ACADIA UNIVERSITY | BOARD OF GOVERNORS

Special Meeting of the Board of Governors

March 23, 2026—Minutes

The Board of Governors of Acadia University acknowledges that we are located in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq People.

A special meeting of the Board of Governors was held on Tuesday, March 23, 2026, at 4 p.m., by virtual means using Microsoft Teams.

Governors present: Henry Demone (Chair), Bert Frizzell (First Vice-Chair), Dr. Jeff Hennessy (President and Vice-Chancellor), Allan MacDonald, Andrew Davis, Bethany Moffatt, Cathy Simpson, Charles Coll, Christine Luckasavitch, Dr. Anna Robbins, Dr. Jeff Banks, Gale Colpitts, Karen Hutt, Mark Adam, Martin Suter, Nastasya Kennedy, Paul Black, Rev. Dr. Dan Green, Rev. Judith R. Tod, Robert McGregor, Ross Langley, Shana Lespere, Tim Formuziewich, Tracey McGillivray, Tove Biskop, and Yas Jawad.

Management present: Erin Beaudin, Ashlee Cunsolo, Scott Duguay, Nancy Handrigan, and Sonya Pineo (University Secretary).

Regrets: Candy O'Connor, Clive Anderson, Cora Tolliver, Ed Barrett, Melinda Daye, Nancy McCain, Shelley Fleckenstein, and Stan Thomas.

1. *Call to Order*

H. Demone, Board Chair, called the meeting to order, welcomed meeting participants, and provided a territorial acknowledgment.

2. *Approval of Meeting Agenda*

IT WAS MOVED by A. MacDonald / R. McGregor

THAT the Meeting Agenda be approved as distributed.

CARRIED.

3. *Consideration of the 2026-2027 Budget*

The 2026-2027 Budget package was distributed via email prior to today's meeting.

President Hennessy reported that proposed 2026-27 budget projects a deficit, though it was reduced through the recent cost-cutting measures. However, it remains reliant on one-time revenues and is not sustainable. Early approval of the budget is key to enable clear communication with the Acadia community.

B. Moffatt, the Chair of the Finance Audit and Risk Committee reported:

- Despite best efforts, the proposed budget remains a deficit budget and relies on one-time revenues that are not sustainable moving forward.
- There are vast improvements in the level of detail and transparency in this budget.
- Appreciation was expressed for the work of the Finance team and Senior Leadership.
- FARC confirmed that, despite the expedited timeline, a thorough review and due diligence process was undertaken, including extensive questioning and discussion.
- The budget carries risks, which are outlined in the accompanying risk profile, and successful delivery will depend on key assumptions being met.
- Following its review, FARC recommended that the Board approve the budget.

E. Beaudin presented the Draft 2026-27 Budget:

- The projected year-end for 2025–26 reflects a higher deficit than originally budgeted due to significant one-time costs, though this positions the institution to begin 2026–27 on fresh footing.
- Revenue performance was stronger than expected in some areas, including tuition and investment income, and prior budget presentation issues have been corrected for greater accuracy and consistency going forward.
- The budget process began earlier than usual, with both the Operating Advisory Committee, and the Capital and Deferred Maintenance Advisory Committee engaged, and the budget has been brought forward to the Board earlier than in previous years to support timely and transparent communication with the University community.
- The proposed 2026–27 budget reflects a continued deficit and represents the fourth consecutive deficit budget, with reliance on one-time measures such as reserve usage and asset-related revenues that are not sustainable long term.
- Key assumptions include the tuition freeze for Nova Scotia students as required by the Bilateral Agreement, increases for out-of-province and international students, and increases to Graduate tuition, alongside the introduction of a campus renewal fee to support deferred maintenance and capital needs.
- Additional assumptions include increased residence fees and full residence occupancy targets, the sale of IPv4 addresses, continued fundraising support for scholarships and bursaries, use of endowment payouts, and strategic use of Special Reserves to offset operating pressures.
- The University continues to rely heavily on tuition and provincial operating grants as its primary revenue sources, with limited flexibility to diversify revenue in the short term.
- Expenses remain significant, with a high percentage of costs tied to salaries and wages, though improved accuracy has been achieved through finalized Collective Agreements and more detailed, position-level budgeting.

