



The following Motions and Documents were considered by the Board of Governors during the Open Session of its Friday, December 15, 2017 meeting:

Agenda Title: ***Envision* Phase 4 – Capital Expenditure Authorization Request, Borrowing Resolution and Order in Council**

APPROVED MOTION 1: THAT the Board of Governors, on the recommendation of the Board Finance and Property Committee, approve a capital expenditure of not more than Eight Million Dollars (\$8,000,000.00) in Canadian funds to implement the fourth phase of the five-phase *Envision* energy management program.

APPROVED MOTION 2: THAT the Board of Governors, on the recommendation of the Board Finance and Property Committee:

- a) execute a Borrowing Resolution requesting approval of financing the fourth phase of the five-phase *Envision* energy management program in an amount not to exceed Eight Million Dollars (\$8,000,000.00) in Canadian funds for a term not to exceed fifteen (15) years at an interest rate of not more than five and one-half percent (5.5%); and
- b) make an application to the Minister of Advanced Education for the required approval of the Lieutenant Governor in Council.

Final Item: 5bi

Agenda Title: **Principles to Guide the Board of Governors' Working Group**

APPROVED MOTION: THAT the Board of Governors, on the recommendation of Board Chair, Michael Phair, approve a set of principles to guide the work of the Board of Governors' Working Group, as set forth in Attachment 1, as amended.

Final Item: 6a

OUTLINE OF ISSUE

Agenda Title: **Envision Phase 4 – Capital Expenditure Authorization Request, Borrowing Resolution and Order in Council**

Motion 1: THAT the Board of Governors, on the recommendation of the Board Finance and Property Committee, approve a capital expenditure of not more than Eight Million Dollars (\$8,000,000.00) in Canadian funds to implement the fourth phase of the five-phase *Envision* energy management program.

Motion 2: THAT the Board of Governors, on the recommendation of the Board Finance and Property Committee:

- a) execute a Borrowing Resolution requesting approval of financing the fourth phase of the five-phase *Envision* energy management program in an amount not to exceed Eight Million Dollars (\$8,000,000.00) in Canadian funds for a term not to exceed fifteen (15) years at an interest rate of not more than five and one-half percent (5.5%); and
- b) make an application to the Minister of Advanced Education for the required approval of the Lieutenant Governor in Council.

Item

Action Requested	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Recommendation
Proposed by	Andrew Sharman, Vice-President (Facilities and Operations)
Presenter	Andrew Sharman, Vice-President (Facilities and Operations)

Details

Responsibility	Vice-President (Facilities and Operations)		
The Purpose of the Proposal is (please be specific)	To obtain approval to proceed with the fourth of the five-phase <i>Envision</i> energy management program with the approval of a capital expenditure of not more than \$8,000,000. To secure financing to fund the implementation of the fourth phase of the five-phase <i>Envision</i> energy management program.		
The Impact of the Proposal is	Allows implementation of the fourth phase of the <i>Envision</i> energy management program to achieve energy savings. Other benefits achieved are reduced operating and maintenance costs, improved space conditions, infrastructure renewal to address deferred maintenance, reduction of greenhouse gas emissions, and support of and commitment to sustainable development.		
Replaces/Revises (eg, policies, resolutions)	N/A		
Timeline/Implementation Date	April 2018 – March 2019		
Estimated Cost and funding source	\$8,000,000 borrowed from the Alberta Capital Finance Authority with payback from the energy savings.		
	<u>Number</u>	<u>Funding Source</u>	<u>Amount</u>
		Provincial Government	\$8,000,000
		TOTAL	\$8,000,000
Next Steps (ie.: Communications Plan, Implementation plans)	N/A		
Supplementary Notes and context	To establish an upper limit for borrowing purposes, an analysis and cash flow projection was performed to determine the effect if inflationary		

Item No. 5bi

	pressures caused interest rates to rise above the 5.5% used in the model, with concurrent inflation/escalation on the utility rates. The 15-year amortization financial model can support interest rate increases up to 7% with 1.5% escalation in utility rates beyond 2020/2021.
--	--

Engagement and Routing (Include meeting dates)

