

University of Alberta Board of Governors
Finance and Property Committee
Minutes
Open Session

April 23, 2007
Room 3-15 University Hall
3:00 – 5:00 p.m.

Present

Voting Members:

Mr. Gordon Clanachan
Ms. Christine Delling
Dr. George Pavlich
Ms. Samantha Power
Mr. Francis Saville
Mr. Don Sieben
Mr. J.D. Hole

Ex-Officio Members:

Mr. Brian Heidecker

University of Alberta Administration:

Ms. Phyllis Clark, Vice-President (Finance and Administration)
Mr. Don Hickey, Vice-President (Facilities and Operations)
Dr. Art Quinney, Deputy Provost
Ms. Gwen Bauer, Director, Office of the Vice-President (Finance and Administration)
Ms. Mary Paul, Director, Office of the Vice-President (Facilities and Operations)

Committee Officers:

Mr. Garry Bodnar, Secretary to General Faculties Council

Guests:

Mr. Agnelo da Silva, Director, Utilities
Mr. Len Sereda, Director, Facilities Management
Mr. Martin Coutts, Director, Financial Services
Ms. Michele Pearce, Associate Director, Accounting, Financial Services
Mr. Pat Jansen, Director, Project Management Office

Observers:

Ms. Julie Charchun, Incoming Graduate Student Association President
Ms. Susan Wood
Ms. Chris Langer

Regrets:

Dr. Eric Newell
Dr. Carl Amrhein
Dr. Indira Samarasekera
Ms. Joan Burke

Chair: Mr. Gordon Clanachan

Scribe: Ms. Cindy Watt, Assistant Secretary to General Faculties Council

OPENING SESSION1. Approval of the Open Session Agenda

Motion: Hole/Pavlich

THAT the Board Finance and Property Committee approve the Open Session Agenda.

CARRIED2. Approval of Open Session Minutes:

The Secretary accepted amendments to the Minutes of the February 27, 2007 to reflect that Mr. Brad Hamdon was not in attendance at the meeting, and to reflect deletion of the words "as it would see only the consolidated budget", (page 173, bullet 5).

Motion I: Pavlich/Saville

THAT the Board Finance and Property Committee approve the Open Session Minutes of Special e-mail vote of January 29, 2007.

CARRIED

Motion II: Sieben/Pavlich

THAT the Board Finance and Property Committee approve the Open Session Minutes of February 27, 2007, as amended.

CARRIED

Motion III: Hole/Sieben

THAT the Board Finance and Property Committee approve the Open Session Minutes of Special e-mail vote of March 9, 2007

CARRIED3. Comments from the Chair

The Chair welcomed members and guests to the meeting. The Chair welcomed Ms. Julie Charchun, incoming Graduate Student Association President, who was in attendance as an observer. The Chair reminded members of the June 21, 2007 Board of Governors dinner at the Hotel MacDonald, in honour of retiring Board members. The Chair referred members to the BFPC workplan and noted that the annual reporting of donations and gifts had been deferred at the request of Ms. Sandra Conn, Vice-President (External Relations). The Chair further noted that the Key Performance Indicators review would also be deferred, as new indicators were in development.

ACTION ITEMS

4. Utilities Expansion (Phases 2 and 3)

Presenters: Mr. Don Hickey, Vice-President (Facilities and Operations), and Mr. Agnelo da Silva, P. Eng., Director, Utilities

Proposal documentation, including briefing notes and an attachment entitled *Greater Campus Area Utility Load Projections and Plant Development 2001-2012*, is appended to these Minutes as **Appendix A**. The Chair welcomed Mr. da Silva to the table.

Discussion

- In response to a question, Mr. da Silva confirmed that the proposed capacity increase will serve Campus expansion projects adequately.
- Mr. Hickey confirmed that funding will come from utilities reserves initially and will be replaced subsequently by Provincial Government funding. Mr. Hickey further noted that the timing of construction was critical, as the City of Edmonton has a prescribed window of opportunity in which to do the tunnelling.

The Chair commended Mr. Hickey and Mr. da Silva on an excellent presentation.

Motion: Saville/Pavlich

That the Board Finance and Property Committee recommend that the Board of Governors approve the expenditure of \$8.1 million for the construction of the deep sewer across 114 Street and engineering of time critical elements of Phases 2 and 3.

CARRIED

5. Energy Management Program Year 5 (2007/08)

Presenters: Don Hickey, Vice-President (Facilities and Operations), and Mr. Len Sereda, Director, Facilities Management.

The Chair welcomed Mr. Sereda to the table.

Mr. Hickey provided a brief summary of the proposal which allows for continued implementation of the Energy Management Program, approved by the Board of Governors as a seven-year program in 2003.

Proposal documentation, including an attachment entitled *Energy Management Program Year 5 (2007-08)*, is appended to these Minutes as **Appendix B**.

