

DRAFT – FOR DISCUSSION PURPOSES ONLY

FINANCING CONTRIBUTION AGREEMENT

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA (“UBC”)

AND

**ALMA MATER SOCIETY OF THE UNIVERSITY OF BRITISH
COLUMBIA VANCOUVER (“AMS”)**

WHEREAS:

A. UBC and the Commerce Undergraduate Society (“CUS”), a constituency of the AMS, are both committed to enhancing the value of the UBC Sauder School of Business Bachelor of Commerce degree while cultivating the personal, professional and academic success of students.

B. UBC, the AMS and the CUS are committed to improving the prestige of the Sauder School of Business name and degree.

C. UBC, the AMS and the CUS recognize the importance of student-to-student engagement and encourage the CUS to engage students on a social, academic and professional level.

D. The Sauder School of Business of UBC (“the Faculty”) wishes to complete Phase 2 renovations to the Henry Angus Building (“the Building”), bringing it to world-class standards in order to provide updated methods of teaching and learning that will continue to provide the foundation for excellent education.

E. The CUS members, in March 2010, passed a referendum (the “Referendum”) to implement a student fee (“Student Fee”) for each student as defined in the Referendum documentation attached hereto as Schedule “A” – (the “Referendum Documents”) in support of the Phase 2 renovation of the Building with the intention to a) provide funding to the Faculty to enable the Faculty to repay a loan to the Faculty of up to \$20 million which will be used to partially finance the cost of the Phase 2 renovations and b) establish a fund for future updating and renewal of the Building.

F. The AMS has approved the Student Fee and has requested the University to collect the Student Fee and agrees to use the Student Fee as outlined in this Agreement.

DRAFT – FOR DISCUSSION PURPOSES ONLY

G. The AMS and CUS acknowledge that to enable it to undertake the Building renovations UBC has relied on the receipt of the Student Fee as outlined in this Agreement as well as the commitments of the AMS to make payments to UBC in the event the Student Fee ceases to be collected. The AMS and CUS acknowledge that UBC would not have undertaken the Building renovations without the promises made in this Agreement.

H. UBC has agreed to proceed with the Phase 2 renovations to the Building subject to meeting all of the approval processes of UBC, including the capital project approval process of the UBC Board of Governors, and provided that the AMS enters into this Agreement.

NOW THEREFORE In consideration of the promises and the mutual covenants and agreements contained in this Agreement, and in further consideration of a payment of \$10.00 from UBC to the AMS, IT IS AGREED THAT:

1. The CUS is not a legal entity and has accordingly entered into this agreement through its parent organization, the AMS. The AMS agrees that it is legally bound by the provisions of this Agreement.
2. The Building and the land upon which the Building is located are and shall remain solely the property of UBC. The AMS acknowledges and agrees that it does not have any legal interest in the Building or the land upon which it is situated.
3. UBC, through its Treasury Department, shall provide the Faculty with an internal loan of up to \$17.9 million which shall be used to pay for the Phase 2 design and renovations to the Building. UBC agrees that the amount of interest to be paid by the Faculty will be no higher than the best rate afforded to other borrowers of funds from the UBC Treasury Department and is currently 5.75%. The actual loan amount that is borrowed (“the Loan Amount”) and the terms and conditions of the loan will be determined by the UBC Treasury Department taking into consideration the amount of loan that can be debt serviced by the Student Fee provided the amortization period of the Loan Amount and interest accrued thereon shall not exceed 35 years.
4. The AMS has requested that UBC collect the Student Fee which will be in the amount of \$500 per year per student enrolled in a Bachelor of Commerce degree program (further defined in the Referendum Documents) including joint degree programs, and will be increased annually by an amount indexed to inflation based on the annual increase in the British Columbia Consumer Price Index (CPI) beginning in academic year 2013/2014.
5. The AMS agrees to pay to UBC the entire amount of the Student Fee collected. UBC will apply the collected Student Fee as follows:
 - a. \$500 per student will be used solely to repay the Loan Amount on behalf of the Faculty plus any interest accrued thereon.

