



NORTHERN ALBERTA INSTITUTE OF TECHNOLOGY

Minutes of the One hundred fortieth regular meeting of the Board of Governors

Monday, October 5, 2015
4:00 to 7:42 pm
O102P Governors Boardroom

Members Present:	Brent Hesje (Chair)	Dr. Glenn Feltham	Valerie Berger
	Keith Meagher	Randy McLeod	Mark Ohe
	Andy Clark	Daryl Kruper	Jeffrey Mason
	Allan Mah	Larry Spagnolo	Nicolas Brown
	Shauna MacDonald	Justin Nand	Randy Tribiger
Present by Telephone:	Diane Brickner		
Resources:	Dr. Ray Block	Dr. Neil Fassina	George Andrews
	Lara McClelland		
Regrets:	Ray Pisani		

1. Call to Order

The meeting was called to order by the Chair, Brent Hesje, at 4:00 p.m.

a) Introductions

Brent welcomed everyone to the meeting and invited everyone to introduce themselves as there were four new members to the Board. Glenn Feltham recognized Arlana Moskalyk, President of NASA, as a guest in the gallery. Mr. Feltham also recognized Mr. Dwayne Chomyn of Neuman Thompson who will speak to the Board at its *in-camera* session.

b) Approval of the Agenda and Note to the Agenda on Request for Presentation

Moved by Allan Mah that the agenda be approved as presented.

Carried

c) Approval of Minutes of May 20, 2015

Moved by Larry Spagnolo that the minutes of May 20, 2015 be accepted as presented.

Carried

d) Business Arising from Minutes

The Action Item from the May 20, 2015 meeting was addressed by Dr. Neil Fassina. He referred to the material that was circulated to the Board and indicated there is an upswing in apprenticeship enrolment. This is anticipated to increase for the 2016-2017 school year, depending on the Alberta economy.

2. NAIT Executive Reports

a) Office of the President and CEO

Glenn reviewed his report for the Board. He thanked the leadership teams for their dedicated work this past fiscal year. Glenn noted that there were three documents provided for the Board's information – the Strategic Plan, Impact Statement and Centre for Skilled Trades. Items to note were:

- The land for the new Spruce Grove campus has been secured and will house the Crane and Hoisting program, among others.
- Glenn was pleased to note that NAIT is the only Canadian polytechnic that has been recognized for its environmental sustainability.

Glenn then discussed the four keys areas he has been focusing on – (1) the Skills Centre and Capital Infrastructure, (2) elevating polytechnic education and strengthening the post-secondary system, (3) advocacy, and (4) financial sustainability.

- The Centre for Skilled Trades (the Skills Centre) and capital infrastructure have been key priorities. The Skills Centre, a transformative opportunity for NAIT, has been presented to the Provincial Government.
- In an effort to help elevate polytechnic education and strengthen awareness of polytechnic institutions, Glenn has agreed to chair two post-secondary organizations. He is the Chair of Polytechnics Canada, which advocates at the federal level for Canada's polytechnics. This provides an important opportunity for NAIT to influence Canada's direction on skills development and increase resources to the polytechnic sector. Glenn is also the Chair of the Council of Post-secondary Presidents of Alberta (COPPOA) which is a newly formed organization of Alberta's 26 post-secondary institute presidents. This organization is focused on building a stronger post-secondary system for Alberta. Glenn is also serving on the Board of the Canadian Chamber of Commerce to help inform their positions on the skills agenda.
- In the area of advocacy, Glenn has spent a significant amount of time working with Government advocating for NAIT. He has been telling the story of NAIT as a leading polytechnic and communicating the importance of initiatives that we have underway. He is focused on working effectively with the new government to meet the needs of Alberta for polytechnic education and applied research.

- Financial sustainability is critical as NAIT's financial position is highly dependent on grants and tuition, as well as investment revenue. Although investment revenue has been strong, this will diminish significantly over the next two years. Following the upcoming provincial budget, we will make decisions based on our long term vision, our promises and our values. The decisions will align with NAIT being a polytechnic.

