

Alfred Baker

Queen's University

Correspondence and Budget Reports

1895

QUEEN'S UNIVERSITY ARCHIVES	
LOCATOR	51109
BOX	26
PAGE	13



Dr. Alfred Bader
924 East Juneau Avenue
Astor Hotel - Suite 622
Milwaukee, WI 53202
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Fax: 414 / 277-0709
e-mail: baderfa@execpc.com

May 9, 2008

TO: Dr. Tom Williams, Principal Page 1 of 2
Queen's University

FAX: 1-613-533-6838

Dear Tom,

As you know, Isabel and I very much enjoyed our meeting yesterday and we were happy to learn that your plans for the Isabel Bader Performing Arts Centre are moving ahead.

You are well aware that we have given Queen's \$14 million and that sum is already at Queen's.

I understand that the entire project will cost about \$42 million. Deduct \$14 million which you already have and that leaves \$28 million required.

Isabel and I would like to pledge \$4 million provided:

1. Queen's can acquire the adjoining land from the Dominion government and
2. You can raise \$24 million which will then bring you, with our total gift of \$18 million, to the \$42 million required.

I will give you the \$4 million either in cash or in appreciated stock, probably of Sigma-Aldrich, as soon as both requirements are met.

Also, I will ask the Executor of my estate, Daniel Bader, to pay Queen's the \$4 million if the two requirements are filled after my death.



Dr. Daniel Barber
104 West Walnut Street
Animal Health - Room 533
Madison, WI 53706
Phone: 608-263-0750
Fax: 608-263-0708
e-mail: dbarber@wisc.edu

May 1, 2008

TO: Dr. Tom Whitmore, Principal
Guson's Veterinary

1-81-442-8338

Dear Tom,

As you know, Daniel and I very much enjoyed our meeting recently and we were happy to hear a plan for the Animal Health reforming Act. We are moving ahead.

You are well aware that we have given Guson's \$11 million and that sum is already in Guson's.

I understand that the entire project will cost about \$43 million (about \$11 million which you already have and that leaves \$32 million required).

Daniel and I would like to pledge \$4 million provision.

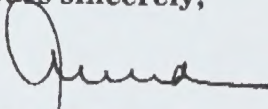
I figure the amount the university took from the Wisconsin government and
If you can raise \$11 million which will then bring you with our total of \$23 million to the \$32 million required.

I will give you the \$4 million either in cash or in appreciated stock. I figure \$4 million as soon as both requirements are met.

Also I will ask the President of the Senate, Daniel Barber, to give Guson's the \$4 million if the two requirements are filled with the health.

With all good wishes I remain

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alfred Bader', written in a cursive style.

Alfred Bader


AB/az

C: Daniel Bader

2

With all good wishes I remain

Yours sincerely,



Alfred Barker

Alfred

C. Daniel Barker

89203



OFFICE OF THE UNIVERSITY REGISTRAR
STUDENT AWARDS

Gordon Hall, 74 Union Street
Queen's University
Kingston, Ontario, Canada K7L 3N6
Tel 613 533-2216
Fax 613 533-6409
awards@queensu.ca
www.queensu.ca/registrar/awards

Dr. Alfred Bader
2961 North Shepard
Milwaukee, Wisconsin 53211 USA

August 20, 2008

Dear Dr. Bader:

I am pleased to inform you the 2008 recipient of the **Martin Wolff Memorial Prize**, awarded for standing on year's work in the Civil Engineering program, is:

Mr Christopher Fulton, Bachelor of Science (Engineering)

Funding from donors helps to support Queen's students, like Christopher, as we salute their outstanding achievements from the past academic year. Students appreciate being recognized for their hard work and they tell us merit-based awards provide an added incentive to focus on their studies throughout the school year.

The award you helped to establish celebrates the best and the brightest of Queen's students. These students benefit from the acclaim associated with your award as they build their academic careers, while the financial value of this award helps to support them as they invest in their university education.

On behalf of Queen's University I want to thank you for helping to honour and recognize the accomplishments of our students.

Yours sincerely,

Teresa Alm
Associate University Registrar
(Student Awards)

SG/tra

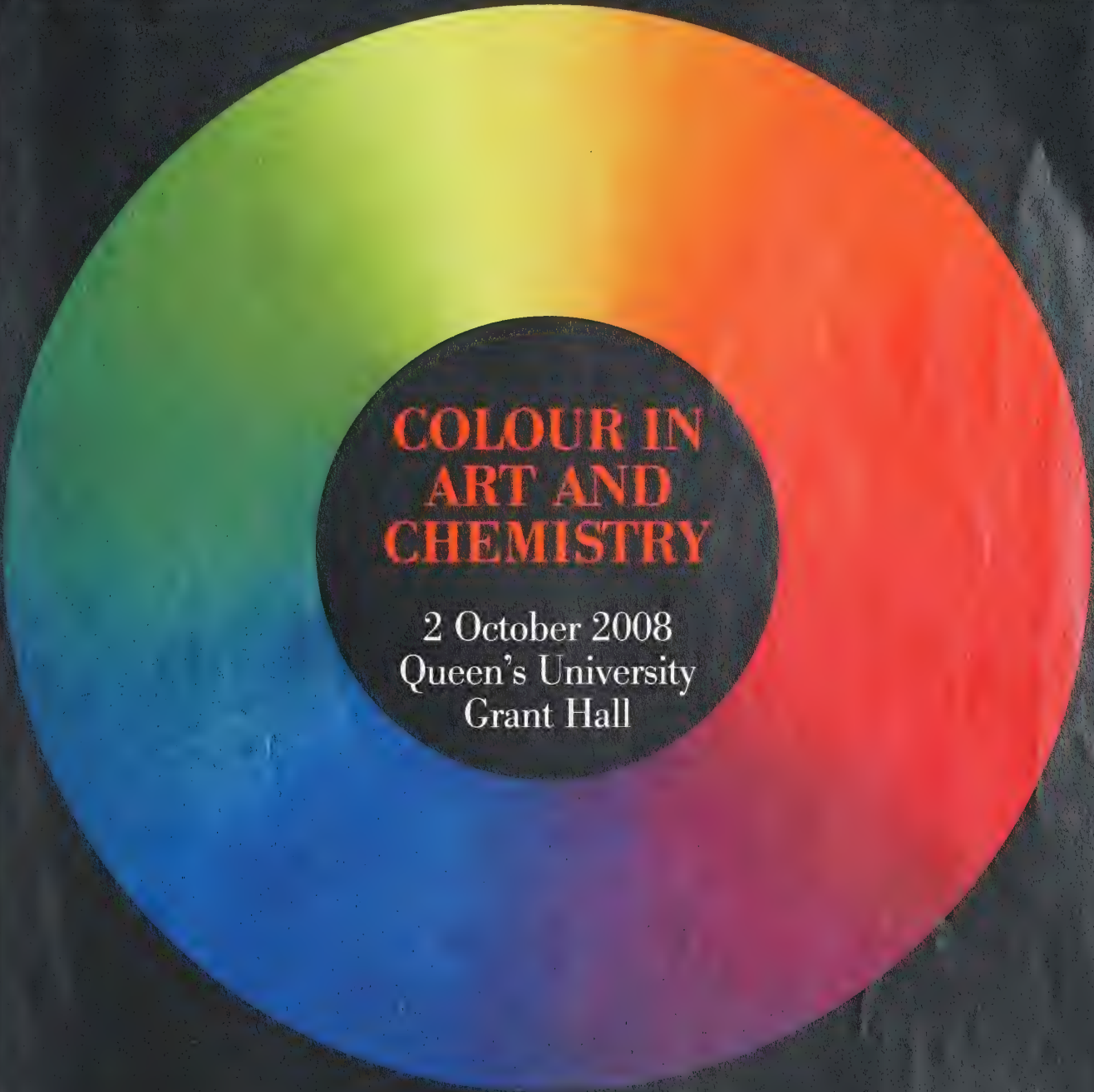




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**COLOUR IN
ART AND
CHEMISTRY**

2 October 2008
Queen's University
Grant Hall

COLOUR IN ART AND CHEMISTRY

2 October 2008, Queen's University, Grant Hall

1:00

Opening Remarks:
Sebastian Schütze & Victor Snieckus

1:30

Philip Ball, Nature Magazine
The Invention of Colour

2:30

Christoph Wagner, University of Regensburg
*Light and colour symbolism in Raphael's
Loggia in the Vatican*

3:30

Coffee Break

4:00

John Gage, Cambridge University
*Elective Affinities: the Chemistry in
Goethe's Theory of Colour*

5:00

Roald Hoffman, Cornell University
*Indigo, A story of art, biology, chemistry,
culture and religion*

6:00

Closing Remarks:
Victor Snieckus & Sebastian Schütze

Reception

Organizers

SEBASTIAN SCHÜTZE Bader Chair in Southern Baroque Art
VICTOR SNECKUS FRSC Bader Chair in Organic Chemistry

For full details, please contact Krista Voigt (baderadm@chem.queensu.ca)

With generous support from the Royal Society of Canada,
the Faculty of Arts and Science, the Department of Art
and the Department of Chemistry.



Alfred Bader Fine Arts

To: David Leighton
Subject: RE: Several

Dear David,

I am truly shocked by your yesterday's e-mail and very much hope that I can change your mind. I will call you in just a little while to discuss.

It became clear to Isabel and me during our discussions at Queen's that the people there did not really know what great work you and Alex had done in Ottawa, but then a new Vice Principal of Development, David Mitchell, came from the University of Ottawa and he was enthusiastic about your work and looking forward to working with you.

Please, David, we really do need your help and I hope that you and Alex will come to Queen's.

I will talk with you soon.

Sincerely,
Alfred Bader

From: David Leighton [mailto:dleighton@rogers.com]
Sent: Sunday, March 16, 2008 2:56 PM
To: Alfred Bader Fine Arts
Subject: Re: Several

Dear Alfred,

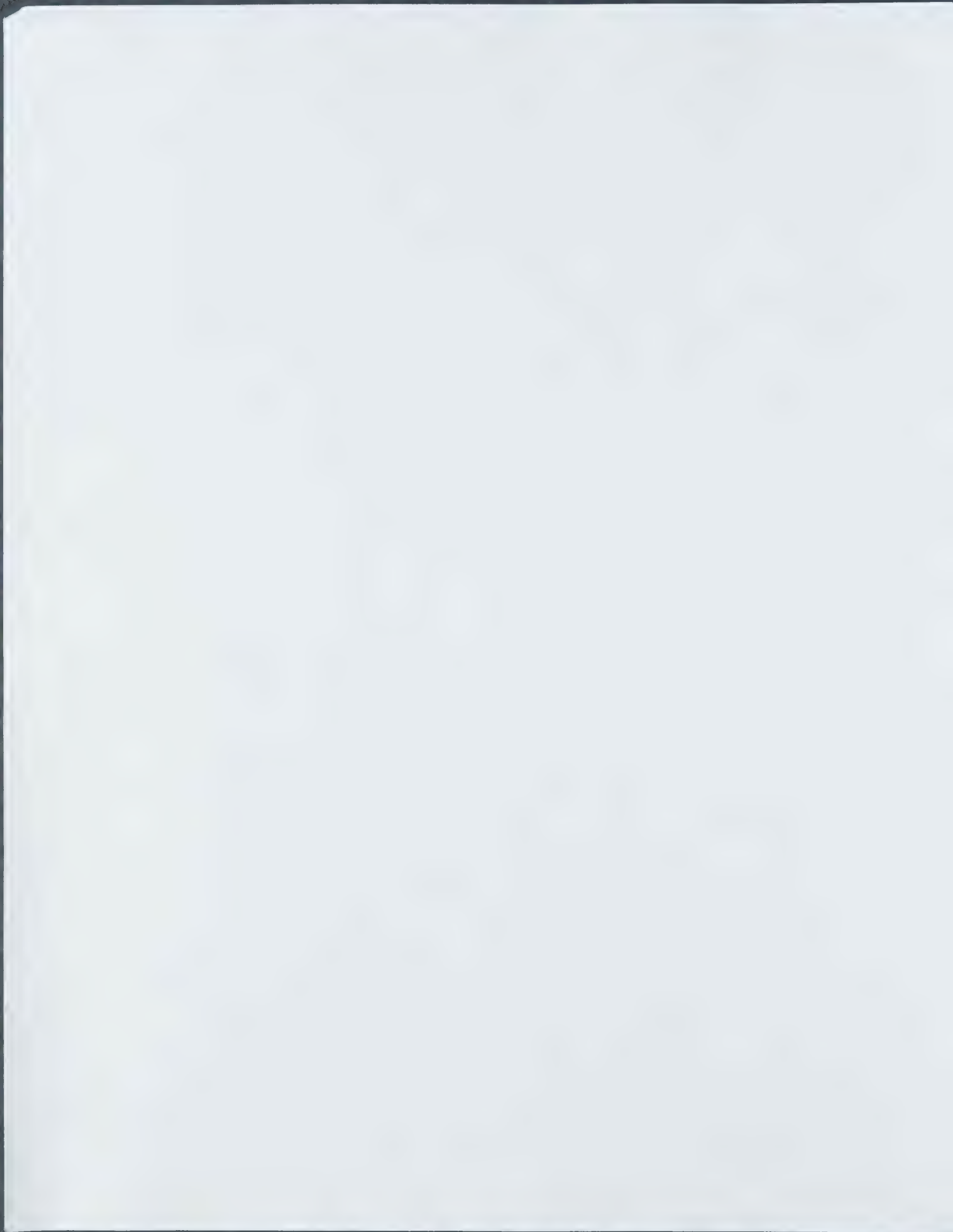
Sorry to be slow in replying, but I had a last-minute invitation to spend last week with my friends Jim and Margaret Fleck at their condominium in Naples, Florida. Jim has been a major contributor to the arts over many years, and has an incredible collection of avant-garde art, including a major collection of Jasper Johns. He has served as Chairman of the Art Gallery of Ontario and is current Chairman of the Council for Business and the Arts in Canada. . . and a long-time friend. I think you would very much enjoy meeting him.

It sounds to me that they (Queen's) have been less than forthcoming with you, as with me. It certainly fits with the experience I have had thus far. I have no knowledge of the change in scope of the project. although I knew that the Principal once mentioned the P.A.C. as the inspiration for a possible "Arts Campus" if and when the University acquired the Corrections Canada land next door--which I was assured would at best be a long time away.

It would seem that you have been kept in the dark, too!! This would be quite consistent with a pattern of lack of discussion and communication that has existed from the beginning.

I have to tell you that, with great regret, I have decided not to continue my participation in the project. I believe I cannot be of help, either to you or to Queen's, under any reasonably predictable circumstances. The people in charge clearly are not interested in my participation, and would be involving me only as a result of your concern. Such a relationship would be unworkable.

I say this with great sorrow. I very much appreciated the faith you showed in me by asking me to become involved on your behalf. I have long been a great admirer of you and Isabel, and looked forward to participating with you in this exciting project. I am extremely disappointed. It has been very difficult for me to reach this decision, but all of my instincts and experience tell me this won't work.



I hope this will not end our contacts. I will be interested in how things proceed, and I sincerely wish to stay in touch with you and Isabel.

With great regret.

David

{Home address: 110-250 Sydenham St., London, Ontario, N6A 5S1. Telephone 519 204-5170}

On 11-Mar-08, at 1:15 PM, Alfred Bader Fine Arts wrote:

Dear David,

Isabel and I were at Queen's from last Thursday morning until Sunday morning, and of course we discussed the Isabel Bader Performing Arts Centre plans in some detail.

I am certain that you will be invited for detailed discussions and the people at Queen's now understand how much help you can be.

Our gift of \$14 million was subject to the entire building being called the Isabel Bader Performing Arts Centre. I was hurt by the fact that they have now changed this and call it the Queen's Performing Arts Centre, with only the concert hall (500 seats) called the Isabel Bader Concert Hall. Naturally I objected and wonder what will happen.

Surprisingly, they now place the total cost at \$42 million!

Could you please e-mail me your home address and if you have a fax, your fax number. I would like to fax or mail you a great deal of this information.

Did you read about the turmoil now at Queen's with the AMS coming out with a unanimous recommendation not to renew Karen Hitchcock's principalship?

Best regards to you and Peggy,
Alfred



To Andrew Simpson
I'll call you to discuss
All the best
H. Garth Dickey

Fax 613 533 6263

58 Earl Street
Kingston, ON K7L2G6

Telephone: 613-767-7601
Cell: 613-453-2173

E-mail: garthdickey@gmail.com

Senior level executive with broad leadership experience in management, finance, and business development. Particular strengths include sales and marketing, analytical problem solving, project planning, organizational management, and persuasive communications.

Progeny Linux Systems, Indianapolis, IN
President and Chief Executive Officer

2002-2007

Open source software company building optimized Linux-based operating systems for telecom and server appliance manufacturers.

Led innovative open source technology company through evolving new business strategy, built balanced creative team culture, forged global strategic relationships in Europe, China, and Japan. Developed senior level relationships with a broad range of technology companies from leading multi-billion dollar computer companies to early stage start-ups.

Centerfield Capital Partners, Indianapolis, IN
Managing Director

1998-2001

Midwest-focused private equity fund investing in growth and expansion stage companies.

One of three founding principals of Indiana's largest (\$30+ million) SBA-approved Small Business Investment Company. Raised investments from high net worth individual and institutional investors. Focused on investment opportunities in early-stage software and high tech companies. Developed broad network of contacts in target investment and investor markets.

Indiana Public Employees Retirement Fund, Indianapolis, IN
Director

1995-1998

Pension fund system serving over 200,000 state and local government employees.

Managed PERF through a remarkable transformation applying technology, operational management restructuring, and revised investment strategies to improve benefit administration and modernize the \$8+ billion investment portfolio. Built morale and elevated performance of this multi-plan, multi-employer combined defined benefit and defined contribution pension system. Worked closely with diverse stakeholders to build support for needed legislative and constitutional change. This included the passage of a historic constitutional amendment to enable portfolio diversification by permitting investment in equities. Actively engaged as public spokesperson to diverse constituencies. Built peer level relationships leaders of public pension funds nationwide to seek out best practices to model the transformation of PERF. Worked closely with Board of Trustees to develop and adopt comprehensive investment management guidelines and procedures.