DRAFT – FOR DISCUSSION PURPOSES ONLY

- b. Any amount in excess of \$500 as a result of the annual CPI increases will be held by UBC in an internal interest bearing account and will be used for updating and renewing the Building including equipment in the Building (the “Renovation Fund”). No amount shall be disbursed from this fund without the prior approval of the Student Users Committee (as defined in the “Sauder Building Agreement on Principles of Consultations” attached to this as Schedule “B”) in accordance with the terms and conditions set out in Schedule “B” to this Agreement.
6. If for any reason the AMS ceases to collect the Student Fee, or instructs UBC to cease collecting the Student Fee (a “Student Fee Default”), then the AMS agrees that it will pay each year to UBC, no later than October 15th of each year, an amount equal to \$500 for each student defined in the Referendum Documents until the earlier of a) the entire Loan Amount plus accrued interest thereon being repaid in full or b) 35 years from the first date the Student Fee was collected. The AMS agrees that these payments shall be a debt owing to UBC. In addition to other ways it may fund these payments, the AMS may within its legal authority choose to collect these amounts from the CUS or its members.
7. The Student Fee payments will be charged annually at the beginning of the Academic term commencing in September of each year. The Student Fee will be deducted and retained by UBC from the student fees collected by UBC on behalf of the AMS and will not be transferred to the AMS. A written reconciliation of the fees so collected and deducted from the Loan Amount will be provided to the AMS in October of each fiscal year.
8. The Student Fee shall come into effect upon the later of 1) the completion of the Building renovations or 2) the 2012 Winter Academic Term. For the purposes of this Agreement, the Building will be complete when an occupancy permit for the Phase 2 renovated portions of the Building is issued by UBC Campus & Community Planning (the “Completion Date”). In the event that the Completion Date is between January 1 and August 31 of a calendar year, then the Student Fee will be payable commencing September of that same year. In the event, that the Completion Date is between September 1 and December 31 of a calendar year, then the Student Fee will be payable commencing September of the following year.
9. The AMS shall be entitled to make additional payments against the balance of the Loan Amount twice per calendar year provided that any such additional payment shall be not less than \$5,000.
10. The Faculty is currently fundraising money to assist it to pay for the Building renovations. The Faculty agrees that once it has, in its sole opinion, obtained pledges for donations to the Building renovations of \$37,900,000 then the Faculty will ensure all subsequent potential donors approached for fundraising for the Building renovations will be presented the option of donating funds to reduce the Loan Amount. An annual report of the fundraising collected to date will be provided to the AMS in October of each fiscal year.

DRAFT – FOR DISCUSSION PURPOSES ONLY

11. The Student Fee will be collected and applied in accordance with this Agreement until the earlier of the Loan Amount plus interest accrued thereon being paid in full or a period of 35 years from the first date the Student Fee was collected.

12. Notwithstanding section 5, UBC will be entitled to collect and pay to itself compensation for administrative expenses associated with the Student Fee in accordance with the Alma Mater Society Fee Agreement between UBC and the AMS dated May 1, 2004.

13. UBC acknowledges that the AMS is entering into this Agreement on the basis that the Faculty has agreed to comply with the terms and conditions of the “Sauder Building Agreement on Principles of Consultation” (the “Consultation Agreement”) attached to this Agreement as Schedule “B”. In the event the Faculty materially breaches any of its obligations set out in the Consultation Agreement and the Faculty thereafter fails to commence proceedings in good faith to remedy such breach within 20 business days after written notice detailing such breach has been given to UBC in writing by the AMS then the AMS may terminate this Agreement by providing a second written notice to UBC to that effect.

14. The AMS shall not assign this agreement without the approval of UBC.

15. Nothing in this agreement compels UBC to complete the renovations to the Building and that this project will be required to meet all of the approval processes of UBC, including the capital project approval process of the UBC Board of Governors. If UBC does not proceed with the Phase 2 renovations to the Building, this Agreement will terminate.

16. Modification to this Agreement may only be made by an agreement in writing executed by the authorized representatives of the AMS and UBC.

17. No failure, refusal or neglect of a party to exercise any right under this Agreement or to insist upon full compliance by any other party with its obligations under this Agreement will constitute a waiver of any provision of this Agreement.

18. This Agreement and its Schedules constitute the entire agreement between the parties to this Agreement pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter of this agreement except as specifically set forth herein.

DRAFT – FOR DISCUSSION PURPOSES ONLY

19. In the event there is any conflict between the provisions in the main body of this Agreement and the provisions in the schedules to this Agreement, the provisions contained in the main body of this Agreement shall prevail.