Glenn reviewed four areas of risk for NAIT:

- The change in government as ministers get familiarized with their portfolios.
- Long-term financial sustainability – we have to meet the needs to achieve NAIT 2021.
- Arbitration with the Faculty Association – NASA – on non-monetary terms (a language opener). It is important that we focus on ensuring our contract supports long-term sustainability as well as the vision of NAIT 2021.
- The leadership restructuring of the academic portfolio presents risks to NAIT. This will be discussed further by the Provost in his report.

b) VP Administration and CFO

Dr. Ray Block discussed his report to the Board. Ray indicated that the 2014/15 Financial Statements were finalized and the external audit has been successfully completed. He wanted to recognize the work of Heather Mechalski, for her tireless work.

NAIT's 2015/16 budget was based on the previous government's direction, and the new NDP government has indicated that there will be a number of changes. Some changes include operating grants decreasing and freezing of tuitions. These will impact NAIT. However, NAIT will receive an increase in the operating grant related to lost revenue for the tuition freeze. While this will help, it does not alleviate the budget challenges that NAIT continues to face and we continue to examine financial sustainability strategies.

Ray was pleased to report that several agreements for retail food services for CAT have been reached and various food services will help to meet the needs of students in the new CAT building.

Ray reported that the Strategic Health and Safety plan has been completed and presents a major milestone to move NAIT forward to becoming one of the healthiest workplaces in Alberta.

The JR Shaw School of Business and School of Sustainable Building and Environmental Management (SSBEM) both had work done over the summer to virtualize applications. Expanded pilots are ready to launch this fall to help refine the scale and scope of infrastructure needed to create virtual environments in CAT.

Meetings and milestones for Blatchford lands continue to be achieved. The City is still finalizing their redevelopment plans. A draft Blatchford Term Sheet has been received and is being reviewed.

c) VP External Relations and CDO

George Andrews reviewed his report provided to the Board. George was pleased to report that – to June 30, 2015 – \$63.5M of the \$100M Essential: The NAIT Campaign fundraising goal has been achieved and is on track. This figure does not include the \$5.2M in matching funds confirmed by the Government.

During the 2014/15 Fiscal year, there were 20 Alumni engagement activities. The Alumni activities continue to expand and attendance continues to increase.

The Department of Corporate, International and Continuing Education (DCICE) was established and began to create a solid foothold for the future. Several initiatives were launched to lay the foundation for quality curriculum and long-term growth.

We are still talking with government on the ILM department and there is a proposal before government to consider a NAIT/SAIT partnership for the maintenance and upgrades for all ILMs.

Communications have seen a very positive response to the new branding. George wished to congratulate the NAIT students' success who attended the iGEM competition and achieved a silver medal. This is an international event and the award is significant.

d) Chief Strategy Officer

Lara McClelland discussed her report for the Board. Lara indicated that on the people side, mental health awareness as a focus for NAIT has been very positive and aligns with our values and promises to staff and student. Training for over 300 staff was completed. NAIT has been recognized by the Mental Health Association of Canada as one of Canada's healthiest workplaces.

A new position for a Director Engagement has been filled as two-year position which is in response to the need expressed in the Employee Engagement Survey to have front-line staff be heard more frequently.

Lara referred to the Strategic Plan for NAIT 2021 and wished to thank the Board of Governors for their input. The Plan details how NAIT will achieve its vision.

On the Impact Report, Lara noted that significant impact and the return on investment on students continues to be demonstrated in the financial results.

The Annual Report is being drafted and will be presented at the December board meeting.

e) Provost and VP Academic

Dr. Neil Fassina provided an overview of his report to the Board of Governors.

Neil reviewed highlights for the last quarter of 2014 and the first quarter of 2015. He indicated that we are trending enrolment growth above our target. Neil is chairing two groups of Provosts – Western Canadian polytechnics and the group of six city Provosts. These groups are helping to turn Edmonton into a learning destination.

Neil then reviewed the academic portfolio and the changes to come. Neil wished to thank the Transition Team for their efforts and hard work to move the plan forward. He indicated that in order to achieve NAIT 2021, changes needed to be made to the staffing portfolios. To help move the transition forward, a Vice-Provost has been hired and he is part of the Transition Team.

