

University of Waterloo
BOARD OF GOVERNORS
Minutes of the Tuesday, October 26, 2010 Meeting

blue pages confidential

Present: Ian McPhee (chair), Lois Claxton (secretary), Catherine Booth, Rob Caldwell, Diana Denton, John Flanagan, Bruce Gordon, Paul Guild, Feridun Hamdullahpur, Geoffrey Hayes, Keith Hipel, Ian Kasper, Drew Knight, Ophelia Lazaridis, Michael Makahnouk, Walter McCutchan, David McKay, Bradley Moggach, Stephen Murphy, Hassan Nasir, Satish Rai, Gerry Remers, Ronald Schlegel, Ken Seiling, Jay Shah, Bill Tatham, Jud Whiteside, David Yach, Carl Zehr

Meg Beckel, George Dixon, Susan Elliott, Alan George, Ian Goulden, Patti Hancock, Helen Hannusch, Mark Haslett, Sue Horton, Dennis Huber, Mary Jane Jennings, Linda Kieswetter, Ken Lavigne, Elizabeth Maccabe, Jane Manson, Geoff McBoyle, Bruce Mitchell, Janet Passmore, Ellen Réthoré, Leo Rothenburg, Mark Seasons, Adel Sedra, Yanling Sun, Sean van Koughnett, Bud Walker, Heather Westmorland, Ann Williams-Gorrie, Roberta Wilson

Regrets: Sheila Ager, Louise Fréchette, Brenda Halloran, Bob Harding, Paul Koenderman, Kevin Lynch, John Manley, Prem Watsa, Scott Wetmore

OPEN SESSION

1. REMARKS FROM THE CHAIR

The chair extended Bob Harding's regrets: Harding was travelling in Asia. He welcomed those attending their first meeting of the board in their new roles (Feridun Hamdullahpur, president; Geoff McBoyle, vice-president, academic & provost; Susan Elliott, dean of applied health sciences; Mark Seasons, dean of environment; Ian Goulden, dean of mathematics; Mary Jane Jennings, director of institutional analysis & planning; Ellen Réthoré, associate vice-president, communication & public affairs) and drew governors' attention to the Board of Governors Handbook at their places, in particular to the "Governance Principles" addressing responsibilities of governors.

Consent Agenda

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

2. APPROVAL OF MINUTES

The minutes of the June 1, 2010 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/leave changes/cancellation and received the administrative appointments for information.

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

Tuition/Incidental Fees. The board approved the following as presented in the report: new tuition fee for the Bachelor of Global Business and Digital Arts program; new International Development Field Placement Fee; increase to the Federation of Students Administered Fee.

Caldwell and Guild. Carried.

Regular Agenda

5. BUSINESS ARISING FROM THE MINUTES

There was no business arising.

6. REPORT OF THE PRESIDENT

Balsillie School of International Affairs. Following from the challenges that were addressed in the winter term of 2010, in May 2010 David Welch was appointed interim director of the school. Progress is being made on all fronts, including governance, finances, the R&D plan and capital construction. Critical is the development of robust administrative and governance structures to enable the three partners to work together and preserve the integrity of academic decision-making. Waterloo has recently responded to correspondence from the Canadian Association of University Teachers, arising from a report commissioned by CAUT to look into the dismissal of the former director from his position as director of BSIA.

Review of the Federated University & Affiliated Colleges/University of Waterloo Relationship [provost.uwaterloo.ca/Memos/FUACUW%20Report%20June%202010.pdf]. At FUAC's request, a review was undertaken to examine the working relationship between Waterloo and FUAC and to prepare for the future. The report contains a number of recommendations, including the establishment of a FUAC/Waterloo Joint Planning Committee to initiate a process to advance shared goals and to foster effective interaction between FUAC and Waterloo on administrative and academic matters.

