Federation of Students’ Board Agenda

Regular Meeting

SLC 1106, University of Waterloo
Chair: CHAIRMAN PLANTE  Secretary: SECRETARY EASTON

ATTENDANCE

Please convey regrets to the Chair of the Board at chair@feds.ca.

Expected Attendees:
- President Beauchemin
- General Manager Burdett+
- Director De Sousa
- Secretary Easton
- Vice President Fitzpatrick

+ Non-Voting Resource Member

Expected Absences:
- Director Eyre
- Director Town

ORDER OF BUSINESS

Public Session

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Public Session

1.0 PRELIMINARIES

Adding items to the agenda requires a two-thirds vote.

1.1 CALL TO ORDER

The Chair calls the meeting to order at 5:00 PM.

1.2 APPROVAL OF THE AGENDA

The Chair assumes the Agenda.

1.3 TERRITORIAL ACKNOWLEDGEMENT

Pursuant to Federation Policy 50, Indigenous Engagement and Inclusivity, the Federation of Students’ Board of Directors acknowledges:

"The University of Waterloo is on the traditional territory of the Neutral, Anishnaabeg, and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, land promised to the Six Nations, which includes six miles on each side of the Grand River."

1.4 ORAL CONFLICT OF INTEREST DECLARATION

In accordance with Procedure 2, §II(6), the Chair poses the following question:

"In relation to any of the items of business on the agenda for this meeting, does any Director have an actual, perceived, or potential conflict of interest?"

1.5 REMARKS OF THE CHAIR

2.0 APPROVAL OF THE MINUTES

3.0 REPORTS

Motions arising directly out of a report, including to adopt recommendations in the report, may be considered immediately after the report without having to wait until later in the meeting. No action is required to receive a report. If the Board decides to adopt or accept a report, then it is endorsing the entire report and not just the recommendations, unless otherwise specified.
3.1 EXECUTIVE REPORTS
Each executive will provide an oral report.

1. President (Beauchemin)
2. Vice President of Operations & Finance (Velling)
   (a) Life Insurance Policy
3. Vice President of Education (Gerrits)
4. Vice President of Student Life (Fitzpatrick)

3.2 COMMITTEE REPORTS
Each Committee Chair will provide an oral report.

1. Executive Committee (President Beauchemin)
2. Ad Hoc Committee on Organizational Transition (Director Parmar)
3. Ad Hoc Committee on GM Engagement (President Beauchemin)
4. Select Committee on Long Range Planning (President Beauchemin)
5. Select Committee on Executive Structure Review (Director Town)

4.0 BUSINESS ARISING FROM THE MINUTES
Business arising from the minutes is business carried on to a meeting from a previous meeting.

5.0 GENERAL ORDERS

5.1 ELECTION TO VACANT RISK MANAGEMENT COMMITTEE SEAT

Be it resolved that the Board elects _____to the Risk Management Committee.

Submitted By: Chairman Plante

5.2 SIX MONTH ORIENTATION BUDGET

Be it resolved that the Board approves the budget of the Orientation Department for the time period inclusive of November 2019 to April 2020, as presented.

Submitted By: Vice President Velling

Note: Please refer to the proposed budget on Sharepoint.
5.3 Amendment to Procedure 13

Be it resolved that the Board amend Procedure 13, §II(2), to include the First-Year Orientation Fund as an administered fund of WUSA.

Submitted By: Vice President Velling

Note: This proposed amendment is pursuant to the resolution of the Students’ Council meeting, (agenda item 5.2 on November 3rd) regarding the reclassification of this program as the same.

5.4 Capital Improvement Plan & Capital Program Fund

Be it resolved that the Board approves the amendment to the terms of reference of the 'Student Life Centre Management Advisory Committee' (SLC-MAC) and reconstitute the standing committee as the "Planning, Student Spaces, and Works Committee" (PWC), as presented.

Be it further resolved that the Board direct the Office of the Vice President, Operations & Finance to create a Capital Program Fund for the Council approved Capital Program, to be held in a separate account with respect to the General Operating Fund.

Submitted By: Vice President Velling

Note: Please refer to the Capital Improvement Program Memo and Research Report, and the proposed Planning, Student Spaces, and Works Committee terms of reference attached.

Message from the Vice President, Operations and Finance: Pursuant to the approval of the Students’ Council a Capital Program has been approved, as such a new $15.00 termly fee has been established to fund a separate capital budget for the Corporation. In response, the Office of the Vice President, Operations & Finance will begin the development of a Capital Improvement Plan for the Corporation and its constituency Societies, in consultation with the Societies, Senior Management, the Accounting Department, and other appropriate parties.

5.5 Enterprise, Opportunity, and Innovation Fund Voluntary Student Contribution

For Information: The Students’ Council has approved the creation of a termly $5.00 Voluntary Student Contribution to the Enterprise, Opportunity, and Innovation Fund to begin in Fall 2020, conditional on the contribution being considered a voluntary fee with associated tax receipts issued.

Submitted By: Vice President Velling

Note: Please refer to the Enterprise, Opportunity, and Innovation Fund Voluntary Student Contribution report from the Internal Funding Committee (IFC) attached.
5.6 Health Plan Oversight Committee

Be it resolved that the Board approve the amendments to the Health Plan Oversight Committee as presented.

Submitted By: Vice President Velling

Note: Please refer to the Health Plan Oversight Committee terms of reference attached.

6.0 Other Business

Any Director may raise any item of concern during other business. Generally, long discussions without a specific motion before the Board should be avoided. A one-third (1/3) vote by the Directors present at the meeting is sufficient to postpone consideration of the motion to a future date.

Confidential Session

Be it resolved that the Board enters confidential session.

7.0 Preliminaries

7.1 Approval of the Agenda

The Chair assumes the Agenda.

7.2 Oral Conflict of Interest Declaration

In accordance with Procedure 2, §II(6), the Chair poses the following question:

"In relation to any of the items of business on the agenda for this meeting, does any Director have an actual, perceived, or potential conflict of interest?"

7.3 Remarks of the Chair

8.0 Reports

Motions arising directly out of a report, including to adopt recommendations in the report, may be considered immediately after the report without having to wait until later in the meeting. No action is required to receive a report. If the Board decides to adopt or accept a report, then it is endorsing the entire report and not just the recommendations, unless otherwise specified.
8.1 EXECUTIVE REPORTS

Each executive will provide an oral report.

1. President (Beauchemin)
2. Vice President of Operations & Finance (Velling)
3. Vice President of Education (Gerrits)
4. Vice President of Student Life (Fitzpatrick)

8.2 COMMITTEE REPORTS

Each Committee Chair will provide an oral report.

1. Executive Committee (President Beauchemin)
2. Risk Management Committee (Vice President Velling)
3. Personnel Committee (Vice President Velling)

9.0 GENERAL ORDERS

9.1 GINNY LEE MEMORIAL FUND

Motion: Ginny Lee Memorial Fund

10.0 OTHER BUSINESS

Any Director may raise any item of concern during other business. Generally, long discussions without a specific motion before the Board should be avoided. A one-third (1/3) vote by the Directors present at the meeting is sufficient to postpone consideration of the motion to a future date.

Public Session

Be it resolved that the Board leaves confidential session.

11.0 ANNOUNCEMENTS

WUSA Volunteer Appreciation night is taking place on November 18th at 4pm; I hope to see you all there!
12.0 **ADJOURNMENT**

*Be it resolved that* the Chair adjourns the meeting.
MEMORANDUM

TO: MICHAEL BEAUCHEMIN, PRESIDENT
    JASON SMALL, DEPUTY SPEAKER

FROM: SENECA VELLING, VICE PRESIDENT, OPERATIONS & FINANCE

SUBJECT: CAPITAL IMPROVEMENT PROGRAM

DATE: 27 OCTOBER 2019

CC: BENJAMIN EASTON, SECRETARY OF THE CORPORATION
    BUDGET & APPROPRIATIONS COMMITTEE

Resulting from Item 4(c) on the Agenda of the Annual General Meeting of the Corporation, the Waterloo Undergraduate Student Association has been authorized by undergraduate students to create a capital maintenance, improvement, and expansion fee in a termly amount not exceeding $15.00, contingent on the successful adoption of a capital program by the Students’ Council. Attached to this memorandum, please find a research report (hereafter “capital program report”) summarizing the structure, governance, environmental scan, and financial compactors to other institutions for a capital program to be considered by the Students’ Council.

The Board of Directors recommended the creation of this program and the accompanying fee to the Annual General Meeting following review of an earlier draft of the capital program report attached.

RECOMMENDATION OF THE BUDGET & APPROPRIATIONS COMMITTEE

As noted in the FY2020 Budget Report, the Corporation’s “Revenue is set to exceed expenses marginally, but the predicted rates of growth in expenses and revenues are nearly the same (the trend lines are parallel).” The budget report paints a clear picture that the current cost reduction mechanisms by budget cuts, adjustments for optional fees, and similar cannot continue without serious impacts on the service-levels of the organization. The Committee noted that “[attention] is required to these trends and efforts should be taken to return to healthy working capital levels before resuming spending. If spending is needed to increase for service-levels, the corporation should be ready to adjust fees to accommodate such growth or find new sorts of non-fees revenues. Greater emphasis should be made on increasing the working capital to ensure WUSA is well placed to maintain service levels while meeting obligations.”
Amortization and Operating Expenditure

As noted in the budget report, the creation of a capital program will “relieve considerable burden on the operating budget for what ought to be treated as investments in capital assets, rather than operating expenditures.” This course of action will “reduce amortization lines considerably, leading to clearer and more accountable budgeting.” Currently a significant portion of cash flow concerns, as shown in the budget report’s appendix financial position of the Corporation, are due to amortization in various departmental budgets and business budget forecasts.

This program would see substantial improvement to working capital which has been impacted over the years by necessary, although expensive, projects such as replacement and upgrades to Point-of-Sale and Accounting software, office renovations and capital maintenance, and build out of the service kitchen. This change will mean in future years, the Clubs’ Surplus will not require partial liquidation in order to meet working capital needs, as was required in this Fiscal Year (provided the budget is adopted).

Opportunity for Renewal and Improvement

Currently capital improvements account for 20.52% of expenses in the Operations & Finance portfolio, not including capital maintenance or renewal which is currently paid by the appropriate business or service unit itself. This does not include anything beyond the SLC except for the Pharmacy Campus Caffeine Dispensary. Beyond this, other departments entirely fund their capital improvement out of their operating budgets in a currently rather ad hoc, case-by-case manner. The reduction of the operating budget impact would substantially improve the operating position of the corporation as well as capital investment, leading to considerable improvements in service levels, opportunities for significant shifts in operating approach, and a less drastic needs for year-over-year fee increases for operating expenses beyond Consumer Price Index (CPI) inflationary adjustments and staff salary increments.

GOVERNANCE STRUCTURE OF THE CAPITAL PROGRAM

As explained in the capital program report (pages 14-18), the capital program would allow for the creation of a capital plan and thereafter an associated capital budget. No funds would be authorized to be spent before a plan is in place and a multiple year capital budget adopted. The governance structure of the capital program should reflect the following pathways and accountabilities:

(1) First and foremost, the adoption of the resolution on the Council agenda for the creation of a capital program would be considered a recommendation to the Board of Directors to reconstitute the SLC Management Advisory Committee into a student Planning, Student Space, and Works Committee (PSW), responsible for capital planning and works, student building, spaces, and commons oversight.

