

University of Waterloo
BOARD OF GOVERNORS
Minutes of the Tuesday 2 February 2016 Meeting

Present: Jordan Banks, Catherine Booth, Tara Collington, Maya D'Alessio, David DeVidi, Fraser Easton, Cindy Forbes, Allyson Francis, Murray Gamble, Sally Gunz, Feridun Hamdullahpur, Thorsten Heins, Robert Henderson, Karim S. Karim, Christos Lolas, John Lounds, David Porreca, Tristan Potter, William Pristanski, Gerry Remers, Ron Schlegel**, Ted Scott, Ken Seiling, Jeremy Steffler, Hamid Tizhoosh, Berry Vrbanovic, William Watson, Karen Wilkinson, Kate Windsor, Marta Witer

Guests: Jean Andrey, Suman Armitage, Sandra Banks, Matt Bondy, Alison Boyd, Élisabeth Bruins, Bruce Campbell, Mario Coniglio, Jason Coolman, Ray Darling, Clayton Dasilva, Mike den Haan, Ginny Dybenko, George Dixon, Rocco Fondacaro, Jim Frank, Sacha Forstner, Kim Gingerich, Karina Graf, Stéphane Hamade, Michael Herz, Dennis Huber, Beth Jewkes, Jennifer Kieffer, Robert Lemieux, Andrea Kelman, Derek Madge, Nick Manning, Ian Orchard, Daniel Parent, Wayne Parker, Douglas Peers, Tahnee Prior, Chris Read, Ellen Réthoré, James Rush, Erin Sargeant Greenwood, Tom Scott, Daniela Seskar-Hencic, Allan Starr, Yonatan Strauch, Brandon Sweet, Sean Thomas, Marilyn Thompson, Brent Thornhill, David Timms, Stephen Watt, Glen Wepler, Halina Williams

Secretariat: Logan Atkinson, Karen Jack, Emily Schroeder

Absent: John Baker*, Dave Jaworsky*, Tom Jenkins*, Satish Rai*, Michael Stork*

*regrets

**by telephone

Organization of Meeting: William Watson, 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. CONFLICT OF INTEREST

Governors were asked to declare any conflicts they may have in relation to the items on the agenda. No conflicts were declared.

2. REMARKS FROM THE CHAIR

Opening Remarks

Thank you to Catherine Booth for chairing the October meeting.

Watson advised that former chair of the Board, Paul Koenderman, passed away suddenly last Wednesday as a result of an automobile accident. Mr. Koenderman sat four terms on the Board between 2000 and 2013, served as vice-chair during 2004-2005, and chair during 2005-2006. The Board observed a moment of silence in Mr. Koenderman's memory, and expressed condolences to his wife, Suzanne, and his family. President Feridun Hamdullahpur will be attending the funeral on behalf of University of Waterloo.

Students Speaking to the Waterloo Environment Students Endowment Fund Divestment

Student Yonatan Strauch spoke to the meeting about resolutions of the Waterloo Environmental Students Endowment Fund, requesting the University to divest itself of investments in certain fossil fuel companies. A report will go to Finance & Investment Committee in March, and the committee

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will submit a report to the Board of Governors at its April meeting. In addition, Watson advised that a petition of support had been received from a group of about 60 faculty.

Update on the University's Annual Fundraising Appeal

Watson updated the meeting on the annual Board fundraising appeal, remarking on the success of the campaign to date and the ambition to get to 100% participation before the fiscal year end. He advised the meeting that both Executive Council and Alumni Council are at 100% participation.

The Chair thanked all Board members who have already participated, and those who will do so in the coming months. He commented on the dedication to this institution shown through the contributions of time, talent and financial support, demonstrating a deep commitment to the pursuit of the University's ambitious goals.

Watson also reminded the Board about the President's Golf Tournament, scheduled this year for 6 June at Westmount Golf and Country Club. All proceeds of the tournament support student athletes at the University of Waterloo. Sponsorship details are to be circulated to members of the Board.

