

SUMMARY OF THE DECISIONS OF THE OFFICIAL ADMINISTRATOR

The Audit and Finance Advisory Committee (the “**Committee**”), which is a governance advisory committee of the Official Administrator of Alberta Health Services (“**AHS**”) (the “**Official Administrator**”), met on February 19, 2014 to discuss key issues regarding the below items. The following is an account of the resolutions approved by the Official Administrator following this meeting. If you have any questions regarding this information, please contact the Office of the Official Administrator at official.administrator@albertahealthservices.ca.

ITEMS OF APPROVAL

1. [AFAC14-17] Third Quarter Financial Report 2013/2014
2. [AFAC14-20] Third Quarter Investment Report 2013/14
3. [AFAC14-21] Red Deer Parkade Construction & Financing Approval
4. [AFAC14-22] Restricted AH Grant Agreements Over \$90M

RESOLUTIONS OF THE OFFICIAL ADMINISTRATOR OF ALBERTA HEALTH SERVICES

1. [AFAC14-17] Third Quarter Financial Report 2013/2014

Third quarter total revenues were \$9.728 billion and total expenses were \$9.540 billion, resulting in an operating surplus of \$188 million. Funding and spending continues to be directed towards high priority areas consistent with AHS’s Three-Year 2013-2016 Health Plan and Business Plan, including a focus on continuing care and community-based services.

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 Section 2.1(a) of the *Regional Health Authorities (Ministerial) Regulation (Alberta)*, the regional health authority shall provide to the Minister a report in the form and manner required by the Minister containing (a) the financial performance information for that quarter as specified by the Minister, and (b) the forecasted revenue and expenditures for the remainder of the fiscal year;

AND WHEREAS pursuant to Section 6(2) of the RHA, the regional health authority may delegate any power or duty conferred or imposed on it under the RHA or any other provincial legislation, to a committee of the regional health authority, to any of its employees, officers or agents or to a community health council;

NOW THEREFORE BE IT RESOLVED THAT:

1. The Quarterly Financial Report to Alberta Health for the Nine Months Ended December 31, 2013 is hereby approved on substantially the terms and conditions reviewed by the Official Administrator.
2. The Interim Consolidated Financial Statements for the Nine Months Ended December 31, 2013 (the “Financial Statements”) are hereby approved on substantially the terms and conditions reviewed by the Official Administrator.
3. Management of AHS is hereby authorized and directed to request that the Minister approve making the Financial Statements available to the public through the AHS website.

➤ <http://www.albertahealthservices.ca/Publications/ahs-pub-2013-2014-q3.pdf>

2. [AFAC14-20] Third Quarter Investment Report 2013/14

The third quarter investment report details key investment decisions, portfolio performance, market conditions, and portfolio compliance for the period of October 1, 2013 to December 31, 2013.

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 dated September 10, 2013, appointing Dr. John Cowell as the Official Administrator of AHS (the “Official Administrator”);

AND WHEREAS pursuant to Section 2.3(1) of the *Regional Health Authorities Regulation* (Alberta), each investment decision of the regional health authority must be approved or ratified by resolution;

NOW THEREFORE BE IT RESOLVED THAT:

The investment portfolio described below, along with investment decisions corresponding with such portfolio, which were reviewed by AHS Executive and recommended to the Official Administrator, and which were certified by signed investment compliance certificates from AHS and Phillips, Hager & North Investment Management Ltd. (“PH&N”), are hereby ratified as follows:

- (a) as at December 31, 2013, AHS held restricted and unrestricted funds managed by PH&N and Standard Life Canada totaling \$1.391 billion;
- (b) the funds were invested in short term treasury bills, federal, provincial and corporate fixed income bonds, pooled mortgage funds, bond funds and equity funds; and
- (c) all of the funds invested during the quarter ended December 31, 2013, were invested in accordance with the Investment Bylaw and Investment Policy.

