

University of Waterloo
BOARD OF GOVERNORS
Minutes of the Tuesday, October 28, 2008 Meeting

Present: Bob Harding (chair), Lois Claxton (secretary), Samuel Andrey, Mary Bales, Catherine Booth, Rob Caldwell, Louise Fréchette, Bruce Gordon, John Honek, Tim Jackson, David Johnston, Keith Kenning, Paul Koenderman, John Manley, Stephen Markan, Ian McPhee, John North, Wayne Oldford, Janet Passmore, Satish Rai, Ken Seiling, Selva Selvakumar, James Skidmore, Craig Sloss, Douglas Stebila, Bill Tatham, Jud Whiteside, Justin Williams, Michael Worswick, Carl Zehr

Meg Beckel, Amit Chakma, Ken Coates, Tom Coleman, Ashley Csanady, George Dixon, Alan George, Patti Hancock, Helen Hannusch, Mark Haslett, Dennis Huber, Peggy Jarvie, Linda Kieswetter, Ken Lavigne, Roger Mannell, Jane Manson, Geoff McBoyle, Terry McMahon, Bruce Mitchell, Travis Myers, Daniel Parent, Leo Rothenburg, Deep Saini, Catharine Scott, Bob Truman, Bud Walker, Danielle Whittemore

Regrets: Serge Godin, Brenda Halloran, Keith Hipel, Mike Lazaridis, Christopher Neal, Ray Tanguay, Scott Wetmore

The chair welcomed governors to the fall meeting.

OPEN SESSION

1. MEMORANDUM OF AGREEMENT BETWEEN THE UNIVERSITY OF WATERLOO AND THE UNIVERSITY OF WATERLOO STAFF ASSOCIATION

The Board heard a motion to approve the memorandum of agreement between the University of Waterloo and the University of Waterloo Staff Association.

Johnston and Markan. Carried.

Consent Agenda

The Board heard an omnibus motion to approve and / or receive for information by consent items 2-5 [below].

2. APPROVAL OF MINUTES

The minutes of the June 3, 2008 meeting were approved as distributed.

3. REPORT OF THE PRESIDENT

Promotion of Faculty Members. The Board received this report for information.

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

Sabbatical / Administrative Leaves and Administrative Appointments. The Board approved the recommended leaves and received the administrative appointments for information. [**Note:** change from “March 1, 2009” to “May 1, 2009” (p. A16, Chris Godsil)].

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

Incidental Fee Changes. The Board approved the recommended incidental fee changes.

5. REPORT OF THE VICE-PRESIDENT, EXTERNAL RELATIONS

The Board received this report for information.

Caldwell and Tatham. Carried.

Regular Agenda

6. BUSINESS ARISING FROM THE MINUTES

There was no business arising.

7. UW SATELLITE CAMPUSES [www.secretariat.uwaterloo.ca/sc.oct2808.pdf]

In addressing the opportunities (expanding UW's reach, greater access to markets and resources, opportunity to adapt program offerings to changing needs) and challenges (added complexity, maintaining UW quality, level of student services, financial risks) that satellite campuses present, the provost outlined their congruence with the major themes of the Sixth Decade Plan (growing research, growing graduate studies, enhancing undergraduate studies, going global, diversifying income). Decisions to proceed with satellite campuses are made after assessment against various filters (compatible with UW's academic plan, must enhance quality, build on UW strengths, have a solid business plan) in keeping with Board-approved [February 6, 2007, revised June 3, 2008] Principles for Development of Off-campus Sites [www.secretariat.uwaterloo.ca/offcampussites.pdf].

The provost paid tribute in particular to municipal and regional champions whose vision and funds enabled the establishment of local satellite campuses and outlined the financial benefits (realized and anticipated) of UW's satellite campuses (current and proposed): Cambridge -- \$30 million; Kitchener -- \$55 million to date; Stratford -- \$30 million projected; UAE -- >\$22 million annually at steady state. With respect to the Stratford proposal, a revised plan informed by a professional master's offering has been developed which will be brought before Stratford City Council presently.

