

BUILDING FAQ - Final

- 1. In 2006-7 when the initial student referendum was passed but the government denied the fee, construction afterwards began. At that point in time, what was the funding structure being planned to pay for the building? Why was the green light given to begin?**

When the government turned down the fee, the construction process had already begun; the Faculty Advisory Board, University and Dean did not think it prudent to halt construction given the significant donor commitments and given the urgency to address the accreditation requirements and student learning needs. Although the government had rejected the fee at that time, the Dean, the Faculty Advisory Board and University administration continued discussions with the government.

It is important to mention that when the provincial elections occurred in 2009, the BC Liberal party election platform had a line item dedicated to ensuring the completion of the new building. The Dean and Faculty Advisory Board saw this as a very strong indication the funding would come through when the Liberals were re-elected either via direct provincial funding or via approval of the 2006-7 fee referendum .

- 2. If Sauder knew they would always be relying on the student fees promised by the referendum, why have we not been discussing the implementation over the past 2 years?**

Given the strength of the government commitment in their successful election platform, we did not believe that another referendum or student fee would be required.

We have been waiting to hear when and how funding was coming from the government for the last five months. As soon as we found out (in February, 2010) that provincial funding was denied and the original student fee proposal would not be approved, we approached the CUS Board of Directors immediately.

- 3. How does the funding situation stand to date?**

So far we have raised \$28 million dollars in donations – a very successful campaign relative to other business schools and non-profits. We continue to try to raise funds, and while we believe we will continue to see success, it would be naïve to believe that we can finish the building on donations alone.

The expenditures to date, \$46M, have been covered by these \$28M donations as well as an \$18M dollar short-term bridge loan from UBC.

4. Is there a budget available that details how the expenditures are split up? (i.e. 70% building structure, 20% technology, 9% furniture, 1% other)

The \$64 million dollar budget for the building is largely for the structure and does include some technology in classrooms, as well as some furniture. Phase I is expected to be completed at a cost of \$46 million. Phase II is expected to cost \$18 million.

5. Are the designs of Phase II available?

Floor plans created by the architects are available on the MyBuilding website, but don't separate which aspects are related to Phase I and which aspects are related to Phase II.

6. How long will construction take and why must the referendum happen so quickly?

Phase II will take approximately two years to complete. If started on May 1st, construction would be complete in August 2012 – in time for the new school year.

Deconstruction and seismic upgrades would occur over this coming summer to avoid noise and safety conflicts with a regular winter-semester load of classes. If the referendum is delayed, we may run into an issue of having to cut class sections during the winter term to accommodate the lack of classroom space due to the non-usability of certain classrooms in the building.

After the CUS referendum, the AMS is forced to wait 21 days until they approve the decision. From there, it must go to the UBC Board of Governors for final approval – they meet quarterly.

Importantly, the funding decision needs to be taken as soon as possible to keep the project on track and for demolition to occur this summer. We believe the CUS worked backwards from these critical milestone dates and determined that March 11th and 12th would be the only reasonable dates for the referendum to occur.

7. When is the MBA referendum taking place? If afterwards, how does this affect the mortgage if the same timeline is not followed as above?

The MBA referendum follows the rules of the Graduate Student Society which has a different time-line for ratification. Different Masters classes will be voting at different times.

8. What happened to the plan to include a POITS room in the new building?

Because of the nature of POITS, insurance premiums would be too expensive. Currently, we are searching for a donor to fund a building somewhere else on campus that can house POITS events. Similar to the Abdul Ladha Centre, this building would be under the control of the Commerce Undergraduate Society.

While we (and alumni such as Irphan Rawji) are working hard to find a long-term sustainable solution for POITS, it will take some time given how alumni and the CUS are telling us they'd like the ownership of this space to be structured. We will support them in whatever ways we can to help maintain this important Sauder tradition.

9. What's the problem with an opt-out clause?

A mortgage cannot be secured if the financiers cannot trust that we will meet interest payments every year. If we cannot determine how many students will opt-out, we cannot guarantee we will meet payments.

10. How will a bank secure a mortgage if the student donation fees could one day be withdrawn subject to another referendum against them?

It is very unlikely that one day these student fees will be at risk, as we feel students will see the value in the new building and will not consider this. In addition, should students ever remove the fee, the funds would have to be provided from other sources in the Sauder School which would have a major impact on the program delivery.