Discussion

- Mr. Sereda confirmed that the Program undergoes periodic review to ensure optimal efficiency, including surveillance of technological changes.
- In response to a question, Mr. Hickey noted that the next Energy Management Program is already being considered as part of the University's sustainability program coming forward in the fall of 2007.

- In response to a question, Mr. Sereda noted that energy efficiency is monitored closely in terms of consumption and consumption reduction.
- Mr. Hickey confirmed that federal funding assistance is available for programs that can show and verify consumption reduction. Mr. Sereda further noted that Facilities and Operations monitors NRCan (Natural Resources Canada) for changes and trends in the natural resources sector.
- In response to a suggestion, Mr. Hickey agreed to include the energy consumption charts presented in previous proposals.
- Mr. Hickey confirmed that his team does consider cost-effective “green” energy sources in new building construction wherever possible, and monitors developing “green” technologies as they develop.
- A member suggested that the University should be at the forefront of implementing alternate energy sources with less consideration of cost-effectiveness and more consideration of environmental benefit. Mr. Hickey responded that the University’s sustainability policy could explore that issue. Dr. Quinney noted that financial allocation to energy management must be balanced with other University services.

Motion: Sieben/Saville

Motion #1: That the Board Finance and Property Committee approve an expenditure of not more than Three Million Five-Hundred Thousand Dollars (\$3,500,000) for the purpose of funding the fifth year of the seven-year Energy Management Program started in 2003/04.

CARRIED

Motion #2: That the Board Finance and Property Committee recommend to the Board of Governors approval and execution of a Borrowing Resolution, as set forth in Attachment 2 of the agenda documentation, in an amount of not more than Three Million Five-Hundred Thousand Dollars (\$3,500,000) in Canadian Funds from the Alberta Capital Finance Authority for a term not to exceed 15 years and at an interest rate of not more than 7% for purposes of funding the fifth year of a seven-year Energy Management Program.

CARRIED

6. Capitalization of Unrestricted Funds to Permanent Restricted Endowments

Presenter: Ms. Phyllis Clark, Vice-President (Finance and Administration)

Proposal documentation was before members and is appended to these Minutes as **Appendix C**.

Discussion

- Ms. Clark confirmed that, in addition to ancillary funds, endowments, donations, and undesignated donations were eligible for capitalization.
- In response to questions, Ms. Clark clarified the definition of externally permanent restricted endowments and their eligibility for matching government funds.

Motion: Pavlich/Hole

THAT the Board Finance and Property Committee recommend that the Board of Governors approve the Capitalization of Unrestricted Funds to Permanent Restricted Endowment Policy, as set forth in Appendix A to the agenda documentation.

CARRIED

7. University of Alberta Universal Transit Pass (UPass) Fees

Presenters: Ms. Samantha Power, Students' Union President, Ms. Christine Delling, Graduate Students' Association President, Mr. Martin Coutts, Director, Financial Services

Proposal documentation was before members and is appended to these Minutes as **Appendix D**.

Ms. Power noted that the UPass contract and process has followed the Students' Union Mandatory Fee Policy. The Chair applauded students on the successful conclusion to a lengthy process.

The Committee posed no questions.

Motion: Delling/Power

THAT the Board Finance and Property Committee recommend that the Board of Governors approve the University of Alberta Universal Transit Pass (UPass) fees, as set forth in Attachment I of the agenda documentation, subject to the finalization and execution of the contracts between the parties, and to take effect September 1, 2007.

CARRIED

8. GSA Membership, Health and Dental Plan Fees

Presenter: Christine Delling, President, Graduate Students' Association

Proposal documentation was before members and is appended to these Minutes as **Appendix E**.

The Committee raised no questions or concerns.

Motion: Delling/Saville

THAT That the Board Finance and Property Committee recommend that the Board of Governors approve the following Graduate Students' Association (GSA) fees for the 2007-08 academic year:

GSA fee for full time students --- \$42.37 per term
GSA fee for part-time students --- \$22.57 per term
Health Plan Fee for full-time students --- \$136.87 per annum
Dental Plan Fee for full-time students --- \$188.10 per annum

CARRIED

9. University of Alberta Students' Union 2007/2008 Operating/Referendum Fees

Presenter: Ms. Samantha Power, President, University of Alberta Students' Union

Proposal documentation was before members and is appended to these Minutes as **Appendix F**.

The Committee raised no questions or concerns.

Motion: Power/Pavlich

THAT the Board Finance and Property Committee recommend that the Board of Governors approve the University of Alberta Students' Union Fee Schedule 1 for 2007/2008, as set forth in Attachment I of the agenda documentation, to take effect September 1, 2007.

CARRIED

INFORMATION ITEMS

FINANCE AND ADMINISTRATION AGENDA ITEMS

10. Update on the Federal Budget – Verbal Report

Presenter: Phyllis Clark, Vice-President (Finance and Administration)

Ms Clark provided a verbal update on the recent Federal Budget announcements, including a briefing on the recent Provincial Budget. Highlights of her remarks included the following:

- The Canada Graduate Scholarship was increased to \$35 million over 2 years, representing a 25% increase in graduate student scholarships.
- The Registered Education Savings Plan annual savings cap had been removed and the life-time contribution increased to \$50,000.
- The Canadian Foundation for Innovation (CFI) received \$510 million, allowing for another major competition.
- The Canadian Institute for Advanced Research received \$10 million.
- Tri-Council agencies (CIHR, NSERC, and SSHRC) received \$85 million, representing a modest 5% increase in funding.