- Cost containment measures, including a hiring freeze, staffing changes, and retirement incentive programs, have significantly reduced what would otherwise have been a substantially larger deficit.
- Senior Leadership has taken a salary freeze, which has been imbedded into the budget.
- Structural financial pressures, including declining International enrolment, limitations in the provincial funding model, restricted flexibility in endowment use, and operating costs continue to outpace revenue growth.
- Additional pressures include an aging campus with significant deferred maintenance requirements and limited capacity to invest at the level needed to address infrastructure renewal.
- Salary and wage costs have increased steadily in recent years and have outpaced revenue growth, prompting the recent course corrections through staffing reductions, hiring controls, and ERIP and VRIP.
- The institution's long-term debt will be paid off in 2037 but is not currently meeting debt service covenants, though the bank is aware and remains engaged.
- The six provincial performance indicators present additional risk, as failure to meet required thresholds over multiple years could result in formal intervention through revitalization under the Bilateral Agreement.
- Cash flow is expected to remain manageable through the year, supported in part by a line of credit and anticipated provincial pre-funding.
- Special reserves are being used strategically to support operations in the short term; however, this approach is not sustainable and cannot be relied upon in future years at the same level.
- Key risks identified include enrolment variability, residence occupancy targets, government funding holdbacks, and uncertainty in certain revenue sources, all of which could substantially impact the financial outcome.
- If key assumptions are not met, the deficit could increase significantly, which reinforces the need for ongoing monitoring, continued cost containment, and further difficult decisions in the years ahead.

A conversation took place:

A question was raised regarding the size and number of IPv4 address blocks being considered for sale, and whether their value may be underestimated.

Specific details on the blocks were not immediately available but would be confirmed with the appropriate team.

A question was raised about whether donor-restricted funds in special reserves could be redirected, including whether donor consent could be sought.

More recent agreements often allow flexibility to repurpose funds if the original intent can no longer be fulfilled, while older funds without clear agreements may require court approval. Work is underway to review and consolidate these funds to enable more effective use.

A comment was made suggesting exploring options to reduce the cost of deferred maintenance debt, including the possibility of transferring or restructuring debt through the province to lower borrowing costs.

While various financing options are being examined, this specific approach has not yet been explored but could be considered as part of broader efforts to address financial pressures.

A question was raised about how the University manages cash flow throughout the year, particularly in periods before major revenue is received.

Operating cash remains stable largely due to the timing of the provincial grant, which is received early in the fiscal year.

A question was raised about the communication strategy for the budget, particularly given recent campus tensions.

The approach will focus on transparency and direct engagement, including a student Town Hall to go through the budget, answer questions, and provide context. It is expected to be a difficult conversation, but the intent is to be open about the University's financial situation.

A comment was made noting the need for strong, ongoing communication and relationship-building with students.

Comments were made expressing discomfort with approving a deficit budget without a clear plan for next steps, emphasizing that the university is at a very critical point.

Addressing structural cost pressures will be necessary, and a broader sustainability strategy will be a key focus of the June Board Retreat.

A comment was made praising the leadership team for their efforts during a challenging period, noting that they are setting a strong example for the campus community. Appreciation was expressed for their hard work and the increased demands placed on them in difficult times.

The Chair called for a motion.

IT WAS MOVED by B. Moffatt / G. Colpitts

THAT the Board of Governors approve the 2026-2027 Operating Budget for Acadia University as submitted.

CARRIED *with two contrary minded (T. Biskop and Y. Jawad)*

4. *Other Business*

There was no further business.

The Chair called for a Motion to move the meeting to Closed Session.

IT WAS MOVED by C. Coll / T. McGillivray

THAT the meeting move into Closed Session

CARRIED.

Management left the meeting, and the Board continued in Closed Session.

5. Adjournment

The meeting continued in Closed Session until it was adjourned.

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Henry Demone, Chair

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Sonya Pineo, Recording Secretary