(2) PSW would work with senior management to prepare a 5- to 10-year Capital Improvement Plan (CIP) outlining the desired end goals/targets within the appropriate scope (see section below).

a. During this planning phase, input would be solicited from societies, management, business operations, and University stakeholders, where appropriate, to inform plan development.

b. PSW would open consultation and public inquiry to Council and the students at large.

c. The resulting plan would set both a targeted outcomes and direction for capital investments to be aimed to achieve.
(3) PSW would submit the committee-approved plan to the Board of Directors for approval. The Board would ensure the plan furthers the strategic long-term vision, while safe-guarding current resources, within the scope of the Long-Range Plan ratified by Council. Once approved, the corporation would have goals, but no funding would be appropriated to meet those goals or objectives/projects set under them until a capital budget is developed.

(4) The Budget & Appropriations Committee would then prepare, review, and recommend for adoption a 3- to 5-year capital budget, based on furtherance of the planned targets, renewal and maintenance of existing capital assets, and reserve/emergency funding. The approximate breakdown for budgeting should follow policy standards for use of the Capital Program Fund (CPF).
   a. As a first step in the capital budgeting process, the Office of the VP Operations & Finance solicits requests for capital expenses anticipated by Senior Management, Department and Business Managers, and Societies’ Executives or Boards. Proposals for capital projects, efforts, or assets to be included in the capital budget allocations would be reviewed and included in a draft capital budget.
   b. The VP Operations & Finance and General Manager develop a draft capital budget to implement the CIP. All proposed budget allocations should fit within the limits of policy standards for use of the CPF and should be justified as to how such expenditure furthers the implementation of the CIP.
   c. The draft capital budget is submitted to the Budget & Appropriations Committee, who in turn reviews the budget. The Committee examines the proposed projects, efforts, or assets to be funded or acquired and determines if in their estimation, they further the CIP and appropriately reflect value-for-money regarding the expenditure of student funds.
   d. The Budget & Appropriations Committee issues a capital budget with a recommendation on adoption to Council.

(5) Council would review the Budget & Appropriations Committee’s recommended capital budget and accept, reject, or further amend it. This is conducted in a similar manner to the operating budget for the most part, with a bicameral budget approval process.

(6) The Council-accepted budget would then proceed to the Board of Directors for stage two of the bicameral budget approval process. The Board would vote to approve the recommended budget.

(7) With the capital budget then approved any projects, efforts, or assets specifically identified within the budget may be executed or acquired by the appropriate level of management, subject to oversight by the Office of the VP Operations & Finance. Discretionary allowances built into the budget would be authorized solely by PWC with recommendations from senior management. Capital reserve funds within the CPF would not be permitted to be spent unless required due to capital emergencies or considerable need; where prerequisite to their use would be a special resolution of the Board of Directors.

In this sense, the capital program remains accountable to students in the planning, budget approval, and expensing process. Regular reporting on the fund, annual budget expenditure, and progress of capital efforts would be provided to Council and/or the Board of Directors, as appropriate.
CONTRIBUTION TO THE CAPITAL PROGRAM FUND

The means of contribution of monies to the CPF would be multimodal. The CPF would be held in a separate account, with respect to the General Operating Fund, and considered the sum-total of a series of on-paper funds for deferred maintenance, capital renewal, capital improvement, strategic expansion, and reserve or contingency funding. The following funding modes would exist:

- **Capital Program Fee** — $15 fee for FT Students and prorated at 30% ($4.50) for PT Students, contributed termly.
- **Annual Operating Budget Set-aside** — 1.5-3.0% on either each fee or of each department’s budget per year would be earmarked from that department’s operating budget toward the CPF for a combination of deferred maintenance costs, planned and within-budget asset acquisition, and potential out-of-budget capital expenses which are approved that may, from time to time, arise, which is transferred to the Capital Program Fund.
- **Close-out Reserve Funding and/or Excess of WUSA Retained Earnings** — These alternative miscellaneous revenues for the CPF would be amounts transferred into the Fund from any reserve funding which is no longer be held for such purposes or any excesses of WUSA retained earnings beyond the CRA accepted limits.

Note: the dollar amount of contributions will be indexed for inflation to account for maintenance of dollar value. The budget set-aside would remain at minimum static but could exceed the 1.5-3.0% target as determined during the course of operating budget development (e.g. if various departments see serious out-of-budget capital asset needs, those department’s operating budgets may reasonably see larger contributions in the future).

In reality, the organization needs approximately $20.00 termly for capital projects, however, following discussion with the Board of Directors about planning, prioritization of projects, and reasonable first steps, the Office of the VP Operations & Finance would only seek the full $15.00 termly levy authorized by the AGM.

CAPITAL PROJECT FORECASTS

The following forecasts of capital projects can be expected for renewal, basic maintenance, or needed expansion or improvement:

- Nearly $600,000 expected in IT department capital expenditure for infrastructure upgrades expected;
- $2.3M for business spaces for capital maintenance and expansion, $350k for the Student Service Kitchen;
- $9.65M in total capital expenditures required for the Student Life Centre (SLC) over the next 5 years with $5.4M being required for capital renewal of bathrooms, the turnkey, the Great Hall, MPR renovations, couches and seating, and the Joint Health & Safety Committee required changes to loading dock, parking lot, and stairs into the SLC;
- ~$150k in access control for old SLC and new SLC, required by the SLC/PAC Expansion Agreement;
- An estimated $60k annually for deferred maintenance and on-going repair for the SLC.
• $3-5M for many other student commons, lounges, study spaces, of business units that are overdue to renewal, extended maintenance (beyond what UWaterloo offers), and improvements, based on age of other buildings those spaces are in, their last major renovations conducted, Joint Health & Safety Committee inspection reports/ordered changes;
• $2-4M for accessibility upgrades to the SLC and other student commons

Reflecting on these figures, a “true” cost of capital programming where business units do not cover their expenses and no other grants, external funds, endowment support, or similar is available would see the approximately $20-30M in total capital expenditure split over 59,000 FTEs over an amortization period of 7.5 years yielding a termly fee of $45-68. However, with support from these avenues and the university’s participation in projects that invest in student life, a termly fee of $15-25 becomes feasible. Ergo, it is recommended Council approve the $15 termly fee.

FINANCIAL STRUCTURE OF THE CAPITAL PROGRAM FUND

While exact capital budget apportionment should be determined in a Capital Program Policy, the proposed breakdown of capital budget would reflect the following principles. Note that the following recommended ranges are considered approximate targets:

• 30-50% of the capital budget allocated according to furthering/implementing the approved Capital Improvement Plan
• 15-25% of the capital budget allocated for infrastructure renewal, reinvestment, and capital maintenance of existing capital assets
• 20-30% of the capital budget allocated for discretionary funding to be awarded by the PWC or in accordance with Board procedure on authorization of capital expenditures to allow for out-of-budget needs that may from time to time arise, that could not otherwise have been planned for.
• 10-15% of the capital budget to be held in reserve for capital emergency/contingency needs (to be held in low to medium risk investments and/or directly in liquid assets)
• 5-10% of the capital budget held in reserve for strategic expansion and development for new major capital works, land acquisition, student space construction, etc. (to be held in medium to high risk investments).

Notes:
1. The earmarked funds for any planned major capital expenses of Societies that exceed what individual societies’ capital improvement funds may be able to support, that are out of scope of the Student Life Endowment Fund, or similar will fall under the capital budget allocated toward the approved CIP. In addition, it should be understood that Societies are entitled to discretionary funds and support for

2. Note that some accessibility and lounge renovation expenses may be recoverable from the Student Life Endowment Fund, but the fund lacks expendable funds for this type of renewal, renovation, or improvement without dipping into the Endowment’s principal which is not recommended.

2 Most projects being 5 year periods, but some larger projects being 10 year periods.
renewal, reinvestment, and maintenance of existing assets, within the scope of the Capital Program Fund, which internal capital or operating funds for those societies may be unable to support.

2. “Reserves” would be held within WUSA’s accounts, while “reserve funds” would be held in investments. The noted reserves/reserve funds for capital emergency/contingency needs and strategic expansion & development may be split into both reserves and reserve funds depending on financial advisement from the Finance & Accounting Department and Investment Advisors.

SCOPE OF THE CAPITAL PROGRAM FUND
The Capital Program Fund would be used to support all undergraduate student commons, spaces, leaseholds, businesses, buildings, and properties and major capital assets for those spaces; this would include: capital maintenance, reinvestment, renewal, improvement, and expansion. The Fund would support SLC capital costing as well as other student spaces on main campus and satellite campuses, where the later have seen little to no support since their inception or provision to student groups due to lack of available resources.

The fund could be used for major assets, building and space investments, technology improvements, and similar. Exact usage should be subject to a Capital Program Policy and the associated Authorization of Capital Expenditures procedure of the Board.

REQUEST FOR AGENDA ITEM
It is the intention of the Office of the Vice President, Operations & Finance, that this memorandum constitute a request for the inclusion of agenda items on the 3rd of November, 2019 regular meeting of the Students’ Council relating to: approval of the Capital Program, to permit the development of the Capital Improvement Plan and thereafter a capital budget. Please include the following resolution on the Council Agenda, to be supported by this Memorandum and its attached capital program report:

Be it resolved that the Students’ Council approves the creation of a capital program, as presented in the attached Memorandum and Capital Program Report of the Office of the Vice President, Operations & Finance.

For further information, please contact vpof@wusa.ca, call 519-888-4567 ext. 33880, or visit SLC 2118M.

Thank you for your attention,

Seneca Jackson Velling

Seneca J. Velling, B.Sc. (He/Him)
Vice President, Operations & Finance
Waterloo Undergraduate Student Association, University of Waterloo
Research Report: WUSA’s Capital Improvement & Expansion Fund
Requested by Seneca Velling, VP Operations & Finance
Prepared by Aisha Shibli, Research & Policy Officer
Reviewed & Edited by Seneca Velling, VP Operations & Finance

Definitions

Capital Fee: A charge incurred by students annually or per term for the purpose of supporting capital improvements, expansion, maintenance, or similar.

Capital Budget: Used to evaluate potential investments or expenditures for specific projects or purposes. The capital budget outlines a list of approved projects that further the overall capital plan, in turn appropriating funding for those projects. When a capital budget is being drafted, the business must determine whether it makes sense financially to acquire a specific asset or to pursue a new project. The capital budget determines the allocation of money for the attainment or maintenance of fixed assets or capital items for the upcoming year’s spending plan.

Capital Expense/Expenditure: “An investment in the business. It is an expense incurred when a business spends money, uses collateral or takes on debt to either buy a new asset or add to the value of an existing asset with the expectation of receiving benefits for longer than a single tax year. Capital expenses are recorded as assets on a company's balance sheet rather than as expenses on the income statement” (Majaski, 2019). Typically, it is defined to be an item in excess of $5000 which lasts upwards of 3-5 years, however for the constituency societies, capital expenses constitute items worth at minimum $1000, lasting at least three years.

Capital Program/Plan: A plan for capital expenditures that normally extends five years and informs the capital budget.

Capital Improvement Program: Composed of two parts, which includes the capital budget and capital program.

Operating Expense: “Expenses incurred during the course of regular business, such as general and administrative expenses; operating expenses are part of the day-to-day operation of a business” (Majaski, 2019). All operating expenses are recorded on a company's income statement as expenses in the period when they were incurred.

