



The following Motions and Documents were considered by the Board Finance and Property Committee at its Tuesday, May 27, 2014 meeting:

Agenda Title: **Saskatchewan Drive Student Residence: Borrowing Resolution and Order in Council**

APPROVED MOTION:

THAT the Board Finance and Property Committee recommend that the Board of Governors: a) execute a Borrowing Resolution requesting approval of mortgage financing for the design and construction of the Saskatchewan Drive Student Residence project for a total borrowing amount not to exceed seventeen million five-hundred thousand dollars (\$17,500,000.00) in Canadian funds for a term of not more than twenty-five (25) years at an interest rate of not more than five and one-half percent (5.5%); and b) make application to the Minister of Infrastructure for the required approval of the Lieutenant Governor in Council.

Final recommended item: 5.

Agenda Title: **Saskatchewan Drive Student Residence: Capital Expenditure Authorization Request (CEAR)**

APPROVED MOTION:

THAT the Board Finance and Property Committee recommend that the Board of Governors approve an expenditure of seventeen million five hundred thousand dollars (\$17,500,000.00) in Canadian funds for a total project cost of forty million dollars (\$40,000,000.00), for the design construction of the Saskatchewan Drive Student Residence. This is subject to confirmation of Institutional and/or Donor funding (Philanthropic) commitment of twenty-two million, five hundred thousand dollars (\$22,500,000.00) prior to commencement of construction.

Final recommended item: 6.

Agenda Title: **Land Asset Strategy: Authorize and Approve the Establishment of a Land Trust**

APPROVED MOTION:

THAT the Board Finance and Property Committee recommend to the Board of Governors, subject to the approval of the Minister under section 77 of the *Post-secondary Learning Act* and approval of the Lieutenant Governor in Council under section 80 of the *Financial Administration Act*, the authorization and approval of the incorporation of a subsidiary, a land development company, to act as the trustee of a Trust, to hold and develop certain university lands that may be transferred to it by the Board of Governors, subject to the terms and conditions of the Trust and the composition of the Trust Board and governance structure coming back to the Board of Governors for approval.

Final recommended item: 7.

Agenda Title: **Decommissioning of SLOWPOKE Nuclear Reactor Facility**

APPROVED MOTION:

THAT the Board Finance and Property Committee, approve a capital expenditure of six million, six hundred sixty-five thousand, eight hundred twenty-six dollars (\$6,665,826.00) in Canadian funds for decommissioning of the SLOWPOKE Nuclear Reactor Facility.

Final recommended item: 9.

Agenda Title: **South Academic Building – Ventilation System Upgrade: Capital Expenditure Authorization Request (CEAR)**

APPROVED MOTION:

THAT the Board Finance and Property Committee, acting with delegated authority of the Board of Governors, approve a capital expenditure authorization request of two million, three hundred and seventy-five thousand dollars (\$2,375,000.00) in Canadian funds for the upgrading of the ventilation systems serving the South Academic Building.

Final recommended item: 10.

Agenda Title: **Chemical and Materials Engineering Building: Capital Expenditure Authorization Request (CEAR)**

APPROVED MOTION:

THAT the Board Finance and Property Committee recommend that the Board of Governors approve a capital expenditure of seventeen million dollars (\$17,000,000.00) in Canadian funds as provided through the Faculty of Engineering and the Province of Alberta in the support of the functional renewal of the Chemical and Materials Engineering Building.

Final recommended item: 11.

Agenda Title: **Clinical Sciences Building – Lease of Office Space to the University Hospital Foundation**

APPROVED MOTION:

THAT the Board Finance and Property Committee recommend that the Board of Governors:

1. Approve a lease of office space to the University Hospital Foundation for a term of ten (10) years with an option for two (2) additional terms of five (5) years each; and
2. Make application to the Minister of Infrastructure for the required approval of the Lieutenant Governor in Council for the granting of this long term lease.

Final recommended item: 12.

Agenda Title: **Dissolution of UDI Subsidiary Holding Corporation**

APPROVED MOTION:

THAT the Board Finance and Property Committee recommend that the Board of Governors, subject to the prior approval of the Minister of Innovation and Advanced Education under section 77 of the Post-Secondary Learning Act and approval of the Lieutenant Governor in Council under section 80 of the Financial Administration Act, authorize and approve the dissolution of University Design Inc.

Final recommended item: 13.

OUTLINE OF ISSUE

Agenda Title: **Saskatchewan Drive Student Residence: Borrowing Resolution and Order in Council**

Motion: THAT the Board Finance and Property Committee recommend that the Board of Governors:

- a) execute a Borrowing Resolution requesting approval of mortgage financing for the design and construction of the Saskatchewan Drive Student Residence project for a total borrowing amount not to exceed seventeen million five-hundred thousand dollars (\$17,500,000.00) in Canadian funds for a term of not more than twenty-five (25) years at an interest rate of not more than five and one-half percent (5.5%); and
- b) make application to the Minister of Infrastructure for the required approval of the Lieutenant Governor in Council.

Item

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input type="checkbox"/> Information
Proposed by	Don Hickey, Vice-President, Facilities and Operations
Presenter	Don Hickey, Vice-President, Facilities and Operations
Subject	Saskatchewan Drive Student Residence – Financing

Details

Responsibility	Facilities and Operations
The Purpose of the Proposal is (please be specific)	To obtain financing for a portion of the design and construction of the Saskatchewan Drive Student Residence. A borrowing resolution and borrowing motion requires the approval of the Board of Governors, based on the recommendation of the Board Finance and Property Committee, in order that the required Order in Council may be obtained from the Government of Alberta prior to undertaking construction of the facility.
The Impact of the Proposal is	Facilitates the construction of a 143 bed residence adding to the University’s goal of housing 25% of its full-time enrolment in purpose built student housing.
Replaces/Revises	n/a
Timeline/Implementation Date	Subject to approval, substantial completion is scheduled for August of 2016.
Estimated Cost	Total project cost is estimated at forty million (\$40,000,000.00) in Canadian funds.
Sources of Funding	Institutional funding and Alberta Capital Finance Authority
Notes	(Please see Opportunity Paper attached with the “Saskatchewan Drive Student Residence – Capital Expenditure Authorization Request (CEAR)” item for additional background information, if required.) Given current trending of Alberta Capital Financing Authority interest rates, it is likely that the prevailing interest rate at the time of borrowing will not exceed 5.5%. Financial assumptions are built on an interest rate of 5.5% amortized over 25 years.

Alignment/Compliance

Alignment with Guiding Documents	Dare to Discover, Academic Plan (Dare to Deliver), Long Range Development Plan
Compliance with Legislation,	<i>Post-Secondary Learning Act</i>

Item No. 5

<p>Policy and/or Procedure Relevant to the Proposal (please <u>quote</u> legislation and include identifying section numbers)</p>	<p><i>The Post-secondary Learning Act, Section 73(1) Subject to the approval of the Lieutenant Governor in Council, a board, for the purposes of the public post-secondary institution, may from time to time borrow any sums of money the board requires and may from time to time issue notes, bonds, debentures or other securities that (a) bear interest at a rate or rates determined by the board,(b) are in a denomination or denominations determined by the board,(c) are payable as to principal and interest(i) in the currency or currencies of any country or countries,(ii) at any place or places,(iii) at any time or times, and(iv) in any manner, determined by the board,(d) may be made redeemable in whole or in part in advance of maturity (i) at any time or times,(ii) on any terms, and(iii) at any price or prices, either with or without premium, determined by the board, and (e) may be issued in amounts that will realize the net sum required by the board for the purposes of the public post-secondary institution.</i></p> <p><u>BFPC Terms of Reference – Sections 3 and 4 state:</u></p> <p>3. <u>MANDATE OF THE COMMITTEE</u></p> <p><i>Except as provided in paragraph 4 and in the Board’s General Committee Terms of Reference, the Committee shall monitor, evaluate, advise and make decisions on behalf of the Board with respect to all strategic and significant financial and property matters and policies of the University(...)</i></p> <p><i>Without limiting the generality of the foregoing, the Committee shall:</i></p> <p><i>g) review and recommend to the Board original Capital Expenditure Authorization Requests or individual Supplemental CEARs greater than \$7 million or aggregate total CEAR and Supplemental CEARs up to, but not exceeding \$14 million.</i></p> <p>4. <u>LIMITATIONS ON DELEGATION BY THE BOARD</u></p> <p><i>The general delegation of authority by the Board to the Committee shall be limited as set out in this paragraph. Notwithstanding the general delegation of authority to the Committee set out in paragraph 3, the Board shall:</i></p> <p><i>(c) approve capital expenditures of more than \$7 million or more or expenditures which, when combined with other expenditures for the same period, would equal more than \$7 million.</i></p>
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Routing (Include meeting dates)

<p>Consultative Route (parties who have seen the proposal and in what capacity)</p>	<ul style="list-style-type: none"> • September 10, 2013 – Garneau representatives attend focus group to review draft material for North Campus Long Range Development Plan, which includes information about past and future plans for East Campus Village. • September 16, 2013 – Garneau focus group attend meeting with U of A staff to review 5-year development plans for East Campus Village. • September 25, 2013 – North Campus Long Range Development Plan Open House • January 8, 2014 – Open House showing site options and conceptual design • January 23, 2014 – President’s Executive Committee – Operational (PEC-O) • March 6, 2014 – Meeting with Garneau community focus group to review preliminary design
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Item No. 5

	• April 2, 2014 – Second Open House showing preliminary design
Approval Route (Governance) (including meeting dates)	Board Finance Property Committee (BFPC) – May 27, 2014 (for recommendation to Board of Governors) Board of Governors (BG) – June 20, 2014 (for approval)
Final Approver	Board of Governors

Attachments:

1. Proforma (Most likely case) – (2 pages)
2. Borrowing Resolution – (2 pages)

Prepared by:

Doug Dawson, Executive Director
Ancillary Services
Telephone: 780-492-1421
Email: doug.dawson@ualberta.ca

Net Cash Flow	(\$131,250)	(\$84,891)	(\$56,836)	(\$28,303)	\$712	\$30,213	\$60,205	\$90,692	\$121,679	\$153,170	\$185,167	\$217,676	\$250,700	\$284,241	\$318,302
Cumulative Cash Flow	(\$131,250)	(\$216,141)	(\$272,977)	(\$301,280)	(\$300,568)	(\$270,356)	(\$210,151)	(\$119,458)	\$2,221	\$155,390	\$340,558	\$558,234	\$808,934	\$1,093,174	\$1,411,477

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Revenue:															
Student Room and Board	\$3,791,970	\$3,886,769	\$3,983,938	\$4,083,536	\$4,185,625	\$4,290,266	\$4,397,522	\$4,507,460	\$4,620,147	\$4,735,650	\$4,854,042	\$4,975,393	\$5,099,778	\$5,227,272	\$5,357,954
Guest Suite Rent	\$124,342	\$127,450	\$130,636	\$133,902	\$137,250	\$140,681	\$144,198	\$147,803	\$151,498	\$155,286	\$159,168	\$163,147	\$167,226	\$171,406	\$175,692
Principal-In-Residence Rent	\$25,434	\$26,069	\$26,721	\$27,389	\$28,074	\$28,776	\$29,495	\$30,232	\$30,988	\$31,763	\$32,557	\$33,371	\$34,205	\$35,060	\$35,937
Other Revenue	\$9,514	\$9,752	\$9,995	\$10,245	\$10,501	\$10,764	\$11,033	\$11,309	\$11,592	\$11,881	\$12,178	\$12,483	\$12,795	\$13,115	\$13,443
Less Residential Vacancy	(\$189,598)	(\$194,338)	(\$199,197)	(\$204,177)	(\$209,281)	(\$214,513)	(\$219,876)	(\$225,373)	(\$231,007)	(\$236,783)	(\$242,702)	(\$248,770)	(\$254,989)	(\$261,364)	(\$267,898)
Total Revenue	\$3,761,660	\$3,855,702	\$3,952,094	\$4,050,896	\$4,152,169	\$4,255,973	\$4,362,372	\$4,471,432	\$4,583,217	\$4,697,798	\$4,815,243	\$4,935,624	\$5,059,015	\$5,185,490	\$5,315,127
Expenses - Property Management:															
Salaries & Benefits	\$51,050	\$52,581	\$54,159	\$55,784	\$57,457	\$59,181	\$60,956	\$62,785	\$64,668	\$66,609	\$68,607	\$70,665	\$72,785	\$74,969	\$77,218
Property Tax	\$137,403	\$142,899	\$148,615	\$154,560	\$160,742	\$167,172	\$173,859	\$180,813	\$188,046	\$195,568	\$203,390	\$211,526	\$219,987	\$228,786	\$237,938
Insurance	\$19,308	\$19,887	\$20,483	\$21,098	\$21,731	\$22,383	\$23,054	\$23,746	\$24,458	\$25,192	\$25,948	\$26,726	\$27,528	\$28,354	\$29,205
General & Administrative	\$15,039	\$15,490	\$15,955	\$16,434	\$16,927	\$17,435	\$17,958	\$18,496	\$19,051	\$19,623	\$20,211	\$20,818	\$21,442	\$22,086	\$22,748
Equipment/Furniture <\$5,000.00	\$762	\$785	\$809	\$833	\$858	\$884	\$910	\$938	\$966	\$995	\$1,025	\$1,055	\$1,087	\$1,120	\$1,153
Utilities	\$126,748	\$130,550	\$134,467	\$138,501	\$142,656	\$146,936	\$151,344	\$155,884	\$160,561	\$165,377	\$170,339	\$175,449	\$180,712	\$186,134	\$191,718
Maintenance	\$108,906	\$112,174	\$115,539	\$119,005	\$122,575	\$126,252	\$130,040	\$133,941	\$137,959	\$142,098	\$146,361	\$150,752	\$155,275	\$159,933	\$164,731
Janitorial Service	\$123,889	\$127,606	\$131,434	\$135,377	\$139,438	\$143,621	\$147,930	\$152,368	\$156,939	\$161,647	\$166,496	\$171,491	\$176,636	\$181,935	\$187,393
Rentals	\$4,765	\$4,908	\$5,055	\$5,207	\$5,363	\$5,524	\$5,690	\$5,860	\$6,036	\$6,217	\$6,404	\$6,596	\$6,794	\$6,998	\$7,207
COGS Meal Plan	\$1,134,718	\$1,168,760	\$1,203,823	\$1,239,937	\$1,277,135	\$1,315,449	\$1,354,913	\$1,395,560	\$1,437,427	\$1,480,550	\$1,524,966	\$1,570,715	\$1,617,837	\$1,666,372	\$1,716,363
Overheads	\$20,013	\$20,613	\$21,232	\$21,869	\$22,525	\$23,200	\$23,896	\$24,613	\$25,352	\$26,112	\$26,896	\$27,702	\$28,534	\$29,390	\$30,271
Capital Amortization	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Interest Expense	\$572,862	\$532,519	\$489,926	\$444,958	\$397,483	\$347,361	\$294,445	\$238,577	\$179,595	\$117,325	\$51,582	\$0	\$0	\$0	\$0
Total Property Management Expenses	\$3,315,464	\$3,328,773	\$3,341,496	\$3,353,562	\$3,364,891	\$3,375,398	\$3,384,994	\$3,393,582	\$3,401,059	\$3,407,312	\$3,412,225	\$3,433,496	\$3,508,616	\$3,586,075	\$3,665,945
Expenses - Residence Life:															
Salaries & Benefits	\$121,007	\$124,637	\$128,377	\$132,228	\$136,195	\$140,280	\$144,489	\$148,824	\$153,288	\$157,887	\$162,624	\$167,502	\$172,527	\$177,703	\$183,034
General & Administrative	\$52,327	\$53,897	\$55,514	\$57,180	\$58,895	\$60,662	\$62,482	\$64,356	\$66,287	\$68,275	\$70,324	\$72,433	\$74,606	\$76,845	\$79,150
Equipment/Furniture <\$5,000.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Overheads	\$2,604	\$2,682	\$2,762	\$2,845	\$2,931	\$3,019	\$3,109	\$3,202	\$3,298	\$3,397	\$3,499	\$3,604	\$3,712	\$3,824	\$3,938
Total Residence Life Expenses	\$175,938	\$181,217	\$186,653	\$192,253	\$198,020	\$203,961	\$210,080	\$216,382	\$222,873	\$229,560	\$236,446	\$243,540	\$250,846	\$258,371	\$266,123
Total Expenses	\$3,491,403	\$3,509,989	\$3,528,149	\$3,545,815	\$3,562,911	\$3,579,359	\$3,595,074	\$3,609,964	\$3,623,932	\$3,636,872	\$3,648,672	\$3,677,036	\$3,759,462	\$3,844,446	\$3,932,067
Net Income (Loss)	\$270,257	\$345,712	\$423,945	\$505,082	\$589,258	\$676,614	\$767,298	\$861,467	\$959,285	\$1,060,926	\$1,166,571	\$1,258,588	\$1,299,552	\$1,341,044	\$1,383,060
Transfer to Reserves	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800	\$193,800
Net Contribution	\$76,457	\$151,912	\$230,145	\$311,282	\$395,458	\$482,814	\$573,498	\$667,667	\$765,485	\$867,126	\$972,771	\$1,064,788	\$1,105,752	\$1,147,244	\$1,189,260
Cumulative Contribution from Operations	(\$5,606,186)	(\$5,454,273)	(\$5,224,129)	(\$4,912,847)	(\$4,517,389)	(\$4,034,575)	(\$3,461,076)	(\$2,793,409)	(\$2,027,924)	(\$1,160,798)	(\$188,027)	\$876,761	\$1,982,513	\$3,129,757	\$4,319,017
Reconciliation to Cash Flow															
Add back Amortization	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Add back Interest Expense	\$572,862	\$532,519	\$489,926	\$444,958	\$397,483	\$347,361	\$294,445	\$238,577	\$179,595	\$117,325	\$51,582	\$0	\$0	\$0	\$0
Less Debt Payment	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$1,296,432	\$0	\$0	\$0
Net Cash Flow	\$352,888	\$387,999	\$423,638	\$459,808	\$496,509	\$533,743	\$571,511	\$609,813	\$648,649	\$688,018	\$727,921	\$2,064,788	\$2,105,752	\$2,147,244	\$2,189,260
Cumulative Cash Flow	\$1,764,364	\$2,152,363	\$2,576,002	\$3,035,810	\$3,532,319	\$4,066,062	\$4,637,572	\$5,247,385	\$5,896,033	\$6,584,052	\$7,311,973	\$9,376,761	\$11,482,513	\$13,629,757	\$15,819,017

NOTES/ASSUMPTIONS:

- Rental rates are annual per bed. Meal Plan rates based on a 9-month (37 week) term. Guest Suite revenues are forecast at 60% occupancy (Shaffer FY 2014 actual) at \$100/bed/night. Faculty-in Residence receives Room at no cost, charged to F-in-R as a taxable benefit.
- Revenue assumptions do not include any conference income, or cash income from incidentals. Other revenues are application and cancellation fees.
- Property Management S & B based on total projected staffing complement for ECV prorated per bed count.
- General and Administrative based on ECV properties actuals + 10% for additional guest suite admin expenses.
- Base maintenance costs are calculated as an average of Grad Residence and I-House actuals FY 2013. 20% additional maintenance costs included for kitchen operating maintenance.
- Janitorial based on ECV housing actuals + 50% to reflect increased service frequency.
- Overheads (Property Mgmt and Res Life) are University central admin charges.
- Capital amortization is calculated at 2.5% of total construction costs, amortized over 40 years.
- S&B Residence Life expense assumes 6 embedded student staff and 50% one FTE required upon full build-up of ECV.
- All other expenses based on ECV properties actuals pro-rated to bed count.
- Expense and revenue year-over-year assumptions as per pro-forma.
- Meal Plan revenue calculation \$160/week X 37 weeks.
- Capital reserve contribution is calculated at .75% of hard cost of construction--this includes an allowance for kitchen capital maintenance.

