

**University of Waterloo
BOARD OF GOVERNORS
Notice of Meeting**

blue pages confidential

Date: Tuesday, June 1, 2010
Time: 2:30 p.m.
Place: Centre for Environmental & Information Technology (EIT), Room 3142 [directions enclosed]

	<u>OPEN SESSION</u>	Page	Action
2:30	1. Remarks from the Chair	Oral	Information
	<u>Consent Agenda</u>		
2:35	Motion: That items 2-5 [below] be approved and/or received for information by consent.		
	2. Approval of the April 6, 2010 Minutes [enclosed]		Decision
	3. Report of the President		
	a. Recognition and Commendation	A1	Information
	b. Sabbatical Leaves and Administrative Appointments	A2-A6	Decision/Information
	4. Report of the Vice-President, Administration & Finance		
	a. Incidental Fee Changes	A7-A8	Decision
	5. Report from the Presidential Nominating Committee	A9	Information
	<u>Regular Agenda</u>		
2:40	6. Business Arising from the Minutes		
2:45	7. Report of the President		
	a. President's Specific Priorities 2010-11	Oral	Information
	b. Environmental Scan	A10	Information
3:05	8. Report of the Vice-President, Academic & Provost		
	a. Staff Salary Recommendation	A11-A12	Decision
	b. 2010-11 Operating Budget	A13-A17	Decision
	c. 2010-11 Executive Council Priorities	Oral	Information
3:45	9. Report of the Vice-President, External Relations	A18-A20	Information
3:55	10. Report of the Vice-President, University Research	A21	Information
4:10	Break		
	11. Reports from Committees		
4:25	a. Building & Properties	A22-A23	Decision/Information
4:35	b. Finance & Investment	A24	Information
4:45	c. Pension & Benefits	A25-A28	Decision/Information
	12. Other Business		
4:55	a. UW Report to the Minister of Industry – Executive Summary	A29-A32	Decision

	<u>CONFIDENTIAL SESSION</u>	Page	Action
5:05	<p><u>Consent Agenda</u> Motion: That items 13-15 [below] be approved or received for information by consent.</p> <p>13. Approval of the April 6, 2010 Minutes [enclosed]</p> <p>14. Report of the President a. New Appointments with Tenure</p> <p>15. Report from the Executive Committee</p>		Decision
		CS1	Decision
		CS2	Information
	<p><u>Regular Agenda</u></p> <p>16. Business Arising from the Minutes</p> <p>17. Reports from Committees a. Building & Properties b. Governance</p> <p>18. Other Business</p> <p>19. Next Meeting Tuesday, October 26, 2010, beginning with a campus tour highlighting new construction</p> <p>20. Adjournment Reception on the EIT Terrace</p>		
5:10			
5:15		CS3	Information
5:25		CS4	Decision/Information
5:35			

Action/Information Items Enclosed: Conflict of Interest Declaration; UW Newswatch

Note: To allow the Board of Governors to complete a number of matters quickly and to devote more of its attention to major items of business, the agenda has been divided between items that are to be approved and/or received for information by consent and those that are to be presented individually for discussion and decision and/or information.

A consent agenda is not intended to prevent discussion of any matter by the board but items listed under the consent sections will not be discussed at the meeting unless a governor so requests. Governors are supplied with the appropriate documentation for each item and all items will be approved by means of one omnibus motion. The board will then move immediately to consideration of the items on the regular agenda.

LC:tad
May 18, 2010

Lois Claxton
Secretary of the University

Parking available in Lot D, underneath Needles Hall

Please convey regrets to Tracy Dietrich at (519) 888-4567, x36125 or tdietric@uwaterloo.ca

University of Waterloo
BOARD OF GOVERNORS
Report of the President
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FOR INFORMATION

Recognition and Commendation

Janusz Pawliszyn, professor of chemistry, as well as University Professor and Canada Research Chair, is being honoured for his invention of SPME (solid-phase microextraction) with the American Chemical Society's Separations Science and Technology Award. Pawliszyn will present the award address before the ACS's Division of Analytical Chemistry. The technique "has revolutionized many areas of sampling and analysis," says Daniel W. Armstrong, a professor of chemistry at the University of Texas, Arlington. SPME has gained widespread use in flavour and fragrance, food and beverage, and environmental applications. The technique is also increasingly being used in forensics, toxicology, homeland security, and biological applications. "SPME was used to sample the toxic compounds present in the air at 'ground zero' at the World Trade Center after the events of 9/11," Armstrong notes.

A researcher in the Cheriton School of Computer Science, **Ming Li**, University Professor and Canada Research Chair in Bioinformatics, is the winner of the 2010 Killam Prize in Engineering. Five Killam Prizes are awarded each year to Canadian scholars in the fields of health sciences, natural sciences, engineering, social sciences and humanities. Recipients are chosen by a committee of 15 eminent Canadian scholars appointed by the Canada Council. "These prizes are Canada's most distinguished annual awards for outstanding career achievements in these fields and are an important part of building Canada's future through research," a news release states. The sponsors cited Li as "one of a handful of internationally acclaimed computer scientists whose research has had major impacts outside his own discipline. His work is now finding new applications in computer science, bioinformatics, philosophy, physics, and statistics. Dr. Li's innovative work in the fields of computer science and bioinformatics has already moved well beyond theoretical investigation into exciting new ways to examine the sequence, structure and function of living cells."

Waterloo's team finished in tenth place in this year's William Lowell Putnam Mathematical Competition, administered by the Mathematical Association of America. The event is held on the first Saturday in December each year. The first-place team for 2009 is the one from the Massachusetts Institute of Technology. Top Canadian team came from the University of Toronto, which was in the fifth-to-ninth-place cohort. Says a memo: "The top three Waterloo students received honourable mention, placing amongst the top 70 of the 4,036 competitors: **Steven Karp, Boyu Li, Dong Uk (David) Rhee**. The next four were amongst the top 160 competitors: **Malcolm Sharpe, Abel Molina-Prieto, Matthew Harrison-Trainor, Manuel Candales**. The following students were amongst the top 400 competitors: **Ahmad Abdi, Shalev Ben-David, Wei (Will) Ma, Nicholas Ormrod, Yuelin (Julian) Sun, Robert Xiao, Lisa Zhang, Chenglong Zhou**." Karp, Ma and Rhee were identified as members of the official Waterloo team.

The Greater Kitchener Waterloo Chamber of Commerce gave its "innovation award" for this year to the **School of Pharmacy** for being innovative in its approach to teaching, research and professional links. Jake Thiessen, director of the pharmacy school, accepted the trophy on behalf of the school at the Business Excellence Awards celebration.

University of Waterloo
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FOR APPROVAL

1. Sabbatical Leaves

UW Policy 3, Sabbatical and Other Leaves for Faculty Members [excerpts below, full text available at: www.adm.uwaterloo.ca/infosec/Policies/policy3.htm], sets out the purpose of leaves for faculty members as well as the requirements/responsibilities of faculty who are granted such leave.

The granting of a leave . . . depends on the University's assessment of the value of such leave to the institution as well as to the individual, and on whether teaching and other responsibilities of the applicant can be adequately provided for in her/his absence. A faculty member who is granted a sabbatical or other leave is expected to return to duties in the University for at least one year and upon return will be expected to submit a brief report to the Department Chair regarding scholarly activities while on leave.

The purpose of a sabbatical leave is to contribute to professional development, enabling members to keep abreast of emerging developments in their particular fields and enhancing their effectiveness as teachers, researchers and scholars. Such leaves also help to prevent the development of closed or parochial environments by making it possible for faculty members to travel to differing locales where special research equipment may be available or specific discipline advances have been accomplished. Sabbaticals provide an opportunity for intellectual growth and enrichment as well as for scholarly renewal and reassessment.

... the granting of sabbatical leave is contingent upon the faculty member's department being able to make the necessary arrangements to accommodate such an absence, and also upon the financial resources of the University in any given year. Should problems arise in any of the above, it may be necessary to postpone individual requests until such time as all the conditions can be satisfied.

Philip Beesley, Architecture, July 1, 2010 to December 31, 2010, at full salary

The sabbatical will be conducted in Toronto and London, developing responsive building envelope technical systems and cultural context.

Hector Budman, Chemical Engineering, September 1, 2010 to August 31, 2011, at full salary

I will be joining Sanofi Pasteur (Toronto) as Visiting Scientist. At Sanofi I will conduct research on vaccine process optimization.