Board of Governors Retreat

The Chair commented briefly on the annual Board retreat, held 4 December 2015. The format was intended to give opportunity for dialogue and input on a very important topic, the student experience at the University of Waterloo. He commended everyone for taking part, for making thoughtful presentations, and for the work done in organizing the event. He commented especially on the very engaging student presentations, and on the well-received presentation from the guest speaker, Tony Chambers of the Ontario Institute for Studies in Education.

3. AGENDA/ADDITIONAL AGENDA ITEMS

The Board heard a motion to approve the agenda as distributed.

Heins and Porreca. Carried.

Consent Agenda

The Board heard a motion to approve and/or receive for information by consent items 4-8 below.

Schlegel and Witer.

4. MINUTES OF THE 27 OCTOBER 2015 MEETING

The Board approved the minutes of the meeting as distributed.

5. REPORT OF THE PRESIDENT

Honorary Degrees and Convocation Speakers. The Board received the memorandum for information.

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

Sabbatical and Administrative Leaves and Administrative Appointments.

Motion: The Board heard a motion to approve the sabbatical leaves as presented in the report.

The remaining items in the report were received for information.

6. REPORT FROM EXECUTIVE COMMITTEE

The Board received the report for information.

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7. ACCOUNTABILITY STATUS REPORTS

Consolidated Undergraduate and Graduate Reviews. The Board received the report for information.

Undergraduate Recruitment and Admissions. The Board received the report for information.

Research Policies and Practices. The Board received the report for information.

8. INSTITUTE FOR QUANTUM COMPUTING CORPORATE PLAN FOR 2016-17 TO INDUSTRY CANADA, EXECUTIVE SUMMARY*

Motion: The Board heard a motion to approve the plan for submission to Industry Canada.

*full report at https://uwaterloo.ca/institute-for-quantum-computing/sites/ca.institute-for-quantum-computing/files/uploads/files/iqc_corporateplan2016-17_bofg.pdf

The motion carried.

Regular Agenda

9. BUSINESS ARISING FROM THE MINUTES

D'Alessio asked about a report on graduate student recruitment, and was advised by Associate Provost, Graduate Studies Jim Frank that a report will be brought to the June meeting of the Board of Governors.

10. REPORT OF THE PRESIDENT

President's Update. The president summarized certain activities at the university since the last Board meeting, and referred to his written report in circulation to the Board. He referred in particular to the Schlegel-UW Research Institute on Aging grand opening as an example of the University's transformational research and important social impact; the status of the implementation process for the University's strategic plan, especially current innovations and successes in the delivery of our co-operative education programs, recent developments at the University with respect to entrepreneurship and Velocity programming (with our entrepreneurship ecosystem now the largest in North America); the conceptualization of the Global Entrepreneurship & Disruptive Innovation Centre; the visit of Canada's Prime Minister Justin Trudeau and the very complimentary words from the Prime Minister at the recent Davos World Economic Forum.

Slides used in the president's presentation may be seen here: https://uwaterloo.ca/secretariat-general-counsel/sites/ca.secretariat-general-counsel/files/uploads/files/item_10a_presidents_update_-_web_version.pptx

The president asked Vice-President, University Relations Sandra Banks to update the Board on the branding project, and she summarized the goals of the project and next steps.

Vice-President, University Research George Dixon advised the meeting that the University's notice of intent in connection with the Canada First Research Excellence Fund, second round, has been selected to participate in the second stage of qualifying. The application relates to quantum technologies. The University is also a participant, although not the lead, with respect to two further projects proceeding to the second stage.

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Board Retreat Notes, December 2015. The president provided an update on the annual Board retreat. He emphasized the impact that student panelists had on the Board retreat and the very valuable input they generated at that time. The president referred governors to the Board retreat summary circulated to the Board with meeting materials.

