

CALL TO ORDER

The Chair called the meeting to order at 6:00 p.m.

INTRODUCTION OF GUESTS

The Chair noted regrets from Governors Charlie Peel, Denise Jones and Patrick McNeil; participants Manon Lemonde, Joanna Campbell and Lyn McLeod, and senior staff members Ralph Aprile and John Woodward. She noted that Peter Bagnall and Gerry Warman would be arriving late.

Donna McFarlane introduced Mike Conte, faculty, School of Business, DC and member of OPSEU Executive Local 354.

ADDITIONS/DELETIONS TO THE AGENDA

The Chair noted the addition of item 8.8, Signing Authority, and 14.4 Transition.

CONFLICT OF INTEREST DECLARATIONS

None was noted.

APPROVAL OF PREVIOUS MINUTES

The minutes of the 400th Regular Board Meeting of May 10, 2006 were accepted, as circulated.

ACTION ARISING FROM PREVIOUS MINUTES

The Board sent a congratulatory note to the landscape design firm regarding the Canadian Society of Landscape Architects award.

The Board sent a congratulatory note to the student award recipients from the Paramedic Skills and Ontario Technological Skills Competitions.

Peter Bagnall joined the meeting at this time.

DECISION ITEMS

Election of Chair and Vice-Chair

Lorraine Sunstrum-Mann noted that an election had been held at the May meeting but that quorum was not reached so the motion was now coming forward.

Moved by Joanne Burghardt

Seconded by Aileen Fletcher

MOTION:
#4911 “That the Board of Governors of Durham College of Applied Arts and Technology approve the appointment of Patrick McNeil as Chair of the Board for a one-year term beginning September 1, 2006 in accordance with the election results of May 10, 2006, and that the ballots for the election be destroyed.”

CARRIED

Moved by Deb Kinkaid

Seconded by Karen Hodgins

MOTION:
#4912 “That the Board of Governors of Durham College of Applied Arts and Technology approve the appointment of Phillip (Rocky) Simmons as Vice-Chair of the Board for a one-year term beginning September 1, 2006 in accordance with the election results of May 10, 2006, and that the ballots for the election be destroyed.”

CARRIED

Faculty Representative Governor Election Results

Cathy Pitcher reported that an election had been held in May for the faculty representative.

Moved by Aileen Fletcher

Seconded by Erin Boniface

MOTION: #4913 “That the Board of Governors of Durham College of Applied Arts and Technology endorse the appointment of Karen Hodgins as the Faculty internal representative for a second three year term beginning September 1, 2006, in accordance with the election results of May 16, 2006 and that the ballots for the election be destroyed.”

CARRIED

2006-2007 Business Plan

Leah Myers reported that there is an annual Ministry requirement to develop and submit a business plan after approval by the Board. The proposed plan is based on the 2006-07 Budget and approved by the Board.

Lorraine asked whether accountability agreements need to be built into this plan or is it better to put in next year? Leah replied that the plan is due to the government this month which did not leave time for articulating multi-year accountabilities.

Moved by Aileen Fletcher

Seconded by JoAnne Horruzey

MOTION: #4914 “That the Board of Governors of Durham College of Applied Arts and Technology approve the 2006-2007 Business Plan, as presented.”

CARRIED

2005-2006 Annual Report

Donna McFarlane reported that the Annual Report is an update on the actions that occurred in the 2005-2006 year in relation to the strategic plan ending in 2006. She noted that the enrolment activity chart is one area that may cause confusion but the change in numbers is due to the movement of programs from one school to another.

Karen asked whether there was a portion missing? Bev Balenko replied that there was some information missing in this report and it would be added.

Action: Donna McFarlane and Bev Balenko to revise the Annual Report and insert the missing data.

Pierre joined the meeting at this time.

Moved by Karen Hodgins

Seconded by Beth Wilson

MOTION: #4915 “That the Board of Governors of Durham College of Applied Arts and Technology approve the 2005-2006 Annual Report, as will be amended.”

