising that need in camera attention should be declared at the point of discovery.

3. Declaration of Conflict of Interest

Members were reminded of their duty to declare a conflict of interest should awareness of conflict arise at any time during the meeting.

4. Approval of the March 7, 2019 Minutes

The minutes of the March 7, 2019 meeting were circulated in advance with the meeting materials.

MOVED (K. Rippey) that the minutes of the March 7, 2019 meeting be approved.  
CARRIED

5. Business Arising from the Minutes (not on the Agenda elsewhere)

There was no business arising from the minutes.

6. Chair's Report

Mr. Murray reminded members of upcoming Board events in Orillia and encouraged all to attend.

7. President's Report

The April 2019 President's Report was distributed in advance with the meeting materials and can be found on the Lakehead website at [www.lakeheadu.ca](http://www.lakeheadu.ca).

Upon request, the President provided information about the composition of the President's Taskforce on Equity, Diversity, and Inclusion (EDI), reporting that there is a representative on the EDI Taskforce from the office of the University Secretariat whose role is to advise on governance related EDI items during the development of the EDI action plan process. It was noted that the draft EDI action plan will come forward to the Board of Governors for review.

The Board Chair attended the Town Hall with Prime Minister Justin Trudeau on March 22, 2019 at Lakehead Thunder Bay's Fieldhouse and he spoke about the success of the event. Administration announced that the University received a letter from the RCMP

acknowledging a University staff member from Security Services who did an exceptional job assisting them with developing and carrying out the security plan for the event.

Mr. Goodfellow joined the meeting.

7.1 Report on Appointments

A report on recent Chair, Director, and Adjunct Professor appointments was circulated in advance with the meeting materials for information.

8. Board Standing Committee Reports

8.1 External Relations Committee Report

The External Relations Committee discussed items of business that were sensitive or confidential in nature at the Committee's meeting on April 11, 2019. An in camera report was circulated with the in camera meeting materials.

8.2 Finance & Operations Committee Report

The Finance and Operations Committee discussed items of business that were sensitive or confidential in nature at the Committee's meetings on March 26, 2019 and April 12, 2019. In camera reports were circulated with the in camera meeting materials.

8.3 Governance & Nominating Committee Report

A report of the April 11, 2019 Governance and Nominating Committee meeting was circulated in advance with the meeting materials.

8.3.1 Approval of 2019-20 Board and Standing Committee Meeting Dates

The proposed 2019-20 Board and Standing Committee meeting dates were circulated in advance with the meeting materials.

The Committee Chair noted that the Board may be considering an additional Board of Governors meeting in Orillia and will be added to the schedule once approved by the Board. Members were asked to report any unavoidable conflicts as soon as possible.

MOVED (N. Wainwright) that the 2019-20 Board of Governors and Standing Committee meeting dates be approved.

CARRIED

8.3.2 Report on Board Vacancies – for information

- Resignation of Elder Gerry Martin
- Expiration of Ms. Kathryn Rippey's Term

The Committee Chair reported that Elder Gerry Martin had resigned from the Board effective March 31, 2019, and a letter has been sent to the O-AGC asking for recommendations to fill the vacancy. It was also reported that Ms. Kathryn Rippey's LGIC appointment was scheduled to expire as of April 13, 2019, and the LGIC has not yet informed the University regarding whether the Province will extend her appointment.

8.3.3 Proposed Amendments to the Removal of Inactive Board Members Policy

The proposed amendments to the Removal of Inactive Board Members Policy were circulated in advance with the meeting materials.

MOVED (M. Beaulieu) that the proposed amendments to the Removal of Inactive Board Members Policy be approved as presented.

CARRIED

Discussion ensued and it was suggested that a note referencing the Board Bylaws, Article 8(c) be added to the second last paragraph of the policy that quotes the Bylaws.

8.3.4 Draft Board of Governors Guidelines for In Camera Meetings

The draft Board of Governors Guidelines for In Camera Meetings document was circulated in advance with the meeting materials for information.

The Board was provided with background information and rationale for this draft document coming forward.

9. Other Reports for Information

9.1 Senate

A report of the March 18, 2019 and April 15, 2019 Senate meetings was circulated in advance with the meeting materials.

There was a discussion about the 2019-20 Lakehead University operating budget that was endorsed by the Senate at the April 15, 2019 meeting.

10. In Camera Meeting

MOVED (M. Beaulieu) to adjourn to an in camera meeting to discuss items of a personnel, legal, or real estate nature, and other sensitive or confidential matters, and that only members of and others approved by the Board may be present.

CARRIED

Dr. Barnett, Ms. Blais, Ms. Comuzzi, Ms. Eccles, Mr. Goodfellow, Dr. Jobin-Bevans, Ms. Morrison, Dr. Murchison, Mrs. Pozihun and Ms. Rippey were invited to remain for parts of the in camera session.

The Board returned to the regular meeting at 2:07pm.

11. Motions Arising from the In Camera Meeting

Election of External Board Member:

The Secretary reported that the following motion was carried during the in camera meeting:

MOVED that Ms. Kathryn Rippey be elected as an external member of the Board of Governors, commencing effective April 13, 2019 and ending on the earlier of the Board annual meeting in the fall of 2019, or her appointment to the Board by the Lieutenant Governor in Council. CARRIED

12. Items for Information

12.1 Next Meeting: June 7, 2019, Orillia Campus

12.2 Convocation Ceremonies:

Thunder Bay Campus

- Chancellor's Dinner: Friday, May 31, 2019
- Convocation: Friday, May 31 & Saturday, June 1, 2019

Orillia Campus

- Chancellor's Dinner: Friday, June 7, 2019
- Convocation: Saturday, June 8, 2019

13. Other Business

There was no other business.

The meeting adjourned at 2:10pm.

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Mr. Ross Murray, Chair

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Ms. Barbara Eccles, Secretary



## REPORT TO THE BOARD OF GOVERNORS – June 7, 2019

**From:** Ann Dumyn - Chair, Audit & Risk Committee

**Subject:** Audit & Risk Committee Report

**Report Time:** 10 mins.

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**Committee Members:** Mr. Robert Arnone; Ms. Ann Dumyn (Chair); Ms. Angela Maltese; Mr. Brian McKinnon; Dr. Moira McPherson; Ms. Cathy Tuckwell

**Administrative Resources:** Ms. Rita Blais – Associate Vice President, Financial; Ms. Barbra Eccles (Secretary) – General Counsel & University Secretary; Dr. Millo Shaw – Director, Risk Management & Access to Information; Mrs. Marcie Morrison (Recorder) – Assistant University Secretary; Mrs. Kathy Pozihun – Vice President, Administration & Finance

**Invited Guest:** Ms. Julie Budd and Ms. Kristen Spithoff - BDO Canada LLP

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The Audit and Risk Committee met on May 16, 2019. The following items of business were discussed:

### **Pension Investment Fund Audited Financial Statements**

The Committee received and reviewed the Lakehead University Pension Fund Financial Statements for the year ending December 31, 2018 and recommends that the Board of Governors approve the financial statements. During discussion, Administration clarified that all information to date concerning the issue described in Note 14 Contingency has been reported to the auditors.

### **In Camera**

The Committee discussed other items of business that were sensitive or confidential in nature that will be reported to the Board of Governors in an in camera report.

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### **Motions going forward to the Board of Governors for approval on June 7, 2019:**

MOVED that the Board of Governors approves the Lakehead University Pension Investment Fund financial statements.

**Lakehead University Pension Investment Fund  
Annual Report to the Board of Governors**



## Introduction

The Lakehead University Pension Investment Fund (“the Fund”) is comprised of two pension plans – the Pension Plan for Professional Staff (Professional Plan) and the Lakehead University Employee Pension Plan (LUEPP). Information about the two plans follows in a later section of this report. Both plans provide for an annual report to the Board of Governors on the performance of the fund. The year-end for the Fund is December 31<sup>st</sup>, though this report includes events up to and including the current date.

The following summary of the financial position of the Fund as at December 31, 2018, with comparative data from 2017, is based on the audited financial statements:

### Statement of Net Assets Available for Benefit (in 000's)

			2018	2017
Assets	Professional and Administrative Staff Plan	Employee Pension Plan	Total	Total
Cash and cash equivalents	\$ 2,459	\$ 446	\$ 2,905	\$ 1,462
Investments, at market value (Note 3, Schedules 1 and 2) (cost 2018 - \$189,197; cost 2017 - \$190,672)	174,489	30,790	205,279	227,014
HST receivable	11	2	13	11
Sponsor's contributions receivable	406	81	487	569
Employees' contributions receivable	356	85	441	436
	177,721	31,404	209,125	229,492
<b>Liabilities</b>				
Accounts payable (Note 4)	260	47	307	273
<b>Net assets available for benefits</b>	<b>\$ 177,461</b>	<b>\$ 31,357</b>	<b>\$ 208,818</b>	<b>\$229,219</b>



**Statement of Changes in Net Assets Available for Benefits (in 000's)**

	Professional and Administrative Staff Plan	Employee Pension Plan	2018 Total	2017 Total
<b>Increase in assets</b>				
Investment income	\$ 4,366	\$ 792	\$ 5,158	\$ 4,801
Net realized gains on investments	6,819	1,237	8,056	5,375
Net unrealized change in market value of investments	(15,884)	(4,375)	(20,259)	6,001
Other cash receipts - pension transfers (Note 6)	-	16	16	30
Contributions (Note 7) - employees	2,954	760	3,714	3,530
- sponsor	4,468	713	5,181	5,184
	2,723	(857)	1,866	24,921
<b>Decrease in assets</b>				
Administration and professional fees (Note 8)	859	155	1,014	957
Pension benefits and refunds (Note 9)	18,247	3,006	21,253	16,590
	19,106	3,161	22,267	17,547
<b>Increase (decrease) in net assets available for benefits</b>	(16,383)	(4,018)	(20,401)	7,374
Net assets available for benefits, beginning of year	193,557	35,662	229,219	221,845
Interfund Pension Transfers (Note 6)	287	(287)	-	-
<b>Net assets available for benefits, end of year</b>	<b>\$ 177,461</b>	<b>\$ 31,357</b>	<b>\$ 208,818</b>	<b>\$ 229,219</b>

**Investments**

Northern Trust holds the assets of the Fund. Addenda Capital, CGOV Asset Management, Dimensional Fund Advisors Canada ULC., Letko Brosseau & Associates Inc., Jarislowsky Fraser Ltd. and State Street Global Advisors Ltd. act as investment managers of the Fund. The managers have discretionary investment authority, consistent with the University's Statement of Investment Policies and Procedures (SIPP) for the Fund, which sets out the University's position regarding asset mix, goals for Fund assets, and defines guidelines within which the managers may formulate and execute investment decisions. Proteus Performance advises the Pension Board and Advisory Committee and monitors and reports on the investment managers and their performance. During 2018, the rate of return credited to members of the Professional Plan was

-3.9116% (7.1665% for 2017) and the rate credited to members of the LUEPP was -3.7467% (7.0004% for 2017).

### **Pension Plan for Professional Staff**

The Professional Plan was originally established on September 1, 1965. Since then it has gone through a series of amendments. The most recent significant amendment took effect December 31, 2007 when the plan was changed to establish minimum criteria for providing increases to pensioners, and to introduce the Short Term Account.

In the event that an actuarial valuation discloses a going concern unfunded liability or a solvency deficiency as defined in the Pension Benefits Act, the University is obligated to make additional contributions as required by that Act. The most recent actuarial valuation of the Plan as at December 31, 2017 reported a going concern deficiency of \$3,903,000 (2015 - \$5,874,000), a solvency deficiency of \$6,249,000 (2015 - \$14,720,000), and a wind-up deficiency of \$8,985,000 (2015 - \$20,039,000). This requires the University to make monthly payments of \$61,600 in 2018, and \$37,033.33 in 2019 and each year until the next valuation (December 31, 2020). This represents a decrease in special payments from \$92,100 monthly prior to January 1, 2018.

Faculty members and librarians contribute 6.5% of their earnings through payroll deductions, while the University contributes 8.05% on their behalf. Non-faculty members contribute 8.05%, and the University matches these contributions. Typically these contributions are calculated incorporating CPP so that while the member is making CPP contributions, the pension contribution is reduced by the exact amount of CPP. When CPP reaches the maximum contribution, the employee and employer contribution is made in full. On March 20, 2019 the Faculty Association (LUFA) entered into an agreement with the University to remove the reduction of the employee portion of the contribution by the CPP contribution. Effective January 1, 2020, full-time faculty and librarians who are members of LUFA will contribute to CPP and their individual pensions separately, while employer contributions will remain unchanged.

This Plan is monitored by a Pension Board, which is advisory to the Board of Governors. The Board is comprised of two faculty members, one pensioner, one non-faculty member, and two persons chosen by the Board of Governors. For all of 2018, Ken Hartviksen (Chair) and Dr. Glenn Colton represented faculty, and Hugh Briggs represented non-faculty members. Dr. Abdul Mamoojee served as the pensioner representative, and Ann Dumyn and John Guerard served as the Board of Governors representatives for all of 2018. Pension Board members serve 3-year terms on a rotating basis to ensure continuity.

### **Lakehead University Employee Pension Plan (LUEPP)**

The Employee Plan was established in September 1, 1966 and since then has also gone through a series of amendments. It is a defined contribution plan, and employees contribute in a range from 7.15% to 7.90% of their earnings. The University matches the regular pension contributions made by members of the Plan.

The Plan is monitored by an Advisory Committee to the Board of Governors. The Committee includes one member from each bargaining unit, one member from non-union staff, and two persons chosen by the Board of Governors. During 2018, the Committee was comprised of Robert Bell (COPE), Heather Spivak (UNIFOR), Michael Davis (USWA), David Savelle (IUOE), Chris Gouett (non-union), Ian McIntosh (OPSEU), Kathy Pozihun and Adam Shaen (Board of Governors representatives). As a result of collective bargaining in 2018, OPSEU negotiated that all of its members would move from the Employee Plan to the Professional Plan. As a result of this, Ian McIntosh was no longer a member of the Employee Plan and was removed from the Advisory Committee. OPSEU currently has no Employee Plan members and therefore no Advisory Committee representative. Ian McIntosh continues to attend meetings as a guest on behalf of OPSEU.

### **Joint Activities of the Pension Board and the Advisory Committee**

The Pension Board and Advisory Committee met four times during 2018 and approved three rebalancing transactions in an effort to maintain compliance with the SIPP. The Pension Board and Advisory Committee have subsequently met twice in 2019, and have reviewed the SIPP and approved one more rebalancing transaction. The Pension Board and Advisory Committee will be recommending some minor administrative updates to the SIPP at the next Board of Governors meeting.

Submitted by,

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Kathy Pozihun  
Vice President (Administration & Finance) and Board of Governors Representative for the LUEPP

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Ann Dumyn  
Board of Governors Representative for the Pension Board

**Lakehead University**  
**Pension Investment Fund**  
**Financial Statements**  
For the year ended December 31, 2018

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## Independent Auditor's Report

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### To the Administrator of Lakehead University Pension Investment Fund

#### Opinion

We have audited the fund financial statements of Lakehead University Pension Investment Fund (the fund financial statements) which comprise of the statement of net assets available for benefits as at December 31, 2018 and the statement of changes in net assets available for benefits for the year then ended and notes to the fund financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying fund financial statements present fairly, in all material respects, the net assets available for benefits of Lakehead University Pension Investment Fund as at December 31, 2018, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act of Ontario.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Fund Financial Statements* section of our report. We are independent of Lakehead University Pension Investment Fund in accordance with the ethical requirements that are relevant to our audit of the fund financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the fund financial statements, which describes the basis of accounting. The fund financial statements are prepared to assist the Administrator of the Fund to meet the requirements of the Financial Services Commission of Ontario. As a result, the fund financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Administrator of the Fund and the Financial Services Commission of Ontario and should not be used by parties other than the Administrator of the Fund or the Financial Services Commission of Ontario.

#### Responsibilities of Management and Those Charged with Governance for the Fund Financial Statements

Management is responsible for the preparation and fair presentation of the fund financial statements in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act of Ontario, and for such internal control as management determines is necessary to enable the preparation of fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the fund financial statements, management is responsible for assessing Lakehead University Pension Investment Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Lakehead University Pension Investment Fund or to cease operations, or has no realistic alternatives but to do so.

Those charged with governance are responsible for overseeing Lakehead University Pension Investment Fund's financial reporting process.