Peter Carrington, Sociology, January 1, 2011 to June 30, 2011, at 85% salary

I will visit the Canadian Centre for Justice Statistics at Statistics Canada, Ottawa to obtain and analyze the data for my research on criminal networks in Canada. This research is an original contribution to knowledge in this area, and will contribute to more effective crime prevention and rehabilitation programs.

Vivian Choh, Optometry, July 1, 2010 to December 31, 2010, at full salary

I will be using the leave to finish on-going research projects and to start new ones. I will be travelling to conferences and I will be exploring new projects with collaborators in Berkeley and Germany. I will also be exploring new collaborations with investigators on campus and at other Ontario

universities I will also be developing electrophysiological and imaging techniques with new collaborators at Guelph and at Waterloo.

Karen Collins, Drama & Speech Communication, January 1, 2011 to June 30, 2011, at full salary
The primary purpose of this sabbatical is to complete my next book, "Sound, Interaction and Design," which is currently half-completed in draft form and has developed out of my CRC research to date. The book will be the first in the field of sonic interaction design, and will draw on my research experiments along with practical experience and teaching. It expands on ideas and problems that I raised relating to interactive audio in my book "Game Sound" (MIT Press, 2008). I expect this to be an important book that will define this new area of inquiry. This book is broader than just games, bringing in ideas from film theory, product design, musicology, interface design and branding.

Catherine Dubeau, French Studies, January 1, 2011 to June 30, 2011, at full salary
I intend to work full time on my research project, "Édition critique des Mélanges et des Nouveaux mélanges de Madame Necker," for which I have been granted a SSHRC SRG in 2010. The tasks will consist of: annotation of the vol. 1 & 2, transcribing of manuscripts, variants, scanning of manuscripts and research travel (Quebec, France, Switzerland)

Jean Duhamel, Chemistry, September 1, 2010 to August 31, 2011, at full salary
My sabbatical leave will allow me to be off teaching and committee duties. The time gained will help me write up papers and grant proposals. I am also planning short trips to visit colleagues to investigate possible future collaborations.

Ali Elkamel, Chemical Engineering, May 1, 2011 to April 30, 2012, at 85% salary
I will focus on finalizing a book on planning process operations, preparing invited book chapters, and continue writing journal papers to advance my research program on green process systems engineering. I also plan to spend time to update my lecture notes and develop new ones. I will try to be stationed at another institution in order to start new collaborations.

Monica Emelko, Civil & Environmental Engineering, July 1, 2011 to December 31, 2011, at full salary
In conjunction with colleagues from USGS, I will focus on developing new conceptual and quantitative approaches for describing pathogen transport in natural and engineered porous media systems with an ultimate goal of supporting the development of improved drinking water regulations.

Shahrzad Esmacili, Mechanical & Mechatronics Engineering, September 1, 2010 to February 28, 2011, at full salary
The main objective of my sabbatical leave is to prepare and submit a set of journal paper manuscripts from the extensive works that I have directed and conducted on aluminum alloys since joining the University of Waterloo. I would also like to use my leave to prepare a manuscript from my collaborative work on cellular/hybrid materials and further expand my collaborative research in cellular materials.

David Fuller, Management Sciences, January 1, 2011 to June 30, 2011, at full salary
During the proposed sabbatical, I plan to concentrate on (a) finishing my part of a graduate textbook (co-authored with four others), (b) revising and writing research papers, and (c) catching up on the reading of research papers.

Laurie Hoffman-Goetz, Health Studies & Gerontology, September 1, 2011 to August 31, 2012, at full salary

I plan to update my distance education MPH course, conduct research for a book on health literacy with a focus on the Canadian population, write up research manuscripts, and continue national and international research collaborations in public health.

Beth Jewkes, Management Sciences, September 1, 2010 to August 31, 2011, at full salary
I plan to write up research conducted by myself and students in the past two years on emergency medical services design, ambulance offload delays and emergency room congestion. My sabbatical includes plans to visit healthcare researchers in Southampton, England and to visit Abu Dhabi to teach one course in the MMSc program in late fall 2010.

Amir Khandani, Electrical & Computer Engineering, September 1, 2010 to August 31, 2011, at full salary
I will spend the time to reshape my industrial collaborations. This in particular includes starting an Industrial Research Chair funded by RIM. During this period, I also plan to visit some research institutions in Europe and United States to start new collaborations, revise and submit journal papers produced during my NSERC-Nortel IRC and develop a new graduate course.

Derek Koehler, Psychology, January 1, 2011 to June 30, 2011, at 85% salary
I plan to extend lines of research investigating the costs of excessive optimism in people's predictions of future outcomes. Such costs include intention-action gaps arising from over commitment, under evaluation of steps that could be taken to make goal achievement more likely, and failure to abandon goals even when the costs of continued goal pursuit outweigh the expected benefits of goal achievement.

Roger Melko, Physics & Astronomy, May 1, 2011 to October 31, 2011, at full salary
I have been offered a research sabbatical stay at Boston University in the Quantum Condensed Matter group. I will serve on the organizing committee of the International Summer School on Numerical Methods for Correlated Systems in Condensed Matter in Sherbrooke, Quebec taking place in May or June 2011.

Pascal Poupart, Computer Science, February 1, 2011 to July 31, 2011, at 85% salary
I plan to write a book on Partially Observable Markov Decision Processes and to visit other institutions (e.g., Google, AT&T, MIT or Cambridge) to advance my research in natural language processing.

Neil Randall, English Language & Literature, September 1, 2010 to February 28, 2011, at full salary
Half-year sabbatical leave during which I plan to complete two journal articles on the topic of hybrid board-digital games from a rhetorical and semiotic perspective.

Carolyn Ren, Mechanical & Mechatronics Engineering, September 1, 2010 to February 28, 2011, at 85% salary
During my sabbatical leave I will: i) conduct droplet-based microfluidics research at Dr. Howard Stone's laboratory at Princeton University; ii) finish writing several manuscripts about our research and submit them to journals; and iii) closely supervise my students through web meetings, telephone conferences, and emails.

Valerio Rynnimeri, Architecture, September 1, 2010 to August 31, 2011, at full salary
I am applying for a sabbatical so I can complete a book on the history of the founding of the new town of Don Mills for which I have already prepared extensive research materials and a draft. I also intend to initiate research into the planning and design history of the Greater Toronto Area as it evolved from Metropolitan Toronto.

Luigina Sorbara, Optometry, July 1, 2010 to December 31, 2010, at full salary
Leave is requested to complete five publications that are in various stages and three others that are waiting for changes from co-authors. Also to spend time with collaborators in my research, such as Dr. Bizheva who is building an UHR-OCT for my use with keratoconic patients and with Drs. Peterson, Dua (possibly) and Quadrilatero who will help me with tests related to cell function.

Douglas Stinson, Computer Science, January 1, 2011 to June 30, 2011, at full salary
1) Completion of fourth edition of "Cryptography: Theory and Practice," a popular textbook on cryptography, 2) Collaborative research projects on key management in sensor networks, secret sharing schemes, signature schemes, hash functions, and combinatorial designs.

Ladan Tahvildari, Electrical & Computer Engineering, March 1, 2011 to August 31, 2011, at full salary
During this time period, I will visit several research institutions in Canada, Europe and Brazil to initiate new collaborations. I also plan to consolidate my research collaborations with my industrial partners, RIM and IBM, during this sabbatical period. This leave will also be spent preparing journal publications in collaboration with my graduate students and colleagues from other universities.

Russell Thompson, Physics & Astronomy, September 1, 2010 to February 28, 2011, at full salary
A number of calculations recently undertaken in polymer and soft matter physics have been limited or prevented due to numerical stability issues. Research will be directed into the study of a semi-implicit algorithm for self-consistent field theory. This will require a significant dedicated effort and extended face-to-face consultation through visits with collaborators in Reading, England and Los Alamos, USA.

David Toman, Computer Science, January 1, 2011 to June 30, 2011, at 85% salary
Visit and research collaboration at premier international institutions (tentatively, NII, NICTA, Oxford) on topics spanning Description Logics and their applications to Database Systems.

