



June 25, 2011

Paul Straszak,
President and CEO,
Public Sector Employers' Council

Dear Mr. Straszak:

Further to the 2010-11 Public Sector Executive Compensation Reporting Guidelines, I am writing to confirm the following:

- The appropriate committee of the Board of Governors, Management Resources Compensation Committee (MRCC), is aware of the executive compensation paid by the University of British Columbia in the 2010/11 fiscal year; and
- As Chair of the University's Board of Governors and MRCC, I verify such compensation was within approved compensation plans.

If you have any questions or comments, please do not hesitate to forward them to me c/o Ms. Reny Kahlon, Board Planning & Liaison Manager.

Yours truly,

A handwritten signature in black ink that reads "Bill Levine".

Bill Levine
Chair, UBC Board of Governors

BL/rk



Public Sector Executive Compensation Reporting – Fiscal Year 2010/11

Compensation Philosophy of The University of British Columbia

[1] Material principles and underlying policies and decisions for compensation provided to the President and senior administrators for the most recently completed fiscal year

- As one of the highest ranked universities in Canada, and one of the top 40 universities in the world, UBC seeks to retain and attract the best senior administrators it can by remaining competitive in its compensation practices with other large research-intensive universities represented by the U15 (i.e., leading research-intensive universities in Canada), and in particular the University of Toronto and the University of Alberta, and with the global market for senior administrator talent generally.
- The compensation framework is designed to reward sustained performance.
- In recent years, UBC had to introduce an element of housing assistance into the compensation framework to attract senior administrator talent to Metro Vancouver, particularly UBC's location at the end of a peninsula surrounded by Vancouver's most expensive real estate.
- Higher compensation values are often provided to senior academic roles such as the President, Provost and VP Academic, Deputy Vice Chancellor & Principal at UBC Okanagan, and Vice President Research to recognize that they have augmented their core academic roles with very senior administrative responsibilities, and to provide incentives for faculty members to undertake these significant administrative roles.
- Compensation values for senior administrative roles reflect a weighting of public and private sector values, with a clear weighting in favour of the public sector, and more particularly UBC's university competitors in Canada and internationally.
- As approved by the Public Sector Employers' Council (PSEC), the President's arrangement represents the organization's maximum compensation, and all other senior administrators must be compensated well within that maximum.
- Pension and benefit arrangements should mirror those of the employee group that most closely approximates the nature of the role. For academic senior administrators, benefits mirror those received by faculty members. For non-academic senior administrators, benefits mirror those received by management staff.



- Annual performance reviews, as described below, are primarily driven by performance, and increases are typically provided as a recurring addition to base salary. This is intended to recognize the prior year's performance and the promise of future performance. In addition, there is a review of internal equity across senior administrator positions.

Responsibility for Senior Administrator Compensation:

- The responsibility for senior administrator compensation rests with the Management Resources Compensation Committee (MRCC) of the UBC Board of Governors after receiving recommendations from the President for all senior administrators reporting to him. The foundation of the process is each senior administrator's development of performance objectives at the outset of the performance period. These performance objectives align with the University's objectives outlined in both Place and Promise: The UBC Plan, and operational imperatives. Actual performance is reviewed against objectives, together with the setting of the next year's objectives. The President is not reviewed for annual salary increases; rather, he is reviewed by the MRCC for the long-term incentive payment, as provided for in his employment agreement approved by PSEC and the responsible Minister.

[2] Changes Since Fiscal Year End

- No new policies, actions, or decisions were made after the end of the most recently completed fiscal year that would affect a fair understanding of the compensation of the President and senior administrators for the last fiscal year.

[3] Incentive Plan Performance Targets and Objective Identifiable Measures Related to the Pursuit of Performance Targets

Targets are not quantified, except for the President's long-term incentive (50% is based on meeting performance objectives, 25% is based on meeting annual fundraising targets, and 25% is based on meeting annual academic and research ranking goals).