25 year Amortization Table									
Interest Rate		5.50%							
Semi-Annual Payment		\$648,216							
Year	Beginning Balance	Period Interest	Payment	Interest Payment	Capital Payment	Ending Balance		Annual Payment	
						\$17,500,000		\$1,296,432	
1	\$17,500,000	\$481,250	\$648,216	\$481,250	\$166,966	\$17,333,034			
1	\$17,333,034	\$476,658	\$648,216	\$476,658	\$171,558	\$17,161,476			
2	\$17,161,476	\$471,941	\$648,216	\$471,941	\$176,275	\$16,985,201			
2	\$16,985,201	\$467,093	\$648,216	\$467,093	\$181,123	\$16,804,078			
3	\$16,804,078	\$462,112	\$648,216	\$462,112	\$186,104	\$16,617,974			
3	\$16,617,974	\$456,994	\$648,216	\$456,994	\$191,222	\$16,426,752			
4	\$16,426,752	\$451,736	\$648,216	\$451,736	\$196,480	\$16,230,272			
4	\$16,230,272	\$446,332	\$648,216	\$446,332	\$201,884	\$16,028,388			
5	\$16,028,388	\$440,781	\$648,216	\$440,781	\$207,435	\$15,820,952			
5	\$15,820,952	\$435,076	\$648,216	\$435,076	\$213,140	\$15,607,813			
6	\$15,607,813	\$429,215	\$648,216	\$429,215	\$219,001	\$15,388,811			
6	\$15,388,811	\$423,192	\$648,216	\$423,192	\$225,024	\$15,163,788			
7	\$15,163,788	\$417,004	\$648,216	\$417,004	\$231,212	\$14,932,576			
7	\$14,932,576	\$410,646	\$648,216	\$410,646	\$237,570	\$14,695,005			
8	\$14,695,005	\$404,113	\$648,216	\$404,113	\$244,103	\$14,450,902			
8	\$14,450,902	\$397,400	\$648,216	\$397,400	\$250,816	\$14,200,086			
9	\$14,200,086	\$390,502	\$648,216	\$390,502	\$257,714	\$13,942,372			
9	\$13,942,372	\$383,415	\$648,216	\$383,415	\$264,801	\$13,677,571			
10	\$13,677,571	\$376,133	\$648,216	\$376,133	\$272,083	\$13,405,488			
10	\$13,405,488	\$368,651	\$648,216	\$368,651	\$279,565	\$13,125,923			
11	\$13,125,923	\$360,963	\$648,216	\$360,963	\$287,253	\$12,838,670			
11	\$12,838,670	\$353,063	\$648,216	\$353,063	\$295,153	\$12,543,517			
12	\$12,543,517	\$344,947	\$648,216	\$344,947	\$303,269	\$12,240,248			
12	\$12,240,248	\$336,607	\$648,216	\$336,607	\$311,609	\$11,928,638			
13	\$11,928,638	\$328,038	\$648,216	\$328,038	\$320,179	\$11,608,460			
13	\$11,608,460	\$319,233	\$648,216	\$319,233	\$328,983	\$11,279,476			
14	\$11,279,476	\$310,186	\$648,216	\$310,186	\$338,030	\$10,941,446			
14	\$10,941,446	\$300,890	\$648,216	\$300,890	\$347,326	\$10,594,120			
15	\$10,594,120	\$291,338	\$648,216	\$291,338	\$356,878	\$10,237,242			
15	\$10,237,242	\$281,524	\$648,216	\$281,524	\$366,692	\$9,870,550			
16	\$9,870,550	\$271,440	\$648,216	\$271,440	\$376,776	\$9,493,774			
16	\$9,493,774	\$261,079	\$648,216	\$261,079	\$387,137	\$9,106,637			
17	\$9,106,637	\$250,433	\$648,216	\$250,433	\$397,784	\$8,708,853			
17	\$8,708,853	\$239,493	\$648,216	\$239,493	\$408,723	\$8,300,130			

18	\$8,300,130	\$228,254	\$648,216	\$228,254	\$419,963	\$7,880,168			
18	\$7,880,168	\$216,705	\$648,216	\$216,705	\$431,511	\$7,448,656			
19	\$7,448,656	\$204,838	\$648,216	\$204,838	\$443,378	\$7,005,278			
19	\$7,005,278	\$192,645	\$648,216	\$192,645	\$455,571	\$6,549,707			
20	\$6,549,707	\$180,117	\$648,216	\$180,117	\$468,099	\$6,081,608			
20	\$6,081,608	\$167,244	\$648,216	\$167,244	\$480,972	\$5,600,636			
21	\$5,600,636	\$154,018	\$648,216	\$154,018	\$494,199	\$5,106,438			
21	\$5,106,438	\$140,427	\$648,216	\$140,427	\$507,789	\$4,598,649			
22	\$4,598,649	\$126,463	\$648,216	\$126,463	\$521,753	\$4,076,896			
22	\$4,076,896	\$112,115	\$648,216	\$112,115	\$536,101	\$3,540,794			
23	\$3,540,794	\$97,372	\$648,216	\$97,372	\$550,844	\$2,989,950			
23	\$2,989,950	\$82,224	\$648,216	\$82,224	\$565,992	\$2,423,957			
24	\$2,423,957	\$66,659	\$648,216	\$66,659	\$581,557	\$1,842,400			
24	\$1,842,400	\$50,666	\$648,216	\$50,666	\$597,550	\$1,244,850			
25	\$1,244,850	\$34,233	\$648,216	\$34,233	\$613,983	\$630,867			
25	\$630,867	\$17,349	\$648,216	\$17,349	\$630,867	\$0			

**RESOLUTION OF
THE BOARD OF GOVERNORS OF THE UNIVERSITY OF ALBERTA**

Whereas:

- A. The Board of Governors, to carry out the purposes of the University of Alberta, deems it appropriate and necessary to proceed with the construction of the Saskatchewan Drive Student Residence at a currently budgeted cost of Forty Million Dollars in Canadian funds (\$40,000,000.00) (the “Project”);

And

- B. The Board of Governors considers it appropriate and necessary that the University of Alberta, in accordance with this Resolution, fund a portion of the Project by borrowing an amount not to exceed Seventeen Million Five-Hundred Thousand Dollars in Canadian funds (\$17,500,000.00) from the Lender defined herein.

IT IS HEREBY RESOLVED THAT:

1. Pursuant to Section 73 of the *Post-Secondary Learning Act* and subject to the prior approval of the Lieutenant Governor in Council, the Board of Governors, for the purposes of the University of Alberta, authorizes and approves the borrowing of an amount to fund a portion of the Project not to exceed Seventeen Million Five-Hundred Thousand Dollars in Canadian funds (\$17,500,000.00) (the “Loan”).
2. The Loan be:
 - (a) from a lender (the “Lender”) which is the Alberta Capital Finance Authority in an amount not to exceed Seventeen Million Five-Hundred Thousand Dollars in Canadian funds (\$17,500,000.00);
 - (b) for a term not to exceed twenty-five (25) years;
 - (c) at an interest rate not to exceed five and one-half percent (5.5%) per annum;

and that within the foregoing parameters, the establishment of the amount, term and interest rate be made by the Vice-President (Finance and Administration).

3. To secure the repayment of the Loan, the University of Alberta grants to the Lender such security as may be required by the Lender and agreed to by the Vice-President (Finance and Administration).

4. The Vice-President (Finance and Administration) be and is hereby authorized for and on behalf of the University of Alberta:
 - a) to negotiate, execute and deliver to the Lender such notes, bonds, debentures or other securities in such form, with or without seal, and containing such terms and conditions related to the Loan including amount, denomination, time and place of payment, principal and interest and redemption as agreed with such Lender;
 - b) to include in the security agreed with such Lender in conjunction with the Loan all such securities, debentures, charges, pledges, mortgages, conveyances, assignments and transfers to or in favour of the Lender of all or any property, real or personal, moveable or immovable, owned by the University of Alberta or in which it may have an interest as may be agreed with such Lender;
 - c) to give to the Lender any other documents or contracts necessary to give or furnish to the Lender the security or securities required by the Lender including without limiting the generality of the foregoing, all or any receivables, book debts due or growing due, stocks, bonds, insurance policies, promissory notes, bills of exchange and securities of all kinds.
5. All agreements, securities, documents and instruments purporting to be signed, made, drawn, accepted, executed or endorsed as hereinbefore provided shall be valid and binding upon the University of Alberta.
6. The Lender shall be furnished with a certified copy of this Resolution.

I hereby certify that this Resolution has full force and effect on the ____ day of _____, 2014.

Chair of The Board of Governors of the
University of Alberta

OUTLINE OF ISSUE

Agenda Title: **Saskatchewan Drive Student Residence: Capital Expenditure Authorization Request (CEAR)**

Motion: THAT the Board Finance and Property Committee recommend that the Board of Governors approve an expenditure of seventeen million five hundred thousand dollars (\$17,500,000.00) in Canadian funds for a total project cost of forty million dollars (\$40,000,000.00), for the design construction of the Saskatchewan Drive Student Residence. This is subject to confirmation of Institutional and/or Donor funding (Philanthropic) commitment of twenty-two million, five hundred thousand dollars (\$22,500,000.00) prior to commencement of construction.

Item

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input type="checkbox"/> Information
Proposed by	Don Hickey, Vice-President, Facilities and Operations
Presenter	Don Hickey, Vice-President, Facilities and Operations
Subject	Saskatchewan Drive Student Residence – Capital Expenditure Authorization Request (CEAR)

Details

Responsibility	Facilities and Operations															
The Purpose of the Proposal is (please be specific)	To obtain Board Finance and Property Committee's recommendation to the Board of Governors of approval for an expenditure of \$17,500,000.00 for a total expenditure of \$40,000,000.00 to complete the construction of the Saskatchewan Drive Student Residence in East Campus Village.															
The Impact of the Proposal is	The project will increase access to university residences and the living-learning opportunities they provide in accordance with the university's goal of accommodating 25% of students in residences. The project also supports institutional goals as they relate to recruitment and retention of students and support of student achievement, and fostering community. A total of seven houses will be removed to accommodate the new building with one of those houses being relocated elsewhere in East Campus Village.															
Replaces/Revises (eg, policies, resolutions)	n/a															
Timeline/Implementation Date	The project is anticipated to commence construction upon confirmation of the donor commitment of twenty-two million, five hundred thousand dollars (\$22,500,000.00) and upon approval of borrowing and receipt of an Order In Council from the Government of Alberta and targeted to reach substantial completion in August 2016.															
Estimated Cost	Total project cost is estimated at \$40,000,000.00.															
Sources of Funding	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">CEAR Funding Information</th> </tr> <tr> <th style="text-align: center;">Number</th> <th style="text-align: center;">Funding Source</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">13-104</td> <td>Mortgage ACFA</td> <td style="text-align: right;">\$17,500,000.00</td> </tr> <tr> <td style="text-align: center;">13-104</td> <td>Institutional and Donor Funding</td> <td style="text-align: right;">\$22,500,000.00</td> </tr> <tr> <td colspan="2" style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$40,000,000.00</td> </tr> </tbody> </table>	CEAR Funding Information			Number	Funding Source	Amount	13-104	Mortgage ACFA	\$17,500,000.00	13-104	Institutional and Donor Funding	\$22,500,000.00	TOTAL		\$40,000,000.00
CEAR Funding Information																
Number	Funding Source	Amount														
13-104	Mortgage ACFA	\$17,500,000.00														
13-104	Institutional and Donor Funding	\$22,500,000.00														
TOTAL		\$40,000,000.00														
Notes	Board Finance and Property Committee (BFPC) will be notified of any substantive changes as outlined in the motion.															

Alignment/Compliance

Alignment with Guiding Documents	Dare to Discover, Academic Plan (Dare to Deliver), Long Range Development Plan
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please <u>quote</u> legislation and include identifying section numbers)	<p>PSLA Act, Section 60 (1) (b) refers: <i>The Board of a public post-secondary institution shall develop, manage, and operate, alone or in co-operation with any person or organization, programs, services and facilities for the educational or cultural advancement of the people of Alberta.</i></p> <p>BFPC Terms of Reference, Section 3) g states: 3. MANDATE OF THE COMMITTEE <i>Except as provided in paragraph 4 and in the Board’s General Committee Terms of Reference, the Committee shall monitor, evaluate, advise and make decisions on behalf of the Board with respect to all strategic and significant financial and property matters and policies of the University. The Committee shall also consider any other matter delegated to the Committee by the Board.</i></p> <p><i>Without limiting the generality of the foregoing, the Committee shall:</i> g) <i>review and recommend to the Board original Capital Expenditure Authorization Requests or individual Supplemental CEARs greater than \$7 million or aggregate total CEAR and Supplemental CEARs up to, but not exceeding \$14 million.</i></p> <p>BFPC Terms of Reference, Section 4) c states: 4. LIMITATIONS ON DELEGATION BY THE BOARD <i>The general delegation of authority by the Board to the Committee shall be limited as set out in this paragraph. Notwithstanding the general delegation of authority to the Committee set out in paragraph 3, the Board shall:</i> (c) <i>approve capital expenditures of more than \$7 million or expenditures which, when combined with other expenditures for the same project, would equal more than \$7 million;</i></p>

Routing (Include meeting dates)

Consultative Route (parties who have seen the proposal and in what capacity)	<ul style="list-style-type: none"> • September 10, 2013 – Garneau representatives attend focus group to review draft material for North Campus Long Range Development Plan, which includes information about past and future plans for East Campus Village. • September 16, 2013 – Garneau focus group attend meeting with U of A staff to review 5-year development plans for East Campus Village. • September 25, 2013 – North Campus Long Range Development Plan Open House. • January 8, 2014 – Open House showing site options and conceptual design. • January 23, 2014 – President’s Executive Committee - Operational (PEC-O). • March 6, 2014 – Meeting with Garneau community focus group to review preliminary design. • April 2, 2014 – Second Open House showing preliminary design.
Approval Route (Governance) (including meeting dates)	Board Finance and Property Committee (BFPC) – May 27, 2014 (for recommendation to Board of Governors) Board of Governors – June 20, 2014 (for approval)



Final Approver	Board of Governors
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Attachments

1. Briefing Note (2 pages)
2. Saskatchewan Drive Student Residence Opportunity Paper (16 pages)

Prepared by:

Pat Jansen, Executive Director, Planning and Project Delivery
Facilities and Operations
Telephone: 780-492-1747
Email: pat.jansen@ualberta.ca

Saskatchewan Drive Student Residence – Capital Expenditure Authorization Request (CEAR)

Background

The intent of this capital project is to initiate the construction of a student housing development located on Saskatchewan Drive in East Campus Village, and formally known as part of Sector 7/8.

The University proposes to construct 143 new student spaces in a multi-purpose building on Saskatchewan Drive between 110th Street and 111th Street in East Campus Village contributing to its goal of accommodating 25% of its full-time enrolment in purpose-built, on-campus housing. This building will feature multiple bedroom configurations (1 and 2 bedroom) organized in “forums” of approximately 11 students. The buildings will feature the appropriate amount of amenity or programmable space required to deliver support services for students and host lectures and/or seminars in the evenings and on weekends. In order to foster a sense of community, students will take meals together in a dining hall to be designed as a “flex” space able to accommodate guest speakers and host functions. A total of seven houses along Saskatchewan Drive between 110th and 111th Streets must be removed to accommodate this development. All students or faculty affected by the construction will be accommodated elsewhere in the residence system or alternate office environments.

The Saskatchewan Drive Student Residence will be constructed on one of the most desirable sites in the city with rooms featuring stunning views of the North Saskatchewan River valley; the Legislature and downtown Edmonton. The building will contain a fitness centre, quiet study areas, social spaces, bike lockers, Faculty-in-Residence, and furniture and fixtures reflecting the quality of the location. The residence will be constructed with a sustainability target of Green Globe 4 Stars.

Issues

Students residing on campus can derive numerous benefits from their living-learning communities. Students’ academic experiences are enriched by linking learning with other aspects of their lives and many institutional goals are met related to student recruitment, retention and achievement.

An outline of the challenges, issues and constraints related to the construction of new student housing was presented by the Vice-President, Facilities and Operations, to the President and her team in November 2011 as part of the President’s Executive Committee (PEC) 2015 visioning exercise. The 2014 Comprehensive Institutional Plan (CIP) identifies expansion of student housing as a strategic priority for the University of Alberta.

A total of seven houses on the site between 110th Street and 111th Street and between 90th Avenue and Saskatchewan Drive must be removed in order to make room for the new development. The University is exploring ways to offer these houses to interested parties for removal and reuse on other sites. One of the houses on the site is to be relocated to 89th

Saskatchewan Drive Student Residence – Capital Expenditure Authorization Request (CEAR)

Briefing Note

Avenue in East Campus Village to house services for students in the area. This proposal is in compliance with the Long Range Development Plan and will comply with the required design guidelines. As design progresses, we will continue to meet with the community in accordance with the Long Range Development Plan and the Guidelines for Infill Development created in collaboration with the Garneau community.

In order to minimize the financial risk and meet the project goals, the project must open in August of 2016; to accomplish this, various construction delivery models are under analysis.

The project cost is estimated to be \$40,000,000.00, with \$17,500,000.00 to be acquired (pending approval through an Order in Council) from the Alberta Capital Financing Authority via a traditional mortgage at a maximum interest rate of five and one half percent (5.5%) over twenty-five (25) years. The remaining \$22,500,000.00 will be provided by philanthropic donation.

Working with the newly appointed Founding Principal, the project steering committee is providing ongoing assessments related to recently defined area requirements and development scenarios.

Recommendation

Please see Motion on Outline of Issue.



Saskatchewan Drive Student Residence

Opportunity Paper

The following paper has been developed based on an outline provided by the Government of Alberta for use, along with supporting documentation, in considering projects under \$40 million in value that require capital borrowing requirements.

Project Introduction

A Place to Live – A Place to Learn

Students residing on campus – and the institution at which those students are enrolled – derive numerous benefits from their living-learning communities. The students' academic experience is enriched by linking learning with other aspects of their lives, and many institutional goals are met as they relate to student recruitment, retention and achievement.

In a time of competing needs and economic uncertainty, it is critical our limited post-secondary resources be dedicated to those areas directly relating to student achievement. That is why the provision of sufficient on-campus housing for learners is so important – because it significantly impacts and supports their success and directs limited resources to where they are needed most – and assists institutions in meeting overall goals and objectives.

In order to improve access to the University of Alberta for rural Albertans and students from abroad, and to further enhance its leadership development capacity, additional accessible and supportive purpose-built student housing is required.

It is the goal of the University of Alberta to house up to 25% of its fulltime enrolment in purpose-built student housing on its various campuses.

Student Achievement and Growth

Purpose-built student housing presents environments which are touchstones that support areas that are of strategic importance to the university.

- Academic Success – residences can assist students to achieve higher grade point averages compared to those not living on campus, resulting from programs and procedures structured to prioritize academic success. They also tend to experience higher intellectual growth concerning openness to new concepts and critical and abstract thinking and greater levels of active and collaborative learning.¹
- Leadership Development – when incorporated in residence life programs, can have a significant impact on student personal growth and achievement, community development, and overall institutional leadership development goals. They tend to demonstrate a higher sense of civic engagement and giving back to their community. Engagement – students in living-learning environments tend to demonstrate:²
 - Enhanced participation in extracurricular activities

¹ Blimling, G. (1999) A Meta-Analysis of the Influence of College Residence Halls on Academic Performance
Journal of College Student Development, 40(5), 551-561

² Center for Student Studies (2007-2011) The National Study of Living Learning Programs website may be found at: <http://www.livelearnstudy.net/contactus.html>

- More quality interactions with peers, faculty, and staff
 - Greater personal and practical learning
 - A pronounced “sense of belonging” concerning their social environment
 - Life-long support and commitment to their alma mater
- Retention – on-campus community living programs, especially those targeted at learners with a higher risk of leaving (e.g. rural students), have a significant impact on ensuring students complete their studies³
 - Recruitment – the U of A is leveraging its existing residence capacity to attract international, rural, Aboriginal peoples and graduate students to meet institutional goals.

Project Scope and Objectives

The University of Alberta is proposing to build residences focussing on leadership development. The University proposes to construct 143 new student spaces in a multi-purpose building on Saskatchewan Drive between 110th Street and 111th Street in East Campus Village.