Independent Investment Banker, Bedford, New York
Principal

1993-1995

Built private practice of strategic consulting, private financing, mergers and acquisitions with early-stage and privately owned companies.



Bear, Stearns & Co. Inc., New York, NY
Managing Director

1992-1993

NYC-based US investment bank

Led team providing corporate finance services to financial institutions in the Central United States (territory covering 18 states). Marketed firm's capabilities in mergers and acquisitions (both sell-side and buy-side advisory roles), asset securitizations, fixed income issuance and equity underwriting.

Nomura Securities International, Inc., New York, NY
Vice President, Investment Banking

1986-1991

NYC-based US arm of world's largest investment bank headquartered in Tokyo, Japan

Built and managed investment banking relationships with leading U.S. financial institutions and some non-financial corporations. Secured mandates from U.S. bank holding companies to lead manage Euromarket offerings in yen and dollars, totaling over \$2 billion. Raised equity capital for U.S. banks including lead-managing two common stock offerings in Japan.

Manufacturers Hanover Corporation, New York, NY

1981-1986

Holding company of Manufacturers Hanover subsequently merged into JP Morgan Chase

Vice-President and Director of Long Term Debt	1985-86
Vice President – Staff Assistant to Head of Financial Institutions Group	1984-85
Vice President – Western District	1982-84
Assistant Vice-President, National Division	1981-82

Managed bank holding company's long term debt and equity issues, including over \$3.2 billion in new issues in 22 separate offerings. Managed and directed development of Asset Sales/Loan Participation program, thrift industry strategy, coordination and design of credit and non-credit products. Managed relationships with financial institutions ranging from money center bank holding companies to thrifts and small banks. Managed market development efforts, including opening a new market sector, resulting in over \$250 million incremental loan growth. Managed diversified corporate lending relationships in Southeast Region, including large utility portfolio, cable and broadcasting accounts, textile and assorted manufacturing companies.

Sotheby's, New York, NY
Assistant Treasurer

1978-1981

New York headquarters of world's leading art auction firm

Managed US treasury functions of the company and supervised staff of over 30 in four departments. Systematized corporate credit policies and automated major accounting systems, improved service and lowered costs.

Chemical Bank, New York, NY
Assistant Secretary, Corporate Banking

1975-1978

Bank headquartered in New York, subsequently merged into JP Morgan Chase

Corporate banker to Fortune 500 companies. Developed relationships and cultivated prospects in New York/New Jersey market. Completed corporate finance and credit training program at top of class.

EDUCATION: Yale University, A.B. 1975. Major: Philosophy.

Earned NASD Series 24 (Principal) and Series 62 (Corporate Securities) Registration.

PERSONAL: Married with three sons.

to Prof. Stephanie Jickey



Alfred Bader Fine Arts

From: David Mitchell [mitchell@queensu.ca]
Sent: Friday, April 25, 2008 4:20 PM
To: 'Alfred Bader Fine Arts'
Attachments: PRINCIPAL ANNOUNCEMENT ON LETTERHEAD APR 08.DOC

Dear Alfred,

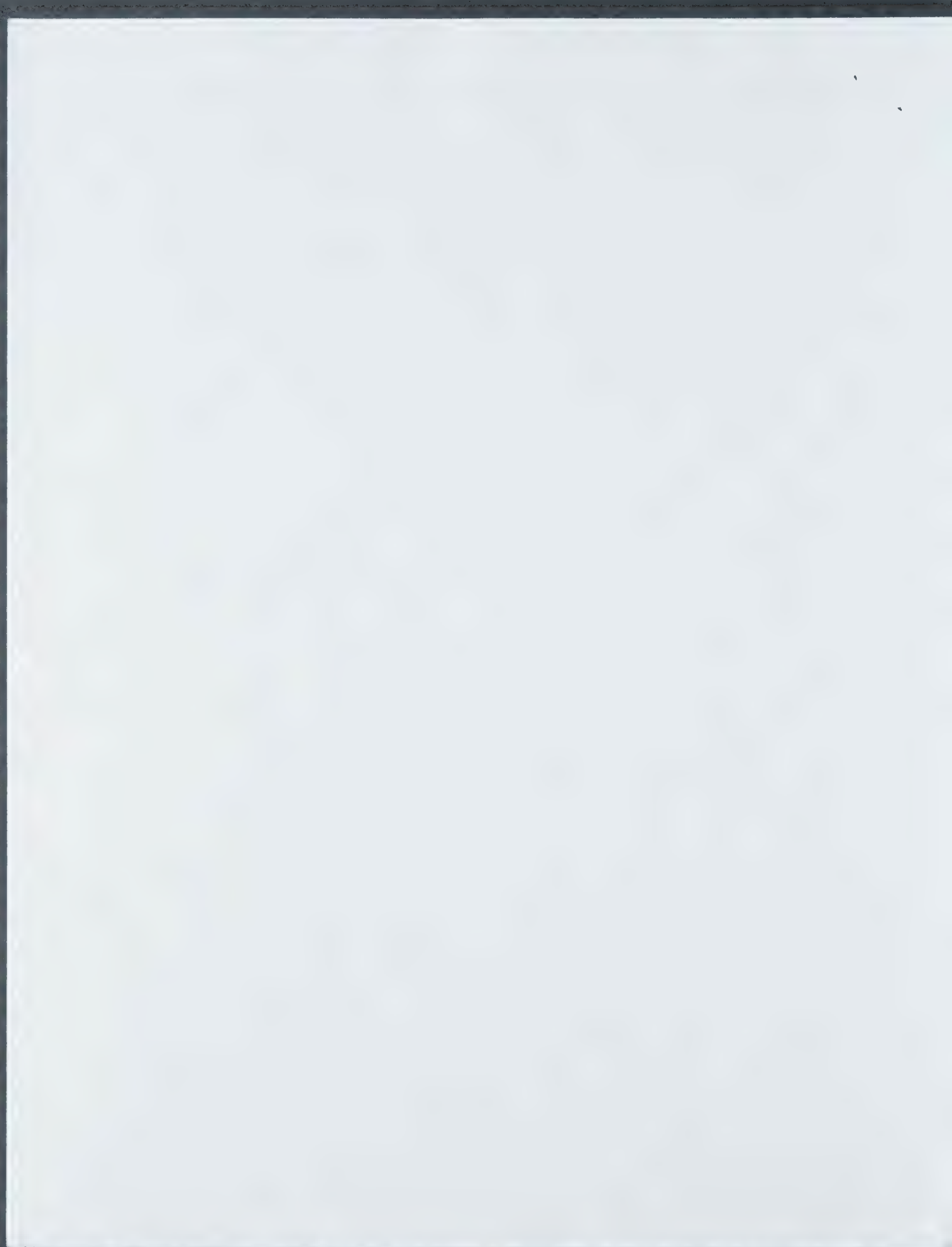
I thought you would want to see a copy of the announcement made this afternoon at Queen's with respect to Tom Williams' appointment as Principal (see attached).

Also, thank you for your encouragement and support of Garth Dickey; I believe he can and will make an outstanding contribution to our University.

We look forward to seeing you on campus again soon.

With all best wishes,

David Mitchell
Cel. 613.583-9028



Friday, April 25

Queen's appoints Principal

KINGSTON, ON – Queen's University's Board of Trustees has approved the appointment of Tom Williams as Principal and Vice-Chancellor in order to provide leadership for the University over the next 12 to 14 months until the next Principal is appointed.

Dr. Williams has served in many key leadership roles at Queen's since arriving in 1977 to assume the position of Dean, Faculty of Education. Subsequent appointments include Coordinator of Graduate Programmes and Acting Director of the School of Policy Studies; Vice-Principal (Operations and University Finance); and Vice-Principal (Institutional Relations). Currently, he is Chair of the Building Committee for the University's Performing Arts Centre.

He has also made extensive contributions to the Kingston community. These include his work on the boards of both Hotel Dieu Hospital and Kingston General Hospital which is ongoing; his past board membership with the Kingston Community Foundation; his past role as Chair of the Board of Kingston YMCA; and his current role as a member of Imagine Kingston. In the late nineties, he served a term as the honorary president of the AMS.

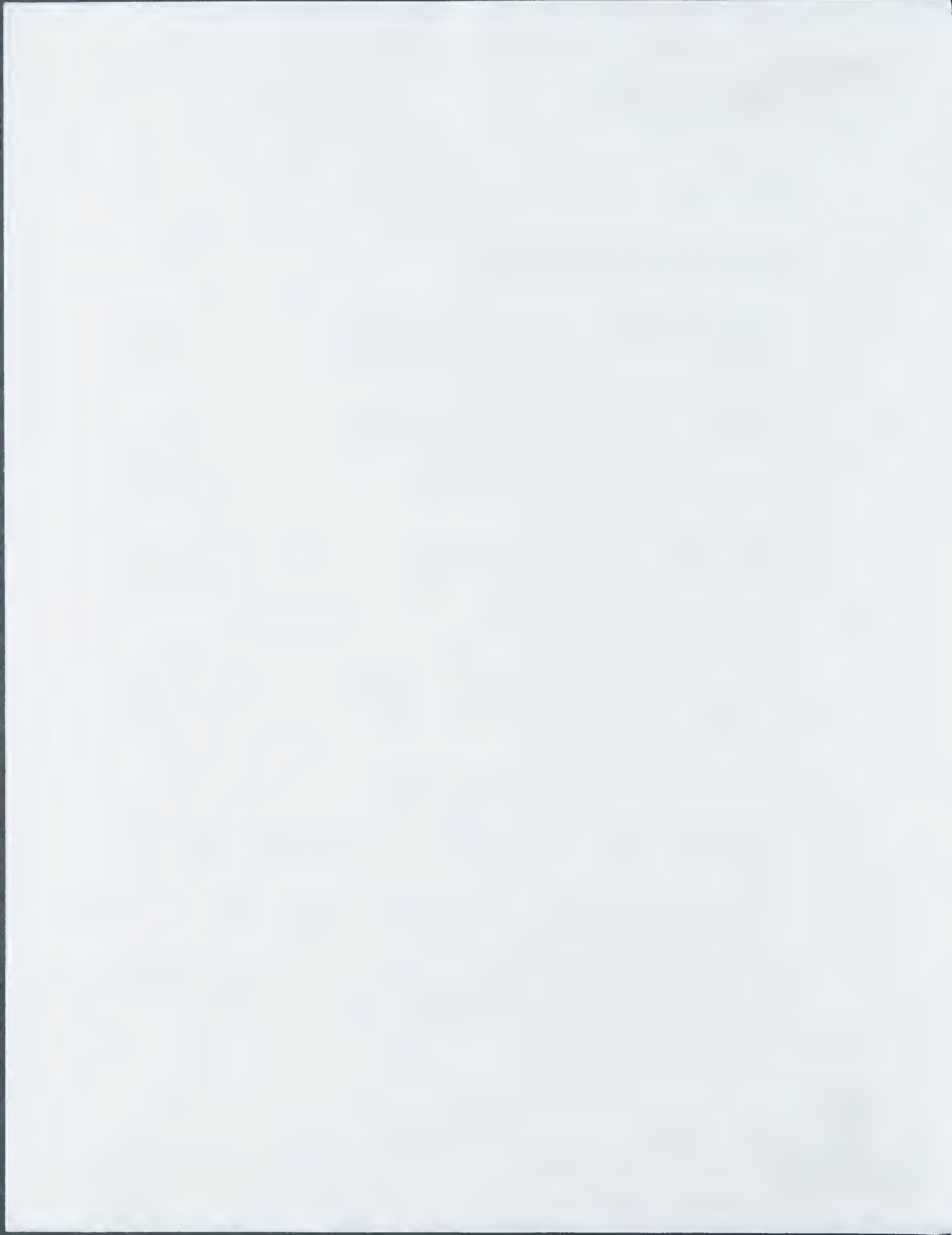
"I'm very pleased to be able to make this announcement," says Bill Young, Chair of the Board of Trustees. "We are very fortunate to have someone with the leadership abilities, depth of knowledge and commitment to Queen's that Tom has demonstrated for so many years. We especially appreciate that he is willing to assume this role at such an important time in the life of the university."

The appointment of Dr. Williams as Principal becomes effective May 1, 2008.

"I am honoured to be asked to serve in this role for the university to which I've dedicated so much of my professional life," Dr. Williams says. "I am passionate about Queen's and its people and look forward to working with members of the Queen's community as we plan for the future."

Dr. Karen Hitchcock recently announced her decision to withdraw her request for reappointment to a second term as Principal and to step aside, effective April 30.

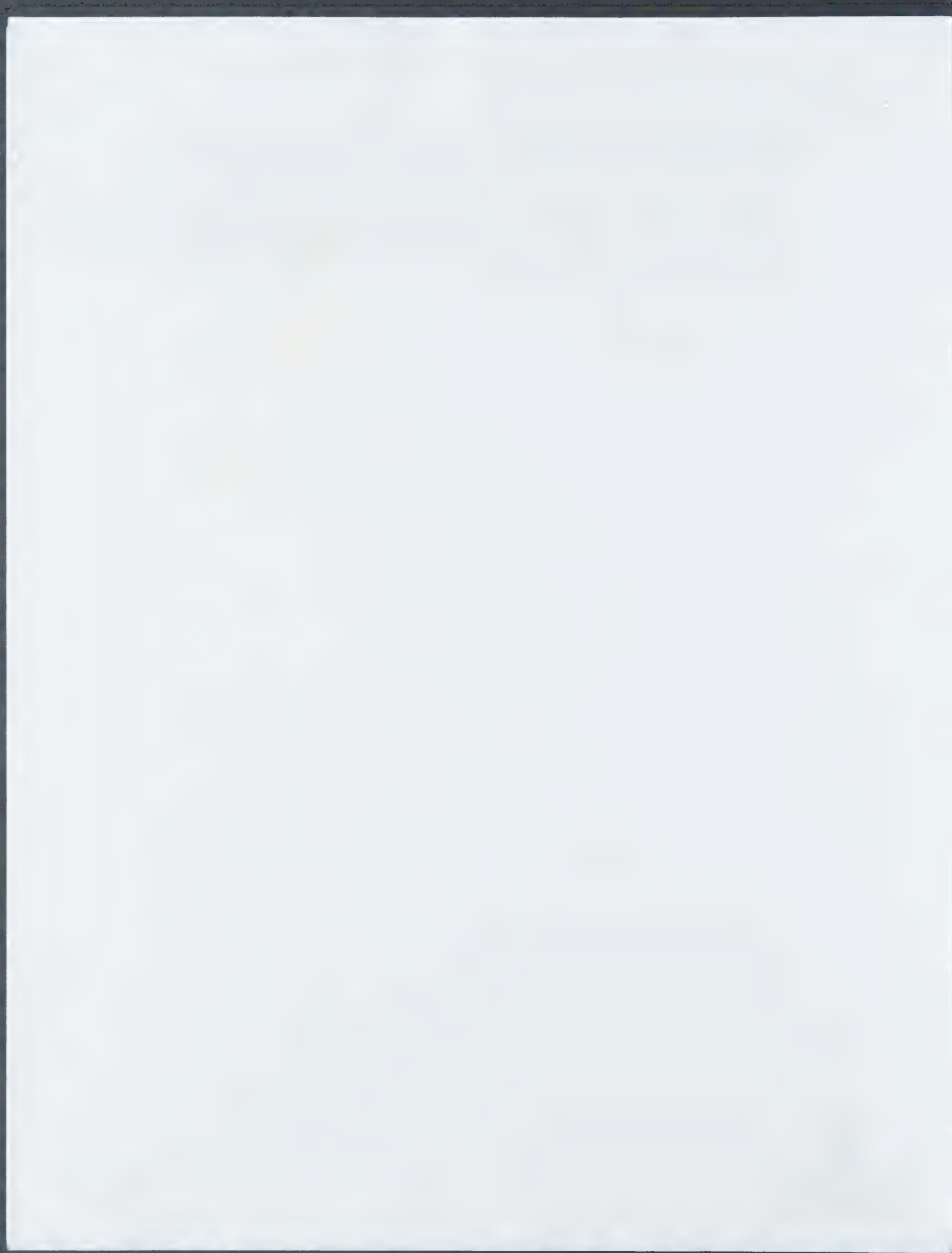
In an email to faculty, staff and students, she indicated her wish "to ensure a smooth transition" and conveyed her gratitude and best wishes to the Queen's community. "It has been an honour to serve Queen's and I wish only the best for the University we all love," she said.



At the same time, the University is putting the wheels in motion for the search for the next Principal. "We will be putting a strong focus on this in the days ahead," says Mr. Young.

The Board of Trustees is expected to approve the selection of its nine members of the Principal's search committee at its May 3 meeting. Soon after, the Senate will round out the 18-person joint Board/Senate committee with the announcement of its nine representatives. The Chancellor acts as committee chair.