11. What will happen if the fee doesn't go through?

The government has no money to offer us and will likely not have any in the near future. According to the way UBC's building upgrade funds are rationed out, we are one on a long-list and would be waiting several years before we saw any money. The only option remaining for the Dean will be to cut costs elsewhere inside the faculty's operations. Examples of areas that could see budget cuts: class sections that are not essential to completing degrees, Commerce elective courses, low-demand concentrations, extra sections that allow double-majors, student development services, BCC contributions, contributions to student activities, CUS contributions, etc.

For now, the option has not been fully developed (remember, this issue is only a few weeks old) and the areas that would suffer have not been determined. We hope to not have to have these difficult discussions and make these difficult decisions.

12. How does accreditation work? Is it on a point-scale or a grading scale? Why must the building be completed now and not delayed?

Every 5 years the two major accreditation bodies, EQUIS and AACSB, return to Sauder to assess the state of the faculty's operations. Accreditors want to know what the faculty's vision is and what their long term goals are in terms of competing worldwide. According to this vision, the university is classified into a peer group that shares the same goals and aspirations. Our current goal is to be ranked within the Top 40 business schools worldwide. This ranking is consistent with the desires of alumni, students, and faculty

and results in better opportunity for students in terms of jobs and resources available from the business community during the program.

The last accreditation review in June 2008 indicated the learning environment was a pressing issue (amongst other things such as improving our alumni base, working on international ties with Europe, and more). We are successfully dealing with the alumni relations and international ties to Europe.

When the accreditors return in 2013, we need to show them that we've responded to their areas of focus and renovated the facilities to a state that is representative of the learning environment needed for students at a top business school. If we lose this accreditation, we will no longer be considered for certain business school rankings such as the Financial Times and Business Week, which would in turn affect the opportunities available for students.

13. How have students been involved in the design process?

From the first moment we were considering a new building, students were involved in the determining what would be desirable in a world class business facility. Several student representatives were members of the original "Users Committee" which fed requirements into the architects work on Phase I. If the referendum is passed, a student representative will continue to sit on the "User Committee" and will have input into the design and implementation of the design.

14. Would the accrediting bodies be satisfied with the work to date?

Although Phase I is almost complete, there are still many parts of the building that could be a lot better than they are which is part of what Phase II has in store. They have clearly indicated that Phase II needs to be completed.

15. How was the financial model created to determine the fee would be \$500 per year for 35 years to pay for a \$20M mortgage?

It is a standard mortgage model—any mortgage calculator will return the payment necessary to pay off a 20 million dollar mortgage over 35 years at a 5.75 interest rate (set by the university financial office).

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16. Will the Dean continue to seek funding from UBC and the provincial government if the student fee is passed? Is the mortgage subject renegotiation as funding arises from other sources?

Yes, the Dean will continue to raise money from every possible source. If enough money is raised to pay for the building and its ongoing upkeep, the student fee could be reduced

or ended. However, when Dean Dan finishes his term in 2012, he will no longer be the Dean of the Faculty of Commerce. There is no predicting what future Deans will do. Any future Dean will be focused on gaining maximum budget support for the activities of the Faculty. Insisting on funding for the building after the fact may limit the programs and student services in some future way.

17. Why does the Dean think it is okay for students to pay this fee (as opposed to the government, the university, the business community, or alumni)?

The Dean has to work with the reality of the situation. The government has no money to offer and UBC is restructuring its finances to prevent an ongoing deficit. The \$28 million dollars in donations we have raised is no small feat. The community contributed such a large amount in part because they believed students were showing their support of this initiative by paying a significant portion of the costs themselves. We are still working to fulfill our \$40 million dollar donation target.

The Dean does not have control over tuition fees, which might otherwise be raised to provide capital funding. What is most important is that the Dean has pledged to increase bursary and other financial aid so that no student will be denied the chance to attend the School solely because of financial need. It is important to note that no one wants to create barriers to education for those who can least afford to be at the School. However, the Dean also does care about the current and future students and alumni and would like them to have a reasonable learning environment. Creating one primarily through external donations, backed by the support of the students using the facility, seems the only practical way to move forward.

While many other Canadian business schools have been able to renew their infrastructure without explicit fees for this purpose being imposed on students, these have either had very significant contributions from their provincial governments and/or have had significantly higher tuition levels from which to draw resources for this purpose. In truth, if the University “pays” for this, it comes from the University budget which is derived from tuition. To believe that the University paying for the building means that students don’t pay is clearly faulty logic.