

University of Waterloo
BOARD OF GOVERNORS

Minutes of the Tuesday, October 30, 2007 Meeting

Present: Bob Harding (Chair), Lois Claxton (Secretary), Mary Bales, Catherine Booth, Rob Caldwell, Caustan De Riggs, Louise Fréchette, Bruce Gordon, Brenda Halloran, Steve Hayle, Keith Hipel, Tim Jackson, Beth Jewkes, David Johnston, Paul Koenderman, Ian MacKinnon, Stephen Markan, Ian McPhee, John North, Janet Passmore, Satish Rai, Kevin Royal, Ken Seiling, Selva Selvakumar, James Skidmore, Douglas Stebila, Ray Tanguay, Mark Walker, Jud Whiteside

Meg Beckel, Joe Berridge, Gail Cuthbert Brandt, Amit Chakma, Ken Coates, Tom Coleman, Bob Copeland, Janice Deganis, George Dixon, David Fransen, Alan George, Patti Hancock, Dennis Huber, Linda Kieswetter, Ken Lavigne, Al MacKenzie, Roger Mannell, Jane Manson, Geoff McBoyle, Terry McMahon, Bruce Mitchell, Dan Parent, Deep Saini, Catharine Scott, Adel Sedra, Brandon Sweet, Bob Truman, Martin Van Nierop, Bud Walker

Regrets: Serge Godin, Mike Lazaridis, John Manley, Bill Tatham, Scott Wetmore, Carl Zehr

A number of Governors took a bus tour of UW properties, including the R&T Park and Health Sciences Campus, prior to the meeting.

For his outstanding commitment to UW as Chair of the Board of Governors and of Campaign Waterloo, the President presented Bob Harding with a 50th Anniversary Alumni Award (limited-edition print entitled *50: Upholding Imagination* created by UW alumnus Paul Roorda, BA '88), one of 50 recently presented to UW alumni. The original artwork will be on permanent display in the Dana Porter Library with a list of the 50 award recipients.

The order of the minutes mirror the order in which the items were addressed and not the agenda.

OPEN SESSION

1. REMARKS FROM THE CHAIR

Welcome. The Chair welcomed new Governor Satish Rai and the following individuals attending their first meeting of the Board in their new roles: Meg Beckel, Vice-President, External Relations (October 1); George Dixon, Vice-President, University Research (July 1); Alan George, interim Dean of Graduate Studies (October 1); Geoff McBoyle, Associate Vice-President, Academic (July 1).

External Relations Transition Task Force Report [www.secretariat.uwaterloo.ca/er.oct3007.pdf]. Noting some highlights (\$413M from the private sector and climbing; \$740M when public funding added; includes four of the 10 largest gifts to education in Canada; has increased endowment funds by 304 percent) of this remarkable fund-raising campaign, the Chair then turned the presentation over to the Vice-President, External Relations who spoke to the report. Governors heard one of the biggest challenges the team faces in reaching the \$100M annual revenue target is coordinating the multitude of fund-raising efforts occurring across campus and leveraging these efforts; further, retaining best people also presents challenges.

Consent Agenda

The Board heard an omnibus motion to approve and/or receive for information by consent items 2-4 [below].

2. APPROVAL OF MINUTES

The minutes of the June 5, 2007 meeting were approved as distributed.

3. REPORT OF THE PRESIDENT

Recognition and Commendation. The Board received this report for information.

Sabbatical Leaves/Leave Change/Postponement and Administrative Appointments. The Board approved the recommended leaves/leave change/postponement and received the administrative appointments for information.

4. REPORT OF THE VICE-PRESIDENT, ADMINISTRATION & FINANCE

Incidental Fee Changes. The Board approved the recommended Graduate Student Association (increased from \$12.71 to \$13.00 per term) and Graduate Student Association Administered (increased from \$107.54 to \$108.04 per term) Fee changes, effective Winter 2008.

Passmore and Caldwell. Carried.