CARRIED

Report of the Audit & Finance Committee Meeting held May 23, 2006

Beth Wilson reported that the Committee met to review the draft audited financial statements from the team in Finance and discussed our procedures and that of the auditors. She stated the meeting discussion was rigorous and there were some important changes in regard to the notes and disclosure of information. The auditors focused on specific risk areas but there were no serious issues. There was good cooperation from the Finance team. She noted that the timelines had been accelerated this year and the team put a lot of effort into getting the information available to the auditors on schedule. Terry commended the hard work of his team. Beth noted that the lack of issues is a good testament to the quality work that was done.

DC 2005-2006 Audited Financial Statements

Terry reviewed the executive summary. DC currently has bank indebtedness of \$6.2M in 2005, but when consolidated with DCEN there is a surplus of \$2.6M. There will be little activity through May and June, but cash in-flow will increase in July when students begin to pay tuition. DCEN has improved in its collection of accounts receivables as well as collecting previously paid income taxes. The Foundation was able to invest an additional \$1M for bursaries. There was a reduction in the Employee Future Benefits plan across the system that resulted in a gain of \$1.4M. There are long-term principal payments of \$3.8M, which refers to the agreement with the Residence. There is \$2.3M in accounts payable that is for the payment UOIT made on the Windfields Farm property. DC made the initial payment, so the debt and property are on the DC statements. This is another asset that will have to be discussed in terms of the sharing agreement and on whose financial statements it appears.

Terry highlighted some of the key points of the statement of financial position. There was an increase of cash due to DCEN collecting some of their accounts receivables and it was also able to recover a previous year's overpaid income tax. The deferred revenue was decreased due to a reduction in carry-over set-aside funds, a reduction in Continuous Education enrolment due to the strike and IT deferrals due to the LMS project.

Terry reviewed the statement of operations. The College's Our share of the Reaching Higher plan and the QIF was \$3M which is additional funding to last year. The DC operations grant also increased from last year. There was additional business in ancillary operations of \$1.9M which was due to an increased number of students. The training centre fees and other income increased to \$5.1M. This includes \$1.5M for student awards, a \$1M windfall grant and various other revenue increases. Expenses also increased as a result of branding, insurance, utilities and the number of bursaries distributed to students. Other areas that increase were the residence operations and bookstore as a result of increased enrolment as well as the cafeteria and cleaning costs in the residence.

Terry reviewed the consolidated DCEN statements. It saw a decrease in revenue that was less than expected. DCEN reduced staffing levels for about \$2.3M and rolled-back on some wages for about \$1.7M. There was a decrease in bad debt expense of \$3.5M which was based on a large write-off from the previous year. Finally, DCEN was able to recover about \$1.7M in income tax due to their losses.

Dave Broadbent expressed his concern about an unfavourable article in the paper about PIC. The article said that PIC employees' wages were being reduced from \$20 with benefits to \$9. Lorraine asked Peter Bagnall to respond. Peter advised that PIC had to make those changes or go out of business. As far as he knew there were about 88 employees involved. Dave said that the local labour community had made a number of donations and has always supported the College. He was fearful of what affect this will have on the reputation of the College and its relationship with the community. Lorraine said that she had seen the article and asked whether the employees were College employees? Peter replied that their employment for the College was severed when DCEN/PIC was separated from the college. DCEN's finances are part of our consolidated financial statements. Lorraine advised that this Board cannot influence DCEN's operational decisions. She asked how the Board would like to proceed to communicate? Rocky said that there were obviously no other options for PIC or DCEN; it either shut down and everyone would be out of work, or it makes the decisions as discussed.

Gerry Warman joined the meeting at this time.

Garry Cubitt said that this issue has always been muddy. There have been a number of discussions about the separation of DCEN from the College and from the Board. From a governance position the best legal advice says that for the purposes of liability or concern they are separate entities. On the other hand, the social perception of the organization is another matter. He felt that it would be difficult to separate the two in the mind of the community. He agreed with Dave that it could reflect poorly on the College and could affect its relationship with other organizations.

Lorraine said that DC's relationship with DCEN is as a parent. DCEN has an obligation to DC in terms of presenting a balanced budget. Maybe DC can challenge the group that meets with DCEN to inquire how they are getting to a balanced budget. Dave repeated his concern about the perception of the College and the University when this news becomes widely known.

