

**APPROVED**

MINUTES OF MEETING NUMBER FOUR HUNDRED AND FIFTY EIGHT OF THE BOARD OF GOVERNORS OF ALGONQUIN COLLEGE WHICH WAS HELD ON MONDAY, OCTOBER, 12, 2010 AT 5:00 P.M. IN THE ROSSER BOARD ROOM, C539, WOODROFFE CAMPUS

Present	Michael Dunlop, Chair Doug Orendorff, Vice Chair Stephen Abraham Denise Amyot Pauline Edmonds Veronica Engelberts Barbara Farber Robert Gillett, President Sterling Hartley Doreen Hume Yusuf Khan Louis Lamontagne James McIntosh Debbie Robinson (teleconference) Valerie Sayah	Regrets	William Johnson John Owens Deborah Rowan-Legg, Vice President Student Services
		Vice Presidents	Gerry Barker, Human Resources Kent MacDonald, Academic Duane McNair, Administration (Acting) Joy McKinnon, Business Development
		Resource Personnel	Anna Cobus, Recording Secretary

Observers Claude Brulé, Dean, Faculty of Technology and Trades  
Steve Georgopoulos, Dean, School of Hospitality and Tourism (Acting)  
Russ Mills, Dean, Faculty of Media and Design  
Kathryn Moore, Registrar  
Doug Ouderkirk, Executive Director, Academic Operations and Planning  
Brenda Rothwell, Executive Director, Algonquin College Foundation  
Kim Tysick, Dean, Faculty of Health, Public Safety and Community Studies

*The Chair called the meeting to order at 5:04 p.m.*

**10-57 CONFLICT OF INTEREST DECLARATION**

None.

**10-58 APPROVAL OF PREVIOUS MINUTES****RESOLUTION**

MOVED AND SECONDED –Engelberts and Orendorff

That the minutes of June 28, 2010 be approved as amended.

**10-59 BUSINESS ARISING**

None.

**10-60 EDUCATION SESSION: FUNDING**

D. McNair, Acting Vice President, Administration, and D. Ouder Kirk, Executive Director, Academic Operations and Planning, provided an overview of the College's funding makeup beginning with a summary of revenues including grants, tuition fees, contract revenues, other revenues, and ancillary services which total \$304,743,000 in 2010/2011. Each revenue item was discussed with details concerning its various components. In 2010/2011, 53% of the College's revenue is comprised from grants; however, 13% of that is a result of the capital construction grants which have been provided by the federal and provincial governments as part of the stimulus program.

D. Ouder Kirk provided a summary of the program contribution and program costing methodology of the College, including the revenues and expenses which are taken into consideration when determining the financial viability of a program or program area. Of particular note was the College's costing methodology for space as it is the only College in the province that takes space utilization into consideration when determining program costing and economic viability.

The full presentation, which was provided to members of the Board of Governors, is available in the President/Board Office upon request.

Question/Comments:

- *Governor Dunlop: As per past Board direction, the College is required to always maintain a balanced budget with a \$1M surplus which is a rather narrow margin on a budget of this magnitude. Should any of the one-time funding envelopes be taken away, the College remains very marginalized.* The President added that the College has shown surpluses the past few years, but primarily due to extraordinary circumstances, and that a future discussion about raising the margin to a more appropriate amount may be warranted.
- *Governor Edmonds: How much is in the reserve fund?* \$40M for capital expenditures.
- *Governor Lamontagne: With respect to the WFU's (weighted funding units) is there an adjustment made for cost escalations?* No. The WFUs roll forward based on a two year slip with a three year average; however, while this offers the College some predictability in the funding that will be received, it does not address escalation, nor does it guarantee the level at which all WFUs will be funded. A few years ago the Ministry attempted to fund in-year growth but it resulted in overfunding for some Colleges, thereafter resulting in funding clawbacks for some

Colleges. At present there is an interim funding formula which is based on the historical model which provides some predictability; however, for 2011/2012, there is no model as yet.

