



The UNIVERSITY of WESTERN ONTARIO

MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS

November 27, 2008

The meeting was held at 1:00 p.m. in Room 330, Stevenson-Lawson Building.

PRESENT: Ms. M. Noble, Chair
Ms. I. Birrell, Secretary

Mr. F. Angeletti
Mr. J. Berge
Mr. S. Coxford
Dr. P. Davenport
Mr. T. Garrard
Mr. T. Gosnell
Ms. L. Gribbon
Ms. S. Grindrod
Dr. T. Hewitt
Mr. H. Kelly
Mr. J. Knowles
Ms. G. Kulczycki

Dr. F. Longstaffe
Ms. K. Meighen
Dr. L. Miller
Ms. J. Moss
Mr. J. Nash
Mr. C. Sinal
Dr. S. Singh
Ms. J. Vanderheyden
Dr. J. White
Mr. R. Wong
Mr. K. Zerebecki

By Invitation: R. Chelladurai, H. Connell, R. Langille, L. Logan

BG.08-124

REPORT OF THE PRESIDENT

The President's Report consisted of the following items: Fall Preview Day 2008, Ivey Hong Kong 10th Anniversary Celebrations, Recent Western Successes in Research, future enrolments and Western's mission and activities of the President during the months of October and November 2008. Overhead slides used to highlight his presentation are attached as [Appendix 1](#).

BG.08-125

"Voices of Diversity"

The Chair urged members to view the video "*Voices of Diversity: Creating a culture of safety, respect and belonging on campus*" distributed with the agenda package. The video, produced by Kem Murch Productions Inc., is a collection of stories and insights that examine discrimination, intolerance and safety issues at a Canadian university or college.

BG.08-126

UNANIMOUS CONSENT AGENDA [Appendix I]

It was moved by S. Grindrod, seconded by J. White,

That the thirteen items listed in Appendix I, excluding item 6. Revisions to Policy on Gift Valuation (MAPP 2.28) and item 8. Amendment to Western Fund Terms of Reference, be approved and/or received for information by the Board of Governors by unanimous consent.

CARRIED

BG.08-127 **MINUTES OF THE PREVIOUS MEETING**

The minutes from the open session of the meeting of September 30, 2008 were approved as circulated.

REPORT OF THE PROPERTY & FINANCE COMMITTEE [Appendix II]

BG.08-128 **Financial Update: Operating Budget Update and Planning Process for 2009-10 and 2010-11**

Ms. Kulczycki provided a financial update including the economic context and the operating budget and planning processes for 2009-10 and 2010-11. Overhead slides used to highlight the presentation are attached as [Appendix 2](#).

BG.08-129 **Information Items Reported by the Property & Finance Committee**

The Report of the Property & Finance Committee contained the following items that were received for information by unanimous consent:

- Faculty of Law Field Trip Fee
- MBA '80 Professorship in Entrepreneurship
- Scholarships/Awards/Prizes

SENIOR OPERATIONS COMMITTEE [Appendix III]

BG.08-130 **Review of the Code of Student Conduct**

It was moved by J. White, seconded by F. Angeletti,

That the Board of Governors approve that the following committee be struck to review the Code of Student Conduct:

A Dean or Associate Dean appointed by the President (Chair)
Vice-Provost (Academic Programs & Students) [Registrar] (or designate)
Associate Vice-President (Housing & Ancillary Services) (or designate)
Chair, University Discipline Appeals Committee (or designate)
President of the University Students' Council (or designate)
President of the Society of Graduate Students (or designate)
University Legal Counsel
Associate Secretary of the Board of Governors

That the Review Committee report to the Board of Governors at its April 30, 2009 meeting.

CARRIED

The Secretary reported that Dean Brian Timney, Faculty of Social Science, had agreed to chair the review committee.

BG.08-131 **Annual Report on the Code of Student Conduct**

The Board received for information the Annual Report on the Code of Student Conduct detailed in Appendix III, Annex 1.

DEVELOPMENT & FUND RAISING COMMITTEE [Appendix IV]

BG.08-132 **Year End Results 2007-2008**

Mr. Garrard reported that as of April 30, 2008 the new gifts and pledges to the University totaled approximately \$62 million against the target of \$60 million.

