

SUMMARY OF THE DECISIONS OF THE OFFICIAL ADMINISTRATOR

The Audit & Finance Advisory Committee, which is a governance advisory committee of the Official Administrator of Alberta Health Services (“AHS”) (the “Official Administrator”), met on June 5, 2014 to discuss key issues regarding the below items. If you have any questions regarding this information, please contact the Office of the Official Administrator at official.administrator@albertahealthservices.ca.

Below is an account of the resolutions approved by the Official Administrator following that meeting.

ITEMS OF APPROVAL

1. [AFAC14-74] Alberta Health Services Annual Report 2013-2014
2. [AFAC14-75] March 31, 2014 AHS Annual Consolidated Financial Statements and Financial Statements Discussion & Analysis
3. [AFAC14-77] i) Authorization to Spend to September 30, 2014
4. [AFAC14-79] Foothills Parkade Construction & Financing Approval

1. [AFAC14-74] Alberta Health Services Annual Report 2013-2014

AHS is required to prepare and submit to the Minister of Health by July 31st an Annual Report in compliance with the *Government Accountability Act* and the *Regional Health Authorities Act*. This report format fully complies with the legislative mandate.

WHEREAS this Resolution is enacted pursuant to Section 11(2)(a) of the *Regional Health Authorities Act* (Alberta) (the “RHA”) and the Order of the Minister of Health of Alberta (the “Minister”) dated September 10, 2013, appointing Dr. John Cowell as the Official Administrator of AHS (the “Official Administrator”); and

AND WHEREAS AHS is required to prepare and submit to the Minister of Health an 2013- 2014 Annual Report in compliance with the *Government Accountability Act* and the *Regional Health Authorities Act*;

AND WHEREAS a draft of the Alberta Health Services Annual Report 2013-2014 has been presented to the Official Administrator for approval;

NOW THEREFORE BE IT RESOLVED THAT:

- (a) the “Alberta Health Services Annual Report 2013-2014” in the form reviewed by the Official Administrator, with such non-substantive changes that management of AHS considers necessary or advisable is hereby approved; and
- (b) management of AHS is authorized and directed to deliver this report to the Minister of Health, and thereafter to make this report available to the public through the AHS website.

➤ **Link to AHS Annual Report:** <http://www.albertahealthservices.ca/2220.asp>

2. **[AFAC14-75] March 31, 2014 AHS Annual Consolidated Financial Statements and Financial Statements Discussion & Analysis**

The AHS yearend financial statements are complete. These financial results have been consolidated by AH into their Ministry financial statements then into the Government of Alberta financial statements. The AHS financial statements and accompanying financial statement discussion and analysis have been included in the AHS Annual Report.

WHEREAS this Resolution is enacted pursuant to Section 11(2)(a) of the *Regional Health Authorities Act* (Alberta) (the “RHA”) and the Order of the Minister of Health of Alberta (the “Minister”) dated September 10, 2013, appointing Dr. John Cowell as the Official Administrator of AHS (the “Official Administrator”);

AND WHEREAS pursuant to the *Regional Health Authorities Act*, the regional health authority shall provide audited consolidated financial statements to the Minister;

AND WHEREAS, as part of the approval of the audited consolidated financial statements the Official Administrator is required to approve certain internal restrictions of accumulated surplus;

AND WHEREAS the audited consolidated Financial Statements and the Financial Statements Discussion and Analysis will be included in the Alberta Health Services 2013-2014 Annual Report;

NOW THEREFORE BE IT RESOLVED THAT:

1. the internal restrictions as at March 31, 2014 of:

- (a) \$50.325 million for the parking infrastructure reserve for future major maintenance, upgrades and construction;
- (b) \$15.596 million to fund cancer research;
- (c) \$14.142 million for specific local initiatives as a result of local fundraising;
- (d) \$6.637 million for start up costs of South Health Campus in Calgary;
- (e) \$0.569 million for retail food services to assist with future upgrades, maintenance, equipment, and construction costs for retail food service operations; and
- (f) \$880.241 million to represent the amount of net assets invested in tangible capital assets and not available for any other purpose;

are hereby approved:

- 2. (a) the AHS Consolidated Financial Statements for the year ended March 31, 2014; and
- (b) the AHS Financial Statement Discussion and Analysis for the year ended March 31, 2014 for inclusion in the AHS Annual Report;

both in substantially the form presented to the Official Administrator, with such non-substantive changes that management of AHS considers necessary or advisable are hereby approved; and

3. management of AHS is authorized and directed to take all such other action as management of AHS considers necessary or advisable in order to give full effect to the foregoing.