Queen's
UNIVERSITY

BUDGET REPORT

2011-12

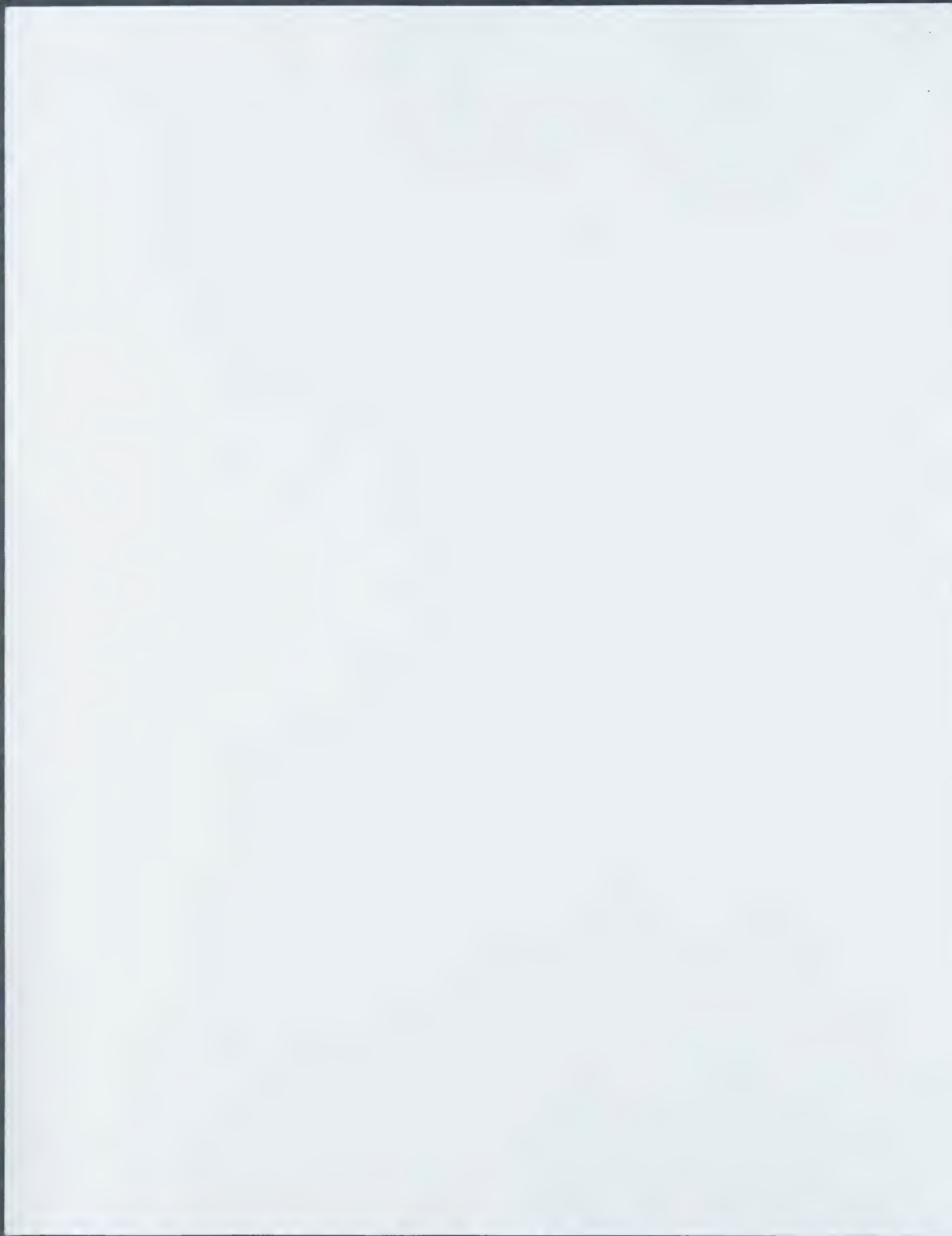


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1. Executive Summary

The 2008/09 Budget has been prepared in the context of a difficult, but unusual fiscal environment. Consistent with most years, the main financial challenge facing Queen's University is the lack of inflationary increases to base Government operating grants in past years and the year ahead. The unusual feature of the present environment is that in spite of the lack of inflationary increase to base grants, Government has demonstrated a willingness to make one-time-only grants to the university sector for both quality and facilities renewal.

As an example, Queen's received one-time-only grants of \$8.4M, \$3.1M, \$6M, and \$12.3M in the past 2 months, mostly targeted at facilities renewal. While the receipt of this funding is tremendously positive news for the University, the lack of committed, ongoing operating funding presents an enormous challenge.

The resulting proposal contained in this Budget Report reflects the need to balance the impact of these various forces, focusing on the need to maintain operations with the least level of disruption possible. The consequence is a proposed internal budget reallocation of 4%, consistent with 2007-08. While this is very difficult news for many departments on campus, it represents an outcome that is either consistent or better than that being planned at many other Ontario universities.

There are three key characteristics of this Budget Report:

- Minimal additional operating funding from Government projected for 2008-09;
- Significant one-time-only funding received at the end of 2007-08, and anticipated in early 2008-09;
- Capital project commitments and associated debt requirements

The proposed Operating Budget, outlined in Section 4, includes a balanced budget, with levels of revenue and expenditure at \$350M. However, in order to achieve a balanced budget, the University will regrettably be required to make a budget reallocation of 4%. In addition, \$10M of one-time funding recently received will need to be carried forward into the 2008/09 fiscal year. Note that last year, the Board approved a \$6M carry over, as a bridge to anticipated additional operating funding arising from the increased Federal Transfer targeted at post-secondary education. [Further discussion included in Section 2.]

The budget for 2008-2009 recognizes both the limits of expendable revenue available to the University and the very pressing needs of departments. It attempts to address the most urgent academic demands while sustaining momentum on new and strategic initiatives. It recognizes, also, that despite these measures—both those which attempt to consolidate and those which reach actively towards our academic future—the quality of our programs overall remains under threat because of the

cumulative effect of underfunding by government as well as the inevitable escalation of costs, year after year.

The Capital Budget includes the 4 main projects approved, and currently under construction: Queen's Centre Phase 1, Tindall Field/Underground Parking, Richardson Hall, and University Avenue. The minimum level of debt required to finance this program in 2008/09 does not have any adverse impact on the operating budget in 2008/09, by capitalizing short-term interest costs [See Section 6]. However, in the long-term, the University is considering a range of financial strategies that could mitigate the cost of debt from the operating budget. This will be the subject of a Special meeting of the Finance Committee and the Investment Committee in May/June.

Conclusion

The proposed Operating Budget for 2008/09 reflects a balanced position, but only with the recognition of one-time funding, consistent with the approach adopted last year. Even so, the implication of this Budget proposal is a further rationalization of budgets across campus through a 4% reallocation.

While this is a difficult situation, it demonstrates the need to continue with efforts to make improvements to the breadth and sophistication of budget and financial management practices. Consequently, planning for the 2009/10 budget will begin shortly. Furthermore, meetings with Government officials are being scheduled in order to discuss the underlying financial situation that recent funding decisions have created.

2. Background

There are a number of internal and external factors that impact on the financial position of Queen's University. The external fiscal environment is primarily driven by the regulatory decisions of the Ontario Government in relation to operating funding, special funding, tuition fees, and student financial aid. The internal environment is determined by the key factors of the enrolment plan, strategic priorities, and commitments to underlying operations (e.g. compensation of faculty and staff).

2.1 Provincial Funding Environment

Reaching Higher

The key 2008/09 funding decisions by the Ontario Government were originally announced in the 2005 "Reaching Higher" Budget, which allocated \$6.2 Billion investment in post-secondary education spread over 5 years. The "Reaching Higher" Budget included new funding for student financial aid, quality improvement, funding for past growth, and targeted funding for Graduate Student growth (amongst other announcements). Whilst the first 2 years of the Plan included increases in Quality funding, the past 2 years have not included any base provision for meeting the underlying cost increases faced by universities.

Federal Transfers

In the Federal budget of 2007, the government announced an increase of \$800M in the Canada Social Transfer (CST) to the provinces specifically for higher education. The increased transfer was to begin in 2008-09 and is to be increased by 3% annually. If the Ontario government was to flow this funding to the post-secondary sector, Queen's proportionate share is estimated to be \$12 million.

Unfortunately, to date the Ontario Government has been reluctant to recognize the Federal transfer as base funding to colleges and universities. Instead, in March 2007, the Province flowed equivalent funding to universities on a one-time basis, from which Queen's received \$12M. In March 2008, the Province announced an additional one-time grant at the same level again, of which Queen's will receive \$12.3M.

So while the Government is unwilling to pass on the increased Federal transfer in base operating terms, it has flowed the equivalent amounts in the past 2 years in one time funding. The dilemma faced by Queen's and other Ontario universities is to determine to what extent this funding is reliable to meet increasing operating costs, in the absence of other increased funding. In the Queen's Budget Report for 2007/08, the Board of Trustees approved the allocation of \$6M of the one-time funding received in March 2007 to the Operating Budget. As discussed later, this Budget Report recommends an additional \$4M be applied to the Operating Budget, meaning that \$10M of one-time grants would now be applied as such.

Additionally the Government allocated \$55M to the universities for unspent graduate funds in 2008, of which Queen's received \$3.1M for quality improvement. This one time grant is further available to meet operating needs.

Facility Renewal Funding

The base Government grant to Queen's for facilities renewal is \$1.6M. The University allocates an additional \$4.2M for deferred maintenance, renovations and alterations. The Government distributed \$135M in one time Facility Renewal Funding in February 2008, of which the Queen's share was \$8.3M. In addition the Government targeted the \$12.3M one-time only funds referred to previously, for

facilities renewal, although specific instructions have yet to be released by Government on this grant. In April 2008, Queen's also received \$6 million towards renewal of Botterell Hall.

2.2 Factors Influencing the Operating Budget

There are a number of factors that have an impact on the Operating budget, which are briefly described below:

2.2.1 Tuition Policy Framework

On March 9, 2006, the Province announced a multi-year tuition policy framework that is regulated and predictable, and is linked to improvements in both quality and access. Universities are permitted to increase tuition for first-year students by up to 4.5% in most programs and up to 8% in the first year of professional and graduate programs. In-program and subsequent upper year increases have been limited to 4% annually. Overall, fee increases across the institution must not exceed 5%. Fee increases are tied to both the Student Access Guarantee and improvement in quality, for which institutions are accountable.

2.2.2 Enrolment Planning

Enrolment planning plays a significant part of Queen's strategic planning and budgeting process. Departmental and faculty enrolment plans are rolled up annually into an overall University enrolment plan which is overseen by the Senate Committee on Academic Development (SCAD). SCAD publishes three-year enrolment projections, which are reviewed and updated annually and recommended by SCAD to Senate for approval.

Key objectives articulated in Queen's strategic plan include maintaining undergraduate full-time enrolment at 2005-06 levels, while increasing graduate and professional enrolment to approximately 3,000-3,500. Overall, full time student enrolment will not exceed 17,500 – 18,500. The approved enrolment plan is consistent with the direction outlined in Queen's Strategic Plan.

2.2.3 Federal Government Funding

While the Federal government is not directly involved in the operating funding of higher education, it has made a number of significant contributions in recent years. A key initiative has been the provision of funding to offset some of the indirect costs of research for federally-funded research projects. Prior to 2001, the University used operating funds to support the indirect costs of research (equivalent to approximately 40% to 50% of the direct costs). Currently, the federal government grant covers slightly more than one-half of the indirect costs, thereby providing partial relief to the operating budget.

2.2.4 Compensation (Salary and Benefits)

The University spends approximately 71% of its operating resources on compensation (salary and benefits). The amount increases annually, primarily as a result of negotiated scale increases in salary and the increasing costs of insured benefits. These costs have been increasing at approximately 4-5% per year. This rate of increase is consistent with increases negotiated in this sector in Ontario, Canada and abroad.

The contract expiry dates for agreements covering employment related matters are as follows:

<u>Bargaining Unit/Association</u>	<u>Contract Effective Until</u>	<u>Status</u>
QUFA	April 30, 2008	Currently renegotiating
QUFA Sessional Adjuncts	April 30, 2008	Currently renegotiating
QUSA	June 30, 2009	
CUPE 229	June 30, 2010	
CUPE 1302	June 30, 2010	
CUPE 254	June 30, 2010	

2.2.5 Pension Deficit

The University continues discussions with employee groups regarding potential changes to the Pension Plan. If agreed, such changes might mitigate some of the present financial obligation, reducing the impact on the operating budget.

2.2.6 Student Assistance

One of the major features of the government's tuition policy framework is the Student Access Guarantee (SAG). All tuition fee increases are contingent on institutional participation in the Student Access Guarantee which is meant to ensure that all Ontario students in need will have access to resources needed for their tuition, books and mandatory fees.

2.2.7 Campus Infrastructure and Support Services

The University's deferred maintenance backlog, currently estimated at approximately \$145 million, will escalate rapidly over the coming decade as the University will need to begin replacing systems in buildings constructed in the 1960s and 1970s. Queen's will be able to address some of this backlog with the one-time Capital Renewal funding received from the province in late 2007-08.

2.3 Budget Reallocations

Budget reallocations, (also referred to as Budget cuts), arise when there is insufficient new funding to meet the growth in expenditure, where a reallocation is

required to meet new strategic priorities and in order to meet the Board mandate of a balanced budget.

The core financial challenge facing universities is that government funding has not been subject to increases that reflect the increased cost of operations. For Queen's, these revenues comprise approximately two-thirds of the operating budget revenue (\$206M). Approximately one-third of the revenue is derived from tuition fees (\$111M) that are capped at a maximum 5% increase annually.

The University has increased annual financial commitments, mostly in relation to compensation (salaries, benefits, and pension plan), but also other costs such as utilities, and library acquisitions. Inflation in post-secondary education was last estimated at 4.7% p.a.

Unfortunately, only in the year of the "Reaching Higher" provincial budget of 2005/06 was there sufficient funding to meet ongoing financial needs, including the need for new strategic reinvestments. Consequently, Faculties, Schools and Support Services are required to meet a reallocation target. The following table summarizes the revenue and cost increases reflected in prior year budgets, and the consequential shortfall that led to the need for budget reallocations since 2003:

Queen's University at Kingston						
Table 1						
Summary of Year to Year Changes in Revenue and Expenditure						
	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
	\$M	\$M	\$M	\$M	\$M	\$M
Changes in Operating Revenue						
Government Funding	0.0	1.4	7.7	12.9	11.1	10.0
Continuance of Year-End OTO Funding Allocatio	4.0	6.0				
Student Fees	6.9	4.0	4.8	1.0	3.6	7.7
Investment Income	2.9	2.3	5.5			
Other	0.5	1.8	1.8	2.6	0.2	-0.8
Total Increases in Revenue	14.3	15.5	19.8	16.5	14.9	16.9
Changes in Operating Expenditure						
Compensation	10.2	11.5	9.0	8.5	8.8	8.0
Targeted Programs and Growth	7.3	4.3	6.8	5.3	5.6	5.7
Student Assistance	2.2	1.5	1.2	1.2	1.1	1.6
Strategic Initiatives through Reinvestment	2.0	5.1	2.9	2.0	2.0	4.2
Other	0.2		1.6	-0.5	2.9	3.1
Total Increases in Expenditure	21.9	22.4	21.5	16.5	20.4	22.6
Shortfall requiring budget reallocations	7.6	6.9	1.7	0	5.5	5.7
Reallocation Percentage	4%	4%	1%	0%	3.5%	3.8%

Budget reallocations have been the norm and not the exception. The University has had an across-the-board budget cut in 11 of the last 15 years (73% of the time), that ranged from 0.5% to 12.5% and has averaged 3.75% annually during the 11 budget cut years in the last 15 year period.

Budget reallocations have been an ongoing challenge for the University, as well as other universities in the Province. The impact of these challenges differs between Faculties, Schools and support operations (see Section 3 for an Academic perspective). Faculties and Schools have often utilized unspent fund balances to protect departments from budget reallocations. Other sources of revenue generation are also utilized, where possible, to meet the reallocation target. Faculties and Schools also receive directly a share of tuition fee increases and government grants to meet their academic program needs (part of "Targeted Programs and Growth" above).

3. Impact of Budget Cuts on the Academic Mission

In a context such as has been described, it is no surprise that leaders of academic units in the University find themselves increasingly challenged in their efforts to deliver high quality undergraduate and graduate programs. The cumulative effect of budget reductions over multiple years is as predictable as the reductions themselves have been inescapable, and in 2007-2008 a number of departments and programs have found themselves engaged in arduous discussions about conditions required for their future sustainability. During the last year, there has been much formal and informal discussion in the departments and faculties, where the financial realities facing Ontario's universities and Queen's in particular are known and understood to varying degrees, but where disquiet on financial matters has been fairly widespread.

Despite this apparently darkening picture, it should be noted that at Queen's University over the last three years there have been very substantial investments in academic areas. Apart from a 5.2% increase in funding for salary and benefits for faculty and staff, for example, the 2007-2008 budget included a 4.4% increase in student assistance, as well as an \$8.5 million allocation in support of strategic initiatives in academic programs, research support, faculty renewal, and program quality enhancements. It has to be said, however, that a significant portion of that \$8.5 million represented a *reallocation* of funding within the institution, so strategic growth and development in some areas in 2007-2008 must be understood to be inextricably connected to the emerging crisis around sustainability in others.

Queen's must continue to identify and foster its strategic strengths, but at the same time neither the past nor the future academic prosperity of the institution can be imagined without high quality maintained and discernible across an appropriately broad range of disciplines. In other words, Queen's continuing reputation as the quality leader in Canadian higher education will depend on the latter no less than the former, and it is for that reason especially that the context for our 2008-2009 budget is such cause for concern. That some departments are now discussing mere sustainability rather than the quality of programs means that the balance between breadth and strategic focus has already begun to tip, driven less by academic decision than by financial contingency.

For 2008-2009, the University requires a budget in which sound academic decision-making can take place. It has therefore been agreed to be vitally important that the reinvestment exercise in 2008-2009 deliver tangible and visible benefit to general academic programming in the University, notwithstanding constraints on the amount of funding available for this purpose, and assuming continuing attention to strategic priorities.

4. Operating Budget

The University continues to work hard to protect and maintain the quality for which it is known, specifically the quality of its faculty, students, staff, academic, research and broader learning environments.

Table 1 details the year-to-year changes in the Operating Budget. Table 2 shows the major components of Total Operating Revenue and Expenditures.

The Operating Budget has been prepared by estimating potential government funding expected to flow as result of the Provincial Government's Reaching Higher budget delivered on May 11, 2005 and the subsequent letters detailing University System Operating Grants for the period 2006-07 to 2008-09. The grant projections have been developed in conjunction with the Office of Institutional Research and Planning, and the Council of Ontario Universities (COU).

Reinvestment decisions have been guided by the mission and goals as articulated in the University's Strategic Plan.

Table 2				
Queen's University				
Operating Budget				
	2008-09	2007-08	Change	Change
Revenue	\$ Millions	\$ Millions	\$	%
Provincial Government Grants	167.3	168.4	(1.1)	-0.7%
Carry-Over of One-Time Funding	10.0	6.0	4.0	66.7%
Federal Government Grants	9.8	8.7	1.1	12.6%
Fees	116.1	109.2	6.9	6.3%
Investment Income - unrestricted	18.6	18.1	0.5	2.8%
Investment Income - restricted	22.8	20.4	2.4	11.8%
All Other Revenue	5.3	4.8	0.5	10.4%
	<u>349.9</u>	<u>335.6</u>	<u>14.3</u>	<u>4.3%</u>
Expenditure				
Compensation	249.2	239.0	10.2	4.3%
Utilities	15.9	15.5	0.4	2.6%
Student Assistance	37.0	34.7	2.3	6.6%
Academic Programs & Research Support	9.2	8.5	0.7	8.2%
Other	38.6	37.9	0.7	1.8%
	<u>349.9</u>	<u>335.6</u>	<u>14.3</u>	<u>4.3%</u>

4.1 Revenue

Total operating revenue is projected to increase by \$14.3 million (1.3%) to \$349.9 million.