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## Independent Auditor's Report

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### Auditor's Responsibilities for the Audit of the Fund Financial Statements

Our objectives are to obtain reasonable assurance about whether the fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these fund financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the fund financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lakehead University Pension Investment Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Lakehead University Pension Investment Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Lakehead University Pension Investment Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the fund financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
June 8, 2019

## Lakehead University Pension Investment Fund Statement of Net Assets Available for Benefit

December 31 (in thousands of dollars)	2018			2017		
	Professional and Administrative Staff Plan (Ontario Registration Number 246058)	Employee Pension Plan (Ontario Registration Number 526921)	Total	Professional and Administrative Staff Plan (Ontario Registration Number 246058)	Employee Pension Plan (Ontario Registration Number 526921)	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 2,459	\$ 446	\$ 2,905	\$ 1,232	\$ 230	\$ 1,462
Investments, at market value (Note 3, Schedules 1 and 2) (cost 2018 - \$189,197; cost 2017 - \$190,672)	174,489	30,790	205,279	191,736	35,278	227,014
HST receivable	11	2	13	9	2	11
Sponsor's contributions receivable	406	81	487	473	96	569
Employees' contributions receivable	356	85	441	336	100	436
	177,721	31,404	209,125	193,786	35,706	229,492
<b>Liabilities</b>						
Accounts payable (Note 4)	260	47	307	229	44	273
<b>Net assets available for benefits</b>	<b>\$ 177,461</b>	<b>\$ 31,357</b>	<b>\$ 208,818</b>	<b>\$193,557</b>	<b>\$35,662</b>	<b>\$229,219</b>

On behalf of the Administrator

The accompanying notes are an integral part of these financial statements.



## Lakehead University Pension Investment Fund

### Statement of Changes in Net Assets Available for Benefits

For the year ended December 31 (in thousands of dollars)

2018

2017

	Professional and Administrative Staff Plan (Ontario Registration Number 246058)	Employee Pension Plan (Ontario Registration Number 526921)	Total	Professional and Administrative Staff Plan (Ontario Registration Number 246058)	Employee Pension Plan (Ontario Registration Number 526921)	Total
<b>Increase in assets</b>						
Investment income	\$ 4,366	\$ 792	\$ 5,158	\$ 4,046	\$ 755	\$ 4,801
Net realized gains on investments	6,819	1,237	8,056	4,530	845	5,375
Net unrealized change in market value of investments	(15,884)	(4,375)	(20,259)	5,222	779	6,001
Other cash receipts - pension transfers (Note 6)	-	16	16	-	30	30
Contributions (Note 7) - employees	2,954	760	3,714	2,779	751	3,530
- sponsor	4,468	713	5,181	4,472	712	5,184
	2,723	(857)	1,866	21,049	3,872	24,921
<b>Decrease in assets</b>						
Administration and professional fees (Note 8)	859	155	1,014	807	150	957
Pension benefits and refunds (Note 9)	18,247	3,006	21,253	13,561	3,029	16,590
	19,106	3,161	22,267	14,368	3,179	17,547
<b>Increase (decrease) in net assets available for benefits</b>	(16,383)	(4,018)	(20,401)	6,681	693	7,374
Net assets available for benefits, beginning of year	193,557	35,662	229,219	186,733	35,112	221,845
Interfund Pension Transfers (Note 6)	287	(287)	0	143	(143)	-
<b>Net assets available for benefits, end of year</b>	<b>\$ 177,461</b>	<b>\$ 31,357</b>	<b>\$ 208,818</b>	<b>\$ 193,557</b>	<b>\$ 35,662</b>	<b>\$ 229,219</b>

The accompanying notes are an integral part of these financial statements.

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# Lakehead University Pension Investment Fund

## Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

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### 1. Description of Plans

The Lakehead University Pension Investment Fund ("the Fund") consists of two plans. The following description of the Professional and Administrative Staff Plan ("PP") and the Lakehead University Employee Pension Plan ("LUEPP") is a summary only. For more complete information, reference should be made to the Plan Agreements.

The Fund consists of 100% ownership of a Master Trust and a segregated short term account, the assets of which are held by Northern Trust. Addenda Capital, CGOV Asset Management, Dimensional Fund Advisors Canada ULC, Jarislowsky Fraser Limited, Letko Brosseau & Associates Inc., and State Street Global Advisors act as managers for the Fund and have discretionary investment authority. As of December 31, 2018, the LUEPP held 481,944.67 units or 15.7%, and the Professional Plan held 2,586,749.60 units or 84.3%, of a total of 3,068,694.27 units of the Master Trust.

The Fund is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

#### Professional and Administrative Staff Plan

The Plan is a contributory defined contribution pension plan. The Plan also provides for a defined benefit guarantee for service prior to January 1, 1997. Under the Plan, contributions of 6.5% (2017 - 6.5%) of earnings were made by faculty and librarians and 8.05% (2017 - 8.05%) by the Plan sponsor. For other members, contributions of 8.05% (2017 - 8.05%) of earnings were made by employees and 8.05% (2017 - 8.05%) by the Plan sponsor.

#### Lakehead University Employee Pension Plan

The Plan is a contributory defined contribution pension plan. Under the Plan, employees contribute 7.9% (2017 - 7.9%) of their earnings except for contracted employees who contribute 7.15% (2017 - 7.15%) of their earnings. The Plan sponsor matches employee contributions. For contract lecturers, contributions of 6.5% (2017 - 6.5%) of earnings were made by employees and 7.9% (2017 - 7.9%) by the Plan sponsor.

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### 2. Significant Accounting Policies

#### Basis of Presentation

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the accounting requirements prescribed by the Financial Services Commission of Ontario ("FSCO") for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act of the Province of Ontario. These regulations require pension plans to adhere to the provisions of *Section 4600 - Pension Plans in Part IV - Accounting Standards for Pension Plans* of the CPA Canada Handbook although they permit the exclusion of the actuarial liabilities of the Plan. Consequently, these financial statements do not purport to show the adequacy of the Plan's assets to meet its pension obligations. These financial statements have been prepared to assist in meeting the requirements of FSCO. For accounting policies that do not relate to the Fund's investment portfolio, the Fund has elected to apply Canadian accounting standards for private enterprises.

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## Lakehead University Pension Investment Fund Notes to Financial Statements

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December 31, 2018 (in thousands of dollars)

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### 2. Significant Accounting Policies (cont'd)

These Significant Accounting Policies are intended solely for the Administrator of the Fund and FSCO and should not be used by parties other than the Administrator of the Fund or FSCO.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and term deposits with maturity dates of less than 90 days from the date that they were acquired.

#### Investments

Investments are stated at fair value which is based on closing quoted market prices. Investments are recorded on a trade date basis. The fair value of units in the Master Trust represents the fair value of the underlying assets. Investments in pooled funds are valued using unit prices provided by the pooled fund administrator, which represent the plan's proportionate share of underlying net assets at fair values determined using closing market prices.

The investment income recognized is the increase or decrease in the value of the pooled funds. Dividends and interest are reinvested within the pooled funds. Distributions from pooled funds are recorded when declared by the pooled fund managers.

The realized gain (loss) on investments is determined by the excess (shortfall) of proceeds over average cost of investments sold.

The fair value adjustments represent the unrealized appreciation (depreciation) in fair value of investments held at the year-end less the related unrealized appreciation (depreciation) as at the previous year-end.

#### Use of Estimates

The preparation of financial statements in accordance with the accounting principles described in the significant accounting policies requires the Fund Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the Fund Administrator's best estimates as additional information becomes available in the future.

#### Foreign Currency Translation

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

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### 2. Significant Accounting Policies (cont'd)

#### Pension Benefits

The Plans provide pension payments on death and/or retirement to eligible members and their spouses based on contributions and gains accrued during their employment at Lakehead University. Pension benefits are shown as expenditures in the year of payment.

#### Contributions

Employee and employer contributions due to Plans as at the end of the year are recorded on an accrual basis. The Plans further allow Additional Voluntary Contributions (AVC), subject to the Money Purchase Limit imposed by Canada Revenue Agency. AVC's are recorded as employee contributions.

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### 3. Investments

	2018		2017	
	Market Value	Cost	Market Value	Cost
Canadian equities	\$ 25,499	\$ 25,733	\$ 29,489	\$ 25,383
Canadian unit trust equities	50,165	50,348	63,542	54,360
US unit trust equities	46,894	28,606	55,884	31,139
Canadian unit trust bonds	77,948	79,737	75,417	77,108
Accrued income	82	82	80	80
Short-term investments	4,691	4,691	2,602	2,602
	<u>\$ 205,279</u>	<u>\$ 189,197</u>	<u>\$ 227,014</u>	<u>\$ 190,672</u>

## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

### 3. Investments (cont'd)

#### Individually significant investments

The cost or market value of the following investments exceeds 1% of the cost or market value of total pension fund investments at December 31, 2018:

	2018 Market Value	2018 Cost
<b>Canadian Equity Fund</b>		
Jarislowsky Fraser Investments - Equity Fund (1)	\$ 23,125	\$ 24,474
Letko Brosseau - RSP Equity Fund (2)	27,040	25,874
<b>Bond Fund</b>		
Addenda Capital - Bond Fund(3)	38,443	39,425
Addenda Capital - Commercial Mortgage Fund (3)	20,162	20,118
Jarislowsky Fraser Investments - Bond Fund (1)	19,343	20,194
<b>Foreign Equity Fund</b>		
State Street Global Advisors - Global Equity Unit Trust (4)	29,891	12,237
Dimensional Fund Advisors - International Small Cap (5)	17,003	16,369
<b>Miscellaneous - Other</b>		
Jarislowsky Fraser Investments - Short Term Investments (1)	4,691	4,691
CGOV - Canadian common stocks (6)	\$ 25,581	\$ 25,815

- (1) Jarislowsky Fraser investments are pooled funds administered by Jarislowsky Fraser Limited.
- (2) Letko Brosseau investments are pooled funds administered by Letko, Brosseau & Associates Inc.
- (3) Addenda Capital investments are a pooled fund administered by Addenda Capital.
- (4) State Street Global Advisors investments are a pooled fund administered by State Street Global Advisors, Ltd.
- (5) Dimensional Fund investments are pooled funds administered by Dimensional Fund Advisors Canada ULC
- (6) CGOV investments are a segregated fund administered by CGOV Asset Management

## Lakehead University Pension Investment Fund

### Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

#### 4. Accounts Payable

	2018	2017
<b>Investment Management</b>		
Addenda Capital	\$ 40	\$ 37
CGOV Asset Management	29	32
Jarislowsky Fraser Limited	32	35
State Street Global Advisors, Ltd.	9	10
<b>Other</b>		
BDO Canada LLP - Audit	10	10
Eckler Ltd. - Actuarial	71	33
Proteus - Investment Advisors	28	29
Northern Trust - Custodial Services	13	14
Minister of Finance	11	10
Lakehead University	64	63
	<b>\$ 307</b>	<b>\$ 273</b>

#### 5. Actuarial Valuation

In the event that an actuarial valuation discloses a going concern unfunded liability or a solvency deficiency as defined by the Pension Benefits Act (1987), the University will be obligated to make additional contributions as required by the Act. The most recent actuarial valuation of the Plan at December 31, 2017, reported that based on then current provisions, the Plan had both a going concern unfunded liability and a solvency deficiency, and that additional University contributions would be required upon filing. The University made special payments of \$739,200 in 2018, and is scheduled to make special payments of \$444,400 starting in 2019 until the next scheduled actuarial valuation.

#### 6. Pension Transfers

Pension transfers into the Lakehead University Plans were \$16 (2017 - \$30).

Transfers between the Lakehead University Employee Pension Plan and the Professional and Administrative Staff Plan were \$287 (2017 - \$143). Funds are transferred for members of the Lakehead University Employee Pension Plan that transfer to the Professional and Administrative Staff Plan when changing benefit classification effective January 1, 2018.

## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

### 7. Contributions

	Professional Plan 2018	LUEPP 2018	Total 2018	Professional Plan 2017	LUEPP 2017	Total 2017
<b>Employee</b>						
Current Service Contributions	\$ 2,954	\$ 760	\$ 3,714	\$ 2,779	\$ 751	\$ 3,530
<b>Sponsor</b>						
Current Service Contributions	3,728	713	4,441	3,367	712	4,079
Going Concern and Solvency Special Payments	740	-	740	1,105	-	1,105
	<b>4,468</b>	<b>713</b>	<b>5,181</b>	<b>4,472</b>	<b>712</b>	<b>5,184</b>
	<b>\$ 7,422</b>	<b>\$ 1,473</b>	<b>\$ 8,895</b>	<b>\$ 7,251</b>	<b>\$ 1,463</b>	<b>\$ 8,714</b>

As of December 31, 2018 no required contributions were past due.

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## Lakehead University Pension Investment Fund

### Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

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#### 8. Administrative Expenses and Professional Fees

	2018	2017
Investment management fees	\$ 554	\$ 548
Actuarial fees	186	138
Investment counselling	114	113
Audit fees	10	10
Custodial service fees	52	55
Other - Pension Commission	11	10
Administration	100	94
Goods and services tax rebate	(13)	(11)
	<u>\$ 1,014</u>	<u>\$ 957</u>

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#### 9. Pension Benefits and Refunds

	2018	2017
Pension benefits	\$ 7,086	\$ 7,305
Refunds (deaths, terminations, resignations and retirements)	14,167	9,285
	<u>\$ 21,253</u>	<u>\$ 16,590</u>

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#### 10. Related Party Transactions

The Pension Fund does not hold any securities of the employer sponsor or its related parties.

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#### 11. Income Taxes

The Fund is not subject to income tax since it is a Registered Pension Trust as defined by the Income Tax Act (Canada).



## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

### 12. Financial Instruments

The objective of the Fund is to maximize the long-term return for its defined contribution members, balanced with the relative preservation of capital, followed by capital growth in its Retirement Account. The Fund's investment policy is established by the Board of Governors and is set out in the statement of investment policies and procedures ("SIPP"). The SIPP was last amended June 8, 2018 with minor administrative updates, but no material changes.

The SIPP permits cash and cash equivalents, and fixed income investments in: bonds, debentures, coupons and residuals, mortgage and mortgage backed securities, asset-backed securities and preferred shares. It additionally permits equity investments in: publicly traded common stocks; rights, warrants, installment receipts, convertible debentures and other instruments convertible into common stocks; income trust units issued and/or registered in jurisdictions where appropriate legislation is in place to limit the liability of unitholders; American Depositary Receipts; and Global Depositary Receipts. Investments in alternative strategies that are permitted include: private equity, real estate, and hedge funds. The SIPP outlines an asset allocation target of:

Asset Class	Permissible Range
Canadian Money Market	0-20%
Canadian Fixed Income	30-50%
Canadian Equities	20-40%
Global Equities	20-40%
Alternative Assets	0-10%

## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

### 12. Financial Instruments (cont'd)

The Fund is in compliance with the SIPP's allowable asset allocation, as at December 31, 2018.

The Plan's investment performance is expected to:

- a) exceed the investment performance of the benchmark index over 3-7 year periods, with an emphasis on rolling 4-year periods; or
- b) rank in the top 50% of comparable portfolios over rolling 3-7 year periods, with an emphasis on rolling 4-year period in terms of return.

The performance of the investment manager(s) relative to an appropriate benchmark and/or peer group over 3-7 year periods will be evaluated quarterly. The performance of individual asset classes is expected to:

- a) exceed the return of their corresponding benchmark indices by an average of 0.5%; or
- b) rank in the top 50% of the appropriate investment manager performance measurement universes over 3-7 year periods, with an emphasis on rolling 4-year periods in terms of return.

In 2018, the Fund had a one year rate of return of -3.4% and a four year return of 4.8%, measured against a one year benchmark of -2.1% and a four year benchmark of 4.5%.

The carrying value of cash and cash equivalents, sponsor's and employees' contributions receivable, and accounts payable approximates their fair value because of their short-term nature.

Risks arising from financial instruments:

#### Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's financial position and revenue. This risk arises from the Fund's investments whose returns are linked to interest rates. The Plan invests in pooled funds that may hold debt instruments linked to interest rates.

#### Foreign Currency Risk

Foreign currency exposure arises from the Fund's holdings of foreign equity or debt instruments. The Fund invests in pooled funds that may hold debt or equity instruments denominated in a foreign currency and as such would be exposed to fluctuations in currency risks. All of the Fund's investments are denominated in Canadian or US Dollars. US Dollar investments are translated into Canadian Dollars at the market rate at the end of the fiscal period. Investments denominated in foreign currencies are noted on the Schedule of Cost and Market Value of Investments by type (Schedule 1). An increase or decrease of 5% in the US exchange rate would result in an increase or decrease of net assets available for benefits of \$2,345.