The changes to the academic portfolio include moving from five schools to four. This will have an impact on staffing; however, this structure aligns with the four pillars of NAIT's strategic plan. Forums for stakeholders have been, and will continue to be, held. There is some concern but there is also excitement. The Transition Team consists of members from all areas of staff. Adjustments to the plan will be made as needed as nothing is set in stone. Neil noted that NAIT is dynamic and changes have come before. We are being collaborative and recognize there will be some adjustments – the plan is not set-in-stone. He further noted that the intention is that there will not be job loss, but rather that changes will help us to grow over time. It is intended to bring groups together in a purposeful manner in a collaborative effort for change.

The Board was then invited to ask questions of the Provost. Feedback was provided to the Provost. Glenn thanked the Board for their comments. He agreed that we need to ensure that changes are heard and understood. This topic will be a standing item on the Board's agenda until it is completed. Further, Glenn noted that, on the recommendation of the Provost, we will invite various groups to provide their perspective on the plan – both the positive and negative. These written reports will be received by the Board. Those invited to provide their perspective will include: Academic Council (to report on potential impacts on the Academic model and student success); the transition team; Provost's Council; President's Council; NASA; AUPE; and NAITSA.

3. Committee Reports

3.1 Human Resources Committee (Brent Hesje reported for Diane Brickner)

- a) The Committee had an opportunity to discuss the Provost's transition changes and strategic plan.

They also reviewed the announcement by Minister Lori Sigurdson on Essential Services and the right to strike:

“The ability to strike is a fundamental right in Canada, so our legislation must reflect that. With that in mind, we need to maintain the proper protections for Albertans who rely on a wide range of essential services. We want to hear from Albertans on how government can continue to provide essential services, while ensuring that public sector workers can exercise their rights under the Canadian Charter of rights and freedoms.”

This will have an impact on learning institutions and further discussion will be done.

Moved by Brent Hesje that the verbal report of the October 5, 2015 Human Resources Committee meeting be accepted as information.

Carried

Moved by Brent Hesje that the Board to move to an in-camera session.

Carried

- b) In-Camera with Board
 - i. Legislative framework review

Dwayne Chomyn provided the Board with an overview of the Supreme Court of Canada decision on the right to strike and the effect on essential services. This is an important decision on the constitutional right to strike. He reviewed the *Saskatchewan Federation of Labour v. Saskatchewan* decision that triggered the Supreme Court decision. The new Alberta government has one year to decide on the Consent Order agreed to by the previous Alberta government. He is suggesting one voice to be brought forward to government on essential services.

Glenn concurred that a systems response is critical. He noted that COPPOA will work together toward a coordinated response. The deadline is October 30, 2015 and no extensions have been granted. The deadline for the legislation change is March 31, 2016.

- ii. Collective Bargaining

The Board was advised that negotiations started in January and concluded in June – they were not successful. Arbitration on language is anticipated to commence shortly.

Moved by Brent Hesje that the meeting exit the in-camera session.

Carried

- c) Discussion of Employee Engagement survey results
 - i. Engagement Survey
 - ii. Summary of Responses

Glenn reported that good responses overall were received but there is always opportunities for improvement. Core metrics were used, concerns expressed, and the NAIT-way values were part of it. The questions were consistent year-over-year to organize the information.

3.2 Academic Council (Glenn Feltham)

- a) Asynchronous Vote of June 22, 2015

Moved by Dr. Glenn Feltham that the Academic Council meeting minutes of June 22, 2015 be accepted as information.

Carried

- b) Minutes of April 21, 2015

Moved by Dr. Glenn Feltham that the Academic Council meeting minutes of April 21, 2015 be accepted as information.

Carried

3.3 Campus Development Committee (Mark Ohe)

- a) Minutes of September 17, 2015

Mark Ohe provided a review of the Campus Development Committee meeting on September 17, 2015. He was pleased to report that the CAT project is on time and it is still on target to have occupancy for August 2016. The envelope is over 90% complete. Other developments the Committee is working on include the new Spruce Grove facility, HET and the GOA Hangar.

