

**McMaster University**

**MINUTES OF THE BOARD OF GOVERNORS**

**March 4, 2021 at 8:30 a.m.**

**via Videoconference (Zoom)**

---

**PRESENT:** Mr. B. Merkel (Chair), Ms L. Allan, Ms J. Allen, Dr. D. Brooks, Dr. L. Bronsard, Ms L. Brown, Mr. R. Clarke, Ms. S. Cruickshanks, Dr. J. Daniel, Mr. S. Donnelly, Mr. P. Douglas, Dr. D. Farrar, Mr. D. Feather, Mr. M. Ferencich, Dr. C. Filipe, Ms. Z. Hassan, Mr. D. Horwood, Mr. D. Huctwith, Ms R. Jamieson, Dr. R. Kleiman, Mr. J. Mancinelli, Ms S. McLarty, Mr. K. Nye, Dr. L. Parker, Ms M. Pool, Ms F. Samji, Mr. N. Skelding, Dr. D. Sloboda, Ms C. Stefankiewicz, Dr. S. Tighe, Dr. R. Walker, Ms A. Thyret-Kidd (University Secretary), Ms M. Zheng (Associate University Secretary), Ms A. Sless (Governance Coordinator)

**OBSERVERS:** Ms B. Couchman, Mr. R. Couldrey, Ms E. Davies, Dr. E. Hassini, Ms D. Henne, Ms A. Farquhar, Dr. B. Levy, Ms D. Martin, Ms W. McKenna, Dr. K. Mossman, Dr. P. O’Byrne, Ms M. Williams

**INVITED:** Mr. A. Baldovino, Assistant Director of Engineering Operations  
Mr. J. Emberson, Director of Engineering Operations  
Mr. T. Lappalainen, Director, Client Portfolio Management, Russell Investments Canada Limited  
Mr. C. Mackenzie, Partner, AON Consulting

**REGRETS RECEIVED:** Ms J. Rowe, Dr. E. Szathmáry

---

**A. OPEN SESSION**

**1. REMARKS FROM THE CHAIR**

Mr. Merkel welcomed members to the meeting and reminded members of the Zoom protocols.

Mr. Ryan Clarke was introduced as a new member. Mr. Clarke is the founder and President of Advocacy Solutions and holds a B.A. (Honours) and M.A from McMaster University, and a LL.B. from Western University.

**2. NOTICE OF MEETING – February 18, 2021**

The Notice of Meeting was circulated on February 18, 2021.

**3. APPROVAL OF AGENDA – OPEN SESSION**

Mr. Merkel noted that no requests had been received to move any items from the Consent to the Regular agenda of the Open Session.

IT WAS DULY MOVED AND SECONDED,

**that the Board of Governors approve the Open Session agenda for the meeting of March 4, 2021, and that items 4-6 be approved or received for information by Consent.**

The motion was *Carried*.

Mr. Merkel highlighted the report from the Museum of Art and noted he is hopeful they can arrange a visit to the museum for the Board in the future. Mr. Merkel also addressed the Health and Safety report noting that there has been excellent performance since September.

**CONSENT**

**4. MINUTES OF PREVIOUS MEETING – December 17, 2020 (OPEN SESSION)**

Motion:

**that the Board of Governors approve the Open Session minutes of the meeting held on December 17, 2020 as circulated.**

*Approved by Consent*

**5. REPORT FROM SENATE**

**a. Department of Communication Studies and Multimedia Name Change**

Motion:

**that the Board of Governors approve changing the name of the Department of Communication Studies and Multimedia to the Department of Communication Studies and Media Arts effective July 1, 2021.**

*Approved by Consent*

**6. REPORTS FOR INFORMATION**

**a. McMaster Museum of Art – Annual Report**

**b. Report from Health, Safety and Risk Management**

The material was for information.

**REGULAR**

**7. BUSINESS ARISING**

There was no business arising from the Open Session minutes of the meeting held on December 17, 2020.

**8. COMMUNICATIONS**

There were no communications for the meeting of March 4, 2021.

