

April 23, 2020

VIA EMAIL

Dr. David Farrar
McMaster University

Dear David:

On authorization of the Board of Governors of McMaster University, and pursuant to a recommendation of the Senate of the University, I am pleased to offer you the appointment of President and Vice-Chancellor. Once you sign and return this letter to the University Secretary, this will become a binding contract ("Agreement") between you and the University. For further clarity the terms of this Agreement will be reviewed in the event that Compensation Restraint Laws (defined below) are substantially amended.

1. **Position.** If you accept this offer of employment, you will be appointed as President and Vice-Chancellor of the University ("Appointment"). During the term of this Appointment, you will report to the University's Board of Governors ("Board") and will accept the duties and responsibilities delegated to the President and Vice-Chancellor by the Board under the *By-laws of the Board of Governors of McMaster University*. You will faithfully, effectively and satisfactorily perform all of the duties and acts that are usual or necessary in carrying out the Office of the President and Vice-Chancellor, including those set out in the position profile and required by the *McMaster University Act, 1976*.
2. **Effective date.** The Appointment will begin on July 1, 2020 ("Start Date"). We anticipate that the Appointment will end on June 30, 2025 ("End Date"), but either you or the University can terminate the Appointment at any time in accordance with paragraph 11 below. Unless the Agreement is terminated in accordance with paragraph 11, or we agree in writing to renew the Appointment, the Appointment will end without further notice on June 30, 2025.
3. **Compensation.**
 - a. **Remuneration Review.** Your compensation is subject to compensation restraint legislation, including Part IV.1 of the *Broader Public Sector Accountability Act, 2010*, SO 2010, c 25 and the *Broader Public Sector Executive Compensation Act, 2014*, SO 2014, c 13, Sch 1, and related regulations, as amended from time to time (collectively, "Compensation Restraint Laws"). Your compensation may be reviewed by the Human Resources Committee of the Board in accordance with its Terms of Reference during the term of your Appointment to the extent permitted under Compensation Restraint Laws. In the event that Compensation Restraint Laws are substantially amended during the Appointment, the terms this Agreement will be reviewed and mutually acceptable adjustments, compliant with amended Compensation Restraint Laws, may be negotiated at that time

- b. Salary. You will receive an annual base salary of \$340,000 (less all applicable tax withholdings and other statutory deductions based on 26.0892 payroll deposits per year), prorated for partial years, if any. This salary shall continue during your annual vacation leave and is inclusive of your vacation pay entitlements under the *Employment Standards Act, 2000*, as amended from time to time (“ESA”).
- c. Annual Review. There will be an annual review of your performance during the term of your Appointment, as overseen by the Human Resources Committee of the Board.
- d. Performance/Variable Pay. In addition to your Salary, you will be eligible to participate in the Performance/Variable Pay Plan (“P/VP Plan”). The P/VP Plan payment will be an annual payment up to the greater of:
 - i. 15% of your annual salary, or
 - ii. the amount permitted under Compensation Restraint Laws.

The Human Resources Committee will determine amounts paid under the P/VP plan, at its discretion, and will provide further details on the P/VP Plan. The University reserves the right to amend the P/VP Plan from time to time.

4. **Pension & Benefits.**

- a. Health & Welfare Benefits. You will be entitled to the health and welfare benefits, including extended health and dental benefits, long term disability coverage, life insurance, and tuition assistance/bursary benefits, the details of which are summarized in the attached document titled, “Benefit Plan Summary for the Position of President and Vice-Chancellor”. Furthermore, you will be eligible for participation in the post-retirement benefits program at the time of retirement, subject to the terms of this benefit.
- b. Defined Benefit Pension Plan. You are entitled to participate in the *Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000*, as summarized in the attached document titled, “Highlights of the McMaster Salaried Pension Plan – Applicable to the President and Vice-Chancellor”.
- c. Supplemental Defined Contribution Plan. If and when it becomes permissible under Compensation Restraint Laws, you will be entitled to participate in the *McMaster University Defined Contribution Supplemental Retirement Plan for Specified Employees* (“Supplemental Plan”). The University reserves the right to amend, modify or terminate the Supplemental Plan, in whole or in part, in its sole discretion.
- d. Vehicle Allowance. In order to conduct your duties on behalf of the University, you will be provided with a bi-weekly vehicle allowance, which amounts to \$10,000 per year. You will not be entitled to reimbursement for any expenses related to the use of your vehicle for University business purposes within the area covered by the City of Hamilton and the City of Burlington. Reimbursement for travel outside this specified area will be