4.1.1 Government Grants

Overall provincial grants will decline by \$1.1M. In order to balance the budget at a level that requires a 4% across-the-board cut, we have included \$10.0M of one-time funding, which is an increase of \$4M over the one-time funding included in the 2007-08 budget. Fee revenue increases by \$6.9 million (6.3%) to \$116.1 million (4.3% tuition fee rate increases and 2.0% for growth). Investment income increases by 2.8% and other revenue increases by 10.4%. Details are as follows:

- \$2.8 million *increase* in graduate expansion funding as the University continues with its plan of increasing graduate enrolment

- \$0.8 million *decrease* in undergraduate accessibility funding as Undergraduate enrolment has now returned to 2004-05 level.
- \$2.3 million *decrease* in Quality Improvement funding. Queen's continued to budget for additional Quality Improvement funds which were not realized through Reaching Higher
- \$0.5 million *decrease* in research Performance Fund. The Ministry of Research and Innovation has changed the allocation of overhead support on Provincially funded research such that the institutional grants will be completely phased out over a three year period
- \$1.1 million *increase* in Federal indirect Costs of research funding as Tri-Council Funding increases and related overhead grants increase.
- \$4 million *increase* in Post Secondary Education Funding flow through from CST, although the Provincial Government did not flow the additional CST funds to Universities as base operating grants as had been assumed. Funds were flowed as one time only campus renewal grants and a total of \$10M in one-time funds will be allocated to fund this base shortfall.
- \$2.4 million *increase* in restricted investment income as endowments continue to grow
- \$0.5 million *increase* in unrestricted investment income

4.1.2 Tuition

It is estimated that Queen's recommended fee increases will result in a weighted total average increase of 4.3% which is within the 5% overall guideline established by the provincial government. For background information and specific tuition recommendations, see the May 2007 Board of Trustees agenda package.

4.1.3 Enrolment Planning

Key among the government's access initiatives is funding for the substantial expansion of graduate education. The planned expansion of 14,000 spots represents growth of 40% over 2004-05 graduate enrolment levels in Ontario. Queen's share of the new graduate enrolment pool is expected to be \$2.8 million in 2008-09. The increase in government funding for graduate expansion provides an opportunity for Queen's to pursue its stated objective of graduate enrolment growth.

4.2 Expenditure

Total expenditures for 2008-09 will increase by \$14.3 million for a total of \$349.9 million. Annual increases in expenditures that are required to maintain continuing commitments include compensation (salaries and benefits) and unavoidable costs such as utility costs. Compensation costs for 2008-09 represent the single largest expenditure of the university.

Details of changes in expenditures and allocations follow:

- \$10.2 million increase in funding for increased cost of salary and benefits for faculty and staff.
- \$2.2 million increase in funding for student assistance

4.2.1 Compensation (Salary and Benefits)

The University spends approximately 71% of its operating resources on compensation (salary and benefits). The amount increases annually, primarily as a result of negotiated scale increases in salary and the increasing costs of insured benefits. These costs have been increasing at approximately 4-5% per year.

The University is currently in contract negotiations with QUFA, as their contract expires on April 30, 2008. The Sessional Adjunct contract will be folded into the QUFA contract being negotiated.

4.2.2 Pension Deficit

The actuarial valuation on February 28, 2007 required Queen's to increase pension contributions by \$3 million per year. At that time, the Board approved a plan to phase these increases into the operating budget over a 3 year time frame beginning in 2008-09.

4.2.3 Campus Infrastructure and Support Services

The University has built a deferred maintenance fund of \$6.0 million annually. Queen's received 3 significant funding allotments during 2007-08 towards new and renewed facilities. Queen's received \$8.3 million in February 2008 and \$12.4 million in April 2008 towards Facilities renewal. In April 2008 Queen's also received \$6 million towards renewal of Botterell Hall.

4.3 Reinvestment / Strategic Initiatives

The 2008-2009 budget follows through on a number of previous commitments in academic areas, notably the University's undertaking to regularize funding centrally for the 2005 Teaching Assistant rate increase, to support an enhanced program of International Tuition Awards for graduate students, and partially to address by phased-in base allocations a structural deficit in the Faculty of Applied Science. All three of these measures support the strategic goals of the University, although the first and last also represent an attempt to shore up our present and future academic situation by addressing liabilities incurred some years ago. Two of them indicate our institutional decision to strengthen graduate studies at Queen's and to reposition the School of Graduate Studies in relation to the academic faculties.

To invest in graduate studies and in research is to invest in academic operations, obviously; however, to Deans and Heads whose task it is to mount the

undergraduate programs that materially underwrite the research and graduate enterprise, that more broad definition can represent a threat rather than a comfort. While investments in our capacity for undergraduate education are also investments in research and graduate teaching capacity, the reverse is much less frequently accepted to be true. For that reason, the 2008-2009 budget attempts to reaffirm the vital importance of achieving and maintaining a balance between continuing commitment to graduate studies and research on the one hand, and renewed attention to curriculum and teaching capacity at the undergraduate level on the other.

Recognizing that the reinvestment fund for the coming year must be very constrained, the University will combine some limited base reinvestments with internal reallocations of base funding within the portfolio of the Vice-Principal (Academic) to maximize relief, support and encouragement to academic units, as well as to support continuing progress in strategic areas.

Included in this proposal are base operating funds and cash for a number of new programs and faculty positions, student support at both the undergraduate and graduate level, extra funding for entrance scholarships and student recruitment, awards to help Queen's attract the country's brightest students to our graduate programs, additional resources in support of international initiatives, and a meaningful commitment towards the enhancement of racial and ethnic diversity on campus. Funds are also committed to advancement of an active threat protocol that will protect the safety of all who work and study at Queen's.

New positions or operating funds from central reinvestment or reallocation will strengthen operations in some academic departments; they will facilitate or support accreditation in other areas; in yet others they will foster program expansion; and in three cases they will enable new programs to get up and running. A cash investment, in partnership with the Faculty of Arts and Science, will enable a new Humanities Centre to be established and to begin operating.

The budget for 2008-2009 recognizes both the limits of expendable revenue available to the University and the very pressing needs of departments. It attempts to address the most urgent academic demands while sustaining momentum on new and strategic initiatives. It recognizes, also, that despite these measures—both those which attempt to consolidate and those which reach actively towards our academic future—the quality of our programs overall remains under threat because of the cumulative effect of underfunding by government as well as the inevitable escalation of costs, year after year.

5. Capital Budget

The Capital Projects planning is based on dynamic information. This information is updated and presented on a regular basis to the Finance Committee and Board of Trustees.

5.1 Committed Projects

The following table summarizes the current estimated capital project costs for approved committed projects and for known planned projects (where the Board has approved planning funds) for the 2008-09 budget year.

<u>Project</u>	<u>Project Budget</u>	<u>2008/09 Expenditure</u>
<u>Committed Projects</u>		
Queen's Centre - Phase I	162,000	64,150
Tindall Field	46,539	20,423
University Ave	8,700	2,290
Richardson	12,250	4,390
Total Approved Projects	<u>229,489</u>	<u>91,253</u>

5.2 Planned Projects

In addition to the committed projects noted above, there are a number of planned projects for which the Board of Trustees has approved planning funds. These projects are:

- West Campus Fields / Stadium - the scope and timing are currently under review.
- Performing Arts Campus / Tett Centre - currently seeking Federal and Provincial support for the project.
- New Medical School Building - currently seeking Provincial support for the project. Will be seeking approval of additional planning funds at the May 2008 Board meeting.
- Administrative Systems Replacement Project - working on project estimate to submit to the Board for approval in October 2008.
- Goodes Hall Expansion - design work and fundraising on-going.

The total costs, funding, debt and operating budget impact will be presented for review and consideration at the time approval is sought.

6. Draft Debt Plan

6.1 Debt Requirement

In order to meet the cash requirements for committed Capital Projects construction in 2008-09, it will be necessary to expend an additional \$91.3M of cash resources, as seen in the table above. As discussed during the March 2008 Board of Trustees theme session, for Queen's, our most expensive source of capital funds is our own internal equity.

Given the current interest rate climate, the use of higher levels of external debt are being evaluated and will be discussed further at the joint meeting of the Finance and Investment Committees being planned for May/June. It is possible debt in the range of \$150M - \$200M would be considered to cover the 2008-09 cash requirements in addition to the internal funds that have been expended on the committed projects to date.

A recommendation on the appropriate level of debt will be presented to the Board of Trustees in October 2008 for approval.

6.2 Impact on the 2008-09 Operating Budget

The following chart summarizes the 2008-09 financing operating impact of the debt planned for the committed capital projects. This includes the funds expended to date and totals approximately \$143M of long and short-term debt, including the approximately \$47 million of debt that will be serviced by the Parking ancillary unit.

	Operating Impact 2008/09
<u>Committed Projects</u>	
Queen's Centre - Short-term	4,613
Sub-total Approved Projects	<u>4,613</u>
Interest Eligible for Capitalization	4,613
Operating Budget Impact after Interest Capitalization	<u><u>0</u></u>

Under this scenario, if the Board of Trustees approves the capitalization of construction interest costs, there would be no impact of capital construction on the Operating Budget in 2008-09. Under Canadian Generally Accepted Accounting

Principles, organizations are permitted to capitalize interest costs during the construction phase of a capital project. The capitalized interest is added to the capitalized cost of the asset and depreciated over the life of the asset, which is 40 years in the case of a building. The interest cost during the construction phase is therefore absorbed into the Operating Budget over a much longer period of time.

7. Link to Strategic Plan

The budget for 2008-09 was developed in the context of the University's Strategic Plan, the academic priorities outlined in the Faculties' strategic budget and staffing plans, and the Provincial Government's *Reaching Higher* plan for post-secondary education in Ontario.

Budget decisions in academic areas speak overwhelmingly to Goal One (*Build on Undergraduate and Professional Program Strengths to Provide a Distinctive and Sought-After Educational Experience*), as well as to Goal Two (*Strengthen Research and Graduate Programs in Strategic Areas*). Goal Three (*Enhance Queen's Distinctive Environment for Learning*) is served by a number of initiatives, such as the establishment of the Humanities Centre, the appointment of a Diversity Advisor and the creation of a Sustainability office. Goal Five (*Deepen Queen's International Engagement*) is supported through several allocations. Goals Four (*Enhance Queen's distinctive role as a national resource*), Six (*Build Queen's profile and strengthen relationships with external constituencies to advance institutional goals*) and Seven (*Acquire and manage resources strategically to achieve institutional goals*) are served indirectly.

8. Next Steps

There are a number of initiatives that are currently underway to enhance the Budget and Financial Management structures at Queen's:

- Financial System Replacement
- Integrated Budget
- Revised Budget Model
- Revenue Strategies
- Special Meeting of the Finance and Investment Committees
- Funding Review

8.1 Financial System Replacement

The University is currently developing the final business case for the replacement of the core administrative systems, which includes Finance, Human Resources, Student Administration and Research Management. The Financial System is in critical need of replacement in order to meet the planning and reporting needs of the University in both an effective and efficient manner.

8.2 Integrated Budget

Contemporary standards in Financial Management reflect the need for an approach to the Budget that covers a comprehensive analysis for all activities within the University, including the following elements:

- Consolidated Operating Budget
- Capital Budget
- Cash Flow Forecast
- Balance Sheet
- Debt Plan

The approach needs to connect with University Strategy, moving away from an incremental approach (used previously), and incorporate a multi-year plan. The Budget also needs to be prepared according to Generally Accepted Accounting Principles (GAAP), so that there is a strong connection between the Audited Financial Statements and the approved Budget.

The implementation of a fully integrated GAAP based approach to the annual budget process is being planned for the 2009/10 Budget. However, elements of this approach, such as a separate Capital Budget, are being implemented in this 2008/09 Budget.

8.3 Revised Budget Model

Queen's is currently developing a revised budget model for the allocation of resources internally. Queen's needs to mobilize resources to support and achieve the strategic vision for the future. The first step in that process is to ensure that the resource allocation policies and practices align with Queen's goals and objectives and recognize the realities of the changing planning environment. The new budget model will provide the right incentives to generate new revenues and reduce costs, thereby improving the current financial situation.

8.4 Revenue Strategies

In order to meet the challenges described in the above analysis, Queen's must continue to develop revenue growth opportunities to lessen the reliance on the base government grant, which is not inflation funded. By developing a more diversified revenue base, the University can lower overall financial risk, and consequently lessen the potential that large financial impacts may have on the overall mission of the institution.

8.5 Special Meeting of the Finance and Investment Committees

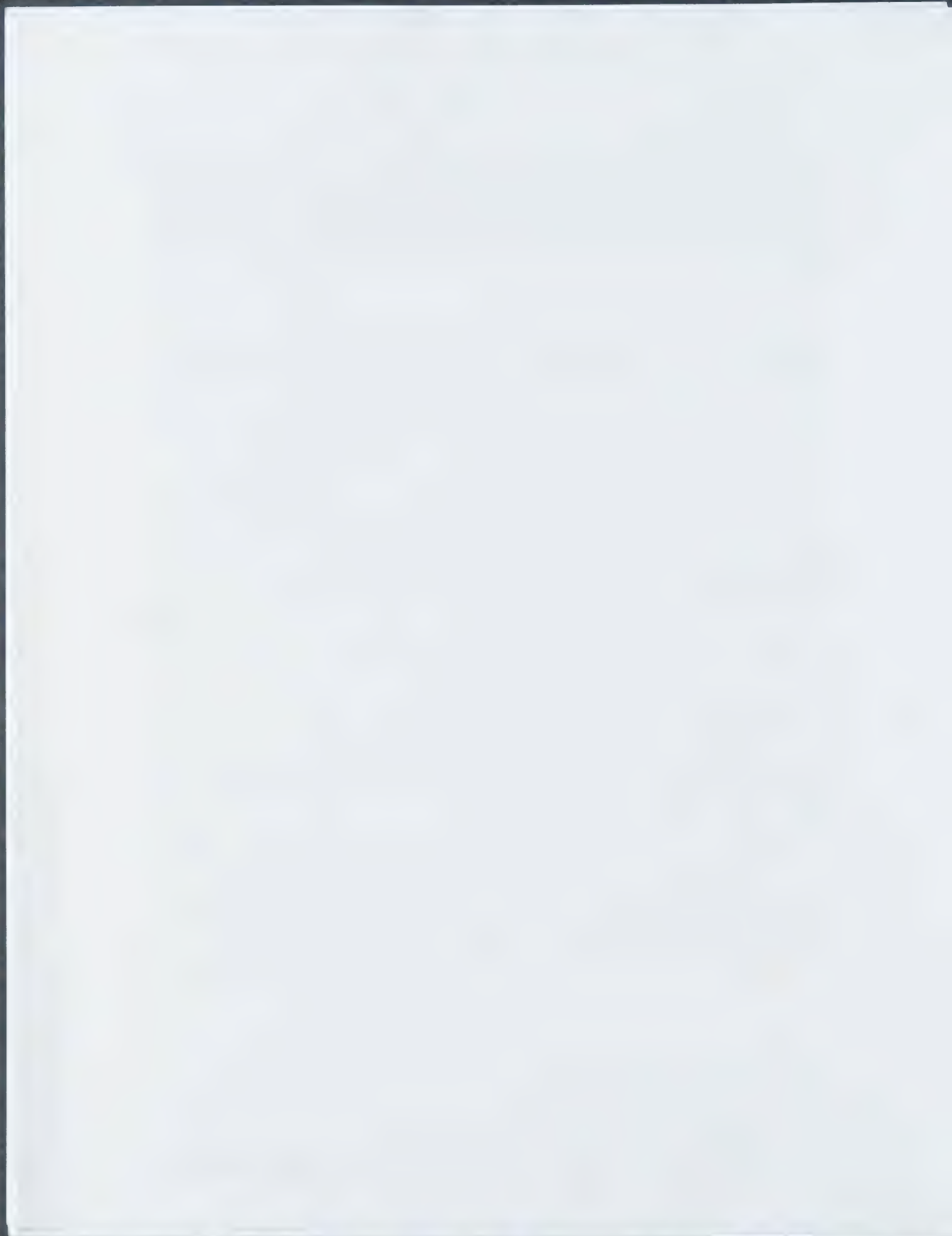
A special joint working session involving members of the Finance and Investment Committees is being planned for May/June in Toronto. The intent of this working session is to assemble the combined expertise of members of both committees to review, discuss, assess and make recommendations on the potential budget mitigation strategies and a proposed debt policy and debt plan for the University.

The budget mitigation strategies will determine how well the annual Operating Budget will be shielded from the impact of the debt service costs associated with the approved Capital Budget and Capital Plan. Strategies regarding the use of long-term versus short-term debt and the related risk tolerances of the University will be discussed, together with a Debt Policy that will guide all future requests made to the Board for approval of capital projects.

It is expected that recommendations from this meeting will be brought to the October 2008 Board of Trustees meeting for approval.

8.6 Funding Review

It is anticipated that discussions with Government will commence shortly about operating funding for the university sector. This will include discussion both with regard to system capacity (particularly in relation to the increase in demand from the Toronto region), and in regard to system quality.



Alfred Bader Fine Arts

From: Andrew Simpson [asimpson@queensu.ca]
Sent: Monday, May 05, 2008 12:56 PM
To: Alfred Bader Fine Arts
Subject: Re: Next week

Dear Alfred

Thank you for your email. I too look forward to seeing you and Isabel once again on Wednesday. I will be happy to discuss the matters you raise.

Kind regards

Andrew

On 30-Apr-08, at 11:06 AM, Alfred Bader Fine Arts wrote:

Dear Andrew,

Isabel and I much look forward to visiting you with Peggy and David Leighton next Wednesday and Thursday.