Regular Agenda

5. REPORTS FROM COMMITTEES

Building & Properties

- **West Campus Master Plan** [www.secretariat.uwaterloo.ca/wc.oct3007.pdf]. Governor Jackson declared a conflict of interest and withdrew from the meeting during discussion of this item.

As a result of the remarkable success of the R&T Park which is expected to be built out within five to 10 years, Urban Strategies was engaged to develop a master plan for the west campus with a view to accommodating R&T, academic and university residential uses. Berridge reviewed the key elements of the 'simple' master plan which include: big, flexible development parcels and roadways designed so development can occur in modules; east-west connectivity (including a limited access bridge over Laurel Creek) in anticipation of a west campus population of 10,000 when fully built out, and the desire to connect to the anticipated LRT stop on the eastern edge of the north campus; surface parking that can evolve to shared-use parking structures; strong direction toward sustainable development (e.g., proposed circulator shuttle which would do a campus circuit but stay off arterial roads); a recreation corridor extending from the main campus across the west campus and into Laurelwood. With respect to the commercially attractive small parcel at the corner of Fischer Hallman and Columbia Streets, a suggestion that its development be deferred until the west campus has more fully developed by which time its property value will have increased incrementally.

In discussion, Governors heard: based on build-out averaging 250,000 sq. ft. over five years (rate may have accelerated somewhat recently), the south campus can accommodate growth for the next 20 years though this will mean elimination of parking lots; if the LRT is put in place (estimated in four to five years), the need for parking on campus may be attenuated; with respect to a possible UW role since the City of Waterloo is reaching its developable land limits, that UW is being a good neighbour as evidenced by its 200-acre park on the north campus, proposed recreational fields, and contribution to the City's and the Region's economic base; a comment that, like its founders, UW should continue to be a good steward of its land and not forfeit its property for either residential or commercial development.

Next steps include: subwatershed and environmental impact studies; development of a transportation strategy; district planning process (underway).

The Board heard a motion to approve adoption of the West Campus Master Plan.

Bales and Gordon. Carried.

- **Engineering Expansion: Building V Concept Design** [further perspectives enclosed for absentees]. The Board heard a motion to approve the concept design for the first of a two-phase building to be erected in the East Campus Hall parking lot (Lot B).

Bales and Whiteside.

In discussion, the Board heard: parking spots that will be lost (campus-wide, there is sufficient parking, though not all is 'convenient') by new construction will be partially recovered as underground parking in phase 2; the phase 1 building is designed to 'look out' at the tracks in anticipation of LTR implementation; the phase 1 building is 'dense' on the upper floors (though the corridors are wide and inviting re: informal gathering) and has been designed to take into account that 'public' space will be incorporated into the phase 2 building. With respect to design, buildings are put out to tender and the design architect for phase 1, a UW graduate, has an outstanding reputation.

It was suggested that the need / importance / availability of informal spaces in buildings be considered by the Committee when it next meets.

The motion carried.

- **Health Sciences Campus: Building 2 Tenders** [supplemental report enclosed for absentees]. The Board heard a motion to approve a project budget increase of \$1.5 million for building 2 on the Health Sciences Campus and the award of a construction contract to Ball Construction Ltd. for \$18,693,000 plus GST.

Bales and Whiteside.

In response to a question about expansion of classroom space, Governors heard that such space is established by the Deans and Provost, usually incited by funding from 'the centre.' Further, that an ad hoc space committee will report presently to the Provost on strategies / plans / use for classroom space.

The motion carried.

The remaining items in the report were received for information.

Audit

- **UW Financial Statements, 2006-07.** The Board heard a motion to approve the UW Financial Statements for the year ended April 30, 2007.

Caldwell and Hipel. Carried.

- **Appointment of External Auditors: Ernst & Young.** The Board heard a motion to approve the reappointment of Ernst & Young as UW external auditors for the fiscal year ending April 30, 2008.

Caldwell and Gordon. Carried.

The remaining item in the report was received for information.