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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

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### 12. Financial Instruments (cont'd)

#### **Market Risk**

Concentrations of market risk exist when a significant portion of the portfolio is invested in securities with similar characteristics and/or similar economic, political or other conditions that may prevail. The Fund Administrator believes that the investments in which the Fund invests spreads the market risk over different market sectors. The Fund Administrator uses a variety of investment management companies to ensure the portfolio is balanced to help mitigate market risk. An increase or decrease of 10% of the Fund's investment portfolio would result in an increase or decrease of net assets available for benefits of \$20,528.

An increase or decrease of 10% in the portion of the portfolio invested in Canadian Equities would result in an increase or decrease of net assets available for benefits of \$7,575.

An increase or decrease of 10% in the portion of the portfolio invested in Foreign Equities would result in an increase or decrease of net assets available for benefits of \$4,689.

#### **Credit Risk**

Credit risk is the risk of loss arising from the failure of a counterparty (borrower) to fully honour its financial obligations with the owner (lender), including its inability or unwillingness to pay borrowed principal, interest or rent when they come due. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a fall in the market value of the debtors' obligation.

The Administrator has put in place a Statement of Investment Policies and Procedures that contains a set of guidelines for the fixed income portfolio to limit single issuer exposure.

The Fund's most significant credit risk exposure arises from its investments in interest bearing investments. While the Fund may have credit risk exposure to bonds, it manages this risk by holding such investments in pooled bond funds, as described in Note 3. The pooled bond funds represent 38% (2017 - 33%) of the total investments.

#### **Liquidity Risk**

Liquidity risk is the risk of not being able to meet the Fund's cash requirements in a timely and cost effective manner. Liquidity requirements are managed through income generated from investments, monthly contributions made by employers, and by investing in publicly traded liquid assets that are easily sold and converted to cash. The Fund invests only in liquid investments that are traded in an active market.

## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

### 12. Financial Instruments (cont'd)

#### Financial Instruments Fair Value Hierarchy

Disclosure of a three-level hierarchy for fair value measurements is based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

**Level 1:**

For securities valued based on unadjusted quoted prices in active markets for identical assets.

**Level 2:**

For securities valued based on inputs, other than quoted prices included in Level 1, that are observable for the asset, either directly or indirectly.

**Level 3:**

For securities valued based on inputs that are based on unobservable market data.

The following tables present the Fund's financial investments evaluated at fair value as at December 31<sup>st</sup>, classified according to the fair value hierarchy described above:

	Level 1	Level 2	Level 3	2018 Total
<b>Canadian</b>				
Cash and cash equivalents	\$ 2,905	\$ 4,691	-	\$ 7,596
Equities - Common Stock	25,581	-	-	25,581
Unit Trusts - Bonds and debentures	-	77,948	-	77,948
Unit Trusts - Equities	-	50,165	-	50,165
Foreign Unit Trusts - Equities	-	46,894	-	46,894
	<u>\$ 28,486</u>	<u>\$ 179,698</u>	<u>-</u>	<u>\$ 208,184</u>

	Level 1	Level 2	Level 3	2017 Total
<b>Canadian</b>				
Cash and cash equivalents	\$ 1,462	\$ 2,602	-	\$ 4,064
Equities - Common Stock	29,569	-	-	29,569
Unit Trusts - Bonds and debentures	-	75,417	-	75,417
Unit Trusts - Equities	-	63,542	-	63,542
Foreign Unit Trusts - Equities	-	55,884	-	55,884
	<u>\$ 31,031</u>	<u>\$ 197,445</u>	<u>-</u>	<u>\$ 228,476</u>

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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2018 (in thousands of dollars)

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### 12. Financial Instruments (cont'd)

The following is an analysis of the investments of the Fund using the hierarchy related to the inputs to fair value measurement.

#### Level 1

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable quote is observable. US partnerships are classified as Level 1 when they are held in a pooled fund and a reliable quote is observable. Cash, short-term notes and treasury bills are classified as Level 1. These instruments mature within one year and are stated at cost, which, when combined with accrued interest income, approximates market value.

#### Level 2

These instruments mature within one year and are stated at cost, which, when combined with accrued interest income, approximates market value. The Fund classified unit trusts as Level 2.

#### Level 3

The Fund has no investments classified as Level 3.

As at December 31, 2018 and 2017 the Fund's investments are Level 1 and 2 within the fair value hierarchy. There were no transfers between levels during the year.

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### 13. Capital Management

The Administrator define the Fund's capital as its net assets available for benefits. The Fund's objective when managing its capital is to safeguard its ability to provide benefits to members, as further described in Note 12. The Fund's assets are invested in accordance with its Statement of Investment Policies and Procedures, which includes the asset mix recommended by the Fund's investment consultant, and which is projected to enable the Fund to meet or exceed its ongoing and long-term funding requirements within an acceptable level of risk. There has not been any change in what the Fund considers to be capital and there have been no significant changes to the Fund's capital management objectives, policies and processes in the year.

The investment managers appointed by the Fund are directed to achieve a long-term rate of return through a diversified portfolio, consistent with acceptable risks and prudent management. The long-term objective of the Fund is to achieve a total return such that the Fund can continue to provide the ongoing and projected benefits to its members.

There have been no changes in what the Fund considers to be its capital and there have been no significant changes to the Fund's capital management objectives, policies and processes for the year.

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## Lakehead University Pension Investment Fund Notes to Financial Statements

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December 31, 2018 (in thousands of dollars)

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### 14. Contingency

The Financial Services Commission of Ontario (FSCO) has raised an issue with the Plan amendments made to the Professional and Administrative Staff Plan in 2000. The amendment provided that pensioner increases would be granted only to the extent that the funds in the Retirement Account of the Plan are sufficient to support the increase. FSCO has indicated that the amendment may be considered void unless a court agrees the amendment is necessary to rectify the language of the Plan to reflect its original intent, or the Plan is further amended to comply with requirements of the Pension Benefits Act.

The University believes that the plan amendments have been properly applied and has retained legal counsel to assist with the matter. While the ultimate outcome of the matter is uncertain, it is possible that FSCO could consider some or all of the plan amendments void. In this case, the plan actuary has estimated the potential impact as of December 31, 2018 as follows:

	Liability for Pension Increases Since 2000	Increases in Future Obligations for Pension Increases After 2016
For all pensions commencing before February 25, 2000	\$8.5 million	\$5.4 million

On April 24, 2015 FSCO corresponded with the University. The correspondence was reviewed by the Actuary and by legal counsel; a response has been provided to FSCO. The University and FSCO continue to communicate; no course of action has been decided upon.

## Lakehead University Pension Investment Fund

### Schedule 1 - Market Value and Cost of Investments by Type

December 31 (in thousands of dollars)

2018

2017

	Market value	Cost	Market value	Cost
<b>Equities</b>				
<b>Common stock</b>				
Canada - CAD	\$ 25,499	\$ 25,733	\$ 29,489	\$ 25,383
<b>Unit trust equity</b>				
Canada - CAD	50,165	50,348	63,542	54,360
Foreign - USD	46,894	28,606	55,884	31,139
<b>Total unit trust equity</b>	<b>97,059</b>	<b>78,954</b>	<b>119,426</b>	<b>85,499</b>
<b>Total equities</b>	<b>122,558</b>	<b>104,687</b>	<b>148,915</b>	<b>110,882</b>
<b>Fixed Income</b>				
<b>Unit trust bonds</b>				
Canada - CAD	77,948	79,737	75,417	77,108
	200,506	184,424	224,332	187,990
Short term investments	4,691	4,691	2,602	2,602
Accrued income	82	82	80	80
<b>Total investments</b>	<b>\$ 205,279</b>	<b>\$ 189,197</b>	<b>\$ 227,014</b>	<b>\$ 190,672</b>

The accompanying notes are an integral part of these financial statements.

**Lakehead University Pension Investment Fund**  
**Schedule 2 - Market Value and Cost of Investments**  
**by Investment Manager**

December 31 (in thousands of dollars)	2018		2017	
	Market Value	Cost	Market Value	Cost
Addenda Capital	\$ 58,605	\$ 59,543	\$ 52,825	\$ 53,867
CGOV Asset Management	25,581	25,815	29,569	25,463
Dimensional Fund Advisors Canada ULC	17,003	16,369	21,638	17,144
Jarislowsky Fraser Limited	47,159	49,359	56,453	54,160
Letko, Brosseau & Associates Inc.	27,040	25,874	32,283	26,043
State Street Global Advisors	29,891	12,237	34,246	13,995
	<b>\$ 205,279</b>	<b>\$ 189,197</b>	<b>\$ 227,014</b>	<b>\$ 190,672</b>

The accompanying notes are an integral part of these financial statements.





## CONFIDENTIAL

### REPORT TO THE BOARD OF GOVERNORS – June 7, 2019

**From:** Brian McKinnon - Chair, External Relations Committee

**Subject:** External Relations Committee Report

**Report Time:** 5 minutes

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**Committee Members:** Mr. Robert Arnone; Dr. Michel Beaulieu; Dr. Christine Gottardo; Mr. Brian McKinnon (Chair); Dr. Moira McPherson; Mr. Ross Murray; Mr. Sean Speer; Ms. Maria Vasanelli; Mr. Nathan Wainwright

**Administrative Resources:** Ms. Deb Comuzzi – Vice President, External Relations; Ms. Barbara Eccles (Secretary) – General Counsel & University Secretary; Ms. Marcie Morrison (Recorder) – Assistant University Secretary

**Invited Guests:** Mr. Richard Longtin - Government Relations Director (Lakehead University)

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The External Relations Committee met on May 15, 2019. The following items of business were discussed:

#### **Endowment Management Policy Review**

The Committee received a memo that included background information and a summary of the proposed amendments to the Endowment Management Policy for information. It was noted that the Finance and Operations Committee will be considering these amendments at their meeting on May 16, 2019 and may be making a recommendation at the June Board of Governors meeting.

#### **In Camera**

The Committee discussed other items of business that were sensitive or confidential in nature that will be reported to the Board of Governors in an in camera report.



## REPORT TO THE BOARD OF GOVERNORS – June 7, 2019

**From:** Angela Maltese – Chair, Finance & Operations Committee

**Subject:** Finance & Operations Committee Report

**Report Time:** 10 minutes

**Committee Members:** Mr. Robert Arnone; Ms. Ann Dumyn; Dr. Christine Gottardo; Ms. Angela Maltese (Chair); Mr. Ross Murray; Dr. Moira McPherson; Ms. Kathryn Rippey; Ms. Cathy Tuckwell; Mr. Nathan Wainwright; Ms. Maria Vasanelli

**Administrative Resources:** Dr. David Barnett - Interim Provost & Vice President (Academic), Ms. Rita Blais – Associate Vice President, Financial; Ms. Barbara Eccles (Secretary) – General Counsel & University Secretary; Ms. Marcie Morrison (Recorder) – Assistant University Secretary; Dr. Heather Murchison – Vice Provost, Institutional Planning & Analysis; Mrs. Kathy Pozihun – Vice President, Administration & Finance

**Invited Guests:** Dr. Dean Jobin-Bevans – Principal, Orillia Campus (Lakehead University); Mr. Ryan Kuruliak (Proteus Performance), Mr. Adam Shaen - Associate Vice President, Human Resources (Lakehead University)

The Board Finance and Operations Committee met on May 16, 2019. Items of business included:

### **Statement of Investment Policies and Procedures Review**

Annually, the Committee reviews the Statement of Investment Policies and Procedures for the Pension Plans, the Statement of Investment Policies and Guidelines for Trust and Endowment Funds, the Statement of Investment Policies and Guidelines for Restricted Internal Funds and the Responsible Investment Policy.

The Committee agreed to form a sub-committee for the purpose of reviewing the proposed amendments to the Statement of Investment Policies and Guidelines for Trust and Endowment Funds and the Statement of Investment Policies and Guidelines for Restricted Internal Funds.

The Committee reviewed the proposed amendments to the Statement of Investment Policies and Procedures, Lakehead University Pension Plan and will be making a recommendation to the Board of Governors to approve the amendments.

### **Endowment Management Policy Review**

The Committee reviewed the proposed amendments to the Endowment Management Policy and will be making a recommendation to the Board of Governors to approve the amendments. The External Relations Committee also reviewed the proposed amendments at their meeting on May 15, 2019.

### **Pension Plan for Professional Staff of Lakehead University Text Amendment**

The Committee reviewed the proposed amendments that were drafted by the Plan's Actuary arising as a result of the Memorandum of Understanding dated March 20, 2019 between Lakehead University and the Lakehead University Faculty Association and will be making a recommendation to the Board of Governors to approve the amendments. The Pension Board and Advisory Committee also discussed and approved the amendments for recommendation to the Board of Governors.

### **In Camera**

The Committee discussed other items of business that were sensitive or confidential in nature that will be reported to the Board of Governors in an in camera report.

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### **Motions for consideration by the Board of Governors on June 7, 2019:**

- MOVED that the proposed amendments to the Statement of Investment Policies and Procedures, Lakehead University Pension Plan be approved.
  
- MOVED that the proposed amendments to the Endowment Management Policy be approved.
  
- WHEREAS Lakehead University (hereinafter referred to as the "University") has established the Pension Plan for Professional Staff of Lakehead University (hereinafter referred to as the "Plan") effective September 1, 1965;

AND WHEREAS the University wishes to amend the Plan to change the contribution rate for full-time faculty members and full-time librarian members pursuant to a Memorandum of Agreement between Lakehead Faculty Association and Lakehead University dated March 20, 2019;

AND WHEREAS paragraph 19.1 permits the University to amend the Plan;

NOW THEREFORE BE IT AND IT IS HEREBY RESOLVED THAT THE BOARD OF GOVERNORS APPROVES THAT THE PLAN SHALL BE AMENDED EFFECTIVE JANUARY 1, 2020 AS FOLLOWS:

1. the following new paragraph 3.1.2 is hereby added to Article 3 immediately after paragraph 3.1.1 and all following paragraphs under Article 3 shall be renumbered accordingly:

"3.1.2 Notwithstanding the foregoing, however, an Active Member that is employed full-time and is subject to the Agreement, and is either faculty or a librarian as determined by the Board of Governors shall contribute to the Plan each pay day the applicable percentage of his Earnings as provided under Article 3.1.1, but without regard to the contributions to the Canada Pension Plan."



## MEMORANDUM

**TO:** Board of Governors

**FROM:** Barbara Eccles, General Counsel and University Secretary

**DATE:** May 31, 2019

**RE:** Proposed Amendments to the Statement of Investment Policies and Procedures, Lakehead University Pension Plan

Below please find an excerpt from a memo from Proteus to the Board Finance and Operations Committee. The full memo referred to matters that are not yet ready to come forward to the Board. The attached excerpt sets out Proteus's recommended changes to the Statement of Investment Policies and Procedures for the Pension Plans.

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**Date:** May 16, 2019  
**To:** Finance and Operations Committee (the 'Committee')  
**From:** Proteus  
**Subject:** Annual Review of Investment Policies

Each year the Committee reviews the various investment related policies including:

- Statement of Investment Policies and Procedures for the Pension Plans ...

Changes to any of the above would be recommended to the Board. The following summarizes the recommendation of the Pension Board and Pension Advisory Committee for the Pension Plans' SIPP ....

### **Pension Plans SIPP:**

As per pension regulation, the SIPP must be reviewed annually with the final approved document filed with the regulator before 60 days after final approval (if there are any changes). Each year the Pension Board and Pension Advisory Committee conduct a review of the existing document (assisted by Proteus) and may recommend changes to the Committee. For the 2019 review, there were some updates which the regulator has recommended for all Ontario pension plans and the Pension Board and Advisory Committee struck an ad-hoc committee to review these and other recommendations. The 'black-line' version of the recommended SIPP is attached. It should be noted that none of the recommended changes would have any material effect on return objective, risk tolerance or investment strategy.

The changes can be summarized as follows:

- Cover Page -> the signing of the document was removed as it is not consistent with practice. The SIPP is approved by the Board and only the approved version (without this section of the Cover Page) is posted to the Lakehead University website.

- 4.1-> cleaned up the wording to better represent the return objective for how the Plans' assets are managed
- 4.2-> consolidated wording related to risk tolerance to one section to enable the removal of repetitive sections later on in the document and removed ambiguous / repetitive wording
- 6-> regrouped the asset classes to fall under i) Fixed Income, ii) Equity or iii) Alternative Assets and added a target for Commercial Mortgages which are featured in the Plans' strategic asset mix more recently and have been allowed by the SIPP for over a decade.
- 7.2.2 & 7.2.3-> featured some updates to clarify the intent of certain provisions
- 7.8-> the language has been updated to reflect the most up-to-date language included in Schedule III of the Pension Benefits Standards Regulations (PBSR)
- 8.1-> the benchmarking section was refined to clarify the performance objectives and to align to a 4-year rolling time period. Benchmarking related to the underlying managers were consolidated in Section 11. Section 8.2 was consolidated in 4.2 (previously noted above)
- 11-> a small change was made to clarify when a manager would/could be reviewed
- Appendix A was added as per the recommendation from the Ontario pension regulator (Section 78(7) of Regulation 909).