To date confirmed new commitments amount to \$40 million against the \$60 million target with five months remaining for fund raising activities. Mr. Garrard noted that the fund raising world is very different due to the economic downturn and adjustments have been made to some fund raising targets until financial conditions improve. Western remains committed to the \$500 million target set for the new campaign, which runs between 2007 and 2014.

BG.08-133 **Revision to MAPP 2.28 Gift Valuation**

Revision to MAPP 2.28 Gift Valuation, item 1 of the report, was withdrawn from the agenda.

BG.08-134 **Revisions to The Western Fund Terms of Reference**

Revisions to The Western Fund Terms of Reference was withdrawn from the agenda.

BG.08-135 **Information Items Reported by the Development & Fund Raising Committee**

The Report of the Development & Fund Raising Committee contained the following items that were received for information by unanimous consent:

- MAPP 2.27: Policy on Issuing Charitable Receipts to Fund Raising Events
- Year to Date Results as of October 31, 2008

AUDIT COMMITTEE [Appendix V]

BG.08-136 **Equity & Human Rights Services - Annual Report (May 2007 - April 2008)**

The Board was advised that the Annual Report of Equity & Human Rights Services (May 2007 - April 2008) is available at http://www.uwo.ca/equity/docs/ES_report_2008.pdf

ITEMS REFERRED BY SENATE [Appendix VI]

BG.08-137 **Appointment Procedures for Senior Academic and Administrative Officers of the University**

BG.08-137a **Amendment to Section M - Deans of Faculties**

It was moved by S. Grindrod, seconded by J. White,

That Section M.(e) of the Appointment Procedures for Senior Academic and Administrative Officers of the University be amended as follows:

M. DEANS OF FACULTIES

Composition of Selection Committee

A committee to select a Dean of a Faculty shall consist of:

- (a) the Provost & Vice-President (Academic), who shall be Chair
- (b) the Vice-President (Research & International Relations)
- (c) 5 persons, one of whom shall be an undergraduate student enrolled in the Faculty or a graduate student enrolled in a program housed in the relevant Faculty, elected by the Council of the Faculty concerned
- (d) 3 persons elected by Senate, who are not faculty, staff or students of the Faculty concerned, and only one of whom may be a Dean,
- (e)
 - for Medicine & Dentistry, the President and Chief Executive Officer of the London Health Sciences Centre/St. Joseph's Health Care or designate, **and** one Robarts Scientist identified by the Robarts Scientists, **and one additional student and faculty member elected by the Council of the Schulich School of Medicine & Dentistry**
 - for Engineering, one member of the Advisory Council of Western Engineering, named by the Advisory Council;

- for Business, two members of the Ivey Advisory Board, named by the Advisory Board;
- for Law, one member of the Law Alumni Association, named by the Association.

CARRIED BY Unanimous Consent

BG.08-137b **Amendment to Section P - University Librarian**

It was moved by S. Grindrod, seconded by J. White,

That Section P - University Librarian, of the Appointment Procedures for Senior Academic and Administrative Officers of the University be amended as follows:

P. UNIVERSITY LIBRARIAN

Composition of Selection Committee

A committee to select a University Librarian/***conduct a five-year review of the Library*** shall consist of:

- (a) the Provost & Vice-President (Academic), who shall be Chair
- (b) the Vice-President (Research & International Relations)
- (c) the Vice-Provost (Graduate & Postdoctoral Studies)
- (d) ~~2~~ **3** members of the full-time library staff, one of whom must be a professional librarian or archivist, elected by the full-time library staff
- (e) ~~2~~ **3** members of faculty and 1 student, elected by Senate

CARRIED By Unanimous Consent

BG.08-138 **Information Items Reported by Senate**

Appendix VI, Information Items Reported by Senate, contained the following items that were received for information by unanimous consent:

- Academic Administrative Appointments
- Report of the Academic Colleague (286th Meeting of COU)

The meeting adjourned to the confidential session.

M. Noble
Chair

I. Birrell
Secretary

Western's Mission and Future Enrolments

Dr. Paul Davenport
Board of Governors Meeting
November 27, 2008



Western provides the best student experience among Canada's leading research intensive universities.