➤ [Link to AHS Annual Report: http://www.albertahealthservices.ca/2220.asp](http://www.albertahealthservices.ca/2220.asp)

3. [AFAC14-77] i) Authorization to Spend to September 30, 2014

AHS requires authorization to spend pending final review and approval of the 2014/15 budget by the Official Administrator and the Minister of Health. Authorization to spend for the first quarter was approved in March 2014. For the second quarter, AHS is requesting approval to spend against the first six months of the 2014/15 budget not yet approved. This authorization reflects the assumptions and decisions included in the proposed 2014/15 budget subject to final approval of the budget. Approval authorizes maximum operating expenditures of \$6,720 million and a maximum capital expenditure of \$191 million.

WHEREAS this Resolution is enacted pursuant to Section 11(2)(a) of the *Regional Health Authorities Act (Alberta)* (the “RHA”) and the Order of the Minister of Health of Alberta (the “Minister”) dated September 10, 2013, appointing Dr. John Cowell as the Official Administrator of AHS (the “Official Administrator”);

AND WHEREAS the AHS 2014/15 operating and capital budgets may not be finalized by the end of June 2014;

AND WHEREAS AHS requires approval for 2014/15 expenditures up to September 30, 2014 based on an interim budget, pending final review and approval of the 2014/15 budget;

NOW THEREFORE BE IT RESOLVED THAT:

- (i) an authorization is hereby approved to spend to September 30, 2014 in the event that AHS does not receive approval of the 2014/15 budget prior to the end of June 2014. This authorization to spend would consist of the first six months of the budget submitted to the Minister Health; this would authorize maximum operating expenses of \$6,720 million and maximum capital expenditures of \$191 million.

4. [AFAC14-79] Foothills Parkade Construction & Financing Approval

Approval from the AHS Official Administrator is required to construct the parkade and seek debt financing from Alberta Capital Finance Authority (“ACFA”) and Royal Bank of Canada (“RBC”). In addition to the Official Administrator, approval is required from Alberta Infrastructure and the Minister of Health.

WHEREAS this Resolution is enacted pursuant to Section 11(2)(a) of the Regional Health Authorities Act (Alberta) and the Order of the Minister of Health of Alberta (the “Minister”) dated September 10, 2013, appointing Dr. John Cowell as the Official Administrator of AHS (the “Official Administrator”);

AND WHEREAS it is proposed that the current 1,200 Lot 1 parkade at Foothills Medical Centre be demolished and replaced with a new parkade:

AND WHEREAS AHS has estimated that up to \$90 million is required to finance the cost of construction of this project;

AND WHEREAS AHS considers it necessary to borrow and intends to borrow the costs of this project in the amount of up to \$90 million from Alberta Capital Finance Authority (“ACFA”), who in turn requires AHS to pledge parking revenue as security for this project cost;

AND WHEREAS pursuant to subsection 2.1(1) of the Regional Health Authorities Regulation, each transaction of a regional health authority relating to debt, guarantees, indemnities or capital leasing must be approved by resolution in advance of the transaction;

NOW THEREFORE BE IT RESOLVED THAT:

- 1. the demolition of the current 1,200 stall Lot 1 and construction of a 2,030 stall parkade on the Foothills Medical Centre site at an estimated construction cost of up to \$90 million to be financed by debt is approved;**
- 2. the AHS President and CEO, is authorized, subject to approval from the Minister of Health, to:**
 - i) borrow up to \$90 million from ACFA to fund the costs associated with the Foothills Medical Center Parking Structure;**
 - ii) pledge as security for such borrowing all of the revenue generated from AHS’ parking services in order to meet debt covenants;**
 - iii) repay ACFA for these project costs from the revenue generated from AHS’ parking revenues;**
 - iv) where interest cost can be reduced in the short term, enter into a short term bridge/construction financing facility with Royal Bank of Canada (“RBC”) secured by proceeds from ACFA; and**
 - v) execute all such other documentation as may be required to put into effect all of the foregoing; and**

- 3. management of AHS is authorized and directed to obtain such approvals from Alberta Infrastructure and the Minister of Health as may be required to put into effect the items above.**

/s/

Catherine MacNeill
Acting Corporate Secretary