# Statement of Investment Policies and Procedures

## Lakehead University Pension Plan

### **Pension Board Chair**

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(Name)

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(Title)

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(Date)

### **Pension Advisory Committee Chair**

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(Name)

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(Title)

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(Date)

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## Statement of Investment Policies and Procedures, Lakehead University Pension Plans

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# Lakehead University Pension Plan

## Statement of Investment Policies and Procedures

### 1. Introduction

Lakehead University Pension Plan (the “Plan”) consists of two plans which service two groups of employees (the “Members”) at Lakehead University (the “University”). The Pension Plan for the Professional Staff of Lakehead University (the “Professional Plan”) covers all faculty, management and professional employees. The Lakehead University Employee Pension Plan (the “Employee Plan”) covers all support staff employed by the University. The Professional Plan encompasses an annuity account for retired professional members and a defined contribution plan for active professional members; these plans are administered by the Pension Board (the “Board”). The Employee Plan is structured as a defined contribution plan and is administered by the Advisory Committee (the “Committee”). This Statement of Investment Policies and Procedures is intended to be consistent with all federal and provincial pension legislation applicable to investments of the Plan. This SIPP was enacted on July 19, 1999, and revised: April 19, 2001, October 12, 2007, May 20, 2010, June 6, 2014, January 29, 2016, April 27, 2017 and June 8, 2018.

## **2. Purpose of the Investment Policy Statement**

This Statement of Investment Policies and Procedures (“SIPP”) identifies the key factors bearing upon investment decisions for the Plan and provides a set of written guidelines for the management of its assets.

The Board and the Committee are acting in accordance with their responsibilities to the Members and their beneficiaries under the terms of the Plan and the Pension Benefits Act (Ontario) and regulations in establishing this SIPP.

This SIPP supersedes any existing document and will be reviewed at least annually or as required to ensure that it continues to reflect the Plan's circumstances and requirements.

## **3. Roles and Responsibilities**

### **3.1 Responsibilities of the Board and the Committee**

The Board and Committee shall:

- a. maintain an understanding of legal and regulatory requirements and constraints applicable to the Plan including but not limited to the Canadian Association of Pension Supervisory Authorities (CAPSA) Guidelines, and the Pension Benefits Act;
- b. review the SIPP annually or more frequently when required;
- c. select investment managers and custodian;
- d. formulate specialized instructions and mandates for each investment manager (where direct investment in a pooled fund is not employed), in the event that more than one investment manager is engaged, and provide these instructions

and mandates to the investment managers. These instructions and mandates will derive from, reflect and be consistent with the provisions of this SIPP;

e. monitor the performance, risk management and personnel of each investment manager, as well as the overall strategy quarterly;

f. monitor the investment managers' compliance with the SIPP as well as each investment manager's compliance with any specialized instructions and mandates they have been given in the event that more than one investment manager is engaged;

g. monitor the Plan's asset allocation and take steps to ensure that the Plan is rebalanced, as necessary, per Section 9;

h. take appropriate steps to resolve conflict of interest issues as provided for in Section 12;

i. retain an Investment Advisor to delegate specified responsibilities to; and

j. keep the Investment Advisor apprised of any developments that will affect the Plan's objectives or constraints.

### **3.2 Investment Advisor**

The Investment Advisor will:

a. provide the Board and Committee with information, advice and recommendations and information to assist in decision making regarding:

- strategic asset allocation;
- investment manager structures; and
- the selection, dismissal or replacement of an investment manager(s) and custodian(s);

b. provide the Board and Committee with a recommended SIPP and specialized investment manager instructions and mandates, as required;

c. on an annual basis, or more frequently if required, provide the Board and Committee with advice on re-approving or amending the SIPP as well as any specialized instructions and mandates provided to the investment managers;

d. monitor the asset allocation and provide recommendations to the Board and Committee with respect to rebalancing assets among investment managers and ~~/or~~ asset classes;

e. provide reports to the Board and Committee at least quarterly as provided for in Section 10.2 of this SIPP;

f. provide proactive information and advice with respect to developments that might affect the investment manager(s)' performance, risk characteristics and service capabilities;

g. manage the process to acquire/renew/cancel services, including negotiate with investment manager(s) and ~~/or~~ custodian(s) fees on behalf of the Board and Committee;

h. keep the Board and the Committee up to date on the CAPSA Guidelines and related regulations concerning pension fund management;

i. be an independent and objective resource for all questions/issues concerning administration, custody, managers, specialty mandates, market conditions and related as it pertains to the management of the Plan; and

j. exercise the care, skill and diligence that can reasonably be expected of a prudent expert and adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

### **3.3 Investment Manager(s)**

The investment manager(s) will:

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- a. have full discretion in day-to-day investment management of the portion of the Plan for which they have been given responsibility, subject to this SIPP, any pooled fund investment policy, any manager specific mandate statements and any amendments thereto as well as any specialized instructions and mandates issued by the Board and the Committee;
- b. have the authority to vote all proxies and in exercising this authority, the investment manager(s) will act prudently and solely in the interest of the Plan; however the Board and the Committee retain the right to instruct the investment manager(s) on how to exercise voting rights and it is recognized that the above policy on voting rights is not enforceable by the Board and Committee to the extent that the subject investments are held within a pooled fund;
- c. provide regular reports to and meet with the Board and Committee as provided for in Section 10.1;
- d. recommend to the Investment Advisor, Board and Committee any changes to their specialized instructions and mandates issued by the Board and Committee, that the investment manager(s) deem(s) appropriate;
- e. provide advice and counsel with respect to the Plan when called upon to do so by the Board and Committee;
- f. exercise the care, skill and diligence that can reasonably be expected of a prudent expert and adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct; and
- g. provide the Board and Committee with an annual signed document, certifying compliance or noting compliance breaches with the SIPP, pooled fund investment policy and / or manager Guidelines, over the past year.

### **3.4 Custodian(s)**

Custody of the Plan's assets will be delegated to one or more trust companies or other financial institutions similarly recognized as a depository for securities ("Custodian(s)"). The Custodian(s) will:

- a. provide safekeeping for Plan assets;
- b. process transactions as directed by the investment manager(s) ~~and/or~~ the Board and Committee;
- c. collect interest, dividends and the proceeds of cash equivalent and fixed income instrument maturities;
- d. inform the investment manager(s) of pending corporate actions (e.g., name changes, mergers, odd lot offerings) and process instructions related to such matters;
- e. deposit funds and pay expenses as directed by the Board and Committee;
- f. maintain a record of all transactions;
- g. provide regular reports to the Board and Committee as provided for in Section 10.3; and
- h. provide the investment manager(s) and other agents of the Board and Committee with information required to fulfill their duties, as directed by the Board and Committee.

## 4. Investment Objectives

### 4.1 Return on Investments

The Plan is to be managed on a going concern basis. The overriding objective of the Professional and Employee Plan, excluding the short-term account, is ~~the~~to balance ~~of short to mid-term~~ capital preservation ~~and with~~ long-term returns, within the levels of risk identified ~~below~~ in section 4.2. Within the levels of risk identified below, the overriding objective is to maximize the long-term return of the Defined Contribution component of the Professional Plan and the Employee Plan.

~~The Plan return should exceed the benchmark objective and / or the median of similar funds.~~ Specific performance criteria are addressed in ~~the benchmarking component of the SIPP,~~ Section 8.

The above noted return objectives do not apply to Member assets held in the ~~short term~~short-term investment account which targets short-term absolute capital preservation.

~~The return objective for the Retirement Accounts is relative preservation of capital followed by capital growth.~~

### 4.2 Risk Tolerance

The Plan's exposure to risk will be measured in terms of the standard deviation<sup>1</sup> of its investment returns. These measures will be evaluated on a quarterly basis for each investment manager and the Plan. Risk characteristics will be compared to a universe of other comparable funds and appropriate benchmarks with an

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<sup>1</sup> Standard deviation is a statistical measure of the variability or distribution of a series of numbers. The higher the standard deviation of a Plan's investment returns, the greater the level of variability or uncertainty of those returns that can be achieved on a consistent basis.

[emphasis on 4-year standard deviation](#). Neither the individual funds, nor the Plan, should experience materially higher risk than the comparable universe or benchmark.

~~It is expected that a well-designed manager structure using high-quality investment managers will exhibit stronger performance or lower risk than the benchmark. Neither the individual funds, nor the Plan, should experience materially higher risk than the comparable universe or benchmark.~~

Where active management is employed, investment fund risk adjusted returns are expected to consistently exceed comparable market indices and consistently rank in the top half of comparable funds over a 4-year period.

The level of risk to which the Plan is exposed will be controlled by diversifying the Plan's holdings, not only in terms of asset class, but also in terms of holdings within each asset class, geographically and by investment management style and investment manager.

## **5. Investment Constraints**

### **5.1 Legal Status**

The Plan is comprised of a Defined Contribution plan and an annuity account in the Professional Plan and a Defined Contribution plan in the Employee Plan. The Plan is subject to the CAPSA Guidelines and must comply with the Pension Benefits Act (Ontario). The Professional Plan is considered a hybrid account by the Canada Revenue Agency and the Financial Services Commission of Ontario.

### **5.2 Taxation Status**

The Plan is tax exempt as per Canada Revenue Agency legislation.

### **5.3 Investment Time Horizon**

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A Plan's investment time horizon is an important factor in determining its investment strategy. The period over which a particular investment strategy can or will be maintained has a direct bearing on the likelihood that it will generate its targeted rate of return within that period and within acceptable risk parameters.

It is anticipated that the Plan will exist in perpetuity. For planning and structuring purposes, it will be assumed that the investment time horizon of the Plan is more than ten years. It should be noted, however, that this SIPP will be reviewed on at least an annual basis.

#### **5.4 Liquidity and Income Requirements**

Liquidity risk is the risk that it will become necessary to liquidate Plan assets under unfavorable market conditions in order to make payments to beneficiaries. The Board and Committee must pursue investment strategies which provide sufficient liquidity at all points in an economic cycle.

### **6. Asset Mix**

A Plan's asset allocation is the proportion within which various asset classes are represented in the Plan. In general, the *greater* a Plan's allocation to equities relative to fixed income securities, the *greater* the potential for capital appreciation and the *higher* its potential risk (as measured by the standard deviation of the Plan's rate of return). Conversely, the greater its allocation to fixed income instruments relative to equities, the greater the potential for generating a consistent income stream and the *lower* its potential risk. Control of the Plan's asset allocation is, therefore, the principal means of controlling its risk and return characteristics. Given the Plan's minimum targeted return on investments, its risk tolerance, legal and taxation status, its investment time horizon, liquidity and income requirements, and the following 'benchmark' or long-term strategic asset allocation, these permissible asset class holding ranges have been established:

**Table I: Plan Asset Allocation Policy Targets and Limits**

<b>Asset Class</b>	<b>Benchmark AllocationTarget</b>	<b>Min</b>	<b>Permissible RangeMax</b>
<b><u>Fixed Income</u></b>	<b><u>40%</u></b>	<b><u>30%</u></b>	<b><u>50%</u></b>
<del>Canadian Money</del> <u>Market &amp; Cash</u>	0%	<u>0%</u>	<del>0</del> -20%
<del>Canadian Fixed</del> <u>IncomeBonds</u>	<del>40</del> <u>30</u> %	<del>3</del> <u>20</u> %	<del>30</del> -50%
<u>Commercial Mortgages</u>	<u>10%</u>	<u>0%</u>	<u>20%</u>
<b><u>Equity</u></b>	<b><u>60%</u></b>	<b><u>50%</u></b>	<b><u>70%</u></b>
Canadian Equities	30%	<u>20%</u>	<del>20</del> -40%
Global Equities	30%	<u>20%</u>	<del>20</del> -40%
<b>Alternative Assets</b>	<b>0%</b>	<b><u>0%</u></b>	<b><del>0</del>-10%</b>
Total Plan	100%		

Members who meet specified criteria have access to a short term investment account. The assets held in the short term account will be excluded from the other Plan assets for purpose of the benchmark allocation and permissible ranges noted above.

The Investment Advisor will notify the Board and Committee, in a timely manner, if exposure to any asset class violates the permissible ranges set out in their mandates. This notification will be required only in instances where the range violation is expected to persist for more than a short period of time. In this instance, the Investment Advisor must obtain the Board and Committee's written consent to continue to hold the subject asset class(es) outside of the permissible range.

Such consent will specify the period of time over which the range violation will be allowed and after which the Investment Advisor will be compelled to recommend a rebalance to the Plan so that all asset classes are within their respective permissible ranges.

## **7. Investment Management Guidelines**

### **7.1 Pension Plan Guidelines**

The Ontario Pension Benefits Act has adopted, as its investment regulations (R.R.O. 1990, Reg 909 s.66), Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada), and the Plan investments will comply with said Schedule III, as may be amended from time to time.

### **7.2 Eligible Asset Classes - Definitions and Constraints**

#### **7.2.1 Cash Equivalents**

Cash equivalents will consist of instruments issued by governments or corporations, with terms to maturity of 0 to 12 months.

Cash equivalents originally issued with terms to maturity of 12 months or less will have a minimum Dominion Bond Rating Service (DBRS) credit rating of R1 or an equivalent rating by another well-established rating agency at the time of purchase and thereafter.

#### **7.2.2 Fixed Income Instruments**

Investments in the following marketable fixed income instruments are permitted:

- a. bonds;
- b. debentures;
- c. coupons and residuals;
- d. mortgage and mortgage backed securities;
- e. asset-backed securities; and

f. preferred shares.

Such instruments must be:

- a. issued or guaranteed by the Government of Canada or one of its agencies;
- b. issued or guaranteed by a Canadian provincial government or one of its agencies;
- c. issued by a Canadian municipality or regional government;
- d. issued by a Canadian corporation; or
- e. issued by a foreign government or a foreign corporation.

The following ~~apply~~applies to instruments not held in a pooled fund.

‘Maple bonds’, i.e., bonds denominated in Canadian dollars both in terms of interest payments and principal payments but issued by non-Canadian entities, may be held in the portfolio provided they meet the minimum credit rating standards set out below. Maple bonds should not constitute more than 10% of the market value of the fixed income asset class.

Preferred shares, if considered as part of the fixed income component of the portfolio, must have a minimum DBRS credit rating of PFD-3 or an equivalent rating by another well-established rating agency at the time of purchase and thereafter, ~~if considered as part of the fixed income component of the portfolio~~.

All other public fixed income instruments must have at least a DBRS credit rating of BBB, or an equivalent rating by another well-established rating agency, or better at the time of purchase. The maximum allocation to BBB (or equivalent) rated fixed income instruments is 15% of the market value of the overall fixed income Plan level allocation.

In the event that an investment manager expects a downgrade in the credit rating of a fixed income instrument) to below the minimum BBB credit rating, the investment manager shall develop a strategy for disposing of the fixed income instrument in a timely, orderly and efficient manner. In the event that the investment manager wishes to retain the investment in the portfolio, the investment manager will contact the Vice President, Administration & Finance and the Investment Advisor within five business days to provide detailed information on the downgrade as well as the investment manager's rationale for retaining the investment in the Plan. The Board and the Committee may require that the investment manager dispose of the investment immediately.

Alternatively, the Board and the Committee may authorize retention of the investment. In this instance, the Board and the Committee will provide the investment manager with a deadline by which the investment must be disposed of and the investment manager will provide, at a minimum, monthly updates on the investment in question, including its trading pattern and the investment manager's strategy for disposing of it on a timely basis and efficient manner. In the event of a 'split' rating (i.e., a situation in which credit rating agencies assign non-equivalent ratings), the lowest rating will apply.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Plan as a whole. In addition, investment in any single issuer should not constitute more than 10% of the market value of the fixed income asset class. Fixed income instruments issued or guaranteed by the Government of Canada or one of its agencies or by a Canadian provincial government or one of its agencies are exempted from this provision.

Foreign pay bonds should not constitute more than 10% of the market value of the fixed income asset class and only be invested in opportunistically.

### 7.2.3 Equities

Investments in the following equity securities are permitted:

- a. publicly traded common stocks;
- b. rights, warrants, options, futures, installment receipts, convertible debentures and other instruments convertible into common stocks;
- c. income trust units issued and/or registered in jurisdictions where appropriate legislation is in place to limit the liability of unitholders;
- d. American Depositary Receipts; and
- e. Global Depositary Receipts.