- Careful planning of undergraduate enrolment is fundamental to achieving our mission.
- Our target for first-year admissions of 4,350 was first set out in the 2001 Strategic Plan, and confirmed in the 2006 Strategic Plan.
- Our commitment may be tested during the coming difficult economic times.
- Admitting more undergraduates for budgetary reasons is a poor and ultimately self-defeating strategy for meeting fiscal constraints.



Why limit undergraduate admissions?

- Current full-time undergraduate enrolment of 19,800 (24,930 with the Colleges) is large enough to ensure a wide diversity of academic programs and realize any economies of scale.
- To grow larger would threaten the best student experience, which requires a thriving campus community, with strong interaction among students, faculty and staff, a strong residence program, an attractive setting with green space, and convenient meeting places for intellectual exchange.
- A fixed total of 4,350 first-year admissions allows room for changes in disciplinary numbers as student and University priorities change.
- The best student experience means our core undergraduate commitment is to quality, not quantity.

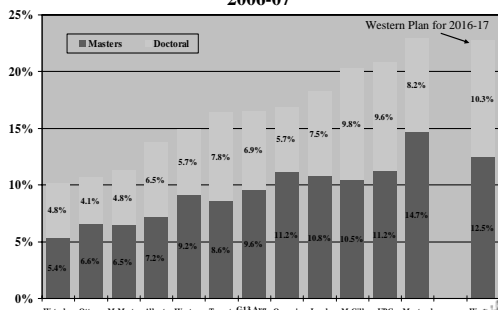


Why Grow Graduate Studies?

- Western needs more graduate students to fulfill its research intensive mission: our numbers are low relative to the research and scholarship of our faculty, and (given our total enrolment) relative to the G13 research universities. *If we grow our graduate programs we can make them stronger.*
- There is a strong demand from the growing number of university graduates in Canada for further study, and strong demand from international students.
- Canadian society needs more graduate degrees, as is evident in the income differentials for those with Canadian Master's and Doctorates documented by AUCC, and in the work of the Ontario Institute for Competitiveness and Prosperity.
- These issues are not new: our Strategic Plans of 1995, 2001, and 2006 all called for significant growth in graduate enrolment.