Ross Willard, Pure Mathematics, July 1, 2010 to December 31, 2010, at full salary
I will spend the sabbatical catching up on current research and starting new research projects with collaborators. I will host two collaborators from Australia during July and August, then travel to Europe for two months of collaborations in Hungary, Poland and France. I will spend November and part of December visiting collaborators at Vanderbilt University, USA.

FOR INFORMATION

2. Administrative Appointments

Howard Armitage, reappointed as Executive Director, Centre for Business Entrepreneurship and Technology, May 1, 2010 to June 30, 2010

Jeffrey Casello, appointed as Interim Associate Dean, Undergraduate Studies and Educational Liaison, Faculty of Environment, July 1, 2010 to June 30, 2011

Bill Chesney, reappointed as Associate Dean, Undergraduate Studies, Faculty of Arts, September 1, 2010 to August 31, 2013

John Flanagan, appointed as Chair, Clinical Research Ethics Board, School of Optometry, Faculty of Science, January 1, 2010 to December 31, 2010

Roland Hall, reappointed as Associate Dean, Graduate Studies, Faculty of Science, May 1, 2010 to April 30, 2012

Mario Ioannidis, appointed as Director, Nanotechnology, Faculty of Science, May 1, 2011 to April 30, 2012

Raymond Legge, appointed as Associate Dean, Graduate Studies & International Agreements, Faculty of Engineering, July 1, 2010 to June 30, 2013

Maria Liston, appointed as Chair, Department of Anthropology, Faculty of Arts, May 1, 2010 to April 30, 2014

William McIlroy, appointed as Associate Dean, Graduate Studies and Research, Faculty of Applied Health Studies, July 1, 2010 to June 30, 2012

Stephen Murphy, appointed as Chair, Department of Environment & Resource Studies, Faculty of Environment, July 1, 2010 to June 30, 2014

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June 1, 2010

FOR APPROVAL

Incidental Fee Changes

Federation of Students Fee

It is recommended that the compulsory Federation of Students Fee, assessed and collected from all full-time undergraduate students, be increased from \$37.24 per term to \$38.95 per term effective September 2010 (fall term).

Comments:

- The previous fee increase was \$1.81 per term effective September 2009
- The fee increase was approved at the Federation of Students' general meeting on March 31
- Payment of the fee is a requirement of registration and is non-refundable

Orientation Fee

It is recommended that the Orientation Fee, assessed and collected from each incoming full-time, first-year undergraduate student, be increased from \$100.00 to \$101.00 effective September 2010 (fall term).

Comments:

- The original fee was approved by student referendum in February 2005
- The increase is intended to offset increased costs associated with HST
- The fee is collected in the fall term only
- The fee can be adjusted by CPI each year
- The fee is refundable through the Federation of Students; students seeking a refund must request it prior to the start of frosh week

Federation of Students Administered Fee

It is recommended that the Federation of Students Administered Fee be increased to reflect changes in the health, dental and U-Pass (bus pass) components effective September 2010 (fall term).

	<u>Dental</u>	<u>Health</u>	<u>U-Pass</u>	<u>SRP*</u>	<u>Total</u>
Regular	\$45.38	\$50.00	\$51.75	\$1.00	\$148.13 (previously \$135.14)
Co-op	\$81.59	\$92.50	\$51.75	\$1.00	\$226.84 (previously \$208.98)

Comments:

- SRP = Student Refugee Program
- The Federation of Students has contracted with StudentCare for the health and dental components and with Grand River Transit for the bus pass component
- The university assesses the fee on behalf of the Federation of Students and transfers the funds to the Federation of Students for disbursement

- Payment of the fee is a requirement of registration; the health and dental components are refundable through the Federation of Students and their service provider; the bus pass is non-refundable; the Student Refuge Program is refundable through the Federation of Students
- During the winter term, regular students pay twice the rate for health and dental to continue coverage from May to September

GSA Administered Fees

It is recommended that the GSA Administered Fees, assessed and collected from active full-time and part-time graduate students, be increased as follows:

GSA Administered Fees	<u>Full-time</u>	<u>Part-time</u>
Spring 2010	\$159.46	\$109.04
Fall 2010	\$179.44	\$126.50
Grad House Fee	14.50	14.50 (no change)
Health Plan	52.00	52.00 (previously \$52.54)
Dental Plan	60.00	60.00 (previously \$42.00)
U-Pass	52.94	0.00 (previously \$50.42)

Comments:

- Payment of the fee is a requirement of registration
- The Graduate House Fee is refundable through the Graduate Student Association
- The health and dental plan components are refundable through the GSA and its service provider
- The U-Pass fee pays for a universal bus pass with Grand River Transit; the fee is assessed to all full-time graduate students on campus within the Region of Waterloo; the fee is not refundable
- The fee changes were approved at the GSA Board of Directors meeting on May 6

Dennis Huber
 Vice President,
 Administration & Finance

Memorandum

To: Members of the Board of Governors

From: Bob Harding, Board Chair and Chair, Presidential Nominating Committee

Date: June 2, 2010

Subject: *Progress Report from the Presidential Nominating Committee*

The Presidential Nominating Committee is charged with the task of finding and recommending an outstanding candidate for appointment as the institution's sixth president and vice-chancellor expected to take office July 1, 2011. To assist members in fulfilling this undertaking, the committee decided to engage a consulting firm with global reach to aid in the task. SpencerStuart, with offices in 27 countries, was chosen from among a number consulting firms. Sharon Rudy heads the Canadian practice and Kristine M. Johnson from the Los Angeles office is part of the team. SpencerStuart has extensive experience in higher education and academic searches; its consulting fee will not exceed \$110,000.

SpencerStuart serves as an advisor to the committee and will be used in all phases of planning and carrying out the global search process. The committee feels that the use of a consulting firm will ensure a rich pool of highly qualified and experienced candidates and in carrying out comprehensive reference investigations. While the committee and the process will benefit from SpencerStuart's assistance, the Presidential Nominating Committee will retain full control of the process.

The university-wide nominating committee has held five meetings and will meet again in mid-June. The committee has developed a timetable for its work, undertaken broad and full consultations to identify key issues, challenges and opportunities facing the institution and the qualities of the individual who might best lead Waterloo in dealing with these matters. To achieve this, the committee has consulted with the on-campus community (members of executive council), the former vice-president, academic and provost, the University College heads, and the presidents of the Staff Association and CUPE Local 793. The presidents of the Faculty Association and the Graduate Student Association sit on the committee; the former-president of the Federation of Students continues to serve on the committee. These members have shared the views of their constituencies with the committee. Committee members have also received input from members of the broader community. As well, the committee invited written comments from governors, senators, faculty, staff and unionized employees, the faculty association, the staff association, undergraduate and graduate students, alumni, and retirees.

Print advertisements for the presidency will be placed nationally in *University Affairs* and *CAUT Bulletin* and in various local, national and international online sites including *The Record*, *University Affairs*, *CAUT Bulletin*, *The Globe and Mail*, *The Chronicle of Higher Education*, and *The Times Higher Education Supplement*. The committee continues to report regularly to the campus community through postings on the *Daily Bulletin*. A website dedicated to the search may be found at: http://secretariat.uwaterloo.ca/elections/presnomindex_index.htm

It is hoped that the work of this very important committee will be completed by the end of the calendar year.

University of Waterloo
BOARD OF GOVERNORS
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FOR INFORMATION

Environmental Scan

- **National Overview.** Statistics Canada reports that in April 2010, employment rates for youths aged 15-24 edged upward by 0.5 per cent to 55.4 per cent, representing a growth of 23,000 jobs. However, despite the recent gains, overall youth employment remained 168,000 lower than October 2008, or down 6.4 per cent. We continue to monitor the employment situation for university-age students, especially as our co-op students endeavour to find opportunities over the spring term.

A coalition of student advocacy groups recently released a study reporting that 63 per cent of upper-year undergraduate students are planning to pursue further post-secondary education, particularly master's degree programs, within a year or two of completing their first degree. The study also investigated the connection between student aspirations and levels of student debt. Debt load did not appear to be a significant factor in determining whether or not a student would pursue graduate studies, except in regard to timing – 41 per cent of students with the highest debt loads reported that they were unsure when and if they would enrol in further studies, while overall 34 per cent of undergraduates reported a likelihood of delaying graduate work until some or all of their debt was paid. Debt load was a more significant factor in student concerns over finding a job in their related field, and remaining in their province of study after graduation.