The President's 2010/11 incentive payment was based, in part, on achievement of 2009/10 goals, as described below.

THE UNIVERSITY OF BRITISH COLUMBIA



- The President's overall performance objective is to improve the academic standing of UBC in all areas of learning and research, and to build its local, national, and international reputation, as driven by the vision in *Place and Promise: The UBC Plan*.
- Within this overall framework, the President's top three priorities this fiscal year were:
 1. Implement *Place and Promise: The UBC Plan*;
 2. Oversee the initial implementation of the comprehensive fund raising campaign; and
 3. Build on the progress achieved in forging strong relations with government to protect and promote financial support for UBC.
- Specific strategic goals were:
 - Student Learning**
 - Continue to implement strategic teaching and learning initiatives in concert with *Place and Promise: The UBC Plan*
 - Create a climate where program realignment is seen as necessary and incentives are in place to achieve it; where faculties introduce benchmarks to measure their performance; and where improving student engagement is a principal target
 - Accelerate the next steps to significantly increase on-campus student housing within five years
 - Research Excellence**
 - Complete and begin implementing the *Research Strategic Plan* in concert with *Place and Promise: The UBC Plan*
 - Work to retain higher education as a key provincial government priority and to focus more on research
 - Work with AUCC and the U15 universities to promote an increase in federal government support for the direct and institutional costs of research, and to develop a national advocacy strategy
 - Remain in the top 3 Canadian universities in \$ value of tri-Council research awards
 - Community Engagement**
 - Complete and begin implementing the *Community Service Learning and Community Based Research Strategic Plan* and the *Chan Strategic Plan* in concert with *Place and Promise: The UBC Plan*
 - Ensure that opportunity is pursued to review and shape the next stage of the local governance model for UBC
 - Ensure that all government initiatives in higher education, both provincial and federal, are acknowledged publicly by our constituencies
 - Launch the new UBC public face and ensure high visibility
 - Continue to prepare for the Olympics, providing volunteer opportunities and highlighting UBC achievements wherever possible
 - Aboriginal Engagement**
 - Continue implementation of the *Aboriginal Strategic Plan* in concert with *Place and Promise: The UBC Plan*
 - Implement a new external advisory council on Aboriginal affairs
 - Alumni Engagement**
 - Continue implementation of the *Alumni Affairs Strategic Plan* in concert with *Place and Promise: The UBC Plan*
 - Continue to implement initiatives to improve performance of UBC in alumni and student surveys



Intercultural Understanding

- Begin implementing the intercultural understanding goals and actions in *Place and Promise: The UBC Plan* with a particular view to helping students recognize the significant value of diversity
- Finalize the *Equity and Diversity Strategy*

International Engagement

- Finalize the *International Strategy* in concert with *Place and Promise: The UBC Plan* with goals to focus our international engagements, deepen relationships with a select number of universities outside Canada and build on our ISI strengths

Outstanding Work Environment

- Ensure implementation of the second year strategies identified in *Focus on People: Workplace Practices at UBC* in concert with *Place and Promise: The UBC Plan*
- Accelerate the next steps to significantly increase day care spaces within two years
- Ensure careful attention is paid to all necessary preparations for collective bargaining

Sustainability

- Complete and begin implementing the *Sustainability Academic Strategic Plan* in concert with *Place and Promise: The UBC Plan*
- Ensure completion and implementation of the campus plan, including as a priority the academic plan for the South Campus, *Cultivating Place*
- Continue to implement the strategies identified by the President's Advisory Council for Sustainability; communicate our successes; promote at least two initiatives that can be modeled in the wider community; and build programme coherence and collaboration across the Faculties
- Implement a sustainable operating budget for each campus by 2011/12
- Ensure that the budget process is transparent, that academic priorities drive budget decisions, and that the budget is fully linked to the strategic plan
- Oversee the Economic Sustainability Initiatives and ensure appropriate recommendations are implemented
- Continue comprehensive campaign preparation (finalize key themes; set targets); maintain a personal prospect portfolio of 30; engage actively in principal gift cultivation and solicitation

The President met and exceeded these performance objectives. Relationships with government at all levels continued to grow, with the President being requested for events, roundtables, and speaking engagements at all levels of government. The Okanagan campus is on target with respect to the number of student FTEs, and the capital expansion program for that campus is nearly complete. The President exceeded his fundraising target, with an all-time high at \$187.2M.