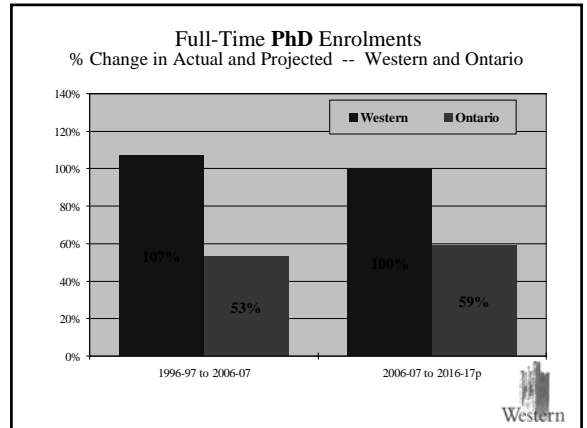
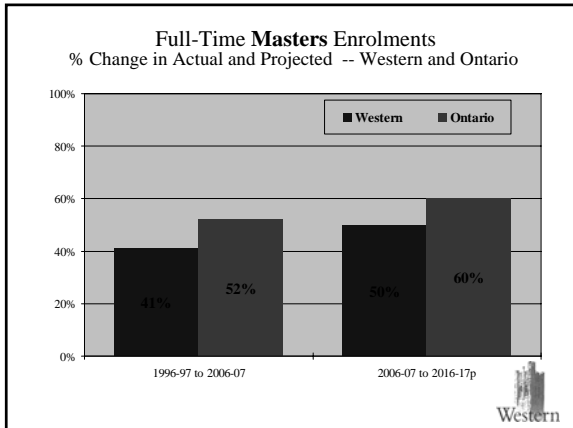
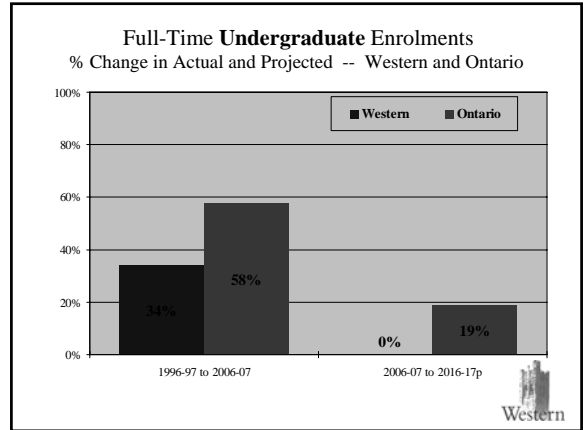
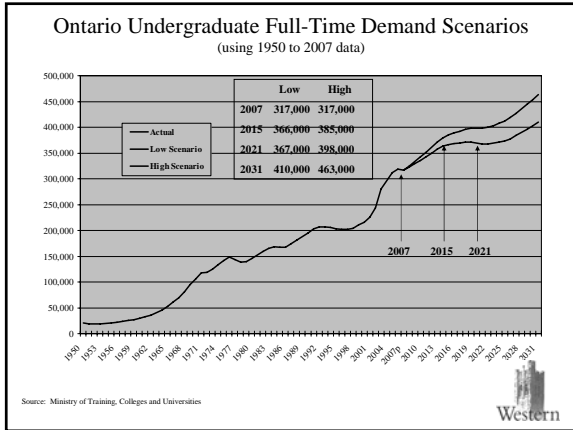
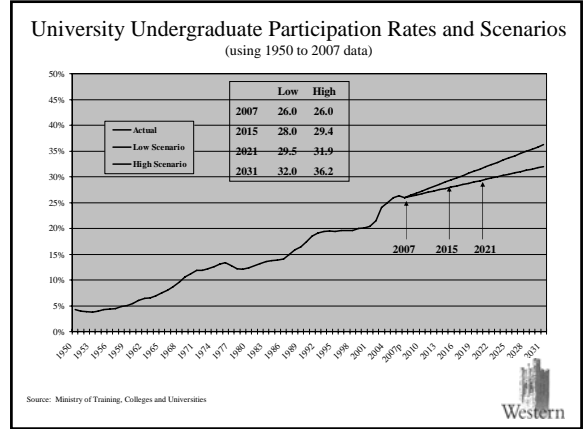
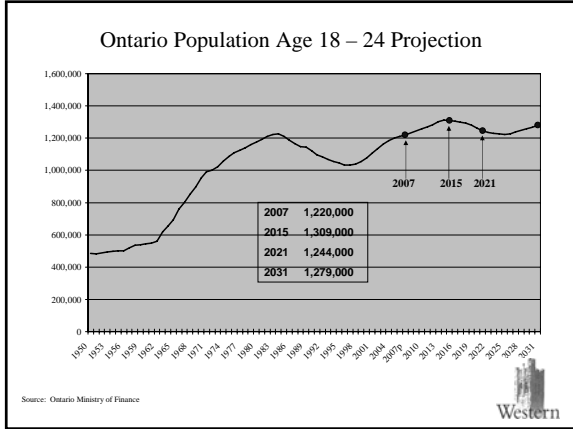
Full-Time Masters and Doctoral Students
as a Proportion of Total Full-Time Student Enrolment
2006-07

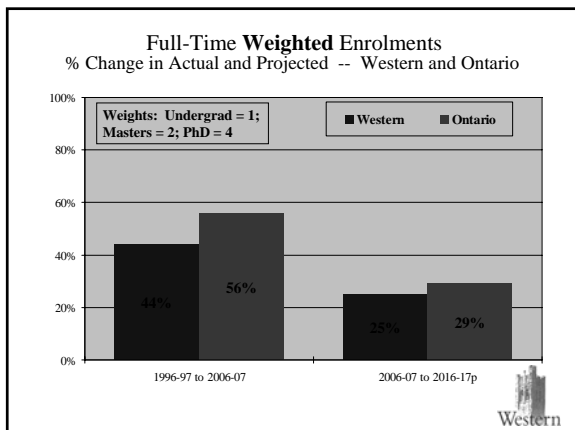


Plans and Forecasts

- Western's plans are feasible, given the demographic and participation rate trends in the Province and in Canada, as set out below.
Sources of plans and forecasts:
- Western plans are from our Campus Master Plan, Table 1, page 18.
- Ontario forecasts:
 - Undergraduates: from the Ministry of Finance and the Ministry of Training, Colleges, and Universities
 - Master's and PhD's: from Western's Office of Institutional Planning and Budgeting