Purpose of a Capital Improvement Plan

A capital improvement plan (CIP) is a multi-year project or scheduling of public improvements and replacements of physical assets. It is a working document that requires an annual review to reflect the changing needs and priorities of the organization. Capital improvements generally refer to physical expenditures such as buildings, equipment, or public infrastructure. The CIP includes “the description of the proposed capital improvement project by priority, a year-by-year schedule of the expected funding of the project, and an estimate of the costs of the project” (Centre for Land Use Education, 2008).
In most student associations, the annual budget and the capital budget for the following year are developed and adopted simultaneously. Where an operating budget reflects an organization’s financial activities for the following year (such as how much revenue it may expect from what sources and how much it expects to spend on its operations), the capital budget focuses on an organization’s financial position, such as its assets, liabilities, targets and goals (Hamilton-Foley, 2009). The capital budget specifies projects and appropriates funding for those areas, however, it is important to note that funding sources for the subsequent years are not approved until the annual budget is developed and legally adopted for those years.

CIPs are developed for a variety of reasons, however, the three main categories of CIPs include: attainment of land for a public purpose (e.g. park), the purchase of equipment (e.g. computers), or the construction or renovation of facilities (e.g. building) (Francis, 2016). Capital improvement plans are tangible and visible statements of where an organization is now, what it should look like in the future and what is required to get there. If appropriately prepared, CIPs can shape an organization’s credibility, value, and legitimacy (Economic Development and Capital Planning, 2018).

Below are reasons why organizations reject CIPs:
- May commit them to a future or unforeseeable debt
- May lock an organization into projects
- May not be flexible as years pass
- May cause higher or unforeseeable rates to support future replacement

Below are reasons why organizations may develop CIPs (University of Tennessee, 2019):
- CIP creates an orderly and systematic planning for the financing of capital improvements
- Allows for a more in-depth consideration of hidden costs which affects the operating budget, and in turn can reduce year-over-year operating expenses
- By identifying future needs, CIP may save an organization money
- May promote financial and fee rate stability in the long-term
- May provide an organization security and stability, and cuts expenses
- May provide stable payments and tax rates in the long-term
- May allow organizations to spend money wisely, rather than paying top dollar during a potential crisis-decision process
- May eliminate unforeseen or poorly planned capital expenditures

**The Structure of a Capital Improvement Plan**

CIP informs the public about the future of the improvements and directs how the organization plans to move forward in the years ahead. The following steps are generally involved in preparing a capital improvement plan for businesses and/or organizations:

1. **Governance Structure**
   One of the first steps in preparing a capital improvement plan requires appointing a committee to oversee the process, development, and implementation of the plan. The committee must not only clearly distinguish between the organization’s operating expenses/budget and the capital
budget/expenses (CIP), it must also determine for how long to plan the capital fees into the future.

2. Identify, Evaluate, and Prioritize
In this step, the designated committee must identify needs, review, prioritize, evaluate, and select their capital project based on a number of criteria including: project demand, the conditions of the facility or equipment, an estimated cost to replace all physical items, determining the expected life span of all items, the return on cost investment, cost savings, social impacts, legal concerns, etc.

Once determined, the committee must not only identify the projects, but also rank the projects in priority. Anticipating repairs, improvements, and adjustments, and determining the cost required and the approximate timing of the expenditure is essential for establishing a CIP. A classification and explanation for the capital project expenditures is determined in this step.

3. Financial Planning and Analysis
Once the project is identified and prioritized, the designated committee creates a spreadsheet containing the organization’s planned asset purchases and the proposed list of improvements, including those of its affiliated or subsidiary divisions. From this list, the committee projects the next five to ten years, or more, calculating when the organization will incur costs. Due to increasing costs, it is recommended that the committee include an inflation percentage on the spreadsheet to ensure costs are covered in the future (Economic Development and Capital Planning, 2018). It is important to note that when analyzing the financial capacity of the organization, the revenue required to cover expenses must be calculated and the impact on student fee rates must be assessed. Budgeting higher for the capital projects for the future is critical for the future planning and budgeting of an organization (Majaski, 2019). Additionally, organizations often budget for unforeseen repairs (or maintain an emergency capital reserve fund).

4. Project Preparation and Analysis
According to the Centre for Land Use Education (2008), a CIP draft typically includes a list of projects by “funding year, project and scheduling details, and financing sources including total expenses”, and if required, “detailed maps, photos, graphs, timelines and other illustrations may accompany the plan.” In this section, the committee justifies their capital project.

5. Review and Adoption
Following public and internal review and revisions, the appropriate committee or body adopts the CIP and capital budget simultaneously.

6. Measuring, Monitoring and Reporting
To measure the success of CIP, the committee compares the budgeted CIP to the actual work completed to ensure the projects are being done on schedule. The designate committee or financial officer “regularly monitors the projects’ financial and project activity” and provides a report on the project status and activities externally for the public and internally each year (Economic Development and Capital Planning, 2018). Providing the status of the project keeps the public informed and allows the organization to scrutinize the capital expenditures and make future changes if necessary. Information such as the progress on key project milestones, funding
commitments, the percentage of the project completed and the percentage of the budget used is provided in the report (Economic Development and Capital Planning, 2018). Publicizing the report allows future financial officers to not only provide a new perspective, but to ensure the organizations fiscal responsibility is met.
Environmental Scan of Student Associations’ Capital Budgets

The following questions were asked to the student union’s Vice President of Operations and Finance, or equivalent:

1. How was your capital budget developed? What does this process look like?
2. How does your organization structure the capital fee once the fees have been collected?
3. What is this fee going towards? (e.g. Improvements or renovations to physical assets, or accessibility projects).
4. Given the MTCU’s Ancillary Fee Guidelines/Student Choice Initiative, are there any portions of your current fee that would need to be optional and/or compulsory?
5. What did your capital process look like before the MTCU/SCI announcement?
6. Who oversees the capital fee or fund in the governance structure of your organization?

*Western University Students’ Council*
Declan Hodgins, Secretary Treasurer (Board of Director)

**Governance Structure**

According to the WUSC’s FAQ sheet, the student union “never had a formal capital plan nor has it had any form of informal plan or process pertaining to the purchase of new capital or the maintenance of existing capital” until Students’ Council required the organization to develop a capital plan in 2016 (Western University Student’s Council). This required all departmental managers of the organization to assess their “needs” and “wants” for the next ten years (view Appendix A for a detailed background on the organization’s capital plan).

According to the WUSC’s Operating and Capital Budget Approval Policy and Procedure, the President and General Manager, and their delegates, develop a three-year operating budget and a ten-year capital budget, however, Declan Hodgins, Secretary Treasurer of WUSC, says that in reality, a Board budget committee consisting of the President, the Secretary Treasurer, and the Senior Manager develop the capital budget for the following years. The committee aligns the capital budget with the organization’s Long-Term Plan and ensures the capital plan’s priorities are developed in conjunction with the annual/operating budget.

The members consult with other student members to develop the budget. Declan mentioned that the budget is on a cash basis, and that while the members follow the internal procedures when developing the budget, it looks different publically. Once the budgets have been reviewed by Council, Council then determines if the capital plan’s project priorities are adhering to the organization’s strategic plan. While Council approves the entire budget set forth (both the corporate and capital budget) once Board has reviewed it, the Board must have final approval given its fiduciary responsibility to the organization. Once the capital plan has been approved, it is up to the Executive Committee to approve the projects in principle.
When asked how WUSC’s capital budget was developed and if there was a particular process that needed to be followed, Declan responded: “With the SCI, our capital process has changed somewhat. While we previously charged a general capital fee, we now integrate capital fees into our fee buckets. That is the principal source of capital for our organization. As part of our annual budgeting process, we build the year’s capital budget, which allocates capital budgets to departments. We also include big ticket items, like renovations, directly on the capital budget.” Both budgets are reviewed and updated on an annual basis.

**Mandatory v. Optional Fee**

During our telephone conversation, Declan explained WUSC’s capital/facility fees in further detail. He said that WUSC has a mandatory student building fee that costs students $124.53/year, costing nearly $1.7 million for the lease they pay to Western University. And of this cost, students are charged $60 each. Declan further mentioned that $770,000 comes from their operating costs for their department; this cost covers items such as corporate administration and insurance costs, amongst other costs. When discussing WUSC’s capital budget, it was noted that a $35.78 capital fee is charged to students for the 2019/2020 year. Declan said this is how WUSC funds their capital budget.

**Capital Projects**

Declan stated that the WUSC’s capital budget is composed of two key components: the first consists of a large part of the capital budget that goes towards business areas (for example, managers are given autonomy within their department. If a manager received $75,000 towards office equipment, they may use that money towards whatever equipment is needed); the second consists of specific strategic initiatives that need to be funded (for example, WUSC renovated their ‘Mustang Lounge’ and to date, they are currently paying $400,000 a year in loan payment because this particular renovation was a multimillion-dollar project. WUSC decided that the lounge was a strategic initiative, and their next project is focused on renovating their club space).

**MTCU’s Ancillary Fee Guidelines/Student Choice Initiative**

This year, WUSC, like many other student unions, are in a state of ambiguity. WUSC has budgeted their capital/facility fees for the next three years, however, their five-year budget plan was developed in 2016. WUSC does not have a capital budget finalized for this year due to the Student Choice Initiative (SCI). During the 2017/2018 budget period, WUSC total capital/facility revenue was $980,453.66 (view Appendix B for WUSC’s full capital budget), which consisted of only 4.4% of the USC fees.

Given the Ministry of Training, Colleges and Universities’ (MTCU) Tuition Fee Framework and Ancillary Fee Guidelines, WUSC has decided that their capital/facility fee is compulsory. This means that students are unable to opt-out of the capital fee. Declan states that WUSC’s student building fee is a mixed fee of lease payments, capital fees, and operating costs of the buildings, which includes building services, security, insurance, amongst others, thus the capital fee is non-optional. Declan confirms that there are no real changes to the capital fee after the announcement of the Student Choice Initiative.
Governance Structure

BUSU has a particular process that is followed when approving and adopting the upcoming year’s capital budget. Their capital fund is developed in conjunction with their Memorandum of Understanding and is collected annually from students.

During a telephone conversation with Robert Hilson, the General Manager at BUSU, he stated that the organization proposes a three-year capital budget, however, the in-year capital budget is drafted and approved every year by the Board of Directors. He mentioned that approving capital plans is a three-step process when any capital request comes through to the Board:

The first step in the process is that a call for capital requests is announced by the General Manager and the Vice-President Finance and Administration (VPFA). A capital request can be submitted by a staff member, an executive, a board member(s), or a council member(s). This typically takes anywhere between four to six weeks to allow members to consider what they would like to see included in the capital fee for the upcoming year only (a three-year request is not required, just a general budget). The General Manager and the VPFA place all requests in an Excel document and provide their own professional input. Once completed, both the VPFA and the General Manager present the document to the Board’s Finance, Planning and Sustainability Committee, which is composed of the VPFA, four BUSAC councilors, two student-at-large representatives, the General Manager (ex-officio), and the Chair of Board (ex-officio). The committee provides first approval of the draft budget prior to being sent to the Board of Directors. The committee reviews the organization’s quarterly financial reports including a running total of capital expenditures prepared by the General Manager and the VPFA. Occasionally, the General Manager invites an accountant or a financial expert to the committee meeting as a resource member to provide financial insight. Once the committee has finalized their review, the capital request goes through a first reading at a Board meeting. During the first reading, Board members have the chance to review, analyze, and question the request brought forward. Members of the Board are also able to provide recommendations and minor changes prior to the second reading.

The second step of this process is the second reading, where Board members once again discuss any changes made. When discussions have been exhausted, the third step is the approval and adoption of the capital plan. Robert mentioned that the capital plan is very student led and that he, as the General Manager, simply manages the process.

Mandatory v. Optional Fee

All fees are mandatory and are based on a per credit basis. This means that based on the number of credits a student has registered for the term, BUSU will charge them for the number of credits
they are taking (which translates to a specific fee). If a student registers for both terms with a full course load, they will be charged based on this criterion.