As I understand it, we will have supper together at 7:00 on Wednesday and then a long discussion the next morning, from 9-12 or 9-1, focusing mainly on the Performing Arts Centre.

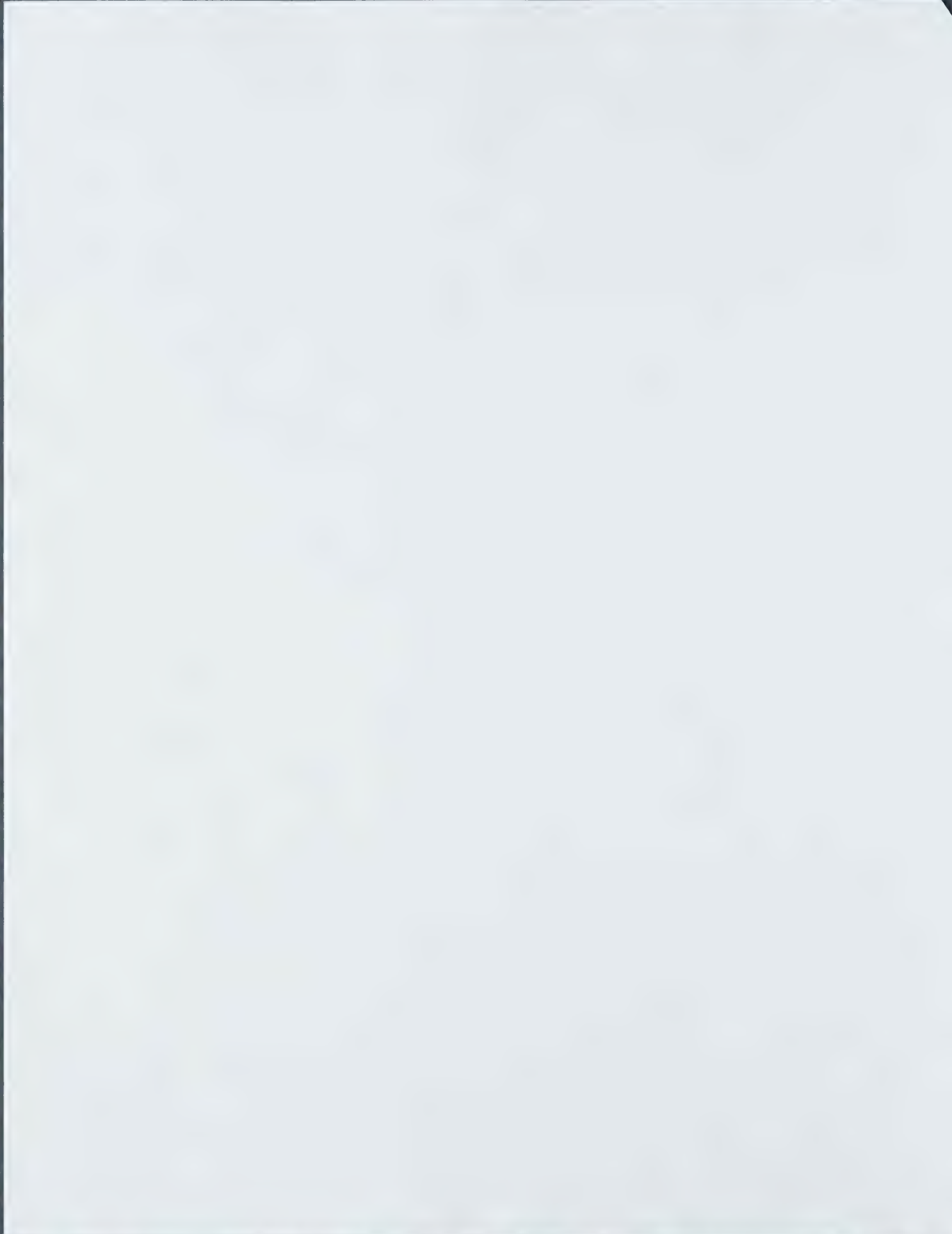
There are a few other matters to discuss with you:

1. I will give you my check to Queen's University for \$120,000 and hope that all of it eventually will go to Garth Dickey. Incidentally, with such gifts does the University insist on automatically taking 5%.
2. I will send a check for \$50,000 to Ron Spronk to help with the 5% cut in the department
3. I would like to discuss briefly the Abeyance Fund
4. Ben Scott's article about horrible discrimination at Queen's in the early 1940s

Best wishes,
Alfred

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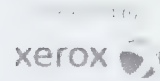
Saturday, April 12, 2008

QUEEN'S LEADERSHIP FACES IRE OF CAMPUS

'Needs Shakeup'

Sean Silcoff, *National Post*

Published: Saturday, April 12, 2008



When Karen Hitchcock swept into the top job at Queen's University in 2004, she represented a bold hire for one of Canada's oldest and most established institutions of higher learning. Not only was she its first female principal, but also its first American, with a distinguished pedigree as a researcher, administrator and community leader at several U.S. universities.

In her prior job as president of State University of New York in Albany, she reversed a 12-year decline in faculty levels, attracted \$1-billion in public and private money and established the world's first college devoted to the study of nanoscience.

The search committee was "overwhelmed" and confident it had hired "someone who can help us further our standing as a world-class university," Queen's Chancellor Charles Baillie said in 2004.

Less than four years later, Ms. Hitchcock, 65, could earn another distinction: one of the shortest-serving principals in the 167-year history of the Kingston, Ont., university.

Dr. Hitchcock has become a lightning rod for discontent and the touchstone in a debate about the soul and future of the university. The students want her gone: the body that represents them, the Alma Mater Society (AMS), last month stated it is opposed to her being re-appointed for another five-year term when her contract ends in June, 2009.

Their opposition echoes growing concerns among several alumni donors, faculty and past members of the board of trustees. Her plan to make Queen's "an institution international in scope and international in impact" with a focus on research is too broad, aggressive and multifaceted, they say.

"For alumni the mandate was always around the excellence of the education you received and quality of the faculty and the experience," said Wayne Foo, president of a Calgary-based oil and gas firm who earned a master's degree at Queen's and has sent two of his children to the school. "The concern is that mandate seems to be a little adrift. It is in need of refreshing to ensure the traditional values aren't lost."

Questions have also been raised about the biggest construction project in the university's history. Its centrepiece, a student services and athletic complex that will expand the school's ageing, outgrown student life buildings, is over



budget and has no clear funding plan. Alumni donations are well behind where they should be for the project.

Opinions on campus are divided on Ms. Hitchcock, who declined an interview request by e-mail, on grounds it would be "inappropriate" to comment on the reappointment process that began in January, led by an 18-member committee of trustees and senators. But the situation will come to a head on Wednesday, when the committee recommends to the board whether she should be renewed for a second five-year term, as she has requested.

But that will hardly put an end to questions about the future of Queen's, particularly as the school gears up for a \$750-million fundraising campaign as early as this fall, to be chaired by Royal Bank of Canada CEO Gordon Nixon. "This place needs more of a shakeup than just getting rid of her," says one close observer.

Queen's started life in the 1840s as a Scottish Presbyterian college -- its first nine principals were ministers --and has held on to much of its conservative character since then (its balance sheet looks as if it is managed by Scottish bankers: it has one of the lowest debt levels and highest endowments per student of any of its peers). It is one of Canada's reigning establishment schools -- past chancellors have included a prime minister, governor-general, bank CEO and provincial premier.

Queen's students display a level of pride, dedication and school spirit that is rare among Canadian publicly funded universities. Getting in is difficult -- first-year students last year averaged 87.7% in their final year of high school -- and though fraternities are banned, Queen's students often seem as if they belong to one big fraternity.

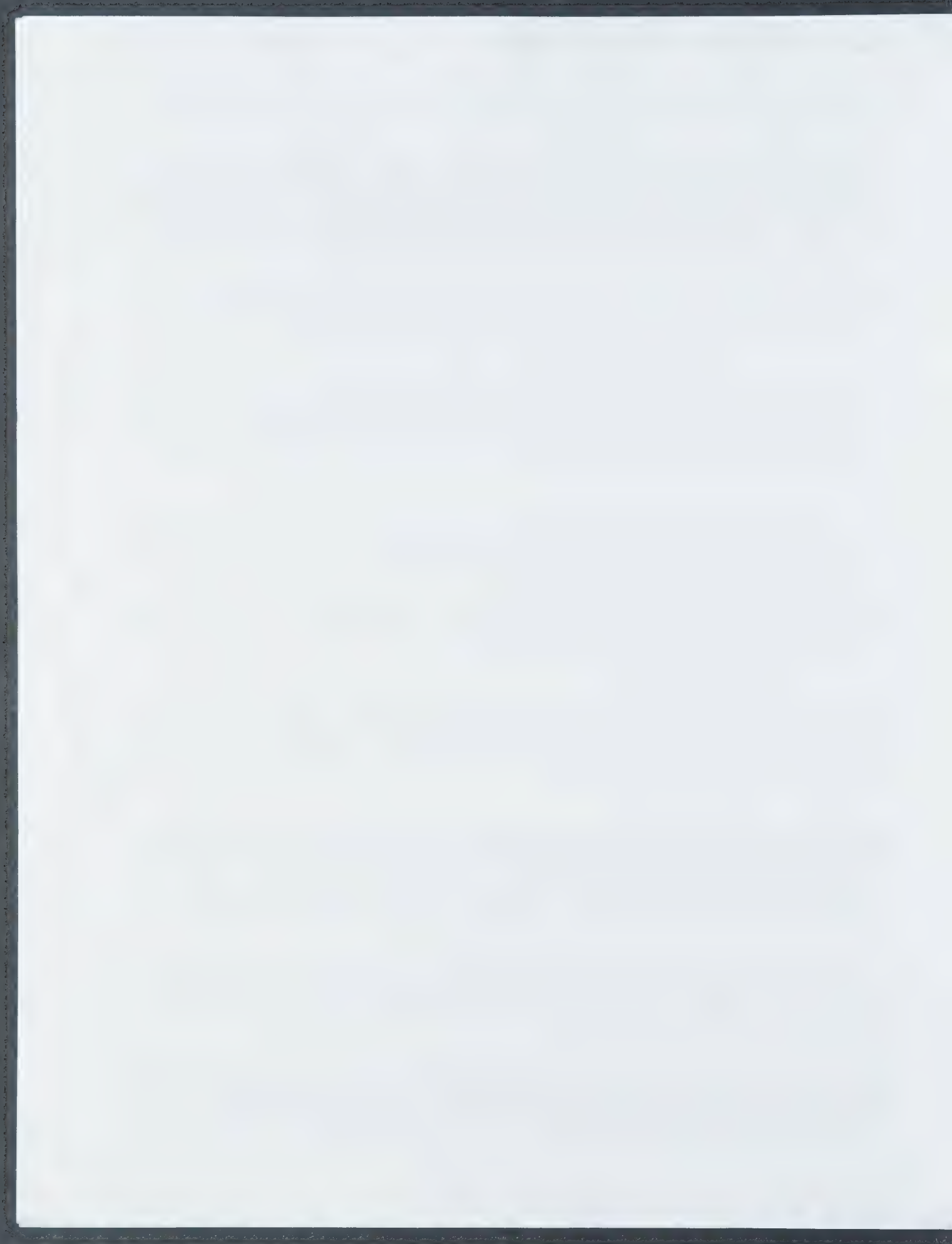
That may be because students enjoy uncommon power. Unique among North American universities, the student government is entirely responsible for enforcing non-academic discipline.

But they do indeed attend a publicly funded institution, which receives half its \$336-million budget from the province. Like other public institutions, it never set aside funds to renovate and refresh its buildings, and had to learn to make do with funding decisions from Queen's Park. And while government funding is increasing, it hasn't been increasing at a rate to meet rising costs, according to Andrew Simpson, Queen's vice-principal for operations and finance.

Instead, Queen's, with close to 20,000 full-and part-time students, focused its spending on students and faculty. While that helped maintain its reputation for academics, the state of its athletic facilities has been dismal for years, weighing on the school's rankings in outside studies year after year. Queen's ratio of students to professors, at 22.5:1 in the most recent Maclean's magazine survey, placed it 12 out of 15 universities with medical faculties.

After the conclusion of a large capital campaign early this decade, students actively pushed for a long-overdue update to the athletic facilities and student centre, which was built four decades ago to accommodate a student body half the present size. At its 2005 annual meeting, the AMS voted to contribute \$25.5-million in fees over nine years from student surcharges.

The board of trustees agreed to an ambitious, \$230-million construction campaign, to be spread over three phases. "It was unprecedented and showed a real spiritedness on the part of students," said David Mitchell, vice-principal for advancement. The school would set out to raise \$130-million from alumni donors, sell \$60-million in debt and



ask governments for the balance.

As attention at Queen's turned toward the largest construction campaign in its history, Ms. Hitchcock's star was peaking at State University of New York in Albany. The Long Island native, daughter of an advertising salesman and a singer, had won a full scholarship to attend New York's St. Lawrence University, earned degrees in biology and anatomy and embarked on a successful career as an academic and administrator, at universities in Boston, Chicago and Texas. Starting in 1996, as principal in Albany, she turned around the school and became a local fixture.

Her colleagues were surprised to find out in late 2003 that she had applied for the top jobs at universities in Florida and Tennessee, and there were reports of friction between her and her chancellor. She left SUNY in January, 2004, and joined Queen's that summer.

She made a good first impression, winning accolades for her warmth and presentation skills. But student leaders felt she was distant and not engaged in student affairs as past leaders had been. That was highlighted when she took a low profile after the 2005 homecoming weekend got out of hand, resulting in property damage and arrests. She was barely visible, sending out her VP of academic affairs instead as the face of the university. Student leaders, who had enjoyed a close relationship with the administration in the past, also felt distanced by the principal.

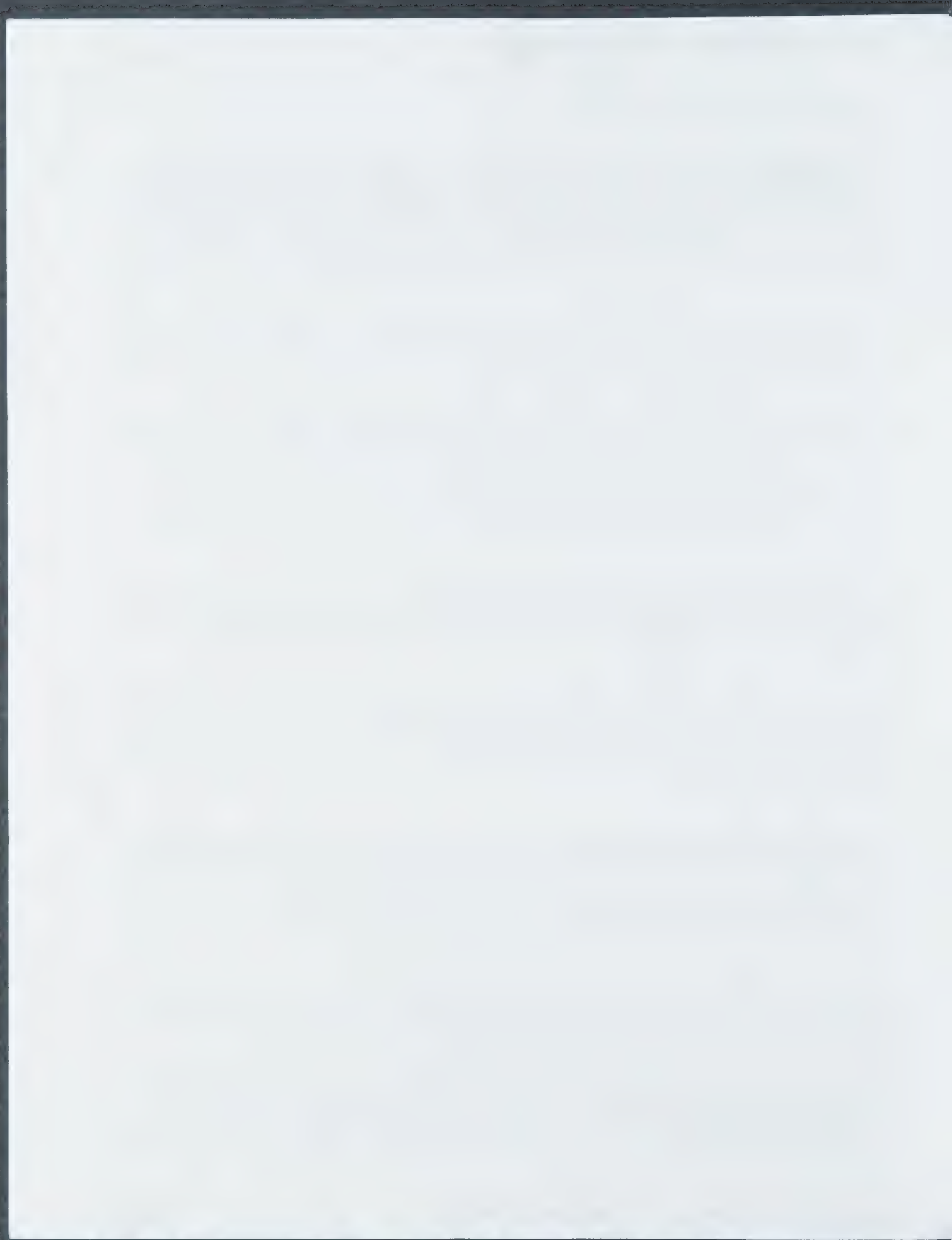
"There was a general feeling the principal was unfamiliar with the unique role student leadership plays at our school," said David Waugh, president of the student Commerce Society, who introduced the motion to reject Ms. Hitchcock's renewal. "Students feel their significant role on campus has gone unsupported and unrecognized by the principal."

She also came in with a sweeping seven-point strategic plan, entitled "Engaging the World." That involved ramping up graduate programs, starting a research campus, and buying a lot of property around Kingston to expand. That left many alumni and students uneasy. One donor claimed to have met Ms. Hitchcock recently and asked what her priorities were, and got a 40-minute answer. "I don't know how you can talk about your priorities for 40 minutes, and have any," the donor said.