The Western Plan is Feasible

- We believe the forecasts for Ontario are conservative for all three degree levels (we have used the low forecast of undergraduate enrolment).
 - Western's forecast growth in percentage terms is less than Ontario for undergraduate and Master's degrees, and for the total of weighted enrolment.
 - Western's forecast for the percentage change in PhD's is significantly higher than that for Ontario; Western's actual for 1996-2006 was also higher.
- Western

The Western Plan Supports Our Mission

- **The best student experience:**
 - We need to maintain our target entry of 4,350; to exceed it for budgetary reasons is to put at risk our student-faculty ratio, our quality, our residence availability, and our physical and social campus environment.
 - **in a research-intensive university:**
 - Leadership in doctoral studies is a key element in our research performance and reputation, and will aid us in recruiting outstanding faculty who excel in scholarship/research.
- Western

Economic Context, Operating Budget
Update, and Planning Process for
2009/10 and 2010/11

Board of Governors
November 27, 2008



Economic Context

- Provincial update based upon Minister of Finance's October 22nd statement
- Federal context: Speech from the Throne November 19th and subsequent comments from Prime Minister, Minister of Finance, and Federal Budget Officer



**Highlights of Provincial Minister's
Statement on October 22, 2008**

- Projected 2008 growth from 1.1 to 0.1%
- Revenues down by \$918 million
- Expenditures up by \$132 million
 - OHIP spending \$100 million
 - Policing \$31 million
- Reserve drawn down by \$550 million
- \$500 million Deficit



Highlights of Minister's Statement

- Some Program Cuts
 - Delayed Hiring of 9,000 Nurses: \$50 million
 - Delayed School Repairs: \$25 million
 - Restrictions on Civil Service Expenses: \$10 million
 - Social Venture Capital Fund: \$20 million
 - 50 Family Health Teams \$3 million



Cautionary Advice

"Transfer payment funding will not be increasing in fiscal 2009-10 according to what was projected in the 2008 Budget last March. The government is confident that its transfer partners will work together with it to rise to the challenge of the current fiscal situation. "



**PSE is Identified as Part of the Long-
Term Economic Plan**

- *"The five-point economic plan invests in skills, infrastructure and innovation, while lowering business costs and building partnerships.*
- *Our Reaching Higher Plan for postsecondary education and investments in skills training means that 100,000 more Ontarians are being trained in colleges and universities — and 50,000 more are learning a trade."*



The University of Western Ontario

What is Likely to Happen with PSE in the Next Provincial Budget?

- All Ministries, including MTCU, will have to pull back on planned spending.
- It is unlikely that we will see investments in capital projects and facilities renewal.
- It is unlikely that graduate expansion will be at risk.
- Scheduled improvement in clinical education funding may be at risk of delay or reduction.
- There are currently certain funding envelopes in MTCU, e.g. skills development and student aid, that are undersubscribed.



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Federal Update – Speech from the Throne November 19, 2008

- Acknowledge the possibility of a short-term budget deficit; indicating structural deficits must never return
- Hard decisions to be made; grants, contributions and capital expenditures to be placed under the microscope of responsible spending



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Federal Update – Speech from the Throne November 19, 2008

- Continuing support to student financial assistance; pledge to work with provinces to attract top international students
- Government to work with industry on advances in science and technology for business solutions; will invest in new world-class research facilities



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November 20 Official Reply from PM

- Government will conduct a thorough strategic review of all program spending to streamline operations and save money
- Government will make regional development funding available in high-unemployment Southern Ontario for the first time ever
- “We will undertake whatever short-term fiscal measures are necessary to be part of the global economic solution to a global economic problem.”



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Other November 20 Federal Comments

- Projection of \$3.9B budget shortfall in 09/10 and \$1.4B the year after; Kevin Page, Budget Officer's report
- Basis of projection: 0.6% growth this year and 0.5% in 2009
- “We’re hoping to move toward a continuing balanced budget ...it may not be possible...” Federal Finance Minister



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Up Next ...