Participation: (parties who have seen the proposal and in what capacity)	<u><i>Those who have been informed:</i></u> Intention: Build Awareness <ul style="list-style-type: none"> • Energy Management and Sustainable Operations • Utilities • Operations and Maintenance • Planning and Project Delivery
	<u><i>Those who have been consulted:</i></u> Intention: Build Knowledge/Build Commitment <ul style="list-style-type: none"> • Energy Management and Sustainable Operations • Utilities • Operations and Maintenance • Project Planning and Delivery • Office of the Vice-President (Finance and Administration)
	<u><i>Those who are actively participating:</i></u> Intention: Build Ownership/Build Responsibility <ul style="list-style-type: none"> • Energy Management and Sustainable Operations • Operations and Maintenance • Project Planning and Delivery
Approval Route (Governance) (including meeting dates)	President's Executive Committee – Operational – November 9, 2017 Board Finance and Property Committee (recommendation) – November 28, 2017 Board of Governors (approval) – December 15, 2017
Final Approver	Board of Governors – December 15, 2017

Alignment/Compliance

Alignment with Guiding Documents	<u><i>Institutional Strategic Plan - For the Public Good</i></u> Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all. 23. OBJECTIVE: Ensure that the University of Alberta's campuses, facilities, utility, and information technology infrastructure can continue to meet the needs and strategic goals of the university. i. Strategy: Secure and sustain funding to plan, operate, expand, renew, and optimize the use of campus infrastructure to meet evolving teaching and research priorities.
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please quote legislation and include identifying section numbers)	<u>Post-secondary Learning Act (PSLA)</u> Section 60(1) The Board of a public post-secondary institution shall (a) manage and operate the public post-secondary institution in accordance with its mandate. (b) 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 72 Borrowing

72 (1) A board may borrow from any bank or treasury branch or from any other person any sum of money required to meet the expenses of the public post-secondary institution until the time the revenues for the current year are available.

(2) Any borrowings made pursuant to subsection (1) must be repaid out of and are a first charge on the revenues of the current year, and may be secured by a promissory note or notes given on behalf of the board in any manner the board may arrange.

(3) Subject to the approval of the Minister, a board may for the purposes of the public post-secondary institution, as defined in section 73, borrow by way of temporary loans from any bank or treasury branch or from any other person any sums of money on any terms that the board determines, by way of an overdraft or line of credit or by the pledging as security for the temporary loans of notes, bonds, debentures or other securities of the board pending the sale of them, or instead of selling them, or in any other manner the board determines.

Board Finance and Property Committee Terms of Reference:

3. MANDATE OF THE COMMITTEE

....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. Without limiting the generality of the foregoing, the Committee shall:

- f) review, recommend to the Board or approve original Capital Expenditure Authorization Requests (CEARs) or individual Supplemental CEARs as determined by the Board-approved University of Alberta Capital Expenditure Authorization Request (CEAR) Policy;

4. LIMITATIONS ON DELEGATION BY THE BOARD

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:

- c) approve capital expenditures as determined by the Board-approved University of Alberta Capital Expenditure Authorization Request (CEAR) Policy;

Attachments:

- 1. Briefing note (1 page)

Prepared by:

Michael Versteegen, P.Eng., Manager
Energy Management & Sustainable Operations
Email: mike.versteegen@ualberta.ca

ENVISION Phase Four Borrowing: Capital Expenditure Authorization Request (CEAR) and Borrowing Resolution

Background

The University of Alberta has been a leader in energy management since the mid-1970s. Since its inception, the Energy Management Program has resulted in an accumulated cost avoidance of \$354,000,000 and reduced greenhouse gas emissions by 2.3 million tonnes.

In 2011, the Board of Governors approved the current energy management program, Envision. This \$35 million program exists in five phases and funded through borrowing from the Alberta Capital Finance Authority with repayment achieved through reduced utility costs. To date, the first three phases have been implemented at a cost of \$19,000,000.

Preliminary audits and feasibility studies for phases four and five have identified new technologies that have potential to provide significant energy savings for the institution. They are demand-based laboratory ventilation, occupancy-based space ventilation, and energy analytics. Annual savings at the completion of the five-phase program is estimated to be in the order of \$4,300,000 and CO₂ emission reductions are anticipated to be in the order of 35,000 tonnes.

Continued implementation of the Envision program, these new technologies and opportunities are warranted to keep our energy bill as low as cost effectively feasible. Other benefits are reduced operating and maintenance costs, improved space conditions, infrastructure renewal to address deferred maintenance, reduced demand on utility plants and distribution infrastructure, and significant environmental benefits. Implementation of the Envision program further demonstrates UAlberta's on-going actions and commitment to sustainability. Actions taken to improve energy efficiency aligns with the strategic direction and contribute to city-wide, regional, provincial and national efforts to reduce the impact of greenhouse gas emissions on the global climate.