Annual Performance Indicators [www.secretariat.uwaterloo.ca/20101026pi.pdf]. Performance indicators were used to highlight progress on 6th Decade Plan goals and to make comparisons with G13 (Waterloo is the only G13 institution without a medical school)/COU institutions where available. In brief: undergraduate growth has exceeded the 2017 target of 24,000 and continuing undergraduate growth is necessary to increase revenue – a reality for all Ontario universities; arts has the largest undergraduate population and the question of the number cap has to be addressed; geographic distribution shows most undergraduates are local/from the GTA, with 13 percent international; the 2017 target of a 20 percent international undergraduate population is unlikely, though the 30 percent international graduate population appears achievable; in Ontario, Waterloo ranks just behind Queen's with 31.8 percent of first-year students with an average of 90 percent+; co-op employment remains a challenge in today's economy; the student success initiative is, in part, to address retention, with an institutional objective of raising retention rate one percent annually for the next three years; graduate enrolment, which is related to research intensity, is trending in the right direction but will require a number of strategic initiatives to meet to 2017 goals (3000 course-based master's and 5000 research master's/PhDs). Other metrics addressed: 18.3 percent of Waterloo's total operating budget is allocated to student support; the FTE student:FTE faculty ratio at 26:1 remains far from the 2017 objective of 20:1; if all instructors are included (Waterloo has the smallest number of sessionals/part-time instructors in the Ontario system), that ratio changes to 18.9:1. With respect to faculty, the 2017 target of 1000 has been surpassed and staff numbers are increasing. Research revenue, at 33.6 percent of operating budget (\$500 million), is trending upward but with a distance to go to meet the 2017 target of 50 percent of the operating budget; ranking 5th among G13 institutions for NSERC awards, Waterloo has opportunity to improve; large movement is necessary in securing more SSHRC grants.

Environmental Scan [www.secretariat.uwaterloo.ca/20101026es.pdf]

- **International Overview.** With respect to Waterloo's decline in some of the university rankings (capricious because of inherent flaws), Waterloo is working to have the methodology addressed prior to next year's publications. The World Economic Forum report, which ranks 139 economies, has Canada dropping to 10th place from 9th last year. Governors' attention was also

drawn to excerpts from Education Indicators in Canada, issued by the Council of Education Ministers of Canada.

- **National Overview.** According to the federal update of economic and fiscal projections: Canada's deficit for 2009 stands at \$55.6 billion; 423,000 jobs have been created since July 2009; the GDP increased by two percent in Q2 of 2010; equalization and transfer payment agreements are set to expire in 2013. Canada's Vital Signs 2010 indicate a higher unemployment rate for recent immigrants with a university education (13.9 percent compared to 3.4 percent for Canadian-born workers); unemployment rate is 4.1 percent higher for immigrants; Waterloo Region's immigrant unemployment rate was 17.5 percent in 1996 and dropped to 10.7 percent in 2006, below Ontario and Canadian averages.
- **Provincial Overview.** The benefits, both overall and for students, of COU's Online Institute Vision Paper were noted, as were the proposed structure (an association of participating institutions, not a new degree-granting body) and mandate. Governors' attention was drawn to Statistics Canada's University Tuition Fees, 2010-2011 and to the COU/AUCC pre-budget submissions.
- **Local Overview.** Waterloo, Guelph (together receive \$750,000) and Conestoga College (\$747,400) are the first recipients of the \$15 million FedDev pilot project which is to link small and medium-sized enterprises with colleges and universities to bring ideas to the marketplace. Fall convocation on October 23 honoured His Excellency, the Right Honourable David Johnston, bestowing on him an LLD and the title president emeritus.

Undergraduate Enrolment Update [www.secretariat.uwaterloo.ca/20101026ue.pdf]. At the request of the chair, the registrar updated governors on first-year undergraduate enrolment based on November 1 estimates: overall, 6528 (110 percent of target); international, 522 (104 percent of target); UAE campus year one, 60. In sum: domestic is at +4 percent (budgeted for +0.8 percent); international: +12 percent (budgeted for +10.6 percent); overall: +4.5 percent (budgeted for +1.6 percent).

The chair concluded by extending his congratulations, on behalf of governors, to the mayors of Kitchener and of Waterloo and to the regional chair to their re-election to office.

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

Report of the Associate Provost, Students Working Group. As provided by its terms of reference, the working group conducted a broad review of student service functions, recommended on reorganization and development of the associate provost, students' portfolio, and drafted a job description for the position which will be advertised when the plans for the student portfolio have been completed.

Report on Undergraduate Student Retention Issues, Opportunities and Initiatives. Governors' attention was drawn to four items [page A36] identified as priorities (exit interviews will be initiated) to be addressed in 2010-11. It was emphasized that efforts re: student retention will be addressed in phases, with 2010-11 priorities as the first tranche.