Leah said that she appreciated hearing the perspective on DC's relationships in the broader community. She said there is no suggested action right now, but she understands it is an important issue. DC needs to be aware of the full situation and begin discussions, so that when there are challenges from the community we are able to address them. Gary Polonsky said that this highlights how far DC has come in terms of its relationship with DCEN as we did not know this was happening. DC was aware that the wages were reduced from \$20 to \$18, but we were not aware of the other drastic changes. Last night he and others were at the Durham Region Labour Council meeting and it was evident that they were there as friends.

Peter Bagnall said that he had been invited to attend the PIC Board meeting and would be pleased to discuss this issue with them. He believes they did mention the wage reduction when they presented their budget. Lorraine said that she could not recall the numbers being provided at the budget discussions, but found the article surprising. The DC Board members have been talking about governance and how much influence Durham College have legally so this ties into those discussions and is a big issue to consider.

Terry reviewed the statement of cash flows. Totally operating activities increased \$18.4M in cash due to DCEN collecting its accounts receivables and income taxes. DC invested a total of \$8.2M into the College for the purchase of capital assets. The financing activities of \$1.5M is the repayment of long-term debt for Residence.

Moved by Aileen Fletcher

Seconded by Erin Boniface

MOTION: "That the Board of Governors of Durham College of Applied Arts and Technology
#4916 approve, as presented, the 2005-2006 Durham College Financial Statements, as prepared by management, audited by Deloitte & Touche, LLP, and reviewed by the Audit & Finance Committee."

CARRIED

Approval of External Auditors

Beth Wilson reported that the Finance team worked very hard on a shortened schedule, as did the auditors. The Audit & Finance Committee agreed to refresh the management of the audit team this year. The outcome was that there would be a lot of work to do over next 12 months in examining cost sharing and creating sharing agreements. As a result of the auditors' performance and the work that will need to be done over the next year, the Committee recommended Deloitte for an additional year.

Moved by Deb Kinkaid

Seconded by Karen Hodgins

MOTION: "That the Board of Governors of Durham College of Applied Arts and Technology
#4917 approve Deloitte & Touche, LLP, as the external auditors for Durham College for the fiscal year ending March 31, 2007."

CARRIED

Report of the Nominating Committee Meeting held June 1, 2006

Mark Moorcroft reported that the results of the Governor surveys were used to appoint individuals to each Committee.

Recommendations of Appointment

Moved by Gerry Warman

Seconded by Rocky Simmons

MOTION: "That the following recommendations of appointment for the period covering
#4918 September 1, 2006 to August 31, 2007 be accepted, as presented:

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|------------------------------|---------------------------------------|
| BOARD CHAIR | - Patrick McNeil |
| BOARD VICE-CHAIR | - Phillip (Rocky) Simmons |
| SECRETARY | - Cathy Pitcher |
| (DC By-Law Art. 6) | |
| Treasurer (DC By-Law Art. 6) | - Paul McErlean |
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| AUDIT & FINANCE COMMITTEE | - Denise Jones, Chair |
| (DC By-Law Art. 21) | - Aileen Fletcher |
| | - Gerry Warman |
| | - Beth Wilson |
| | - Patrick McNeil |
| | - Leah Myers |
| | - Paul McErlean, Treasurer* |
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| BUILDING COMMITTEE | - Joanne Burghardt, Chair |
| | - Allan Gibbins |
| | - Karen Hodgins |
| | - Debbie Kinkaid |
| | - Patrick McNeil |
| | - Leah Myers |
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| EXECUTIVE COMMITTEE | - Patrick McNeil, Chair |
| (DC By-Law Art. 20) | - Phillip (Rocky) Simmons, Vice-Chair |
| | - Joanne Burghardt |
| | - Denise Jones |
| | - Mark Moorcroft |
| | - Gerry Warman |
| | - Leah Myers |
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| JOINT RELATIONS
COMMITTEE | - Patrick McNeil |
| | - Charlie Peel |
| | - Darrell Sewell |
| | - Beth Wilson |
| | - Leah Myers |
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| NOMINATING COMMITTEE | - Mark Moorcroft, Chair |
| | - Rhonda Christian |
| | - Pansy Goodman |
| | - Dustin Grant |
| | - Patrick McNeil |
| | - Leah Myers |