Individual equities or equities held within equity funds must be listed on a major stock exchange.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Plan as a whole. In addition, investment in the securities of any single issuer should not constitute more than 10% of the market value of the equity asset class.

### 7.2.4 Alternative Strategies

Investments in the following alternative strategies are permitted, though not currently (or historically) utilized:

- a. Private Equity;
- b. Real Estate; and
- c. Hedge Funds.

Other potential strategies may be reviewed from time-to-time.

Alternative strategies can comprise a maximum of 10% of Plan assets as per the aforementioned asset allocation. Depending on the strategy, additional due diligence and care to select a traditional manager will be used to select an alternative strategy manager.

### **7.3 Environmental, Social and Governance (ESG)**

The Plan incorporates environmental, social, and governance (ESG) factors, as defined in the United Nations Principles for Responsible Investment (UNPRI), into the investment of its funds. Competency in and the capacity to take ESG factors into account in investment selection and management will be a selection criteria in the retention and review of investment managers. The Plan expects all investment managers to incorporate ESG factors into the selection and management of their portfolios within 3 years of the effective date of the 2017 revision of this SIPP. Where index or index-like funds are used, the Board and Committee have the right to waive this requirement.

### **7.4 Lending of Securities and Cash**

The Plan will not lend cash or enter into securities lending agreements although pooled funds used by the Plan may do so if their practices permit.

### **7.5 Buy-In Annuities**

The use of investments in buy-in annuities is not permitted by the Plan.



## 7.6 Valuation of Investments and Securities Not Traded on a Public Exchange

The trustees of the pooled funds shall value pooled fund units.

It is expected that all the securities held by the Investment Manager will have an active market and therefore valuation of the securities held by the Plan will be based on their market values.

The Investment Manager will notify the Board and Committee if the market for any investment held by the Plan becomes inactive and provide for the Board and Committee's consideration a method for valuing the affected investment.

## 7.7 Materiality

The Board and Committee review materiality with the Auditor annually. The Auditor sets materiality, which the Board and Committee endorse for investment purposes.

## 7.8 Related Party Transactions

For the purposes of this Statement a “related party” and a “transaction” in respect of the Plan have the meanings given to those terms in Schedule II of the Pension Benefits Standards Regulations (Canada). The following related party transactions are permitted for the Plan if:

- it is under terms and conditions that are not less favourable to the plan than market terms and conditions;
- it does not involve the making of loans to, or investments in, the related party;
- the value of the transaction is nominal, or the transaction is immaterial to the plan. In assessing whether the value of a transaction is nominal or whether a transaction is immaterial, two or more transactions with the same related party shall be considered a single transaction.

~~Any transaction that is required for the operation of administration of the Plan, the terms and conditions of which are not less favorable to the Plan than market terms and conditions;~~

~~—— Any transaction the value of which is less than 3% of the market value of the Plan or which is immaterial to the Plan; the conditions of the transaction are not less favorable to the Plan than market terms and conditions; two or more transactions with the same related party shall be considered a single transaction; and~~

~~—— Any purchase of securities of a related party, provided those securities are acquired at a public exchange recognized under the Pension Benefits Standards Act and Regulations 1985 (Canada).~~

## **7.9 Derivative Securities**

Derivative securities, other than those employed by hedge fund managers, may be held in the Plan for risk management purposes only. Derivative securities may not be used for speculative purposes or solely to create a leveraged position.

## **7.10 Overdraft Positions and Short-Selling**

The Plan will not engage in any short-selling, creation of overdraft positions, or borrowing, although pooled funds used by the Plan may do so if their practices permit.

## **7.11 Additional Constraints, Inclusions and Exclusions**

The Plan as a whole and each asset class represented in the Plan must be reasonably diversified. If more than one investment manager is employed, a reasonable attempt will be made to ensure that the Plan is diversified in terms of investment management 'style'.

The Plan's investments as a whole should be reasonably liquid at the time of purchase and thereafter. In the event that the investment manager(s) forecast(s)

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an impairment in the liquidity of an investment, the investment manager will make all reasonable efforts to liquidate the investment on a timely basis.

Index, mutual and pooled funds may be held in the Plan with the understanding that the guidelines in the fund's offering memorandum will supersede the aforementioned guidelines. While such funds will be managed in keeping with their own investment policies, these policies must be consistent with the spirit of this SIPP. In the event that there are any substantive inconsistencies between the provisions of this SIPP and the policies applicable to a fund that an investment manager wishes to employ in the Plan, the Board and the Committee must provide written approval for investing in the fund before any such investment is made. These funds will be categorized as cash equivalents, fixed income investments or equities as appropriate given their underlying securities or the capital markets to which they are intended to provide exposure.

In the event that an investment manager plans to make a material change to the mandate or investment policy of one or more of the investment manager's index, mutual or pooled funds held in the Plan, the investment manager must provide the Board and the Committee with prior notice of the revision. This notification must be provided to the Board and the Committee at least one month in advance of the proposed revision.

The Board and the Committee reserve the right to instruct the investment manager(s) to exclude any asset, security or category of investment and will notify the investment manager(s) by written notice in the event that such restrictions are to be imposed.

## **8. Performance Standards**

### **8.1 Investment Returns**

The Plan's investment performance will be measured against the performance of a 'benchmark' index calculated using appropriate market indices combined in the same proportion as the Plan's benchmark asset mix.

**Table II: Plan Benchmark**

Asset Class	Index	Proportion
Fixed Income Instruments	FTSE/TMX Universe Bond Index	40%
Canadian Equities	S&P / TSX Total Return Composite Index	30%
Global Equities	MSCI World Total Return Index (CAD)	30%
Alternative Strategies	FTSE/TMX 91 Day Treasury Bill + As Applicable	0%

The benchmark index indicates the return that a passive investor (i.e., one who invests in market indices) would earn by consistently employing the benchmark asset allocation set forth in Section 6.

The Plan's investment performance is expected to:

- a. exceed the investment performance of the benchmark ~~over index over 3-7 year periods, with an emphasis on~~ rolling 4-year periods; ~~or~~
- b. rank in the top 50% of comparable portfolios over ~~rolling 3-7 year periods, with an emphasis on~~ rolling 4-year periods in terms of return.

In addition, it is expected that managers will add value to enhance the return by an average of 0.50% per annum at the Plan level, so that the target average annual rate of return is above the benchmark allocation.

~~The performance of the investment manager(s) will be evaluated quarterly. The performance of individual asset classes is expected to:~~

- ~~a. exceed the return of their corresponding benchmark indices; or~~

~~b. rank in the top 50% of the appropriate investment manager performance measurement universes over 3-7 year periods, with an emphasis on rolling 4-year periods in terms of return.~~

~~Further, the investment manager(s) will be evaluated in terms of:~~

~~a. compliance with the provisions of this SIPP and any amendments thereto as well as any specialized instructions and mandates issued by the Board and the Committee; and~~

~~b. the provision of satisfactory reporting and client service.~~

## **8.2 Risk Exposure**

~~The Plan's risk exposure, as measured by the standard deviation of its returns, will be evaluated on a quarterly basis.~~

~~The risk profile of the Plan and individual investment manager(s) will be evaluated quarterly with an emphasis on 4-year standard deviation, relative to an appropriate peer group and appropriate benchmark.~~

## **9. Rebalancing**

The Plan's allocation among asset classes will be reviewed quarterly. Rebalancing will be considered on an ongoing basis and when allocations fall outside of the ranges established in Section 6 or outside of established parameters related to the allocation of assets between or among investment managers.

To the extent that is reasonable and possible, inflows and outflows of cash will be directed in such a way as to maintain:

a. the long-term strategic asset allocation of the Plan; and

b. the targeted allocation of assets between or among investment managers.

In the event that such flows of cash are insufficient to rebalance, the Investment Advisor will inform the Board and Committee as to the steps required to rebalance the Plan by way of the transfer of cash and/or assets between or among the investment managers.

## **10. Reporting and Service**

### **10.1 Investment Manager(s)**

Upon receipt of this SIPP, the appropriate custom manager mandate statement (as applicable) or any amendments thereto, the investment manager(s) will provide the Investment Advisor, Board and Committee with a written statement acknowledging receipt, understanding and acceptance of the portions of the SIPP applicable to the investment manager, mandate statement or the amendments.

Each calendar quarter and within 30 days of its end, each investment manager will provide the Investment Advisor, Board and Committee with reports containing:

- a. a valuation of the relevant component of the Plan as at the end of the quarter, including the market value of each security;
- b. a listing of transactions that were completed or initiated during the quarter;
- c. data and commentary on the investment manager investment performance relative to benchmarks established in this SIPP or to the investment manager's specialized mandate Guideline in the event that more than one investment manager is engaged;

d. a commentary on the investment strategy and tactics employed over the past quarter;

e. an outlook on capital markets for the upcoming quarter and proposed strategies and tactics to be employed during the quarter;

f. information pertaining to changes in the investment manager's investment or senior management personnel and/or ownership structure, if any;

g. information pertaining to changes to the investment manager's investment style, process or discipline or any other philosophical, operational or organizational matter that might reasonably be expected to have a bearing on the performance or risk profile of the assets managed by the investment manager;

h. confirmation that the investment manager is in compliance with Section 12;

i. suggestions regarding this SIPP or their Guideline if any; and

j. a signed Certificate of Compliance must be submitted annually indicating that the assets have been managed within the parameters established by this SIPP or by the investment manager's specialized mandate Guideline in the event that more than one investment manager is engaged and that all investment activities have been conducted in accordance with requirements of the applicable securities commissions and the CFA's Standard Code of Ethics.

On an annual basis, each investment manager will provide a written report to the Investment Advisor, Board and Committee outlining their standing policies with respect to proxy voting including any changes that have been made to these policies since the last report. Each investment manager will also provide, upon request, a written report on of all of its proxy votes with respect to Plan assets under their management. Such reports will identify any instances in which proxies were not voted in accordance with standing policies.



Upon the request of the Board and Committee, the investment manager(s) will supply to the Board and Committee:

- a. copies of all documentation in support of any investment activity; and
- b. evidence of suitable insurance coverage.

The investment manager will be available for meetings with the Board and Committee on a quarterly basis, or more frequently if required by the Board and Committee, and will be available for discussion and consultation on an ad hoc basis.

## **10.2 Investment Advisor**

On a quarterly basis, the Investment Advisor will provide the Board and Committee with a report detailing:

- a. the performance of the Plan and each investment manager. These reports will detail performance in both absolute terms and relative to the benchmark index described in Section 8.1. Performance statistics will be provided for the quarter, the year-to-date, and other relevant time periods;
- b. the risk characteristics of the Plan and each investment manager;
- c. the performance and risk characteristics of the investment manager(s) relative to (an) appropriate peer group(s); and
- d. a qualitative assessment of the investments and investment management firms;

The Investment Advisor will be available for meetings with the Board and Committee on a quarterly basis, or more frequently if required by the Board and Committee, and will be available for discussion and consultation on an ad hoc basis.

### 10.3 Custodian(s)

The Custodian(s) will provide the University with statements on a monthly basis. These statements will include, at a minimum, a summary and a detailed listing of assets held in the Plan as well as a listing of transactions (including deposits, withdrawals, receipt of interest and dividends, purchases, sales, corporate actions and fees paid) that occurred in the Plan during the reporting period.

The Custodians' reports will provide the book value and current market value of each asset held in the Plan, categorized securities by issuer type, market sector and ~~or~~ industry, as appropriate.

## 11. Review of an Investment Manager

The Board and Committee will consider reviewing an investment manager when one or more of the following circumstances prevail:

- a. the investment manager's investment performance results have been below the median performance results of the appropriate manager peer group and ~~or~~ the appropriate market benchmark indice(s) on a rolling 4-year basis for six consecutive quarters;
- b. the investment manager's short-term underperformance is found to be a result of a change in the investment manager's investment style, process or discipline or a change in the key investment personnel;
- c. there is a significant change in the risk profile of the investment manager;
- d. the investment manager's investment style is no longer appropriate given the Plan's requirements;

e. the investment manager is no longer in compliance with the provisions of this SIPP and any amendments thereto as well as any specialized instructions and mandates issued by the Board and the Committee;

ef. the investment manager's reporting and client service are unsatisfactory; or

fg. the Board and Committee have concerns regarding the investment manager's ethics.

Notwithstanding the above, the Board and the Committee may decide that a manager be terminated for any reason that the Board and Committee deems appropriate.

If a Manager of any particular asset class fails to achieve the identified benchmark objectives the following process will be put in place by the Committee;

- i) A qualitative review of the manager will be prepared addressing the following criteria;
  - Organizational structure / changes
  - Personnel changes
  - Investment style / process
  - Risk controls
- ii) A quantitative report will be prepared considering risk and return performance relative to the fund's universe;
- iii) The Board and Committee will consider whether the benchmark objective(s) continue to be appropriate;
- iv) The Board and Committee will decide whether there has been a fundamental change at the Manager's operation which renders them no longer appropriate for the Plan's pension mandate; and
- v) If required, the Board and Committee will conduct an investment manager search for the identified asset class.



## 12. Conflict of Interest

No fiduciary or any of its governors, directors, officers, personnel or any party related thereto<sup>2</sup> will knowingly permit his or her interest to conflict with his or her duties or powers relating to investment of the Plan's assets or to any other matter related to the Plan. Any actual or perceived conflict of interest must be reported to the Board and Committee. Such disclosure will be made when the affected party first becomes, or ought to have become, aware of the conflict or potential conflict. The Board and Committee will be the sole arbiter in determining whether the conflict of interest exists and, if it determines that a conflict does exist, will take all necessary and appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the relevant Board and Committee meeting.

The failure of a fiduciary to comply with the requirements of this Section will not of itself invalidate any decision, contract or other matter.

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<sup>2</sup> A fiduciary is a person, organization or other entity entrusted with the property of another party, in whose best interests the fiduciary is expected to act when holding, investing or otherwise managing or utilizing that party's property

## Appendix A

The strategic asset mix is described in the Statement of Investment Policies and procedures (SIPP). This appendix has been prepared exclusively to provide the disclosure required by subsection 78(7) of the General PBA Regulation. To the extent of any inconsistency between this appendix and any other provision of the SIPP, the other provision of the SIPP prevails.

<u>Investment Category</u>	<u>Target</u>
<u>1. Insured contracts</u>	
<u>2. Mutual or pooled funds or segregated funds</u>	
<u>3. Demand deposits and cash on hand</u>	
<u>4. Short-term notes and treasury bills</u>	
<u>5. Term deposits and guaranteed investment certificates</u>	
<u>6. Mortgage loans</u>	<u>10%</u>
<u>7. Real estate</u>	
<u>8. Real estate debentures</u>	
<u>9. Resource properties</u>	
<u>10. Venture Capital</u>	
<u>11. Corporations referred to in subsection 11(2) of Schedule III to the federal investment regulations</u>	
<u>12. Employer issued securities</u>	
<u>13. Canadian stocks other than investments referred to in items 1 to 12</u>	<u>30%</u>
<u>14. Non-Canadian stocks other than investments referred to in items 1 to 12</u>	<u>30%</u>
<u>15. Canadian bonds and debentures other than investments referred to in items 1 to 12</u>	<u>30%</u>
<u>16. Non-Canadian bonds and debentures other than investments referred to in items 1 to 12</u>	
<u>17. Investments other than investments referred to in items 1 to 16</u>	



Financial Services  
t: (807) 343-8243 f: (807) 343-8967  
e: admin.finance@lakeheadu.ca

## MEMORANDUM

Date: May 16, 2019

To: Members of Finance & Operations Committee

From: Rita Blais, Associate Vice-President (Financial Services)

Subject: Endowment Management Policy

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Attached is a proposed change to the Endowment Management Policy.

### Background Information

Major revisions to the Endowment Management Policy were introduced in January 2015. The Net Investment Return (NIR) was defined; a Stabilization Account was created for each endowment; and the general reserve fund was eliminated. This new wording introduced a "Donation Centered Policy" allocating NIR to each endowment, provided for clear reporting of the endowment activity and supported pay out of awards in years of low returns providing the endowment had sufficient funds in the stabilization account.

### Revision

Paragraph 7 requires an annual review of the Spending Rate. In January 2018, administration recommended (and Board approved) a rate change from 3.5% to 4.0% based on the four year moving average of returns at 9.72%. This also matched the Spending Rate of 4% at many Ontario universities including Laurentian University. The Northern Ontario School of Medicine (NOSM) has endowments at both Lakehead and Laurentian; a similar spending rate at both universities is endorsed by NOSM.