In addition, the annual academic and research ranking goal of remaining in the top 40 universities internationally, and moving toward the top 20 was attained. UBC was ranked 40th in 2009 by the Times Higher Education rankings (UK), and 36th by Shanghai Jiao Tong University Institute of Higher Education (China). Indicators used in the surveys include number of Nobel laureates, number of highly cited researchers, number of articles published in Nature and Science, number of articles cited in the Science Citation Index, and academic performance per faculty. UBC also ranked 38th place in the 2010 Webometrics Ranking of World's Universities, which is based on web publication.



[4] Leaves

- Vacation and academic leaves are provided to the President and senior administrators. These relate to UBC's compensation philosophy in that they comprise an important part of the total compensation package to attract and retain outstanding senior administrators. The maximum vacation permitted is six weeks. Academic leaves are provided as an incentive, common across universities, for faculty members to assume academic senior administrator roles. During these term positions they do not accrue service towards study or sabbatical leaves that they would normally receive as a faculty member under their collective agreement.


Footnote to Summary Compensation Table: UBC Supplemental Arrangement

- The total pension contributions made by the employee and the university in any one year cannot exceed the contribution limit, which is 18% of annual earnings, or \$22,970 for 2010, whichever is less. Salaries exceeding \$163,886.28 in 2010 would have reached this limit. Excess University contributions are directed to the non-registered supplemental arrangement (SRP).
- The SRP contribution amount is that which the employer would be required to contribute to the Faculty Pension Plan (FPP) if there wasn't a maximum limit imposed by the Income Tax Act.
- The employer is the sole legal and beneficial owner of all assets in the SRP. All assets held in the SRP will be available for general creditors of the employer.
- The employer invests the assets.
- Withdrawals from the SRP are available only at termination, retirement, or death.

Contact for media and other inquires:

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THE UNIVERSITY OF BRITISH COLUMBIA

	(a) Name and Principal Position	(b) Salary (\$)	(c) Bonus (\$)	(d) Incentive Plan Compensation Paid (\$)	(e) Pension (\$) ¹	(f) All Other Compensation ²	(g) Total (\$)	(h) Previous 2 Years' Totals
	Stephen Toope, President & Vice Chancellor	\$378,000	\$0	\$50,000	\$85,908	\$67,470 ³	\$581,378	2008/09 = \$575,813 2009/10 = \$579,332
	David Farrar, VP Academic & Provost	\$316,200	\$0	\$0	\$30,828	\$12,760	\$359,788	2008/09 = \$338,962 2009/10 = \$357,360
	Doug Owram, Deputy Vice Chancellor & Principal	\$281,138	\$0	\$0	\$27,322	\$37,262	\$345,722	2008/09 = \$331,077 2009/10 = \$343,667
	Pierre Ouillet, VP, Finance, Resources, and Operations	\$295,800	\$0	\$0	\$28,758	\$8,582	\$333,140	2008/09 = New 2009/10 = \$328,178
	John Hepburn, VP Research	\$266,786	\$0	\$0	\$25,887	\$32,860	\$325,533	2008/09 = \$311,951 2009/10 = \$322,486

Notes:

[1] Includes supplemental pension

[2] Includes employer cost of health & welfare benefits, government benefits (i.e., CPP, WCB, EI), and pro-rated value of academic leave

[3] Includes taxable benefit related to housing

[4] Data represents "actual" amounts for the 2010/11 fiscal year; as such, senior administrators who were appointed part way through the period may not appear in this year's report, but will appear in future reporting periods.