* Staff Appointment

MENTOR ASSIGNMENTS FOR 2006-2007

New Governor

Peter Berg (UOIT)
Rhonda Christian (DC)
Allan Gibbins (DC)**
Pansy Goodman (DC)**
Dustin Grant (DC)
Kimberley McCartney (UOIT)
Fraser McArthur (UOIT)
Darrell Sewell (DC)**
**CCAC appointments to be confirmed

Veteran Governor

- Denise Jones
- Debbie Kinkaid
- Mark Moorcroft
- Manon Lemonde (UOIT)
- Karen Hodgins
- Aileen Fletcher (DC)
- Garry Cubitt
- Joanne Burghardt

CARRIED

Financial Signing Authority

Cathy Pitcher reported that historically this item is brought forward in September to appoint signing authority. There has been some investment activity at the University which requires a motion to appoint signing authority to Paul McErlean. As a result, the motion is brought forward simultaneously for DC.

Moved by JoAnne Horruzey

Seconded by Karen Hodgins

MOTION: #4919 “That the Board of Governors of Durham College of Applied Arts and Technology appoint Paul McErlean, Vice President of Finance and Strategy, as a signing officer of the College, effective June 1, 2006.”

CARRIED

ACKNOWLEDGEMENTS AND REPORTS

None was noted.

CONSENT CALENDAR

None was noted.

INTERIM FINANCIAL REPORT

DC Financial Scorecard

Terry Caputo reported that the government has not yet made a decision regarding allocation of operating grants. As a result, the revenue is noted as caution and will continue to be monitored. The DC budget was based on its rapid growth resulting in a certain portion of the operating grant allocations. This presents a potential risk of about \$500K to \$1M.

He noted that other areas are inconclusive as it is too early to tell whether DC is on target in terms of expenses. June is the lowest period of the year for cash in-flow. This should change over the summer as students begin to pay their tuition.

Terry noted that DCEN as a positive cash balance of \$5M which is healthy.

DISCUSSION ITEMS

OSAP Default Rates

Margaret Greenley reported that there has been an increase in OSAP loan default rates across the system. The system average is at about 21.5% in default, with DC at 25.9%. An analysis of the demographics of individuals in default was performed and there were no conclusive results. Areas of interest were gender, program, and current salary. It appears that the default rate is based on salary and not program.

Joanne Burghardt asked whether the College will be expected to assume responsibility for the loans? Margaret replied that any college with a default rate above 25% is responsible, however, because the whole system has increased the Ministry has not yet indicated how they will address concern. Typically, the Ministry will ask the institution to develop and implement a default reduction strategy. In past years they were able to remove funds from student bank accounts. This year they were not be able to do so, but will move again to the process. That ability should reduce the default rates across the system.

Leah Myers noted that the system as a whole needs to understand what these numbers mean for DC students and programs. As DC is above the system average, we need to refine the research and dig deeper. Gary noted that our presence above the average also indicates our success in accessibility for students.

Aileen Fletcher noted that the increase in full-time enrolment and decrease in percentage of students requiring OSAP was encouraging. This obviously means there was an increase in bursaries, grants and student awards.

Pierre Hinse asked how a student is determined to be in default? Margaret replied that a missed payment, declaring bankruptcy or not beginning payments classifies a student as in default.

Strategic Plan Progress Report

Bev Balenko presented the progress report on behalf of her colleagues. She noted that this was the last report on the current Strategic Plan.

New Strategic Plan Process

Leah Myers thanked Bev for her report on the current Strategic Plan and noted that Bev has agreed to stay on as Vice President, Academic for the next fiscal year to assist in developing and implementing the new Strategic Plan.

Leah said there was good discussion around the culture of DC. It was helpful to get a sense of what DC hoped to accomplish and see the lessons regarding what worked and what didn't. She said there are some obvious themes and priorities that emerged. She mentioned that some initiatives are branding, budget and risk management process, talent and performance management, growth strategy, wellness strategy, program review/quality assurance and student success activities. She said that they are reviewing processes, timelines and deliverables.

