

SPECIAL OPEN SESSION MINUTESWednesday, July 13, 2011
Electronic Vote

ATTENDEES:

Voting Members:

Brian Heidecker, Chair
Robert Campenot
Gordon Clanachan
Marc de La Bruyère
Don Fleming
Dawn Graham
Agnes Hoveland
Raphael Lepage Fortin
Shenaz Jeraj
Tanya Martelle
Don Matthew
Ove Minsos
Jerry Naqvi
Robert Teskey

Regrets:

Indira Samarasekera
Linda Hughes
Roy Coulthard
Louis Hugo Francescutti
Jim Hole
Bernd Reuscher
Rory Tighe*Scribe: Ms. Deborah Holloway*

ACTION ITEM

1. Centennial Centre for Interdisciplinary Science Phase II – Financing – Rescission of Borrowing Motion

Agenda documentation is attached to these Minutes as Item 1.

Proposer: Ms. Phyllis Clark, Vice-President (Finance and Administration)*Purpose of the Proposal:*

Financing requirements for the design and construction of the Centennial Centre for Interdisciplinary Science Phase II have decreased from \$7.5 million to \$2.7 million which can now be more effectively facilitated through the University's internal loan program.

Summary:

The Administration brought forward a proposal as outlined in the attached documentation. The Centennial Centre for Interdisciplinary Science (CCIS) Phase II project has faced significant cost escalation pressures as the construction contracts were being tendered during a period of time of high construction cost inflation in Alberta. Government of Alberta capital grant funding has responded to these challenges in that provincial support for the project has risen from \$285 million to \$434.5 million. Despite this increased grant funding a gap of \$29.4 million remains, of which \$16.2 million will be addressed with interest that has been earned on capital funds, \$10.5 million from confirmed Faculty of Science sources (an increase of \$4.8 million from the previously confirmed amount of \$5.7 million) and \$2.7 million from future Faculty of Science sources.

The Board of Governors had previously approved a borrowing resolution in the amount of \$7.5 million for CCIS Phase II. The borrowing requirements for this project have now been decreased by \$4.8 million to \$2.7 million. The reduced borrowing requirement of \$2.7 million can now be more effectively facilitated through the University's internal loan program. The most likely scenario in the financial plan will result in donation proceeds being used to pre-pay the loan. Dependent on market conditions, pre-payments of an external loan through the Alberta Capital Finance Authority can involve significant penalties. Such penalties can be avoided by using the internal loan program.

With the approval of Mr. Brian Heidecker, Chair of the Board of the Governors, an Electronic vote commenced on July 13 and concluded on July 21, 2011. The following motion was approved.

Electronic Vote:

Motion: THAT the Board of Governors, on the recommendation of the Board Finance and Property Committee, rescind the Borrowing Resolution dated October 15, 2010 requesting approval of mortgage financing for the completion of the Centennial Centre for Interdisciplinary Science Phase II project for a total borrowing amount not to exceed Seven Million Five and Hundred Thousand Dollars (\$7,500,000.00) in Canadian funds for a term of not more than twenty (20) years at an interest rate not more than five percent (5.00%).

CARRIED