**9. PRESIDENT'S REPORT TO THE BOARD**

Dr. Farrar informed members that the written report contains information on a number of issues including: an update on the recently launched vision statement; the ongoing development and direction of the strategic plan; the detailed planning underway for Fall 2021 which is being led by the Provost and involves key experts from across campus; and the continued focus on Inclusive Excellence, including the cohort hiring for Black faculty currently underway, the launch of a number of new student scholarships and supports, and further progress in response to the review of the Black student experience within Athletics and Recreation. Dr. Farrar noted that the hiring of Indigenous faculty members is also included in the report.

Board Members were provided with an update on the issues relating to Laurentian University. Laurentian filed for creditor protection last month citing what it called “unprecedented” challenges after a decade of financial strain. Laurentian has suffered from declining enrolment and demographics over a number of years, largely because of its location, and has also been carrying substantial debt that the institution is unable to service. Dr. Farrar reassured Board Members that there are very few similarities between Laurentian and McMaster in terms of financial controls and processes, and we are not in danger of experiencing a similar situation here at McMaster. They are, however, concerned about the potential provincial response to the Laurentian situation and the ongoing challenge to institutional autonomy and will continue, as a sector, to present our case to government around this. Dr. Farrar explained that Alan Harrison has been appointed as a special advisor to advise on options to support Laurentian’s path back to financial sustainability and will issue a final report in the coming weeks. In his interim report Mr. Harrison noted that the University had been running deficits back to 2014 and reported deficit projections of \$5.6M in 2020/21, which were projected to rise to \$22M by 2025/26. It seems that Laurentian was making use of a line of credit to fund operations and had also made use of \$38M in restricted funds (for research/other restricted donations) for other purposes. This points to a complete lack of financial control and oversight, which is not the case at McMaster, as Board Members are aware. There are some worrying indications of potential government intervention, including a discussion of legislation being passed to allow greater oversight of every university’s finances. The Council of Ontario Universities has been working closely on this and has prepared robust financial data for the Ministry on all the province’s institutions to demonstrate the fiscal responsibility and financial situation of universities across the

province. COU has also prepared key messages reminding the government and others of the many reporting requirements and measures of financial accountability for universities.

A member noted that Laurentian was using research grants in operating funds and suggested that the Board should be advised whether McMaster uses research grants to fund operation or if it has governance in place to ensure that it is not mixed. Dr. Farrar confirmed that this is not the case at McMaster, no restricted funds are used in operations. McMaster is not, from an operating perspective, running any debt. All Faculties carry accumulated surpluses and everything is reported. Mr. Couldrey confirmed that they are not using research funds and noted that there is an auditing process annually.

A member noted that McMaster is an intensive research university and that researchers are active and robust. Researchers are tracking, hiring graduate student, and there is a lot of money going in and out. The member noted that it is shocking that the situation could even occur. A member added that the signs were there at Laurentian and the Board did not do anything. McMaster's Board should learn from that example and not make the same mistakes. Ms Henne added that McMaster is a very different university than Laurentian. Looking at cash handling, McMaster does a reconciliation quarterly where funds are leveraged and disclosed.

A member mentioned that there are three banks involved in Laurentian. The entire process of borrowing money relies heavily on implicit support from the government. In the future all borrowing will be specific to the institution's ability to repay without implicit support. The member noted that there could be legal ramifications for the Board and auditors and Laurentian.

A member added that McMaster is a well governed institution and is in a good place. Mr. Merkel added that they have already started a process through Audit and Risk of enhancing the assessment of risk. A member mentioned that Laurentian's auditor is the same auditor as McMaster and that at some point it would be worthwhile talking about the auditor's responsibility.

A member asked if there is any idea on what the expectation is with the government's oversight and how it will impact us. Dr. Farrar explained that he has not seen any more information other than what is in the press. Universities already present very detailed financial information to the government. There is a concern that we will end up with more intervention in the way we conduct business.