UBC INVESTMENT MANAGEMENT TRUST INC.

Public Sector Executive Compensation Reporting – Fiscal Year 2010/11

Compensation Philosophy of UBC Investment Management Trust Inc. (Subsidiary of UBC)



[1] Material principles and underlying policies and decisions for compensation provided to the President and senior administrators for the most recently completed fiscal year

UBC Investment Management Trust Inc. (UBC IMANT), originally approved by UBC's Board of Governors (BOG) in fiscal 2002/03 and incorporated under the B.C. Company Act in March of 2003, opened its offices in May of 2004. It assumed official responsibility for the investment management of \$1.4 billion (today \$2.4 billion) of the University of British Columbia's and related portfolio assets in July of 2004. The company is a share capital entity, 100% owned by the University. IMANT acts as UBC's investment manager, with ownership of the assets resting with UBC or appropriate beneficiaries. UBC IMANT is governed by an 11-person Board of Directors (seven external, and four associated with UBC), and has four staff including only one Executive appointment, the President and Chief Executive Officer ("the President").

Compensation Philosophy

IMANT's compensation is positioned based on the following:

- Recruitment and retention of staff with the skills, training, and knowledge to add substantial value over and above passive market returns from public securities, and to generate stable long-term returns. Compensation should incent staff to design and implement programs that do not necessarily deliver short-term returns, but have above-average prospects of generating superior long-term returns.
- Being competitive with compensation in the sectors from which it recruits staff (e.g., pension investment industry, investment management industry).
- UBC compensation, benefits, and pension levels, even though job skill, education, and experience levels are not directly comparable.
- Alignment over time with other University investment management companies, and secondarily with investment managers generally.
- Compensation levels for comparable jobs in the US are a consideration.



Responsibility for Senior Administrator Compensation:

- Compensation recommendations for the President are made by the HR Committee of the Board, for approval by the Board.

[2] Changes Since Fiscal Year End

- No new policies, actions, or decisions were made after the end of the most recently completed fiscal year that would affect a fair understanding of the compensation of the President for the last fiscal year.

[3] Incentive Plan Performance Targets and Objective Identifiable Measures Related to the Pursuit of Performance Targets

Compensation consists of base salary, health care and insurance benefits, pension benefits, and a bonus.

Bonus Structure:

- The annual bonus payment is up to 35% of base salary for the President.
- The annual bonus payment is based equally on qualitative and quantitative outcomes.
- Qualitative outcomes are based on the President's business plan objectives, which are established annually by the Board.

Quantitative outcomes:

- The primary investment objective is to maximize long term investment potential, and the short term incentive compensation plan is designed to motivate and reward the creation of long term gains.
- Quantitative targets are set for each individual fund under management. Two measures are used for each fund: long term investment rate of return target (weighted 1/3 by dollar amount of funds), and rolling three year actual investment rate of return relative to the benchmark for the individual fund (weighted 2/3 by dollar amount of funds).
- If investment returns are negative, but benchmarks have been met or exceeded, awards based on quantitative results will be calculated, but payments will be deferred until the overall return of the funds under management is positive.
- The Chair of the Board determines these outcomes for the President.

UBC INVESTMENT MANAGEMENT TRUST INC.



[4] Leaves

- Vacation is provided to the President. These relate to UBC's compensation philosophy in that they comprise an important part of the total compensation package to attract and retain outstanding senior administrators. The President and Chief Executive Officer's vacation allotment is six weeks.

Contact for media and other inquires:

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UBC INVESTMENT MANAGEMENT TRUST INC.

	(a) Name and Principal Position	(b) Salary (\$)	(c) Bonus (\$)	(d) Incentive Plan Compensation Paid (\$)	(e) Pension (\$) ²	(f) All Other Compensation ³	(g) Total (\$)	(h) Previous 2 Years' Totals
	Philip Falls, President and Chief Executive Officer	\$101,010 ¹	\$0	\$0	\$4,583 ¹	\$15,818 ¹ \$209,391 ⁴	\$330,802	New to Reporting

Notes:

[1] Actual amounts paid from April 1, 2010 to September 2, 2010, date of employment separation

[2] RRSP

[3] Includes employer cost of health & welfare benefits, government benefits (i.e., CPP, WCB, EI), and car allowance.