This building will feature multiple bedroom configurations (1 and 2 bedroom) organized in “forums” of approximately 11 students. The buildings will feature the appropriate amount of amenity or programmable space required to deliver support services for students, and host lectures in the evenings and on weekends. In order to foster a sense of community, students will take meals together in a dining hall (meal plan) to be designed as a “flex” space able to accommodate guest speakers and host functions. A total of seven houses along Saskatchewan Drive between 110th and 111th Streets must be removed to accommodate this development. All students or faculty affected by the construction will be accommodated elsewhere in the residence system or alternate office environments.

See appendix 6 for site plan and appendices 7 and 8 for proposed typical room layouts.

General Needs Analysis

Despite currently having capacity to accommodate 4,459 students on its Edmonton campuses, at no time over the last decade has the University been able to address demand.

- Between 2007 and 2013, averages of over 5,000 applications for housing are received annually.
- During the same period, on average, only 2,639 spaces are available due to the number of students continuing into each term.
- Targeted growth of graduate and international student population requires supportive housing options.

³ Statistics Canada (2005) Youth in Transition Survey: Participation in Postsecondary Education website may be found at: <http://www.statcan.gc.ca/daily-quotidien/071120/dq071120b-eng.htm>

Noble, K., Flynn, N. T., Lee, J. D., & Hilton, D. (2007) Predicting Successful College Experiences: Evidence from a First Year Retention Program Journal of College Student Retention, 9(1), 39-60

- New spaces relieve pressure on other communities notably those valued by students from rural areas entering university for the first time (Lister Hall, for example).

Proposed Project Timeline

Task	Approximate Date
Award Contract for Design Services	October 2013
Award Contractor	Summer 2014
Detailed Design Completion	Spring 2014
Substantial Completion	Spring 2016

Strategic Alignment

The chart below indicates how student residences support the associated strategies of the U of A's Business Plan and the cornerstones of the Dare to Discover initiative.

U of A Goal	How Student Housing Supports Goal and/or Dare to Discover Cornerstones	Impact
Attract and retain talented people	<ul style="list-style-type: none"> ▪ Provides accommodation for current and anticipated enrolment demands ▪ Assists with undergraduate and graduate recruitment by providing modern, safe, and comfortable accommodation and ancillary support facilities ▪ Positions the U of A to pursue an undergraduate to graduate/faculty student ratio comparable with other top rated universities ▪ Student housing attracts highly qualified and capable Canadian and international undergraduate students. Facilitates the development of a strong and nurturing culture within the U of A 	High
Excellence in learning, discovery and citizenship	<ul style="list-style-type: none"> ▪ Supports developing a Discovery Learning Network by working with all faculties to implement appropriate programs (e.g. 1st year introductory courses for targeted students) ▪ Drives international recruitment efforts and enriches student interaction with peers and 	High

U of A Goal	How Student Housing Supports Goal and/or Dare to Discover Cornerstones	Impact
	<p>faculty</p> <ul style="list-style-type: none"> ▪ Residence facilities assist in providing co-curricular offerings that integrate learning, discovery, and citizenship to develop the intellect and the imagination ▪ Supports mentorship and peer-based activities and dedicated facilities to inspire high achievement, improve retention, and enhance graduation rates ▪ Extensive volunteering by in-residence students in the local community 	
Transformative organization and support	<ul style="list-style-type: none"> ▪ Increased interaction between faculty and students, enhancing the learning experience ▪ Supports the U of A's Long Range Development Plan, Capital Plan and land asset management policies ▪ Builds on and formalizes many of the sustainability practices and approaches currently undertaken on campus 	High
Forge strong connections with the community (locally, nationally and internationally)	<ul style="list-style-type: none"> ▪ Residences promote easy and ready access to the local community and nearby facilities thereby enhancing relationships ▪ Students in residence participate in numerous community volunteer activities ▪ Enhances reputation of U of A through opportunities for ongoing dialogue and discussion ▪ Assists in the attraction and retention of international students ▪ Provides for more efficient use of site (densification) consistent with sustainable development practices 	High

Consultation

- September 10, 2013 – Garneau representatives attend focus group to review draft material for North Campus Long Range Development Plan, which includes information about past and future plans for East Campus Village.
- September 16, 2013 – Garneau focus group attend meeting with U of A staff to review 5-year development plans for East Campus Village.
- September 25, 2013 – North Campus Long Range Development Plan Open House
- January 8, 2014 – Open House showing site options and conceptual design

Additional/Future Meetings

- March 6, 2014 - Meeting with Garneau community focus group to review preliminary design
- April 2, 2014 – Second Open House showing preliminary design
- (TBD) – Meet with Garneau community focus group to review community responses on the project

Project Risk Assessment

Risk	Probability	Mitigation	Comments
<ul style="list-style-type: none"> • Over budget 	<ul style="list-style-type: none"> • Unlikely 	<ul style="list-style-type: none"> • The University will assign a professional Project Manager 	<ul style="list-style-type: none"> • The Project Management Office is familiar with housing projects and recently delivered Tamarack and Pinecrest Houses on budget and on-time
<ul style="list-style-type: none"> • Late delivery 	<ul style="list-style-type: none"> • Unlikely to moderate 	<ul style="list-style-type: none"> • See above • Work with GoA officials re: timing of the Order in Council 	<ul style="list-style-type: none"> • See above
<ul style="list-style-type: none"> • Insufficient demand 	<ul style="list-style-type: none"> • Unlikely 	<ul style="list-style-type: none"> • Proposed housing is being purpose-built for students “targeted” for recruitment by the university • Marketing strategies will be in place • 2010 Student Housing Market Survey showed strong preferences for living on-campus 	<ul style="list-style-type: none"> • On-campus housing remains in high demand (see above – General Needs Analysis)
<ul style="list-style-type: none"> • Students will react unfavorably 	<ul style="list-style-type: none"> • Moderate to likely 	<ul style="list-style-type: none"> • Communications strategies 	<ul style="list-style-type: none"> • Annual agreements are in place in ECV Graduate Housing, Newton Place,

to required long-term agreements		<ul style="list-style-type: none"> • Opportunities for sublet • Available options elsewhere in the system (HUB, Garneau walk-ups, etc.) 	<p>Tamarack House, Pinecrest House and Michener Park</p> <ul style="list-style-type: none"> • Vacancy rates remain low and within predicted ranges
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Cost Estimate

Construction Element	Estimate
Soft Costs	\$ 9,523,760
Hard Costs	\$ 25,841,303
Sub Total Soft and Hard Costs	\$ 35,365,063
Contingency	\$ 4,002,041
Sub Total	\$ 39,367,104
GST @ 1.65%	\$ 632,896 (rounded)
Total Project Cost	\$ 40,000,000

Source of Funding

University of Alberta – Donor Equity	\$22,500,000 (rounded)
Alberta Capital Finance Authority Financing <ul style="list-style-type: none"> • 5.5% interest (Likely Case) • 25 year amortization 	\$17,500,000

Operating Costs

Student residences at the University of Alberta are ancillary operations. All operating costs including debt servicing are covered by revenue generation. The financial proforma (Appendix 9) represents the “Most Likely case” scenario as the basis for funding approval. Early year operating deficits will be covered by Ancillary Services’ consolidated reserve position.

A conservative approach to vacancy has been used (5% “Likely case”).

The attached proforma anticipates 0.75% contribution to capital reserves. This represents an increase compared to other U of A projects due to the requirement to maintain a commercial kitchen in this residence. This is felt to be adequate given Ancillary Services' access to other sources of revenue, such as recoverable costs from tenants due to extraordinary damages or wear and tear.

Please note that revenue from laundry and other assessments does not accrue to the project in the attached proforma; they are credited to Ancillary Services' general revenue.

Room and Board

As mentioned above, students will participate in an "All You Care to Eat" (AYCTE) meal program in the residence. These programs are instrumental in building community and facilitate informal and formal interactions among students and faculty. The AYCTE program differs from the declining balance program in Lister Hall. In Lister, the 1,750+ students subscribe to a program where their meal cards are loaded with a predetermined cash balance and the actual cost of what they eat is deducted. In the Saskatchewan Drive Student Residence, proposed programming would suggest that the AYCTE program is more appropriate given the benefits of the smaller population of students dining together.

The Saskatchewan Drive Student Residence will be constructed on one of the most desirable sites in the City with rooms featuring stunning views of the North Saskatchewan River valley; the Legislature and downtown Edmonton. The building will contain a fitness centre, quiet study areas, social spaces, bike lockers, Faculty-in-Residence and furniture and fixtures reflecting the quality of the location. The residence will be constructed with a sustainability target of Green Globe 4 Stars.

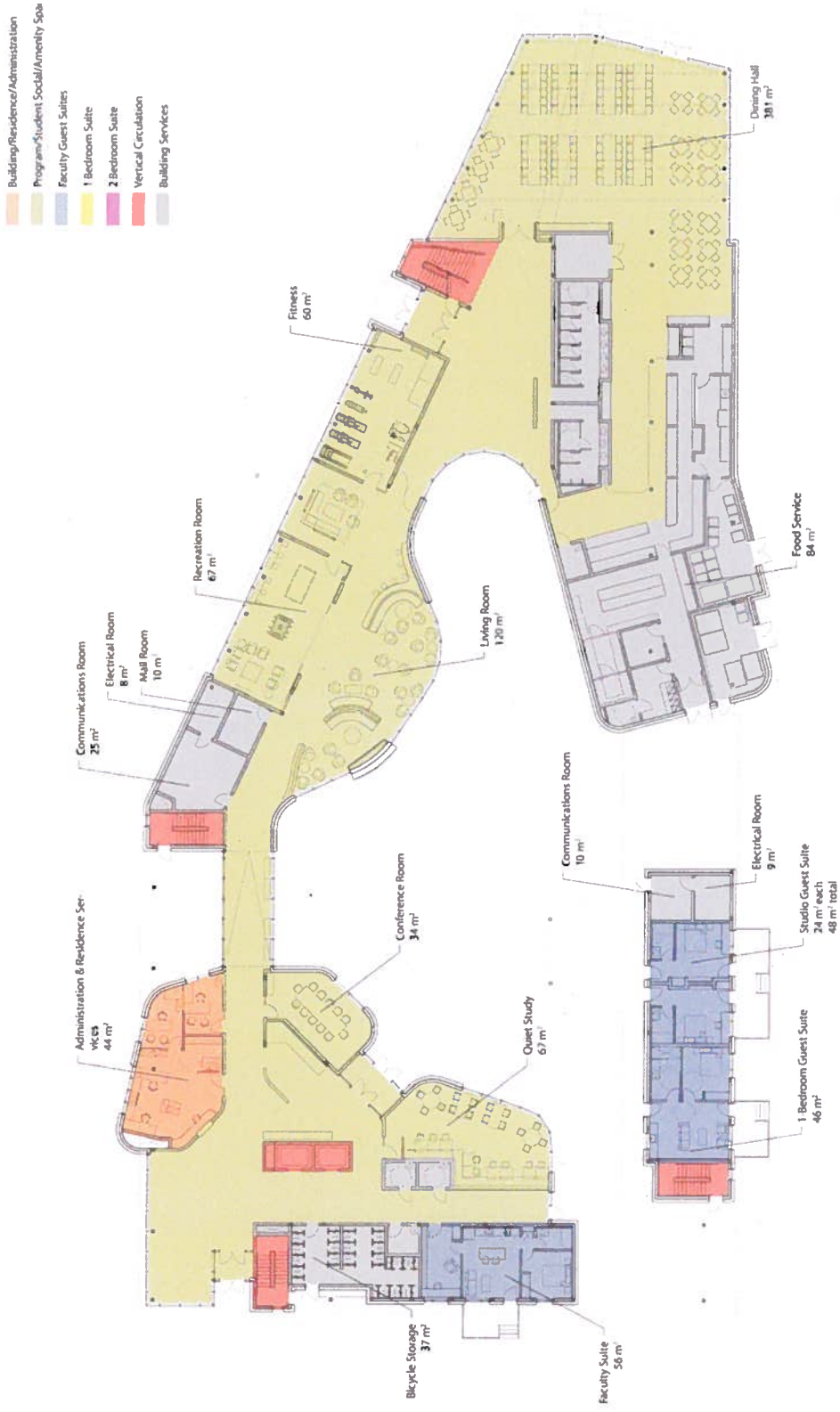
Alternatives

- **Not applicable**

Recommendation

In order to improve access to the University of Alberta for students seeking an enriched post-secondary experience, additional accessible and supportive purpose-built student housing is required. And, in order to further develop the University's successful residential leadership development cohort, it is recommended that the University of Alberta construct a residence to accommodate approximately 143 students.

Functional Plan Level One



JANUARY 2014 | FUNCTIONAL PLAN | U OF A

Functional Plan Level Two

- Building/Residence/Administration
- Program/Student Social/Amenity Space
- Faculty Guest Suites
- 1 Bedroom Suite
- 2 Bedroom Suite
- Vertical Circulation
- Building Services



Functional Plan Level Three

- Building/Residence/Administration
- Program/Student Social/Amenity Space
- Faculty Guest Suites
- 1 Bedroom Suite
- 2 Bedroom Suite
- Vertical Circulation
- Building Services

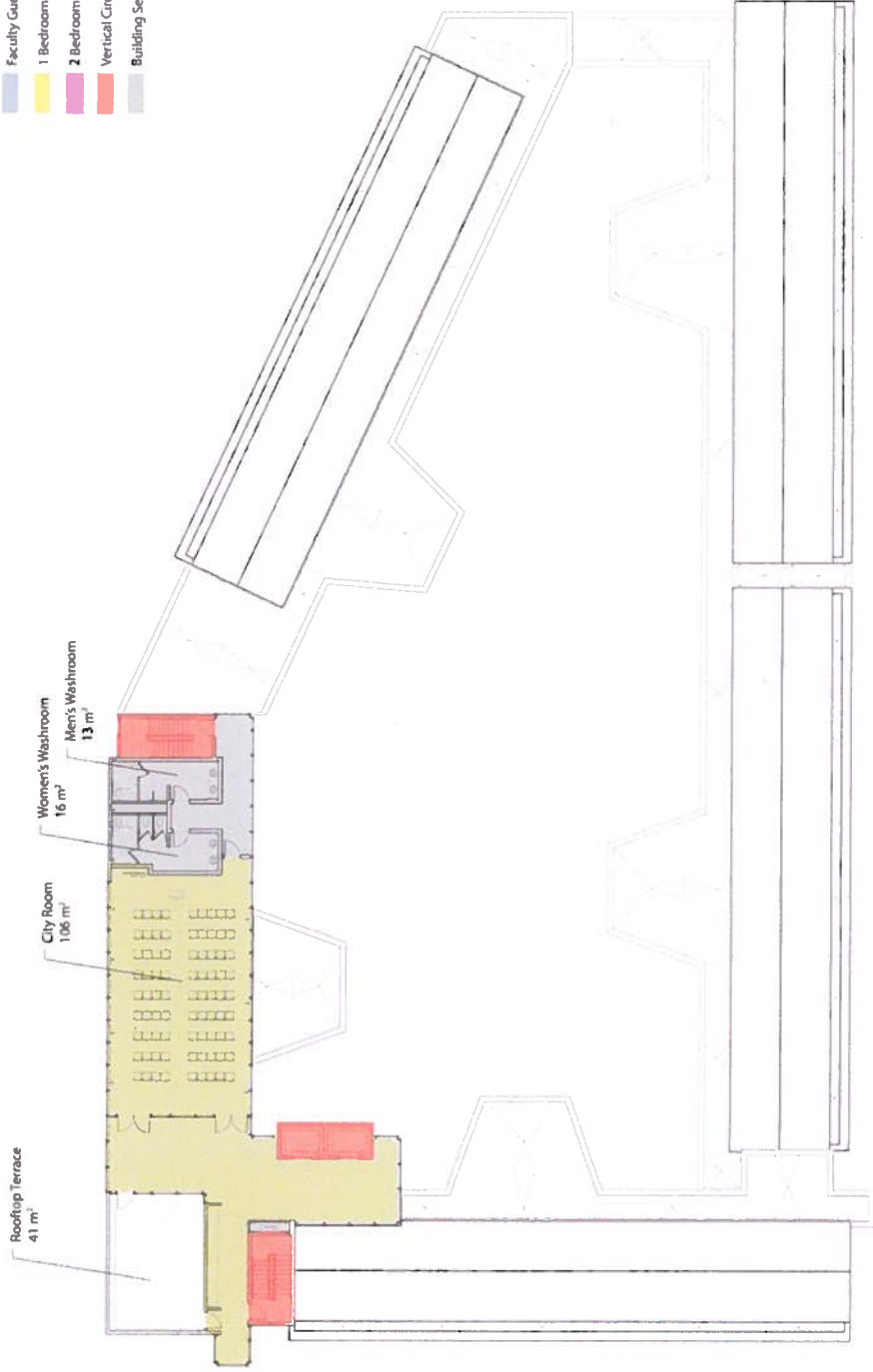


Functional Plan Level Four



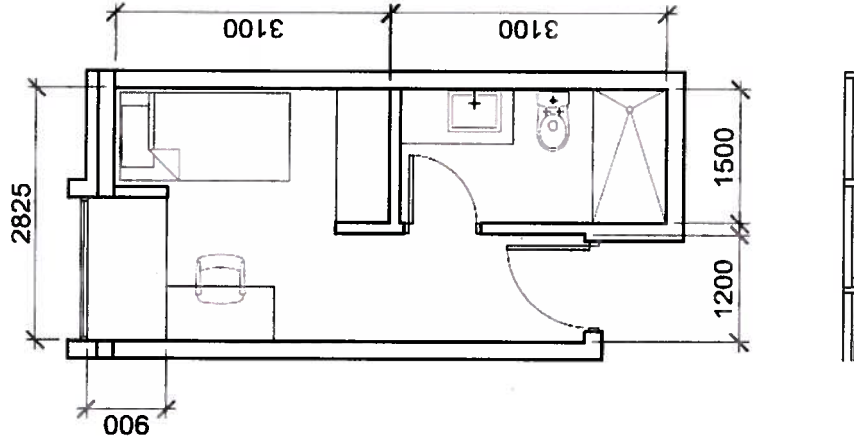
Functional Plan Level Five

- Building/Residence/Administration
- Program/Student Social/Amenity Space
- Faculty Guest Suites
- 1 Bedroom Suite
- 2 Bedroom Suite
- Vertical Circulation
- Building Services

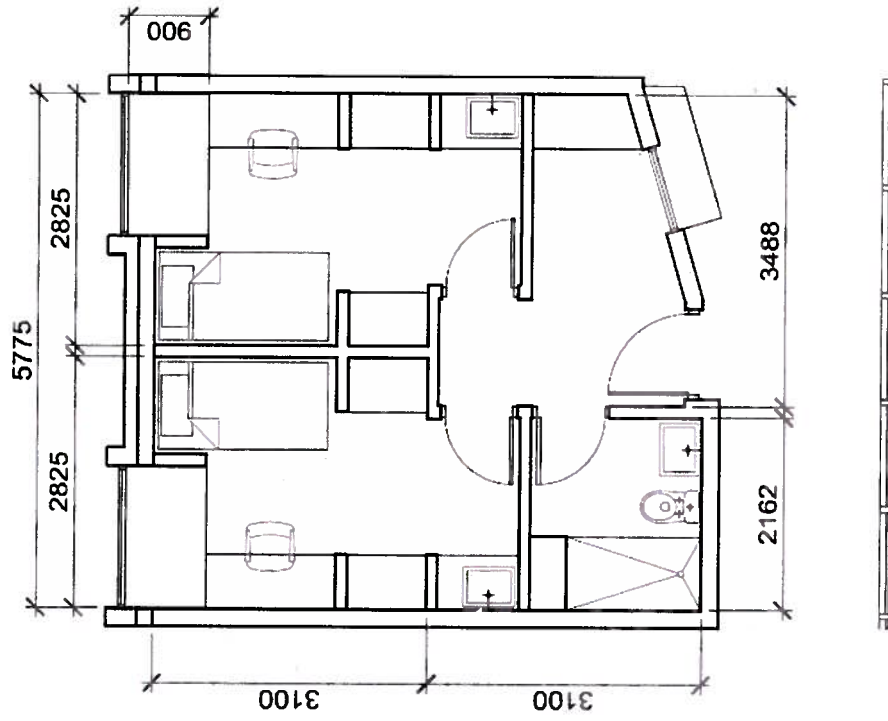


Functional Plan

Residence Units | One Bedroom



Functional Plan Residence Units | Two Bedroom



OUTLINE OF ISSUE

 Agenda Title: **Land Asset Strategy: Authorize and Approve the Establishment of a Land Trust**

Motion: THAT the Board Finance and Property Committee recommend to the Board of Governors, subject to the approval of the Minister under section 77 of the *Post-secondary Learning Act* and approval of the Lieutenant Governor in Council under section 80 of the *Financial Administration Act*, the authorization and approval of the incorporation of a subsidiary, a land development company, to act as the trustee of a Trust, to hold and develop certain university lands that may be transferred to it by the Board of Governors, subject to the terms and conditions of the Trust and the composition of the Trust Board and governance structure coming back to the Board of Governors for approval.