- *Governor Dunlop: Where does retention fit in from a grant perspective?* Funding is based on actual enrolment at a fixed audit date each semester (November 1<sup>st</sup> and March 1<sup>st</sup>). Students who are enrolled and leave the College before that date are not funded and are problematic because not only is a seat no longer filled in year one of a program but in subsequent years as well, which could lead to up to eight semesters of lost funding for the College.
- *Governor Amyot: What is the current graduation rate against the 70% target?* The current graduate rate is approximately 63%.
- *Governor Amyot: What are examples of the least and most expensive programs?* The least expensive programs are those for underprepared students such as General Arts and Science (GAS) which are mainly theoretical and require no specialized space or equipment. An example of a high cost program is the Dental Hygiene (DH) program as it has much specialized equipment and dedicated space. The difference in weighted funding units between the GAS and DH programs are 1.2 vs. 4.5. When planning and developing new program offerings the College has had to focus on programs with little dedicated space due to space shortages, which has resulted in lower weighted funding units. One exception to this trend is the new Music Production Program which began this fall and has a high weighted funding unit.
- *Governor Edmonds: As programs move portions of their curriculum into a virtual environment, does their space charge decrease?* Yes, because the charge is based on actual scheduling and room utilization. The College does not cost virtual delivery at this time; however, in the future there will have to be recognition of the cost involved.
- *Governor Hume: Are tuition fees directly related to program cost?* Yes. Tuition fees are regulated. The College can raise its fees by 5% or \$50 per year (whichever is greater). Some high demand programs can have fee increases of up to 8% but there is a limit to the number of programs the College can offer in this high demand category which totals 15% of enrolment. The College is presently at the maximum for the number of programs it can offer in this category; however, changes may be forthcoming. In addition, the province claws back a portion of all tuition fees to create funds for student aid.
- *Kent MacDonald: It is important to recognize that the efforts undertaken to develop space cost calculations have resulted in changed behavior in terms of what is considered to be required dedicated space, which has allowed the College to take additional students that would not have otherwise been accommodated.*
- *Governor Orendorff: (1) What actions are taken when a program falls below the 25% contribution and (2) when new programs are brought forward for consideration, must they achieve a 34% contribution?* When a program falls below 25% contribution, several factors are reviewed including dedicated space and equipment costs, and appropriate actions are taken to

improve the programs viability. New programs must achieve at least a 30% contribution; however, it is important to recognize this contribution would only be achieved in the 4<sup>th</sup> year of a new program offering as that is when full funding comes into effect. It should also be noted that contribution levels at the rural campuses are lower than at Woodroffe as they do not share in the recognition of all support costs.

#### **10-61 REPORT OF THE CHAIR**

The Chair reported the following:

- Governor Owens has agreed to take over as the Board's representative on the Foundation Board of Directors effective immediately;
- Veronica Engelberts has agreed to fill the vacancy left by former Governor Fred Blackstein on the Colleges Ontario Governors Advocacy Committee. The Chair will also continue his term on the Advocacy Committee;
- Governor Hartley will serve as the Chair of the Governance Committee for 2010/2011;
- The Fall Convocation Ceremony will be held on October 26<sup>th</sup> at the National Arts Centre beginning at 7:00 p.m. The Chair will attend the Ceremony, as well as Governors Khan, Engelberts and Amyot. Those interested in attending were asked to notify A. Cobus as soon as possible.
- As per the requirements outlined in Board By-law #1, copies of the Code of Ethical Conduct were on the table for Governor's signatures. Governors were asked to leave their signed copy on the table to be collected following the meeting.
- On the table was a summary of agenda items listed by month for the academic year. The list will be updated throughout the year as education sessions and other items are added.
- Copies of the remittance declaration from the financial officers of the College were on the table confirming that, as of the first and second quarters, all applicable income tax source deductions and remittances were submitted in accordance with CRA and Ministry of Revenue requirements.
- Governors were asked to remove material from their Board binders that they wish to keep and leave their binder on the table at the end of each meeting of the Board for repackaging for the next month's meeting.

The Chair spoke to the significant detail provided in both the monthly Board minutes as well as management summary reports. He asked each Governor to reflect over the next two months, as to

whether this level of detail is necessary and of value to the Board, after which time the topic will be raised for consideration on how best to proceed in the future.

Questions/Comments:

- None.

## **10-62 REPORT OF THE PRESIDENT**

The President reported the following:

- The College budget is on target at mid-year and all construction is on time and within budget. The College is embarking on almost \$200M of construction (design and building) at the current time.
- Design work is continuing on both the new Pembroke Campus and the Student Commons.
- Discussions are ongoing with the Ministry related to the College's submission of capital requirements in June, 2010, totaling \$238M.
- The fall term start up went well with over 18,800 full time and a target of approximately 15,000 part-time student registrations. Continuing education registration continues throughout the semester.
- There has been no news received to date related to the government's funding formula or the Reaching Higher 2 plan. Consultations are ongoing and it is expected that there will be no new announcements before March, 2011. It is expected that there will be a requirement to accommodate 50,000 additional students in post-secondary education in the next two years. The focus of MTCU is on how that growth demand will be met, especially by urban colleges who are already facing space pressures.
- The College's United Way Campaign was launched on October 8<sup>th</sup>; this year's fundraising target is \$115,000.
- Preparations are underway for the development of the 2011/2012 budget. A briefing will be provided to the Board late in the fall when the major elements are known.