The lengthy discussion that followed focused principally on risks and human rights / laws related to the UAE initiative:

- **Risks.** Quality of student is an immediate risk and to ensure program quality (UW determines who is admitted -- classes are not segregated, what is taught and who teaches) courses will be offered on site by UW full-time faculty. Faculty who participate will do so voluntarily and mathematics and engineering have received support for this initiative from their faculty through their normal processes. Any students in this 2+2 program not receiving a visa to study in Canada (while visas cannot be guaranteed, the Canadian Embassy is supportive of the initiative and has offered to assist), will be able to complete the degree in the UAE through Higher Colleges of Technology. UW is assuming no capital risks (partners oversee building construction and own buildings and infrastructure); in the event of wind-down, costs are estimated not exceeding \$1 million and best efforts would be made to bring students enrolled in the program to UW to finish their degree, thereby attenuating negative financial impact. With respect to reputational risk, due diligence has been done on UW's partners (CERT, Higher Colleges of Technology) and good rapport established with the minister of education for Abu Dhabi who is also the chairman of CERT. Should political or legal exigencies prevail, the Canadian Embassy and legal counsel are available to assist.
- **Human Rights / Laws.** As in any foreign country, the laws of the land prevail and the environment in which UW operates in Canada cannot be replicated in the UAE; that notwithstanding, it is incumbent on UW to do the best it can within that environment. Further, by participating in the global community, UW can discern and draw from what is desirable in other cultures and exercise influence on what it perceives as the greater good. With respect to UW policies and Policy 33, Ethical Behaviour, in particular, it is important to distinguish between 'local policy,' over which UW has control and to which it will adhere within the bounds of its jurisdiction (the question was raised that while Policy 33 may 'technically' apply, could UW effectively implement it), and the laws of the foreign country, over which UW has no control. As to a previous requirement that UW teach a course in Islamic studies, this has now been set aside,

the result of UW's offering its programs under the aegis of HCT, though the vice-president, academic & provost mooted the desirability, in future, of expanding UW's curriculum to include Islamic studies and Arabic. As to academic freedom, it was thought unlikely that in the short term the courses taught would create controversy (the Sorbonne teaches political science in the UAE) and that, outside the classroom, participation in political activities may be contrary to visa restrictions. Students in the UAE are bound by local laws; Canadian students abroad in the UAE should self-prepare as for co-op terms abroad and, should circumstances require, have access to UW's partners and to the Canadian Embassy.

- **Other.** UW faculty in the UAE will be bound by UW's policies and procedures; establishment of satellite campuses is likely to result in establishing new funding / fund-raising constituencies that UW can build on in future; while the Board of Governors approves the business plan for satellite campuses and Senate any new courses / programs, the UAE initiative in general has been discussed at many Senate meetings.

8. ANNUAL PERFORMANCE INDICATORS [www.secretariat.uwaterloo.ca/pi.oct2808.pdf]

The dean of graduate studies spoke to a select number of indicators reflecting the nine key areas: undergraduate studies, graduate studies, research, faculty, staff, co-operative education, resources, fundraising, library.

In discussion, governors heard: while the percentage of tri-council funding that UW captures is 'flat and bumpy' [p. 70] by comparison with G13 institutions, UW has improved over these comparators with respect to Canada Research Chairs awarded; although arts graduate funding (master's level) is at 80 percent of other faculties, it has improved and at the PhD level is congruent with other faculties, and that over the last several years, funding for graduate students has generally improved; while the majority of international students are generally from an east / west country axis, the result of UW's applying limited resources in areas with greatest potential yield, in the last several years there has been activity in select South American countries; a suggestion to include a pie chart on p. 48, similar to that on p. 31, and, in response to the observation that UW is too 'Ontario' focused, in Canada, Alberta is being targeted; with respect to the strong lead of Queen's in entering averages of 90 percent plus, if UW had not grown as a result of the double cohort and had flat-lined growth, as did Queen's, UW would be ahead of Queen's in this statistic; retention rates correlate directly with first-year entering averages, with UW's rates falling within the top third of the top schools.

9. REPORT OF THE PRESIDENT

Donation. Kudos and gratitude and a round of applause to chairman of the Board, Bob Harding, for his recent \$3 million donation; two-thirds of the gift will establish undergraduate scholarships and faculty fellowships in the School of Accounting & Finance, with the remaining \$1 million directed to a newly established humanities and social sciences research endowment. At Harding's request, some of the arts and social sciences grants will be named in honour of Lois Claxton, secretary of the university, with whom Harding has worked closely during his years as Board chair.

Deans' Day at Queen's Park. The second annual visit on Monday, organized by Leeanna Pendergast, MPP for Kitchener-Conestoga and a UW alumna, provided a good opportunity for the UW delegation to meet with MPPs and ministry staff, including ministers John Milloy (universities), John Wilkinson (innovation) and George Smitherman (health) and Attorney General Chris Bentley.