Item

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input type="checkbox"/> Information
Proposed by	Don Hickey, Vice-President (Facilities and Operations) and Phyllis Clark Vice-President (Finance and Administration)
Presenter	Don Hickey, Vice-President (Facilities and Operations)
Subject	Land asset strategy – establish a land trust

Details

Responsibility	Facilities and Operations
The Purpose of the Proposal is (please be specific)	<p>In March 2013 a Land Asset Management Advisory Committee was established, whose membership includes senior administration, the Chancellor, and former members of the Board of Governors with expertise in finance and land development. The mandate of the Advisory Committee was to consider and seek advice on the various options, risks and opportunities of dealing with its land assets.</p> <p>At the February 25, 2014 Board Finance and Property Committee (BFPC) meeting, senior administration brought a high level discussion paper, which considered three possible strategies by which land assets might financially benefit the institution. At that time, there was a commitment that a full business case would come forward for approval.</p> <p>After seeking legal, tax, and risk assessment, the completed Business Case highlights the proposed mandate and activities of the Trust, the Operating Principles and Governance.</p> <p>Administration seeks BFPC members' recommendation that this item proceed for approval to the June 20, 2014 Board of Governors meeting.</p>
The Impact of the Proposal is	Subject to Board of Governors' approval, the documents would proceed immediately to Innovation and Advanced Education (IAE) for approval and Order in Council to establish the Trust.
Replaces/Revises (eg, policies, resolutions)	
Timeline/Implementation Date	Depending on the Order in Council – Fall 2014 or Winter 2015
Estimated Cost	(2014-2015) \$200,000.00 and (2015-2019) \$500,000.00 each of 3 years
Sources of Funding	Internal funding
Notes	

Alignment/Compliance

<p>Alignment with Guiding Documents</p>	<p>Dare to Discover, Dare to Deliver, Comprehensive Institutional Plan, Long Range Development Plan 2002, Post-Secondary Learning Act (PSLA) 2003, Appendix XIX – South and North Campus LRDP amendments 2013, The President’s Change Agenda – Sustainable Financial Operations.</p>
<p>Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please <u>quote</u> legislation and include identifying section numbers)</p>	<p>Post-Secondary Learning Act (PSLA) – Section 77 states: “a board must obtain the approval of the Minister for an incorporation prior to seeking Lieutenant Governor in Council approval under the Financial Administration Act.”</p> <p>Financial Administration Act (FAA) Section 80 states: “No person shall incorporate a Provincial corporation or Crown controlled organization without the approval of the Lieutenant Governor in Council.”</p> <p>UAPPOL – Creation of a Legal Entity “The University’s participation in the creation of legal entity, it must undertake appropriate due diligence to ensure that it has an understanding of the legal, financial and other issues associated with its involvement in the legal entity”</p> <p>Board Finance and Property Committee Terms of Reference 3. Mandate of the Committee</p> <p>Except as provided in paragraph 4 and in the Board’s General Committee Terms of Reference, the Committee shall monitor, evaluate, advise and make decisions on behalf of the Board with respect to all strategic and significant financial and property matters and policies of the University. The Committee shall also consider any other matter delegated to the Committee by the Board.</p> <p>Without limiting the generality of the foregoing, the Committee shall: ... n) review and recommend to the Board policies regarding the acquisition, management, control and disposition of University buildings, land and equipment and regarding individual project proposals and the implications of these short and long-range capital plans to the strategic vision of the University</p>

Routing (Include meeting dates)

<p>Consultative Route (parties who have seen the proposal and in what capacity)</p>	<p>March 2013-May 2014 – Land Asset Management Advisory Task Force</p> <p>January 23, 2014 and May 8, 2014 – President’s Executive Committee – Strategic (PEC-S), February 13, 2014 and May 8, 2014, President’s Executive Committee – Operational (PEC-O), March 13, 2014 PEC O – Communications Workshop led by University Relations on leveraging assets</p> <p>June 20, 2013 – South Campus Long Range Development Plan (LRDP) Amendment, February 25, 2014 and North Campus LRDP Amendment – Board Finance and Property Committee</p>
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Item No. 7

	<p>2014 – Community Engagement report to the Board</p> <p>Faculty of Agricultural, Life and Environmental Sciences (ALES) – Dean and Chairs consultation November 2013 – March 2014</p> <p>May 21, 2014 – Deans’ Council and Community Consultation</p>
Approval Route (Governance) (including meeting dates)	<p>Board Finance and Property Committee (BFPC) – May 27, 2014 – for recommendation to the Board of Governors</p> <p>Board University Relations Committee (BURC) – May 30, 2014 – for information</p> <p>Board of Governors (BG) – June 20, 2014 – for approval</p>
Final Approver	Board of Governors (BG)

Attachments:

1. Attachment 1 – Business Case Briefing (3 pages)
2. Attachment 2 – Business Case (19 pages)
3. Attachment 3 – Land Inventory (2 pages)
4. Attachment 4 – Communication Strategy (5 pages)
5. Attachment 5 – Maps (3 pages)

Prepared by: Mary Paul, Senior Administrative Officer
Office of the Vice-President (F&O)
mpaul@ualberta.ca

Revised: 5/20/2014

Land Asset Management Strategy – establishing a land trust

Introduction

As the institution continues to pursue our goal of an internationally recognized teaching, learning and research public institution, we are faced with the challenge to continue to attract and retain the best students, faculty, and staff to support our vision. The institution needs to identify and implement new strategies to enhance revenue streams to offset reduced government investments to the institution.

The University of Alberta has been blessed with substantial land assets that have been, and continue to be, accumulated over the years through the original land grant, land donations and land purchases. Previous administrations have reviewed the opportunities to develop our land assets without success, likely for a combination of reasons, including the ability to finance land leases, levels of government funding, and the lack of long term analysis of the institution's land and financial needs.

We believe all indicators point to the appropriateness of proceeding at this time, subject to the approval of the Board of Governors and the Government of Alberta, to consider the various means by which our land assets can benefit the mission of the university.

The Initiative

A proven strategy for many post-secondary institutions throughout North America has been the development of institutional land assets. These institutions have been able to turn land assets into long term financial assets, generating a sustainable, long-term revenue source to support their core missions.

The Board of Governors has approved several Long Range Development Plans that have anticipated the future development of lands for academic and research use, as well as for general development.

Precedents

As stated previously, the institution has reviewed this option several times over the years without a commitment being made. Other institutions across North America, especially at the large land grant institutions, have embraced a land asset management strategy with excellent results.

Canadian universities have been active as well in this area, with several institutions actively engaged in leveraging their land assets for the benefit of the institution. These institutions include Guelph University and York University in the east, and University of British Columbia (UBC) and Simon Fraser University (SFU) in the west, and here in Alberta, both University of Calgary (U of C) and Keyano College have created real estate trusts to develop their lands.

All these trusts have been formed to carry on land development for the benefit of their institutions. These trusts operate completely independent of the institution and are able to borrow money against lands that have been leased from the institution to cover their operating and development costs.

Land asset strategies:

Land Asset Management Presentation

Through the development of the Business Case, the Land Asset Management Advisory Committee (LAMC) considered the following options:

- 1) Status Quo – LAMC recognized that the very existence of our Long Range Development Plans (LRDPs) for our various campuses indicates that the institution has already notionally agreed to the leveraging of some of our land assets.
- 2) Sell or lease designated lands – LAMC considered the risks and opportunities of selling or leasing the designated lands, without partaking in any development activity, and reinvesting proceeds into a financial vehicle, to optimize returns in accordance with our investment policies.
- 3) Develop through a subsidiary trust vehicle – LAMC considered the expertise required to develop the institution's lands, and the implications of doing so. The option to lease designated land assets to private parties for development, with or without trust participation, and invest realized profits into appropriate investment vehicles in accordance with our investment policies is attractive for a number of reasons.

Key Aspects of a Land Trust

A trust agreement creates the trust, establishes its reason for being, the powers, and the obligations of the trustee. The trustee of the trust becomes responsible for making all decisions on behalf of the trust, and owes a fiduciary duty to act exclusively in the best interests of the beneficiary.

The Issues

There are several items that are as relevant today as they were 30 years ago when we first started looking at a strategy to deal with our land assets. One of the most compelling aspects is the downward trend in base operating grants to post-secondary institution, the volatility of interest rates, increasingly competitive nature for the best and the brightest faculty and students, socio-economic pressures impacting policy changes on tuition and fees and public engagement, not to mention the speed of change in technology and sophistication of building systems, online learning tools, and research lab requirements.

Current and projected academic and research use of lands, as well as financial needs, must be taken into consideration as we move forward. Many things have changed since the development of our initial LRDP back in 2002 that will impact our ability to meet the future needs of our faculties, either within Edmonton or on our outlying lands across Alberta. Continued development of Sector 12 on our South Campus for shared use, the loss of our long term lease of the Ellerslie lands in 2011, research growth within the Faculty of Agricultural Life and Environmental Sciences (ALES), land acquisitions in St. Albert and at the Devonian Botanic Garden, all must be taken into account, as well as identifying the best location of our land holdings going into the future.

The university regularly attracts interest from potential partners who desire to leverage the academic and research expertise, not to mention the attractive location of our land holdings in the City.

The role of the public in our planning processes, indeed all public sector planning, has increased significantly and will likely continue. Many years ago, Board member Sandy Mactaggart stated that "the university will be held to a higher standard than private sector developers", which is even truer today than it was thirty years ago.

The role of the City must also be confirmed given the Post-secondary Learning Act (PSLA) and our exemptions from the municipal planning processes. Although we have always consulted with the City, we were not bound by their comments. The possible creation of a real estate property trust may change this relationship. The status of our LRDPs may be subject to further consultation and review. These issues are being reviewed by legal counsel and will be part of future discussions with the City.

The status of our existing LRDP and the future alignment of the trust's development mandate to these LRDPs must be confirmed. Commercial land development will likely have to be exempted from our LRDPs in the future and rezoned.

Next Steps

In the event the Board approves the establishment of the trust, our work will just be starting, as we first create the trust and its mandate, seek necessary government approvals and Orders in Council allowing the institution to lease the land to the trust, and then to allow the trust to enter into lease agreements with third parties.

Once the trust is established then there will be a need to nominate board members and its chair, and recruit trust staff, including its CEO. Their work will then start in earnest.

University of Alberta

Land Trust
Business Case

**Prepared for the Purpose of Briefing University Officials by
Facilities and Operations
Vice President (Facilities and Operations) with
Vice President (Finance and Administration)
May 16, 2014**

Table of Contents

Executive Summary	4
Background	5
Issue/Opportunity	5
Current Situation.....	6
Project Description.....	7
Goal and Objectives	8
Scope	8
Business Case Process.....	8
Outcomes and Schedule.....	9
Stakeholders/Constituents	9
Strategic Alignment.....	11
Business and Operational Impact.....	12
Defining the Trust Entity.....	12
Rationale for Establishing the Trustee and the Trust.....	12
Operating Principles	13
Governance	13
Impacts.....	14
Risk Assessment.....	15
Identification of Risks.....	15
Risks Transferred.....	16
Risks of Not Proceeding (Status Quo)	16
Cost/Benefit Analysis.....	16
Start-up Costs	17
Financial Model.....	17
Financial Impact to the University of Alberta	17
Recommendations and Implementation	18
Implementation Approach	18
Consultation Plan and Communications Strategy.....	18
Review and Approval Process.....	18
Individual/Committee and Timeline.....	18
Business Case Sign Off.....	19
Appendices	20

Executive Summary

The University of Alberta is seeking to incorporate a land trust that will develop lands in a manner that is complimentary to the long term vision for the University, the province, and the City of Edmonton. The profits of the trust are intended to provide on-going revenues for the institution as well as support the city and the province in advancing Alberta's economic agenda. For the formation of the land trust and the transfer of lands, Ministerial approval is required under sections 67 and 77 of the *Post-secondary Learning Act* and an Order in Council is required under section 80 of the *Financial Administration Act*. At this point in time the University is only seeking approval to establish the land trust. Further consideration will be given before approval is sought to transfer land assets to the trust.

Under the Income Tax Act, the university must ensure that they only conduct "related business". Therefore, the most viable alternative is the incorporation of a land trust that can generate revenue from the land in a manner that is consistent with the institution's mandate while not detracting from its core business of academic and research priorities.

In order to ensure the land trust is set up in a way that minimizes risk for the institution while maximizing the opportunity of monetizing land assets, the university has sought legal counsel, tax advice and completed a risk assessment. In addition, a basic preliminary cost-benefit analysis has been completed. Further work will be done on the financial model as the project advances.

Finally, the University is developing a governance model suitable for a land trust. The governance model will be based on the principles contained in the *Public Agencies Governance Act* and known best practices of governance. The governance will focus on expert knowledge and with strong fiduciary competencies.

This business case attempts to capture the work done to date and provides a context for the Board of Governors of the University of Alberta to make an informed decision as to whether proceeding with the land trust is in the best interest of the institution. Further work will continue on all components of the land trust formation based on the decision. It will be essential to keep the Board, the President and Executive, and the Government of Alberta informed as work on the land trust continues. Expert advice is being sought from the Land Asset Management Advisory Task Force during this process.

This land trust provides an outstanding opportunity for the university to advance its entrepreneurial opportunities, enhance future sustainability and work closely with the City of Edmonton. The foundational principles that will guide this project will include:

- Making optimal use of the university's resources;
- Supporting the university's mandate and goal of becoming one of the world's top public educational institutions;
- Enhancing and building upon the existing sustainability and resource stewardship philosophy of the University of Alberta;
- Promoting opportunities for future urban design innovations;

Background

The Board of Governors of the University of Alberta has the opportunity to establish a land trust for the development or lease of university lands. Timing is critical for the University to proceed. With the current fiscal climate, strong leadership at the institution and in the Government of Alberta, and the significant land asset located in the middle of the City, it would be a lost opportunity to not leverage the asset in the best way for the University. This document provides a risk assessment and full description of this opportunity and implications of creating a land trust.

Issue/Opportunity

The University of Alberta currently owns over 26,000 acres of land in Alberta (see Appendix 1 Land Inventory). These lands have been acquired through the crown, purchased, or donated. Use of the lands has been predominantly guided by the long-range development plan (LRDP) first approved by the Board of Governors in 2002 and amended in 2013. Based on the LRDP the lands can be classified into three categories:

- Lands used primarily for academic and research purposes
- Lands used primarily for research purposes
- Lands not needed for the core purposes of the institution; namely teaching and research

For example, based on the existing South Campus LRDP amendment, at this time the part of South Campus typically referred to as the West 240 consists of lands being considered for development by the institution. In addition, other parcels of all of the campuses owned by the university may be appropriate to move into the new governance model that could be provided by the establishment of a land trust. The decisions regarding which lands will be moved to the trust will be guided by the potential to maximize the benefits of those lands in conjunction with the strategic needs of the institution.

The University of Alberta has examined the opportunity of how to best leverage portions of its lands over the last 30 years. In addition, significant effort has been directed to creating a land asset management strategy for the university. Considering the current fiscal environment, existing strong leadership in government and the University of Alberta, and the urban land opportunities that exist, it appears to be an opportune time to initiate action on the land asset strategy. Establishing a land trust of which the University of Alberta is the main benefactor may result in a stable income source for the university for several generations and can create the opportunity for developers with real estate expertise to focus on how to best develop the lands. This relationship would not detract the University from its core mandate of teaching and research. However, it would provide a financial benefit in the future for the institution and the city. The impact to the surrounding communities could be seen as both beneficial and possibly worrisome. The first step in the process would be to establish the land trust. Following that there would be several steps to make this a successful venture including detailed cost/benefit analysis, determination of which lands could be optimized through transfer to a land trust, ongoing risk assessments and issues management.

Current Situation

Other post-secondary institutions in Canada have created land trusts. Most notably, University of British Columbia (UBC) and Simon Fraser University (SFU) have established land trusts that have proven to be successful. In response to evolving mandates, growing competition, and the internationalization of education, these two western universities have created Campus Town developments. For example, SFU developed “UniverCity”, a sustainable urban community for approximately 10,000 people located on Burnaby Mountain. It is a dense, mixed-use community on approximately 165 acres of land surrounding the SFU campus. It allows for up to 4,536 residential units in two distinct neighbourhoods to the south and east of SFU’s campus, each with its own elementary school and neighbourhood park.

A similar development at UBC called “University Town” is realizing its vision through the construction of a complete community where residents can live, work, play and study. The vision involves opportunities such as providing family housing options, creating a compact community, and showing leadership in sustainable development.

Both SFU and UBC have formed land trusts that are responsible for land development. The land trusts are able to borrow against the land value. These arrangements allow for the land trusts to finance the initial administrative development costs required prior to generating a revenue stream. Net revenues generated by each of the UBC Properties Trust and Simon Fraser’s University Community Trust from real estate activity are directed back to its respective university for endowment purposes. The annual distribution provided from the principal endowment is used to further the goals and mission of the university into perpetuity.

In Alberta, University of Calgary (UC), Olds College (OC) and Keyano College (KC) have all set up subsidiary organizations. UC has a separate legal entity for the real estate development of the 185 acre West Campus lands. Funds resulting from this will be directed to a trust that supports the University’s academic plan, student recruitment and student retention. Olds College has a more unique subsidiary in partnership with a private hotel company. The development of a hotel was completed on Olds College lands by a Board of Trustees with membership from the college, the private company and the community. How the funds will be utilized by Olds College is still to be determined. Keyano College Land Trust Corporation leads the development of the trust lands on the Saline Creek Plateau, a future residential development. Work continues to progress on this land development opportunity.

The University of Alberta has been investigating options for land management strategies for about 30 years. With the recent changes in provincial revenues, restrictions on tuition, slow growth in investments and continuing increasing costs to operate a quality, internationally renowned institution it has become an opportune time for the university to move forward with a strategy to leverage the full potential of its lands. The university is strategically focused on its core responsibilities, namely, how to continue to expand its reputation as a quality teaching and research institution. Allowing a land trust to focus on leveraging a long-term asset to help support the institution in the future will contribute to the quality of the institution through a stable funding source.

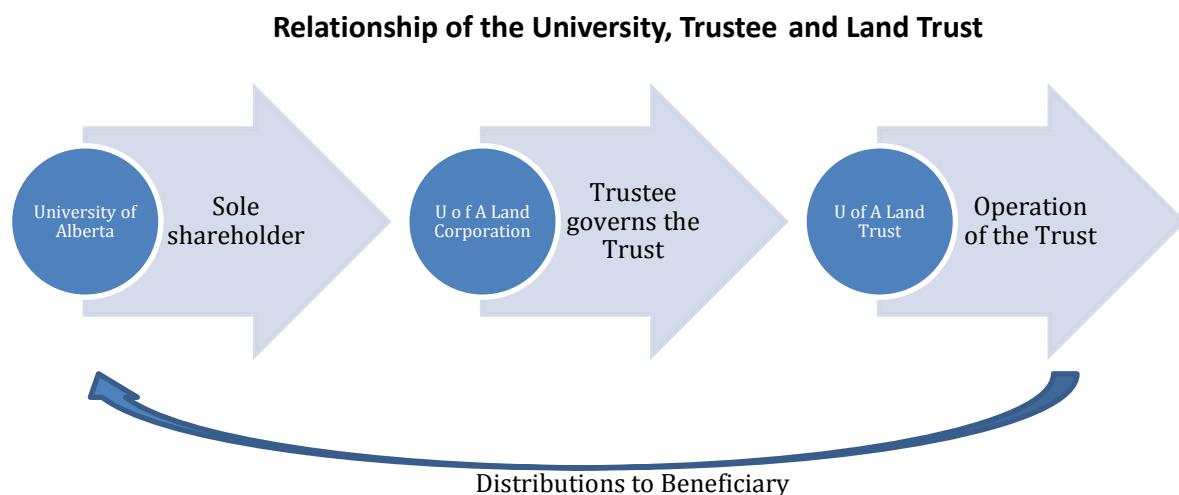
Project Description

The first phase of this project will involve completing the planning and approval steps to establish a land trust. The second phase will involve the actual creation of the land trust. This project will require internal and external resources during both phases

A third phase of the project will involve determining which lands will be transferred to the trust and in what order.