**Capital Projects**

The capital fund is used to support smaller capital projects, existing space renovations, equipment repairs, and necessary facility updates, which include but are not limited to the following (Brock University Students’ Union Capital Fund, 2017) (view Appendix C for the full list of restricted and unrestricted portions of the capital fund):

a) Capital Expenditures and various loans or debts associated with Capital Expenditures
b) Repayment of internal BUSU loans and debts
c) Joint ventures and other collaboration and partnership projects with Brock University
d) Equipment expenditures, including but not limited to; the BUSU Office, Isaac’s Bar and Grill, Skybar Lounge, General Brock, Union Station, The Collaboratorium, The Student Alumni Centre, The Hamilton Campus, Student Lounge
e) Projects and expenditures around the expansion, revitalization or reutilization of the Student-Alumni Centre
f) Projects and expenditures around the planning, creation and development of the New BUSU Building
g) Any and all provisions outlined within the Deferred Maintenance Memorandum of Understanding (2014)
h) Any other usage that the approving body deems to be in the spirit of the fee collection

BUSU not only has a capital fee, they have a deferred maintenance fee which costs students $1.50/term. The deferred maintenance fee is strictly reserved for renovating the Student-Alumni Centre building in which BUSU operates. This includes the roof, floors, windows, and the painting, to name a few. The deferred maintenance fee is separate from the capital fee.

Robert stated that when developing the capital budget, the Board asks what is considered 'capital' under the accounting principles under the Not for Profit Corporations Act for non-shared capital corporations. Tables, chairs, small renovations, and the hiring of consultants or architects (something that can be capitalized) are considered. He says that if something can be capitalized, BUSU, like other not for profit organizations who have capital budgets, will adhere to it. Currently, BUSU is collecting capital on a number of projects including: the renovation of a Subway franchise that BUSU owns, purchase of a freezer for a Booster Juice that BUSU owns, and furniture for the BUSU reception area for accessibility purposes, to name a few. Robert said the organization spends roughly $175,000.00 every year on capital.

Both the General Manager and the Vice-President, Finance & Administration are responsible for reporting the usage of the capital fund. The report includes:

- Summary of scope of work/project
- Amount approved (including any increases to original funding)
- Amount spent
Confirmation that appropriate filings have been completed with the accounting department or relevant departments within BUSU, University or municipality

MTCU’s Ancillary Fee Guidelines/Student Choice Initiative

Given the MTCU’s Ancillary Fee Guidelines, Robert explained that there are no optional fees. He mentioned that they cannot un-calculate their fee, as it is tied to their Memorandum of Understanding. BUSU’s auditor is required to ensure restricted fees are only used for that purpose (for example, the organization cannot use it towards a student club, which is not considered capital). When asked what the organization’s capital process looked like prior to the announcement of the SCI, Robert said they have always adhered to their status quo and will continue to do so.

University of Toronto Students’ Union
Arjun Kaul, Vice President, Operations
(have not spoken to Arjun – the information below is directly from the UTSU website)

Governance Structure

For the first time in UTSU history, the organization recently developed, approved, and begun implementation of a capital budget for the 2018-2019 fiscal year. Like other student unions, UTSU uses accrual-based budgeting and recording methods. This means that the organization’s budget can largely be based on the expenditures incurred the previous fiscal year.¹

The governing body of the organization, the Board of Directors, oversees the UTSU’s budgetary planning and control processes. At the beginning of every fiscal year, annual preliminary and operating budgets are implemented subject to approval from the Board (University of Toronto Students’ Union, 2019). The preliminary, operating, and revised budgets are prepared by the Finance Committee, a Board committee, that consists of the President, the Vice-President Operations, one Director from Division I, one Director from Division II, and four additional Directors from the Board, to Board for approval on the advice and recommendation of the Vice-President Operations and the mandate developed by the Planning and Budget Framework (University of Toronto Students’ Union, 2019). The Finance Committee has oversight of the planning and budget activities, including the short-term and long-term financial planning of the organization. Once the Operating Budget is passed, the Board of Directors receives reports on how much has been spent each month during their regular meetings.

¹ “Accrual based budgeting is an approach to budget preparation where the organization recognizes the financial impact of an event as it occurs. That is, a transaction is recorded in the time period when the activity causing the transaction takes place. The alternative, cash-based budgeting, is an approach where the organization would recognize transactions when the cash is received or paid out, which is often different than when the event actually happens. Using an accruals-based approach allows the organization to confidently rely on the previous year’s actuals when developing the next budget.” University of Toronto Students’ Union, 2019.
For recording purposes, the Finance Committee creates a publicly accessible list of all primary and secondary accounts appearing in the Operating Budget. The list includes a brief descriptions of the categories of expense charged to each account.

**Mandatory v. Optional Fee**

The capital fee is compulsory for all undergraduate students. For the 2018-2019 year, UTSU charged students a non-refundable fee of $1.00 per term under the Accessibility Resources Fund (Capital Levy). This fee is only used to fund capital improvement projects that make the UTSU building and student spaces on campus more accessible. Further, $10.24 was charged to undergraduate students in the Fall term, while $14.25 was charged in the Winter term under the Students Commons Fee (Capital Levy) (view Appendix D for the UTSU’s 2018-2019 capital budget). Both fees are non-refundable.

**Capital Projects**

In April 2018, the UTSU contributed $250,000, via the Accessibility Resources Fund, to the construction of accessible building features on Front Campus inside the University of Toronto’s Landmark Project.

The Students Commons fee is used to pay for the Student Commons’ initial renovation, ongoing maintenance costs, future renovations, and license fee. This fee has been collected since 2008 and is due to expire after 25 years. The Student Commons recently opened in January 2019 and is the first ever student-run centre opened on the U of T St. George Campus. It is planned to be a hub for all things student life – a gathering place for student societies and clubs, a haven to decompress away from the buzz of the classroom, and crucially a space that students can make their own. The Students Commons fee heavily relies on financial forecasts models based on similar operations in the sector. According to the UTSU website, “the ongoing and on-time expenses associated with the launch of the building have been anticipated by UTSU administrations over the past several years. Where possible, unnecessary and inefficient expenses have been (or are being) reduced and new sources of revenue have (and are) being developed. However, the full realization of these new revenue streams will take several years. As a result, the UTSU has planned for a series of deficits over the next several years. Also considered are inflationary increases, organizational priorities, and the UTSU’s ongoing contractual obligations. This allows us to budget for cost increases at stores and with vendors, as well as to budget for increases, such as staffing costs, that increase well beyond the rate of inflation” (University of Toronto Students’ Union, 2019).

According to the University of Toronto’s Students’ Union (2019), given the opening of the Student Commons, “it has become increasingly important for the organizations budgeting and reporting to be continued in departments, reflective of the organizations structure. Whereas previous budgets reported revenues and expense by natural classification, this budget presents revenues and expenses by their function to the organization.”

For the future, it is hoped that the capital fees contribute towards the installment of automatic light sensor technology, such as the Robarts retrofit, and the vermicomposter/electric composter,
which is used to facilitate an organic waste program. The UTSU has a particular interest in potentially commissioning these projects in the UTSU building in the near future.

**MTCU’s Ancillary Fee Guidelines/Student Choice Initiative**

N/A

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**Laurentian University Students’ General Association**

Josh Bailey, Director of Finance (Staff)

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**Governance Structure**

Several years ago, SGA’s capital fee was enacted via a referendum with the sole purpose of the proposed fee going towards the building loan in which SGA operates. Prior to the referendum, SGA worked with the KMPG, a management consulting group to discuss the options for enacting a capital fee after they signed into a contract with a financial institution to loan the building.

SGA’s “capital fee is overseen by the association,” says Joshua Bailey, Director of Finance for SGA, however, the organization’s reserve accounts are overseen by their Board of Directors, as per their policies. After the referendum, it came down to the Board’s decision regarding what this fee would look like.

**Mandatory v. Optional Fee**

The capital fee is compulsory for all undergraduate students registered with the SGA. To date, full-time undergraduate students are charged $114/term, while part-time and online students are charged $10 per credit course. This amount has remained the same since the adoption of the referendum and will continue to remain the same until the building loan is paid off. Once the loan has been paid off, Joshua says that SGA is unsure what the cost charged per term will look like.

**Capital Projects**

To date, the capital fee goes towards SGA’s newly constructed student centre, and “is applied directly to the loan.” Joshua further mentioned that SGA “went through a bidding process for our

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2 As of May 1 2019, the Laurentian Association of Mature and Part-Time Students (LAMPS) dissolved. All students who were registered with LAMPS have been transferred to the Students General Association (SGA) or Association des étudiants francophones (AEF). Due to this change, the SGA implemented a fee on part-time and full-time distance education students.
loan and chose the best option for the association.” He also specified that the organization does not “have any fees at the moment that coincide with purchasing furniture or anything of that sort. We use our tenants rent for such items. That being said, since this is the start of our building we will be adding additional capital fees that would be tied into our administrative. For reserves, such as saving for the time when we will need to buy furniture, this would come from multiple sources. A portion would be new opt-in fees, another from the main capital fee.” While SGA does not have contingencies in place for the building, they will be looking into this in the near future. In summary, the capital fee does not go towards any furniture, but only to the building loan.

**MTCU’s Ancillary Fee Guidelines/Student Choice Initiative**

Prior to the MTCU’s Ancillary Fee Guidelines and the SCI, Joshua said SGA “had the main capital fee that our students were contributing to, but we were going to be creating an additional fee for the sole purpose of capital improvements and the “just in case” reserve contingency accounts. Now with the changes we can no longer do this as effectively.” With the announcement, Joshua notes that with everything coming up, the SGA must wait until next year to determine if the fee would be considered optional or compulsory into the future, as SGA’s focus is currently on the sustainability of the organization and being able to operate this coming year, however for now the fee is assessed on a compulsory basis as it classifies as a building and property fee under the MTCU’s directive.

**McMaster Students Union**
Alexandrea Johnston, Vice President Finance (Executive)

**Governance Structure**

Generally, the MSU Executive Board is responsible for preparing the MSU’s general budgets for final recommendations to the Student Representative Assembly (SRA) and expend and re-allocate funds within any MSU budget category, whereas the SRA is responsible for approving such fiscal requests throughout the budget period. Within the SRA, the Standing Committee on Finance works closely with the Vice-President Finance to review the MSU finances, and the Executive Board and the SRA work closely together to review and adopt the organization’s finances.

Alexandrea Johnston, Vice President Finance of the MSU said: “Our process for capital budgeting is for fixed assets and leasehold improvements. Funding is from our own resources and there is an approval process for all capital purchases. Departments are asked to review their current fixed assets at the annual budget time in January to see if anything needs to be replaced/added/improved. Following this, they then submit their requests for the upcoming fiscal year, along with the quotes for the cost of the items. Our student government (SRA) approved
the requests and purchases made throughout the fiscal period. There are certain thresholds for approvals that require X amount of quotes and it dictates which body can approve what.”

When asked if the MSU collects any fees for the faculty societies or student groups on campus (e.g. collecting fees for student spaces for societies), Joshua Marando, President, said: “We do not collect fees for faculty societies, that is done through the university. Capital improvements to student building are covered in our essential student building fee” and Alexandrea said: “The MSU administers a club’s department which is through our levy fee, however, all faculty societies have a separate levy fee and are separate from MSU.”

**Mandatory v. Optional Fee**

When asked if there was anything that qualified as mandatory vs compulsory for their capital fees, Alexandrea said: “We also do have an essential $13 fee as a building fee which is for capital enhancements to MSU owned space as we jointly own the student center on campus.”