Pension & Benefits

- **Statement of Investment Policies & Procedures.** The Board heard a motion to approve modifications to the January 1, 2007 version of the Statement of Investment Policies & Procedures to reflect the Hedged S&P 500 as the benchmark for the TD Emerald Hedged US Equity Pooled Fund Trust.

Walker and Markan. Carried.

The remaining items in the report were received for information. For the first of the information items, Governor Gordon declared a conflict of interest and did not participate in discussion.

6. BUSINESS ARISING FROM THE MINUTES

There was no business arising.

7. REPORT OF THE PRESIDENT

Remarks. The President drew Governors' attention to: the reshaped provincial cabinet [including: Dwight Duncan, Minister of Finance; John Milloy (Kitchener Centre), Minister of TCU; Chris Bentley, Attorney General; John Wilkinson (Stratford), Minister of Research and Innovation]; annual *Performance Indicators*, in particular pages 5-16 which relate PIs to 6th Decade objectives; *Thin and Thinner: Reflections on Research and Higher Education in Canada* [enclosed for absentees], address by David Naylor, President of the University of Toronto, to RSC; Chancellor Lazaridis' email to Minister Prentice [emailed to Governors October 31]; enrolment update [enclosed for absentees].

Environmental Scan [www.secretariat.uwaterloo.ca/es.oct3007.pdf]

- **National Overview.** Parliament resumed October 16 with the Throne Speech; Governor Manley has been named as Chair of the blue ribbon Afghanistan Review Panel; the Canada Millennium Scholarship Foundation's mandate expires in 2009 and there is uncertainty whether it will be renewed.
- **Provincial Overview.** The Liberals were re-elected with a majority government and various promises affecting PSE, including an increase in PSE spending by \$800 million by 2012; COU pre-election advocacy strategy saw Board Chairs writing to all party leaders, op-eds in newspapers across Ontario, and letters to candidates signed by third-party advocates; COU's recent release of *Findings on Public Perceptions of Universities* reveal health care and elementary / secondary school spending as top priorities with no public sense or awareness that universities are underfunded -- a perception that needs to be addressed, perhaps best by students and alumni becoming spokespersons for the cause; Higher Educational Quality Review Council of Ontario (Frank Iacobucci, Chair; James Downey, President; Ken Norrie, Vice-President, Research) has released its Review / Research Plan 2007; OCUFA's *Leading Higher: Funding for Ontario Universities* reports that Ontario is second last in Canada for financial support of PSE, 25 percent below the Canadian average, and would require a boost in funding from \$3.1 billion to \$4.2 billion to reach the Canadian average by 2009-10 (the report's recommendations include: ensuring operating funding keeps pace with inflation and enrolment increases, restoring student:faculty ratio to 15:1, provincial funding should increase by \$1.6 billion, and there should be direct increases in federal transfer payments to universities).
- **Local Overview.** 2017: The Workplace proved a great success with national media coverage; Waterloo Region's Vital Signs (assesses the Region on a number of factors) reveals that only 47.4 percent (95 percent of the provincial average) of the Region's residents hold a degree, diploma or

certificate; the 10 goals set last year concurrent with Waterloo's being named the Knowledge Capital of Canada will be reviewed and progress measured.

In discussion, Governors heard: the faculty:staff ratios (*Performance Indicators*, p. 82) reflect the data available at the time of publication (same as last year's but the figures have probably changed) and that a 2:1 ratio of staff to faculty may be an historic figure but has not been articulated as a goal; work continues to establish a guaranteed level of support (6th Decade goal was to accomplish this in 2007) for graduate funding with arrangements for PhDs almost finalized and attention then to turn to Master's (distinguish between research and professional Master's); in response to the observation that there can be high turnover in small staff groups, essential to the running of UW (in addition to those in External Relations), that HR actively monitors this (UW has a staff turnover rate of ~5 percent, one of the lowest in universities) and areas of concern should be brought to HR's attention; the way to explain universities' underfunding (notwithstanding public perception, informed by new capital projects and announcements of major philanthropic donations) is to explain 'quality' comparatively and relative to the best institutions in the world (viz. the Chancellor's letter to Jim Prentice, Federal Minister of Industry, re: surplus).