The development of a land trust involves establishing an organization by agreement, rather than by statute as is done with corporations. The agreement establishes the objective of the entity and the powers and obligation of the trustee. The trustee is responsible for making all decisions on behalf of the land trust and has fiduciary duty to act exclusively in the best interests of the land trust and its beneficiaries.

For the university land trust, the university would own 100% of the shares of the corporate trustee. As sole shareholder, the university would have the power to elect and replace the board of directors of the corporate trustee. The trustee, through its board, would be responsible to make decisions and operate the land trust. As the beneficiary of the land trust, the university would benefit from the trustee being tasked to make the best decisions possible in the interest of the land trust's beneficiary, the university.



With the use of a separate legal entity, namely, the land trust, there is limited liability to the university in the course of development activities carried on by the land trust. In order to protect the university's charitable status and meet Canada Revenue Agency's requirements, a clear, arm's length governance structure with specific objectives and a mandate that allows appropriate flexibility is needed. In order to request approval from the Government of Alberta a complete business case including the purpose of the trust is required. Before

any lands are transferred to the trust additional business considerations must be completed and full descriptions submitted to the Board and Minister for approval.

The leads for the project will be the VP Facilities and Operations and the VP Finance and Administration with some guidance from the Land Asset Management Advisory Task Force.

Goal and Objectives

The goal of the project is to establish a land trust that optimizes monetization of lands not required for academic or research purposes of the university. The trust should be established by 2015 so that the trust can begin planning the best options for land development. The primary objective is for the University of Alberta to be the beneficiary of a trust that can support its core mandate of teaching, learning and research.

Scope

This phase of the project will involve the planning, approval and development of the land trust and board membership including governance and accountability. Determining which lands may be transferred will occur as part of a future comprehensive project. The project does not include the land development planning and operations of the land trust as those are the purview of the trustee.

Business Case Process

This business case has been prepared by the VP Facilities and Operations in conjunction with the VP Finance and Administration. Information and advice has been obtained from U of C, UBC, SFU, Olds College, Keyano College, the Land Asset Management Advisory Task Force and department staff of Innovation and Advanced Education.

The Land Asset Management Advisory Task Force is comprised of Don Hickey, Chair and VP (Facilities and Operations); Phyllis Clark, VP (Finance and Administration); Debra Pozega-Osborne, VP (University Relations); Ralph Young, Board of Governors; and, Gordon Clanachan, Jerry Naqvi and Marc de la Bruyère as public members. This Task Force has been mandated to assess and mitigate the risks to the university in utilizing the lands, advise on opportunities and risks to the university's charitable status, advise on matters relating to the management and control of the lands, review existing post-secondary trust arrangements, advise on which land holdings could be available for disposition and consider other matters as needed.

As a result of their deliberations, the Land Asset Management Advisory Task Force remains positive that the establishment of a land trust is a viable and appropriate mechanism for the university.

The business case has been reviewed by all related internal committees including the Board University Relations Committee (BURC), Board Finance and Property (BFPC) prior to seeking approval of the Board of Governors.

Outcomes and Schedule

While further details on a schedule will be necessary to complete a project of this magnitude the key milestones to establish a land trust are outlined below.

Table 1 – Review and Approval Schedule

Date	Milestone	Deliverable/Purpose
February 2014	<ul style="list-style-type: none"> Preliminary discussions at President’s Executive Committee-Strategic (PEC-S) and President’s Executive Committee-Operations (PEC-O) High level briefing at BURC, Audit Committee and Board Finance and Property Committee (BFPC) 	Briefing that explains the opportunity and process to be followed
March 2014	High level briefing with Board of Governors	Briefing that explains the opportunity and process to be followed
May 2014	<ul style="list-style-type: none"> Presentation to Dean’s Council. South Campus Community Consultation – high level by VP for their information. Recommendation for approval by PEC-O, PEC-S Review by BURC and recommendation for approval by BFPC to Board 	Business case represents the scope of the project
June 2014	Final review and approval of Board of Governors	Direction is clear and timelines determined
Fall 2014	Documents provided to IAE for approval and Orders in Council establishing the trust	Government approval processes in initiated
June 2014	Communication to stakeholders and communities	Raise awareness and understanding
Winter 2014	Establishment of the Land Trust	Project completion

Stakeholders/Constituents

The establishment of a land trust will involve communication with a full range of stakeholders and constituents. Three primary types of communication will be necessary:

- Approval discussions
- Consultation for the purpose of obtaining information and feedback
- Information sharing to maintain relationships and provide transparency on the purpose and process

The following chart is a quick reference for the breadth and depth of communication, the constituents, the primary phases during which communications will have to occur and the types of communication that may be necessary. It is important to understand detailed communication plans will be developed for each of these stakeholder and constituent groups and throughout each of the phases.

Table 2 – Stakeholder and Constituent Communications

Stakeholder/Constituent	Phases			
	Planning	Approval	Establishment	Operation
Board of Governors				
President/Administration				
Dean’s Council				
Faculties				
Senate				
Alumni				
Land Asset Management Advisory Task Force				
City of Edmonton				
Government of Alberta				
IAE				
MLAs				
Other (AI, AH,)				
Research Organizations				
Community Neighbors				
Campus Alberta				

Legend:

	Consultation (input sought and information shared)
	Information Awareness
	Approval Required
	Updates and Relationship Maintenance

Strategic Alignment

The long term support of the University's vision and mission is the primary consideration for the development of a land trust. Being a fiscally prudent institution requires leveraging its assets in support of the institution's vision:

To inspire the human spirit through outstanding achievements in learning, discovery, and citizenship in a creative community, building one of the world's great universities for the public good.

While the revenue from the land trust will support all of the cornerstones that anchor the vision, the land trust can specifically support a transformative organization cornerstone by:

- Enhancing and building upon the existing sustainability and resource stewardship philosophy of the university; and,
- Helping to secure resources to provide the best education for our students, to support world-class research and creative activity and its dissemination and translation, and to foster citizenship.

The university is embarking on several initiatives that support the continual evolution necessary in a world of dramatic and continuous change. This initiative provides a new mechanism for the institution to interact with the community, support community growth and provide long term funds for the institution.

The institution's LRDPs have carefully considered the land, space and facility needs of the institution. Every effort has been made to reasonably forecast future growth and the required associated land needs. The LRDPs attempt to project the future facilities and land that will be needed to support a quality institution, considering the evolution of student learning and teaching modes, new ways of scheduling classes, population demographics and the changing labour force demands. Based on the plans it is apparent there is land that could be leveraged for other purposes including monetizing the asset in way that may be outside the LRDPs.

The guiding objectives for the development will continue to evolve. Using the West 240 as an example only and 2014 land values, the options include:

- Selling or leasing the land in a single transaction which is estimated to potentially equate to approximately \$80,000,000 profit depending on the then current real estate market conditions;
- Developing the land into smaller developable parcels that could be leased/sold to 3rd parties that could equate approximately \$100,000,000.

Further analysis of these opportunities will be completed to ascertain the best approach for the university and the land trust.

Business and Operational Impact

Defining the Trust Entity

In order for the development of the trust lands to proceed and preserve the status of the University as a charitable organization, and to provide for a minimum of risk to the University itself, it is proposed that the University establish the U of A Land Trust (the “Trust”) by way of a trust deed. The Trust will require a trustee and accordingly the University proposes to establish the U of A Land Corporation (the “Trustee”) which will serve as the trustee for the Trust. The University will be a beneficiary of the Trust. The University will also be the sole shareholder of all of the shares of the Trustee. The next section of the business case identifies the advantages to this proposed structure.

Rationale for Establishing the Trustee and the Trust

Having obtained legal advice from Field LLP and tax advice from KPMG, the proposed structure was chosen to comply with the provisions of the *Income Tax Act* (Canada) regarding the activities appropriate for registered charities. In particular, charitable organizations such as the University may not maintain their registered charity status while conducting a business that is not a “related business” of the charitable organization. In addition, a charitable organization must devote all of its resources (financial, property, personnel etc.) to charitable activities carried on by the organization. Currently, many of the developed lands belonging to the university are linked to some aspects of the University’s mandate, strategic plan and vision, and business activities. Other lands that in the future will hold activities that are intended to be for profit, for example the development of residential condominiums, may not fall within the “related business” exemption, and may be seen to constitute use of University resources for other than charitable purposes. To protect the University from jeopardizing its charitable organization status, the use of the Trust to conduct these business activities will provide adequate separation for the University.

Generally, a trust is a legal relationship created by an agreement, rather than by a statute. A trust is created by a settlor who transfers property to a trustee in order to create the trust. The trustee is analogous to a board of directors of a corporation, in the sense that the trustee is the “mind” of the trust.

The agreement creating the trust establishes many of the same things that Articles of Incorporation establish for a corporation such as its reason for being and the powers and obligations of the trustee. In legal terms, the trustee of a trust is responsible for making all decisions on behalf of the trust and owes a fiduciary duty to act exclusively in the best interests of the trust and the beneficiary. The trustee is compelled to hold and control the trust property for the beneficiary in a manner such that the benefits accrue to the beneficiaries, and not to the trustees.

The use of a separate entity to carry out the trust development activities allows for a certain amount of limited liability protection for the University in the course of the development. Any problems with the development, damage or injury caused by the buildings erected, or

other development hazards could cause financial loss to the University if the development were to be carried out by the University itself. Isolating the development activities in a separate legal entity such as a trust protects the University from such claims. Part of this isolation means the University does not become involved in the day-to-day activities of the trust.

Proposed Purpose of the Trust

The purpose of the trust is to acquire, develop, and manage land and or facilities in support of the University's strategic direction. The Trust will be developed in accordance with the University's "Creation of a Legal Entity Process".

Proposed Activities of the Trust

Activities of the trust may include but not be limited to holding any long-term ground leases granted by the University and seeking subdivision, development and building approvals for the relevant portions of the trust lands. Additionally the trust may provide ongoing management of the improvements as applicable, dispose of land not included in the long-term ground lease, manage projects as deemed appropriate by the trustee and operating the business to maximize appropriate returns on investments. The profits obtained would either be used to fund further phases of development, or be distributed to the University as beneficiary of the trust. In addition, the trust could enter into other opportunities consistent with its objectives and for the purpose of further supporting the university.

Exactly how the trust would utilize and manage the return on investment of the land would be based on the opportunities and risks that are apparent.

Operating Principles

The operating principles will be formed through the trust establishment process. Essentially they will parallel the principles of the University while allowing the flexibility required for an arms-length organization to be successful. Profits of the trust will either be reinvested in the activities of the trust or allocated to the university in support of future university initiatives.

Governance

Keeping in line with public agency standards the following is a general description of the governance structure. As the sole shareholder, the Board of Governors shall appoint the initial Board of the Corporate Trustee. The Board of the Corporate Trustee is not to exceed 11 members. In order to maximize the effectiveness of the Trust, the board will primarily consist of experts in land and real estate development. Additionally, some representation from the Board of Governors of the University will help keep alignment between the strategic direction of the institution and the corporate trustee. Using the effective model employed by UBC as a guide, up to eight members should have significant property expertise and not more than three members should be representative of the Board of

Governors for the University of Alberta. The exact determination of the numbers and types of members will be finalized as the trustee governance is fully developed.

The board members of the Corporate Trustee will be appointed by the University of Alberta, Board of Governors, for up to two terms, not to exceed 10 years of total service. The selection process will be based on competencies of the individuals and the full complement of skills required for a fully functional board. Replacement, removal, and termination details will be developed in the trustee’s policy manual to be developed as the board is formed.

The members of the Board of the Corporate Trustee will be volunteers and will not receive an honorarium or any other compensation for their services. The board members of the Corporate Trustee will be reimbursed for out-of-pocket expenses related to their attendance and participation in scheduled meetings.

The Trustee will be required to establish appropriate committees. However, it will be strongly recommended they have a compensation committee and an audit committee at a minimum. Whistleblower and conflict of interest policies and procedures will be part of the Trustees’ responsibilities. The Trust, through the Trustee, would report periodically to the Board of Governors.

Impacts

The intention of the University is to use the trust for the long term benefit of the institution. Like any change, there may be a period of transition that can cause concern and anxieties with different constituent groups. However, through the communication and consultation processes it is expected that clear information will be available and steps will be taken to mitigate concerns where appropriate.

The following chart provides a high level overview of internal impacts for university constituent groups.

Table 3 - Impacts

Constituent Group	Impacts	Potential Mitigations	Impact to the University
ALES – greatest impact	<ul style="list-style-type: none"> Loss of Crop Land Loss of near-facility forage for dairy herd Relocation of seed breeding crop research 	<ul style="list-style-type: none"> Adjust use of St. Albert, Mattheis and Kinsella lands Explore options for economical forage for dairy herd Joint letter recognizing the institution’s need to develop lands has been signed by ALES and F&O 	<ul style="list-style-type: none"> Scheduling adjustments to allow for farther travel New costs for travel and forage One-time costs for development on St. Albert and other lands
Students	<ul style="list-style-type: none"> ALES students may have to travel more 	<ul style="list-style-type: none"> Explore transportation options 	<ul style="list-style-type: none"> Some potential schedule adjustments

	<ul style="list-style-type: none"> • Institution more financially stable 	<ul style="list-style-type: none"> • Maintain access as a priority 	
Operations	<ul style="list-style-type: none"> • Reduced land to maintain • New relationship with trust 	<ul style="list-style-type: none"> • Internal relationships to the Trust clarified 	<ul style="list-style-type: none"> • Increased revenues
Community Groups	<ul style="list-style-type: none"> • Land development occurring where they may not have anticipated it 	<ul style="list-style-type: none"> • Clear communication with community groups 	<ul style="list-style-type: none"> • Community satisfaction levels may impact new projects on campus
City of Edmonton	<ul style="list-style-type: none"> • New development lands in a prime area • Increased service requirements • Increased taxation options 	<ul style="list-style-type: none"> • Continue strong relationship with City 	<ul style="list-style-type: none"> • Continue appropriate resourcing of areas responsible for relationship with City

Risk Assessment

Identification of Risks

Development of a land trust is a long term project that carries some risk. Identifying the severity of these risks helps in the development of mitigation strategies. The following table highlights the main project risks the trust entity may encounter:

Table 4 - Project Risks

	Who Assumes Risk	Low Impact	Medium Impact	High Impact	Mitigation Strategies
High Probability					
Phasing Challenges -achieving the desired blending of mix – land use	Trust				Monitor market conditions and timing of release of the development parcels.
Medium Probability					
Provincial approval of Land Lease/sale from University of Alberta to Trust	University of Alberta				Working with appropriate departments to achieve Ministerial approval & Order In Council.
Construction Risks -Higher costs at tender stage -Inflation -Construction delays	Developer				Developer to mitigate/ offset higher costs. Include penalties in contracts for delays and defaults

-Default of Subcontractors					
Low Probability					
Adjacent Community Opposition	Trust & University				Open communication with adjacent community
Market Conditions	Trust				Monitor economic forecast
Lease Payment Default	Trust				Non-refundable deposits with right to foreclose

Risks Transferred

The development of the land will be at the cost and risk of private sector developers. By using the services of private developers, the Trust will transfer much, if not all, of the related building construction risk to the private sector where they are better able to manage them.

Risks of Not Proceeding (Status Quo)

Some of the more serious implications of maintaining the status quo are the lost opportunities for the University of Alberta to further its academic mandate:

Residential and Commercial Development on South Campus Stagnates

- Lost opportunity to create new economic development in the center of Edmonton.

Value of land is not realized

- The university's investment in the trust lands is not maximized to the benefit of the university, the city, and the province.

Advancing the Institution's Academic Mandate

- Institution unable to gain the global recognition that is part of its strategic direction due to decreasing revenues.

Housing

- Lack of housing near campus - large part of the campus community commutes greater distances over time
- Graduate Students: Unable to attract or retain due to housing shortages
- Teaching Profession: Difficult to retain or attract with no new modern residential development close to campus.

Cost/Benefit Analysis

Creation of the Trust does not create cost risks for the University. Initiating this phase of the project and allowing further careful determination of which lands can best be optimized and in what order by transfer to the Trust should maximize the benefits for the institution.

The University selling portions of the trust lands leads to one-time revenue with little if any risk attached. While this option has the lowest risk, it is not generally the University's intention to sell the lands in order to generate revenue for the core purpose of the institution. Leasing portions of the trust lands can provide on-going revenue. The trust lands lease model provides an innovative approach to land development. It is based on a unique public-private development model that balances financial risk and return with clearly defined roles and responsibilities. At this stage, only a rough order of magnitude of conceptual cost estimates has been prepared to assess the economic feasibility of the development. Detailed project costs and financing options will be prepared as part of a comprehensive implementation strategy and these will be refined as the land is planned and developed.

At this time it is also the intention of the University to have the lands developed in ways that represent the intent of the LRDPs as amended from time to time. It should be expected though that further work is needed on the details and opportunities for the developments after the trust is established. It will be prudent for the institution and the Trust to be thoughtful about use of the lands moving forward.

Start-up Costs

The proposed Trustee is a start-up company that requires financing for the initial investment. Start-up costs include staffing, furniture and equipment, supplies, consulting fees, road and infrastructure and will require borrowing from the markets or perhaps arm's length borrowing from the university.

Financial Model

The numbers provided in the analysis below are for illustrative purposes and potential examples only. The overall financial estimates, obtained from independent third parties, project the West 240 undeveloped land value could result in approximately \$80 million in revenues. Completing a residential development that adhered to the LRDP could result in upwards of \$100 million while a typical city approved development could yield a greater profit. Detailed analysis by the trust would be needed to determine the full range of costs and opportunities for revenue in current market projections. There are additional opportunities that could be identified through monetizing other land holdings of the institution.

Financial Impact to the University of Alberta

While there will be a positive financial impact to the University of Alberta, this will only be realized over the life of the project and not necessarily on a year to year basis. Even with the general numbers provided by third parties it is clear that this is a financially sound and viable development project. The analysis also demonstrates that land development is patient money that is realized over time.

Recommendations and Implementation

It is recommended the Board approve the development of a Trust and Trustee to maximize the monetary value of lands not seen to be needed for academic and research purposes in the foreseeable future and to further determine ways in which the Trust can support the institution.

Implementation Approach

In order to form the trust a project team will be formed. Oversight of the project will be the responsibility of the VP Facilities and Operations in conjunction with the VP Finance and Administration. Guidance will be sought from the Land Asset management Advisory Task Force. Internal resources will be needed from units within the responsibility of the project leads as well as from the VP University Relations. The project team is in place and ready to commence the project upon approval of the Board. That will facilitate moving forward upon final approval of the Minister. Quarterly reporting will be provided through all the committees involved in the review and approval process.

The exact time line for full implementation of the Trust will be contingent on Ministerial approval. It is anticipated approval could be received in this calendar year.

Consultation Plan and Communications Strategy

The business case will be supported with a comprehensive communication strategy that outlines key messages, communication milestones and rationale for each phase of the project. Communication with stakeholders will be essential to minimize risks and maximize support for this opportunity. The high level strategy is appended (see Appendix 2).


Review and Approval Process

Individual/Committee and Timeline

The following review and approval mechanisms will be utilized.