In many ways, this reflects growing discomfort many dyed-in-the-wool Queen's types have about the school's role in a changing world. The school's reputation is built on the undergraduate experience, but increasingly, universities rely on growing their graduate and research programs. In addition, Ms. Hitchcock, all of her vice-principals and all but one of her deans come from outside Queen's. "They don't have the Queen's culture in their bones," said one retired professor. "That's fine -- it shakes things up. But there's no institutional memory."

The tension has boiled over related to the Queen's Centre, a project Ms. Hitchcock inherited. Initially funded by the student outlay and \$115-million in university money approved by the board in late 2006, construction began in March, 2007, without news of a major donor, rare for a project of its type and size in Canada.

So far, alumni have ponied up just \$15-million to the project, well below expectations. In retrospect, many have questioned the wisdom of the decision to put shovel into earth without major donor money committed. Fundraising "has gone a little slower than many would have hoped, but there is significant momentum going



forward," said Mr. Mitchell, who is responsible for fundraising.

Meanwhile, project costs have skyrocketed due to inflation, leading the university to seek \$20-million in cost cuts and look to curtail the second and third phases of the project. Mr. Simpson said, "if worse comes to worse, the university is going to have to take on a little more debt to fund the project."

Curtis Barlett, a Queen's graduate and investor from Calgary, joined the committee last September and soon chafed at what he saw, complaining of a lack of financial forecasting tools to predict what impact the additional debt might have. "The operating budget only looks one year out, and there is no formal capital budgeting process," he told the Post. Mr. Bartlett resigned from the board of trustees' all-powerful finance committee, and the board, in February.

Mr. Simpson acknowledged "there are pieces of work within financial management [that need] to improve" and he is working to put solutions in place. But he added: "One needs to understand the nature of public funding within universities to understand the challenge of providing any future financial planning information that is reliable and accurate."

It has been a tough year at Queen's, with costs rising and the campus looking like a construction war zone. When Ms. Hitchcock said in January she wanted to stand for another five year term, some people asked if she deserved one.

The answer, according to an anonymous letter from an alumni trustee to the 18-member committee that will decide her fate, is a sharp no. The detailed memo, obtained by the National Post, and entitled "We are pointed in the wrong direction and following the wrong leader," rips into the strategic plan, saying her reappointment "would mean additional strategic drift, increased financial constraint, and elevate operational and reputation risk."

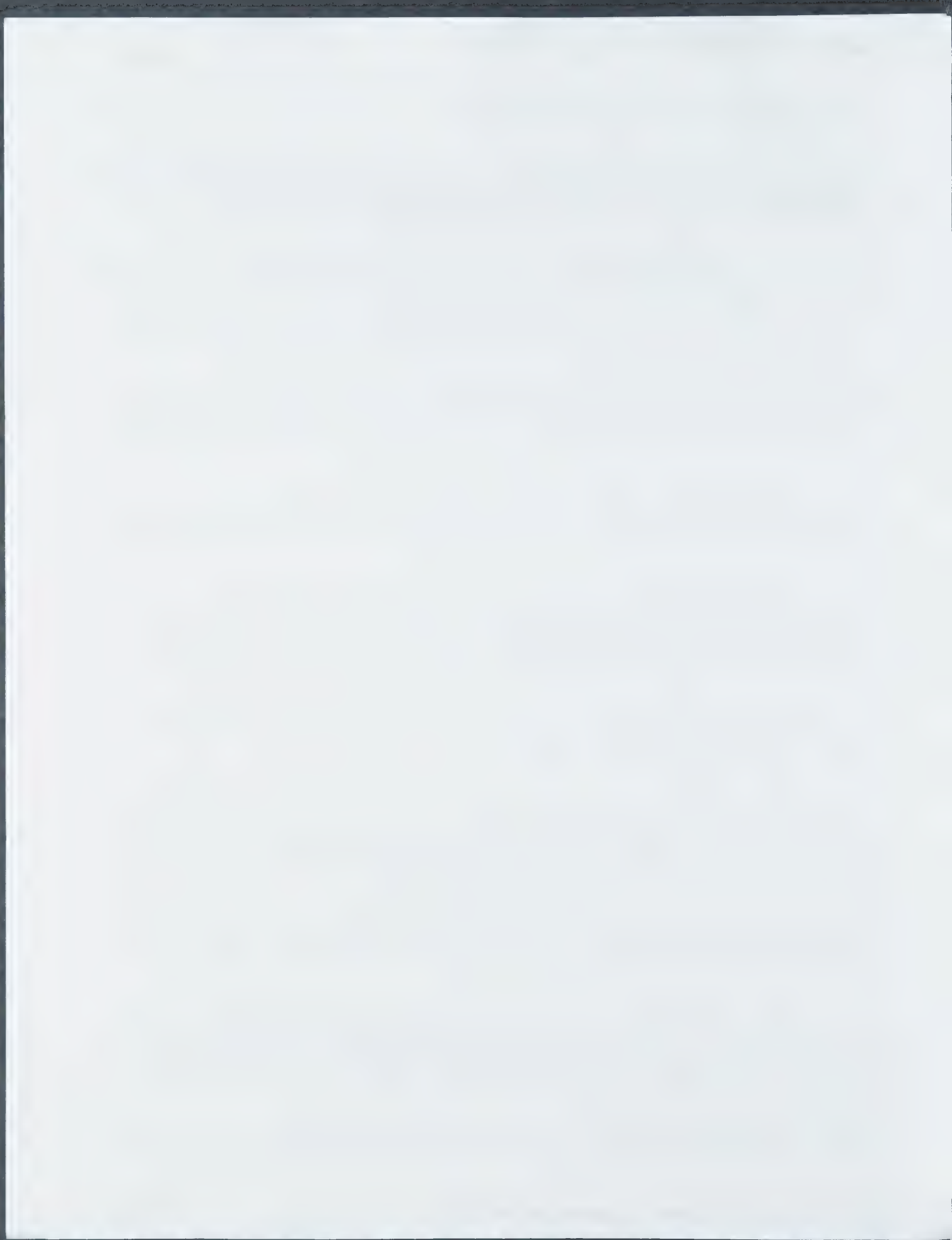
One university administrator who supports Ms. Hitchcock bristles at the criticisms. "Before Ms. Hitchcock, we didn't have a strategic plan," he said. "Nobody is saying that."

With Ms. Hitchcock not talking, it fell to Mr. Mitchell this week to defend her strategic plan. "It's unsettling to some but change is necessary, we live in a dynamic world, he said. "Universities in their own ways are trying to adapt to the new realities." He defended the plan, which was approved in 2005 by the 44-member board of trustees, as "clear and simple □ as a framework it provides a strong basis for going forward."

Some donors aren't buying it. "I am concerned with the apparent lack of priorities and I am unclear about the financial plan for the funding of the university going forward," said Kim Sturgess, chair of the board of trustees' finance committee from 1992 to 1999.

The leadership issue comes as the university is about to wrap up a record year for fundraising, bringing in \$62-million in alumni donations. And Mr. Mitchell -- who previously raised more than \$200-million for University of Ottawa -- is in the "quiet" phase of a major fundraising campaign, to be launched within two years, that he promises will be "very large and very bold."

Whether or not Ms. Hitchcock is around, the campaign will boast the leadership of Mr. Nixon, CEO of the largest



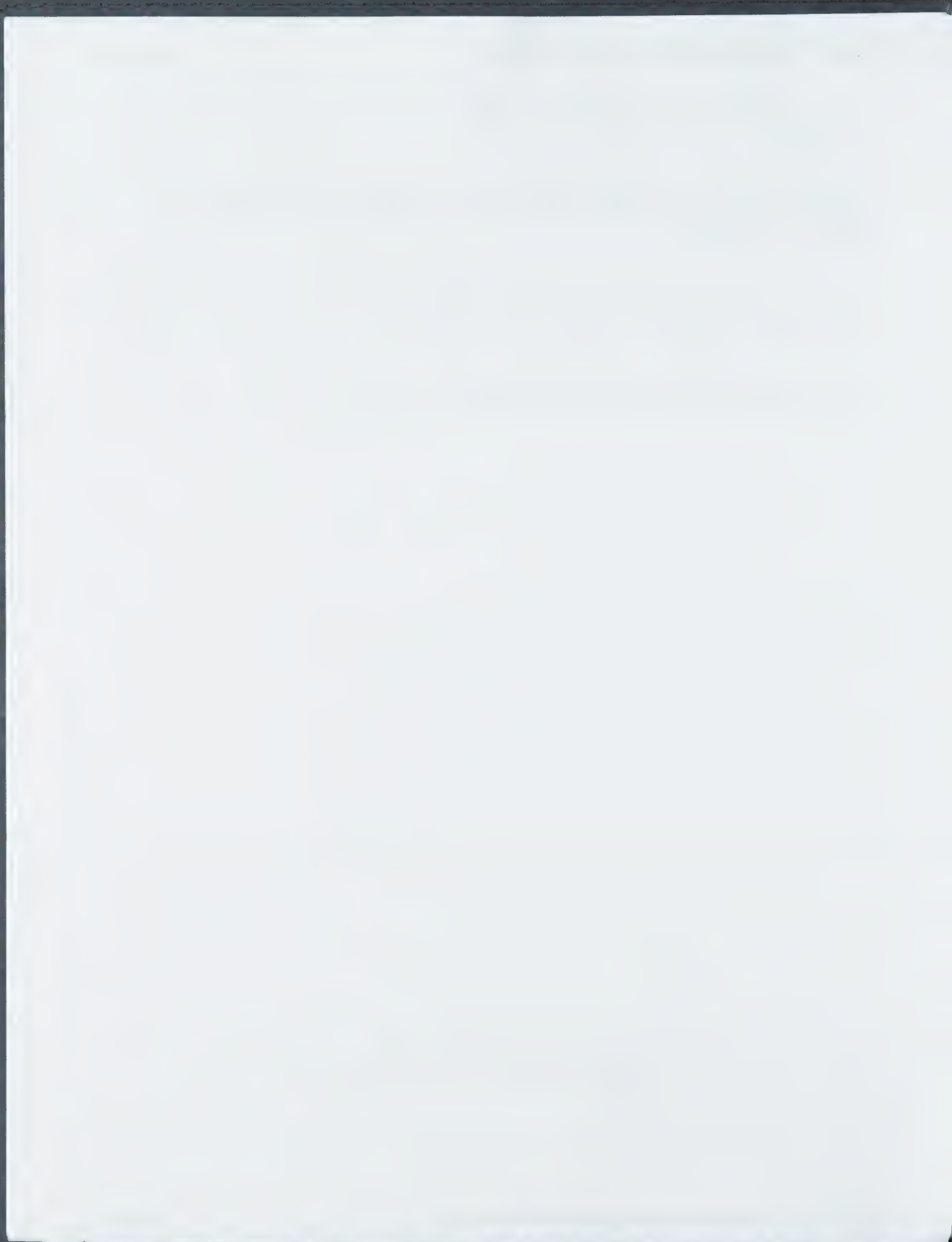
bank of Canada, and a Queen's grad, as well as a new chancellor, expected to be retired Bank of Canada governor David Dodge.

"The advantage Queen's has over many other Canadian institutions is both its history and traditions, and an amazing alumni network of extremely accomplished leaders in all walks of life who are committed to the institution," Mr. Mitchell said.

How committed, though, depends on what vision of Queen's they are asked to fund.

"If you're building something that is not sustainable, don't expect donors to step up," said Mr. Foo.

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FAX FROM:

Dr. Alfred Bader
924 East Juneau Avenue
Astor Hotel - Suite 622
Milwaukee, WI 53202
Ph: 414 / 277-0730
Fax: 414 / 277-0709
e-mail: baderfa@execpc.com

March 13, 2008

TO: Andrew Simpson

Page 1 of 3

FAX #: 1-613-533-6263

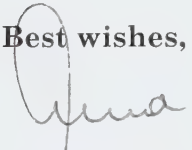
Dear Andrew,

I hope that you are having a good holiday, after all the turmoil at Queen's, surely well deserved. *

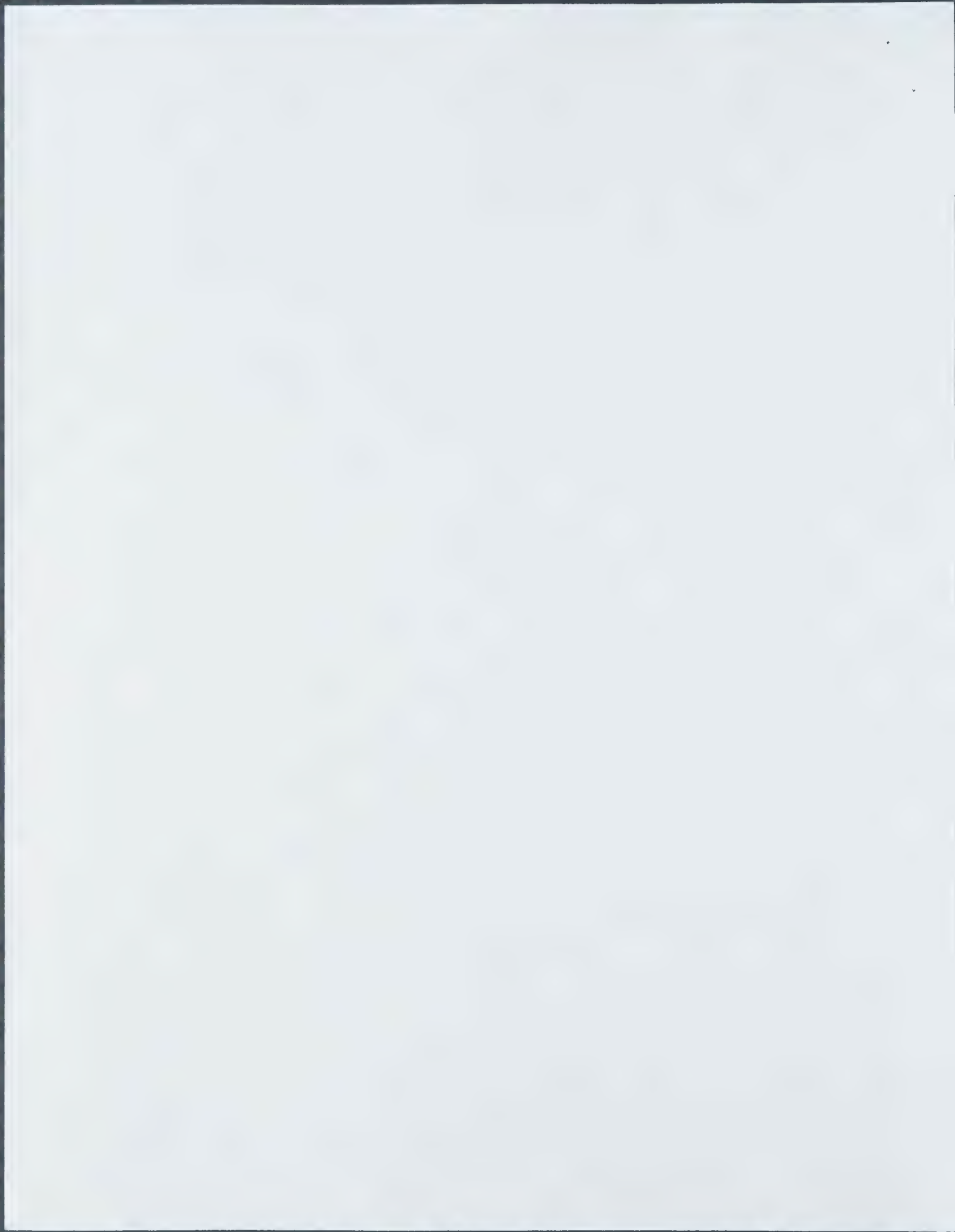
We are very lucky to have a very able Bader Chair in Northern Baroque Art, Dr. Stephanie Dickey. Her husband, Garth, has a most impressive CV and I wonder whether he could help with your investments at Queen's. I attach his CV from which you will note what responsible and interesting positions he has had.

Please let me discuss this with you after you return from your holiday.

Best wishes,


Alfred Bader
AB/az
Att.

The holiday is well
deserved - not the turmoil!



H. Garth Dickey

58 Earl Street
Kingston, ON K7L2G6

Telephone: 613-767-7601
Cell: 613-453-2173

E-mail: garthdickey@gmail.com

Senior level executive with broad leadership experience in management, finance, and business development. Particular strengths include sales and marketing, analytical problem solving, project planning, organizational management, and persuasive communications.

Progeny Linux Systems, Indianapolis, IN
President and Chief Executive Officer

2002-2007

Open source software company building optimized Linux-based operating systems for telecom and server appliance manufacturers.

Led innovative open source technology company through evolving new business strategy, built balanced creative team culture, forged global strategic relationships in Europe, China, and Japan. Developed senior level relationships with a broad range of technology companies from leading multi-billion dollar computer companies to early stage start-ups.

Centerfield Capital Partners, Indianapolis, IN
Managing Director

1998-2001

Midwest-focused private equity fund investing in growth and expansion stage companies.

One of three founding principals of Indiana's largest (\$30+ million) SBA-approved Small Business Investment Company. Raised investments from high net worth individual and institutional investors. Focused on investment opportunities in early-stage software and high tech companies. Developed broad network of contacts in target investment and investor markets.