- **Provincial Overview.** The Federal Economic Development Agency of Southern Ontario launched a \$15 million investment in a new Applied Research and Commercialization Initiative, which will fund research projects by Ontario universities and colleges in partnership with local industry that will support innovation. The initiative will support collaboration between academic institutions and small or medium enterprises (SMEs), enabling the sharing of knowledge and ideas that are vital to Ontario's economy. The goal is to improve the competitiveness of Ontario's businesses by linking them to our province's innovation engines – universities – and Waterloo is well positioned to take advantage of this opportunity.
- **Local Overview.** Our Downtown Health Sciences Campus in Kitchener celebrated another milestone with the opening of Building 2 on April 7, which houses the Waterloo Regional Campus of McMaster University's Michael G. DeGroot Medical School as well as the Centre for Family Medicine and a satellite clinic of our School of Optometry. As we continue to seek opportunities for collaborative efforts, we can point to the Health Sciences Campus as a fantastic success story.

A town hall event was held in the Theatre of the Arts on April 8 with approximately 500 attending. As always, I was encouraged by the thoughtful and civil discourse that took place with Feridun and me taking questions and comments from members of our university community. It is critical that we find opportunities to engage directly with our faculty, staff and students.



Office of the Vice-President, Academic & Provost

To: Regular On-going Staff Members
Members of Executive Council

From: Feridun Hamdullahpur, Vice-President Academic & Provost

Re: **Staff Salary Recommendation**

Date: May 19, 2010

A handwritten signature in black ink, appearing to be "F. Hamdullahpur", written over a horizontal line.

I am writing to inform you that I have received and approved recommendations from the Provost's Advisory Committee on Staff Compensation (PACSC), regarding salary adjustments for the 2010-11 fiscal year. These recommendations, subject to ratification by the Board of Governors, will come into effect retroactive to May 1, 2010. Human Resources will process individual salary adjustments no later than July 2010.

PACSC, in accordance with Policy 5, *Salary Administration, University Support Staff*, has held several meetings since January. The committee specifically stated its understanding that, in the spirit of the provincial government's budget statement of March 25, there will be a two-year freeze on range adjustments for any agreements signed subsequent to the March 2010 budget.

As a result of detailed discussions, and with consideration of the March 25, 2010, provincial budget and its implications, the committee unanimously submitted the following recommendations for a one-year staff salary agreement, fiscal May 1, 2010, to April 30, 2011.

- Effective May 1, 2010, apply the regular merit program for all USG staff (*ref.* Policy 54, Definition of Staff).
- There will be no regular full- or part-time staff layoffs or mandatory unpaid days as a result of this salary agreement.
- Re-opener on the range adjustment as follows: If the Faculty and/or CUPE settlements include greater than 0% scale adjustment, the committee will reconvene to consider what is equitable treatment for staff and the resulting institutional implications.

I thank the Provost's Advisory Committee on Staff Compensation for its conscientious and helpful work under these demanding circumstances — and thank all our staff members for their patience, their understanding, and of course the continued good work that we seek to recognize to the best of our abilities.

The membership of the committee is as follows:

Marta Bailey, Staff Association
Bob Bernard, Staff Association
Doug Dye, President, Staff Association
Dennis Huber, Vice-President, Administration & Finance
Bruce Mitchell, Associate Provost, Academic & Student Affairs
Neil Murray, Director, Staff & Labour Relations, Human Resources

Jesse Rodgers, Past President, Staff Association
Janet Passmore, Associate Provost, Human Resources (chair)
Alfrieda Swainston, Manager, Salary Administration, Human Resources (resource)

I will remind you that the government's stated objective in enacting the *Public Sector Compensation Restraint to Protect Public Services Act, 2010* is to control costs in one of government's largest spending lines — the compensation of public sector employees. As a Public Sector employer, UW is required to adhere to the new legislation.

Basically, this means two things:

1. Our salary structure (pay ranges) is frozen for 2 years to March 2012;
2. We are allowed to provide performance-based increases, albeit with some limitations

The adjustments I am announcing today are intended to acknowledge and reward high performance by our USG staff members while complying with government policy. We are proceeding in this way:

- There will be no changes to our salary ranges for this year or next. New hires will be offered starting salaries in line with our 2009-2010 salary structure.
- Our Staff Compensation approach has been in place prior to the introduction of the legislation, and therefore we can continue to provide salary increases within the parameters established in our plan and in the new legislation.
- The fact that we have established pay-for-performance programs enables us to provide increases to most permanent staff members, once approved by the Board of Governors.
- Unfortunately, a "Fully Performing" staff member at the maximum of the 2009-2010 salary range for his/her role and performance level will not be eligible for a salary increase for the next 2 years.
- All other permanent staff will be eligible for a pay-for-performance increase as long as the increases in question do not bring anyone's salaries above the maximum level of their performance target.
- Performance-based awards, such as our merit component, are still permitted as they were already part of our compensation program prior to the introduction of the new legislation.
- Contract staff members will not be eligible for increases, should their contracts be renewed.
- We cannot enhance any part of our compensation plan for the next two fiscal years. This includes all aspects of a staff member's compensation such as base pay, merit pay, time off such as vacation, pension, health and other benefits.

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At its meeting on May 17, 2010, Senate agreed to recommend that the Board of Governors give favorable consideration to the 2010-11 Operating Budget.

FOR APPROVAL

2010-11 Operating Budget [Attachment 1]

Motion: To approve the 2010-11 Operating Budget as presented.

Feridun Hamdullahpur
Vice-President, Academic & Provost

UNIVERSITY OF WATERLOO
2010/11 Operating Income Budget

Board, June 1/10

	2009/10 Base 10-02-02 \$000	Estimated 10/11 % Increase	Estimated 10/11 \$ Increase \$000	2010/11 Base \$000	Notes
INCOME					
Operating Grant					
Basic Grant	172,186		602	172,788	[1]
Graduate Growth	6,515		385	6,900	[2]
Undergraduate Growth	13,046		16,047	29,093	[3]
Quality Improvement Fund	6,393		2,379	8,772	
Unfunded BIUs	602		(602)	0	[1]
Transfers to Colleges	(9,260)		(1,092)	(10,352)	
Performance Fund	2,007			2,007	
Research Infrastructure	1,546			1,546	
Clinical Programs			1,067	1,067	[4]
Access for Disabled	589		110	699	
	<u>193,624</u>	<u>9.8</u>	<u>18,896</u>	<u>212,520</u>	
Tuition					
Undergraduate	176,604		15,812	192,416	[5]
Transfers to Colleges	(10,138)		(556)	(10,694)	
Graduate	34,603		3,515	38,118	[6]
	<u>201,069</u>	<u>9.3</u>	<u>18,771</u>	<u>219,840</u>	
Co-op Recovery	11,164		1,071	12,235	
Student Services Fee	7,279		23	7,302	
Research Overhead	7,508			7,508	
Interest	5,000		(1,000)	4,000	
Services to Colleges	2,275		185	2,460	
Grant in lieu of Taxes	1,982			1,982	
Miscellaneous Income	9,404		(186)	9,218	
	<u>44,612</u>	<u>0.2</u>	<u>93</u>	<u>44,705</u>	
Total Income	<u><u>439,305</u></u>	<u><u>8.6</u></u>	<u><u>37,760</u></u>	<u><u>477,065</u></u>	

NOTES TO 2010/11 OPERATING INCOME

- [1] The final \$602K was rolled into the basic grant in 2009/10.
- [2] The allocation is based on projected Fall 2010 FTE growth over the Fall 2007 FTE base and the projected system total funds available from the Ministry of Training, Colleges and Universities (MTCU).
- [3] The allocation is based on MTCU having provided full funding for growth to 2009/10 and Waterloo's estimated share of the \$102M growth funding for 2010/11.
- [4] This fund was originally allocated on a one-time basis and is now ongoing funding, with offsetting expenses.
- [5] Tuition rate increases were applied in accordance with MTCU guidelines. Rate increases vary by program and year-level. Year one rates in Arts & Science increased by 4.5% and in professional programs by 8%. The rate for continuing students increased by 4%. International rates increased by 3%.
- [6] Domestic and international tuition rates increased by 3%.