A member mentioned that the Board receives extremely detailed reporting and suggested abbreviated attestation as a quick way to gain assurance and establish a level of transparency. Dr. Farrar added that there were other clear warning signs and that Laurentian was running huge deficits. McMaster is posting surpluses.

Members heard that climate change was one critically important issue that surfaced constantly in the consultations and via the social media feedback campaign. Dr. Farrar explained that there is a huge desire on our campus and within our community to promote sustainability. Students, faculty and staff want to find ways to address climate change through our research, scholarship, and academic programming and also through the actions taken on our campus to reduce our carbon footprint, develop and promote clean technologies, reduce waste, and engage in energy reduction initiatives. While we have made good progress in many areas, including reducing the carbon holdings within our institutional investment pool, there is undoubtedly more we can do to advance our ongoing strategy. Over the last few months, we have heard consistently from faculty, students and other members of the community about divestment, and in particular the symbolic importance associated with a decision to divest from fossil fuel holdings. This is an important issue and is necessary, alongside our ongoing carbon reduction initiatives, to confirm McMaster as a leader in this field. Dr. Farrar expressed his commitment to divestment from fossil fuels as soon as possible. The Board of Governors holds ultimate responsibility for the University's investment pool, so they will be asked to consider this issue and formally commit to a divestment strategy as soon as possible and in a way that is consistent with the Board's fiscal responsibility. Dr. Farrar noted that it is going to take time to work through the strategy, the climate crisis is probably the most pressing issue of our time. As a University we need to face this challenge and play our part in addressing it in every way we can.

Members were updated on the arrival of international students. Additional measures are to be imposed on visitors arriving from overseas. Dr. Farrar explained that as a sector we are continuing to advocate for an exemption for international students from the federal requirement to quarantine at an airport hotel. McMaster still has around 30 graduate students hoping to arrive over the next few weeks, as well as a number of undergraduate students. There is a detailed plan in place, and approved by Public Health, for the arrival and quarantining process for international students, and this additional requirement adds a further level of complexity and cost for our students.

The province recently announced the allocation of an additional \$7M in mental health and addiction services funding to the Ministry of Colleges and Universities. These funds will be distributed to colleges and universities through the Mental Health Services Grant at a rate of \$100K per institution and will be used to further support student mental health and related services. This is an important area of concern and focus for McMaster, and for the sector more broadly.

A member noted that they went through a process a couple of years ago relating to fossil fuels divestment and questioned what is being envisioned at this time. Dr. Farrar explained that several years ago the President's Advisory Committee made recommendations and they were accepted except for divestment. The approach the University took at that time was to reduce the overall carbon footprint of our portfolio. They looked at the overall CO<sub>2</sub> reduction and not specific companies. That approach has led to a reduction from 4.5% to 2% and is continuing to decrease. A simple statement of divesting is easy to make but complex to act on. Ms Henne has been asked to look into a strategy to find a way to keep investments

performing at a level that allows us to fund research, pay faculty, scholarships, and to help us find a clear message to do this.

A member added that it is a complex issue and they have seen other universities announcing that they are divesting and is there value to making a divestment statement. Dr. Farrar explained that they are hoping to make a statement and that it is the right way to go. A number of universities have made a statement and have not hit their targets or done anything. McMaster has not said that we are going to divest and has done a fair amount. Dr. Farrar noted that he is working closely with Mr. Couldrey and Ms Henne about the process by which they could make the statement.

A member assured the Board that this is a topic that is front and centre with Ms Henne, Mr. Couldrey and their team. It is important to not lose sight that this is only one aspect of what needs to be done. They are focused on the overall carbon usage in the Investment Pool portfolio and have made great strides in reducing the overall carbon usage. The member noted that not just carbon producers are the issue and that you cannot lose sight of the fact that it is the entire issue of carbon. The member cautioned that you can divest, but then you lose your voice at the table with companies that are carbon culprits. Investors do have a voice and the ability to create change. Dr. Farrar agreed that there are issues with just taking a focus on divesting. The long term strategy has to be getting carbon out of the atmosphere.

