

Cape Breton University  
Board of Governors  
Public Meeting

Friday, February 22, 2013  
Following Prologue  
CE-339

**1 – 5 Opening Information/Discussion**

**1 Roll Call**

Present:

Dr. John Harker (President), Dr. Robert Bailey (Secretary), Dr. Diane Janes, Mr. Chester Pyne, Ms. Wendy Wadden, Dr. Mary Keating, Ms. Michelle Lahey, Mr. Stewart McCann, Ms. Mary Suzanne MacEachern, Dr. Eddie Davis, Mr. Rany Ibrahim, Ms. Daphne Hutt-MacLeod, Mr. Steve Wadden, Ms. Anita DeLazzer, Dr. Rex Dunn (Vice-Chair), Dr. Hayes MacNeil, Mr. John Malcom, Ms. Carol Ripley, Mr. Ambrose White, Mr. Gordon MacInnis (Treasurer) Mr. Merrill Buchanan

Regrets:

Ms. Alana Lawrence, Ms. Connie Boone, Mr. Kenneth Crawford, Mr. Leo MacIntosh, Mr. Brian LeBlanc, Mr. John Paul, Mr. Roland Thornhill, Ms. Marlene Usher

Absent:

Ms. Norma Boyd, Mr. Tony Mozvik, Mr. Patrick Lahey, Mr. Kirk Purdy

The Chair declared quorum and called the meeting to order.

**2 Minutes**

**2.1 - It was moved** by Dr. Davis, seconded by Dr. Janes, to approve the minutes of December 14, 2012. **Motion carried.**

**2.2 – It was moved** by Dr. Davis, seconded by Dr. Janes, to approve the minutes of the Special Meeting on January 14, 2013. **Motion carried.**

**3 Business Arising – N/A**

**4 CEO/CAO**

**4.1 Report of the President**

President Harker provided a verbal report with the following highlights:

- Transitioning is moving at a steady pace.
- The Masdar Institute in Abu Dhabi has expressed an interest in a relationship with CBU. They would like to promote Masdar to the graduates of CBU as a place to continue their studies for an MA or PhD at their institute, which would be fully funded by the state of Abu Dhabi. President Harker feels that the vibrant presence of MIT as a Masdar partner should ease any worries of academic reputation.

- Mr. MacInnis' term on MPHEC is coming to an end and CBU has been successful in their nomination of Dr. Robert Bailey.
- President Harker advised that he will, as asked, provide the Board with his opinions and thoughts on the now concluded Presidential Search Committee. He does not feel the process is flawed but will provide his opinions on what could be built upon. He also advised these words will be accompanied by his thoughts relating to the powers of Senate.

Mr. Malcom thanked President Harker for his 10 years of service to Cape Breton University and for taking the initiative of sharing his thoughts on the search process with the Board. He also added this should be the time that the Board should initiate a review of the process to ensure that any short falls or improvements to the process are identified and resolved. In response to these comments, Dr. Bailey advised that after referring to the CBU Board of Governors Bylaws, it clearly states that a review of this process would be initiated by the Bylaws Committee. Ms. Wadden further added that a debriefing of those who sat on the committee could provide valuable insight to the process. Those who were not actively involved in the process but are considered to be a stakeholder could also be included in the review of the process. **It was moved** by Mr. Ibrahim, seconded by Mr. Malcom that the Bylaws Committee be tasked with a review of the most recent Presidential Search and to provide a report to the Board on their findings of weaknesses and strengths of the process and how, if at all, it may be improved and built upon. It was suggested that this review not take place until the member who was Chair of the committee is available for his insight. **Motion carried.**

It was also suggested that the search firm be contacted to provide the Board with their profile of what the ideal candidate for President of CBU would look like.

#### 4.2 Report of Senate

Dr. Diane Janes provided a verbal report to the Board on behalf of Senate from the February 8<sup>th</sup> meeting with the following highlights:

- Senate was advised of the installation date of the new President and it was therefore decided to post pone the Special Meeting of Senate to discuss the Academic Plan until after he is installed.
- Senators were given an update on the infrastructure renewal, renovations and related moves of SASS, labs and offices in B-Block.
- MPHEC has introduced quality assurance guidelines and standards that universities have been asked to comment on. MPHEC will be holding a conference to gain these comments on which CBU will have representation.
- Concerns were raised with regard to the heating and low temperatures of classrooms and Dr. Bailey advised he would follow up with Facilities Management.
- CBU's Research and Integrity document submitted for approval sparked some discussion around the appeals provisions and was ultimately table and returned to the committee for review.
- Academic Committee brought forward a series of courses to continue with the aligning of 6-credit to 3-credit courses in Geology, Math, History, Communication and English courses.