- Federal Finance Minister's economic update on November 27
- “Finance Minister said there won't be any stimulus measures in his update –those will come later...”
- He indicated he is open to adding to \$33B of infrastructure funding



Our Own Budget: Context/Background

- We are currently in year 2 of our 4 year plan
- Revenue assumptions
 - Provincial government's Reaching Higher plan takes us to 2009/10 (3rd year)
- Tuition framework in place to 2009/10 (3rd year)
- Operating and capital budget tabled in April of 2008 included a substantial draw from investment income (totaling \$46.25M)



Context/Background

- 4-year expenditure plan in place
 - Allocations to faculties and support units
 - Base UPIF, one-time, enrolment-based funding program –ECF/GEF/GEF+
 - Student aid funding
 - Undergraduate scholarships; graduate student funding (77% of tuition); needs-based bursaries
 - Operating costs of new facilities



Context/Background

- 4-year expenditure plan (continued)
 - Corporate expenditures
 - Utilities, MMI transfer, library acquisitions, IT costs, FFICR and CRC transfer to capital
 - Major one-time expenditures
 - CFI Warchest - \$6M in 2008-09
 - To capital: \$12.2M in 2008-09; \$4.5M in 2009-10; \$0.0M in 2010-11; \$3.0M from 2011-12 onward
 - Employee salaries and benefits



Reserves at Year-End 2007/08

- Operating reserve year ended April 30, 2008: \$26.2 M
- Carryforward reserve year ended April 30, 2008: \$55.6 M



Downturn in Equity Markets

- Current status of non-endowed funds:
 - Actual reserve at August 31, 2008 \$45.6M
 - Projected reserve at April 30, 2009 - \$ 3.5M
- Transfer of \$18.55M to the operating budget for 08-09 has been withdrawn in projecting the year end reserve balance
- Reserve assumes 0% gain or loss from November 21 to year end



Balancing the Budget in 08/09

- Budgetary adjustments to eliminate the gap (\$18.55M) in the current year:
- Temporarily withdraw \$6M from the CFI Warchest
 - note: without limiting CFI initiatives
- Withdraw the transfer to capital --\$12.2M
 - Incorporating the need to stay within Board policy capital debt limits



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Impact to Major Capital Projects

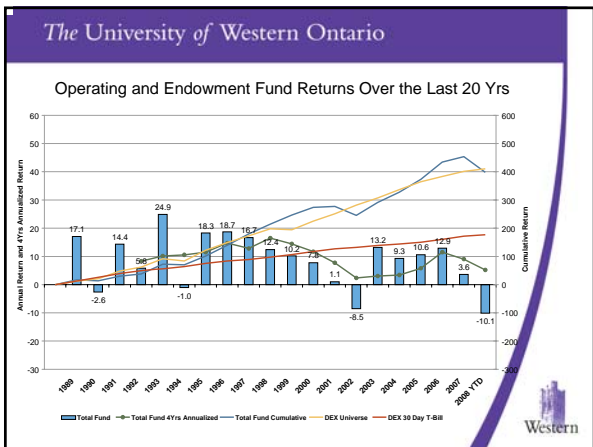
- Project to modernize Physics & Astronomy **ON HOLD**
- Renovations to Stevenson-Lawson building and University Community Centre - both approved at October Property & Finance Committee meeting **MUST PROCEED**



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Our Endowments

- The downturn in equity markets has also had a direct impact on our endowments
- Current year (08/09) planned payouts at 4.5% have already been made
- “Under water” status at Nov. 21: \$22.8M
- We are examining options to deal with this

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Combined Total Fund Value Added – September 30, 2008

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
UWO Annualized Returns	-10.4	-0.3	2.4	5.2	6.3	7.1	5.2	3.5	4.9	5.7
Policy Return (note 1)	-11.0	-1.1	1.8	4.8	5.9	6.8	5.0	2.5	4.2	5.3
Value Added	0.5	0.8	0.6	0.4	0.4	0.3	0.2	1.0	0.7	0.4