Date	Review or Approval
May 2014	Final review and agreement by PEC-O, PEC-S, and BFPC
June 2014	Final review and approval of Board of Governors
Fall 2014	Documents provided to IAE for approval and Orders in Council establishing the trust
Winter 2014	Establishment of the Land Trust

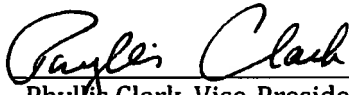
Business Case Sign Off



Don Hickey, Vice-President (Facilities and
Operations)

MAY 13, 2014

Date



Phyllis Clark, Vice-President (Finance and
Administration)

May 14, 2014

Date

Appendices

1. Land Inventory
2. Communications Brief: UofA Land Trust

University of Alberta - Land Inventory

Summary of Land Owned and Leased:	Acres	Hectares
Owned	26,262.18	10,628.31
Leased	<u>50,313.95</u>	<u>20,362.06</u>
Total	76,576.13	30,990.36

Land Owned Within Edmonton			
Belcourt-Brosseau House	0.10	0.04	
Campus Saint-Jean	15.36	6.22	
College Plaza	3.65	1.48	
Connaught House	0.17	0.07	
Enterprise Square	2.21	0.89	
Federal Archives Building	3.09	1.25	Purchased property in April 2013
Mactaggart Sanctuary	269.35	109.01	Leased to the City of Edmonton. Expires in 2092
Mactaggart - Badger Land (adjacent to Mactaggart Sanctuary)	3.66	1.48	
Mactaggart - Residence Land	14.51	5.87	
MEANU (Acoustics Lab)	4.30	1.74	
Michener Park	42.10	17.04	
U of A North Campus	228.99	92.67	Dec.31, 2013 - the addition of 1.16 ac./0.47 ha. of SJC's lands to North Campus to facilitate the U of A's construction of the SJC Women's Residence
U of A South Campus (includes West 240)	<u>601.34</u>	<u>243.36</u>	
	1,188.83	481.12	

Land Owned Outside Edmonton			
Augustana Campus	45.00	18.21	
Augustana Land Bank (aka Bethany Lands)	1.73	0.70	
Bamfield Marine Science Centre (B.C.)*	185.32	75.00	
Breton Plots	24.26	9.82	
Danard Lake	6.24	2.53	
Devonian Botanic Garden	235.40	95.27	Mar. 21, 2014 - F. Plaunt donated 50.0 ac./20.24 ha. of land with a house to the U of A for addition to the Devonian Botanic Garden
EMEND Project (Dixonville)	159.18	64.42	
George Lake Research Site	6.15	2.49	
Husfloen Centre (Camrose)	6.70	2.71	
Kinsella Research Ranch	11,077.00	4,482.86	
Meeting Creek (County of Camrose)	1.43	0.58	
Rangelands Research Institute - Mattheis Ranch	12,313.01	4,983.08	
Ronning House (Camrose)	0.12	0.05	
Seismological Observatory	78.22	31.66	
St. Albert Research Station	777.13	314.50	
Woodbend Forest	<u>156.46</u>	<u>63.32</u>	
	25,073.35	10,147.19	

Land Leased Within Edmonton	Acres	Hectares	Expiry	Renewal
Cooling Plant (U of A North Campus)	1.51	0.61	30-Sep-2019	Further 5 year terms, each in perpetuity
Clover Bar Hazardous Waste Management Facility	0.75	0.30	31-May-2031	2 x 5 years
Ellerslie Research Station	452.61	183.17	30-Jun-2011	Currently overholding on lease while site is being reclaimed.
Neil Crawford Soccer Fields	<u>10.53</u>	<u>4.26</u>	31-Aug-2016	none
	465.40	188.35		

Land Leased Outside Edmonton	Acres	Hectares	Expiry	Renewal
Crossley Forest	160.00	64.75	none	n/a
George Lake Research Site	434.51	175.85	09-Oct-2019	Further 25 year terms may be granted by the Minister
Kinsella Research Ranch - Aggregates Extraction Lands	997.36	403.63	n/a	Titles to be transferred to the UofA when lands have been reclaimed
Kinsella Research Ranch - Misc. Farm Development Lease	141.90	57.43	31-Dec-2016	none
Meanook Biological Research Station	528.78	214.00	31-Mar-2032	Vacated site in 2013, working with the Federal Gov't to complete req'd reclamation.
Ministik Field Station	636.00	257.39	03-Feb-2010	Waiting for the Province to finalize the paperwork for our 10 year renewal
Rose Creek Education Forest**	<u>46,950.00</u>	<u>19,000.67</u>	none	n/a
	49,848.55	20,173.71		

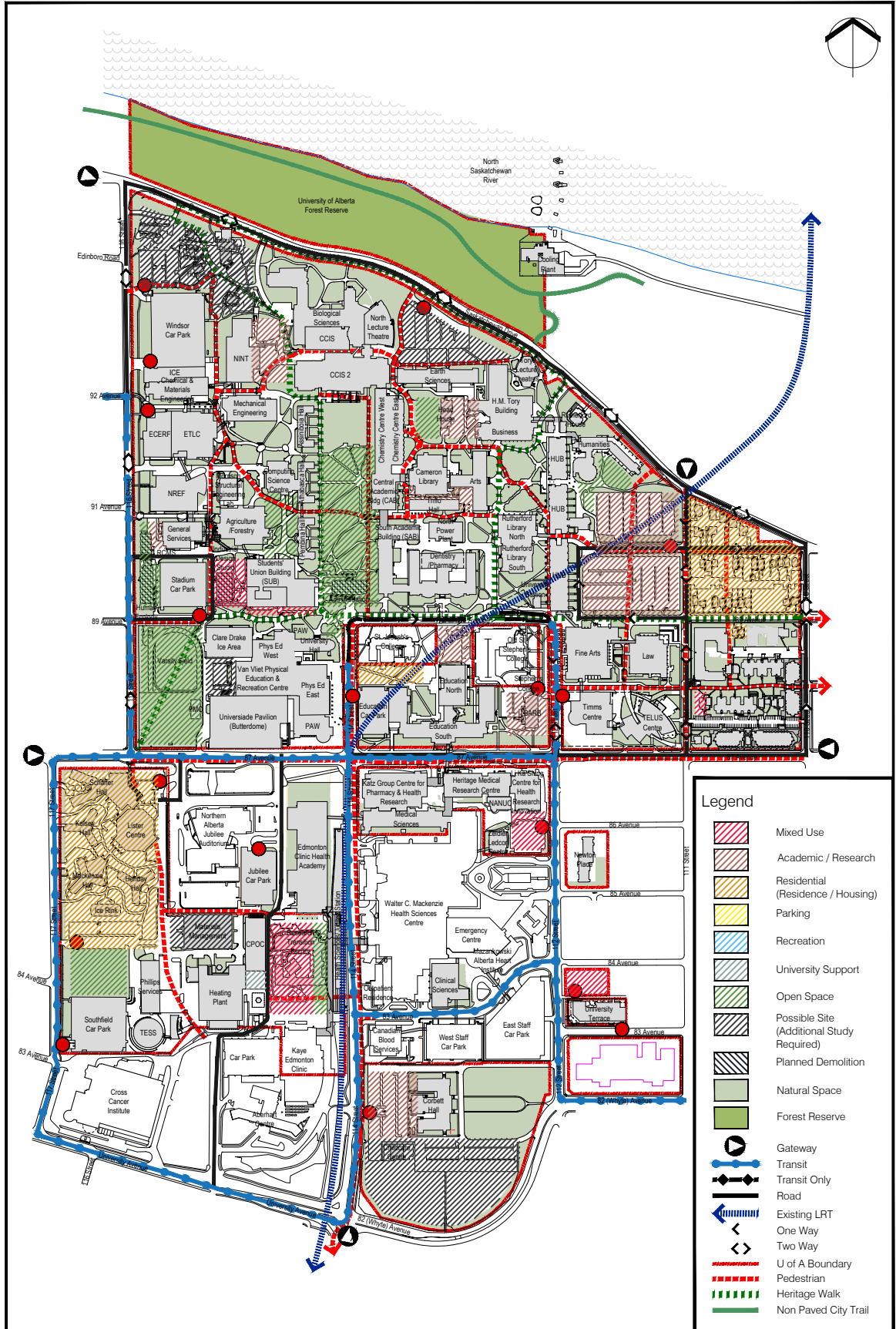
*owned in partnership with 4 other Western Canadian Universities

**used for teaching and research purposes by way of MOU with Province of Alberta. Property is shared with multiple users.

LAND OWNED & LEASED OUTSIDE OF EDMONTON



EXHIBIT 6.1.1
LAND USE
NORTH CAMPUS



SOUTH CAMPUS 30-YEAR CONCEPT PLAN

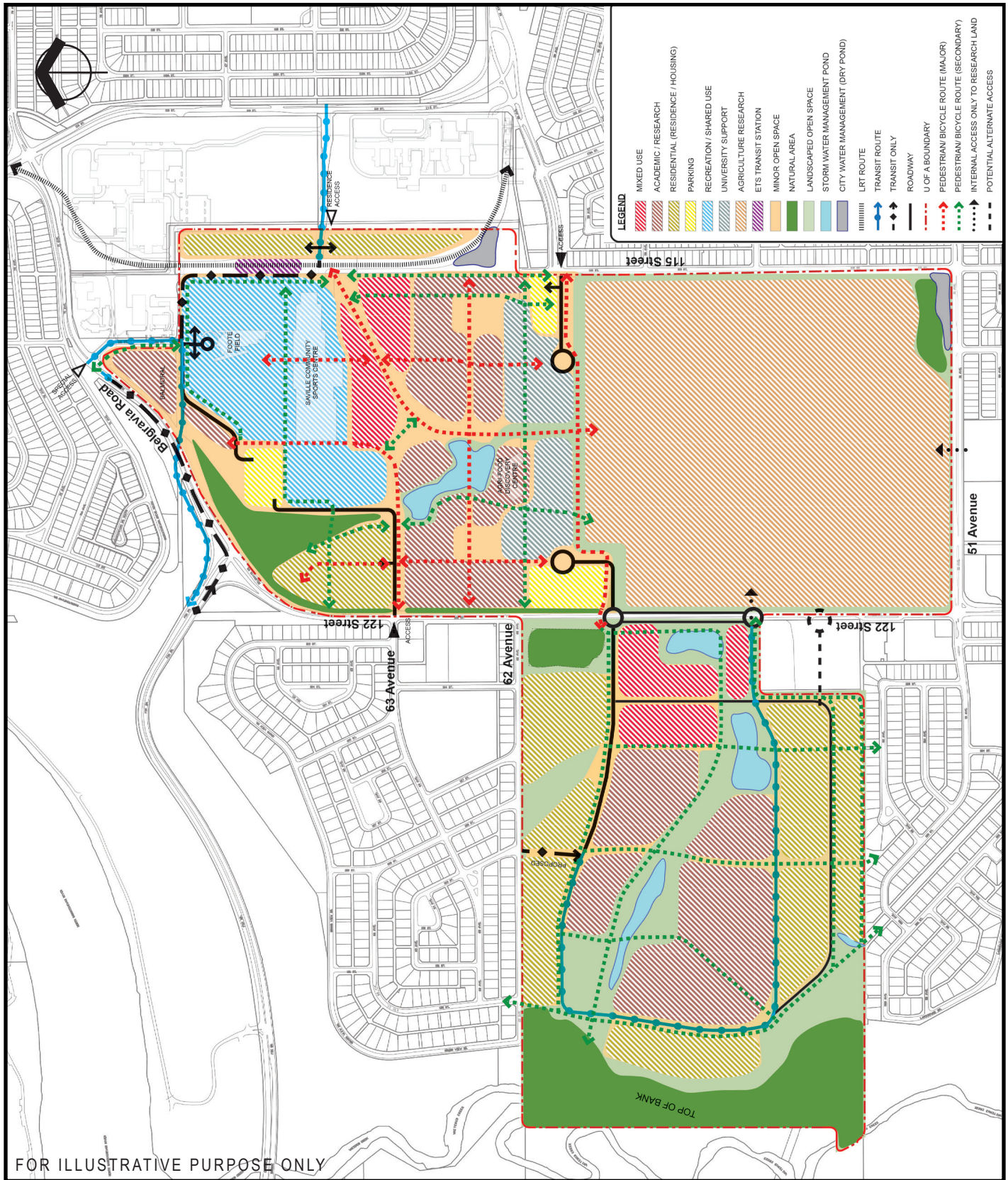
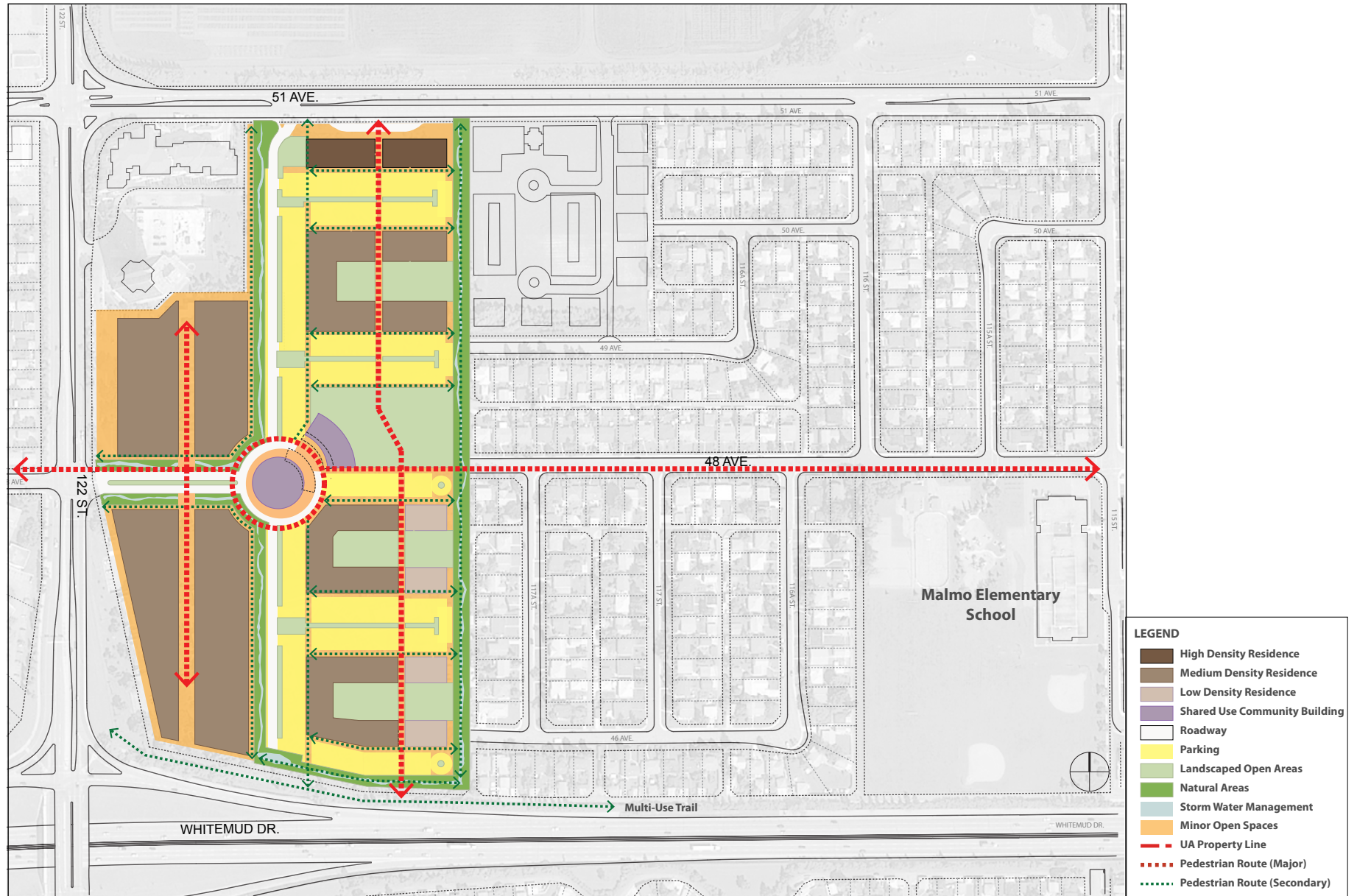


FIGURE 1 (EXHIBIT 27 - 2002)

Proposed Land Use

Presented at the November 11, 2013 Open House



Office of the Vice-President (University Relations)

Prepared by: *Alison Turner, communications manager, Marketing & Communications*

Communications Brief: Land Asset Communication Strategy

Background

<i>University of Alberta Vision</i>	<i>To inspire the human spirit through outstanding achievements in learning, discovery, and citizenship in a creative community, building one of the world's great universities for the public good.</i>
<i>Land trust Vision</i>	To meet the Board of Governors' expectation of excellence, and to secure the University of Alberta's ability to meet its promise of "uplifting the whole people" through the responsible development of its designated lands in such a way that diversifies and stabilizes institutional funding resources.
<i>Land trust Mandate</i>	Development of designated lands to meet the academic and research needs of the institution.
<i>Land trust Goal</i>	To generate a sustainable, long-term revenue source to support the core mission of the university.

Communications Goal

To introduce and position the land trust, to both internal and external audiences, as a thoughtful and responsible approach to diversifying and stabilizing the U of A's funding sources, thereby securing our ability to realize the institution's promise of *uplifting the whole people*.

* Please note: This communications brief focuses on the first 2 phases of the land trust, as identified in the *Land trust Business Case* (page 9).

Planning Phase: March 2013 – June 2014

Approval Phase: June 2014 – Fall 2014

Communications Objectives

1. During the planning phase, inform and create awareness and understanding among key stakeholders of the university's plans to develop a land trust, and its benefits,
2. Through pro-active communication, protect the trust and goodwill of key stakeholders.
3. Create support for the idea of the land trust and foster a positive environment for the land trust to operate within if approved.
4. Create enthusiasm for the potential developments that will be overseen by the land trust.
5. Demonstrate due diligence on all aspects (legal, tax etc) of setting up a land trust.

Office of the Vice-President (University Relations)

Prepared by: *Alison Turner, communications manager, Marketing & Communications*

Key Audiences

1. University leadership
2. Faculties including ALES and Phys. Ed. & Rec.
3. Other internal university community
4. Communities surrounding the university's lands
5. City of Edmonton
6. Government of Alberta
7. U of A Donors
8. Alumni
9. Students and student groups
10. Real estate developers and investors
11. Edmontonians

Strategic Considerations:

- The idea of a land trust might be controversial and might be met with ardent opposition by some key stakeholders. Good communications can mitigate a negative response from these groups, but will not eradicate it.
- Position the land trust as an example of the U of A's commitment to securing new revenue streams.
- Potential for community members in surrounding areas to object to the land trust based on the perception that it contradicts/contravenes commitments that were made to them during recent discussions about the LRDP.
- The U of A has embarked on developments/land leases that have not met the expectations of surrounding communities (ie: West Corp.)
- The university is still managing the bumpy introduction of the leadership college to stakeholders.
- Opportunities to create enthusiasm for the land trust can be tied to the appetite for well-planned urban developments that are close to the centre of the city and public transit.
- Potential to align some development with the City of Edmonton's Vision and Strategic Plan.
- Other Campus Alberta institutions have established land trusts.
- Provincial budget will be announced on March 6 and may impact how stakeholders perceive the project.
- Student Union elections March 8.
- The institution has consulted with government and the UofC, whose approach is championed by government, and received support to proceed with appropriate business case.

