University of Waterloo
BOARD OF GOVERNORS
Minutes of the Tuesday 29 October 2013 Meeting


Secretariat: Logan Atkinson, Cindy Baker, Tracy Dietrich

Regrets: Michelle DiEmanuele, Shelley Hulan, Karen Maidment, Gerry Remers, Prem Watsa, William Watson

Organization of Meeting: Kevin Lynch, chair of the board, took the chair, and Logan Atkinson, secretary of the board, acted as secretary. Atkinson advised that due notice of the meeting had been given, a quorum was present, and the meeting was properly constituted.

OPEN SESSION

1. REMARKS FROM THE CHAIR
   The chair welcomed those present to the fall meeting.

2. AGENDA/ADDITIONAL AGENDA ITEMS
   The board heard a motion to approve the agenda as distributed.
   Forbes and Lounds. Carried.

Consent Agenda
The board heard a motion to approve and/or receive for information by consent items 3-6 below.

3. MINUTES OF THE 4 JUNE AND 28 AUGUST 2013 MEETINGS
   The minutes of the meetings were approved as distributed.

4. REPORT OF THE PRESIDENT
   Promotion to Professor. The board received the report for information.

   Recognition and Commendation. The board received the report for information.

   Sabbatical/Administrative Leaves/Leave Changes and Administrative Appointments. The board approved the recommended leaves/leave changes and received the administrative appointments for information.

5. REPORT OF THE VICE-PRESIDENT, UNIVERSITY RESEARCH
   Contracts Research and Industrial Grants – Name Change. The board received notice of the name change for information.
6. REPORT FROM THE EXECUTIVE COMMITTEE
The board received the report for information.

Wilkinson and Weckman. Carried.

Regular Agenda

7. BUSINESS ARISING FROM THE MINUTES
Strategic Plan and Board Retreat. The chair thanked the board for its support in approving the university’s strategic plan, and expressed enthusiasm for the emerging implementation plan. He also spoke to changes in the venue and length of the retreat scheduled for December 2013, and to some elements of the retreat program.

8. REPORT OF THE PRESIDENT
Executive Searches and Adjunct Appointment. The president reported on the status of several executive searches, and on the appointment of Chris Hadfield as an adjunct professor.

Performance Indicators 2013. The president explained the report on key performance indicators and the rationale for streamlining the report and linking it more expressly to the university’s strategic plan. Among other things, the president focused on international co-op placements, employment of graduates relative to fields of study, transformational research based in NSERC partnerships and commercialization, and entrepreneurship opportunities for the university’s students. Governors discussed the relationship between the numbers of co-op positions and the quality of those positions, mentoring opportunities for student entrepreneurs, and the idea of entrepreneurship occurring inside large organizations.


International Rankings. Information was presented on the university’s standing in recently released international rankings. In general terms, the university maintained its position.

The president called on the vice-president, university research, George Dixon, who reported that the research ranking organization InfoSource has named the University of Waterloo as Canada’s research university of the year in the comprehensive category.

Economic Impact Study. The president introduced the economic impact study conducted by Price Waterhouse Coopers, and asked the vice-president, university relations, Tim Jackson, to present the report. An executive summary of the consultant’s report can be seen at:

Slides used in the presentation may be seen at:

9. STRATEGIC PLAN IMPLEMENTATION AND ACCOUNTABILITY FRAMEWORK
The vice-president, academic & provost, Geoff McBoyle, presented an update on the preparation of an implementation plan for the strategic plan. He commented on the development of the steering committee, the identification of theme leaders for the eight themes, the consultation process in the development of the implementation plan, and preliminary plans for communication of activities. Theme leaders will identify metrics, determine the baseline measurements, establish ways to identify success, design the integration of plans with faculty strategic plans, and prepare progress reports for
the steering committee. Governors asked that a report on the development of metrics ought to be prepared for the board retreat in December, and on the accountability framework for implementation.

Slides used in the presentation may be seen at:

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

FAUW/UW Memorandum of Agreement Changes. The board heard a motion to approve the addition of Article 12.10 to the Memorandum of Agreement between the Faculty Association of the University of Waterloo and the University of Waterloo as presented in the report.

Power and Guild.

The text of the proposed changes to clause 12.10.2 was changed during the course of discussion, to delete the words “Deans’ Council” where they appear in the second line of that clause, and to replace them with the words “the President (acting on the advice of Deans’ Council).”

The question was called, allowing for the additional change to clause 12.10.2.

The motion carried.

The board heard a motion to approve changes to Articles 8 and 14 of the Memorandum of Agreement between the Faculty Association of the University of Waterloo and the University of Waterloo as described in the report.