	Years Ending Sept. 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
UWO Annual returns	-10.4	11.0	8.1	14.0	10.5	11.4	-5.5	-8.0	16.8	13.4
Policy Return (note 1)	-11.0	9.8	7.8	14.2	10.3	11.9	-5.3	-13.7	19.0	15.4
Value Added	0.5	1.1	0.3	-0.2	0.2	-0.5	-0.2	5.7	-2.2	-1.9

Policy Mix (End of Year)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
S&P/TSX Composite (Canada)	20%	20%	20%	20%	20%	20%	20%	20%	20%	26%
S&P 500 (U.S.)	5%	5%	10%	10%	20%	20%	20%	20%	20%	20%
S&P 500 Synthetic Hedged (U.S.)	10%	10%	10%	10%	0%	0%	0%	0%	0%	0%
S&P 400 (U.S.) Hedged	5%	5%	5%	5%	5%	5%	5%	5%	5%	2%
MSCI EAFE (Non North American)	10%	10%	10%	10%	10%	10%	10%	10%	10%	12%
MSCI EAFE Hedged	10%	10%	5%	5%	5%	5%	5%	5%	5%	0%
Total Equity	60%	60%	60%	60%	60%	60%	60%	60%	60%	66%
SC Universe (Bonds) (note 2)	40%	40%	40%	40%	40%	40%	40%	40%	40%	34%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Notes:
 1) The UWO Policy Return is the return that would have been earned (before investment managers' fees) by investing the portfolio in index funds in proportion to the target or policy asset mix.
 2) "Fund of funds" hedge fund strategy benchmarked against SC Universe.
 3) All returns except for the Northwater Hedge Fund are before deducting investment managers' fees.




The University of Western Ontario

Combined Total Fund Real Returns – September 30, 2008

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
UWO Annualized Returns	-10.4	-0.3	2.4	5.2	6.3	7.1	5.2	3.5	4.9	5.7
CPI (Inflation)	3.4	2.9	2.2	2.4	2.3	2.3	2.3	2.4	2.4	2.4
Real Return	-13.8	-3.2	-0.2	2.8	4.0	4.8	2.9	1.1	2.5	3.3

	Years Ending Sept. 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
UWO Annual returns	-10.4	11.0	8.1	14.0	10.5	11.4	-5.5	-8.0	16.8	13.4
CPI (Inflation)	3.4	2.5	0.7	3.2	1.8	2.2	2.3	2.6	2.7	2.9
Real Return	-13.8	8.5	7.4	10.8	8.7	9.3	-7.8	-10.6	14.1	10.5


Notes:
 1) All returns except for the Northwater Hedge Fund are before deducting investment managers' fees.



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Planning Process for 09/10 and 10/11

- We are assuming investment income transfers to the operating budget (\$11.35M in 09/10 and \$16.35M in 2010/11) will no longer be possible
- We have adjusted fundraising targets for capital projects downward by \$6.6M
- Economic difficulties in Ontario will almost certainly constrain provincial revenues, but impact to universities not yet clear



Planning Process for 09/10 and 10/11

- Transfer to capital of \$4.5M in 09/10 withdrawn
 - This adjustment, combined with no transfer to capital in 08/09, and adjusted fundraising targets for capital projects, means that projects currently under consideration are “on hold” at the present time
- Adherence to Board policy on capital debt is maintained



Planning Process for 09/10 and 10/11

- Decentralized approach at Western involves the use of the “Initial Budget Adjustment”
 - Currently at 3% per year; will be increased
- Possibility of reductions in various one-time expenditures and base University-wide (or corporate) expenditures being examined
- Requirement to maintain \$2.5M operating reserve at end of 10/11 understood



Looking Out Beyond 10/11

- As indicated in recent budget documents, our operating revenues were already reaching steady state
- At the same time, expenditures continue on an upward trend
- We were already anticipating expenditure constraints
- A recession will place additional constraints on our operating budget



What About Our Aspirations with Graduate Expansion?

- Graduate expansion continues to be of high priority for Western; our commitment to the ECF/GEF/GEF+ continues
- Future incremental government funding is directly linked to graduate expansion
 - \$26,418 per incremental domestic PhD student
 - \$13,290 per incremental domestic Masters student



Economic Context, Operating Budget Update, and Planning Process for 2009/10 and 2010/11

Questions?