Leah noted that the aim is to build on current strengths while celebrating and showcasing past successes. She wants DC to become recognized as a leader in the college system. The process will provide an opportunity for input by the internal and external community.

Leah reviewed the proposed process for building the strategic plan. Phase one would be building the document that is the basis for discussion. There will be informal sessions with DC faculty and staff to gather their thoughts and ask people to begin thinking about areas for success. Phase two is the consultation stage in various existing forums, such as: the Student Association, College Council, Academic Council and Deans' meetings. She would ask for the Board's involvement at the Retreat as well as in formal and informal meetings throughout fall. The target date for completion of the plan is the end of the calendar year. The budget for the next five years of the plan would then be developed in January and February. She also wanted to take this opportunity to look at the mission statement which may need to be

refreshed. Leah stated they need to determine priorities, strategies, means, actions and metrics. It will also be important to know that the College is pursuing with a sustainable revenue base, that employees are engaged and focused, healthy and productive and that the plan is supported internally and externally. The enablers of the strategic plan are: a sustainable financial base; a positive revenue stream and growth opportunities; a focus on resources and on key priorities; and maximizing government funding. Another key item is effective and innovative partnerships with UOIT, the community and Region, local school boards, colleges, industry, employers and alumni.

Rocky Simmons asked whether it would be possible for the strategic plans of both organizations to have a common set of goals? Leah replied that the DC planning is out of sync with UOIT's strategic planning process; as a result they have had to move forward independently. She said there will be areas such as the bridging programs that will appear in each strategic plan. Other items will have to be examined to ensure that the linkages are realistic and beneficial to both institutions. She said it is important that this strategic plan belong to the College and be about how the College moves forward on its mission while recognizing the context of its partnership with UOIT.

Richard Marceau stated that there are obvious overlaps in goals of the strategic plan. When UOIT built its strategic plan he consulted with many individuals on one specific theme to address the needs of students, faculty and the institution in teaching and research. He said that they both understood the importance of strong individual plans with certain linkages that are true and not artificial.

Leah said that partnerships, while not overtly apparent in the presentation, are very much a priority.

Mike Conte left the meeting at this time.

REPORT OF THE PRESIDENT

President's Goal Package Mid-Year Review

Gary advised that he would be happy to answer any questions about the President's Performance Review. Lorraine said that his accomplishments were outstanding.

First Generation Pilot Funding

Leah Myers reported that the College was asked to report on the use of money received earlier this year that was targeted for first generation students. These students are the first in their family to attend a post-secondary institution. She said that there were many linkages across the campus in terms of retention, financial aid, accessibility and felt it was important to provide as much information as possible about what the College is doing that will have an impact on first generation students.

Lorraine said that the report was great news and was inspiring.

REPORT OF THE CHAIR

Foundation Update

Lorraine reported that the current foundation was provided with direction to create one Foundation for both UOIT and DC. She reported that the work on processes continues. Ron Kitchen is working with Paul McErlean and staff on this item and a recommendation to the Executive Committee will be presented in late summer.

Number of Boards' Meetings

Lorraine said that this was a pilot year for the Board with fewer meetings. She asked how everyone felt about the reduced number of meetings and not meeting in October and December. There was consensus that eight meetings was a good number and that Patrick McNeil could raise the issue of even fewer meetings in the future, if that was the desire of the Board.

Transition

Lorraine noted that Ann Mars has moved into the role of the University President's Executive Assistant on a full-time basis. She wished her well in her new role and thanked her for her contribution to the College over the past years. She noted that Cathy will be moving to a new position as Executive Assistant to Leah Myers and that the Board will be searching for new Secretary. She congratulated both and thanked them for their continued support.

Upcoming Events:

The Chair reviewed the upcoming events: the DC Convocation on June 16; the DC Presidential Installation on September 20; and the DC/UOIT 2006 Gala on September 30.

TERMINATION OF MEETING

There being no further business, the Chair terminated the meeting at 8:01 p.m.

Lorraine Sunstrum-Mann, Chair

Leah Myers, President