**Capital Projects**

To date, MSU’s capital fees goes towards the replacement of physical assets such updates to the building in which MSU operates in and other assets such as furniture, desks, and computers.

**MTCU’s Ancillary Fee Guidelines/Student Choice Initiative**

N/A

Wilfrid Laurier University Students’ Union

Shannon Leest, Vice President Finance and Administration (Executive)

Shannon Leest, Vice President Finance and Administration of WLSU said: “Our Students’ Union has restructured our SAC fee into four mandatory fees (Campus Safety, Health and Wellness, Academic Support, and Recreation) and three optional fees (Campus Clubs, Social Programming, and Provincial Advocacy), two of which students are able to opt-out of each semester. Our required fees build the framework for our programming and services to run and then the optional fees pretty much dictate what we will do our programming with for the year.

We had to adapt our budgeting process in light of SCI as there is a lot of unknown so we did a summer budget and fall/winter budget for each of our committees so we could propose accurate numbers to our Board of Directors in terms of revenue and be able to project a balanced budget for the year. The Vice Presidents of our organization oversee our funds and the Presidents’ management of the budget is held accountable by the Board.”
Recommended WUSA Governance Structure

Given the environmental scan of student unions and considering the Board of Directors and Students’ Council bilaterally approve budgets and student fees, it is recommended that the general oversight of a capital budget lie under WUSA’s Board of Directors and/or the Budget & Appropriations Committee.

WUSA’s Board of Directors make operational management decisions relating to the financial high level organizational strategy and planning of the organization, including but not limited to:

- a) Approving the annual budgets of the Corporation
- b) Reviewing the finances of the Corporation, including the annual audit
- c) Overseeing the strategic direction of the Corporation

Capital budgeting involves very large expenditures, and it is recommended that the Budget and Appropriations Committee oversee the planning and development of the capital budget, and make the evaluation as to whether the investment in assets is worth their costs when implemented. The Committee should ask the following questions:

- a) What are the benefits of the proposed capital project?
- b) What is the total cost for both the capital and operating expenses? Is there year-over-year savings in excess of the upfront capital costs and if so, over what time period?
- c) Is this capital project acceptable to the students?
- d) Are there legal requirements that need to be met?
- e) Are there any implications on the furtherance or completion of the Board’s capital improvement plan?
- f) How will the capital project be monitored if funding in the capital budget is approved?

The committee must also determine the projects or initiatives to be funded based on a Board-approved capital improvement plan, including but not limited to the following:

- a) Review the terms of reference and project governance
- b) Alignment with the capital improvement plan and with WUSA’s Long Range Plan
- c) Strategic importance of the project to meet the organizations desired outcomes
- d) Consideration of Management’s prepared timetable or schedule for completing the project
- e) Consideration of the project’s engagement of stakeholders and conduct of consultations, including plant operations, WUSA departments, Societies, and SLC Management
Committee in assisting in the development of recommendations to the Board regarding capital expenditures for the next five to ten years and preparing an inventory of existing facilities.

f) Establishment of funding based on project priority, as outlined in a Capital Improvement Plan.

g) Determination of the status of previously approved projects, if any.

h) Assess the current financial capacity and preparation of financial analysis.

i) Recognition of appropriate legal constraints.

j) Ensuring reliability and stability of identified funding sources.

k) Project risks, including execution risk, which may impact the desired level of financial commitment.

l) Scope of project and appropriate level of planning commensurate with the funds sought in the budget.

m) Reviewing and monitoring the financials of all capital expenses or expansions, subject to general review execution of the capital projects outlined in the capital improvement plan.

n) Issuing of financial recommendations to the Board or the appropriate committee thereof charged with development, monitoring, and amendment of the capital improvement program.

The Budget & Appropriations Committee should plan for and prepare a schedule of fee adjustments for internally restricted capital fund fees based on the multi-year capital improvement plan and annual updated. The committee should regularly plan for inflationary adjustment between 1-5% in consideration of such actions. Recommendations for the period of the Capital Improvement Program should be included in the approved capital budget.

For the appropriation of funds either through the capital budget process or as an extraordinary expense approved by the Budget & Appropriations Committee, the following steps are recommended to assist the Board and the Committee in developing a plan and budget:

a) The Board/Committee should conduct an assessment of desired or necessary projects that are likely in the next ten years; management will be solicited for items that require acquisition, improvement, or replacement.

b) Estimate the total cost of such items over 5-10 years.

c) Build a fee using that number, spread over the 5-10-year scale, building in an extra 25-40% for additional discretionary spending as time progresses, and an additional amount to contribute to a “capital emergency” fund.
The projects from step a) become the first capital improvement program for the next 5-10 years, depending on what is sought, with a review being conducted every 2-3 years (five-year model) or 4-5 years (ten-year model).

Further, a policy and/or procedure on the capital budget process outlining detailed practices and requirements for the capital fee, capital improvement program and planning, expenditure approvals, and similar must be adopted. The policy may outline the appropriate definitions, what the fund will be used for, the preparation of the plan and budget, access to the capital fund (restricted and/or unrestricted portions of the fund), and reporting fund usage.

Given changes to ancillary fee structures, the recommendation of the auditors that compliance on budgets be done by the Budget & Appropriations Committee on behalf of the Students' Council, and expansion of requirements for the Committee, it is recommended that:

- **Council Procedure 5, Budget and Appropriations**, be reviewed by the committee and reformatted into a policy that binds the entire corporation and sets a uniform standard for budget processes and mechanisms
- The Budget & Appropriations Committee be re-constituted formally as a joint committee of the Students’ Council and Board of Directors, given the changes in government policy and the directive from the Board on the preparation and review of budgets, including restricted budgets
- That Board procedures, including Procedure 6, Budget, be reviewed and amended to better reflect changes to the above

As such, the following governing documents may require a review:

**Board Procedure**
- a) Authorization of Capital Expenditures, #8
- b) Fee Increases, #13
- c) Budget, #6

**Council Procedure**
- a) Budget and Appropriations, #5

Further, it is recommended that the SLC Management Advisory Committee (SLCMAC) be restructured into a committee responsible for planning, student spaces and buildings, and works and formally constituted in the procedures of the Board of Directors.

**Mandatory v. Optional Fee**

Based on the student association environmental scan, it is recommended that WUSA’s capital fee is compulsory, regardless of the number of credits students enroll in. At the discretion of the Board, the fee may potentially merit prorating for part-time students.
Capital Projects

As space managers of the Student Life Centre (SLC), the Student Life Centre Operation Agreement states that the organization is responsible for maintaining, replacing, and disposing of the Chattels (tables, chairs, desks, and shelves), as necessary. From time to time however, such activities are at the expense of the organization without the necessity of obtaining consent from the University of Waterloo (Student Life Centre Operation Agreement, 2013). Repairs, replacements, adaptations and renovations to the building, such as the roof, electrical and HVAC systems, building systems, building components, site components and infrastructure is borne by the University of Waterloo (Student Life Centre Operation Agreement, 2013). Further, televisions, security equipment, Plant Operations equipment, IST equipment and fixtures owned by the University but located in the SLC are under the control and management of the University, and thus must be excluded from the capital project list, unless permissions are sought from and granted by the University (Student Life Centre Operation Agreement, 2013).

The Authorization of Capital Expenditures Board Procedure defines capital expenditures as the “cost spent by the Corporation on equipment, equipment assets, or to add, expand, or renovate property, and as a series of expenditures that are related to a single outcome will be considered as a single total expenditure” (Student Life Centre Operation Agreement, 2013). This can include, but is not limited to, renovating or updating the building in which WUSA operates and the equipment used by both staff in office, such as computer software, desks, computer screens, chairs, etc., or for students in the building, such as couches, tables, etc. (Student Life Centre Operation Agreement, 2013). This could also permit investment in student spaces around campus that are student operated, managed, or owned as well as capital expansion both on and off campus.

The SLC Operating Agreement outlines that WUSA is responsible for the acquisition, maintenance and replacement of any furniture and equipment used in the managed space. It further states that that WUSA must obtain prior written approval from Plant Operations for the installation, delivery, relocation or removal of any major furniture or equipment, however, WUSA will be responsible for all expenses related to installation, delivery, relocation and removal of furniture or equipment, including but without limitation, damages caused to the space (Student Life Centre Operation Agreement, 2013). Further information on the improvements to the SLC can be found in the SLC Operating Agreement.

Society Fees

When asked if society fees for capital or space costs were collected by their respected student associations, the majority of answers from the scanned associations was that they did not collect such fees; societies typically apportion their budgets for a capital improvement fund as a

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3 SLC Operating Agreement 2013, page 10: “The Federation shall notify the University of any required maintenance, including damage to the premises or of the contents of the premises that are owned by the University, save and except normal wear and tear. If the notice concerns Capital Maintenance, the University will determine in its own discretion whether Capital Maintenance is required and how and when to undertake such Capital Maintenance. All other maintenance services will be provided by the University in a manner and time period commensurate with maintenance for the University’s other buildings and land.”
proportion of their termly fee budget as remitted by their respective association or the University. If WUSA is to implement a capital improvement program, despite other institutions failing to support their constituency societies, it is recommended that society support be included. That being said, no additional “society specific” capital fees should be levied by WUSA, rather the capital improvement plan should include support for society spaces where those societies capital funds are insufficient. It is of note that the Engineering and Math Society have their own capital improvement fund and the Science Society is in the process of development of the same.

4 The Engineering Society capital improvement fund is used to support their student space and services. The Engineering Society charges students 15% in the Fall term and 5% in the Spring term.
**Compulsory v. Optional Fees**

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<th>Student Union</th>
<th>Compulsory v. Optional</th>
<th>Fee</th>
<th>Collected Annually or Per Term</th>
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</thead>
<tbody>
<tr>
<td>Western University Students’ Council</td>
<td>Compulsory</td>
<td>$35.78</td>
<td>Per term</td>
</tr>
<tr>
<td>McMaster Students’ Council</td>
<td>Compulsory</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Laurentian University Students’ General Association</td>
<td>Compulsory</td>
<td>$114: Full-time students $10: Part-time students $10: Online students</td>
<td>Per term</td>
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<tr>
<td>Brock University Students’ Union</td>
<td>Compulsory</td>
<td>$2.50: BUSAC Capital Fund $1.50: Deferred Maintenance $5.50: Strategic Expansion Fund</td>
<td>Annually</td>
</tr>
<tr>
<td>University of Toronto Students’ Union</td>
<td>Compulsory</td>
<td>$1.00: Capital Resources Fund $10.24: Students Commons Fee $14.25: Students Commons Fee</td>
<td>Per term</td>
</tr>
<tr>
<td>Wilfrid Laurier Wilfrid Laurier University Students’ Union</td>
<td>Compulsory</td>
<td>$37.44: Full-time students $9.36: Part-time students *Waterloo students only</td>
<td>Per term</td>
</tr>
<tr>
<td>Queen’s University Alma Matter Society</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Trent University Trent Durham Student Association</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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</table>

*Many student unions’ capital budget is developed in conjunction with their operating budget,
### Municipal Capital Investment Plans