The Project

The Energy Management and Sustainable Operations is preparing to launch phase four of the Envision program. This phase will focus primarily on north campus on projects such as LED retrofits, domestic water upgrades, mechanical system upgrades, fume hood optimization, and implementation of energy usage analysis.

The estimated cost for implementation of phase four of the Envision program is projected to be \$8,000,000. Average annual energy savings from this implementation over the 15-year period is estimated in the order of \$1,020,035. Based on UAlberta Utilities' forecasts to 2020/21 and a 1.5% escalation thereafter, payback of this phase of the program will occur within a 15-year amortization period. As in the previous energy management programs, it is proposed that these projects be financed through borrowing from the Alberta Capital Finance Authority over a 15-year amortization period. Both the Capital Expenditure Authorization Request and request for borrowing require approval of the Board of Governors

Approval Level	Original CEAR or individual Supplemental CEAR Approval	Aggregate Total CEAR and Supplemental CEARs Approval
	<i>Up to and including:</i>	<i>Up to and including:</i>
Facilities and Operations Directors	\$500,000	\$750,000
Facilities and Operations Associate Vice-Presidents	\$1,000,000	\$2,000,000
Vice-President (Facilities and Operations)	\$2,000,000	\$4,000,000
BFPC	\$7,000,000	\$14,000,000
BG	Over \$7,000,000	Over \$14,000,000

Recommendation

The Board Finance Property Committee recommend that the Board of Governors continue to support the **Envison** program by requesting authority to borrow \$8,000,000 from the Alberta Capital Finance Authority and approve the CEAR.

Prepared by:
Mike Kohlenberg
Associate Vice-President, Utilities
Facilities and Operations
mike.kohlenberg@ualberta.ca

OUTLINE OF ISSUE
Action Item

Agenda Title: **Principles to Guide the Board of Governors' Working Group**

Motion: THAT the Board of Governors, on the recommendation of Board Chair, Michael Phair, approve a set of principles to guide the work of the Board of Governors' Working Group, as set forth in Attachment 1.

Item

Action Requested	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Recommendation
Proposed by	Michael Phair, Chair, Board of Governors
Presenter	Michael Phair, Chair, Board of Governors; Marion Haggarty-France, University Secretary

Details

Responsibility	University Governance
The Purpose of the Proposal is (please be specific)	To present for Board approval the principles that will guide the work of the Board of Governors' Working Group.
The Impact of the Proposal is	Continued progress toward goals established at the 2017 Board Retreat
Replaces/Revises	n/a
Timeline/Implementation Date	n/a
Estimated Cost /funding source	n/a
Next Steps	<p>The Board of Governors' Working Group (BWG) will continue to meet on a regular basis to fulfill its mandate and will provide regular updates to the Board regarding its progress.</p> <p>Final report and recommendations will be submitted to the Board on or before June 15, 2018.</p>
Supplementary Notes and context	<p>The August 2017 Board of Governors held a strategic retreat with the following objectives:</p> <ul style="list-style-type: none"> • To solidify the Board of Governors' commitment to dimensional governance that ensures the Board and all committees are doing the right work to guide the University and to support the ambitions of <i>For the Public Good</i>. • To understand and explore the challenges and opportunities inherent in the context in which the University is currently conducting its work. • To clarify how individual governors can make the greatest contribution to the institutional strategic plan. • To define next steps in moving forward. <p>At the retreat, the Board Chair committed to the formation of a Board Working Group to engage in a review of the Board of Governors processes, structure and role in providing strategic oversight, insight and foresight with a goal of governance excellence in support of the university's institutional strategic plan.</p>

Engagement and Routing (Include meeting dates)

Participation:	<u>Those who have been informed:</u>
	•

Item No. 6a

(parties who have seen the proposal and in what capacity) <For further information see the link posted on the Governance Toolkit section Student Participation Protocol >	<u><i>Those who have been consulted:</i></u> <ul style="list-style-type: none"> • David Turpin, President and Vice-Chancellor
	<u><i>Those who are actively participating:</i></u> <ul style="list-style-type: none"> • Michael Phair, Chair, Board of Governors • Members, Board of Governors' Working Group • Marion Haggarty-France, University Secretary • Juli Zinken, Board Secretary and Manager of Board Services
Approval Route (Governance)	Board of Governors, December 15, 2017 – for approval
Final Approver	Board of Governors

Alignment/Compliance

Alignment with Guiding Documents	Institutional Strategic Plan – <i>For the Public Good:</i> <i>SUSTAIN: Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all Albertans.</i> <i>21. Encourage continuous improvement in administrative, governance, planning and stewardship systems, procedures, and policies that enable students, faculty, staff, and the institution as a whole to achieve shared strategic goals.</i>
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please <u>quote</u> legislation and include identifying section numbers)	<ul style="list-style-type: none"> • The <i>Alberta Public Agencies Governance Act</i> (APAGA) promotes transparency, accountability, and good governance for the province's nearly 250 agencies, boards and commissions.