Administration is now recommending a Spending Rate of 3.5% (down from 4%) based on the four year moving average of returns of 6.21%. Paragraph 5 of the policy provides for the Preservation of the Capital Account with an Inflation Adjustment Factor being added to the endowment capital account annually when permissible. In today's environment of investment returns of between 5% and 7%, a Spending Rate of 3.5% will support the Preservation of the Capital Account. Several Ontario universities are moving to a Spending rate of 3.5%, including Laurentian.



# Endowment Management Policy

**Category:** Financial;

**Jurisdiction:** Vice President, Administration and Finance; Board Finance & Operations Committee;

**Approval Authority:** Board of Governors;

**Established on:** January 30, 2015;

**Amendments:** February 9, 2018; [June 7, 2019](#).

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## 1. Preamble

- 1.1. Lakehead University actively seeks and welcomes donations in support of the activities of the institution. The Board of Governors of the University ("Board") has the responsibility to administer the endowments.
- 1.2. This policy applies to all Lakehead University endowments unless specifically exempted by the Board.
- 1.3. This policy is subject to and consistent with the Statement of Investment Policies and Guidelines for Trust & Endowed funds.

## 1. Purpose

**The purpose of this policy is to describe the objectives by which the University's endowment funds are established, maintained and administered.**

## 2. Definitions

- 2.1. Donor Restricted Endowments: Funds received and invested for the purpose of financing an ongoing scholarship, bursary, award or other commitment from annual earnings, e.g. a donation designated to provide a scholarship award out of the earnings derived from investment of the donation money.



- 2.2. Board Restricted Endowments: Institutional funds or unrestricted gifts earmarked by the University, rather than restricted by a donor, that are invested to provide income for a long but unspecified period of time, and where the University has the right to decide the use of the income and at any time can expend the principal or change the purpose of such funds.
- 2.3. Capital Account: The total of all capital contributions made to an Endowment, including charitable donations, government matching contributions, annual inflation adjustments and other amounts capitalized as directed.
- 2.4. Spending Account: The amount that is available to be spent in support of the purpose of the endowment fund. The account includes the annual spending allocation, cash contributions intended for expenditure and any unspent annual spending allocations from previous years.
- 2.5. Stabilization Account: A reserve for the surplus net investment return to assist in maintaining the stability of the annual spending allocations. The stabilization account will not exceed 15% of the value of the Endowment Capital Account.
- 2.6. Annual spending Allocation: The actual amount allocated to the Spending Account on an annual basis, as determined by the Spending Rate established by the Board of Governors and any specific direction from the donor.
- 2.7. Inflation Adjustment Factor: An addition to the capital account of an endowment calculated based on the annual rate of increase of the Consumer Price Index (CPI) for Ontario.
- 2.8. Net Investment Return: The total gains and losses from the endowment pool after deducting the investment, fund management and administrative fees. The total gains and losses will include interest income, dividend income, realized and unrealized investment income and losses.
- 2.9. Underwater Endowments: An endowment in which the market value has decreased below the value of the original capital contributions. This situation may harm the sustainability of the endowment so the Annual Spending Allocation may be reduced or eliminated until the endowment is no longer under water.

### 3. Policy Objectives

- 3.1. The University is committed to using the Endowments to advance the specified educational purposes of the University such as student aid, research support and library acquisitions.
- 3.2. The assets of each individual Endowment will be combined into an Endowment Pool for the purpose of investments unless otherwise specified.
- 3.3. Unless otherwise set out in the Endowment Agreement, Endowments will be kept intact and only the net investment return, or a portion of it, will be used annually.
- 3.4. To protect the capital contributions and to provide a perpetual annual flow of return from the investment to support the purpose for which the funds were established.
- 3.5. To avoid a reduction over time in spending in real terms due to the effects of inflation.
- 3.6. A minimum endowment investment objective will be to earn, over time, a total rate at least equal to the Annual Spending allocations plus the Inflation Adjustment Factor plus the investment management fees, administrative fees and expenses.
- 3.7. Costs related to the investment, fund management and administration should be covered by the endowment income.
- 3.8. To maximize the endowment benefits for the advancement of education and research activities, the endowments will be reviewed on an ongoing basis. The University will make reasonable efforts to consult with the endowment contact to ensure the benefit from the endowment is being used in an efficient and effective manner.

### 4. Spending Allocation for the Endowment Pool

The annual spending allocation is established by the University to maintain the value of the endowment pool over time. The annual spending rate is established by the Board of Governors annually based on a 4 year moving average. At the end of each fiscal year, spending allocation is determined and an amount is deposited in each endowment spending account. The current rate is no greater than ~~4%~~3.5% of the capital account.

Spending will commence once the endowment funds have been held for at least one year. If the annual spending allocation is not disbursed in three consecutive years, then the amount in

the account will be added to the stabilization account and the criteria for the disbursement will be reviewed to ensure future disbursement is possible.

## **5. Preservation of the Capital Account**

The Capital Account of each endowment fund will be credited with each capital contribution at the time that it is received.

In order to avoid a reduction over time in spending in real terms due to the effects of inflation, an Inflation Adjustment Factor will be added to the endowment capital account. The Inflation Adjustment Factor will be the annual rate of increase of the Statistics Canada Consumer Price Index (CPI) for Ontario as at the preceding December 31st.

Although uncommon, circumstances may arise when the endowment is considered to be underwater in that the Market Value of the endowment is less than the capital account. In this situation the stabilization account will be used to support the annual spending allocation and if it is not sufficient then the annual spending allocation may be reduced or terminated until the situation improves.

## **6. Allocation of Net Investment Returns**

Each endowment within the endowment pool will have three accounts associated with it, namely the Capital account, the Spending account and the Stabilization account.

The net investment return (NIR) will first be allocated to the Spending Account for the annual spending allocation up to the annual spending rate. Any NIR that is surplus to the spending allocation will then be allocated for the Inflation Adjustment Factor credited to the Capital Account. Any remaining NIR will be allocated to the Stabilization Account.

The stabilization account will not exceed 15% of the aggregate market value of the endowment principal account. Annually any excess amount not required to maintain the stabilization account limit is then capitalized to the Endowment Capital Account.

## 7. Policy Review

The Annual Spending rate shall be reviewed annually on the basis of the Investment Earnings experience of the Endowment Fund. A recommended increase or decrease in this rate may be made to the Board.

The Vice President (Administration & Finance) will review this policy within two years to determine whether amendments are necessary.

## 8. Policy Interpretation

The Associate Vice President, Financial Services is responsible for clarifying all aspects of this policy as required.

## 9. Other Related Policies

This Policy should be read and interpreted in conjunction with the Statement of Investment Policies and Guidelines for Trust and Endowment Funds.

## 10. This policy supersedes any previous practices and agreements applied to Trust and Endowment Funds.

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**Review Period:** 2 years;

**Date for Next Review:** 202~~2~~-2023<sup>1</sup>;

**Related Policies and Procedures:** Statement of Investment Policies and Guidelines for Trust and Endowment Funds;

**Policy Superseded by this Policy:** Trust & Endowment Management Policy.

The University Secretariat manages the development of policies through an impartial, fair governance process, and in accordance with the Policy Governance Framework. Please contact the University Secretariat for additional information on University policies and procedures and/or if you require this information in another format:

Open: Monday through Friday from 8:30am to 4:30pm;

Location: University Centre, Thunder Bay Campus, Room UC2002;

Phone: 807-346-7929 or Email: [univsec@lakeheadu.ca](mailto:univsec@lakeheadu.ca).



OFFICE OF THE VICE-PRESIDENT  
(ADMINISTRATION & FINANCE)

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Date: May 16, 2019

To: Finance & Operations Committee

From: Kathy Pozihun, Vice-President (Administration & Finance)

Subject: Pension Plan Text Amendment

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Attached is the proposed change to the Pension Plan for Professional Staff of Lakehead University (Professional Plan), as drafted by the Plan's Actuary, Eckler Ltd., arising as a result of the Memorandum of Understanding dated March 20, 2019 between Lakehead University and the Lakehead University Faculty Association (LUFA).

**Amendment to the Plan Text**

The Plan Text is the legal document that governs the operation of the Professional Pension Plan. Amending the Plan Text requires Board of Governors approval, as well as a submission subject to review, to the Financial Services Commission of Ontario (FSCO). Effective January 1, 2020, the proposed amendment will increase the employee portion of the pension contributions of each full time librarian and faculty member who is a member of LUFA by the maximum Canada Pension Plan (CPP) contribution (the amount would have been \$2,748.90 in 2019). The employer portion of the pension contributions will remain unchanged.

These changes were discussed at the March 22<sup>nd</sup> and April 26<sup>th</sup> Joint Pension Meeting of the Pension Board and Advisory Committee and approved for recommendation to the Board of Governors. Once the amendment has received Board approval, it must be submitted to the pension regulator FSCO.

**AMENDMENT 2019/1**

**RESOLUTION  
OF THE BOARD OF GOVERNORS OF LAKEHEAD UNIVERSITY**

- WHEREAS** Lakehead University (hereinafter referred to as the “University”) has established the Pension Plan for Professional Staff of Lakehead University (hereinafter referred to as the “Plan”) effective September 1, 1965;
- AND WHEREAS** the University wishes to amend the Plan to change the contribution rate for full-time faculty members and full-time librarian members pursuant to a Memorandum of Agreement between Lakehead Faculty Association and Lakehead University dated March 20, 2019;
- AND WHEREAS** Paragraph 19.1 permits the University to amend the Plan;

**NOW THEREFORE BE IT AND IT IS HEREBY RESOLVED THAT THE PLAN SHALL BE AMENDED EFFECTIVE JANUARY 1, 2020 AS FOLLOWS:**

1. The following new paragraph 3.1.2 is hereby added to Article 3 immediately after paragraph 3.1.1 and all following paragraphs under Article 3 shall be renumbered accordingly:  
  
“3.1.2 Notwithstanding the foregoing, however, an Active Member that is employed full-time and is subject to the Agreement, and is either faculty or a librarian as determined by the Board of Governors shall contribute to the Plan each pay day the applicable percentage of his Earnings as provided under Article 3.1.1, but without regard to the contributions to the Canada Pension Plan.”

Certified to be a true copy of a resolution passed by the Board of Governors on the \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Secretary, Board of Governors



## REPORT TO THE BOARD OF GOVERNORS – June 7, 2019

**From:** Kathryn Rippey - Chair, Governance & Nominating Committee

**Subject:** Governance & Nominating Committee Report

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**Committee Members:** Ms. Angela Maltese; Dr. Moira McPherson; Mr. Ross Murray; Ms. Kathryn Rippey (Chair); Ms. Catherine Siemieniuk; Mr. David Tamblyn; Ms. Cathy Tuckwell; Ms. Maria Vasanelli; Ms. Wendy Walberg

**Administrative Resources:** Ms. Barbara Eccles (Secretary) – General Counsel & University Secretary; Ms. Marcie Morrison (Recorder) – Assistant University Secretary

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The Governance and Nominating Committee (BGNC) met on May 15, 2019. The following items of business were discussed:

### Board Composition Update

During the April 11, 2019 BGNC meeting the Secretary was asked to prepare a summary of the pros and cons of adding two external Board members. The Committee reviewed the summary and agreed to hold off on making a recommendation to the Board at this time. The Committee will revisit adding two external Board members at a later date.

### Amendments to the Board Bylaws

After review and discussion, the Committee agreed to recommend amendments to Article 1(f) of the Bylaws to the Board of Governors for approval at the June 7, 2019 meeting.

### Board Exit Interviews

The Committee reviewed the exit interview questions and made suggestions for improvements, noting that Mr. Ross Murray and one other member of the Committee will carry out the exit interviews with Elder Gerry Martin and Mr. Nathan Wainwright at the end of the 2018-19 term.

By consensus, the Committee approved the Board of Governors Exit Interview Guidelines and Process, drafted by the University Secretariat, based on the current practice of the Board.

### 2019-20 BGNC Meetings

The Committee discussed extending their meetings for the 2019-20 term and decided that it was not necessary at this time.

### In Camera

The Committee discussed other items of business that were sensitive or confidential in nature that will be reported to the Board of Governors in an in camera report.

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### Motion for consideration by the Board of Governors on June 7 2019:

MOVED that the Board approves the proposed amendments to the Bylaws, Article 1(f).



## MEMORANDUM

**TO:** Board Governors and Nominating Committee

**FROM:** Barbara Eccles, General Counsel and University Secretary

**DATE:** April 26, 2019

**RE:** Board Bylaws and definition of “Internal Member”

The Lakehead University Board Bylaws require appointment of Board members in different categories (Senate, staff, student, Alumni, O-AGC, President, and other), who are all broadly classified as either “internal members” or “external members” as follows:

Category	Classification
President	Internal Member
Staff	Internal Member
Senate appointee	Internal Member
Student	Internal Member
Alumni Association appointee	either Internal Member or External Member
O-AGC appointee	External Member
Remainder (at least 11)	External Member

The definitions of “external member” and “internal member”(set out below) set out in the Board Bylaws make it clear in my opinion that anyone that has a “direct or indirect material relationship” (including faculty, non-faculty staff, students and others) with the board, or had such a relationship in the past three years, is an “internal member” and not an “external member”. For the purposes of this memo, I will refer to the three year period as the “cooling off” period.

**External member** is a Board member who has had no direct or indirect material relationship with the University in the past three years before appointment to the Board. External Board members by definition exclude faculty; non-faculty staff, (including management or advisors or administration); and students at the University.

**Internal member** is a Board member who has a direct or indirect material relationship with the University in the past three years before the member’s appointment to the Board. Internal Board members are appointed to the Board in a non-representative capacity with respect to the criteria above, and include



*faculty, non-faculty staff, (including management, advisors, or administration) and students at the University.*

The term “material relationship” is not defined, and could therefore be broadly interpreted to include more than employees and students of the University. Use of the term gives rise to questions such as whether the following individuals would have a material relationship with the University:

- Every independent contractor? If not, what is the threshold for an independent contractor to have a material relationship?
- Major donors?
- Someone who receives an honour, such as Fellow of the University, Civitas Award, or Honourary Degree?
- A significant volunteer (ie Alumni Board, Hong Kong Foundation Board)?
- Someone who enrolls in just one non-credit course at Lakehead?

The composition sections (paragraph 6(a)) of the Board Bylaws explicitly limit the number of Internal Board members to the President, Staff appointee, Senate appointee, Student appointee, and sometimes the Alumni appointee. The three year “cooling off period” set out in the above definitions impacts the ability of the Board to appoint graduates, former employees, and others who had a “material relationship” with the University for three years. This could have unintended consequences, such as:

- someone who takes a part-time, short term employment contract with the University may not join the Board for three years beyond the contract termination;
- someone who took even one course as a Lakehead student is prevented from joining the Board for three years after course completion, unless they are appointed as the Alumni appointee;
- a sitting Board member who signs up for one spring course for interest sake at the University would become an “internal member”, and should be prevented from sitting on the Board as an external member under the current bylaws;
- the term “material relationship” is unclear, and may prevent a major donor from becoming a board member if, for example, a building is named after the individual such that a “material relationship” continues for the duration of the building naming.

Board practice and also certain provisions of the Board Bylaws restrict the activities of “internal members”. For example, internal members generally do not chair Standing Committees, aren’t appointed as Board Chair, Vice Chair, or Past Chair, and do not sit on the Board Executive Committee. Although not followed, paragraph 29(c) (reproduced below) of the current Board Bylaws limits the manner in which internal

members may be appointed to any Standing Committee. It is therefore critically important that the definitions be clear and acceptable to the Board.

*29(c) **Persons eligible to be elected by the Board as members of the Executive Committee or of Standing Committees shall be those external members nominated by the Governance and Nominating Committee or individuals nominated from the floor who meet the membership requirements of the Committee, at the Annual Meeting.***

### **Recommended Changes**

*Remove the Three Year “Cooling Off” Period:* I reviewed the following Ontario university board bylaws, and found no “cooling off” period and no “material relationship” exclusion in each case:

- Ontario Tech (UOIT)
- Ryerson University
- Brock University
- York University
- Queen’s University
- Carleton University
- Wilfrid Laurier University
- Laurentian University

I do not know what the rationale was in adding the three year cooling off period to the Board Bylaws, and cannot think of a rationale for it now. I suppose it could have been added to prevent the Board from being myopic, adding people to its numbers that it knows from being former employees, for example. If that was a reason, it could in my opinion be managed by careful BGNC recommendations and the now existing experience requirements in the Board Skills Matrix.

*Build in discretion to allow the Board to determine who is an “external member”:* While the bylaws of the universities that I reviewed did not have any exclusion from “internal members” of Board members who take one or two courses for interest sake, given the increase in mature learners I do recommend that the Board have some discretion to allow External Members to remain in certain circumstances.