<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Capital Investment</th>
<th>Primary Sources of Funding</th>
<th>Capital Projects</th>
<th>Governance Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterloo</td>
<td>$105.3 million for 2020-2028 *2.2% property tax increase</td>
<td>- 34% Development charges reserve funds (includes development charges, tax-base and enterprise debt) - 27% Tax based reserves - 16% Enterprise reserves - 13% Other (includes developer contributions, industrial land accounts and the city) - 6% Grants - 4% Debentures</td>
<td>- 55% Infrastructure renewal - 29% Strong community - 10% Economic development - 5% Corporate excellence - 2% Multi-modal transportation - 1% Environmental leadership</td>
<td>- Capital budget guided by the city’s strategic plan and community engagement - City Council considers draft budget proposed by staff - Council approves capital and operating budget together</td>
</tr>
<tr>
<td>Kitchener</td>
<td>$105 million for 2020-2030 *2.25% property tax increase</td>
<td>- 58% City Enterprises - 15% Capital Pools (property taxes, issuing debt, and dividends) - 13% Development Charges - 7% Capital Reserves - 6% Fed Gas Tax - 1% Other (grants and fundraising)</td>
<td>- Road safety and cycling (e.g. clearing snow in bike lanes) - Environmental sustainability - Improving customer services - Maintaining and Investing Infrastructure (e.g. rehabilitating City Hall outdoor spaces)</td>
<td>- Develop budget direction (March to June) - Budget preparation (July to August) - Senior staff review budget (Sept to Oct) - Capital budget presented to Council (Nov to Dec) - Public input sessions - Budget approved by Council (January)</td>
</tr>
<tr>
<td>Cambridge</td>
<td>$61.8 million</td>
<td>- 41% Development charges</td>
<td>- 34.4m Economic development and tourism</td>
<td>- Reviewed by an internal Capital Budget Working Group</td>
</tr>
</tbody>
</table>
| Guelph | *2.38% property tax increase | - 25% Water and sewer rates | - 10% Property tax | - 9% Gas tax | - 8% Debt | - 7% Other | - 16m Transportation & infrastructure | - 5.2m Environment & rivers | - 2.2m Community wellbeing | - 1.1m Governance and leadership | - 0.7m Arts, culture, heritage, architecture | - Working group reviews capital priority rankings, in order to prioritize projects within funding constraints for all 10 years of the capital forecast | - In November 2018, budget reviewed by the City’s Corporate Leadership Team | - Corporate Leadership Team ensures budget aligns with strategic plan & Council direction | - Community has opportunity to learn more about the budget before taking it to the Budget and Audit Council Committee for approval | - $87.3 million for 2020-2028 | - 40% Rate Funding | - 26% Tax Funding | - 20% Development Charges | - 11% Grant Funding | - 3% Other | - Facilities (e.g. Library) | - Infrastructure renewal (67% of budget, e.g. replacement of playground equipment placement, water sewer) | - City growth (e.g. reconstruction of existing roads) | - City Building (e.g. new basketball court) | - City staff develop budget guidelines/priorities to align with corporate objective | - Set budget timeline (including public consultations) | - Develop draft budget (community members provide input) | - Present draft budget to city council | - Review and approval of final
<table>
<thead>
<tr>
<th>City</th>
<th>Budget (Million)</th>
<th>Property Tax Increase</th>
<th>Revenue Sources</th>
<th>Budget Development Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ottawa</td>
<td>$757 million</td>
<td>3%</td>
<td>Reserve, Debentures, Development Charge, cash/debit, Property tax, grants, subsidies, user fees</td>
<td>Develop budget guidelines/priorities, Set budget timeline (including public consultations), Develop draft budget (community members provide input), Present draft budget to city council, Review and approval of final budget by City Council</td>
</tr>
<tr>
<td>Kingston</td>
<td>$51.8 million</td>
<td>2.5%</td>
<td>General Municipal Reserve Funds, Working Fund Reserve, Government Grants, Contributions from others</td>
<td>Budget developed based on city council’s directions, guidelines and forecasts approved from prior year, Asset management and program services serve as an information source for budget planning, Residents provide budget input, Council, sitting as Committee of the Whole, review budget proposals from city departments and agencies, Approval</td>
</tr>
</tbody>
</table>
Appendix A

(copied and pasted directly from WUSC website)

Background

The USC has never had a formal Capital Plan nor has it had any form of informal plan or process pertaining to the purchase of new capital or the maintenance of existing capital. In the past, the USC would do call outs for capital during the budget process. Those requests would be reviewed as part of the budget process and would randomly be selected based on what the budget could “afford” in capital. Each year those requests changed and there was rarely carryover of items from one year to the next despite the fact that not all capital requests were granted in any given year due to budget constraints. This process allowed for departmental and organizational wants to be met however it did not necessarily allow for departmental and organizational needs to be met. This process also enabled the USC to go forward with a budget that allowed for zero capital dollars to be built into it. This not only resulted in the USC being forced to forgo certain capital needs altogether but also prevented the USC from having funds to repair and replace broken or missing capital items that had been previously purchased. As a result, the USC developed a very large liability called Capital. And up until a few years ago, didn’t have a fee that was dedicated to fund that large liability either. This resulted in the USC having an unfunded liability.

When Council determined that we were to come up with a Capital Plan, the USC had all departmental managers compile their lists of needs and wants going out 10 years. They were instructed to make such requests assuming status quo for their department.

Once this information came back it was compiled into the official capital plan. The other piece that was added was the maintenance piece. In year 1, there is no maintenance piece identified in the capital plan given the volume of renovations that are to be conducted.

How the Capital Plan works

In any given year, the capital plan priorities will come forward in conjunction with the annual budget. At that point, Council can determine whether the priorities identified are in line with the strategic plan and the general objectives of the organization. If they are not, Council can set a directive to the Executive Council to reprioritize such that capital purchases for the year are in line with the strategic plan and direction of the organization. Once that has been determined and the funding for the plan has been approved (student fee), the Executive Council has the ability to alter the priorities such that they meet the objectives of the EC for that year, provided that any changes made do not go against the strategic plan or direction of the organization as set by Council. If priorities are brought into the current year, the EC must determine what will be moved into future years in order to remain within the funding as determined by Council. If priorities are pushed off to future years, the EC must provide a clear rationale for doing so and Council must be informed of the decision as well as the rationale. This flexibility enables an EC to shift priorities if need be in order to achieve all goals and objectives for a given year. However, pieces that are shifted into other years, cannot be done so indefinitely – the projects must get done over time otherwise the integrity of the capital plan is lost.
The maintenance piece of the capital plan is one piece that cannot be altered or shifted – this piece must be done every year.

Approval Process

The importance of the Capital Plan is that it allows the USC to plan for capital and it ensures that we will have capital purchases on an ongoing basis. Each year, Council will set overarching directives for the Capital Plan and the Executive Council will be responsible for determining scope etc. for the approved priorities.

Once Council has approved the funding for the priorities, it is up to the EC to approve projects in principle. Once management gets the approval in principle, it allows them to proceed to facilities management to obtain quotes for the work as well as determine potential timing for the project to proceed. Once management determines what projects can be done and when by facilities management, USC management will then come back to EC for determination and approval of scope and budget for the approved projects. Best practice indicates that at this point the EC would appoint a “point person or persons” (likely the VP Finance) to work on a project team to get the project completed in a timely manner. Information would be brought back to the EC by this point person and feedback would be sought in that manner as well. The only time a project would come back to EC in a formal manner by USC management would be if scope changed or if there were budget issues.
Appendix B

WUSC 2017-2018 Capital Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tr>
<td>Capital Fees Revenues</td>
<td>$960,453.06</td>
<td>$967,314.62</td>
<td>-$63,129.04</td>
<td>$912,589.96</td>
<td>$928,082.64</td>
<td>$943,860.04</td>
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<tr>
<td>Total Revenues</td>
<td>$960,453.06</td>
<td>$967,314.62</td>
<td>-$63,129.04</td>
<td>$912,589.96</td>
<td>$928,082.64</td>
<td>$943,860.04</td>
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<tr>
<td>Lounge Loan Payment</td>
<td>$120,000.00</td>
<td>$408,000.00</td>
<td>$288,000.00</td>
<td>$388,000.00</td>
<td>$388,000.00</td>
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<td>Leased Equipment</td>
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<td>Maintenance</td>
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<td>Contingency</td>
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<td>$50,000.00</td>
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<td>$75,000.00</td>
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<td>IT</td>
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<td>Promotions</td>
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<td>Purple Start</td>
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<td>Events &amp; Building Services</td>
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<td>Total Expenses</td>
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<td>$931,000.00</td>
<td>$900,000.00</td>
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-$677,746.54 Total Capital Plan

$69,62 $677,835.96 $3,431.04 $81,917.36 $86,139.99
Appendix C

Brock University Students’ Union, Bylaw 105
“Capital Fund Bylaw”

(Copied and pasted directly from BTSU bylaw)

Access to Capital Fund (unrestricted portion):

1. BUSAC or its designate may approve expenditures for up to 75% of the money that is collected annually for the Capital Fund account during their one (1) year term.
   a. Approvals of expenditures will require a 50% + 1 vote by the designated approving body in two (2) consecutive meetings where quorum has been achieved.
   b. In the event that the second reading meeting of BUSAC does not reach or loses quorum prior to the vote on the expenditure, the BUSU Board of Directors shall be allowed to serve as the body that approves the second reading.

2. BUSU Board of Directors shall be the approval body during times when BUSAC is not in session (i.e. Summer Months), in the event BUSAC membership has fallen below legislated quorum or when BUSAC has designated its authority.

Access to Capital Fund (restricted portion):

1. The 25% (restricted) fund amount shall be held in reserve and cannot be spent through the above approval process in the year it is collected. The purpose for the 25% (restricted) fund amount is to create a reserve fund in the spirit of Section 22.6 (BUSU Fiscal Management Policy) like larger non-reoccurring, non-operational projects, renovations, acquisitions of space, properties, to cover the short falls in any unrestricted division of BUSU or repayments of internal loans. If funds from the 25% (restricted) fund account are used to cover the short falls in any unrestricted division of BUSU or repayments of internal loans, the approval process will be a 2/3rd majority vote of the BUSU Board of Directors. For all other uses of the fund account, the approval process will be as follows in order of occurrences:
   a. A presentation to BUSAC shall be made by the BUSU General Manager, VPFA and any other Executive member that is needed which outlines the current fund account balance, purpose of the request to access, plan for the expenditure, oversight mechanism of the expenditure and any other relevant materials or supporting documents required to provide a clear understanding of the request for BUSAC.
   b. Following the presentation, BUSAC must then vote 50% + 1 in favour of the access request.
   c. Following BUSAC approval, the request must gain a 2/3rd majority vote of the BUSU Board of Directors.
   d. Following the approvals, if during the execution of the project additional expenditures need to be requested for unforeseen construction, labour, material, permit or similar issues, the additional funds must be approved by the BUSU
Board of Directors by a 2/3rd majority vote. This information should be reported to BUSAC in a timely manner by either the General Manager or the Chair of the Board.

e. Following the completion of the expenditure, the General Manager, VPFA and any other relevant parties must present the final and completed project budget vs. actuals to BUSAC

Reporting

1. Reporting of the usage of the Capital Fund shall be the responsibility of the General Manager and the Vice-President, Finance & Administration. Reports should include: Summary of scope of work or project, Amount approved (including any increases to original funding) Amount spent and Confirmation that appropriate filings have been completed with the accounting department or relevant departments within BUSU, University or municipality.
# Appendix D