Indiana Public Employees Retirement Fund, Indianapolis, IN
Director

1995-1998

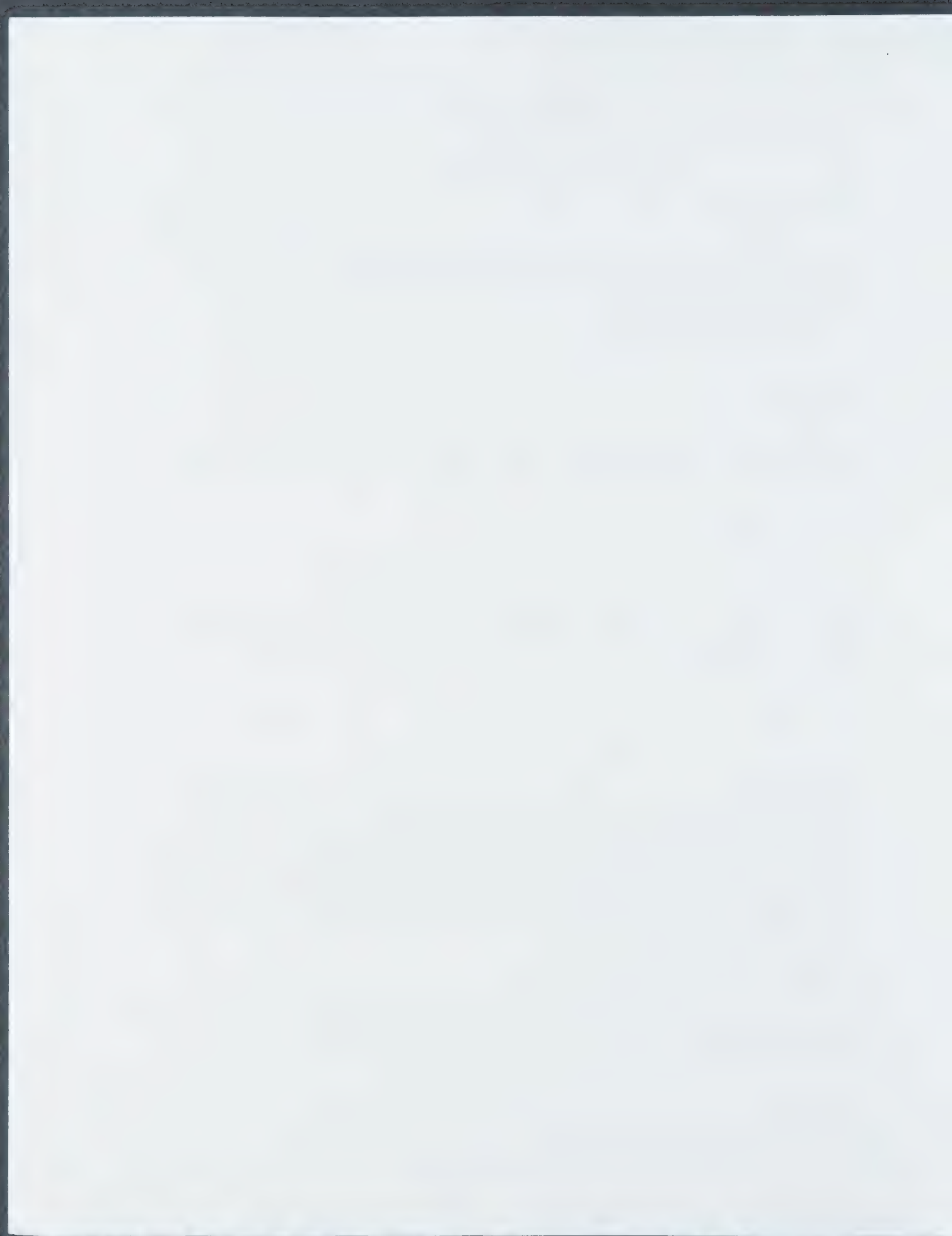
Pension fund system serving over 200,000 state and local government employees.

Managed PERF through a remarkable transformation applying technology, operational management restructuring, and revised investment strategies to improve benefit administration and modernize the \$8+ billion investment portfolio. Built morale and elevated performance of this multi-plan, multi-employer combined defined benefit and defined contribution pension system. Worked closely with diverse stakeholders to build support for needed legislative and constitutional change. This included the passage of a historic constitutional amendment to enable portfolio diversification by permitting investment in equities. Actively engaged as public spokesperson to diverse constituencies. Built peer level relationships leaders of public pension funds nationwide to seek out best practices to model the transformation of PERF. Worked closely with Board of Trustees to develop and adopt comprehensive investment management guidelines and procedures.

Independent Investment Banker, Bedford, New York
Principal

1993-1995

Built private practice of strategic consulting, private financing, mergers and acquisitions with early-stage and privately owned companies.



Bear, Stearns & Co. Inc., New York, NY
Managing Director

1992-1993

NYC-based US investment bank

Led team providing corporate finance services to financial institutions in the Central United States (territory covering 18 states). Marketed firm's capabilities in mergers and acquisitions (both sell-side and buy-side advisory roles), asset securitizations, fixed income issuance and equity underwriting.

Nomura Securities International, Inc., New York, NY
Vice President, Investment Banking

1986-1991

NYC-based US arm of world's largest investment bank headquartered in Tokyo, Japan

Built and managed investment banking relationships with leading U.S. financial institutions and some non-financial corporations. Secured mandates from U.S. bank holding companies to lead manage Euromarket offerings in yen and dollars, totaling over \$2 billion. Raised equity capital for U.S. banks including lead-managing two common stock offerings in Japan.

Manufacturers Hanover Corporation, New York, NY

1981-1986

Holding company of Manufacturers Hanover subsequently merged into JP Morgan Chase

Vice-President and Director of Long Term Debt	1985-86
Vice President – Staff Assistant to Head of Financial Institutions Group	1984-85
Vice President – Western District	1982-84
Assistant Vice-President, National Division	1981-82

Managed bank holding company's long term debt and equity issues, including over \$3.2 billion in new issues in 22 separate offerings. Managed and directed development of Asset Sales/Loan Participation program, thrift industry strategy, coordination and design of credit and non-credit products. Managed relationships with financial institutions ranging from money center bank holding companies to thrifts and small banks. Managed market development efforts, including opening a new market sector, resulting in over \$250 million incremental loan growth. Managed diversified corporate lending relationships in Southeast Region, including large utility portfolio, cable and broadcasting accounts, textile and assorted manufacturing companies.

Sotheby's, New York, NY
Assistant Treasurer

1978-1981

New York headquarters of world's leading art auction firm

Managed US treasury functions of the company and supervised staff of over 30 in four departments. Systematized corporate credit policies and automated major accounting systems, improved service and lowered costs.

Chemical Bank, New York, NY
Assistant Secretary, Corporate Banking

1975-1978

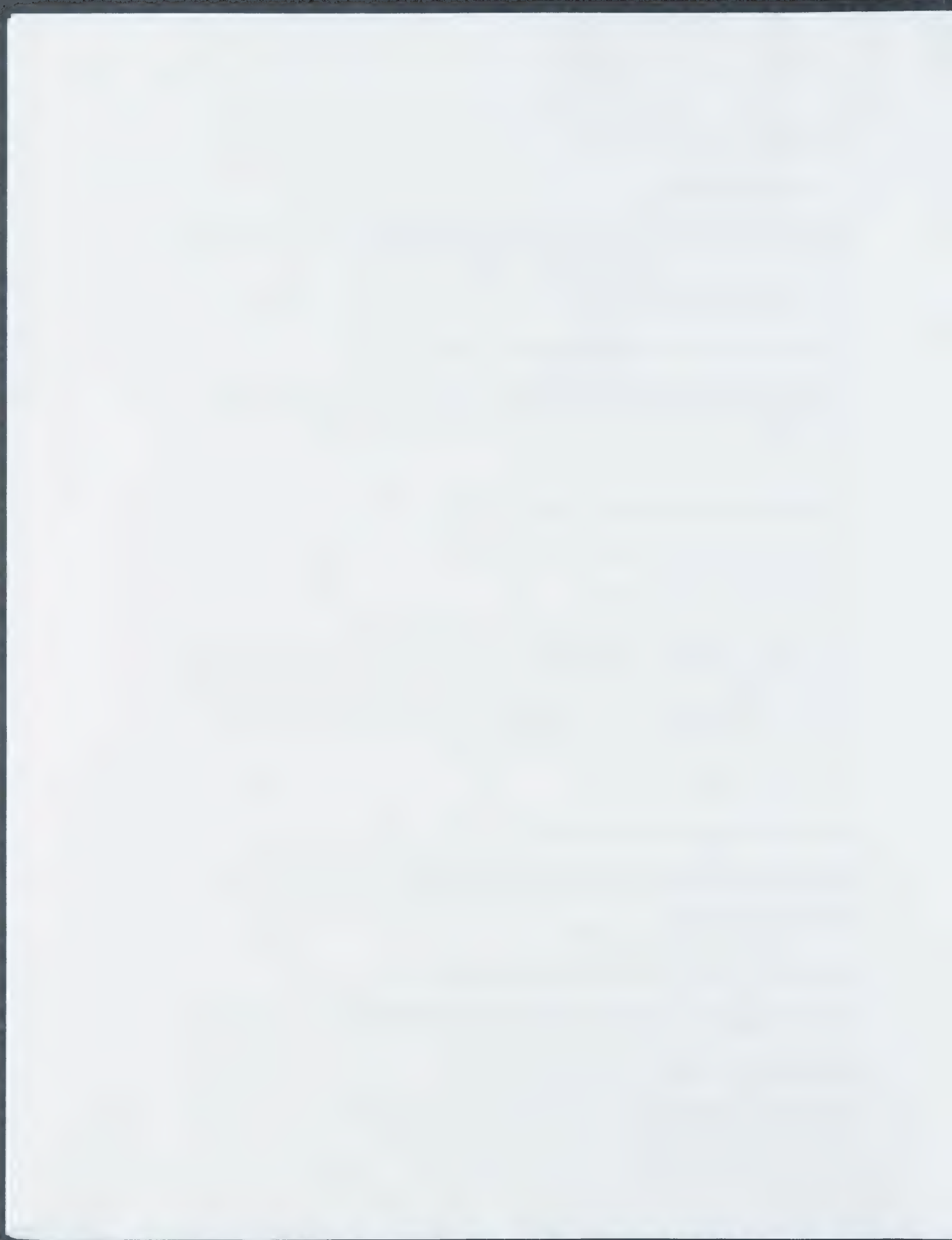
Bank headquartered in New York, subsequently merged into JP Morgan Chase

Corporate banker to Fortune 500 companies. Developed relationships and cultivated prospects in New York/New Jersey market. Completed corporate finance and credit training program at top of class.

EDUCATION: Yale University, A.B. 1975. Major: Philosophy.

Earned NASD Series 24 (Principal) and Series 62 (Corporate Securities) Registration.

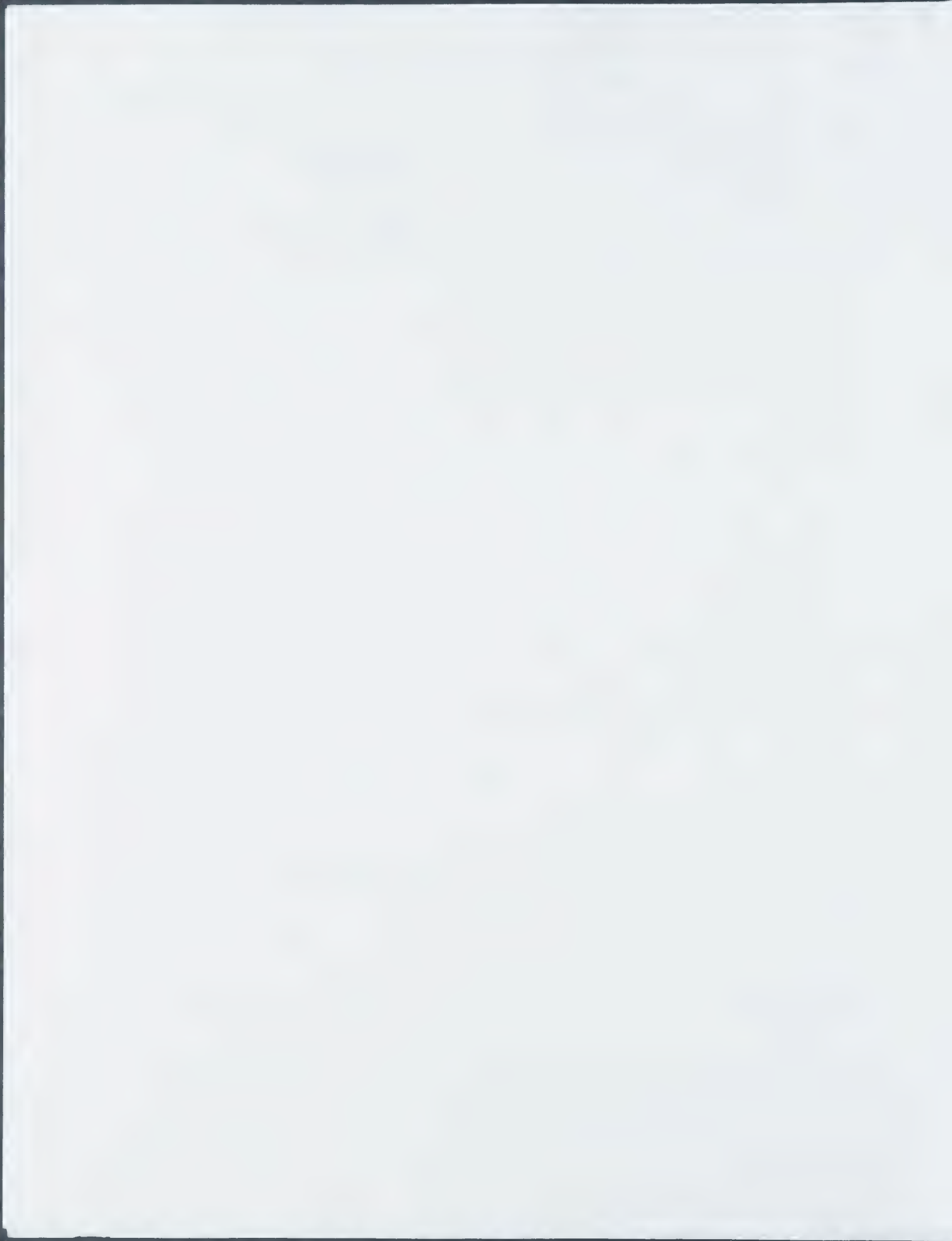
PERSONAL: Married with three sons.



TRANSMISSION VERIFICATION REPORT

TIME : 03/12/2008 23:49

DATE, TIME	03/12 23:47
FAX NO./NAME	161353362E3
DURATION	00:01:31
PAGE(S)	03
RESULT	OK
MODE	STANDARD
	ECM



Alfred Bader Fine Arts

To: Andrew Simpson
Subject: RE: Abeyance Account

Dear Andrew,

In response to your e-mail of today I think it might be wisest to put the remaining funds in my Abeyance Account into your bank account with a current interest rate of 3.5%.

I hope that the \$14 million which you now have for the Isabel Bader Performing Arts Centre will not lose much through poor investment.

When I see you I will ask you to explain to me the exact sum remaining in my Abeyance Account.

You will recall that I gave Queen's \$500,000 last year to be turned over to the Isaac Newton Art Trust if they come up with matching funds by the end of this year. If they don't, then I will ask you to put that \$500,000 plus or minus earnings into my Abeyance Account.

Are you close to an agreement with Garth Dickey about his consulting for Queen's? I think it would be very wise to have him consult for one year and then, if you find him really competent, that you then find a good permanent position for him. Please let me know about the arrangement and how I might help.

All the best,
Alfred

From: Andrew Simpson [mailto:asimpson@queensu.ca]
Sent: Monday, April 21, 2008 7:39 PM
To: Alfred Bader Fine Arts
Cc: Judith Brown
Subject: Abeyance Account

Dear Alfred

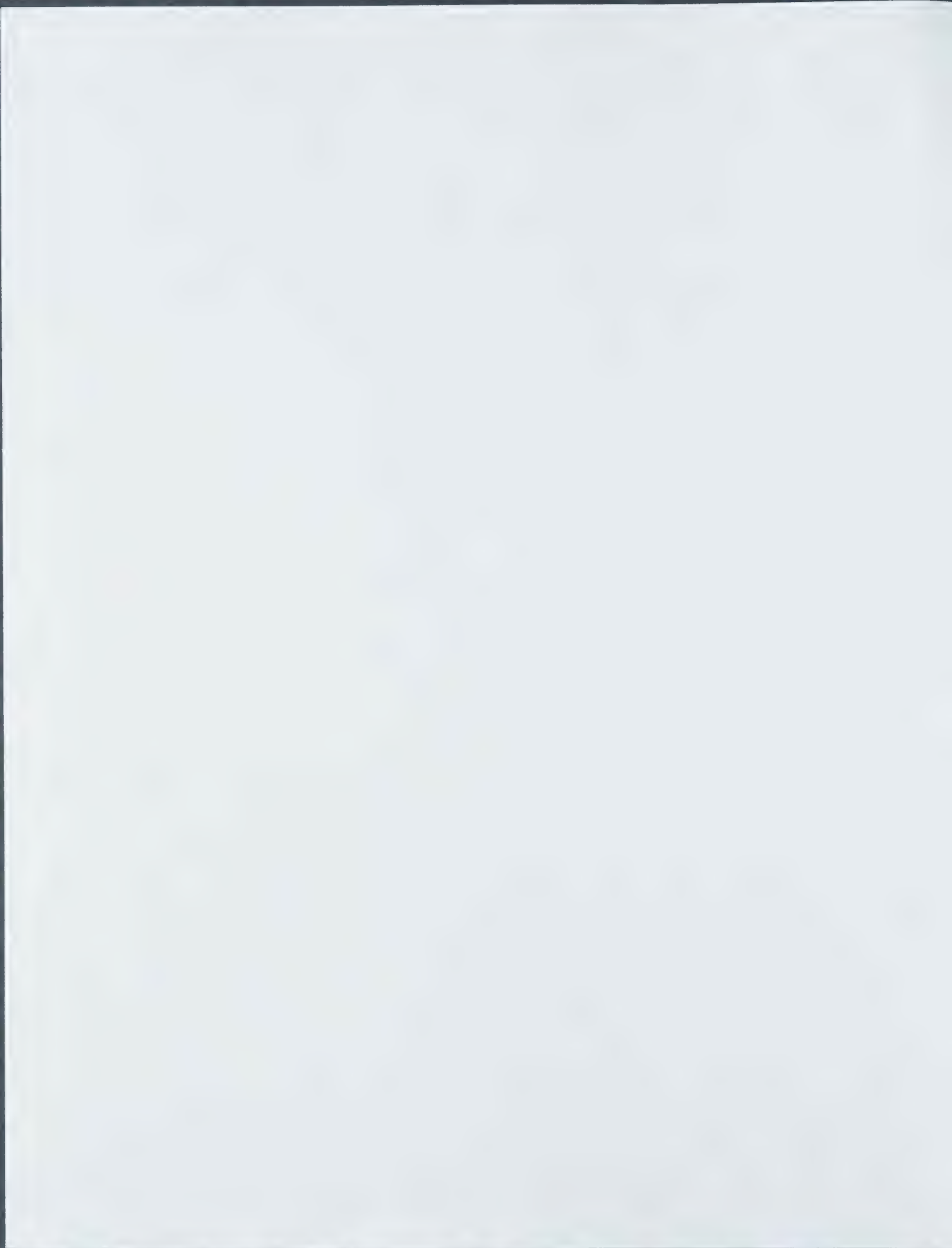
I am writing to seek your advice on the investment strategy for the remaining funds (approximately \$400,000) in your Abeyance Account.

