



Response: Generally speaking, yes. As described in the definition of *Deferred Capital Replacement and Renewal*, an item essentially goes from *Projected* to *Deferred*, once it reaches mechanical life expectancy, based on the manufacturer's stated timeline or that of industry standard, whichever is longer. However, the decision to replace/renew same should not be driven solely by its life expectancy, but by broader consideration; for example, a cost-benefit analyses.

- 6) With the addition of the definitions to Board Reg. 14.001, it appears the universities Finance and Administration Division staff will soon be required to allocate funds; to perform the accounting and to monitor the budget and spending; and, to provide additional reporting by these new definitions/categories, in addition to the FCO budget reporting and in addition to the CF Spending Plan reporting for projects each fiscal year. Would that be correct from the Board perspective?

Response: There are no reporting requirements required by 14.001. However, if adopted by the Board, universities are expected to apply the new definitions to their existing processes and procedures going forward, particularly, though not exclusively, as it relates to monitoring, estimating and projecting capital needs. This will be important if the Board requests information by the definitions in this regulation.

- 7) For clarification and context, what would be some examples of Critical Need, as defined?

Response: A campus-wide chilled water system in imminent danger of failure, which would result in all facilities being non-functional, essentially shutting down a campus; or the discovery that a building's structural beams have dry rotted to the point of compromising structural integrity and, as such, the facility cannot be safely used without immediate repair.