UNIVERSITY OF WATERLOO
2010/11 Operating Expense Budget

Board, June 1/10

	2009/10 Base 10-02-02 \$000	Estimated % Incr (Decr)	\$ Incr (Decr) \$000	2010/11 Base \$000	2010/11 One-Time \$000	2010/11 Total \$000	% of Income	Notes
EXPENSES								
Salary and Wages								
Current salaries and wages	263,453		3,300	266,753		266,753	55.9	[1]
Secondments	343			343		343	0.1	
Salary savings from faculty retirements/terminations			(750)	(750)		(750)	(0.2)	
Conversion costs			400	400		400	0.1	
Salary increases			4,850	4,850		4,850	1.0	[2]
Total salary and wages	263,796	3.0	7,800	271,596		271,596	56.9	
Benefits								
Current benefits	52,682			52,682		52,682	11.0	
Benefit cost increase			1,455	1,455		1,455	0.3	[3]
Maternity leave supplement	861			861		861	0.2	
Faculty professional expense reimbursement plan	1,433		4	1,437		1,437	0.3	
Total benefits	54,976	2.7	1,459	56,435		56,435	11.8	
Total salaries and benefits	318,772	2.9	9,259	328,031		328,031	68.7	
Student Support								
Graduate student support	5,736			5,736		5,736	1.3	
Graduate incentive fund	401			401		401	0.1	
Support for international graduate students	4,216		509	4,725		4,725	1.0	
Senate matching scholarships	160			160		160		
Tuition set aside	14,198		1,295	15,493		15,493	3.2	
Undergraduate scholarships/bursaries	6,259		149	6,408		6,408	1.3	
Total student support	30,970	6.3	1,953	32,923		32,923	6.9	
Income Sharing								
Differential tuition			2,134	2,134		2,134	0.4	
Graduate growth				0	1,555	1,555	0.3	
Graduate international growth			264	264		264	0.1	
Undergraduate enrolment expansion			7,569	7,569		7,569	1.6	
International tuition	435		3,084	3,519		3,519	0.8	
Graduate course based masters			288	288		288	0.1	[4]
Total income sharing	435		13,339	13,774	1,555	15,329	3.3	[4,5]
Sub-total	350,177	7.0	24,551	374,728	1,555	376,283	78.9	

UNIVERSITY OF WATERLOO
2010/11 Operating Expense Budget

Board, June 1/10

	2009/10 Base 10-02-02 \$000	Estimated % Incr (Decr)	\$ Incr (Decr) \$000	2010/11 Base \$000	2010/11 One-Time \$000	2010/11 Total \$000	% of Income	Notes
Academic development fund	4,097			4,097		4,097	0.9	
Access for disabled	589		110	699		699	0.1	
Base budget adjustment to reflect overhead costs	3,577			3,577		3,577	0.8	
Contingency reserve	1,000			1,000		1,000	0.2	
Faculty recruitment and retention	1,635			1,635		1,635	0.3	
Insurance	1,441		359	1,800		1,800	0.4	
Internal financing	449			449		449	0.1	
International fund	476		690	1,166		1,166	0.2	
Interuniversity service teaching	457			457		457	0.1	
Leased accommodations	336		(156)	180		180		
Library acquisitions	7,019		500	7,519		7,519	1.6	
Municipal taxes	1,982			1,982		1,982	0.4	
Quality improvement fund			2,255	2,255		2,255	0.5	
Utilities	12,400		1,867	14,267		14,267	3.0	[6]
Sub-total	35,458	15.9	5,625	41,083		41,083	8.6	
Supplies and expenses	62,404		13,254	75,658		75,658	15.8	[7]
Gross expenses	448,039	9.7	43,430	491,469	1,555	493,024	103.3	
Cost recoveries and chargeouts	(10,480)			(10,480)		(10,480)	(2.2)	
Manageable allowance	(500)			(500)		(500)	(0.1)	
Estimated net expenses	437,059	9.9	43,430	480,489	1,555	482,044	101.0	
Total income						477,065		
Estimated income over expenses before expenditure reduction						(4,979)		
Less expenditure reduction at 2%						5,593		[8]
Excess						614		

NOTES TO THE 2010/11 OPERATING EXPENSE BUDGET

- [1] This increase covers previously made commitments to fund new faculty positions.
- [2] This budget model is based on PTR and merit increases only, for faculty and staff.
- [3] Benefit cost increase includes both premium rate changes and additional costs associated with salary increases.
- [4] Graduate course based masters (CBM) income sharing was introduced in 2009/10. This fund shares the tuition revenue from participating course based masters programs with the faculties.
- [5] The ongoing income sharing balances represent additional amounts available in 2010/11 for distribution. Income sharing for existing programs is allocated to the faculties on a slip-year basis. Funding for new programs is allocated on a calendar-year basis. New graduate growth allocations were introduced in 2006/07 to recognize growth in intake and overall FTEs. The slip-year undergraduate funds have significant increases in 2010/11 as a result of the 2009/10 growth. The ongoing cumulative income sharing amounts, including additional amounts for 2010/11, from inception to date, are as follows:

Differential tuition	\$13,736
Graduate expansion (ended 2004/05)	2,727
Graduate growth (started 2005/06)	8,851
Graduate international growth	1,131
Undergraduate enrolment expansion	29,332
International tuition	19,142
Graduate course based masters	<u>2,186</u>
Total	<u>\$77,105</u>

To accommodate growth, academic support units receive supplemental budget increases.

- [6] Utilities increase includes campus growth as well as rate increases.
- [7] Increase in supplies and expenses includes the following: an allocation of \$7.0M for emerging programs; \$1.5M to cover endowment investment shortfall; \$1.2M for maintenance of new buildings; \$1.0M for academic support improvements; \$.8M for clinical education funding; and \$1.7M of other income sharing and miscellaneous items.
- [8] A 2% expenditure reduction applies to approximately 65% of the operating budget and is allocated across all academic and academic support units resulting in a savings of \$5.6M.

FOR INFORMATION

Principal Gifts and Campaigns

As at April 30, 2010, total funds raised for Campaign Waterloo, Making the Future, stand at \$566 million.

Significant gifts confirmed recently include a \$3 million pledge by Manfred and Penny Conrad to CBET. Given a previous pledge of \$2 million by the family which enabled CBET to relocate to its current space in the Accelerator Centre, the university has chosen to name the centre in their honour - The Conrad Centre for Business, Entrepreneurship and Technology. The Faculty of Engineering, led by faculty member Susan Tighe and the development team, successfully completed required private sector fundraising of \$1.5 million to establish a Chair in Sustainable Pavement Engineering. A number of companies and organizations have contributed to the chair including: The Miller Group, McAsphalt Industries Limited, Ontario Hot Mix Producers Association, Ontario Good Roads Association, Ready Mix Concrete Association of Ontario, Steed & Evans, DBA Engineering Ltd., Ministry of Transportation of Ontario, Stantec, Golder Associates, LVM-Dessau-Jegel Shiloh Canconstruct Ltd., Roto Mill, Holcim and the McLeod Fund.

The university was again able to leverage our maximum OTSS match for 2009/10, raising \$1,410,779 in private sector funds for endowed student awards with a financial aid component. The provincial match expected is \$1.39 for every \$1 raised.

There is considerable cross-faculty major gift activity underway. At the request of the Suncor Foundation, uWaterloo submitted a proposal for a community capacity building project. An initial request for \$127,000 was submitted in March for the six-month development phase. Team members include Paul Born of Tamarack, Ken Coates, Dean of Arts, Dan McCarthy, SIG/Environment, and Frances Westley, SIG. On March 31 team members visited Fort McMurray to begin working on the project, identifying community champions and root issues. Upon the successful completion of the development phase, a second submission to the Suncor Energy Foundation is planned to secure an additional \$2 million in funding for the project. In Applied Health Sciences, a Memorandum of Agreement is being finalized with RBC that will formalize a research partnership aimed at developing innovative and commercially applicable information and ideas related to retirement and aging. This multi-year project will include researchers from other faculties, such as Math and Environment. Along with the research agreement, RBC will be providing \$50,000 per year to fund student fellowships in AHS that will support the research collaboration.