The options are:

1. Pooled Investment Fund, with a mixed asset portfolio, including US equities, Canadian equities, Global equities, and bonds. Recent performance has been variable, with negative returns for many months of the past year.
2. Bank Account - current interest rate of 3.5%
3. Short-term Bond fund - recent performance has been variable.

Best wishes

Andrew



Alfred Bader Fine Arts

To: David Leighton (dleighton@rogers.com)
Subject: Several

Dear David,

Isabel and I were at Queen's from last Thursday morning until Sunday morning, and of course we discussed the Isabel Bader Performing Arts Centre plans in some detail.

I am certain that you will be invited for detailed discussions and the people at Queen's now understand how much help you can be.

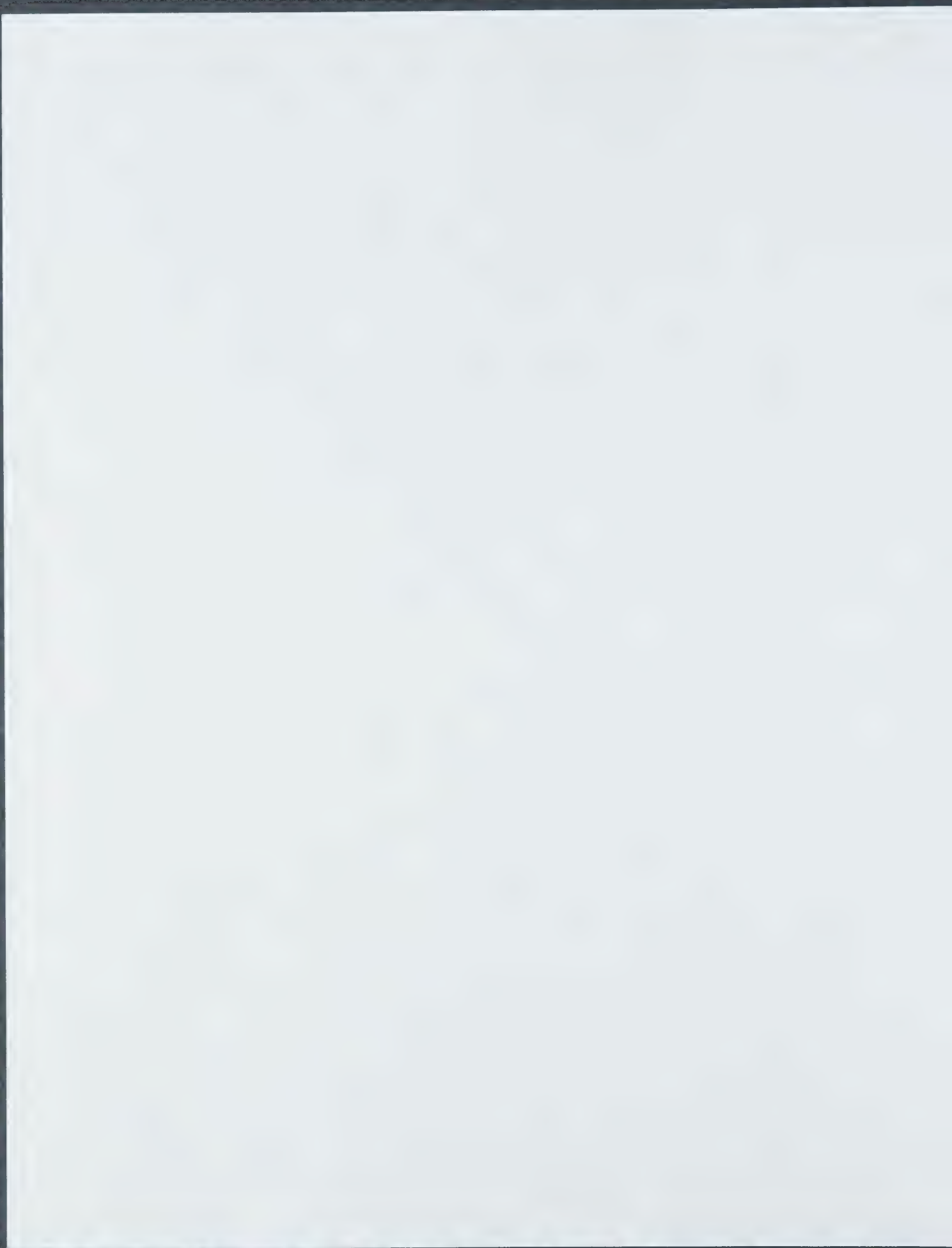
Our gift of \$14 million was subject to the entire building being called the Isabel Bader Performing Arts Centre. I was hurt by the fact that they have now changed this and call it the Queen's Performing Arts Centre, with only the concert hall (500 seats) called the Isabel Bader Concert Hall. Naturally I objected and wonder what will happen.

Surprisingly, they now place the total cost at \$42 million!

Could you please e-mail me your home address and if you have a fax, your fax number. I would like to fax or mail you a great deal of this information.

Did you read about the turmoil now at Queen's with the AMS coming out with a unanimous recommendation not to renew Karen Hitchcock's principalship?

Best regards to you and Peggy,
Alfred



Alfred Bader Fine Arts

To: Judith Brown (judith.brown@queensu.ca)
Subject: Several

✓ C. name
Lipton

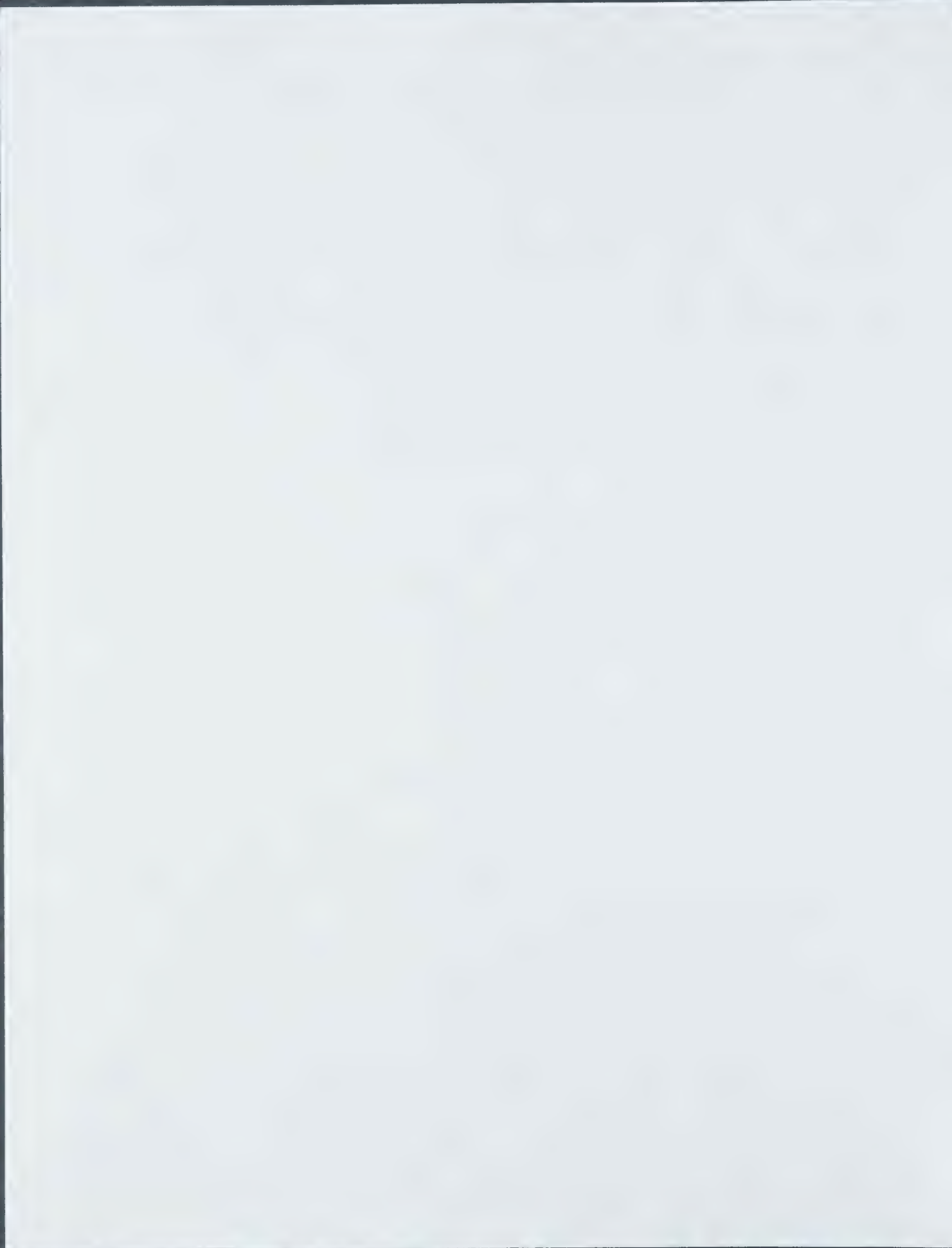
Dear Judith,

Could you please e-mail me Alex Simpson's fax number and telephone number.

You will have realized that I was concerned during our discussions last Thursday that in the Queen's University Performing Arts Centre/Campus only the recital hall is called the Isabel Bader Recital Hall. My hope is, and my understanding was, that the building would be called the Isabel Bader Performing Arts Centre or Hall. Now of course I see from the plans that there will be several buildings and it makes sense to call all of the buildings the Queen's University Performing Arts Centre or Campus, but I hope that the building which will hold music and drama will be called the Isabel Bader Building.

Thank you for all your help last week.

Best regards,
Alfred



Alfred Bader Fine Arts

To: Judith Brown (judith.brown@queensu.ca)
Cc: David Leighton (dleighton@rogers.com)
Subject: meetings

Copy to David

Dear Judith,

Thank you for your e-mail about the meeting on Wednesday evening and Thursday morning.

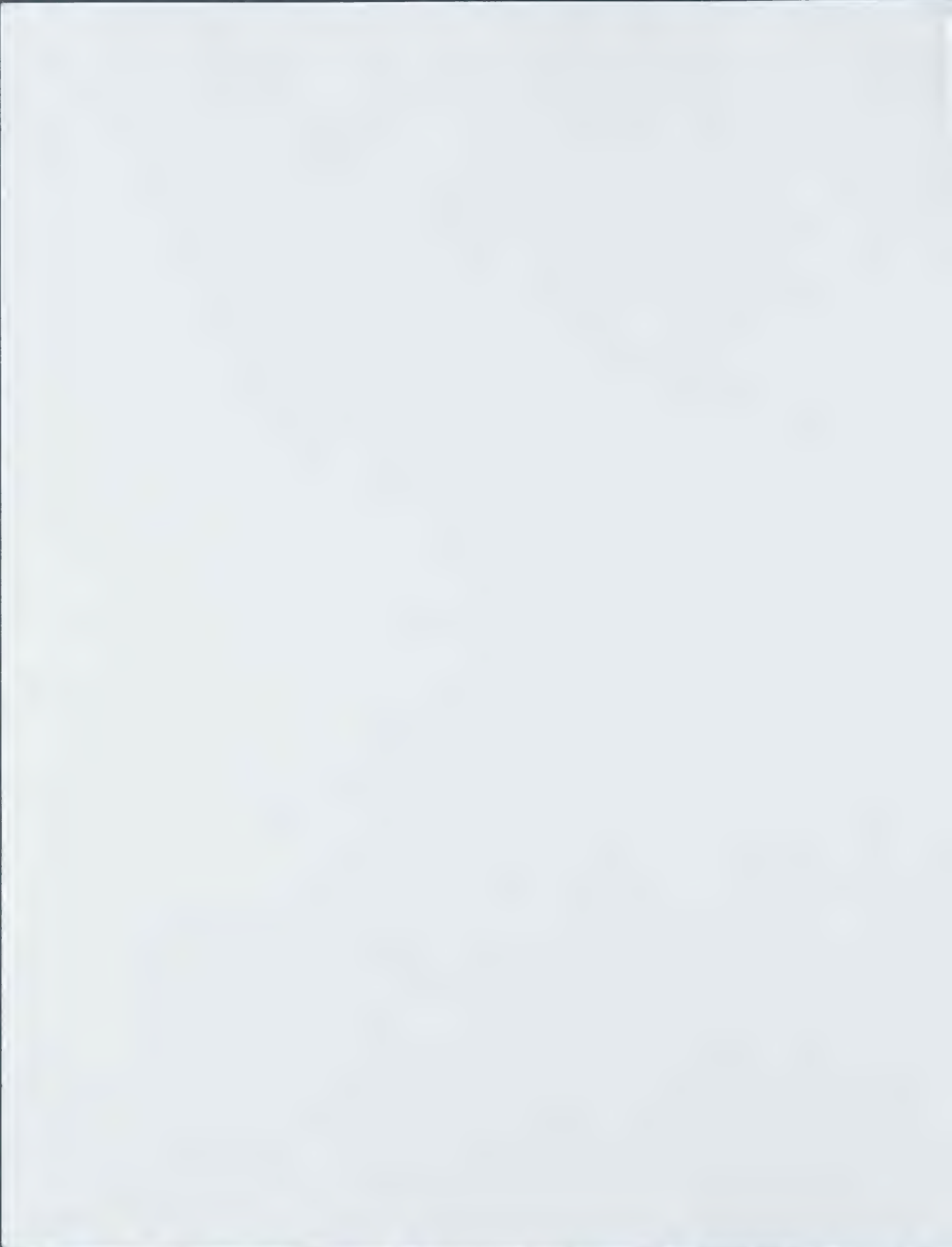
David thinks it is far more important to have really good meetings with Simpson, Williams and Mitchell rather than also with the department heads during the evening meeting.

I really would like to follow completely David's advice.

I told him in our telephone conversation that after this is built, with his help I hope that Queen's will give him an honorary doctorate. He told me, to my happy surprise, that this will not be necessary because he has already received an honorary doctorate from Queen's.

Daniel told me that he would like to be in telephone contact with us during the entire time of the morning meeting from 9-12 your time.

All the best,
Alfred



Alfred Bader Fine Arts

From: Judith Brown [judith.brown@queensu.ca]
Sent: Tuesday, March 25, 2008 9:17 AM
To: baderfa@execpc.com
Subject: your phone message and its question

CT

Dear Alfred,

In your voice message, you asked who was in charge of the Project.

The answer is that there are a few people, as you can imagine with a Project of this size and scope.

As for Building Operations, the person in charge is Andrew Simpson. Andrew has in turn appointed Tom Williams to act as Chair of the Building Committee. (Tom has the most complete sense of developments overall - both programmatic and operational.)

As for Programming, the Faculty of Arts and Science is in charge, since the 4 key departments (Drama, Music, Film & Media Studies, and Art) are working together to come up with the best plan for delivering programmatic needs.

In addition to the Building Committee, there is the "Executive" of the Building Committee, whose members have met only once, I believe. The Principal, Vice-Principal Simpson, Tom Williams, and perhaps others, are part of this group. My understanding is that it is with this group that David Leighton met.

Alfred, I hope that this information is helpful.

Take best care, Judith

Judith Brown, BA'76, MA'79
Executive Director (Alumni Relations and Annual Giving)
Summerhill Building
Queen's University
Kingston, ON K7L 3N6
Tel: (613) 533-6000 ext.74137
or 1-800-267-7837 ext.74137 (toll-free in Canada and the U.S.)
Fax: (613) 533-6871 (NEW)
email: judith.brown@queensu.ca

My assistant is Nikki Remillard.
Tel: (613) 533-6000 ext. 78691
Fax: (613) 533-6871 (NEW)
email: nikki.remillard@queensu.ca

Homecoming 2008 is September 26, 27 & 28

If you are interested in finding out if your class is planning a reunion activity, would like to get involved in the planning process or to let us know about your plans so that we can include it in the Homecoming Program booklet



Alfred Bader Fine Arts

From: Ron Spronk [spronkr@queensu.ca]
Sent: Monday, April 28, 2008 9:14 AM
To: Alfred Bader Fine Arts
Subject: Queen's cuts

Trip file

Dear Alfred,

I hope this finds you well. Thank you very much for your voice mail message, and for your question about the budget cuts at the Department of Art. It would be my pleasure to discuss these with you in detail. I thought that it might help our conversation if you have some of the numbers at hand.

As the large majority of the Departments, the Faculty Office has instructed Arts to cut 5% of its total 07-08 budget (including Faculty salaries). In \$\$ terms that means that our 08-09 budget is cut with \$125,000. This amount represents no less than 43% of my "discretionary" budget (my budget without Faculty, slide library and Main Office salaries).

This cut was proportionally distributed among the 3 programmes:

Art History	62,500
BFA	32,500
MAC	30,000

125,000

In addition, we have two other one-time shortfalls to cope with, which are actually largely the result of the Department's success in Advancement and QNS competition:

Computer equip.	10,000
Costs new faculty	20,000

The grand total of the budget cuts and shortfalls is \$155,000. These cuts are real, and they cut very deep into our core curriculum. We also can no longer fully replace our sabbatical leaves in MAC and BFA, for example. Any new programming, such as my own work, will have to be postponed, possibly for years to come. Also, the Faculty Office has indicated that we should plan on multiple years of additional cuts. Morale is obviously low; it has not helped that the Central Administration has been very slow in acknowledging the severity of these cuts for the departments.

I am much looking forward to our phone call,

Ron

--

Ron Spronk, Ph.D.
Head, Department of Art
Professor of Art History
Queen's University
Ontario Hall
Kingston, ON
K7L 3N6 Canada

Tel : (+) (1) 613 533 6000, ext. 78288
Fax: (+) (1) 613 533 6891
Email: spronkr@queensu.ca