A member requested a summary on how McMaster met the recommendations of the report that was written a few years ago and suggested that it might be helpful for messaging.

A member cautioned that it is fine to make a symbolic statement but that living up to that in reality is a difficult thing to do. Fossil fuel companies only exist because the other 98% companies that we invest in are using fossil fuels. The member suggested taking a disciplined approach. The real solution to this challenge is the development of new technology which the University can play a role in and we can highlight how McMaster is intending to help to lead new energy solutions.

## 10. REPORT FROM SENATE

Dr. David Farrar presented the report from Senate.

### a. SPS B13 Revisions

IT WAS DULY MOVED AND SECONDED,

**that the Board of Governors approve the revised Supplementary Policy Statement B13 - Extension of Timeline for Academic Assessments in Response to the COVID-19 Pandemic, effective March 4, 2021.**

The motion was *Carried*.

## 11. REPORTS RECEIVED FOR INFORMATION

**a. Health, Safety and Risk Management Annual Report**

Ms Lisa Morine, Director, Health, Safety and Risk Management, presented the Health, Safety and Risk Management Annual Report.

Mr. Merkel noted that this was the first time they have received an annual report in this area.

Ms Morine thanked members for the opportunity to present the report and outlined a high level summary of the report.

A member mentioned that it was a great report and noted that there was no measure for TRI and asked if it is being measured. Ms Morine explained that the report includes the total number of incidents, hazard or no hazard. Once a year there is a summary report which will be presented at the next Board meeting.

A member noted that zero is achievable and that the Board should be continuing to encourage the organization to get to zero. Safety culture is the challenge, and the Board should engage in a dialogue to help McMaster get to zero. Mr. Merkel added that some areas do achieve zero, such as the Nuclear reactor. 2019 was not a terrific year and 2020 is much improved but there has been less activity on campus. A member asked if any preparation is underway as we prepare to repopulate the campus. Ms Morine explained that in 2019 there were three substantial claims that were complex. They have been thinking about return to campus for a while and are looking at how the campus will change.

Wanda McKenna, Assistant Vice-President & Chief Human Resources Officer, thanked the Board for their support. They are planning for September with the Return to McMaster group and the Mental Health Taskforce. There are a number of plans in place for the physical components and they are thinking about psychological health and safety. It will be a gradual approach to ensure that everyone is comfortable.

This item was for information.

**12. COMMITTEE REPORTS**

**a. Executive and Governance Committee**

Mr. Merkel presented the report from the Executive and Governance Committee.

**i. Revisions to Board By-Laws – University Planning Committee**

Mr. Merkel reminded members that amendments to the By-Laws require two meetings of the Board, one to provide notice of motion, and a second for final approval.

At its February 11, 2021 meeting, the Executive and Governance Committee reviewed and approved, for recommendation to the Board of Governors, revisions to the University Planning Committee Terms of Reference and membership.

Mr. Merkel noted that the University Planning Committee is an important committee comprised of members of Board and Senate. It is a committee where major initiatives, both academic and operating, are reviewed by the Faculties and the academic community. The Budget Committee and Student Fees Committee are subcommittees of UPC.

IT WAS DULY MOVED AND SECONDED,

**that the Board of Governors approve in principle, revisions to the terms of reference membership of the University Planning Committee within the Board of Governors By-Laws, as amended.**

**The Motion was *Carried*.**

**13. PRESENTATION TO THE BOARD**

Ms Deidre Henne, Assistant Vice-President (Administration) & CFO, Mr. Tom Lappalainen, Director, Client Portfolio Management, Russell Investments Canada Limited and Mr. Calum Mackenzie, Partner, AON Consulting delivered an overview and answered questions on the Pension Trust Committee and Investment Pool Committee.

**14. PRESENTATION TO THE BOARD**

Dr. Susan Tighe, Provost and Vice-President (Academic) delivered a presentation and answered questions on the Tenure and Promotion process at McMaster University.

**15. OTHER BUSINESS**

There was no other business for the open session portion of the meeting.