Central Development Team

The Central Development Team continues to evolve as an integrated team focused on donor pipeline development and providing expertise and service to the principal gifts and faculty teams related to donor stewardship and administrative processes and supports. 2009/10 was an exceptionally full year incorporating changes in our appeal scheduling, staffing and resource allocation, in addition to introducing the use of e-communication strategies into all activities. The Leadership Giving Team completed its first full year of operation and gained significant ground in brokering both internal and external relationships. At the time of this report, preliminary 2009/10 year-end financials reported the following:

Annual Giving Dollars Received 2009/10: \$2,587,936

Planned Giving Dollars Received from Estate Gifts 2009/10: \$2,082,002

In addition, 26 new bequests were confirmed this year, with an estimated future value of \$2,525,000

In the final term of the year, we have welcomed 16 new members of The 1957 Society (cumulative gifts of \$100,000+) and four current members moved to a higher giving category in the society.

This June, three new Keystone co-chairs, representing retirees, staff and faculty, will be filling the roles previously held by Robert Norman (retirees), Pamela Helmes-Hayes (staff) and Steve Brown (faculty) whose three-year term is coming to an end.

Two stewardship videos (YouTube) were produced in April 2010 on behalf of the School of Accounting & Finance. The videos were sent electronically to School of Accounting & Finance donors and alumni and have been very well received. The Annual Giving program sent its first Gifts @ Work Impact e-newsletter to all donors in May 2010.

In March 2010 the Central Leadership Giving team hosted a Pipeline Development Forum with participation from fifteen colleagues representing seven Ontario universities.

Communications and Public Affairs

In **media relations**, the experts' database has been launched (bulletin.uwaterloo.ca/2010/mar/01mo.html) and is now being utilized on a growing basis. *Top news stories accompany the board report*

The steroid investigation and the football team's involvement attracted significant media attention and our efforts focused on delivering key messages that reflected the university's position and protected the reputation of our athletic programs and the students that were not involved. Our investment in media training for the coaches, key players and athletics spokespeople helped to ensure that we were successful in providing different perspectives with the same consistent message.

Special Events and Media Announcement highlights:

- Announcement of a new building in the Research + Technology Park, Agfa will move into their new building in 2011
- Announcement of \$20 million Ontario Research Fund grants
- Announcement of JDRF (Juvenile Diabetes Research Fund) Clinical Trials Network
- Grand opening of Building 2 of the Health Sciences Campus together with McMaster
- Canada 3.0 – www.canada30.ca
- Town Hall meeting April 8, 2010 attended by 500+ faculty and staff
- the CERC announcement on campus, companion to the national launch including two new videos on the chair holders

For **university corporate communications**, a new positioning guide for the university has been developed to support presentations across campus related to our new identity. Our guide is a unique electronic document designed to bridge the gap between a traditional style guide and a marketing brief. The Waterloo Positioning Guide is an important step in providing every member of uWaterloo with the tools and direction they need to contribute to our efforts to celebrate and promote the Waterloo brand and unique promise.

Excerpt:

This is your Waterloo Positioning Guide. It tells the story of Waterloo's promise. It also shows how, when we deliver on that promise – boldly and with purpose – we strengthen our position as a top-tier university, in Canada and around the world.

This guide gives you the direction you need to tell the Waterloo story with visuals and words so that everyone we touch – our students, faculty, staff, alumni, parents, co-op employers, and the

community – knows who we are, what we represent, how we differ from other universities, and how we're working together to make the future a better future.

Be the story. Be Waterloo.

The campus-wide web redesign project, in partnership with White Whale Web Services, continues to move forward with an adjusted timeline to incorporate the adoption of a new content management system in the fall. In terms of other digital media tools, a social media report was completed and recommendations finalized and our YouTube channel continues to grow in terms of content and usage (www.youtube.com/uwaterloo). The spring Waterloo magazine includes features on smoking research, outer space research, Engineering V, and an update on the university's evolving visual identity.

For **internal communications**, our campus-wide survey for the Daily Bulletin will be completed in June 2010, with results to be analyzed over the summer for incorporation into upgraded, redesigned uWaterloo website.

Alumni Relations

The following key items have been the focus for Alumni Affairs since the last board meeting:

- Development of 2010/11 strategy plan – focused on the Alumni Engagement priorities in the Sixth Decade Plan
- Developed twelve month event and chapter development strategies
- Conducted Alumni Ad Hoc groups on Social Media, Co-op and E-services
- Completed four months of Alumni Engagement challenge gaining 3200 alumni participants
- Revamped Alumni Achievement Award nomination process and communication plan to include all faculty awards

Meg Beckel,
Vice-President, External Relations

University of Waterloo
BOARD OF GOVERNORS
Report of the Vice-President, University Research
June 1, 2010

FOR INFORMATION

Total sponsored research awards of **\$169,506,642** – an increase of **17.6%** over previous year.

Tri-Council Update

Success Rates

- National Sciences and Engineering Research Council (NSERC)
 - Discovery Grants 73.1% – National Average 57.8%
- Social Sciences and Humanities Research Council (SSHRC)
 - Standard Research Grants 33.8% – National Average 34.1%
 - Strategic Grants 48.4% – National Average 22.7%
- Canadian Institutes of Health Research (CIHR)
 - Fall 2009 open competition 18.9% – National Average 18.3%

NSERC Equipment Grants – 100% increase over previous year awards – \$2.67M

NSERC all partnership programs – third highest total amount awarded nationally – \$15.2M

CIHR open competition applications increased by 63% over last year and total funding increased by 12.5%

Industry Funded Grants and Contracts – \$19.1M

International Programs Office (IPO) has recently launched a new International Research Strategy. This year IPO administered 93 international research, training projects and development programs totalling \$16.5M.

Major Funding and Award Announcements

- Research Chairs
 - Canada Excellence Research Chairs (\$20M) – David Cory and Philippe Van Cappellen
 - NSERC Industrial Research Chairs – two second term renewals
 - Canada Research Chairs – four Tier 1 (\$1.4M each) – eight Tier 2 (\$500K each)
 - Ontario Research Chair in Renewable Energy and Health – Siva Sivothythaman (\$1.5M)
- Four Waterloo faculty members newly elected to the Royal Society of Canada – Carolyn Hansson, Richard Oakley, En-hui Yang, William Coleman
- CIHR New Investigator Award – David Hammond
- CIHR-CMAJ Top Canadian Achievements in Health Research Award – Geoff Fong
- Premier's Discovery Award – Janusz Pawliszyn (\$250K)
- Manning EnCana Principal Award – Janusz Pawliszyn (\$100K)
- Killam Prize – Ming Li (\$100K)
- Ontario Research Fund – Research Excellence Awards – six UW Lead Researchers (\$21M)
- Eight new Early Researcher Awards (\$190K each)
- JDRF Canadian Clinical Trials Network (\$8.3M initial investment)
- Canada Foundation for Innovation – Major Competition – six awards (\$16.7M)
- Ontario Research Fund – Major Competition – two awards (\$10.8M)
- SSHRC Community University Research Alliances Grant – Sherry Dupuis (\$999K)

George Dixon
Vice-President, University Research

University of Waterloo
Board of Governors
BUILDING & PROPERTIES COMMITTEE
Report to the Board of Governors
June 1, 2010

FOR APPROVAL

1. Health Services Building Addition

Motion: That the Board of Governors approve a \$7.75 million budget for a 20,000 gross square foot addition plus renovations to the existing Health Services building.

Congruence with 6th Decade Plan: attract excellent students, student engagement through health/wellness services.

Risk: 20-year compulsory student fee is insufficient to cover capital costs plus interest (low probability).

Background: Both the Federation of Students (representing full-time undergraduate students) and the Graduate Student Association (representing both part-time and full-time graduate students) have completed successful referendums approving the collection of a \$10/term fee from full-time undergraduate and graduate students and a \$3/term fee from part-time graduate students over 20 years to fund this project. The fee commences once the building expansion is ready for occupancy; the fee will be indexed annually by CPI (to a maximum of 2%/year). Similar to the existing Health Services building, operating costs (maintenance and utilities) for the expansion space will be covered through the Student Services Fee.

Both undergraduate and graduate students, together with professional staff from Health Services, will participate during the design phase.

The original Health Services building was constructed in 1968 when UW had only one-third of the students it has in 2010. Each year, Health Services provides over 50,000 scheduled student appointments. Since the building expansion will be located in the flood fringe along Laurel Creek, UW previously engaged Stantec Engineering to work with the Grand River Conservation Authority to confirm the acceptability of the location and preliminary flood-proofing requirements.