On the question of the benefit to move from 6-credit to 3-credit courses, Dr. Bailey replied that this simply provides more flexibility to the student, for the Deans and provides an overall improvement to the student experience.

#### 4.3 Special Announcements, Questions – N/A



## 5 Treasurer's Report

Mr. MacInnis referred to the Financial Statements circulated electronically. The following key items were highlighted and discussed:

Items for informational purposes:

- Cash flow position remains healthy in light of accelerated capital spending on campus.
- Student receivable levels have increased entirely due to a \$451,000 upward adjustment in the receivable from the Saudi Cultural Bureau. This receivable now accounts for 45% of the total student receivable balance. Collection is not viewed to be a problem with a new practice in development to expedite the process.
- A delay was encountered in the provincial approval process of the Nova Scotia Tuition Rebate Program which accounts for a \$600,000 receivable from the Province.
- The Cape Breton Health Recreation Complex receivable continues to be recovered from fundraising efforts and monies otherwise payable to the complex.
- Book value of investments held by CBU total \$21,698,000 (2012- \$18,194,000) and the market value is \$23.3 million.
- The balance owing from the CBU Foundation totals \$410,000 and is entirely related to the inter-company account with Learncorp International.
- Accrued service award and vacation entitlements will be recalibrated as part of year end proceedings.
- Long-term debt totals \$19.7 million and represents financing for the Alumni Hall, Cabot Hall and Harris Hall, capital lease obligations, and the SOFI program. The future repayment date of the SOFI loan, to date, has not changed.
- Tuition and foreign differential fee revenues for the 2012/13 FW academic terms are currently expected to exceed budget by approximately \$3.3 million. The 2012/13 operating budget assumed a 1.8% decline in domestic enrolment, non- Saudi sponsored visa student enrolment at 2011/12 levels, and 15% of revenue generated by Saudi sponsored students in 2011/12. Actual enrolment of Saudi sponsored students is approximately 440 students which has served to buffer a higher than expected decline in non-Saudi student enrolment levels.
- The de-registration process is currently in process and has seen approximately 120 students effected which is double from previous years. These 120 students represent approximately \$300,000 that could be reversed in terms of student tuition revenue.
- Government grant revenues are expected to align with the budget estimates.
- Revenues reported from other sources total \$1,255,000 as of January 31st as compared to budgeted revenues of \$1,250,000. Significant negative variances relate to revenue from Unama'ki College programming occurring off campus now being recorded as tuition revenue (change in practice) and the timing of receipt of fees earned pursuant to the MEd - IT program with Memorial University. Negative variances from these two items have been offset by continued strong earnings on short term investments (\$29,000 favorable) and \$190,000 in earnings from a partnership with the Australian College of Kuwait scheduled to be transferred to the Special Projects Fund as part of year-end closing procedures.
- Academic teaching reports a total positive variance of \$277,000.
- Student services reports a negative budget variance due largely in part to fees associated with the use of credit cards incurred before changes in policy were fully introduced in the fall of 2012.
- Over expenditures in facilities management is accounted for by an increase in fuel costs and contract cleaning/security with the expanded floor space of the SSOB.

- Typically residence operations break even, however, with a lower than anticipated occupancy rate this objective appears to be in jeopardy this year. A survey of students is now underway to gain insight as to why off-campus housing alternatives would appear to be growing in popularity.

On the question of the time line for the student surveys, Mr. MacInnis hopes to have them ready for consideration in the 2013/14 operations.

On the question of this reported surplus and intentions for it, Mr MacInnis replied that various options would be discussed at the April meeting.

With regards to the bi-later discussions between CBU and the Province, Mr. MacInnis advised that data was provided to the Province relating to five year projections surrounding enrolment, expenditures and revenue. The Department of Education has set a meeting date of April 26<sup>th</sup> to assemble all universities to discuss and analyze the received data. Universities are hoping this will provide the Province with a view of the industry on an institution basis rather than an industry wide view. This initiative is looking to 2014/15 and forward, as the 2013/14 fiscal direction is set for the most part at this point.

On the question of the issue of occupancy rates in residence and if any formal initiative has been taken, Mr. MacInnis replied that no action will be taken until the student surveys have been received as they should provide insight of any problems that could be addressed. A plan of action will be developed pending the results of the surveys.

With regard to the service award obligations and changes currently taking place within government levels, it was asked if any thought had been given to follow in government changes. Mr. MacInnis replied that various discussions and approaches on the topic have been identified but to date no active actions are being pursued.

With regard to the doubling of the students de-registering, Mr. MacInnis replied that it is a concern but until the process is complete, the full impact cannot be realized and no indicators have been identified for the increase.