20. The parties agree that each of them shall execute and deliver such further documents and assurances, and take such further action as may be reasonably necessary from time to time in order to more effectively carry out the intent and purpose of this Agreement.

21. All notices pertaining to this Agreement shall be in writing and shall be sufficiently delivered when sent by facsimile machine or personal address to:

For the AMS:

Attention – AMS President
Alma Mater Society
University of British Columbia
6138 SUB Boulevard
Vancouver, BC V6T 1Z1

Or such other facsimile number and address for notice which the AMS give notice hereunder.

For UBC:

Attention – Dean of Sauder School of Business
Sauder School of Business
University of British Columbia
2053 Main Mall
Vancouver, BC
V6T 1Z2

with a copy, by fax or personal delivery, to:

The Office of the University Counsel
6328 Memorial Road
Vancouver BC, V6T 1Z2
Fax: 604-822-8731
Attention: University Counsel

Or such other facsimile number and address for notice which the AMS give notice hereunder.

Any notice given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof or if given by facsimile, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day

DRAFT – FOR DISCUSSION PURPOSES ONLY

during which such normal business hours next occur if not given during such hours on any day.

22. Time is of the essence in this Agreement.

23. All obligations of the parties shall expressly, or by their nature, survive termination or expiry of this Agreement until, and unless, they are fulfilled, or by their nature expire.

24. Notwithstanding its date of execution, this Agreement shall become effective as of June 1, 2010 and shall remain in full force and effect for the period of time required for the Loan Amount plus interest accrued thereon to be fully paid off.

IN WITNESS WHEREOF the parties have executed this Agreement under seal.

EXECUTED ON BEHALF OF
THE UNIVERSITY OF BRITISH COLUMBIA
by its duly authorized representatives

(seal)

Authorized Signature

Authorized Signature

EXECUTED ON BEHALF OF
ALMA MATER SOCIETY OF THE UNIVERSITY OF BRITISH COLUMBIA,
VANCOUVER
by its duly authorized representatives

(seal)

Authorized Signature

Authorized Signature

ACKNOWLEDGED AND AGREED ON BEHALF OF
THE COMMERCE UNDERGRADUATE SOCIETY
by its duly authorized representatives

DRAFT – FOR DISCUSSION PURPOSES ONLY

Authorized Signature

Authorized Signature

DRAFT – FOR DISCUSSION PURPOSES ONLY

Schedule “A” – Referendum Documents

DRAFT – FOR DISCUSSION PURPOSES ONLY

Schedule “B” – Sauder Building Agreement on Principles of Consultation

Between:

The Sauder School of Business at the University of British Columbia (“UBC Sauder School”)

and

The Commerce Undergraduate Society of UBC (“CUS”) a constituency of the Alma Mater Society of the University of British Columbia (“AMS”)

The MBA Society of the University of British Columbia Vancouver (“MBAS”) a constituency of the Graduate Student Society of the University of British Columbia (“GSS”)

The ECM Society of the University of British Columbia Vancouver (“ECMS”) a constituency of the Graduate Student Society of the University of British Columbia (“GSS”)

The MMOR Students of the University of British Columbia Vancouver (“MMOR”) represented by the Graduate Student Society of the University of British Columbia (“GSS”)

Jointly referred to as Student Societies

WHEREAS:

A. Vision

- a. The UBC Sauder School and the Student Societies are committed to enhancing the value of the UBC Sauder School of Business degree programs while cultivating the personal, professional and academic success of students.
- b. The UBC Sauder School and the Student Societies strive to improve the prestige of the Sauder School of Business name and degree.
- c. The UBC Sauder School and the Student Societies recognize the importance of student-to-student engagement and encourage the Student Societies to engage students on a social, academic and professional level.

B. Donations

- a. The Student Societies have donated a portion of their student levy to UBC to support the renovation of the Sauder School complex on the Point Grey campus according to the attached Memoranda of Understanding (Appendices A, B, C) as supported in the student referenda.