The basic budget elements include:

New construction, including fees, permits, etc. (20,000 gsf @ \$350/gsf)	\$7,000,000
Renovations to existing space	<u>750,000</u>
Total	\$7,750,000

A detailed budget breakdown (construction, fees, permits, furnishings, network connectivity, contingency, etc.) will be developed once the preferred construction methodology is determined (design/build, lump sum contract, construction management).

FOR INFORMATION

2. Stratford Campus

UW has now leased facilities in downtown Stratford in anticipation of academic programming being offered there in September 2010.

With \$20 million funding secured for capital construction and a building maintenance and operating endowment, and with the city's identification of two acres on the St. Patrick Street parking lot as the site for UW's Stratford Campus, work has begun to ensure the site meets the conditions set out in the 2009 UW/Stratford agreement before UW takes title. It is anticipated that construction will begin in fall 2010. UW is preparing a design/build package.

3. General Oversight

The committee reviewed and accepted for information:

- the capital financing commitments associated with the capital projects and advises that these commitments fall within UW's board-approved debt policy;
- the status of capital projects and advises that by March 31, 2011, UW will be able to fully expend the \$50 million funding provided under the Knowledge Infrastructure Program for three capital projects: Engineering 6, Mathematics 3 and Environment 3.

Catherine Booth
Chair

University of Waterloo
Board of Governors
FINANCE & INVESTMENT COMMITTEE
Report to the Board of Governors
June 1, 2010

FOR INFORMATION

Blue-Skying

The committee's May 18, 2010 meeting was devoted to wide-ranging discussions including the potential impact of the economy and interest rates on the university. No conclusions were reached and discussions provided context for future deliberations.

Bruce Gordon
Chair

University of Waterloo
PENSION & BENEFITS COMMITTEE
Report to the Board of Governors
June 1, 2010

FOR APPROVAL

Actuarial Valuation of the UW Pension Plan as at January 1, 2010

Motion: To approve the “Actuarial Report: University of Waterloo Pension Plan” as of January 1, 2010 (the “Valuation”), and give the Pension & Benefits Committee (the “Committee”) the authority to decide whether to file the Valuation with the Financial Services Commission of Ontario in 2010, taking into consideration external factors such as legislative environment, economic situation and the pension benefit guarantee fund assessment which will result from filing.

Background: The University of Waterloo Pension Plan (the “Plan”) is an inflation-indexed defined-benefit plan. The Plan is funded by contributions from the employees and the university and by investment returns. The total annual contribution is determined by applying actuarial methods with assumptions about investment returns, mortality, inflation and salaries.

Risk: Given the negative financial position of the Plan, filing the Valuation in 2010 will result in the university having to make special payments at a time when the university’s operating budget is already under stress. However, it is possible that, if the Valuation is not filed until 2011, legislative and/or economic changes may negatively impact the valuation and trigger even higher special payments. Giving the committee the authority to weigh the costs and benefits and file when deemed optimal is intended to mitigate the associated risks while, at the same time, maintaining the university’s long-term funding plan.

A copy of the complete Valuation can be requested through the Committee's secretary, ext. 35924.

Financial Position of the Plan

Going Concern Basis. A valuation conducted on a going-concern basis is to determine the relationship between the respective values of assets and accumulated liabilities, assuming the Plan will be maintained indefinitely.

	01.01.2009	01.01.2010
Actuarial value of assets	\$863,421,845	\$876,652,216
Actuarial liability	\$936,496,855	\$984,894,916
Funding excess (unfunded liability)	\$(73,075,010)	\$(108,242,700)
Deferred asset gain (loss) due to asset smoothing	\$(117,140,379)	\$(36,596,728)
Market value of assets	\$773,067,997	\$882,029,237

The actuarial liabilities shown above have been discounted based on a 3.85% real rate of return. The actuarial value of assets for assets other than real return bonds reflects a smoothing over a three-year period of investment gains/losses in relation to the expected return on these assets. For the real return

bonds, the actuarial value of assets is calculated by discounting the projected cash flow from the bonds using a discount rate of 3.85%, to be consistent with the rate used to discount the liabilities.

Solvency Basis. A valuation conducted on a solvency basis is to determine the relationship between the respective values of the plan's assets and its liabilities assuming the plan was wound up and settled on the valuation date. In accordance with the *Pension Benefits Act*, it is permissible to exclude certain contractual benefits (e.g., indexing) from the solvency liabilities in order to limit the magnitude of additional funding requirements for solvency purposes. This is because such additional solvency funding obligations are quite volatile as they are based on market interest rates and the market value of the assets in effect at each particular valuation date. Ignoring these obligations for solvency funding purposes does not, however, alter the contractual obligation with respect to indexing in place under the terms of the pension plan (the liability for indexation benefits is reflected in the going concern valuation position and funding requirements). The solvency calculation reported below excludes indexation. The solvency liability for indexation benefits is approximately \$377,242,723 at January 1, 2010, resulting in a wind-up deficit of approximately \$437 million at January 1, 2010 (including indexation).

	01.01.2009	01.01.2010
Market value of assets (net of wind-up expenses)	\$772,567,997	\$881,529,237
Solvency liability	\$858,426,427	\$940,916,963
Solvency excess/(deficiency)	\$(85,858,430)	\$(59,387,726)

Funding Requirements. Under the funding protocols established by the Committee, the university contributions to the Registered Pension Plan and Payroll Pension Plan (see below) are set at 145% of required member contributions of 6.85% of pensionable earnings. This results in university contributions of 9.94% of pensionable earnings. Starting March 1, 2010, the full university contribution is being directed to the Registered Pension Plan to meet the current service cost requirements and to begin amortizing the going concern funding shortfall.

Asset Mix

	As of January 1, 2009	As of January 1, 2010
Asset Mix (% of Total Market Value)*		
Canadian Equities	17.0%	17.7%
Foreign Equities	20.3%	25.9%
Fixed Income	37.5%	32.8%
Real Return Bonds	23.8%	22.5%
Cash, Short Term Notes and Accrued Income	1.4%	1.1%
Total	100.0%	100.0%

*Asset mix is based on the underlying assets excluding in-transit contributions and payments.

Membership Data

Membership Data	Jan. 1/08	Jan. 1/09	Jan. 1/10
Active Members	3402	3455	3499
LTD Members	87	90	87
Suspended Members	10	15	7
Current Pensioners	1306	1345	1400
Deferred Pensioners	381	395	394
Total	5186	5300	5387

History of Asset Returns. The following table shows the history of asset returns for the last six years:

Year Ending	Return on Market Value * (After Expenses)	Interest Rate Credited on Employee Contributions **
December 31, 2004	9.40%	2.86%
December 31, 2005	9.65%	3.20%
December 31, 2006	13.25%	6.66%
December 31, 2007	1.62%	11.11%
December 31, 2008	-21.51%	8.48%
December 31, 2009	14.70%	0.75%

The returns (after all expenses) on market value have been calculated assuming contributions and benefit payments take place in the middle of the year.

* Excluding real return bonds

** Four-year arithmetical average rate of return on assets, excluding real return bonds, calculated at December 31st of prior year. Interest rate to be credited to December 31, 2010 is 2.02%.

FOR INFORMATION

Premium Increases for Benefits Plan

Following a negotiation process among the carrier, UW and Hewitt, the **LTD** premium (contract rate) will increase by 7.0%, effective May 1, 2010.

Payroll Pension Plan

The University of Waterloo Payroll Pension Plan provides pension benefits (subject to caps) that cannot

be paid from the Registered Pension Plan because of the application of the *Income Tax Act* maximum pension. The Registered Pension Plan and Payroll Pension Plan are integrated from a financial management perspective. Assets are set aside within the university funds in respect of the obligations under the Payroll Pension Plan. A going concern valuation of the Payroll Pension Plan is also performed in conjunction with the annual valuation of the Pension Plan, using the same actuarial assumptions. As of January 1, 2010, the actuarial liabilities of the Payroll Pension Plan were \$14.3 million. The market value of the funds set aside was \$14.8 million. The current service cost for 2010 is \$416,067 or 0.14% of pensionable earnings, bringing the combined university current service cost for the Registered Pension Plan and Payroll Pension Plan to 7.84% of pensionable earnings.