Moved by Mark Ohe that the Campus Development Committee meeting minutes of September 17, 2015 be accepted as information.

Carried

- b) Spruce Grove Project

The Spruce Grove Project was reviewed and discussed. The government confirmed funding of \$7.8M for the first five years of the proposed lease. The proposed lease agreement provides for an option to purchase after the first five years. Mark noted that KPMG was engaged by NAIT to provide a Site Transaction Assessment. The assessment concluded that

- the leasing costs are reasonable;
- the proposed building costs are consistent with those in the local construction market;
- the proposed minimum purchase option price appears reasonable based on the average estimate of the current Spruce Grove site value; and,
- the proposed leasing costs and minimum purchase option price both appear reasonable recognizing the high strategic value carried by the Spruce Grove site.

Moved by Mark Ohe that the Board of Governors approve the addition of up to \$4 million for the 15 year lease and construction of the Spruce Grove facility bringing the total financial commitment to a maximum of \$17 million.

Carried

- c) Donor Recognition & Naming Grids

The purpose of the naming grids is to ensure that there is an equitable allocation of dollar values associated with rooms, shops, labs, floors, wings and buildings.

Moved by Mark Ohe that the naming grids and donor recognitions be approved by the Board of Governors as shown in the board package.

Carried

3.4 Executive Committee (Brent Hesje)

a) Minutes of May 27, 2015

Moved by Brent Hesje that the Executive Committee meeting minutes of May 27, 2015 be accepted as information.

Carried

External Relations Committee (Larry Spagnolo)

a) Minutes of September 11, 2015

Larry Spagnolo reviewed the minutes of the last meeting on September 11, 2015. He indicated that we continue to speak with our counterparts at all levels to ensure that the message gets out on polytechnics.

Congratulations went out to the team to reach nearly \$65M of the \$100M fundraising goal. As well, congratulations were given to NAIT as the #2 institution after the U of A as top institutes in brand awareness.

Moved by Larry Spagnolo that the External Relations Committee meeting minutes of September 11, 2015 be accepted as information.

Carried

3.5 Finance and Audit Committee (Valerie Berger)

a) Minutes of September 25, 2015

Val Berger discussed the Finance and Audit Committee's (F&A Committee) meeting on September 25, 2015. Val reviewed the highlights of the minutes of that meeting. Tim Lamb, Principal, and representatives of the Office of the Auditor General (OAG), attended the meeting as well. There were no unadjusted differences or any adjustments, and the Auditor General will be issuing an unqualified audit opinion on the consolidated financial statements. The OAG indicated that management's system to comply with legislation compliance is adequately designed, implemented and operating effectively. Val thanked the finance team for a successful audit.

Moved by Valerie Berger that the Finance and Audit Committee meeting minutes of September 25, 2015 be accepted as information.

Carried

b) NAIT's Audited Consolidated Financial Statements for the Fiscal Year Ended June 30, 2015

The consolidated financial statements were reviewed. Highlights noted were:

- NAIT ended 2014/15 with an operating surplus of \$10.9M
- Investment revenues exceeded budget by \$19.6M
- Total assets for the year ended were \$852.9M and liabilities totaled \$571.6M
- Revenues for 2014/15 were \$348.97M and expenses were \$338.06M
- Management's Discussion and Analysis will be tabled at the December board meeting and will incorporate the provincial budget which is to come later this month

Moved by Valerie Berger that the Board of Governors approve NAIT's audited consolidated financial statements for the fiscal year ended June 30, 2015.

Carried

c) Investment Report for Year Ended June 30, 2015

Ms. Berger discussed the Investment Report for the year ended June 30, 2015. Highlights include:

- Portfolio investments and cash and cash equivalents totaled \$445.8M
- The accounting rate of return on the investment portfolio was 7.6%
- If we include the \$11.7M in unrealized gains in the portfolio, the long-term investment fund had returns of 11.29% for the year.

Moved by Valerie Berger that the Board of Governors accept the June 30, 2015 Investment Report as information.