8. REPORT OF THE VICE-PRESIDENT, ACADEMIC & PROVOST

Amendments to Policy 76, Faculty Appointments. The Board heard a motion to approve the proposed amendments to Policy 76.

Johnston and Whiteside. Carried.

United Arab Emirates Campus [background information enclosed for absentees; www.secretariat.uwaterloo.ca/uae.oct3007.pdf]. Noting that this initiative was one of the riskiest UW has undertaken, the Provost spoke to: the context for this initiative (6th Decade Plan, in particular internationalization and income diversification); CERT's role as a partner and infrastructure provider; the initial programs UW will offer (Chemical Engineering, Civil Engineering, Financial Analysis & Risk Management, IT Management, with up to 480 students admitted in year one to produce 200 graduates per year); the benefits to UW (increased revenue of ~\$22 million which will be reinvested to support / expand UW's academic mission; 3 percent increase in international undergraduate students over the current level of 8 percent; 32 new faculty positions; capital expansion in Engineering and Mathematics; at the national level, reinforcement of Canada's leadership role in IT). Risk factors include: ability to obtain licensure and / or accreditation in a timely manner; not meeting admission targets or finding sufficient co-op jobs; whether CERT can deliver services expeditiously; political instability / falling out of favour. Next steps include application for a license to operate in the UAE, followed by accreditation of UW programs and recruitment of UW faculty and staff to go abroad.

In discussion, Governors heard: CERT is a group of companies (with private and public funding) which began as the commercial arm of the Higher Colleges of Technology (modelled after the Ontario CAATS) in the UAE and has grown to be the largest private education provider in the Middle East. The CEO and COO are Canadians, the Chair of the Board, Sheikh Nahayan, is the Minister of Higher Education in the UAE (and a member of the royal family) and the Chancellor of the Higher Colleges of Technology in the UAE. CERT partners currently include MIT (offering short courses) and New York Institute of Technology which is part of the CERT campus. UAE society is open and the campus will be co-ed (UW's policies will apply), with probably 95 percent of students being non-Emiratis. As UW currently receives over 100 applications (half are admitted) from the UAE, expectation is the pool is sufficiently deep to meet enrolment targets. As to risks (potential for reputational risk may be greater than financial), UW is not investing in infrastructure or capital construction, and it will be UW's faculty (not local hires) who will be delivering the programs on this

campus which is seen as integral to UW's overall academic activity. Of the anticipated \$22M gross, approximately \$12 to 13M will be spent on additional faculty / staff; further, UW is eager to include an Arts component as soon as feasible (if the new media and global business gets traction in Stratford, this would seem apt to transport to UAE).

In response to the exercise of 'holistic' oversight with respect to all UW's initiatives, from the President that it is the Board's responsibility to provide mid- and long-term oversight to ensure coherence of undertakings and capacity to execute, and to question / probe administration to ensure what is put forward 'rings true.' As well, internal instruments including the annual retreat, the President's Sextet (the VPs and the Secretary) and Deans' / Executive Councils bring rigour to initiatives by testing against strategic plans and capacity to execute. And finally, both CERT and the Balsillie / CIGI / WLU / UW agreements / initiatives were reviewed by the Board's Finance & Investment Committee which is the appropriate forum for consideration of these matters.

2007-08 Operating Budget Update [www.secretariat.uwaterloo.ca/budget.oct3007.pdf].

The Provost very briefly noted: the structural deficit (\$2.1M), fund balance (\$3.5M) and excess (\$1.4M); enrolment changes (no undergraduate tuition impact; no graduate net impact on bottom line); provincial grant changes, including concerns that further undergraduate discounting may occur which could cost UW as much as \$3 to 4M.

9. OTHER BUSINESS

There was no other business.

The Board convened in Confidential Session.

LC:tad
November 2, 2007

Lois Claxton
Secretary of the University

Approved February 5, 2008