The university's budgeted contributions of 145% of required member contributions results in higher contributions than the actual current service cost. Prior to March 1, 2010, the additional contributions have been set aside in the funds for the Payroll Pension Plan to fund part of the future liabilities associated with increasing the pension caps. The assets set aside for the Payroll Pension Plan also provide the university with funding flexibility in the event there are short-term increases in contribution requirements resulting from funding deficits in the Registered Pension Plan. Starting March 1, 2010, all of the university contributions are being directed to the Registered Pension Plan.

Pension Plans (Contribution and Cap Protocols)

Effective January 2005, the Committee adopted the University Pension Contribution Protocol which establishes and tracks a loan balance each year which is equal to the accumulated difference between the actual university contributions to the Registered Pension Plan and the Adjusted University Current Service Cost (AUCS) which is determined prior to Pension Plan improvements. In effect, the purpose of the Protocol is to remove barriers to the university contributing more than the minimum since the loan balance can be recouped at a later date.

Effective January 2008, the Committee adopted the Protocol Regarding the Adjustment to the Pension Cap to identify and track the amount of funding necessary to meet the defined benefit formula (i.e., ensure a plan is in place to monitor the funding requirements necessary to index the \$3,200 maximum cap).

A copy of the Supplemental Report – University Pension Contribution and Cap Protocols, University of Waterloo Pension Plan and Payroll Pension Plan can be requested through the Committee's secretary, ext. 35924.

/rmw

May 11, 2010

Janet Passmore
Chair
Pension & Benefits Committee

University of Waterloo
BOARD OF GOVERNORS
June 1, 2010

FOR APPROVAL

UW Report to the Minister of Industry – Executive Summary

[full report at www.secretariat.uwaterloo.ca/iqc.pdf]

IQC's 2009/2010 annual report to Industry Canada is the first in a series of five reports that will evaluate IQC's activities and outcomes related to the \$50-million grant from Industry Canada. This summary covers the key topics covered in the full report. The report includes a statement of IQC's objectives for the reporting year, a summary of activities undertaken with the grant, the results achieved, future objectives, a risk assessment and risk mitigation strategies.

According to the grant agreement, the University of Waterloo's Board of Governors must approve IQC's annual report to Industry Canada.

The report is an overview of the activities at IQC between May 1, 2009 and April 30, 2010. Its purpose is to demonstrate how Industry Canada's funding has allowed IQC to pursue its three strategic objectives:

- to establish Waterloo as a world-class centre of research in quantum technologies and their applications;
- to become a magnet for students and postdoctoral fellows in the field of quantum information;
- to establish IQC as the source of authoritative information, analysis and commentary on quantum information.

Funding Agreement with Industry Canada

The five-year grant from Industry Canada will enable the establishment of a world-class research facility that will support the Government of Canada's science and technology strategy.

There are four key long-term outcomes of this grant: increased knowledge in quantum information; new opportunities for students to learn and apply new knowledge; Canada becomes branded as a place to conduct research in quantum technologies; and Canada becomes positioned to take advantage of economic and social benefits of research.

Industry Canada has allotted \$25 million over two years for the construction of the new Mike and Ophelia Lazaridis Quantum-Nano Centre, \$5 million over five years for the purchase of small equipment and \$20 million over five years for the following four activities:

- recruiting and retaining highly qualified personnel;
- transferring knowledge;
- supporting administrative and technical staff members;
- purchasing materials and supplies (other than small equipment).

Objectives, Activities and Expected Outcomes

For the purpose of the Industry Canada grant, the achievement of IQC's three strategic objectives areas measured through activities in the following areas:

- conducting research in quantum information;
- recruiting top researchers;
- collaborating with other researchers;
- building, facilities and laboratory support;
- attracting, educating and training highly qualified personnel;
- disseminating knowledge;
- developing and communicating the IQC brand;

- administrative support.

Below is a breakdown of each activity including a brief description, expected results and highlights from the past year.

1. Conducting Research in Quantum Information

Description: Foster leading-edge investigation of theoretical approaches to quantum information processing to better understand the impact of quantum mechanics for information processing and investigate potential applications. Develop approaches to QIP using photonic, nuclear and electron spins, quantum dots and superconducting technologies; study the requirements of earth-to-satellite quantum cryptography.

Expected Results: The creation of new knowledge leading to publications and presentations, which will foster a better understanding of QIP and its applications, ultimately leading to new technologies.

Highlights:

- \$23.9 million in new grants;
- 123 journal articles published by IQC HQP;
- collaborative research projects or publications with researchers from 61 institutes worldwide;
- John Watrous' breakthrough QIP=PSPACE.

2. Recruiting New Researchers

Description: Recruit up to three new faculty members, six to 10 new postdoctoral fellows and 20 new graduate students. Continue to leverage conferences and outreach forums as recruitment opportunities.

Expected Results: The recruitment of top-tier faculty, postdoctoral fellows and students will create a critical mass of theoretical and experimental researchers, allowing IQC to fulfill its objectives of being a world-leading research facility, a magnet for top students and an authoritative source of analysis and commentary on quantum information.

Highlights:

- five workshops with approximately 180 participants in total;
- attended four graduate fairs;
- received 104 applications to the graduate program.

3. Collaborations with Other Researchers

Description: Facilitate collaborations between quantum scientists through networks such as QuantumWorks, CIFAR's Quantum Information Program and NSERC Strategic Networks. Encourage attendance at international conferences and increased collaborations leading to co-authored papers. Organize three multidisciplinary conferences, and increase and enhance visits to IQC by international researchers.

Expected Results: Strategic collaborations with top researchers will enhance IQC's international reputation, draw HQP to IQC and lead to scientific breakthroughs.

Highlights:

- collaborative research projects or publications with researchers from 61 institutes worldwide;
- six grants shared between IQC faculty and non-IQC researchers;
- four newly signed memoranda of understanding with National University of Singapore, IBM, National Science Council of Taiwan, COM DEV, Indian Institute of Technology in Kanpur and National Institute of Informatics in Japan.

4. Building, Facilities and Laboratory Support

Description: Construction of the QNC remains per specifications, on time and budget, establishment of new laboratory at RAC2, continued acquisition and maintenance of RAC1 lab equipment, and preparation for expansion to QNC.

Expected Results: The installation and maintenance of lab equipment will facilitate high-level experimental research at IQC.

Highlights:

- construction remains within approved budget, on schedule and per UW specifications;
- IQC's estimated expenditures to date are \$37 million;
- construction of cleanroom completed.

5. Attracting, Education and Training Highly Qualified Personnel

Description: Roll out the graduate program, establish an open house for graduate students and enhance the prominence and content of graduate studies page on IQC website.

Expected Results: The graduate program will help IQC be a magnet for students, and the open house and website will be valuable recruiting tools to attract the brightest prospective students.

Highlights:

- approval of the collaborative graduate program by the Ontario Council of Graduate Studies;
- nine potential new courses for the 2010-2011 academic year;
- 45 external achievement awards to current graduate students;
- 61 per cent of current graduate students have a GPA of 90 per cent or higher;
- 60 applications to faculty positions, 119 applications to postdoctoral fellowships.

6. Disseminating Knowledge

Description: The full redesign of the IQC website, currently in progress, will improve the institute's outreach strategy, capabilities and goals. Further, IQC will organize meetings, workshops and other outreach initiatives ranging from public lectures to specialized conferences.

Expected Results: Increased outreach and information dissemination efforts will help IQC achieve its strategic objective of becoming the source of authoritative analysis and commentary on QIP.

Highlights:

- five workshops with approximately 180 participants in total;
- 160 academic visitors, 32 business visitors and six government visitors;
- 58 external presentations delivered by faculty members.

7. Developing and Communicating the IQC Brand

Description: Assemble the full communications and outreach team by August 2010 to design and implement the communications and outreach roadmap. Lay the groundwork for branding including focus groups, market research, etc. Complete the web redesign.

Expected Results: Creation of a long-term strategy to fulfill the strategic objective of becoming the authoritative source of analysis and insight on quantum information.

Highlights:

- growth of the Communications and Outreach team from one to three in November of 2009 and eventually five by July 2010;
- website redesign currently underway and due for launch in July 2010.

8. Administrative Support

Description: Provide researchers and students with the professional support needed to pursue leading-edge research in quantum information.

Expected Results: Develop best practices for financial standards, processes and documentation.

Highlights:

- presented the 10-year financial sustainability plan to the Board of Directors;
- creation of the institute's first comprehensive budget package;
- IT outsourcing to focus on value-added services.