The president was asked if there is a way to lessen the stigma of faculty and student entrepreneurship as a negative, and instead encourage it from the outset. This is especially the case at the academic departmental level, where entrepreneurial activities are sometimes seen as encroaching on ordinary faculty responsibilities. Hamdullahpur replied by saying that if there is any stigma attached to this activity, it will be reduced regularly as the University's strategic planning theme matures. If there is something further to be understood in this respect, then the provost and the deans ought to be made aware.

The significance of our entrepreneurial efforts is something that will form a major piece of our promotional activities and branding activities, and we will see more of this as our marketing strategies mature.

Vice-President, University Research George Dixon elaborated on the International Research and Partnership Grant Program referred to in the president's report.

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

Operating Budget: 2015-16 Update/Planning for 2016-17. The vice-president presented an update on the operating budget for 2015-2016. He pointed out that the projected deficit for the current year is slightly higher than budgeted at \$1.22 million. These numbers are still estimates and remain quite manageable in the context of the overall size of the budget.

Orchard was asked why total salary and wages seem to have increased significantly relative to budget, but benefits have not increased as well. Vice-President, Administration & Finance Dennis Huber responded by indicating that there is a time lag in the reporting of the benefits expense that will catch up after a couple of reporting cycles.

A 2.5% cut has been imposed in the Faculties to allow the University to continue to work toward a balanced budget, although these cuts are often covered through additional funding later in the year. This is a practice that the University would prefer to overcome in budget cycles going forward. As well, there are areas in which revenue generation could be improved, including a positive impact on student retention, for example, through an improved student experience.

Hamdullahpur commented on the funding formula review currently underway through the provincial government and the impact this could have on the university's revenues.

Orchard explained the concept of "tuition set aside," required by government to support needs-based funding for students. He also advised on the changes in the value of the Canadian dollar relative to the acquisition budget for the library, and confirmed that the adjustment is made through "one-time only" money to cover shortfalls.

Orchard referred to some planning assumptions being used to build the 2017-2018 budget, related to enrolment projections, retention rates, tuition income and international tuition adjustments. International tuition represents the greatest opportunity for revenue control available to the University.

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Orchard was asked if the projected deficit for this year will carry forward to next year. He answered yes. Huber advised that the accumulated operational surplus is recorded in the financial statements, slightly over \$16 million, and there are no restrictions on the use of those funds apart from executive approval.

In response to a question, Orchard advised that we do consider price sensitivity when we increase tuition for international students, and we remain very competitive in the marketplace. He indicated that discussions are underway with respect to mitigating the impact of currency exchange fluctuations. With respect to our investments, we hedge against four currencies to soften the impact of currency fluctuations. There has been some discussion of charging international tuition in US dollars, but this has not been implemented due to different impacts on students from different areas of the world.

The New Resource Allocation Model is in the prototyping stage, and about to enter the communication and implementation stages. Executive officers in the Faculties will be thoroughly briefed, after which financial officers will be visited. Materials on the relevant web site will be updated appropriately.

Slides used in the vice-president's presentation may be seen here: https://uwaterloo.ca/secretariat-general-counsel/sites/ca.secretariat-general-counsel/files/uploads/files/item_11a_provost_operating_budget_2015-16_planning_2016-17_20160202.pptx

Undergraduate Applications Update. Ray Darling, registrar, presented an update on undergraduate applications for the 2016-2017 admissions cycle.

Slides used in the registrar's presentation may be seen here: https://uwaterloo.ca/secretariat-general-counsel/sites/ca.secretariat-general-counsel/files/uploads/files/item_11b_admissions_update_20160202.pptx

12. PRESENTATION ON THE STRATFORD CAMPUS: THE INTERSECTION OF HUMANS AND TECHNOLOGY

Ginny Dybenko, executive director of the Stratford campus, presented a report on the importance of the work at the campus and the significant shifts in business practices that demand such work, focusing on the intersection of humans and technology. She spoke to the vision captured in the work done at the Stratford campus, and the strong response of students and prospective students to that vision. She related several interesting stories of student success through the first four years of the program, and emphasized the strong relationship between the campus and the Stratford community.