Environmental Scan [www.secretariat.uwaterloo.ca/es.oct2808.pdf]

- **International.** Having referred governors to the October 7 *Globe and Mail* interview with UW's incoming Chancellor Prem Watsa: "There's a significant recession coming," the president commented on the prudent and careful approach which has informed, and continues to inform,

UW's financial management. Consistent with this management approach, he then reviewed with the Board his letter which had been distributed to governors and the campus community earlier in the month, setting out UW's response to current global financial uncertainties: a hiring postponement and deferral of major discretionary expenditures until April 30, 2009. He emphasized that the six-month postponement is not a reaction to a great panic but rather allows UW to buy time and provides opportunity to better understand the financial situation.

Commenting specifically on the current financial environment and referring to the OECD Economic Outlook Report, the president advised of the probability for a deep, long and broad recession; the consequences of such recession for UW; the nature of UW's preparedness; the opportunities which may arise from the situation; and specific steps that UW can take, concluding with the importance, above all, of "reinforcing our pride of place and people."

- **National.** The recent federal election returned a minority Conservative government; AUCC's Trends in Higher Education Report highlight the disparity in per student funding between Canadian and US institutions and student:faculty ratios; *Canadian Business Magazine* lists Kitchener as the fourth best place to do business in Canada.
- **Provincial.** Of the \$3.5 million funding made available province-wide by the Ministry of Research and Innovation for digital media and communications projects, UW's share, in seven projects, totals \$933,046; the \$385 million provincial textbook and technology grant, administered through OSAP, provides \$150 per student in 2008, \$225 in 2009, and \$300 in subsequent years.
- **Local.** Kudos to Janusz Pawliszyn, EnCana Principal Award winner; whether the prime minister's election promise of \$50 million (with a \$25 million Lazaridis match) for IQC materializes will be revealed in the 2009 federal budget; new data from Waterloo Region's Vital Signs were made available; VeloCity, UW's entrepreneurial residence, was launched in September.

Enrolment Update [www.secretariat.uwaterloo.ca/enrolment.oct2808.pdf]. At the invitation of the president, the director of institutional analysis & planning presented the data for information, noting, in particular, that faculties will meet / exceed first-year enrolment targets.

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

2008-09 Operating Budget Update [www.secretariat.uwaterloo.ca/budget.oct2808.pdf].

Notwithstanding three major pressure points on the budget [reduced income on the >\$200M endowment, pension plan (as of September no longer in the black), low value of the Canadian dollar], the provost anticipates the structural deficit will be eliminated during the current year.

In response to questions, the provost commented that, in addition to the hiring postponement which is intended to create budgetary flexibility, UW is also looking at effecting better resource utilization (e.g., IT systems, marketing and communication); as to 2009-10 budget planning, there are too many unknowns to start the process although various scenarios are being discussed, including a worst case five percent budget reduction; with respect to the pension plan deficit, UW has a two-year window before filing its next valuation and during that time the Pension & Benefits and Finance & Investment Committees will monitor the plan and provide advice.

11. REPORTS FROM COMMITTEES

Audit

- **UW Financial Statements, 2007-08.** The Board heard a motion to approve the UW Financial

Statements for the year ended April 30, 2008.

Caldwell and Gordon. Carried.

Because of a printing error, governors were asked to turn in the copy distributed with the agenda and advised that revised statements would be issued [enclosed].

- **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, 2009.

Caldwell and Whiteside. Carried.

The remaining item in the report was received for information.

The chair advised that the fifth annual conference of Ontario university audit committees was held recently at York; the highlight was remarks from the auditor general of Ontario who indicated institutions high on his list for auditing.

Building & Properties. The Board received this report for information.

Pension & Benefits

- **Pension Plan Text Amendment: Treatment of Remaining Guaranteed Pension Payments Upon the Death of a Retired Member.** The Board heard a motion to approve Amendment #12 which would provide pension beneficiaries who are spouses with the choice of receiving the remaining guaranteed pension payments on a monthly basis or commuting them to a lump-sum payment. Commutation would be required for any pension beneficiaries (other than spouses) or estates (i.e., no ability to take the guarantee in the form of a monthly pension).

Passmore and Whiteside. Carried.

The remaining items in the report were received for information.

12. OTHER BUSINESS

There was no other business.

The Board convened in confidential session.

LC:tad
November 13, 2008

Lois Claxton
Secretary of the University