Questions/Comments:

- *Governor Edmonds: Is enrolment showing an upward trend related to the opening of the three new buildings (ACCE, Perth, Pembroke)?* The ACCE building will be full and will have 2600 students when it opens. Pembroke Campus enrolment is also growing and it is expected that the new building will be fully occupied when it opens in September, 2012. Enrolment growth in Perth is holding steady this year; however, it is expected that the new building will draw additional enrolment.

## **10-63 DECISION ITEMS AND REPORTS**

### **FIRST QUARTER FINANCIAL REPORT**

D. McNair, Acting Vice President, Administration, presented a summary of the 2010/11 1<sup>st</sup> Quarter Financial Report and the 2010/11 1<sup>st</sup> Quarter Funded Positions Report. On April 12, 2010, the Board of Governors approved the 2010/11 Annual Budget with a net cash flow of \$1 million and a net contribution after GAAP adjustments including expenditures from internally restricted funds of \$1.3 million. The 2010/11 Annual Budget includes a \$3 million provision to fund the future debt servicing for the Student Commons and Pembroke campus expansion projects should there not be any funding received from the province.

On June 14, 2010, the Board approved the 2009/10 Financial Statements which included authority to spend up to \$11.2 million from internally restricted funds (appropriations and specific reserves). At the time the budget was approved, final results for 2009/10 were not yet known; year-end net asset balances were subsequently determined and a portion of these net assets, (appropriations and specific reserves) were allocated to fund various projects and initiatives in support of the strategic plan and objectives under the Multi-Year Accountability Agreement.

The following significant budget events occurred during the first quarter review period.

In April 2010, the Ministry of Training Colleges and Universities (MTCU) advised that the current tuition fee framework would be extended for 2 additional years (i.e. up to and including 2011/12). The Q1 projections for tuition fees were adjusted to reflect a 5% increase over 2009/10 tuition fee rates replacing the 4% increase that was included in the approved budget. However, this adjustment was partially offset by new MTCU requirements to increase the College's Mandatory Tuition Fee Set-Aside budget for student financial aid by an additional 10% of the tuition fee revenue increase over the previous year. In July 2010, the MTCU issued preliminary allocations of 2010/11 operating and growth grants to Ontario Colleges. These preliminary allocations agreed with the College's approved budget plan for 2010/11 with one exception. The Extraordinary Growth Grant was reported as an additional one-time grant allocation for 2010/11. Algonquin's share of this grant was approximately \$2.6 million.

The College received Section 28 approval (under the Financial Administration Act) from the Ministry of Finance to borrow up to \$48 million to finance its share of the construction of the Student Commons Building and the Pembroke campus. The Students' Association received credit approval from the CIBC to borrow \$30 million to finance their contribution to the Student Commons.

At Q1, adjustments were made to reflect new positions, positions eliminated, transfers, etc. Accordingly, there are minor differences in the staff complement and a plus two net increase in the overall summary of funded positions.

#### Questions/Comments:

- *Governor Orendorff: The Annual Approved Budget format included separate revenue, expenditure and contribution reporting for International, Ancillary Services and Contract Activity. Using the 1<sup>st</sup> Quarter Financial Report, I am able to deduce the amount of contribution for International and Ancillary Services but not for Contract Activity. What is the projected*

*contribution for Contract Activity?* The contract activity contribution is projected to be marginally better than was reported in the Approved Budget due to the additional contracts that were signed and confirmed during the first quarter.

- *Governor Orendorff: page 5 – Is the \$3M set aside for Pembroke included in the “Other” column?* It is included in the debt servicing line. It is not in internally restricted funds as it is being treated as an income statement expenditure.
- *Governor Orendorff: Is the ITS data centre provision related to the Business Continuity Planning review?* This does address a portion of the review related to the risk of mechanical equipment failure, but other items, such as cloud computing, have not yet been addressed and will be included in a report to the Audit Committee this fall.
- *Governor Dunlop indicated that Governor Johnson had requested a construction cost variance which was addressed through the President’s report where it was indicated that construction is on budget and on schedule.*
- *Governor Dunlop indicated that Governor Johnson had requested information related to the tuition fee increase which was addressed by D. McNair in his budget presentation.*

The report was accepted as presented.

### **COLLEGE/FOUNDATION REVISED MEMORANDUM OF AGREEMENT**

The President spoke to the proposed revisions to the Memorandum of Agreement between the College and Foundation which resulted from a discussion at the Board of Governors meeting held on June 14, 2010, at which time the Board agreed that the Foundation is a mature organization which should be permitted to appoint its own directors, other than designated positions, without prior approval of the Board of Governors. Also amended was the number of directors.