Forbes and Charette.

In response to a question, the secretary confirmed that law with respect to access to information, and the retention schedules in the university’s records management program, are respected in these amendments.

The motion carried.

Undergraduate Admissions Update. The registrar reported on the progress toward reaching registration targets in the current undergraduate cohort, both in terms of domestic students and international students. He reported as well on the impact of the strike in Citizenship and Immigration Canada. Current indications are that the university has reached its capacity unless there are changes in physical plant, teaching appointments and related matters. Governors considered improvements in retention rates, and the extent to which international students convert to domestic status in the course of their studies. Governors spoke as well to the possibility of increasing online learning opportunities as a counterpoint to limits in physical space for expanding enrolment. It was agreed that a further report would be provided to a later meeting to further explain the university’s development of online education.

Slides used in the presentation may be seen at:

11. REPORT OF THE VICE-PRESIDENT, ADVANCEMENT

Gift Acceptance Policy. The vice-president, advancement, Ken McGillivray, introduced Erin Sargeant Greenwood, associate vice-president, development. She made a presentation on a proposed new Gift Acceptance Policy. Governors asked about the levels appropriate for presidential approval of gift acceptance as specified in clause 5 of the policy, and on the related aspects contained in clause 4. It was agreed to provide additional language to address this point, to provide additional
comfort on university compliance with statutory obligations on gift acceptance, and to provide additional information on gifts of greater complexity. It was observed that stewardship reports are regularly provided by the office of the vice-president, advancement.

Slides used in the presentation may be seen at:

12. REPORTS FROM COMMITTEES

Audit
- **Appointment of External Auditors: Ernst & Young.** The board heard a motion to approve the reappointment of Ernst & Young as the university’s external auditors for the fiscal year ending 30 April 2014.

  McKay and Banks.

  McKay advised that there are no cost considerations and no concerns with the relationship between the external auditors and management to justify going to a request for proposals.

  The motion carried.

The remaining items in the report were received for information.

**Building & Properties.** The board received the report for information.

**Finance & Investment.** The board received the report for information.

**Governance.** In its meetings of 25 September and 29 October 2013, the committee focused on the skill sets necessary for properly empaneling board committees. The board was advised that an in camera session would be added as a standing agenda item at each board meeting.

**Pension & Benefits.** The board received the report for information.

13. OTHER BUSINESS

There was no other business.

The board convened in confidential session.

[Governor Thorsten Heins excused himself from the meeting.]

Logan Atkinson
30 October 2013

Secretary of the University
CONFIDENTIAL SESSION

It was understood that governors are to keep confidential any discussion and decisions reached in this section of the meeting. The vice-presidents were invited to remain for this session.

Consent Agenda

The board heard a motion to approve by consent items 14-16 below.

14. MINUTES OF THE 4 JUNE 2013 MEETING

The minutes of the meeting were approved as distributed.

15. REPORT OF THE PRESIDENT

New Appointments with Tenure/Tenure Date Change. The board approved the recommended new appointments with tenure/tenure date change.

16. OTHER BUSINESS

Pension & Benefits Committee Appointment. The board approved the appointment of Mary Hardy (statistics & actuarial science) as faculty representative, replacing Steve Brown, term to 30 April 2015.

Forbes and Banks. Carried.

Regular Agenda

17. BUSINESS ARISING FROM THE MINUTES

Report of the Vice-President, Advancement. McGillivray updated the board on consideration of campaign readiness. He spoke to building capacity in Advancement for fundraising in general, including principal gifts, development, alumni relations, advancement services, and faculty-based advancement. McGillivray announced the appointment of Mike Den Haan as associate vice-president, principal gifts. An appointment will be made soon for a director, major gifts (contemplating gifts up to $1 million). He also reported on retaining KCI (Ketchum Canada), one of Canada’s premier philanthropy consultants, to engage in a conversation across campus on the possibility of transformational gifts and what priorities there might be in that respect. The KCI report ought to be available in December so as to support a discussion at the board retreat. KCI brings a strong understanding of the philanthropic context nationally in respect of large campaigns, and can position the University of Waterloo in that context.

Governors suggested that alumni in Silicon Valley at senior levels might be treated differently through focused relationship building and targeted events directed by alumni relations, and that the successful model might be used strategically in other locales as well.

McGillivray outlined the rationale for a review of alumni relations at the university with a view to more strategic communication and better nurturing of relationships. This review will be done before the end of the calendar year.

McGillivray also outlined plans for developing stronger relationships in Toronto, based in, among other things, a physical space available for our use on a regular basis.