Slides used in Dybenko's presentation may be seen here: https://uwaterloo.ca/secretariat-general-counsel/sites/ca.secretariat-general-counsel/files/uploads/files/item_12_stratford_campus_dybenko_20160202.pptx

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

Tuition Fees 2016-17, Incidental Fees and Co-op Fees. Orchard presented information on the process by which tuition fees are set as a function of development of the budget. He presented information on the University's relative tuition increases in the market, domestically, internationally, and overall. He also presented data to compare the tuition increases for international students to the impact it has on students from various countries, based on relative strength of currency.

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Huber made a general presentation on the tuition framework and its impact on University budgeting.

The Board heard a motion to approve the 2016-17 tuition fees as presented in the report.

Vrbanovic and Banks.

Orchard was asked about the presentation to the Board by international students in April 2015 and the impact that tuition increases have over the course of a degree program. Is there a strategy to improve the communication to international students so as to better understand this issue? Orchard has discussed this situation with the Federation of Students, and it has been considered in the course of developing the budget. At this point, there is no possibility of cushioning these changes for existing students. This may change in future years if budget allocations allow. In the meantime, student bursaries are available if the need presents itself.

A member asked whether there is an opening for this University to increase international tuition even more aggressively, given that tuition for international students in real terms seems to be decreasing because of currency fluctuations, and our degrees have very significant value respecting employability. Huber advised that there is an existing Board of Governors resolution restricting tuition increases to 15%, meaning we are precluded to some degree. Therefore, it is likely that a program of steady increases is the more appropriate path.

A number of further questions were posed. Is the rationale driven by our budget needs, or is it driven by our attempt to remain constant to others in the marketplace? Concern was expressed relative to increases for current students who do not benefit so much from the advantageous currency exchange. Further, until we see the budget for next year how do we know that these recommended increases are necessary? Finally, if we attach ourselves by way of benchmark to particular schools we must follow their lead in tuition policy, and that is not necessarily a proper planning outcome.

Orchard advised that we try to establish our tuition so as to maintain our enrolment and the diversity of our student body. Governors were reminded that there is no additional support from government and little to be gained by the increases in domestic tuition increase. Huber, confirmed that our international tuition is still very much lower than that in place in other major English speaking marketplaces, or in relation to private universities in many home countries.

The question was called, and the motion carried.

The Board heard a motion to approve the incidental fees (Engineering Society Fee and Imprint Fee) as presented in the report.

Lolas and Windsor. Carried.

The Board heard a motion to approve the co-op fee as presented in the report.

Scott and Remers. Carried.

Residence Fees. The vice-president presented data to support the proposed increases in residence fees.

The Board heard a motion to approve the 2016-17 residence fees as presented in the report.

Henderson and Gamble. Carried.

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Huber confirmed that the proposed increases reflect both the market conditions locally, cost profiles projected for the next year, and an amount to be devoted to debt reduction. All students in residence are required to pay the increases, as the debt exists against all buildings. This fee does not relate to any debt attached to the new residence, yet to be opened.

14. REPORTS FROM COMMITTEES

Building & Properties.

The Board received the report for information.

Finance & Investment.

The Board received the report for information.

The Endowment Fund is below target by 1.4%, primarily because of a heavy weighting in the Canadian market and a large cash component. The mix in the pension fund is different than the endowment fund so as to explain the differences in performance.

Governance.

- **Staff to Board Election Guidelines**

Motion: Resolved that the Board of Governors approve the revised Staff to Board Election Guidelines as circulated to the Board of Governors.

Booth and Gamble.

Atkinson was asked if the single one hundred word candidate campaign statement is sufficient to allow proper communication between constituents and candidates. He advised that, yes, in exchange for the invitation in the guideline for constituents to communicate with candidates.

Carried.

The Board received the remaining items for information.

Pension & Benefits.

The Board received the report for information.

15. OTHER BUSINESS

There was no other business.

The Board convened in confidential session.

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Logan Atkinson
University Secretary & General Counsel
Secretary to the Board of Governors