#### **RESOLUTION**

MOVED AND SECONDED – Lamontagne and Amyot

That the Board of Governors approve the proposed amendments to the College/Foundation Memorandum of Agreement.

CARRIED

### **BANKING OFFICERS RESOLUTION**

#### **RESOLUTION**

MOVED AND SECONDED – Hartley and Engelberts

That for banking purposes, the following are the officers of the Algonquin College of Applied Arts and Technology, effective October 12, 2010:

Chair  
Vice Chair

Michael Dunlop  
Doug Orendorff

Secretary	Robert Gillett
Treasurer	Duane McNair (Acting)
President	Robert Gillett
Vice President, Academic	Kent MacDonald
Vice President, Administration	Duane McNair (Acting)
Vice President, Business Development	Joy McKinnon
Vice President, Human Resources	Gerry Barker
Vice President, Student Services	Deborah Rowan-Legg
Director of Finance	(Vacant)
Manager, Finance and Administrative Services	Sally Clarke

CARRIED

### **APPLICATION FOR VISA DESJARDINS CORPORATE CREDIT CARDS RESOLUTION**

#### **RESOLUTION**

MOVED AND SECONDED – Farber and Hartley

That the Algonquin College of Applied Arts and Technology shall present an application to Fédération des caisses Desjardins du Québec (“FCDQ”) for the issuance of one or more VISA Desjardins Corporate Credit Cards; and

That should the application be approved by the FCDQ, The Algonquin College of Applied Arts and Technology shall sign a Service Agreement for the Issue of VISA Desjardins Corporate Credit Cards;

That Solveig Keshavjee is hereby designated as the Primary Administrator of the VISA Desjardins Corporate credit card program and that, in this capacity, the latter is inter alia authorized to appoint people who are capable of assisting the Primary Administrator in online business card management in the capacity of Secondary Administrators;

That Duane McNair and Sally Clarke are hereby authorized to sign for and on behalf of The Algonquin College of Applied Arts and Technology any document that is required or useful in giving effect hereto.

CARRIED

#### **10-64 MANAGEMENT SUMMARY REPORT**

The Chair once again asked Governors to reflect on the detail presented in the Management Summary report in preparation for a discussion at the December 13<sup>th</sup> meeting of the Board, at which time the Board will be asked to consider the merit and value of continuing with such detailed documents.

Questions/Comments:

- *Governor Edmonds: With respect to the opening of the College Accessibility Office, is it geared only towards the needs of clients and is there anything for the needs of employees? This Office*



applies to all members of the College community, including staff, faculty and students, and was implemented in order for the College to ensure that it meets its obligations under the Accessibility for Ontarians with Disabilities Act. With respect to employee accommodations, any unresolved concerns can be brought forward to the Vice President, Human Resources, or the College's Accessibility Office.

- *Governor Robinson – Does the College have any liability issues in providing students housing options and landlord names for housing which is not college-operated?* The College does offer a Housing Service to assist students in securing housing; however, it is made clear that the College does not certify nor endorse any housing options made available for students on these lists. *Secretary's Note: It was subsequently confirmed that this practice is consistent College-wide.*

## **10-65 OTHER BUSINESS**

The Chair noted that from time to time, Governors may be approached by individuals looking to receive support or encouragement on a variety of matters. He reminded Governors that such requests are to be referred to the President's Office with a copy to the Board Chair, so that an appropriate and accurate response is coordinated based on all information which must be taken into consideration.

Governor Engelberts observed that she recently read in *The Ottawa Citizen* that the College has hired Jim Orban as the Director of International and Corporate Business Development. She offered her congratulations to the College and expressed that this is a positive step for the College.

Governor Edmonds inquired as to what campuses the College has offshore. J. McKinnon, Vice President, Business Development, advised that the College has offshore campuses in Montenegro, India and China. In addition, there are ongoing discussions and negotiations in several middle-Eastern countries. There are a number of ongoing collaborations where the students begin in their country and finish their program at the College. The President added that the Government has mandated Colleges to grow international enrolment by 50% by 2015, so the addition of Jim Orban will be significantly positive for the College.

The Chair noted that there was a revised long term capital plan submitted to the Ministry in June, 2010, which is available for review upon request to the Board Office.

Lastly, the Chair noted that plans are proceeding based on the Strategic Plan discussions at the recent Planning Session held on September 12<sup>th</sup> and 13<sup>th</sup>, with recommendations being presented to the Board in the near future.

There being no further business, the meeting adjourned at 6:29 p.m.

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(original signed by)

Michael Dunlop, Chair

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(original signed by)

Anna Cobus, Recording Secretary