*Clarify “Representative Capacity” Exclusion:* Lakehead’s current Board Bylaws clarify that Internal Members are not appointed in a “representative capacity”, however in my opinion, and as implied by paragraph 8(b)(iii) of the Board Bylaws,<sup>1</sup> this is true for all

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<sup>1</sup> Article 8 (Membership Vacated) paragraph 8(b)(iii) indicates: “The Board shall have the right in its sole and absolute discretion to declare a member's position on the Board vacant ... where a member of the Board has not acted honestly, in good faith or **in the best interests of the University**, or of any part thereof;”

Board Members. The fiduciary duties of the individuals appointed by the City of Thunder Bay and the Lieutenant Governor in Council, or recommended by the Alumni Association, O-AGC, or the Board itself, are the same. When the comprehensive Board Bylaw Review occurs, I will be recommending that the “representative capacity” clarification contained in the definition of “internal member” be moved to a more appropriate section of the bylaws. However, until that occurs, I recommend that the definition of “external member” include the same representative capacity language.

Based on my research and the above noted recommendations, I therefore recommend that the University’s Board Bylaws be amended by revising the definitions of “external member” and “internal member” as follows:

**External member:** ~~is a Board member who is not an Internal Member has had no direct or indirect material relationship with the University in the past three years before appointment to the Board. External Board members are appointed to the Board in a non-representative capacity. External Board members by definition exclude faculty; non-faculty staff, (including management or advisors or administration); and students at the University~~

**Internal member:** ~~is a Board member who is an employee (including faculty, staff, and senior administration) or student of the University, unless otherwise determined by the Board. has a direct or indirect material relationship with the University in the past three years before the member’s appointment to the Board. Internal Board members are appointed to the Board in a non-representative capacity with respect to the criteria above, and include faculty, non-faculty staff, (including management, advisors, or administration) and students at the University.~~

If these recommendations are accepted, the resulting definitions included in the Board Bylaws would be as follows:

**External member:** a Board member who is not an Internal Member. External Board members are appointed to the Board in a non-representative capacity.

**Internal member:** a Board member who is an employee (including faculty, staff, and senior administration) or student of the University, unless otherwise determined by the Board. Internal Board members are appointed to the Board in a non-representative capacity.



2018-2023

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# Strategic Plan

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## PROGRESS MONITORING AND REPORTING

Board of Governors

June 7, 2019





2018-2023

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# Strategic Plan

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## PROGRESS MONITORING AND REPORTING

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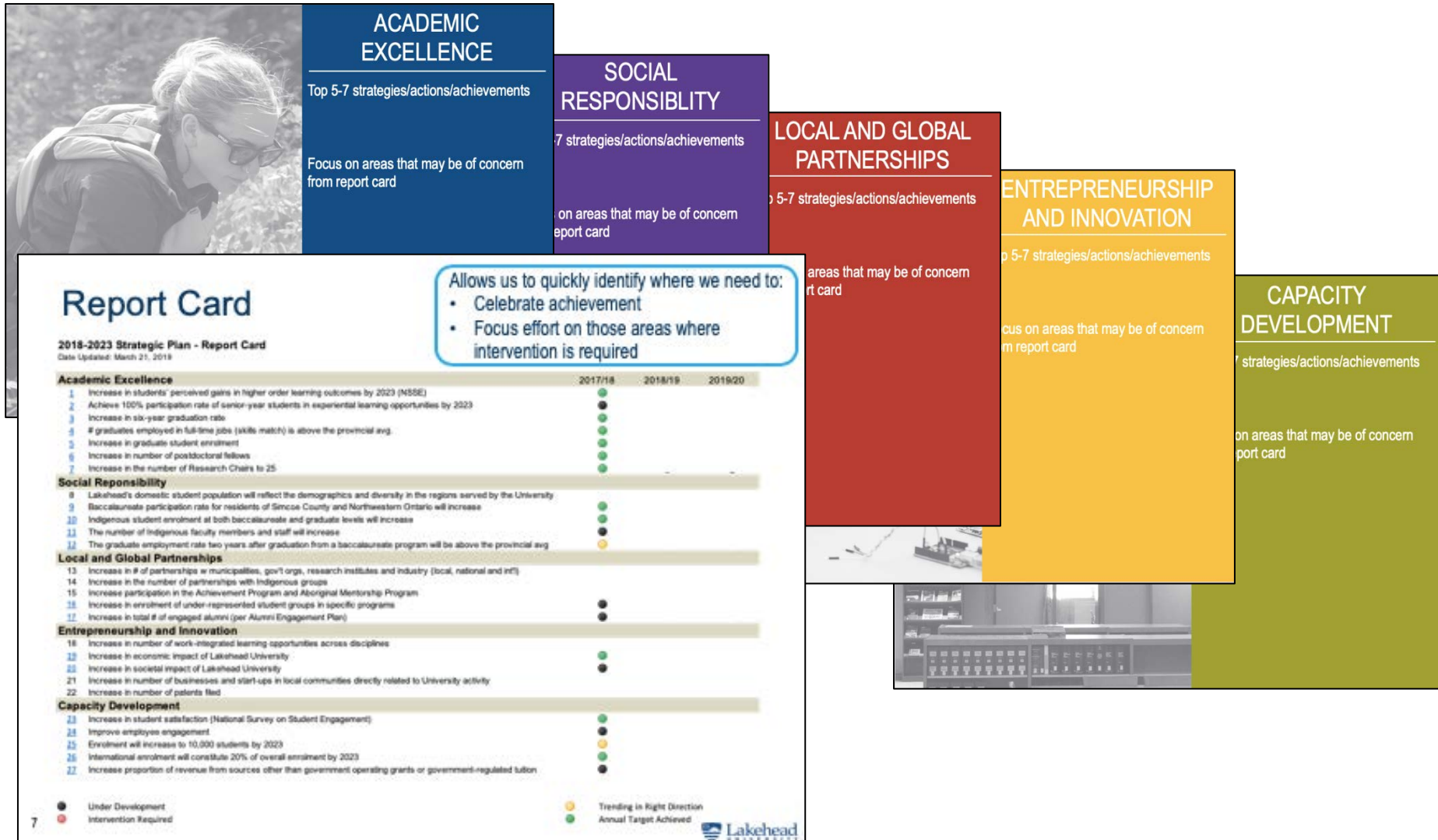
CONTEXT:  
PROGRESS MONITORING AND  
REPORTING APPROACH

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JUNE 2019  
REPORT



# Reporting Approach





# Planned Reporting Cycle

## Annual Cycle

February	June	October
<ul style="list-style-type: none"><li>• Increase in students' perceived gains in higher order learning outcomes</li></ul>	<ul style="list-style-type: none"><li>• Participation rate of senior year students in experiential learning</li></ul>	<ul style="list-style-type: none"><li>• Domestic student population represents NWO and Simcoe County</li></ul>
<ul style="list-style-type: none"><li>• 6-year graduation rate</li></ul>	<ul style="list-style-type: none"><li>• Indigenous student enrolment (baccalaureate and graduate)</li></ul>	<ul style="list-style-type: none"><li>• Baccalaureate participation rate in Simcoe County and NWO</li></ul>
<ul style="list-style-type: none"><li>• Graduate employment – skills related (2 yrs)</li></ul>	<ul style="list-style-type: none"><li>• Indigenous faculty</li></ul>	<ul style="list-style-type: none"><li>• Partnerships with municipalities, government organizations, research institutes and industry</li></ul>
<ul style="list-style-type: none"><li>• Graduate student enrolment</li></ul>	<ul style="list-style-type: none"><li>• Participation in Achievement Program and Aboriginal Mentorship Program</li></ul>	<ul style="list-style-type: none"><li>• Partnerships with Indigenous groups</li></ul>
<ul style="list-style-type: none"><li>• Postdoctoral fellows</li></ul>	<ul style="list-style-type: none"><li>• Enrolment of under-represented student groups in specific programs</li></ul>	<ul style="list-style-type: none"><li>• Total engaged alumni</li></ul>
<ul style="list-style-type: none"><li>• Research Chairs</li></ul>	<ul style="list-style-type: none"><li>• Number of work integrated learning opportunities</li></ul>	<ul style="list-style-type: none"><li>• Economic impact</li></ul>
<ul style="list-style-type: none"><li>• Graduate employment (2 yrs)</li></ul>	<ul style="list-style-type: none"><li>• Employee engagement</li></ul>	<ul style="list-style-type: none"><li>• Societal impact</li></ul>
<ul style="list-style-type: none"><li>• Student satisfaction</li></ul>		<ul style="list-style-type: none"><li>• Number of business start-ups directly related to University activity</li></ul>
<ul style="list-style-type: none"><li>• Total enrolment</li></ul>		<ul style="list-style-type: none"><li>• Number of patents filed</li></ul>
<ul style="list-style-type: none"><li>• Total international enrolment</li></ul>		<ul style="list-style-type: none"><li>• Proportion of revenue from sources other than government operating grants/government regulated tuition</li></ul>



2018-2023

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# Strategic Plan

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JUNE 2019  
REPORT

























# 2018-2023 Strategic Plan - Report Card

Date Updated: June 4, 2019

## Academic Excellence

		2017/18	2018/19
<u>1</u>	Increase in students' perceived gains in higher order learning outcomes by 2023 (NSSE)		
<u>2</u>	Achieve 100% participation rate of senior-year students in experiential learning opportunities by 2023		
<u>3</u>	Increase in six-year graduation rate		
<u>4</u>	# graduates employed in full-time jobs (skills match) is above the provincial avg.		
<u>5</u>	Increase in graduate student enrolment		
<u>6</u>	Increase in number of postdoctoral fellows		
<u>7</u>	Increase in the number of Research Chairs to 25		



## Social Responsibility

<u>8</u>	Lakehead's domestic student population will reflect the demographics and diversity in the regions served by the University		
<u>9</u>	Baccalaureate participation rate for residents of Simcoe County and Northwestern Ontario will increase		
<u>10</u>	Indigenous student enrolment at both baccalaureate and graduate levels will increase		
<u>11</u>	The number of Indigenous faculty members and staff will increase		
<u>12</u>	The graduate employment rate two years after graduation from a baccalaureate program will be above the provincial avg		









## Local and Global Partnerships

<u>13</u>	Increase in # of partnerships w municipalities, gov't orgs, research institutes and industry (local, national and int'l)		
<u>14</u>	Increase in the number of partnerships with Indigenous groups		
<u>15</u>	Increase participation in the Achievement Program and Aboriginal Mentorship Program		
<u>16</u>	Increase in enrolment of under-represented student groups in specific programs		
<u>17</u>	Increase in total # of engaged alumni (per Alumni Engagement Plan)		



## Entrepreneurship and Innovation

<u>18</u>	Increase in number of work-integrated learning opportunities across disciplines		
<u>19</u>	Increase in economic impact of Lakehead University		
<u>20</u>	Increase in societal impact of Lakehead University		
<u>21</u>	Increase in number of businesses and start-ups in local communities directly related to University activity		
<u>22</u>	Increase in number of patents filed		

## Capacity Development

<u>23</u>	Increase in student satisfaction (National Survey on Student Engagement)		
<u>24</u>	Improve employee engagement		
<u>25</u>	Enrolment will increase to 10,000 students by 2023		
<u>26</u>	International enrolment will constitute 20% of overall enrolment by 2023		
<u>27</u>	Increase proportion of revenue from sources other than government operating grants or government-regulated tuition		

 Under Development  
 Intervention Required

 Trending in Right Direction  
 Annual Target Achieved



# ACADEMIC EXCELLENCE

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## Top achievements:

- 2019-2024 Academic Plan approved
- 2019-2024 Research Plan approved
- Opening of the Centre for Advanced Studies in Engineering and Sciences (CASES) with new research laboratories, research centres, graduate student lounge and space for over 80 graduate students
- Developed Bachelor's of Engineering/Masters of Business program
- Hosted workshop with the Education Advisory Board to inform an approach to defining optimal number of full-time faculty
- Provided 60+ workshops for faculty and staff through the Teaching Commons, including Summer Institute and Indigenous Curriculum Support
- Secured grants in high research activity areas such as food security, Indigenous mental health, policing and community trust, and natural resources management

## Monitoring:

- Lakehead's graduate employment rate (skills match) and provincial rates (skills match) are fluctuating an alignment with macroeconomic trends in different areas of the province. Lakehead's rate is within 0.4% of the provincial average.

# SOCIAL RESPONSIBILITY

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## Top achievements:

- 13% increase in Indigenous graduate student enrolment
- Sustainability Action Plan approved
- Continued development of the Office of Human Rights and Equity
- Equity, Diversity and Inclusion Task Force established; Draft Equity, Diversity and Inclusion Action Plan in final stages of development
- Secured 2-year NSERC funding to support Equity Diversity and Inclusion initiatives
- Conducted first Equity, Diversity and Inclusion survey for faculty and staff
- Expanded transfer pathways developed in Kinesiology
- Developed and introduced proactive approach to student advising and academic standing

## Monitoring:

- Lakehead's graduate employment rate and provincial rates are fluctuating an alignment with macroeconomic trends. Lakehead's graduate employment rate remains within 0.5% of the provincial rate and is on target with Lakehead's SMA 2 goal.







# LOCAL AND GLOBAL PARTNERSHIPS

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## Top achievements:

- Developed and delivered a comprehensive Financial Literacy Program for 2,700 Grade 8 students at 50 local and regional schools to develop skills and understanding in financial literacy.
- Expansion of the Aboriginal Mentorship Program included hosting a March Break Job Shadow Program, partnering with a local public high school to provide an Indigenous land based science course (Grade 10 credit) and hosting an Indigenous Career Expo
- Continued growth of Lakehead-Georgian Partnership
- Expansion of community legal clinic (employment law)
- Expanded partnership with Maple Leaf Education System
- Alumni Engagement Plan approved
- RBC work integrated learning
- Expanded municipal and global relationships

## Monitoring:

- Changes to provincial policy may impact scope of community legal clinic



# ENTREPRENEURSHIP AND INNOVATION

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## Top achievements:

- Opening of the Centre for Advanced Studies in Engineering and Sciences
- Lakehead University Agricultural Research Station Established
- Signed MOUs with innovation start-up organizations in Thunder Bay including PARO and Northern Ontario Innovation Centre
- Partnered with the County of Simcoe, Community Development Corporations and small business centres on an application to the women's entrepreneurship strategy ecosystem fund
- Secured 3-year FedNor grant to support Lakehead's incubator, Ingenuity
- Ingenuity is housing and supporting two small businesses in Lakehead's incubator
- Mentor Network for Ingenuity clients under development



# CAPACITY DEVELOPMENT

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## Top achievements:

- Cross-functional Space Management Committee established
- Continued implementation of Strategic Enrolment Management, including meetings with every faculty/department to discuss enrolment, experiential learning, student engagement and retention
- Phase 1 of Institutional Philanthropic Campaign underway, including initiating internal engagement focus groups, call for Case for Support submissions and initial meeting of Philanthropic Campaign Priority Setting Committee
- Continued to advance integrated planning and budgeting with closer alignment to the 2018-2023 Strategic Plan and Strategic Enrolment Management
- Scoped project for revised budget model (Budget 3.0) with a focus on building fiscal sustainability within current provincial environment
- Development of immersive zoom room in ATAC; Wifi being installed in Ryan Building

## Monitoring:

- While total enrolment increased in 2018/19, Lakehead continues to monitor projected enrolment for 2019/20 within an evolving provincial context



2018-2023

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# Strategic Plan

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DISCUSSION





# Expanding Lakehead's Partnership with Maple Leaf Education System

**Board of Governors**

June 7, 2019



**Lakehead**  
UNIVERSITY



# Objectives

- Provide a summary of the context for an expanded international partnership with Maple Leaf Education System provided to the Board in September 2018
- Provide an overview of progress in advancing the expanded partnership
- Provide an overview of next steps

# Summary of Opportunity for Expanded Partnership

# A STRONG PARTNERSHIP

Maple Leaf Education System is China's first and largest international school operator

Over the past 10 years Lakehead has been systematically recruiting graduates of the Maple Leaf Education System:

- Originally focused on the Faculty of Education
- Recent expansion into the Concurrent Education Program with degrees in Science/Math
- Maple Leaf students are now recruited into a wide range of other programs offered on both the Thunder Bay and Orillia campuses

The partnership also offers Lakehead BEd students the opportunity to teach in China



# THE OPPORTUNITY

Lakehead has an opportunity to expand its partnership with Maple Leaf Education Systems

- Maple Leaf will lease space in the Avila centre on the Thunder Bay campus
- Maple Leaf will operate a private high school for approx. 60 international students in grade 10-12
- Lakehead can further enhance partnerships through curricular placements, experiential learning opportunities where Department/School interest, and extracurricular activities and summer LUI programming