## Capital Budget

**2018-2019**

### June 5, 2018

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW Student Commons - Advertising/Membership</td>
<td>$46,820.00</td>
</tr>
<tr>
<td>NEW Student Commons - Sidewalks</td>
<td>$535,818.00</td>
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<tr>
<td>NEW Student Commons - Lodgemen</td>
<td>$48,000.00</td>
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<tr>
<td>NEW Cost Recovery</td>
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<td><strong>TOTAL REVENUE</strong></td>
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</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$686,038.00</strong></td>
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<tr>
<td><strong>NET INCOME</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Capital Projects</th>
<th>Operations/Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW Student Commons - New (operating)</td>
<td>$489,545.00</td>
</tr>
<tr>
<td>NEW Student Commons - New (transfer)</td>
<td>$489,545.00</td>
</tr>
<tr>
<td>NEW Student Commons - Other</td>
<td>$135,000.00</td>
</tr>
<tr>
<td>NEW Accessibility Fees (Operating)</td>
<td>($190,918.00)</td>
</tr>
<tr>
<td>NEW New Projects</td>
<td>($112,000.00)</td>
</tr>
<tr>
<td>NEW Debt Service (Capital)</td>
<td>($178,000.00)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>$390,618.00</strong></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>NEW Student Commons - Maintenance</td>
<td>$75,000.00</td>
</tr>
<tr>
<td>NEW Student Commons - Capital Reserve</td>
<td>$505,000.00</td>
</tr>
<tr>
<td>NEW Student Commons - Capital Reserve</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>NEW Student Commons - Operating Costs</td>
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<tr>
<td>NEW Student Commons - Security</td>
<td>$75,000.00</td>
</tr>
<tr>
<td>NEW Student Commons - Signage and IT Systems</td>
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<tr>
<td>NEW Student Commons - Other</td>
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<td>NEW Sewed Equipment</td>
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<td>NEW Non-LEED Equipment</td>
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<td>NEW Depreciation Expense</td>
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<tr>
<td>NEW Contingency Fund</td>
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<td>NEW Accessibility - Trust</td>
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<tr>
<td>NEW Accessibility Fund Disbursements</td>
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</tr>
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<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$510,618.00</strong></td>
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</tbody>
</table>

| **NET INCOME** | **($20,000.00)** |

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236 College St, Toronto, ON M5T 3J2
utu.ca

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**NET INCOME** | **($20,000.00)**
| **TOTAL REVENUE** | **$390,618.00**
| **TOTAL EXPENSES** | **$510,618.00**
| **NET INCOME** | **($20,000.00)**
References


University of Toronto Students’ Union, Financials https://www.utsu.ca/financials/


### A. Responsibilities

1. **To oversee and assist with the management of the Student Life Center (SLC),** other student buildings, commons, and spaces;
2. **Provide recommendations to the Board of Directors and the Vice President, Operations and Finance on the management of such spaces;**
3. **To develop and not less than annually perform a review of a five (5) year Capital Improvement Plan (CIP) for those student commons, spaces, and buildings which are owned, operated, or managed by students for recommendation to the Board of Directors;**
4. **To oversee student space planning and development activity in the context of the CIP and prudent environmental sustainability practices;**
5. **To make recommendations to the Board of Directors on campus planning and development initiatives, with due consideration to the impact on multi-campus sites, including without limitation the acquisition or disposal of land or buildings, the use of land, buildings and facilities, and the review of all agreements to which the association is a party having impact on the acquisition, use, development, operations, or management real property, leaseholds, or similar;**
6. **To approve, on behalf of the Board of Directors, all capital, renovation, or construction projects budgeted for in the approved Capital Budget or from discretionary budget allowances up to a maximum of $500,000; and to make recommendations to the Board of Directors regarding such projects exceeding $500,000, including (without limitation) the appointment of architects and design consultants, the business plan and specific project budget, the design, and the award of construction contracts, where appropriate;**
7. **To approve, on behalf of the Board of Directors, all capital, renovation, or construction projects budgeted for in the approved Capital Budget or from discretionary budget allowances up to a maximum of $500,000; and to make recommendations to the Board of Directors regarding such projects exceeding $500,000, including (without limitation) the appointment of architects and design consultants, the business plan and specific project budget, the design, and the award of construction contracts, where appropriate;**
8. **To ensure that student spaces comply with all building codes, fire codes, safety regulations, University policies and procedures, and other applicable statutory and regulatory provisions, and to review compliance as needed;**
9. **To ensure that appropriate capital maintenance and renewal programs are in place for student spaces;**
10. **To review semi-annually the status of capital projects, including status of accumulated debt and compliance with procedures on the authorization of capital expenses and other applicable policies and procedures;**
11. **To act as a resource for project management within student spaces and offer advisement to the Office of the Vice President, Operations and Finance and constituent Societies as appropriate;**
12. **To ensure that the interest of students is considered in all decisions relating to student buildings, commons, and other spaces;**
13. **To report annually to the Board of Directors on all matters related to space planning issues, student works, and capital projects operated by the Corporation.**

### B. Membership

1. **The Vice President, Operations and Finance, who shall be chairperson;**
2. **The General Manager;**
3. **One (1) member of the Board of Directors;**
4. **One (1) member of Students Council,**
5. One (1) At-Large student member;
6. The Director of Operations & Development, as a non-voting resource member;
7. The Student Life Center Operations Manager, as a non-voting resource member;
8. One (1) member appointed by the Graduate Student Association (GSA), as a non-voting resource member; and
9. Those other parties as the Committee may from time to time require in a non-voting resource capacity.

C. Meetings

1. The committee shall meet a minimum of once per term;
2. Other meetings shall be held as necessary at the discretion of the chair;
3. The quorum for the transaction of business at any meeting of the committee shall be a simple majority of the voting members of the committee.
Enterprise, Opportunity, and Innovation (EOI) Fund: Voluntary Student Contribution

Report of the Internal Funding Committee (IFC)

Submitted by: Seneca J. Velling,
VP Operations & Finance

26 October 2019

Waterloo Undergraduate Student Association
operated by the Federation of Students, University of Waterloo

wusa.ca
200 University Ave W, Student Life Centre, Room 1116, Waterloo, ON N2L 3G1
1.0 Proposal for Voluntary Student Contribution

The Internal Funding Committee (IFC) recommends the Students’ Council create a voluntary student contribution (VSC) levy for the EOI Fund. The Committee reviewed the EOI Fund’s mandate, noting that the fund currently cannot support its mandate and on campus resources for similar support to students do not exist in other forms. With further consideration, the Committee proposed the creation of an approximately $5.00 fee as a voluntary donation that would be optional on point of payment.

Decision: IFC recommends Council implement a $5.00 VSC coupled with efforts to increase awareness of the fund for use by student groups for projects, conferences, and similar; by student-run/developed start-ups for funding; and from individuals seeking academic and professional development experiences.

IFC seeks to ensure the ability to opt-out is seamless for the student if they wish not pay the fee, but also highlight the value the fund can offer. Generally, the Committee does not wish to harm the reputation of the Waterloo Undergraduate Student Association by adding new fees, but sees this as a worthwhile opportunity for significant student benefit.

Recommendation Adopted.

Notes on Voluntary Student Contribution (VSC)

A Voluntary Student Contribution (VSC) is a student donation to the Endowment Fund included on the list of optional and voluntary fees for undergraduate students, in an amount set by the Students’ Council, at the recommendation of the Committee.

All efforts will be made to ensure that monies collected through the VSC are tax deductible and such status shall be, to a reasonable extent, communicated to the parties from whom voluntary contributions are sought. Since the fund is held under the University of Waterloo, the University will likely be able to issue tax receipts for the contributions with other standard tax receipting currently issued.

The collection of the VSC is subject to the following conditions:

a. The VSC is collected according to the University of Waterloo’s policies on incidental fees, and complies with any fee protocols or agreements entered into between the WUSA and the University of Waterloo;

b. All proceeds generated by the VSC become part of the Endowment Fund;

c. The VSC shall be entirely voluntary/optional at point-of-payment, insofar as possible; otherwise, all VSCs contributions shall be made fully refundable.

The IFC is actively working with UWaterloo’s Office of Advancement & Alumni Relations to promote external contributions to the EOI Fund.
## 2.0 EOI Fund’s Financial Position

### INTERNAL FUNDING COMMITTEE

**Committee Report & Proposal**

### EOI Fund’s Financial Position

<table>
<thead>
<tr>
<th>Enterprise, Opportunity, Innovation (EOI) Fund</th>
<th>ACTUALS</th>
<th>BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year</td>
<td>19-20</td>
<td>19-20</td>
</tr>
<tr>
<td>Endowment Principal - opening</td>
<td>$696,834.82</td>
<td>$696,834.82</td>
</tr>
<tr>
<td>Expendable Carryforward from prior year</td>
<td>$75,548.68</td>
<td>$75,548.68</td>
</tr>
<tr>
<td>Estimated Income for current year</td>
<td>$24,389.22</td>
<td>$24,389.22</td>
</tr>
<tr>
<td>Net Funds Available</td>
<td>$99,937.90</td>
<td>$99,937.90</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Science Society’s Ossa Leadership Conference</td>
<td>$700.00</td>
<td>$700.00</td>
</tr>
<tr>
<td>Conference on Sustainability In Engineering (CES)</td>
<td>$10,000.00</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Science Society’s SciChella Event</td>
<td>$222.15</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>Amphibian Conference (Hunter) Expenses</td>
<td>$500.00</td>
<td>$500.00</td>
</tr>
<tr>
<td>iGEM Proposal</td>
<td>$2,800.00</td>
<td>$2,800.00</td>
</tr>
<tr>
<td>UNICEF Proposal</td>
<td>$3,924.00</td>
<td>$3,924.00</td>
</tr>
<tr>
<td>MEDA SheCycle Convention (Wouda et al) Expenses</td>
<td>$1,500.00</td>
<td></td>
</tr>
<tr>
<td>BioTech &amp; Bio-Engineering Conference</td>
<td>$5,000.00</td>
<td></td>
</tr>
<tr>
<td>Sub-total of Expenditures</td>
<td>$18,146.15</td>
<td>$25,924.00</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>$81,791.75</td>
<td>$74,013.90</td>
</tr>
</tbody>
</table>

The EOI Fund is in a healthy financial position, however the last two years of increased advertisement and awareness have led to greater submission of applications to the fund. Funds awarded over the Spring term and September are nearly $26k, over the entire fiscal year it is projected that the fund would see approximately $78k in requests, but may only provide $74k in funding without dipping into principal. Further, given that funding pressure tends to increase during the Fall and Winter terms due to student projects being planned or executed, the actual funding levels requested from the Committee can reasonably be expected to exceed expectations.

**Expendable Allowance set to Decrease**

In addition, 75.6% of net funds available this fiscal year from the EOI Endowment Fund are amounts carried forward unspent from prior years (when advertisement efforts were substantially lower). This means that there will be a future deficit in funding at current expense rates for projects that reasonably
can and should be funded by the Committee according to its mandate under the EOI Fund bylaws in Council procedures.

**Proposed VSC Income**
The Proposed Voluntary Student Contribution would see $5.00 termly brought in from all PT and FT students, without pro rating, with approximately 59,000 FTEs annually, an expected income of ~$295,000 could be earmarked toward the Endowment’s Principal (75%) with the remaining 25% (~$74k) earmarked toward annual expenditure. Any amounts unspent at year’s end would be reinvested back in the Endowment Principal to increase the rate of return from investment of the principal by the Board of Governors’ Finance & Investment Committee.

**Original Source of Funds**
In December of 2002, the Federation of Students created the Enterprise, Opportunity, and Innovation Fund to provide funding to student initiatives and reduce barriers to professional and academic development. The capital for the endowment fund (originally $500,000) came from the sale of Clarica shares the Federation held as part of the student supplementary health plan. At the time, the student health plan was controlled by the University and as such the University was entitled to all surpluses arising from the policy, however via contract with the Federation, was obligated to return any surpluses to the students.

The policy at the time was originally under Mutual Life, however the company demutualized leading to the creation of Clarica, and a surplus was paid out to the policyholders. This translated into significant funds being transferred to the University who in turn was obligated to transfer those funds to the students. The Federation accepted shared in the company Clarica in lieu of cash, and during the SunLife takeover bid of Clarica these shares were sold at a fairly high price.