Governors discussed the merits of a commencement exercise and what a Waterloo variant of commencement might look like, and ways to build greater student engagement at both the graduate and undergraduate levels.
18. REPORTS FROM COMMITTEES

Audit. The board received the report for information.

[Governor Lazaridis disclosed a conflict of interest and was excused from the meeting.]

Building & Properties

- **Acquisition of Properties from BlackBerry Limited.** The board heard a motion to approve the acquisition of approximately 15 acres of land occupied by five buildings (totalling approximately 300,000 square feet) located at the south-west corner of Columbia and Phillip Streets in Waterloo, together with related data centre equipment and fixtures located at the 185 Columbia Street location and at the 305 Phillip Street location, from BlackBerry Limited or its designee, on the following principal terms and conditions:

  - **Purchase price:** $41 million, subject to the usual adjustments, plus HST;
  - **Payment terms:** $20.5 million on the closing date, $10.25 million on a date which is the third anniversary of the closing date, and $10.25 million on a date which is the fifth anniversary of the closing date;
  - **Security:** the deferred portion of the purchase price to be secured by a vendor take-back mortgage, without interest, and which will allow for full or partial pre-payment by the university without penalty;
  - **Leasing:** approximately 50% of the square footage to be leased to BlackBerry Limited for a period of five years at a nominal base rate but on a triple net basis, and which will permit BlackBerry to vacate all or part of the leased premises early;

and that the proper officers of the university are hereby authorized to do all such things and execute all such documents including (without limitation) the purchase agreement, the vendor take-back mortgage and the building leases as may be necessary or desirable to give effect to the foregoing resolution and the transactions contemplated thereby, with such amendments to such transactions and foregoing terms and conditions as the proper officers of the university consider to be necessary or desirable.

Gamble and Stork.

Much of the debate focused on the adequacy of the evidence presented on value. Concerns were expressed that the evidence was not sufficient to justify the price. Explanations were offered based on information provided by BlackBerry, information presented by management, and information offered by governors. There was some comparison of the proposed purchase price to the cost of purchasing vacant land and building the facilities from the ground up, allowing for the age of the buildings, the nature of their construction, and the premium paid for purpose built facilities. It was observed that, while the buildings are from 10 to 25 years old, maintenance costs are anticipated to be routine. They are not built for particular uses, but they do serve purposes compatible with the university’s needs for office space. They are open concept and therefore very flexible in their occupancy, as long as the principal use is office or related space. Detailed building inspections will be done in the course of the due diligence period leading up to closing. Questions were raised on the way to properly evaluate the property given that we have no independent appraisal available to justify the purchase price. Jackson reviewed the negotiation details over price and payment terms to explain to the board the process by which the current terms were arrived at. The board discussed the merits of obtaining an independent appraisal, and
management advised on the likely impact that this would have on the completion of the transaction.

Student governors confirmed that anything that can be done to prevent the construction of additional multi-unit student housing off campus would be welcome. One advantage to the acquisition of the subject properties is preventing their conversion into student housing by private developers.

McBoyle provided detail on the offices to be moved into the first buildings to be taken into possession by the university.

Some governors spoke in favour of the transaction because of the potential to improve the student experience. It was confirmed that there would be no maintenance set aside for this property, meaning maintenance costs must be added to the overall exposure of the university. Governors confirmed the strategic importance of the property. Governors were advised of the possibility of doing renovations for the purpose of classrooms and other teaching and learning space, not including labs.

Governor Schlegel proposed an amending motion to make the transaction conditional on the university obtaining a satisfactory independent appraisal. This proposed amendment was ruled out of order as a substantive change in the original motion.

[Governors Jordan Banks and John Lounds excused themselves from the meeting.]

The main motion was called.

The motion carried. At the request of the board, the division and names were recorded, with four against (Forbes, Makahnouk, McKay, Weckman) and two abstentions (Collins, Lynch).

The board heard a motion to request that the summary appraisal prepared for Blackberry be transmitted to the university as a document on which the university might rely in justifying value.

Seiling and Forbes. Carried.

Secretary’s Note: Following the meeting, it was confirmed that the summary appraisal originally prepared for BlackBerry could be relied upon by the board. Attached are the summary appraisal, the Reliance Letter, and the Limiting Conditions and Assumptions of the original appraisal as referenced in the transmittal letter.

19. OTHER BUSINESS
There was no other business.

20. NEXT MEETING
The next meeting is scheduled for Tuesday 4 February 2014 at 1:30 p.m.

21. ADJOURNMENT/PRESIDENT’S RECEPTION
The meeting adjourned at 6:15 p.m. Governors attended the President’s Reception immediately following the meeting.