Student Success Office [www.secretariat.uwaterloo.ca/20101026ss.pdf]: to assist students to move from 'surviving' to 'thriving.' In their presentation, Sean van Koughnett (Student Success Office) and Heather Westmorland (new student transition project) focused on how Waterloo will strive to meet its 6th Decade Plan objective: "... a leader among its peer public institutions in North America in engaging its student body intellectually, culturally and socially [and with] the best Year One

transition program in North America.” The challenge will be to develop a culture and philosophy of student success which is campus wide with a focus on the student holistically. The challenge, if met, should lead to outcomes including: balance of academic, professional and personal development; satisfaction and engagement; persistence and retention. The Student Success Office will implement leading academic support initiatives; enhance student development initiatives; scale up best practices from across campus; lead and nurture a student-focused culture. The new student transition initiative is supported by four pillars: pre-arrival program; parents/family program; early identification and recovery program; a communication strategy.

In discussion, governors heard: there are multiple reasons why students struggle, including academic, financial, personal, lack of preparedness for transition to university; Queen’s remarkable retention rate was credited, in part, to involvement of faculty members beginning in first year – each student is assigned a faculty advisor who remains the advisor through to graduation; International Student Office will be incorporated in the Student Success Office, though it was noted that many ‘international’ students have completed high school in Canada; faculties have different attrition rates and different support mechanisms and the OSS will endeavor to ‘standardize’ what can be generic across faculties.

The chair commended Waterloo for these efforts and advised that the board will monitor the progress with interest.

8. REPORT OF THE VICE-PRESIDENT, EXTERNAL RELATIONS

[www.secretariat.uwaterloo.ca/20101026vper.pdf; Campaign Waterloo handout at governor’s places] Linda Kieswetter, associate vice-president, principal gifts & campaigns, provided a synopsis of the Campaign Waterloo evolution from 1997 to the present and drew governors’ attention to campaign highlights including: \$613.2 million raised, the wonderful generosity of the university community as well as philanthropic individuals, the funds allocated in support of students, the \$444.9 million that was garnered in matching support and the marvellous leadership provided by Bob Harding, who served as campaign chair, David Johnston, now president emeritus, and the campaign cabinet.

9. REPORTS FROM COMMITTEES

Audit

- **University of Waterloo Financial Statements, 2009-10.** The board heard a motion to approve the financial statements for the year ended April 30, 2010.

Caldwell and McKay. Carried.

- **Appointment of External Auditors: Ernst & Young.** The board heard a motion to approve the reappointment of Ernst & Young as Waterloo’s external auditors for the fiscal year ending April 30, 2011, subject to a satisfactory audit plan and fee to be discussed at the November meeting.

Caldwell and Gordon. Carried.

The remaining item in the report was received for information.

Building & Properties

- **Health Services Building Addition.** The board heard a motion to delegate authority to the Building & Properties Committee to approve the appointment of the architect for the Health Services building addition.

Booth and Moggach. Carried.

The remaining items in the report were received for information.

Finance & Investment

- **Endowment Fund Investment Guidelines** [www.secretariat.uwaterloo.ca/20101026fic.pdf]. As background to the motion and directly informing Motions 1 and 2 of the Pension & Benefits Committee report to the board [page A52], the chair provided governors with the rationale for creating the Finance & Investment Subcommittee, described its composition, method of operation and its activities. He noted, in particular, that the subcommittee operates within the terms of reference of F&I and within board-established investment guidelines/policies, and that its activities have been driven by the need to de-risk the RPP investment portfolio where retiree liabilities are not fully immunized. He drew attention to the addition of alternative investments as a class, indicating that these are present in other universities' portfolios, and only highly rated alternatives would be recommended for inclusion in Waterloo's investment portfolio. Further, a seminar on alternatives is being arranged for members of F&I, P&B and administration.

In discussion, governors heard: appropriate types of alternative investments can provide stable and predictable returns over the long term; appointment of advisors re: alternatives follows a processes where by F&I recommends to P&B and P&B recommends to the board for approval. Currently, hedges are used only for U.S. currency.

The board heard a motion to approve the revised guidelines as presented.

Gordon and Remers. Carried.

The remaining items in the report were received for information.

Pension & Benefits

- **Statement of Investment Policies & Procedures for University of Waterloo Pension Plan: Investment Philosophy.** The board heard a motion to approve the recommended investment philosophy for the University of Waterloo Registered Pension Plan and to authorize P&B to amend the University of Waterloo Pension Plan (2000) Statement of Investment Policies & Procedures to be consistent with the investment philosophy, provided the amended SIPP is brought back to the board for approval.

Gordon and Schlegel. Carried.

- **SIPP: Section 5 – Aggregate Investment Limits and Permitted Categories, Asset Mix Policy.** The board heard a motion to approve the recommended revisions to Section 5 of the SIPP.

Gordon and Rai. Carried.

The remaining item in the report was received for information.

10. OTHER BUSINESS

There was no other business. The board convened in confidential session.