Ms. Clark included the following highlights in her summary of the Provincial Budget:

- In terms of support for post-secondary institutions, operating grants will increase 6% in each of the next three years.
- \$740 million has been earmarked for capital projects, to include cost escalation.
- Support for students increased by 37%.
- The charitable donations deduction was increased.
- The Access to the Future Fund was not included in the budget.
- The budget referred to the University's unfunded pension liability in the context of the proposal before the Alberta Teachers' Association (ATA) to deal with its unfunded pension liability.

Ms. Clark agreed to provide a summary memo of her update on the Federal Budget, as well as briefing notes on the Provincial budget to Mr. Bodnar, who would subsequently distribute to Committee members. Ms. Clark's notes are attached to these Minutes as **Appendix G**.

Discussion

- Ms. Clark, in response to a question, offered the opinion that the Federal Budget was generally good news for the post-secondary sector. The University of Alberta is awaiting news of the outcome of allocation of Canada Social Transfer payments to the provinces.

- In response to a question, Ms. Clark noted that she was hopeful that the Provincial Government would make a similar offer to assist the University and its employees with unfunded pension liabilities, as made to the ATA.
- Mr. Hickey noted that the scope of deferred maintenance at the University was somewhat understated, largely because issues such as code alignment, IT evergreening, and asbestos abatement could not be included under current rules.

FACILITIES AND OPERATIONS AGENDA ITEMS

11. Project Management Office Status Report

Presenter: Mr. Don Hickey, Vice-President (Facilities and Operations) and Mr. Doug Dawson

A copy of the documentation is attached to these Minutes as **Appendix H**.

Mr. Hickey provided a summary of the Capital Project Risk Assessment Update and noted that the variance report, normally included in the document, would be brought to the next meeting. Mr. Hickey further noted that inclusion of change order history was suggested on an internal review.

Mr. Hickey introduced new members of the Facilities and Operations team, who were in attendance at the meeting as observers:

- Mr. Pat Jansen, Director of Project Management Office.
- Ms. Chris Langer, Administrative Services Manager
- Ms. Susan Wood, Director, Business and Systems Support
- Mr. Bart Becker, Associate Vice-President, Facilities and Operations (Planning and Infrastructure)

Discussion

- In response to a question regarding point 1.3 (Partnering Advisory Board) in the attached documentation, Mr. Hickey noted that in 1999, Facilities and Operations determined it was important to meet on a quarterly basis to report on issues surrounding customer service. The Partnering Advisory Board has assisted the University in addressing performance/personnel issues. The next meeting will be scheduled in the near future.

12. Land Inventory Update

Presenter: Mr. Don Hickey, Vice-President (Facilities and Operations)

Mr. Hickey noted that the Land Inventory Update is an annual submission to BFPC for information; this report updates the land inventory for the period of April 1, 2006 to March 31, 2007.

A copy of the documentation is attached to these Minutes as **Appendix I**.

Discussion

- In response to a question, Mr. Hickey noted that the probability is high that the University would lose some of its leased land in the future, particularly land leased in Edmonton, and that the University has reached agreement on a replacement land strategy with the

government. Mr. Hickey observed that it would be helpful to add dates to the leases noted on the inventory.

- The Chair reminded members that this is an annual report of inventory only and does not address strategy. Mr. Hickey agreed and confirmed that the University's approach to land asset management strategy will be reviewed with senior administration with suggestions on policy brought to the Board for approval.
- In response to a question, Mr. Hickey confirmed that the University does lease land to other parties, and provided College Plaza as an example of leased University land.

CLOSING SESSION

At the conclusion of the Open Session, a member requested that dates for Committee meetings in the next academic year be set as soon as possible, and offered the suggestion that meetings over the noon hour might be considered, rather than at 3 p.m. The Chair took the suggestions under advisement, noting that a time change could prove to be a challenge. Mr. Heidecker noted that a draft meeting schedule was in development, and Mr. Bodnar assured members that Ms. Joan Burke would be completing the schedule upon her return from vacation.

The Chair thanked Ms. Delling and Ms. Power, whose terms were ending, for their contributions, commending their commitment, professional performance and leadership at the University of Alberta.

13. **Next Board Finance and Property Committee Meeting Date**

Wednesday, May 30, 2007, 3:00 – 5:00 p.m.

14. **Future Board of Governors Meeting Dates:**

Friday, May 11, 2007, 8:00 a.m. – 12 Noon.

Friday, June 22, 2007, 8:00 a.m. – 12 Noon.

The Open Session of the meeting concluded at 4:25 p.m.