Carried

d) Investment Policy

The Investment Policy was reviewed by Val Berger. Items highlighted were:

- Val attended the Investment Advisory Sub-Committee meeting on June 16, 2015 and the Committee reviewed the portfolio performance with TD Asset Management (TDAM).
- The Sub-Committee was pleased with the performance of the portfolio.
- The Chair of the Sub-Committee and members of administration met again on September 17th with TDAM to review the appropriateness of current strategies given the volatility and uncertainty due to the changes in the economy. After review of the portfolio's performance, it was recommended by TDAM that the course was the appropriate strategy for NAIT.
- An update was provided to the Finance and Audit Committee on the new investment policy and procedures documents that management was seeking approval on.
- The F&A Committee reviewed the changes brought forward and the old and new documents were included in the Board's meeting materials.

Moved by Val Berger that the Board of Governors approve the Investment Policy as presented.

Carried

- Other selected items from the September 25, 2015 Finance and Audit Committee meeting that were noted was that the F&A Committee reviewed and approved the 2015/16 Internal Audit Plan.

e) Compliance Certificate

Moved by Val Berger that the Board of Governors accept the Compliance Certificate for the period of April 1, 2015 to June 30, 2015 as information.

Carried

3.6 Foundation Trustees (Valerie Berger)

a) Minutes of September 25, 2015

Moved by Valerie Berger that the Foundation Trustee's meeting minutes of September 25, 2015 be accepted as information.

Carried

3.7 Governance Committee (Randy McLeod)

a) Recommended appointments to Board Committees

Randy McLeod provided the Board with an overview of the Governance Committee's meeting on September 29, 2015. The Committee met to approve the four new board appointees. The four new appointees and one current standing member were recommended to sit on certain board committees.

Moved by Randy McLeod that Jeff Mason be appointed to the Academic Council.

Carried

Moved by Randy McLeod that Justin Nand be appointed to the Campus Development Committee.

Carried

Moved by Randy McLeod that Randy Tribiger be appointed to the Campus Development Committee.

Carried

Moved by Randy McLeod that Nicolas Brown be appointed to the External Relations Committee.

Carried

Moved by Randy McLeod that Shauna MacDonald be appointed to the External Relations Committee.

Carried

Moved by Randy McLeod that the verbal report of the September 29, 2015 Governance Committee meeting be accepted as information.

Carried

4. Presentation and Discussion

4.1 An overview of Capital Projects at NAIT.

Glenn provided the Board with an overview of the capital development projects currently going on at NAIT. Capital development is needed in order to achieve NAIT 2021. It is the intention to consolidate the various campuses around the City. This was started by the Campus Development Committee three years ago. This is an ambitious plan but will be a lasting legacy to the citizens of Edmonton and future students.

NAIT is focused on securing the land we need for our future, including Blatchford, the bus barns, and Spruce Grove. With Blatchford, NAIT would be integrated in a key green

development of the City. The bus barns area will provide significant space to build, providing space for the Centre for Skilled Trades. The Spruce Grove lands will house programs that cannot be hosted at the facilities at main campus.

Significant projects that are complete or on track for completion include the HET Hangar, Parkwest, and CAT. The HET Hangar allows for growth in our heavy equipment technology programs, and Parkwest provides significant expansion space for electrical and pipe trades programs. CAT, the largest expansion in NAIT's history, is on track for an August 2016 opening. These facilities can and will meet future students' needs.

On the drafting table are:

- NAIT Collegiate
- Student Housing – critical for NAIT and Northern Alberta and it relates back to the 4 Pillars
- Skills Centre – greatest strategic priority and a key structure for NAIT's growth – working with the CDC and Finance to move this project along

Following questions and discussion, Glenn summarized that all of these projects – those that have been completed, are currently moving forward, or are on the drafting table -- will contribute to achieving our vision set out in NAIT 2021.

5. Correspondence

Provided for information only.

6. Board Member Contact List

Provided for information only.

7. Next Board Meeting

The next meeting will be held Monday, December 7, 2015 followed by the Board Festive Dinner.

8. Adjournment

Moved by Allan Mah that the Board of Governors meeting be adjourned at 7:42 p.m.

Carried



Sandy Timmer, Recorder



Brent Hesje, Chair