Attachments:

1. Principles to Guide the Board of Governors' Working Group (4 pages) - **REVISED**

Prepared by: Juli Zinken, Board Secretary and Manager of Board Services, juli.zinken@ualberta.ca



1. 2017 Board Retreat – moving from recommendations to action

The Board Strategic Retreat in August resulted in a report that identified an opportunity to “reboot the mandate of the Board so that it can operate at a more strategic level”. Retreat report excerpts include:

The Board can be involved earlier in decision-making at a higher level, and actively support the strategic plan of the University by listening, collecting, collaborating and advising – not debating management level details. The new class of Governors seems to agree, seeing this as an opportunity to make a difference in the University community, help steer the institution into new possible directions and provide input throughout the decision-making process, rather than feeling obliged to act as a “rubber stamp” for decisions that come before them.

A productive and supportive Board, working at the appropriate strategic level, will define governance excellence in terms of its ability to align with the intended outcomes of the strategic plan, while upholding a high standard of procedural rigour and efficacy consistent with the stature of the university and its reputation.

At the retreat, Board members worked together to define governance excellence and the corresponding support and process changes required to allow them to activate that excellence:

- Collective Role Clarity – As Governors, you need to know precisely what your specific role is and what is specifically expected of you in your Board duties.
- Esprit de Corps – Effective Governors have a trust and confidence in each other and endeavor to create a positive Board culture.
- Agreed-upon Principles and Values – Governors have a set of principles and values that guide decision-making and discussion, are reflective of the current institutional context, and allow the Board and Administration to operate at their respectively appropriate levels.
- Being Properly Deployed – Governors have value as individuals and as a group that can actively support the institutional strategic plan. Governors have talents to tap into.
- Being Constructive Critics – Governors can and should provide ongoing constructive feedback to Administration.
- A Measurement Focus – Governors must insist on connecting institutional strategic initiatives with measureable, assessable outcomes.
- Contributors, Not Just Approvers – Governors do not simply approve decisions brought forward by Administration – governance excellence means engaging and discussing issues, planting seeds for future discussions and being made an active part of issue conversations as they unfold.
- Transcending Constituencies – Representing a consistency [sic] may provide a Governor (and the Board as a whole) with a particular lens, but decision-making at the Board must occur for the good of the entire institution, not a specific constituency.
- Community Conduit – Governors are ambassadors within the University, to stakeholders and to the community-at-large that can explain University decisions and listen to feedback that will inform future Board discussions.
- Forward-Looking Considerations – As a Board, Governors must consider how the impact of contemporary decisions will resonate for future Boards, whether to avoid unintended consequences or ensure that future trends are being taken into account.



Governance support and process changes:

- **Alignment with Principles and Values** – Support for the Board must align with the operating principles and values they have set for decision-making, especially when setting agendas and developing material.
- **Succinct Materials** – For Governors to engage, they need digestible materials that allow them to be informed quickly and effectively. Consider the regular use of a consent agenda to allow for focused discussion only on topics that require it.
- **Summarizing Major Topics** – Governors need the option to make informed decisions and engage in conversation productively without reading every full report put to the Board. Executive summaries and detailed Outline of Issue forms can make this process easy.
- **Decision-Making Clarity** – On any given decision, Governors need to understand the decision that is being asked of them, its purpose and its potential impact.
- **Orientation and Integration** – New Governors need to be brought into the fold understanding how to participate in governance excellence, how to integrate into the Board culture, to understand relevant content and how University Governance will support them as a member. This is particularly important for short-term Governors.
- **Governance Review** – Develop a working group to engage in a governance review.
- **Open-Ended Discussions** – Define dedicated time to talk about specific relevant issues ahead of decision-making meetings.
- **Revamp Committee Work** – Consider streamlining committees, developing refreshed Terms of Reference for committees, add Governors according to what they can bring to the committee, provide a robust committee chair orientation program and make better use of committee chairs in the governing process.

2. Board-approved Goals and Outcomes (from October 20 Board meeting)

At its October 20, 2017 meeting, the Board approved the formation of a Board Working Group as well as its goals and outcomes.