3. [AFAC14-21] Red Deer Parkade Construction & Financing Approval

There is currently insufficient parking capacity for the public and staff at the Red Deer Regional Hospital site. Review from the Committee, and approval from the Official Administrator, is required to construct a new parking structure and seek debt financing. In addition to the Official Administrator, the Minister of Health is required to approve the debt financing.

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 AHS has entered or intends to enter into agreements to design and construct a parkade project on the Red Deer Regional Hospital site;

AND WHEREAS AHS has estimated that \$42.3 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 \$25.3 million, plus any applicable interest and other related expenses, 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 construction of a 1,100 stall parkade on the Red Deer Regional Hospital site (the “Red Deer Parking Structure”) at an estimated construction cost of \$42.3 million, \$25.3 million thereof to be financed by debt, and \$17.0 million thereof to be financed from the remaining funds from previous parkade debentures, is hereby approved, subject to approval by the Minister.**
- 2. The President and Chief Executive Officer of AHS is hereby authorized, subject to approval from the Minister, to:**
 - (a) borrow on behalf of AHS up to \$25.3 million from ACFA to fund the costs associated with the Red Deer Parking Structure;**
 - (b) pledge as security for such borrowing, all of the revenue generated from AHS’ parking services in order to meet debt covenants;**
 - (c) repay ACFA for these project costs from the revenue generated from AHS’ parking revenues;**
 - (d) where interest cost can be reduced in the short term, enter into a short term bridge/construction financing facility with Royal Bank of Canada secured by proceeds from ACFA; and**

(e) execute all such other documentation as may be required to put into effect all of the foregoing.

3. Management of AHS is hereby authorized and directed to obtain such approvals from the Minister as may be required to put into effect the items above.

4. [AFAC14-22] Restricted AH Grant Agreements Over \$90M

The first amending agreements to each of the Specialized Drug Program Grant Agreement and the Outpatient Cancer Drug Program Grant Agreement increase the contract value of each grant agreement. After a review by the Committee of the terms and conditions of the amending agreements, the Official Administrator was asked to delegate authority to the President and Chief Executive Officer to approve and execute these amending agreements.

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 AHS and the Minister entered into: a) a Grant Agreement effective April 1st, 2013, wherein the Minister agreed to provide grant funding to AHS for the cost of specialized high cost pharmaceuticals it provides to Albertans (the “Specialized Drug Program Grant Agreement”); and b) a Grant Agreement effective April 1st, 2013, wherein the Minister agreed to provide grant funding to AHS for the cost of cancer pharmaceuticals it provides to outpatient cancer patients (the “Outpatient Cancer Drug Program Grant Agreement”);

AND WHEREAS AHS and the Minister wish to further amend the Specialized Drug Program Grant Agreement and the Outpatient Cancer Drug Program Grant Agreement (collectively, the “Grant Agreements”) to provide additional funding to such programs;

AND WHEREAS the AHS Delegation of Authority and Establishment of Controls for Commitments Policy (the “Policy”), delegates and establishes appropriate limits on commitments to be approved and executed by the President and Chief Executive Officer of AHS (the “CEO”) on behalf of AHS;

AND WHEREAS the below amendments to the Grant Agreements exceeds the CEO’s Approved Limits (as defined in the Policy);

NOW THEREFORE BE IT RESOLVED THAT:

1. The following agreements are hereby approved on substantially the terms and conditions reviewed by the Official Administrator, and the CEO is hereby authorized to execute such agreements on behalf of AHS:

a) the First Amending Agreement effective February 1, 2014 to the Specialized Drug Program Grant Agreement, which includes the amendment to increase the contract value of the agreement from \$81,300,000 to \$91,284,796; and

b) the First Amending Agreement effective February 1, 2014 to the Outpatient Cancer Drug Program Grant Agreement, which includes the amendment to increase the contract value of the agreement from \$128,730,000 to \$162,126,744.

/s/

Kristin Long
Corporate Secretary