Office of the Vice-President (University Relations)

Prepared by: *Alison Turner, communications manager, Marketing & Communications*

Immediate Communication Priorities

1. Clear articulation of
 - vision of land trust
 - how land trust aligns with the U of A's LRDP
 - which lands can be leased/developed
 - timelines
 - land trust's operating model
2. Proactively inform key internal and external stakeholders
3. Ensure detractors have accurate information, attempt to bring onside
4. Engage advocates and champions of the initiative

Timeline

Date	Strategy	Deliverable/Purpose
February – March 2014	Consult with internal leadership	Create awareness and understanding of communications needs. Make decisions on language. Get clarity on outstanding questions.
March 2014	Board of Governors meeting - to present members with sufficient information to prepare for a June briefing requesting approval to form a Real Estate Trust	
March - June 2014	Proactive, confidential communication with key internal & external stakeholders	Engage stakeholders, establish goodwill, create awareness, and understanding to assist with mitigation of negative reactions. Includes internal meetings with Deans' Council, PEC-O, PEC-S, BURC and BFPC, and external meeting with the South Campus Consultation Group.
June 2014	Final review and approval of Board of Governors	
June 2014, post BOG meeting	Pending BoG decision, return to key internal & external stakeholders, and broaden circle of conversation through a range of channels.	Continue to educate stakeholders about the land trust, manage detractors, and share the vision of the land trust to gain supporters.
Post-June 2014	Implement next stage of communications (in development).	

Office of the Vice-President (University Relations)

Prepared by: *Alison Turner, communications manager, Marketing & Communications*

Spokespeople

Don Hickey, VP, Facilities and Operations

Carl Amrhein, Provost

Resources

Don Hickey, VP, Facilities and Operations (potential presenter)
Phyllis Clark, VP, Finance and Administration (potential presenter)
Debra Pozega Osburn, VP University Relations (potential presenter)
Carl Amrhein, Provost
Land Asset Management Advisory Task Force
Anastasia Lim, University Relations
Alison Turner, Marketing and Communications
Craig Moore, Real Estate, Facilities and Operations
Ben Louie, University Architect
Emily Ball, University Relations

Office of the Vice-President (University Relations)

Prepared by: *Alison Turner, communications manager, Marketing & Communications*

Key Messages

General message for use until Board of Governors' decision known

- The University of Alberta is exploring the possibility of establishing a land trust for the institution. Revenues raised through the trust would create dedicated, permanent funding to support the core mission of the university.

Key Messages

- The University of Alberta is exploring the possibility of establishing a land trust for the institution.
- Revenues raised through the trust would create dedicated, permanent funding to support the core mission of the university.
- The University of Alberta must seek innovative and sustainable means to ensure its future and realize its promise.
- The land trust will ensure that all of its land developments reflect the values of the U of A.
- Land trusts established by other Canadian universities have successfully generated revenue that supports their core mandates, and have resulted in some exceptional developments.
- The board of the land trust will be composed of a combination of representatives from the university and the business community, with expertise in real estate and property development.
- A land trust offers a relatively safe opportunity for the U of A to diversify its revenue streams while maintaining the institution's academic integrity.
- The U of A has held land investments for many years, and the land trust is a natural next step in maximizing the potential of that investment.
- The U of A has been exploring the potential of a land trust since the 1980s.
- The development of designated lands can contribute to the demand for high-quality, residential, mixed use, in-fill developments of vibrant, livable communities near the university and the city's core.
- It is the university's intention that the land trust will align with and uphold the university's long-range development plans.

OUTLINE OF ISSUE

 Agenda Title: **Decommissioning of SLOWPOKE Nuclear Reactor Facility**

Motion: THAT the Board Finance and Property Committee, approve a capital expenditure of six million, six hundred sixty-five thousand, eight hundred twenty-six dollars (\$6,665,826.00) in Canadian funds for decommissioning of the SLOWPOKE Nuclear Reactor Facility.

Item

Action Requested	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input type="checkbox"/> Information
Proposed by	Office of the Vice-President (Research)
Presenters	Glen Baker, Associate Vice-President (Research) Don Hickey, Vice-President (Facilities & Operations) Guest: Hugh Warren, Executive Director, Operations and Maintenance
Subject	Decommissioning of SLOWPOKE Nuclear Reactor Facility

Details

Responsibility	Office of the Vice-President (Research)
The Purpose of the Proposal is (please be specific)	Approval to access the Asset Retirement Liability account for \$6,665,826.00 that has been set aside for funding of decommissioning activities required for the removal of the SLOWPOKE Nuclear Reactor Facility.
The Impact of the Proposal is	Approval of access to funding is required to allow the decommissioning process to move forward with issuing of a Request for Proposal (RFP) for selection of a turn-key vendor that would be responsible for preparation of a project schedule and have a firm deliverable of all document submissions required by the Canadian Nuclear Safety Commission (CNSC).
Replaces/Revises (e.g., policies, resolutions)	N/A
Timeline/Implementation Date	Immediate, as decommissioning of the SLOWPOKE has been presented to Board Safety Health and Environment Committee (BHSEC) and will require funding to move to the next step of Request for Proposal (RFP) issuance timed to occur in May/June 2014.
Estimated Cost	\$6.665M (million) - less environmental assessment costs if this is not required (to be confirmed by the Canadian Nuclear Safety Commission).
Sources of Funding	Institutional Asset Retirement Obligation Liability Account 100-710201-82140-82140-203384.
Notes	N/A

Alignment/Compliance

Alignment with Guiding Documents	Dare to Discover, Dare to Deliver, Comprehensive Institutional Plan
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please quote legislation and include identifying section numbers)	1. Post-Secondary Learning Act (PSLA): The PSLA gives the Board of Governors the authority to “develop, manage and operate, alone or in co-operation with any person or organization, programs, services and facilities for the educational or cultural advancement of the people of Alberta” (Section 60(1)). Subject to the authority of the Board of Governors, the General Faculties Council has responsibility over “academic affairs” (Section 26(1)) and can “make recommendations to the board with

	<p>1. respect to affiliation with other institutions” (Section 26(1) (o)). [...].”</p> <p>2. Board Safety Health and Environment Committee Mandate: Except as provided in paragraph 4 hereof and in the Board’s General Committee Terms of Reference, the Committee shall monitor, evaluate, advise and make decisions on behalf of the Board with respect to all matters concerning environmental health and the protection of the health, safety and security of the University community and the general public at the University. The Committee shall also consider any other matter delegated to the Committee by the Board. Without limiting the generality of the foregoing the Committee shall:</p> <p>a) approve University policies and procedures relating to environmental health, safety, and security issues and compliance therewith;</p> <p>b) monitor University compliance with all relevant environmental health, safety and security legislation, regulations and University policies and procedures;</p> <p>c) review and provide recommendations on the University’s enterprise wide risks and risk measures related to the Committee mandate.</p> <p>d) consider and make recommendations on matters pertaining to the University’s interaction with government departments or agencies, such as other post-secondary institutions, dealing with environmental health, safety and security issues;</p> <p>e) receive and review those elements of the Risk Management Services portfolio plan relevant to the mandate of the Committee;</p> <p>f) receive for information, review and provide recommendations on management or other reports relating to environmental health, safety and security incidents, trends and outcomes at the University or relevant industries;</p> <p>g) receive for information, review and provide recommendations on annual reports from Campus Security Services, Environmental Health and Safety and the Office of Emergency Management; and</p> <p>h) review on an annual basis the terms of reference for the Committee and recommend to the Board any required changes.</p>
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Routing (Include meeting dates)

<p>Consultative Route (parties who have seen the proposal and in what capacity)</p>	<p>President’s Executive Committee – Operational (PEC-O) reviewed the Vice-President (Research)’s recommendation to decommission SLOWPOKE on 4 July 2013, and supported the recommendation.</p> <p>The President’s Executive Committee – Strategic (PEC-S) discussed the Vice-President (Research)’s recommendation to decommission SLOWPOKE on 25 July 2013, and supported the recommendation.</p>
-----------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Item No. 9

	<p>The SLOWPOKE Committee (which oversees the work of the Director and the facility itself) submitted a report to the Vice-President (Research) on 31 July 2013 outlining issues relating to the possible decommissioning of SLOWPOKE.</p> <p>On 6 August 2013, the Vice-President (Research) notified the Director of the SLOWPOKE facility, Dr John Duke, and the Chair of the SLOWPOKE Committee, Dr John Mercer, of his decision to begin the decommissioning process.</p> <p>Board Safety Health and Environment Committee (for information) – 24 September 2013</p>
Approval Route (Governance) (including meeting dates)	<p>President’s Executive Committee – Operational (PEC-O) – 8 May 2014</p> <p>Board Finance and Property Committee – 27 May 2014</p>
Final Approver	Board Finance and Property Committee

Attachments

1. Attachment 1 (1 page) – Briefing Note
2. Attachment 2 (3 pages) – Outline of Issue – BSHEC – Decommissioning of SLOWPOKE (Safe Low Power Critical Experiment) Nuclear Reactor Facility.

Prepared by:

*Hugh F. Warren, Executive Director, Operations and Maintenance
Facilities and Operations
hugh.warren@ualberta.ca*



Decommissioning of SLOWPOKE Nuclear Reactor Facility

Background

SLOWPOKE has not been able to meet its ongoing operational costs for some time. The Vice-President (Research) presented to Board Safety Health and Environment Committee (BSHEC) on the future viability of SLOWPOKE 24 September 2013. The Vice-President's recommendation to begin the decommissioning process as soon as possible was based on several factors: i) the two reports submitted to him; ii) the limited use of SLOWPOKE by both the academic community and industry; iii) the investment that would be required to meet its full potential; iv) the challenge of meeting the ongoing operational costs of SLOWPOKE; v) the escalating cost of decommissioning; and vi) the anticipated redevelopment of the Dentistry Pharmacy Building, where the reactor is housed.

Issues

Decommissioning of the SLOWPOKE requires a license to decommission that is obtained through a paper intense process with a number of submissions required to the Canadian Nuclear Safety Commission (CNSC). Timing and sequence of the submissions is important. The initial process will take between 300 and 500 days. As the University has not undertaken a project of this type, the decision is to work with a turnkey vendor that will have demonstrated experience on similar Request for Quotation (RFQ) projects. To undertake this process, a Request for Proposal (RFP) will have to be issued, which will access the Asset Retirement Obligation Liability account.

Recommendation

THAT the Board Finance and Property Committee approve a capital expenditure of six million, six hundred sixty-five thousand, eight hundred twenty-six dollars (\$6,665,826.00) in Canadian funds for the decommissioning of the SLOWPOKE.

OUTLINE OF ISSUE

Agenda Title: Decommissioning of SLOWPOKE (Safe Low Power Kritical Experiment) Nuclear Reactor Facility

Motion: N/A

Item

Action Requested	<input type="checkbox"/> Approval <input type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input checked="" type="checkbox"/> Information
Proposed by	Office of the Vice-President (Research)
Presenter	Dr Glen Baker, Associate Vice-President (Research)
Subject	Decommissioning of SLOWPOKE Nuclear Reactor Facility

Details

Responsibility	Office of the Vice-President (Research)
The Purpose of the Proposal is (please be specific)	Inform the Board Safety Health and Environment Committee of the decision by the Vice-President (Research) to decommission the SLOWPOKE nuclear reactor.
Replaces/Revises (eg, policies, resolutions)	N/A
Timeline/Implementation Date	Still to be determined in conjunction with the Canadian Nuclear Safety Commission (CNSC), which is the national oversight regulatory body. The decommissioning may take up to three years; the initial step is the issuing of a decommissioning licence by CNSC.
Estimated Cost	Still to be determined - could be up to \$6 million.
Sources of Funding	Still to be determined - Approximately \$2 million has already been placed by the University of Alberta in a reserve account in anticipation of the ultimate decommissioning of the facility.
Notes	<p>The University's SLOWPOKE nuclear reactor was commissioned in April 1978. It is one of three SLOWPOKE reactors still operating in Canada, and it is fuelled with slightly less than 1 kg of highly enriched uranium. The reactor has three main uses: elemental analysis, radionuclide production, and teaching. The Facility performs non-destructive, multi-elemental analyses of a broad range of materials for research and industry, employing the very sensitive analytical technique Neutron Activation Analysis (NAA). The reactor is also used to produce short-lived (half-lives of hours to days) radioactive tracers which can be detected in very small quantities.</p> <p>SLOWPOKE is utilized in several graduate and undergraduate courses, and Physics 30 students from Edmonton area high schools tour the facility each year. It is used for research in both the physical and life sciences, and members of the following University departments/faculties have used the SLOWPOKE facility in the past year: Earth and Atmospheric Sciences; Chemical and Materials Engineering; Pharmacy and Pharmaceutical Sciences; Anthropology; Biomedical Engineering; Physics; and Chemistry.</p> <p>SLOWPOKE has not been able to meet its ongoing operational costs for some time, so the Vice-President (Research) requested two reports: i) an Academic Plan from the Director of SLOWPOKE, submitted in September 2012; and ii) an assessment by TEC Edmonton of SLOWPOKE's potential to increase business opportunities, which was</p>



Item No. 8

	<p>completed in June 2013. The Vice-President (Research) also had numerous discussions with the Acting Provost and Vice-President (Academic), the Vice-President (Finance & Administration) and the Vice-President (Facilities & Operations) about the future viability of SLOWPOKE.</p> <p>The Vice-President's decision to begin the decommissioning process as soon as possible was based on several factors: i) the two reports submitted; ii) the limited use of SLOWPOKE by both the academic community and industry; iii) the investment that would be required to meet its full potential; iv) the challenge of meeting the ongoing operational costs of SLOWPOKE; v) the escalating cost of decommissioning; and vi) the anticipated redevelopment of the Dentistry/Pharmacy Building, where the reactor is housed.</p>
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Alignment/Compliance

Alignment with Guiding Documents	Dare to Discover; Dare to Deliver; Comprehensive Institutional Plan
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please <u>quote</u> legislation and include identifying section numbers)	<p>1. Post-Secondary Learning Act (PSLA): The PSLA gives the Board of Governors the authority to “develop, manage and operate, alone or in co-operation with any person or organization, programs, services and facilities for the educational or cultural advancement of the people of Alberta” (Section 60(1)). Subject to the authority of the Board of Governors, the General Faculties Council has responsibility over “academic affairs” (Section 26(1)) and can “make recommendations to the board with</p> <p style="padding-left: 40px;">1. respect to affiliation with other institutions” (Section 26(1)(o)). [...].”</p> <p>2. Board Safety Health and Environment Committee Mandate: Except as provided in paragraph 4 hereof and in the Board's General Committee Terms of Reference, the Committee shall monitor, evaluate, advise and make decisions on behalf of the Board with respect to all matters concerning environmental health and the protection of the health, safety and security of the University community and the general public at the University. The Committee shall also consider any other matter delegated to the Committee by the Board.</p> <p>Without limiting the generality of the foregoing the Committee shall:</p> <p>a) approve University policies and procedures relating to environmental health, safety, and security issues and compliance therewith;</p> <p>b) monitor University compliance with all relevant environmental health, safety and security legislation, regulations and University policies and procedures;</p> <p>c) review and provide recommendations on the University's enterprise-wide risks and risk measures related to the Committee mandate.</p> <p>d) consider and make recommendations on matters pertaining to the University's interaction with government departments or agencies, such as other post-secondary institutions, dealing with environmental health,</p>

	<p>safety and security issues;</p> <p>e) receive and review those elements of the Risk Management Services portfolio plan relevant to the mandate of the Committee;</p> <p>f) receive for information, review and provide recommendations on management or other reports relating to environmental health, safety and security incidents, trends and outcomes at the University or relevant industries;</p> <p>g) receive for information, review and provide recommendations on annual reports from Campus Security Services, Environmental Health and Safety and the Office of Emergency Management; and</p> <p>h) review on an annual basis the terms of reference for the Committee and recommend to the Board any required changes.</p>
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Routing (Include meeting dates)

<p>Consultative Route (parties who have seen the proposal and in what capacity)</p>	<p>The President's Executive Committee - Operational (PEC-O) reviewed the Vice-President (Research)'s recommendation to decommission SLOWPOKE on 4 July 2013, and supported the recommendation.</p> <p>The President's Executive Committee - Strategic (PEC-S) discussed the Vice-President (Research)'s recommendation to decommission SLOWPOKE on 25 July 2013, and supported the recommendation.</p> <p>The SLOWPOKE Committee (which oversees the work of the Director and the facility itself) submitted a report to the Vice-President (Research) on 31 July 2013 outlining issues relating to the possible decommissioning of SLOWPOKE.</p> <p>On 6 August 2013, the Vice-President (Research) notified the Director of the SLOWPOKE facility, Dr John Duke, and the Chair of the SLOWPOKE Committee, Dr John Mercer, of his decision to begin the decommissioning process.</p> <p>Board Safety Health and Environment Committee (for information) - 24 September 2013.</p>
<p>Approval Route (Governance) (including meeting dates)</p>	
<p>Final Approver</p>	<p>Vice-President (Research)</p>

OUTLINE OF ISSUE

Agenda Title: South Academic Building – Ventilation System Upgrade: Capital Expenditure Authorization Request (CEAR)

Motion: THAT the Board Finance and Property Committee, acting with delegated authority of the Board of Governors, approve a capital expenditure authorization request of two million, three hundred and seventy-five thousand dollars (\$2,375,000.00) in Canadian funds for the upgrading of the ventilation systems serving the South Academic Building.

Item

Action Requested	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input type="checkbox"/> Information
Proposed by	Don Hickey, Office of the Vice-President (Facilities and Operations)
Presenter	Don Hickey, Office of the Vice-President (Facilities and Operations)
Subject	South Academic Building – Ventilation System Upgrade

Details

Responsibility	Don Hickey, Office of the Vice-President (Facilities and Operations)
The Purpose of the Proposal is (please be specific)	Approval to access the Infrastructure Maintenance Program grant for \$2,375,000.00 for construction activities required for the replacement and upgrading of the supply and exhaust ventilation systems serving the South Academic Building (SAB).
The Impact of the Proposal is	Approval of access to funding is required to allow the phased renewal of base building systems in the South Academic Building to continue. The ventilation system upgrade project is required to allow the School of Public Health lab project, planned for this facility, to move forward.
Replaces/Revises (e.g., policies, resolutions)	N/A
Timeline/Implementation Date	Immediate. Equipment orders need to be placed for long term delivery items to allow for construction planned for late fall into the spring of 2015 to occur. Work elements for this project require long term scheduling, as the building will remain occupied during the construction period.
Estimated Cost	\$2.375M (million)
Sources of Funding	Infrastructure Maintenance Program grant
Notes	N/A

Alignment/Compliance

Alignment with Guiding Documents	Dare to Discover, Dare to Deliver, Comprehensive Institutional Plan
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please quote legislation and include identifying section numbers)	<p>PSLA Act, Section 60 (1) (b) refers: <i>The Board of a public post-secondary institution shall develop, manage, and operate, alone or in co-operation with any person or organization, programs, services and facilities for the educational or cultural advancement of the people of Alberta.</i></p> <p>BFPC Terms of Reference, Section 3) g states: <i>3. MANDATE OF THE COMMITTEE</i> <i>Except as provided in paragraph 4 and in the Board's General Committee Terms of Reference, the Committee shall monitor, evaluate, advise and make decisions on behalf of the Board with respect to all</i></p>

Item No. 10

	<p><i>strategic and significant financial and property matters and policies of the University. The Committee shall also consider any other matter delegated to the Committee by the Board.</i></p> <p><i>Without limiting the generality of the foregoing, the Committee shall:</i></p> <p><i>g) review and recommend to the Board original Capital Expenditure Authorization Requests or individual Supplemental CEARs greater than \$7 million or aggregate total CEAR and Supplemental CEARs up to, but not exceeding \$14 million.</i></p> <p>BFPC Terms of Reference, Section 4) c states:</p> <p>4. LIMITATIONS ON DELEGATION BY THE BOARD</p> <p><i>The general delegation of authority by the Board to the Committee shall be limited as set out in this paragraph. Notwithstanding the general delegation of authority to the Committee set out in paragraph 3, the Board shall:</i></p> <p><i>(c) approve capital expenditures of more than \$7 million or expenditures which, when combined with other expenditures for the same project, would equal more than \$7 million;</i></p>
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Routing (Include meeting dates)

Consultative Route (parties who have seen the proposal and in what capacity)	President's Executive Committee – Operational (PEC-O) Meeting – 08 May 2014
Approval Route (Governance) (including meeting dates)	Board Finance and Property Committee (BFPC) – 27 May 2014
Final Approver	Board Finance and Property Committee (BFPC)

Attachments:

- Attachment 1 (1 page) – Briefing Note

Prepared by:

Hugh F. Warren, Executive Director, Operations and Maintenance

Facilities and Operations

Email: Hugh.warren@ualberta.ca

Phone: 780-492-6405



South Academic Building – Ventilation System Upgrade: Capital Expenditure Authorization Request (CEAR)

Background

The South Academic Building (SAB) is one of the facilities on campus that has been targeted for phased infrastructure renewal accessing funds from the Infrastructure Maintenance Program (IMP). This facility has had a progressive series of projects undertaken starting in 2006, with the replacement of the electrical vault, advancing through floor renewal/upgrade program to support the decant of old Physics for CCIS construction, window replacements, mechanical upgrades for heating systems and, most current, is a planned ventilation system upgrade. The ventilation system upgrade is to address capacity and aged infrastructure issues with both the supply and exhaust air system serving the facility.