[4] Settlement payment at separation of employment (compensation, benefits, pension)

UBC PROPERTIES INVESTMENT LTD



Public Sector Executive Compensation Reporting – Fiscal Year 2010/11

Compensation Philosophy of UBC Properties Trust Ltd

[1] Material principles and underlying policies and decisions for compensation provided to the President and senior administrators for the most recently completed fiscal year

UBC Properties Investments Ltd (subsidiary of UBC) is the trustee of UBC Properties Trust, with the mission to acquire, develop, and manage real estate assets for the benefit of the University. The trustee operates with a Board of Directors currently comprising eight outside directors and three members of the UBC Administration, including the President of UBC. The outside Directors are chosen to represent their respective areas of knowledge and expertise.

UBC Properties Investments Ltd reports to the UBC Board of Governors through UBC's Vice President Finance, Resources, and Operations. It employs approximately 30 staff, including a President and Chief Executive Officer ("the President").

Compensation Philosophy

The compensation of UBC Properties Investments Ltd is positioned based on the following:

- To recruit and retain staff with the skills, training, and knowledge required to acquire, develop, and manage property.
- To be competitive in relation to compensation in the sectors from which it recruits staff (i.e., real estate development market).
- To be inclusive of base salary, health care and insurance benefits, and pension benefits (RRSP). In addition, there is a bonus structure in place for senior project managers and executive team members earning over \$100,000, other than the President who is not eligible for the bonus structure.
- To pay slightly higher base salaries than the comparator market, but significantly lower bonuses.



Responsibility for Senior Administrator Compensation:

- Compensation decisions for those earning over \$100,000 per annum are made by the Compensation Committee of the Board of Directors.
- All compensation decisions are based on industry standards (i.e., relevant comparator market) and performance.

[2] Changes Since Fiscal Year End

- No new policies, actions, or decisions were made after the end of the most recently completed fiscal year that would affect a fair understanding of the compensation of the President and senior administrators for the last fiscal year.

[3] Incentive Plan Performance Targets and Objective Identifiable Measures Related to the Pursuit of Performance Targets

- The annual bonus payment is up to a maximum 25% of base salary.
- The annual bonus payment is based on project performance (e.g., completion of projects on time and on budget, etc.).

[4] Leaves

- Vacation is provided to the President and senior administrators. These relate to UBC's compensation philosophy in that they comprise an important part of the total compensation package to attract and retain outstanding senior administrators. The maximum vacation allotment is six weeks.


UBC PROPERTIES INVESTMENT LTD



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U B C P R O P E R T I E S I N V E S T M E N T L T D

	(a) Name and Principal Position	(b) Salary (\$)	(c) Bonus (\$)	(d) Incentive Plan Compensation Paid (\$)	(e) Pension (\$)	(f) All Other Compensation ¹	(g) Total (\$)	(h) Previous 2 Years' Totals
	Al Poettcker, President and CEO	\$350,000	\$0	\$0	\$34,924	\$30,660	\$415,584	New to Reporting
	Rob Brown, Vice President	\$189,167	\$30,000	\$0	\$18,917	\$9,817	\$247,901	New to Reporting
	Don Matheson, Vice President and CFO	\$185,000	\$10,000	\$0	\$18,500	\$10,081	\$223,581	New to Reporting
	Jas Sahota Vice President	\$164,000	\$27,000	\$0	\$16,400	\$4,815 \$129,834 ²	\$342,049	New to Reporting

Notes:

[1] Includes employer cost of health & welfare benefits, government benefits (i.e., CPP, WCB, EI), and car allowance

[2] Settlement payment at separation of employment (salary and benefits)