In summary, this capital provided resources to create the EOI Endowment Fund by a contractual decision of the Board of Directors, however ownership and regulation of the fund’s bylaws was placed in the hands of the Students’ Council.

Note: currently all funds held in the EOI Fund are resulting from WUSA’s principal contribution to the fund or earnings from the principal investment.

**3.0 Fund Mandate**
In accordance with Council procedure 16: EOI Fund Bylaws, the EOI Fund provides funding to student projects and initiatives that will further the personal development of UW students, improve the campus culture, or improve student life at the University of Waterloo.

The EOI fund is divided into the following three categories. The following percentages are recommendations at the discretion of the committee:
a. Enterprise (25%) - This component of the fund will be used to remove the financial barrier of startup costs that may prevent the development of new initiatives. Preference will be given to submitted proposals that are designed to become self-funded projects once the period they have been funded for ends. The money granted would be used on a short-term basis and would not be used to fund the project/initiative for a period of time longer than 3 months.

b. Opportunity (25%) - This component of the fund will be dedicated to supporting students who wish to engage in conferences or development projects abroad.

c. Innovation (50%) - This component of the fund will be granted to initiatives that are not designed to continue, but that will provide a continuing benefit to campus, e.g. holding a conference. All proposals must offer a continuing benefit to UW students to be considered.

Inability to Complete Mandate
Currently, the many of the fund’s expenses go toward Innovation expenses, within Opportunity being a secondary expense source. Very little in the way of Enterprise support exists, and with increasing awareness of the fund via advertisement and promotions, there is risk of inability to support these projects in whole or in part.

The Committee’s mandate to the EOI Fund should be attainable, but current funding expendable allowance is insufficient to support those ends.

4.0 Recommendation
The Committee recommends Council approve the creation of a $5.00 levy for all PT and FT on-campus students as a voluntary student contribution to the EOI Fund to be apportioned in the following manner, insofar as possible and unless otherwise determined by Council:

- 75% invested to the principle allowance each fiscal year,
- 25% retained for awarding of funds to applicants, in addition to any estimated income from the principal;

Provided that the levy be voluntary/optional at point of payment.

The roll-out of this fee should be conditional on being considered a Voluntary Student Contribution to the Endowment, with associated issued tax receipts, unless otherwise expressly authorized by Council.

Attachment: Historical background from UW Finance
Outstanding Student Support for Waterloo

Campaign Waterloo: Building a Talent Trust is about people. In particular, it's about students, who were largely the inspiration for the campaign. They are the leaders of tomorrow, working to solve complex problems facing society.

UW students are also leaders in all aspects of campus life, and in particular, for Campaign Waterloo.

- In a 2001 referendum, undergraduate students voted in favour of a student levy through which they will collectively contribute $4.8 million to expand the Student Life Centre and Athletic Facilities.

- Co-op students are contributing $4.35 million to the new William M. Tatham Centre for Co-operative Education and Career Services.

- In December 2002, the Federation of Students created a new Enterprise, Opportunity, and Innovation Fund to provide funding to student initiatives that will improve campus culture or student life. The capital for the endowment fund ($500,000) came from the sale of Clarica shares. The Federation has held as part of the student supplementary health plan.

- Graduate students also made a collective student pledge of $1 million toward the establishment of a Graduate Student Endowment Fund in 2001, to financially assist graduate studies and basic, applied, and interdisciplinary graduate research. The endowment fund is already starting to grow, thanks to $55,000 in seed money from the Graduate Student Association (GSA).

"We're a young university that has done exceptionally well. To continue to lead the way and to sustain our level of excellence, we need to make sure that we have sufficient resources in place. It will be great when we can come back in five years to see the results of our contributions today."

BRENDA KOPROWSKI, FEDERATION OF STUDENTS PAST PRESIDENT

University of Waterloo  DONOR REPORT 2002/2003
The Clarica funds:

Background:

Students at UW pay a premium to be covered under the health plan, the University remits these premiums directly to the carrier. This is levied as a separate fee on the fee statement (around $50) and can be opted out of given proof of coverage elsewhere is provided.

The University is the policyholder and is entitled to any surpluses arising from the policy. A memorandum agreement exists; however, which obligates the University to return any surplus to students.

Demutualization:

The policy was under Mutual life, however the company demutualized (creating Clarica) creating a surplus paid to their policyholders. To explain the process of demutualization is long winded and not necessary, what is important to know is that this change translated into money being given to large policyholders (such as the University).

Shares:

The FedS accepted shares in the new company (Clarica) in lieu of cash. During the SunLife takeover bid of Clarica, the shares were sold at a fairly high price. This money that comes from the shares is the $500,000 in question.

Ideas:

Last year's executive put forward the idea of an endowment for technology and campus beautification. However the goal should be to make sure the money is used for and by students. This will be a decision made at the board level, but this does not mean council should not be heard. In your council reports we would like to hear what you constituents have to say about these funds.
Feds create $500,000 fund — a memo from Mike Kerrigan, vice-president (internal) of the Federation of Students

A new endowment fund has recently been created by the Federation of Students. On December 12, the Federation of Students board of directors made the final decision on the terms of reference for the endowment fund, and they were approved by the university’s finance department shortly before the holidays.

The capital for the endowment fund came from the sale of shares in the company with which the student supplementary health plan was originally held, the Mutual Group. When the Mutual Group demutualized into Clarica in 1999, the university obtained a number of shares in Clarica, which were held for the Federation of Students because of an earlier agreement between the university and the Feds that stated that any excess funds in the health plan would be returned to students. These shares were sold for $500,000.

Feds vice-president Mike Kerrigan

The Feds executive consulted with Students’ Council members, the presidents of the student societies and students at large to gather input into the terms of reference of the fund. Most suggestions were able to be integrated cohesively. To eliminate the need for additional bureaucracy, the money obtained through the endowment fund will be managed through the currently existing Students’ Council Special Project Fund, the administration of which will be modified to better process the new funds. The approved description is as follows:

Enterprise, Opportunity and Innovation Fund

The fund will provide funding to student projects and initiatives that will:

- further the personal development of UW students;
- improve campus culture; or
- improve student life at UW.

The fund will be divided into three components and a percentage of the fund will be dedicated to each area:

- Enterprise 25%: This component of the fund will be used to remove the financial barrier of start up costs that
may prevent the development of new initiatives. Preference will be given to submitted proposals that are designed to become self-funded projects once the period they have been funded for ends. The money granted would be used on a short-term basis and would not be used to fund the project/initiative for a period of time longer than 3 months.

- Opportunity 25%: This component of the fund will be dedicated to supporting students who wish to engage in conferences or development projects abroad.
- Innovation 50%: This component of the fund will be granted to initiatives that are not designed to continue, but that will provide a continuing benefit to campus, e.g., a leadership conference. All proposals must offer a continuing benefit to UW students to be considered.

The application will be tailored to each component to reflect the distinctions between them. After reading week each year, the funds may be openly distributed to any application, regardless of the amount remaining in each specific component.

Once the body that decides the allocation of the funds has decided to support a project, the necessary documentation will be provided to the University of Waterloo’s finance department, which will then provide the funds to the beneficiaries.

The rules about winter storms

Here’s a reminder that if the snow falls heavily and the winds blow fiercely, there’s a fixed procedure for determining whether UW will be closed and how people should find out.

Under the storm closing procedure, established in 1994, UW will be "closed" for the day if the Waterloo Region District School Board cancels classes at all its schools. If only rural schools are closed, or if buses are cancelled but schools stay open, the university will remain open.

UW follows the school board’s lead since it has an effective system for evaluating weather conditions across Waterloo Region, and informing the public through the news media.

Says the procedure: "The university will 'close' because of severe winter weather when normal operation would pose a significant danger to students, staff and faculty while on campus or would prevent large numbers of them from coming to campus or returning safely to their homes in Kitchener-Waterloo and the immediate surrounding area."

It also says that for the university to be "closed" means that classes are not held, meetings and other scheduled events are cancelled, staff other than those employed in "essential services" are not expected to be at work, but are paid for a normal day, examinations are cancelled, deadlines for assignments and other submissions are postponed until the same hour on the next business day on which the university is not "closed". The "essential services" listed are food service in the residences, policing, the central plant (powerhouse), snow removal (grounds crew), emergency repair and maintenance, and animal care.

Says the policy: "Classes will not be held during 'closed' periods, and assignment deadlines must be extended. Faculty members and academic departments do not have the authority to make exceptions to this rule."

If there is a major winter storm on a day when the schools aren’t open -- this week, for example -- the closing decision will be made in the early morning by the provost. When work has already begun for the day, UW will close "only in extreme circumstances", the procedure says.

A closing of the university will be announced on the UW home page. And the UW news bureau will report it to local radio stations, which have been asked to broadcast it quickly and often, "since the University of Waterloo attracts a large number of people from across the region and beyond".

Library gets Schneider family archives -- from UW’s 2001-02 donor report

The Library’s newest manuscript acquisition, the papers and records of the Schneider family, enriches the collections on a variety of fronts, namely the urban and local history of the Kitchener and Waterloo area; industrial and business history documenting the founding of the J. M. Schneider Inc. meat processing plant; documentary materials about a family’s history which complements the Library’s existing holdings of archives of several prominent local families; and,

http://www.bulletin.uwaterloo.ca/
### Health Plan Oversight Committee (Standing Committee)

**A. Purpose**

The purpose of this Committee is to oversee the administration of the University of Waterloo Student Health Plan ("Plan"). As policy holders of the plan, the Waterloo Undergraduate Student Association (WUSA) and the Graduate Students Association (GSA) have need of information and guidance when making decisions regarding the management of the plan. This Committee will allow policy holders access to resource members who have expertise and historical knowledge of the plan.

**B. Responsibilities**

1. Maintain the financial sustainability of the Health Plan;
2. Ensure the plan provides the best value to students;
3. Grant or deny, or adjust, the coverage of special claims submitted by student members based on the following criteria:
   a. the validity of the medical case presented by the student and their physician,
   b. the financial impact on the plan,
   c. the improvement of the student’s wellbeing and their academic success;
4. To receive reports from and seek expert clinical advice from resource members in the management of the plan;
5. Determine plan coverage, service levels, and make decisions regarding addition, suspension, removal, and review of plan offerings;
6. Review and make recommendations to the Vice President, Operations & Finance, President, and Board of Directors regarding plan vendor contracts, and
7. To review and determine appropriate resolution of any matters and or questions regarding the plan.

**C. Membership**

1. The Committee shall be composed of the following parties:
   a. Vice President, Operations and Finance (WUSA), who shall serve as co-chair;
   b. President (GSA), who shall serve as co-chair;
   c. President (WUSA);
   d. Vice President (GSA);
   e. General Manager (WUSA) as a Non-voting resource member;
   f. Executive Manager (GSA) as a Non-voting resource member;
   g. UW Health Services Representative as a Non-voting resource member;
   h. UW Counselling Services Representative as a Non-voting resource member;
   i. UW Student Health Office Administrator or Vendor Representative as a Non-voting resource member, and
   j. All other parties as the Committee may, from time to time, determine;

2. An Executive Sub-Committee consisting of the Committee co-chairs (or designates) shall exist to represent the Committee, negotiate on behalf of the Committee, and may make recommendations to the Committee as it deems appropriate.

**D. Meetings**

1. The Committee shall meet at least once per term;
2. Quorum of the Committee shall be a minimum of a simple majority of voting members; and

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*Comment [SV1]: Does GSA want their Pres or VP as the co-chair of the committee?*

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*Deleted: (Co-Chair)*

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3. Other meetings shall be held as required by the decision of the co-chairs.