## 6 Committee Reports

### 6.1 Executive Committee

Chair, Hayes MacNeil, reported that the executive committee met on February 21<sup>st</sup> and all items discussed have been, or will be, covered on the prologue or public agenda.

## 7 Items Requiring Action \ Decision

### 7.1 Wind Farm Considerations

For informational purposes and as a follow up to discussion in the Fall of 2012, Mr. MacInnis advised that CBU is now in possession of advice as to how to structure its development interest in a wind farm



project approved under the Province of Nova Scotia's Community Feed in Tariff (COMFIT) Program. Legal and tax advisors have suggested that such activity, if it is to proceed, ought to be directed through the CBU Foundation and, more precisely, a subsidiary company of the Foundation. Donnie MacIassac, Director of Facilities Management, then gave a detailed overview in a Power Point presentation of the technical and regulatory aspects of the wind farm initiative.

On the question of community input and concerns, Mr. MacIassac replied that in working with ECBC on the project, this is a requirement and will be addressed in due course. The government standard is that there be no adjacent residence within 500 meters of the turbine and these turbines will be approximately 2 kilometers from any land owner. The Sydney Airport is also aware of the project and the site for the wind mills is well outside their range of impact.

With regards to the life span of the equipment, Mr. MacIassac advised that the expected life span is 25 years with a 10 year operations and maintenance warranty. With regard to maximum capacity, Mr. MacIassac detailed that the maximum is 5.4 and with the 3 mega watt turbines being installed will be trimmed to 5.4.

Upon completion of Mr. MacIassac's overview of the technical aspect of the project, Mr. MacInnis then gave the Board a detailed overview, in a Power Point presentation, on the financial pieces of the initiative with the following recommendations:

**R1: CBU reaffirm its support of the wind farm project as an acceptable development activity of the Institution.**

**R2: CBU offer to guarantee the capital loan, to a maximum of \$6.9 million, for the wind farm project that may be required of the CBU Foundation.**

On the question of the leased site location for the project, Mr. MacInnis advised that the lease will be for 20 years. Also, the service contract with the equipment is a 10 year renewable agreement and they were factored in to the projections.

A concern was raised with the CRA standing and the potential impact it could have on CBU. Mr. MacInnis replied that the opinion of the legal advice received is that is not a concern. In reply to a follow up question on advanced ruling from CRA, Mr. MacInnis advised that these are typically for a project in a planning stage rather than the implementation stage and reiterated the opinion of the legal advice of this not being a concern.

**It was moved** by Mr. Malcom, seconded by Ms. Wadden, to accept the recommendation that CBU reaffirm its support of the wind farm project as an acceptable development activity of the Institution. **Motion carried.**

**It was moved** by Mr. Pyne, seconded by Ms. Ripley, to accept the recommendation that CBU offer to guarantee the capital loan, to a maximum of \$6.9 million, for the wind farm project that may be required of the CBU Foundation. **Motion carried. Abstentions: 1 Nays: 1**

## **7.2 CBU Capital Program**

Mr. MacInnis referred to the CBU Capital Program memorandum circulated with the meeting package. A presentation provided Board members with an increased awareness of CBU's capital planning initiative and funding sources. Mr. MacInnis stated there is a clear need to ensure the level of capital activity is aligned with funding sources to ensure the long-term financial health of the organization. To

date, CBU has been able to avoid introducing significant expenditures in its operating budget for capital work but that it is likely not a sustainable practice.

Comments on the noted plans for upgrades to labs, offices and classrooms being addressed were noted and added that these upgrades will ultimately add to the overall student experience. The proof of this is in the newest additions to the campus (SSOB and Verschuren Centre).

### 7.3 SOFI Loan & Harriss Endowment

In the interest of time, **it was moved** by Mr. MacInnis, seconded by Ms. Wadden that this item be tabled until the April meeting. **Motion carried.**

## 8 New Business – N/A

A comment was made with respect to various presentations that could be made to the Board with regards to the many other aspects of the University that demonstrate best practices or partnership. It was further noted that although members do receive many updates and memos throughout the year, a visual presentation by an involved person gives a better understanding of the topic being presented.

## 9 Presentations

Chair, Dr. Hayes MacNeil spoke of President H. John Harker and the tremendous contributions he and his wife Eunice have given to CBU in the past ten years. President Harker was presented with a token of the Board's thanks and appreciation for his tireless efforts and best wishes were extended to him and Eunice in their next chapter.

## 10 Date of Next Meeting

The next meeting, as agreed by members to have changed, will be Friday, April 19<sup>th</sup>, 2013.

## 11 Adjournment

**It was moved** by Mr. McCann to adjourn the meeting at 12:00 pm.



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Dr. Robert Bailey, Secretary to the Board