Goals and outcomes:

- Rebalance Board work between required oversight, insight, and foresight
 - define the essential roles of the Board as set-forth in legislation
 - reevaluate the role/mandate and responsibilities of Board committees
 - investigate other options for Board approval/authorizations
- Examine Board members' role, obligations, and fiduciary responsibilities
- Work with Administration regarding the strategic details:
 - reimaged Outline of Issue / coversheet
 - discussion items at Board and committee meetings
 - providing adequate time (background/resources) for strategic conversations



3. Merging Retreat outcomes & next steps

These goals and outcomes combine with the recommendations from the Board Retreat as follows:

a) **Rebalance Board work between required oversight, insight, and foresight**

Lead: Board Chair with Board Working Group (based on Board Retreat outcomes)

- **Governance Review** – *Develop a working group to engage in a governance review.*
- **Open-Ended Discussions** – *Define dedicated time to talk about specific relevant issues ahead of decision-making meetings.*
 - *Contributors, Not Just Approvers – Governors do not simply approve decisions brought forward by Administration – governance excellence means engaging and discussing issues, planting seeds for future discussions and being made an active part of issue conversations as they unfold.*
- **Revamp Committee Work** – *Consider streamlining committees, developing refreshed Terms of Reference for committees, add Governors according to what they can bring to the committee, provide a robust committee chair orientation program and make better use of committee chairs in the governing process.*
 - *Being Properly Deployed – Governors have value as individuals and as a group that can actively support the institutional strategic plan. Governors have talents to tap into.*

b) **Examine Board members' role, obligations, and fiduciary responsibilities**

Lead: University Governance with Board Working Group (based on Board Retreat outcomes)

- **Orientation and Integration** – *New Governors need to be brought into the fold understanding how to participate in governance excellence, how to integrate into the Board culture, to understand relevant content and how University Governance will support them as a member. This is particularly important for short-term Governors.*
 - *Collective Role Clarity – As Governors, you need to know precisely what your specific role is and what is specifically expected of you in your Board duties.*
 - *Esprit de Corps – Effective Governors have a trust and confidence in each other and endeavor to create a positive Board culture.*
 - *Agreed-upon Principles and Values – Governors have a set of principles and values that guide decision-making and discussion, are reflective of the current institutional context, and allow the Board and Administration to operate at their respectively appropriate levels.*
 - *Transcending Constituencies – Representing a consistency may provide a Governor (and the Board as a whole) with a particular lens, but decision-making at the Board must occur for the good of the entire institution, not a specific constituency.*
 - *Community Conduit – Governors are ambassadors within the University, to stakeholders and to the community-at-large that can explain University decisions and listen to feedback that will inform future Board discussions.*



c) Work With Administration Regarding The Strategic Details:

Lead: President with Executive Team (based on Board Retreat outcomes)

- **Alignment with Principles and Values** – Support for the Board must align with the operating principles and values they have set for decision-making, especially when setting agendas and developing material.
- **Succinct Materials** – For Governors to engage, they need digestible materials that allow them to be informed quickly and effectively. Consider the regular use of a consent agenda to allow for focused discussion only on topics that require it.
- **Summarizing Major Topics** – Governors need the option to make informed decisions and engage in conversation productively without reading every full report put to the Board. Executive summaries and detailed Outline of Issue forms can make this process easy.
 - Being Constructive Critics – Governors can and should provide ongoing constructive feedback to Administration.
- **Decision-Making Clarity** – On any given decision, Governors need to understand the decision that is being asked of them, its purpose and its potential impact.
 - A Measurement Focus – Governors must insist on connecting institutional strategic initiatives with measureable, assessable outcomes.
 - Forward-Looking Considerations – As a Board, Governors must consider how the impact of contemporary decisions will resonate for future Boards, whether to avoid unintended consequences or ensure that future trends are being taken into account.

4. Guiding Principles for Board Working Group

Charged with enacting these recommendations from the Board, the Board Working Group begins its work by identifying the following core ‘guiding principles’ to inform its deliberations:

1. A commitment that Board meetings / Board committee meetings be conducted in a manner that encourages participation and engagement while making best use of available time and resources and respecting the volunteer nature of Board members.
2. ~~A desire for the Board to~~ An expectation that the Board will add value and become visibly high-performing, with a reputation for leading by example, using best practices, and conducting meaningful work.
3. A commitment that Board members will represent the best interests of the University as a whole.
4. An expectation that the Board will generate ideas, thoughts, and perspectives in support of strategic plans and decisions.
5. A commitment to responsive, respectful, and appropriate engagement with other governing bodies and with university administration.
6. A commitment that the Board will carry out duties as prescribed in the *Post-secondary Learning Act*.