The ventilation upgrade is required to support the continued expansion of research labs in the facility. Currently there are plans for additional labs for the School of Public Health to be placed in the facility, and the ventilation upgrades are required to allow this lab area to function.

The ventilation system upgrade design has been completed and the project was tendered utilizing a construction management approach.

Issues

The tender value closed higher than the project estimate. With the addition of project management fees, GST and overheads, the project value of \$2,375,000.00 exceeds the signing authority of the Vice-President (Facilities and Operations) and governance approval is required to move the project forward.

As this project is critical to continued renewal of SAB and provision of base building services to support the School of Public Health research lab expansion, approval is required to allow construction to move forward.

Recommendation

Please see Motion on the Outline of Issue.

OUTLINE OF ISSUE

Agenda Title: **Chemical and Materials Engineering Building: Capital Expenditure Authorization Request (CEAR)**

Motion: THAT the Board Finance and Property Committee recommend that the Board of Governors approve a capital expenditure of seventeen million dollars (\$17,000,000.00) in Canadian funds as provided through the Faculty of Engineering and the Province of Alberta in the support of the functional renewal of the Chemical and Materials Engineering Building.

Item

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input type="checkbox"/> Information
Proposed by	Don Hickey, Vice-President, Facilities and Operations
Presenter	Don Hickey, Vice-President, Facilities and Operations
Subject	Approval of an expenditure of \$17,000,000.00 for the construction (Renewal) of Levels 2, 3 and 7 within the Chemical and Materials Engineering Building (CMEB).

Details

Responsibility	Facilities and Operations								
The Purpose of the Proposal is (please be specific)	To obtain approval of an expenditure of \$17,000,000.00 (\$12,500,000.00 as provided through the Faculty of Engineering and \$4,500,000.00 as provided through the Government of Alberta related to the repurposing of grant funds associated with the ECHA Project) for the construction of levels 2, 3 and 7 in CMEB.								
The Impact of the Proposal is	These funds will allow for the construction and modernization of three additional levels within CMEB. The three new levels will add an additional fifty (50) wet labs to alleviate the space constraints currently being realized by the Faculty of Engineering.								
Replaces/Revises (eg, policies, resolutions)	n/a								
Timeline/Implementation Date	The project is anticipated to commence upon approval; anticipated construction start date of August 2014 targeting substantial completion by October 2015.								
Estimated Cost	The project cost is estimated at \$17,000,000.00								
Sources of Funding	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Funding Source</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td>Faculty of Engineering</td> <td style="text-align: right;">\$ 12,500,000.00</td> </tr> <tr> <td>Government of Alberta</td> <td style="text-align: right;">\$ 4,500,000.00</td> </tr> <tr> <td>TOTAL Funding Required</td> <td style="text-align: right;">\$ 17,000,000.00</td> </tr> </tbody> </table>	Funding Source	Amount	Faculty of Engineering	\$ 12,500,000.00	Government of Alberta	\$ 4,500,000.00	TOTAL Funding Required	\$ 17,000,000.00
Funding Source	Amount								
Faculty of Engineering	\$ 12,500,000.00								
Government of Alberta	\$ 4,500,000.00								
TOTAL Funding Required	\$ 17,000,000.00								
Notes									

Alignment/Compliance

Alignment with Guiding Documents	Dare to Discover, Preservation Plan for Maintenance and Functional Renewal,
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please quote legislation and	PSLA Act, Section 60 (1) (b) refers: <i>The Board of a public post-secondary institution shall develop, manage, and operate, alone or in co-operation with any person or organization, programs, services and facilities for the educational or cultural advancement of the people</i>

<p>include identifying section numbers)</p>	<p><i>of Alberta.</i></p> <p>BFPC Terms of Reference, Section 3) g states: 3. MANDATE OF THE COMMITTEE <i>Except as provided in paragraph 4 and in the Board's General Committee Terms of Reference, the Committee shall monitor, evaluate, advise and make decisions on behalf of the Board with respect to all strategic and significant financial and property matters and policies of the University. The Committee shall also consider any other matter delegated to the Committee by the Board.</i></p> <p><i>Without limiting the generality of the foregoing, the Committee shall:</i> g) review and recommend to the Board original Capital Expenditure Authorization Requests or individual Supplemental CEARs greater than \$7 million or aggregate total CEAR and Supplemental CEARs up to, but not exceeding \$14 million.</p> <p>BFPC Terms of Reference, Section 4) c states: 4. LIMITATIONS ON DELEGATION BY THE BOARD <i>The general delegation of authority by the Board to the Committee shall be limited as set out in this paragraph. Notwithstanding the general delegation of authority to the Committee set out in paragraph 3, the Board shall:</i> (c) approve capital expenditures of more than \$7 million or expenditures which, when combined with other expenditures for the same project, would equal more than \$7 million;</p>
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Routing (Include meeting dates)

<p>Consultative Route (parties who have seen the proposal and in what capacity)</p>	<p>Chemical Materials Engineering Building Renewal Project Steering Committee Dean of Engineering Vice-President (Facilities and Operations) Executive Director (Operations and Maintenance, Facilities and Operations) President's Executive Committee – Operational (PEC-O) – May 8, 2014</p>
<p>Approval Route (Governance) (including meeting dates)</p>	<p>Board Finance and Property Committee (BFPC) – for recommendation – May 27, 2014 Board of Governors (BOG) – for approval – June 20, 2014</p>
<p>Final Approver</p>	<p>Board of Governors</p>

Attachments:

- Attachment 1 – Briefing Notes – (4 pages)

Prepared by:

Pat Jansen,
Executive Director, Planning and Project Delivery
Facilities and Operations
Telephone: 780-492-1747
Email: pat.jansen@ualberta.ca



Expenditure of Funds to Advance Condition and Functional Renewal of Chemical and Materials Engineering Building Levels 2, 3 and 7.

Background

The Phase 1 Condition and Functional Renewal of the Chemical and Materials Engineering Building (CMEB) was submitted to the Board Finance and Property Committee (BFPC) on September 15, 2008 for approval of an expenditure of \$9,700,000.00 of funding received from the Government of Alberta (Preservation Grant – Building Land Inventory Management System (BLIMS) #8187). BFPC recommended and the Board of Governors subsequently approved this expenditure (CEAR 08-065), on October 3, 2008. This approval of the Phase 1 funding provided for the investigation of base building conditions, including building systems, in order to obtain confirmation of the Phase 2 budget associated with the condition and functional renewal of the building.

As a separate initiative, funding of \$1,240,000.00 was authorized by the Vice-President (Facilities and Operations) to undertake a parallel investigation for locating hazardous materials (asbestos) and a methodology for removal of the identified materials. This funding was provided from the Infrastructure Maintenance Program (IMP) grant and work was approved under a separate CEAR (08-052). Both these authorizations were submitted and approved prior to the submission for the Knowledge Infrastructure Program (KIP) funding and the subsequent approval announcement.

On July 22, 2009, the Federal Government announced the University of Alberta's approval of funding under the Knowledge Infrastructure Program (KIP) of \$10,000,000.00 in partner funds to commence a major modernization of three laboratory floors within the CMEB.

With the KIP announcement, the CMEB project team commenced a parallel process of design development for renewal and repurposing of the CME Building as well as preparation of construction drawings and specifications to attain renewal of three laboratory floors. During this process the project budget was estimated to be \$27,761,000.00 (including hazardous materials). The Faculty of Engineering provided funding to cover the identified increase in cost. Two major contracts were awarded to complete the KIP. The initial contract for modernization of three laboratory floors was awarded in November 2009, and the second contract to complete condition and functional renewal of building systems and select building elements was awarded in December 2009. Both contracts were completed on schedule with the three modernized laboratory floors supported by renewed components of mechanical and electrical systems located in the basement level, rooftop level, and risers between the basement and rooftop. The funding for the balance of building cost for modifications and modernization is still part of the University's Phase 2 BLIMS submission as a funding request for this project to the Government of Alberta.

On April 15, 2010, a request for approval of an expenditure of \$7,238,600.00 to further advance the condition and functional renewal of CMEB was submitted to the Board Finance and Property Committee (BFPC). Funding for this request was provided from the Infrastructure Maintenance Program (\$938,600.00) and the Faculty of Engineering (\$6,300,000.00). BFPC recommended to the Board of Governors approval of this expenditure (CEAR 08-065(S2)), which was approved on May 7, 2010. This approval provided for the completion of detailed design and preparation of construction documents for the remaining laboratory floors as well as additional rooftop equipment, enhancement of mechanical systems, hazardous materials abatement and partial replacement of roofing.

On April 29, 2013, funding of \$1,022,020.00 was authorized by the Vice-President (Facilities and Operations) for professional services to complete the construction documents stage, fees associated with construction completion of scope of work completed to date, and the installation of the CMEB Dashboard project to monitor energy usage of levels 4, 5 and 6.

As a separate initiative, funding of \$1,658,000.00 (CEAR 11-063) was authorized by the Vice-President (Facilities and Operations) to undertake the complete demolition of all interior building finishes and building services, removal of all hazardous materials within levels 2, 3 and 7 in preparation for the reconstruction of these levels.

The current request for approval of funds to advance the condition and functional renewal of the Chemical and Materials Engineering Building include the following elements:

Construct (Renew) level 2	\$ 7,116,000.00
Construct (Renew) level 3	\$ 5,383,000.00
Construct (Renew) level 7	\$ 4,297,000.00

Previously Approved:		
CEAR 08-052	\$1,240,000.00	IMP grant for hazardous materials abatement
CEAR 08-065	\$9,700,000.00	Government of Alberta grant (BLIMS #8187)
CEAR 08-065(S1)	\$10,000,000.00	KIP funding
CEAR 08-065(S1)	\$6,821,000.00	Faculty of Engineering matching funding
CEAR 08-065(S2)	\$6,300,000.00	Faculty of Engineering
CEAR 08-065(S2)	\$938,600.00	Partnered Funding IMP Grant
CEAR 08-065(S3)	\$0.00	Capital interest transfer (IMP)
CEAR 08-065(S4)	\$1,022,020.00	Faculty of Engineering
CEAR 11-063	\$1,658,000.00	IMP
Total:	\$37,679,620.00	

New funding approval requested:		
CEAR To be Completed	\$12,500,000.00	Faculty of Engineering
	\$4,500,000.00	Government of Alberta repurposed funds from ECHA
Total:	\$17,000,000.00	

Revised Project Total	\$54,679,620.00	
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The project cost estimate for the renewal of levels 2, 3 and 7 is based on a class "B" estimate prepared April 25, 2014 provided by an independent cost consultant (ACUMEN Cost Consulting, Graeme Alston) and reviewed by the project team.

Issues

The Faculty of Engineering is now encountering significant space constraints and is now declining research grants due to a lack of availability of wet lab space for conducting the research and a lack of available space for personnel. The further development of CMEB levels 2, 3 and 7 at this time will assist in alleviating the current space constraints.

The current construction market within the Edmonton area is projected as being quite robust. The possibility of future escalation is quite likely; this would have a negative

impact on pricing for interior finishes. Moving forward with the reconstruction of CMEB Levels 2, 3 and 7 at this time will reduce escalation exposure and position the project for value pricing.

The continuation of construction of Levels 2, 3 and 7 within CMEB aligns with the support that funding partners have shown for this facility as a high priority preservation project.

Risk mitigation related to project budget control for CMEB Levels 2, 3 and 7 construction is achieved through the use of a stipulated lump sum bid process, which allows a decision point through the defined scope of work for the fixed bid and a comparison to budget.

Recommendation

Please see Motion on Outline of Issue.

OUTLINE OF ISSUE

Agenda Title: **Clinical Sciences Building – Lease of Office Space to the University Hospital Foundation**

Motion: THAT the Board Finance and Property Committee recommend that the Board of Governors:

- a) Approve a lease of office space to the University Hospital Foundation for a term of ten (10) years with an option for two (2) additional terms of five (5) years each; and
- b) Make application to the Minister of Infrastructure for the required approval of the Lieutenant Governor in Council for the granting of this long term lease.

Item

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input type="checkbox"/> Information
Proposed by	Vice-President (Facilities and Operations)
Presenter	Don Hickey, Vice-President (Facilities and Operations)
Subject	Lease of Premises in excess of five (5) years to the University Hospital Foundation

Details

Responsibility	Vice-President (Facilities and Operations)
The Purpose of the Proposal is (please be specific)	The University Hospital Foundation (UHF) has occupied space in the Clinical Sciences Building for twenty years and is a generous supporter of the University’s Faculty of Medicine and Dentistry. Their offices currently require expansion and, based on their needs, a new lease term of ten years with two 5-year options to renew is proposed. A lease longer than five (5) years requires board approval and the approval of the Lieutenant Governor in Council
The Impact of the Proposal is	This agreement supports the University’s long standing partnership with the UHF in medical research. The UHF will pay the cost of their expansion and contribute \$175,000.00 to reconfiguration of university space as a result of their expansion.
Replaces/Revises (eg, policies, resolutions)	N/A
Timeline/Implementation Date	January 1, 2015
Estimated Cost	N/A
Sources of Funding	N/A
Notes	Under the Post-Secondary Learning Act, a lease for a term exceeding five years requires approval by the Lieutenant Governor in Council.

Alignment/Compliance

Alignment with Guiding Documents	Dare to Discover, Dare to Deliver, Comprehensive Institutional Plan
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please quote legislation and include identifying section numbers)	<u>Post-Secondary Learning Act</u> <i>PSLA Section 67 (1.1): “A board shall not, without the prior approval of the Lieutenant Governor in Council, . . . (b) lease for a term that exceeds 5 years any land held by the board unless the lease is to a person that will use the land for the purpose of providing support services to the students, faculty or staff of the public post-secondary institution.”</i>

Routing (Include meeting dates)

Consultative Route	Vice-President, Facilities and Operations – May 1, 2014
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Item No. 12

(parties who have seen the proposal and in what capacity)	President's Executive Committee – Operations – May 8, 2014
Approval Route (Governance) (including meeting dates)	Board Finance and Property Committee – May 27, 2014 (for recommendation) Board of Governors – June 20, 2014 (for approval)
Final Approver	Board of Governors

Prepared by: R. Craig Moore,
Director, Real Estate Services
University of Alberta
Telephone: (780) 492-4164
Email: craig.moore@ualberta.ca

Revised: 5/20/2014

OUTLINE OF ISSUE

 Agenda Title: **Dissolution of University Design Inc.**

Motion: THAT the Board Finance and Property Committee recommend that the Board of Governors, subject to the prior approval of the Minister of Innovation and Advanced Education under section 77 of the Post-Secondary Learning Act and approval of the Lieutenant Governor in Council under section 80 of the Financial Administration Act, authorize and approve the dissolution of University Design Inc.

Item

Action Requested	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Recommendation <input type="checkbox"/> Discussion/Advice <input type="checkbox"/> Information
Proposed by	Vice-President (Finance & Administration)
Presenter	Vice-President (Finance & Administration)
Subject	Dissolution of University Design Inc.

Details

Responsibility	Vice-President (Finance & Administration)
The Purpose of the Proposal is (please be specific)	To receive Board approval for the dissolution of University Design Inc. in order to seek Ministerial approval and an Order in Council in accordance with S. 77(3) of the Post-Secondary Learning Act and S. 80(3) of the Financial Administration Act.
The Impact of the Proposal is	The dissolution of University Design Inc., a subsidiary of the University of Alberta that has been inactive for many years.
Replaces/Revises (eg, policies, resolutions)	N/A
Timeline/Implementation Date	Dissolution will occur after we receive an Order in Council.
Estimated Cost	N/A
Sources of Funding	N/A
Notes	University Design Inc. (UDI) was created as a wholly owned subsidiary of the University of Alberta in 1991. It was created prior to the changes to the legislation which required an Order in Council to create a controlled subsidiary corporation. UDI was set up for the purpose of protecting and licensing the University's trademarks. However, after approximately 10 years of use a decision was made by University administration in 2002 to cease operations of UDI. UDI was, however, maintained as an inactive corporation for several years. The decision has now been made to officially dissolve UDI. The Office of the Vice-President (University Relations), which now manages our trademark portfolio, has confirmed that they see no reason to maintain UDI. UDI has no outstanding assets or liabilities.

Alignment/Compliance

Alignment with Guiding Documents	Dare to Discover, Comprehensive Institutional Plan
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please <u>quote</u> legislation and include identifying section numbers)	Post-Secondary Learning Act S. 77(c): Approval respecting Financial Administration Act A board must obtain the approval of the Minister for [...] (c) the dissolution of a corporation prior to seeking Lieutenant Governor in Council approval under the <i>Financial Administration Act</i> .

	<p>Financial Administration Act S. 80(3) Incorporation 80 (3) A Provincial corporation or Crown-controlled organization shall not be dissolved, liquidated, wound up or disposed of without the approval of the Lieutenant Governor in Council.</p> <p>Board Finance and Property Committee Mandate</p> <p>3. MANDATE OF THE COMMITTEE Except as provided in paragraph 4 and in the Board’s General Committee Terms of Reference, the Committee shall monitor, evaluate, advise and make decisions on behalf of the Board with respect to all strategic and significant financial and property matters and policies of the University. The Committee shall also consider any other matter delegated to the Committee by the Board.</p> <p>Creation of Legal Entity Policy and Procedure (UAPPOL) – while silent on dissolution, this Policy sets out a process for creation of a corporation and we have applied elements of that process to dissolution.</p>
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Routing (Include meeting dates)

Consultative Route (parties who have seen the proposal and in what capacity)	Office of the Vice-President (University Relations); University Librarian; Financial Services, University Governance
Approval Route (Governance) (including meeting dates)	PEC-O (May 8, 2014) Board Finance and Property Committee (May 27, 2014) Board of Governors (approval) (June 20, 2014)
Final Approver	Board of Governors

Attachments (each to be numbered 1 – 3)

- Attachment 1 (page 1 – Business Case)

Prepared by: Brad Hamdon, General Counsel – brad.hamdon@ualberta.ca

BUSINESS CASE FOR THE DISSOLUTION OF UNIVERSITY DESIGN INC.

PROPOSAL:

It is proposed that the University proceed with the dissolution of its wholly owned subsidiary, University Design Inc. (hereafter referred to as "UDI").

BACKGROUND:

UDI was created as a wholly owned subsidiary of the University of Alberta in 1991. It was created prior to the changes to Post-Secondary Learning Act (then the Universities Act) which required Ministerial approval to create a controlled subsidiary corporation.

UDI was set up for the purpose of protecting and licensing the University's trademarks. However, in 2002, after approximately 10 years of operation, a decision was made by University administration to cease operations of UDI. Since that date, the trademarks of the University have been managed directly by the University. Any assets or liabilities of UDI have been transferred back to the University.

UDI was, however, maintained as an inactive corporation for several years. The decision has now been made to officially dissolve UDI. The Office of the Vice-President (University Relations), which now manages the University's trademark portfolio, has confirmed that they see no reason to maintain UDI.

The Ministry of Innovation and Advanced Education has been consulted on this process.

NEXT STEPS:

If approved by the Board of Governors, the matter will be sent to the Minister of Innovation and Advanced Education for approval and then will go forward for an Order in Council from the Lieutenant Governor in Council. Once approval is obtained from the Lieutenant Governor in Council, the University will proceed to have the corporation dissolved at the Corporate Registry of Alberta.

Prepared by the Office of the General Counsel
May 20, 2014