*NOTE: Lakehead University faculty, staff, and administration **will not** be involved in teaching or administration of the Maple Leaf high school or related high school curriculum. **No** University operational funds will be used on this initiative.*





# BENEFITS TO LAKEHEAD

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This opportunity offers many benefits to Lakehead including:

- Diversification of funding sources that can help support strategic initiatives at Lakehead University
- Raising Lakehead's profile within the Maple Leaf Education System in China and beyond (including Korea, Australia, North America, Vietnam, Kuwait etc)
- Positioning Thunder Bay as an education/study destination in increasingly competitive international market
- Increasing applications of high caliber international students to Lakehead
- Continued opportunities to support student teacher placements and career opportunities for graduates
- Launch of additional Education programming including the Master of Education program for Maple Leaf teachers
- Continuing to further diversity on the Lakehead Thunder Bay campus and support the international priorities for the City
- Expand cross-cultural learning opportunities with departments/schools and Lakehead students

# Key Activities to Date

# Engaging the Community

01

## SEPTEMBER DIRECTLY IMPACTED LEADERS

Executive Team held discussions with leaders of units that would be directly impacted

02

## SEPTEMBER BOARD

Presentations to Board and related Board Committees to outline opportunity and gain input

03

## SEPTEMBER SENATE PRESENTATION

Presentation to Senators to outline opportunity and gain input

04

## SEPTEMBER SENIOR MANAGEMENT TEAM

Discussions with members of Senior Management Team to outline opportunity and gain input

05

## SEPTEMBER PRESIDENT'S FOCUS DISCUSSIONS

President hosted focused discussions to outline opportunity and gain input

06

## SEPTEMBER O-AGC

Presentation to O-AGC to outline opportunity and gain input



# Engaging the Community

07

OCTOBER  
PROVOST DISCUSSIONS WITH  
FACULTY AND STAFF

Provost hosted discussion with faculty and staff to outline opportunity and gain input

08

OCTOBER  
SITE VISITS

Visits to Thompson River University and Kwantlen Polytechnic to discuss experiences and learnings

09

OCTOBER  
MEETINGS WITH EXTERNAL  
STAKEHOLDERS

Presentation and discussion with external stakeholders including Ministry of Training Colleges and Universities, City of Thunder Bay and school boards

10

OCTOBER  
SENATE PRESENTATION

Presentation to Senators to outline input to date and next steps



# Moving Forward with an Expanded Partnership

01

NOVEMBER  
MOU SIGNED

Provost signed MOU for expanded partnership with Maple Leaf in China

02

NOVEMBER - APRIL  
THUNDER BAY CAMPUS

Space planning and reconfiguration at Lakehead Thunder Bay

03

MAY - AUGUST  
RENOVATIONS/LEASE  
AGREEMENT

Renovations initiated on designated site on Lakehead Thunder Bay campus; Draft lease developed

04

MAY  
SENATE UPDATE

Provost provides update and reminds Senators that Maple Leaf students will be on campus in September

05

MAY  
MAPLE LEAF HIRES PRINCIPAL

Maple Leaf recruits Principal for the school and plans for inaugural student intake

06

MAY  
MAPLE LEAF SITE VISITS

Maple Leaf and school Principal visit the site, meet the Lakehead team and continue to plan for inaugural student intake

NEXT STEPS

# Next Steps

- Continue to work with Maple Leaf to discuss details of expanded partnership and help ensure a seamless transition for students and staff in the coming months
- Continue to develop a relationship with the Maple Leaf School Principal, and to help facilitate partnerships with academic units (Deans)
- Continue to build awareness of Maple Leaf's presence on Lakehead Thunder Bay with faculty and staff
- Continue to discuss this opportunity with Lakehead's external partners
- Relocate External Relations and Alumni staff to new Alumni House
- Complete renovations for classroom space, residence upgrades and additional security measures
- Final negotiation of lease arrangement and service provisions

THANK YOU

# NOSM Activity Report

Dr. Roger Strasser, Dean-CEO

May – June 2019

## NOSM Board Holds Annual Face-to-Face Retreat in Sioux Lookout



The Northern Ontario School of Medicine (NOSM) held its annual Board of Directors retreat in Sioux Lookout on May 9 and 10, 2019.

On the first day, the Board gathered at the Sioux Lookout Meno Ya Win Health Centre (SLMHC) an Ontario Centre of Excellence in the provision of culturally sensitive care. The session began with an opening welcome in the Chief Saskatchewan Andaaw'iwigamik Ceremonial Room with Kathy Loon, Drum Carrier and Manager of Traditional Healing, Medicines, Foods and Supports and Ralph Johnson, Lead Drummer.

Board members then learned about the *Traditional Healing, Medicines, Foods and Supports Program*, a new model for integrated First Nations hospital-based services. A guided tour of the health centre followed, ending in the Josias Fiddler Conference Room where meetings continued for the afternoon. Josias Fiddler was Chief of Sandy Lake First Nation, an Elder for NOSM, and driving force behind the creation of the SLMHC.

Several workshops followed including a Conflict of Interest/Leading Governance session and *Strengthening Our Relations: A Two Year Plan Moving Forward with Indigenous Peoples*. Dr. Joseph Leblanc, NOSM Director of Indigenous Affairs, shared an overview of five major domains that will be addressed in responding to the Expert Panel on Indigenous Relations report. The five domains are: Learner Recruitment and Support; Curriculum Development and Delivery; Cultural Safety and Anti Racism Training; Decision Making and; Policies and Procedures. Board members were asked then to contribute thoughts and ideas about areas that may not be captured in the plan.

In the evening, a meet-and-greet dinner was held welcoming NOSM alumni, local physician faculty members, and other health-care practitioners. Dr. Diarmuid (Dermot) McLoughlin was presented with an Associate Professor Honorarius for his contributions to health education in the north. Dr. McLoughlin was an inaugural NOSM Board member, faculty member and a radiologist. His wife Deirdre accepted the award on Dr. McLoughlin's behalf.

On the second day, each of the standing committees reported updates. The Board approved the Financial Report – *Budget to Actual March 31, 2019*, the *Pension Financial Statement*, and the 2019-2020 budget. The Board also approved the recommendation to delay the launch of a new strategic planning process in favour of creating a bridging plan for 2020-2021 to allow Dr. Sarita Verma, Dean and CEO designate, the opportunity to gain valuable insight before embarking on the process.

The Board of Directors approved two new appointments for a three-year renewable term. Ms. Juliette Denis, who hails from Hanmer, is a Francophone and Métis Elder who has worked in institutional, public and community health for more than 30 years. Juliette brings extensive experience in management, human resources and community development. Ms. Donna Dorrington is a lawyer in Timmins who focuses a large part of her practice on servicing the remote coastal communities of the James Bay coast area. In addition, Donna brings a wide-range of knowledge in financial reporting, financial statement preparation, risk management and financial performance measurement. Their first term begins in September 2019 until 2022.

The Board retreat concluded with a Miichim (traditional food) Lunch and Learn at the Nishnawbe Gamik Friendship Centre where Board members learned from Jennifer Thomas, Executive Director, about important programs and services provided.

The next meeting of the Board of Directors is scheduled for September 18, 2019. For a complete list of Board members, please visit our website at [nosm.ca/board](http://nosm.ca/board).

### **Celebrating NOSM's Success**

It is almost 10 years since the Milestone Celebrations in 2009 which encompassed the graduation of the NOSM MD program Charter Class and the first completion of training from Family Medicine RoCS (Residents of the Canadian Shield), NOSM's family medicine residency program. For the week May 28 to June 5, 2009, all charter class members were together for the Lakehead University Convocation, followed by travelling across Northern Ontario by bus visiting communities that hosted them during their studies, then to participate in the Laurentian University Convocation. In Thunder Bay and in Sudbury, there were also public celebration receptions which were attended by over 1000 people in total, and in between many charter class members visited their home town during the bus tour. The family medicine residency graduation ceremony took place in Marathon on 28 May 2009.

During May 2019, we are taking the opportunity to celebrate 10 years since those major milestones for Northern Ontario and NOSM with special Celebrating Success with NOSM receptions on May 2 in Sudbury and on May 8 in Thunder Bay. At the end of the month, we will hold a Celebrating Success with NOSM reception in Toronto on May 28. These celebration events also will provide an opportunity to say farewell to me as Founding Dean and CEO, and to welcome Dr Sarita Verma who takes over as NOSM Dean and CEO on July 1.

### **Northern Constellations 2019 – Phenomenal Faculty Development**

If you were not one of the 270 participants in this year's Northern Constellations Faculty Development Conference, you missed out on an extraordinary experience. Faculty members from all Divisions across Northern Ontario were well represented as presenters and participants, along with NOSM staff, learners and international visitors from Scotland, USA and Australia. Plenary presentations by three outstanding speakers were highlights, as well as 32 different interactive workshops and 10 educational innovations. In addition, the program included: research, leadership, library and CEPD consultations; wellness activities; meetings affiliated with the conference; and the faculty awards ceremony which recognized faculty members who had been promoted in 2018 and presented the Learner and Faculty Peer Awards of Excellence. Congratulations to: Dr Simon Lees (Scholar), Dr Tom Crichton (Academic Leader), Drs Joseph Dooley and Damian Micomono (Clinical Scholars), Dr Katherine Kauffeldt (Clinical Teacher), Dr David Allen (Medical Educator), Dr Stephen Viherjoki (Teacher – Learner Nominated), Ananya Beruar (Learner Advocate/Leader), Dr Vincent Le (Learner Peer Teacher) and Dr Hillary Bohler (Learner Scholarly Activity). Dr Natalie Goodale was the recipient of the Physician Clinical Teachers' Association Leadership award.

It was truly exciting for me to be involved in Northern Constellations and to hear from so many faculty members about having learned new ways to improve the educational experiences they provide for our learners. In addition, I heard about the extensive networking and relationship development which will enhance not only academic activities but also clinical care. Congratulations, well done and thank you to everyone

### **Stay Connected**





involved in presenting this year's Northern Constellations, particularly Dr James Goertzen Assistant Dean Continuing Education Professional Development (CEPD), Dr Janice Willet Associate Dean Faculty Affairs (FA) and CEPD, Anita Arella Director FA & CEPD, and the whole CEPD team. Now is the time to mark your calendar for next year's Northern Constellations, 8-9 May 2020 in Thunder Bay.

For more information: <https://www.nosm.ca/education/cepd/northern-constellations/>

## **NOSM RECEIVES CHARLES BOELEN INTERNATIONAL SOCIAL ACCOUNTABILITY AWARD**

The Northern Ontario School of Medicine (NOSM) was presented with the Charles Boelen International Social Accountability Award by the Association of Faculties of Medicine of Canada (AFMC) during a ceremony on April 14 at the Conference on Canadian Medical Education at the Scotiabank Convention Centre in Niagara Falls. [> Read more about the Charles Boelen International Social Accountability Award.](#)

## **NOSM Alumnus and Assistant Professor Receives Prestigious National Award**



The Northern Ontario School of Medicine (NOSM) is pleased to announce that Dr. Jonathan DellaVedova is being recognized for his contributions to improving the wellness of residents at the School. Granted annually by Resident Doctors of Canada (RDoC), a not-for-profit organization that represents over 10,000 resident doctors across Canada, DellaVedova has been awarded the RDoC Puddester Award for Resident Wellness in the staff category.

DellaVedova—a Charter Class alumnus of NOSM's MD program—is an Assistant Professor who practices full-time as a pediatrician in Sault Ste. Marie, Ontario. As the Wellness Lead Clinician for the

NOSM Postgraduate Medical Education program, DellaVedova represents the wellness interests of all NOSM residents and its programs. His initiatives include the creation of the NOSM Resident Support Network and the NOSM Well app for residents at the School.

A long time active voice in the medical education community, DellaVedova has served as President of the Canadian Federation of Medical Students and the Professional Association of Residents of Ontario, and as a multi-year member of RDoC's Board of Directors. He has previously been recognized for his efforts by the Ontario Medical Association and the St. Joseph's Healthcare Medical Staff Association.

## **NOSM hosting public information session on MD program admissions**

The Northern Ontario School of Medicine will be hosting information sessions for individuals interested in applying to the MD Program. These sessions are held annually, in conjunction with the opening of the new admission cycle. Learn about the admission requirements and application process at one of the two sessions. No registration is required for this event.

### **NOSM at Laurentian University**

**Thursday, June 20, 2019**

**6:30 p.m. EST**

Northern Ontario School of Medicine  
Laurentian University  
Medical School Building, Room 107  
935 Ramsey Lake Road  
Sudbury, Ontario

### **NOSM at Lakehead University**

**Tuesday, June 25, 2019**

**6:30 p.m. EST**

Northern Ontario School of Medicine  
Lakehead University  
Medical School Building, Room 1011  
955 Oliver Road  
Thunder Bay, Ontario

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For more information: <https://www.nosm.ca/2019/05/24/nosm-hosting-public-information-session-on-md-program-admissions/>

## Northern Health Research Conference



Call for Abstracts extended to May 31, 2019.  
Please fill out the Submission form:

[https://www.nosm.ca/wp-content/uploads/2019/02/ABSTRACT-SUBMISSION-FORM\\_2019.docx](https://www.nosm.ca/wp-content/uploads/2019/02/ABSTRACT-SUBMISSION-FORM_2019.docx)

The Northern Ontario School of Medicine's Northern Health Research Conference—more commonly known as the NHRC—has been held annually since 2006. It is hosted in communities across NOSM's wider campus of Northern

Ontario and provides an opportunity for researchers in the region to present their research and exchange research ideas.



The Scope includes all of these ideas. Research at the Northern Ontario School of Medicine (NOSM) is reflective of the School's mandate to be socially accountable to the diversity of Northern Ontario. As such, studies are being undertaken in a range of subjects including culturally appropriate care for Indigenous peoples, new drug technologies,

cancer screening methods, patient rehabilitation, lake water quality, and so much more

**May 2019 English** <https://www.nosm.ca/wp-content/uploads/2019/05/Scope-8th-Edition-Web-1.pdf>  
**Français** <https://www.nosm.ca/wp-content/uploads/2019/05/Scope-8th-Edition-%E2%80%94-French-Web.pdf>



Would you like to stay in the loop with NOSM News: You can subscribe to [The NOSM Pulse here!](#)

Respectfully submitted,

Dr Roger Strasser AM  
Professor of Rural Health  
Dean and CEO  
Northern Ontario School of Medicine

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## REPORT TO THE BOARD OF GOVERNORS

From: Dr. Christine Gottardo

Board Meeting Date: June 7, 2019

Subject: Senate Report

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### May 13, 2019 Senate Meeting

The Senate referred changes to academic programs, academic regulations and academic admission requirements (known as “calendar changes”) to the appropriate Senate committees for consideration. Before appearing on the Senate agenda for referral to a committee, each calendar change has already been approved by a Faculty Council and the appropriate Dean(s). If the proposed calendar changes are approved by the Senate committees, they will be brought back to Senate for final approval. This is a very thorough vetting process that includes input from academic units and the Registrar’s office as well as consideration of potential budgetary implications. The establishment and revision of academic programs, regulations and admission requirements is a primary function of Senate as set out in the Lakehead University Act, 1965. The Senate also granted final approval to calendar changes that had been recommended for approval through the vetting process.

Dr. Barnett spoke to the accomplishments of each Professor Emeritus recipient being honoured. Dr. Moira McPherson presented a certificate to Dr. Glenna Knutson, in recognition of long and distinguished service to Lakehead University. Dr. Bryan Poulin and Dr. Bradley Wilson were also recognized as Professor Emeritus recipients but were unable to attend the Senate meeting.

The Senate approved the graduands and medal recipients.

The reports of the Senate Academic Committee, Senate Budget Committee, Faculty of Graduate Studies Council, Senate Research Committee, Senate Research Committee, Senate Teaching and Learning Committee, Senate Undergraduate Scholarships and Bursaries Committee, and Senate Undergraduate Studies Committee were circulated in advance of the meeting.

The following Senate Standing Committee recommendation was approved:

- MOVED that the 2019-2024 Research Plan be approved.

The Senate also approved the following motions:

- MOVED that the terms of the current students serving on the Senate Academic Appeals Committee be extended until a sufficient number of students are appointed for the 2019-2020 term, and contingent upon them continuing to meet the eligibility requirements.

- MOVED that the attached 2019/20 Senate and Senate Executive Committee meeting schedules be approved.
- MOVED that the 2019-2024 Sustainability Action Plan be endorsed

The Senate was provided with the following items for information:

- Senate Standing Committee election updates
- President's Report,
- Interim Provost & Vice-President (Academic) Report
- Board of Governors Report

Prior to adjournment the Senate held an in camera session to discuss confidential matters.