IT IS AGREED THAT:

DRAFT – FOR DISCUSSION PURPOSES ONLY

A Student Users Committee (the “Committee”) will be created to work with the UBC Sauder School of Business (the “School”) to maximize the benefits students derive from the formal and informal learning spaces, and from the public and social spaces in the renovated and expanded Sauder School facilities on the Point Grey campus (the “Facilities”). The Committee will have as members both undergraduate and graduate students appointed by the CUS, MBA Society and ECM Society. This Committee will work with the School, with both guided by the following mandate:

1. **Committee Structure:** The committee will have a maximum number of 11 members and will have representation proportional to the contributions being made by students represented by each of the Societies (annually constituted based on prior year contributions). Members of the Committee will be appointed annually by the appropriate Student Societies. For the first year (2010-2011), the Committee will consist of six undergraduate student representatives, two MBA student representatives and one Masters of Management student representative.
2. **On-going maintenance and improvements:** As the fund created by the student contributions will increase due to inflation adjustments, and amounts beyond those needed to service the associated debt will be collected, the Committee will be asked to provide student input into decisions regarding the spending of these additional monies on significant maintenance or improvements to the Facilities. Improvements or maintenance could be to the building itself, to its interior design and layout, or its furnishings. Improvements or maintenance could also be to the audio-visual and other technological capabilities of the School. All of the funds expended from this account must be for purposes delivering benefits to students and the renewal and upgrading of the Facilities and all proposed uses of the funds will be sent to the Committee for review and approval. The account will be established as a separate, interest bearing account. Disbursements from the account will require approval by the Committee through a majority vote. Requests for disbursements from this fund for reasonable improvements and maintenance will not be unreasonably withheld.
3. **Student access:** Student access to the Facilities should be as generous as possible, with regard to security issues, costs and balancing the needs of other user groups. This includes student access to social, meeting and informal study space. The Committee and the School are to work together to develop access policies to achieve this.
4. **Student amenities:** The School will address student needs for amenities including, but not limited to: kitchen facilities, vending machines, lockers and water fountains will be met. The Committee will, on an ongoing basis, provide the School with information about what amenities would be valued by students.

DRAFT – FOR DISCUSSION PURPOSES ONLY

Students will be consulted on a frequent, ongoing basis as to their wants and needs for amenities in the Facilities.

5. Ancillary operations: The Committee (or a designated sub-committee appointed by the Committee) will work with the School and other parties (e.g. UBC Food Services, UBC Bookstore) to see to it that the Exchange Café and Sauder Bookstore are providing services of a type and quality desired by students.
6. Student society space and lounges: The Committee will work with the architects and provide the School with information regarding the preferred designs and locations of the society spaces and assigned lounges. The Committee may choose to delegate the conduct of these discussions to the individual societies.
7. Learning Commons: The Committee will provide the School with input regarding students' needs for a redesigned Learning Commons. The Learning Commons here is meant to include the proposed new Trading Room, proposed new Digital Media Studio and proposed case resources.
8. Learning and Technology Services (LTS): The Committee will provide the School with input regarding students' needs from the LTS group.
9. Video displays and other public communication: The Committee will work with the School and student groups (e.g. societies, clubs etc.) to assure that student-generated content is created and displayed on video screens throughout the building. This content could be purely informational (e.g. society meeting information, information about social events) or it could be at least partly created for entertainment value (e.g. videos of past student events). The Committee, or appointed sub-committee will also work with the School to develop a policy regarding the appropriate locations for poster displays and how those displays are to be managed (e.g. how frequently cleared, appropriate content).
10. Classroom design: The Committee, as well as other students, will be consulted for their input on design regards to scholastic needs related to classroom design and learning environment.
11. Other facility issues: The School will consult with students and the Committee on an on-going basis, and the Committee will provide student input into a variety of additional matters that need to be addressed in the building renovation process expected to run from the summer of 2010 to the summer of 2011. These include some remaining issues related to furniture, and temporary relocations due to the renovation work.

DRAFT – FOR DISCUSSION PURPOSES ONLY

12. Any parts of this agreement may be changed by mutual agreement between the Student Societies and the Sauder School of Business, and are subject to University-wide policies, procedures and governance practices. This agreement will terminate with the discharge of the internal loan supported by the various student building fees. At that time, or earlier by mutual agreement, a new agreement may be negotiated by the parties.
13. In the event of a Student Fee Default, as defined in the Financing Contribution Agreements between UBC and the Alma Mater Society (AMS) and between UBC and the Graduate Student Society (GSS) that relate to this project, this agreement will be terminated.
14. It is understood that this commitment from the Sauder School of Business will exist beyond the term of the current Dean.