compensated at the University's current per kilometer rate, in accordance with University policies and procedures, which may be amended from time to time.

- e. Research Expenses. During each year of this Agreement, the University will reimburse reasonable research expenses you incur in the pursuit of your scholarly activities. The maximum amount of reimbursement for reasonable research expenses will be determined by the Chair of the Board, or the Chair's designate ("Chair") to a maximum amount of \$60,000 per year ("research amount"). All reimbursements made to you for this amount shall be supported by proper documentation evidencing your expenses(s). Any unused balance of this research amount may be carried forward from one year to the next to a carry-forward maximum to be determined by the Chair. The remaining unused balance upon the termination of this Agreement may be used in pursuit of your scholarly activities for a period of up to two years after the date of the end of the Term of this Agreement, provided you maintain an academic appointment in accordance with paragraph 12 below. Any assets purchased with the research amount are and will remain the property of the University.
- f. Technology. You may use University property, such as a laptop or mobile phone, in the course of your duties, but all such property will remain the property of the University during and after the term of your Appointment.

5. Leaves, Vacations & Holidays.

- a. Annual Vacation Leave. You are entitled to an annual paid vacation leave of six weeks in accordance with the University's policies and practices, inclusive of your vacation entitlements under the ESA.
- b. Public Holidays. You are entitled to all specified holidays generally observed by University faculty and staff, inclusive of your public holiday entitlements under the ESA.
- c. Administrative Leave. You are eligible for an administrative leave, with the approval of the Chair, in accordance with the University's *Administrative Leave Policy*, as amended from time to time. No personal financial compensation will be available for any leave not taken.
- d. Other Statutory Leaves. You are entitled to other unpaid statutory leaves of absence to the extent required under the ESA.

6. Outside Activities.

- a. Outside Activities. Your duties may include outside activities, which are of benefit to the University or to the Office of the President and Vice-Chancellor. The President and Vice-Chancellor's current outside activities are listed in Appendix "A". You may only undertake outside activities that are not listed in Appendix "A" with prior written approval of the Chair. Activities undertaken for other reasons, including personal interest, must not interfere with the Office of the President and Vice-Chancellor or its duties.

- b. **Consulting.** Any consulting work for fees, offices or appointments, including appointment to public, community, government, charitable, or Crown agency boards, panels, committees, or commissions are subject to the prior written approval of the Chair.

7. **Expenses.**

- a. You will be reimbursed, in accordance with the University's policies, for reasonable and necessary expenses incurred in connection with the fulfillment of your role as President and Vice-Chancellor. These expenses are subject to final approval of the Chair.
- b. If you have any questions about whether the expenses you will incur will be approved by the Chair, you will seek the approval of the Chair before you incur such expenses. If you fail to seek such approval, and the Chair determines that your expense(s) did not fall within the scope of the University's policies or this Agreement, the Chair will not approve, and you will not receive reimbursement for such expenses.
- c. In your capacity as the President, you will be reimbursed for your partner's travel expenses when they accompany you on University business, only where you believe that it is in the best interest of the University for them to do so and the Chair concurs and has given you prior written approval for such expenses. You are required to provide the Chair with reasonable notice of such proposed travel and the anticipated expenses associated with your partner's travel expenses.
- d. Reimbursement for your travel expenses for trips that are in excess of one week outside of Canada is subject to prior written approval by the Chair. You will provide the Chair with reasonable notice of such proposed expenses.
- e. Only airline travel that is outside of North America may be business class. If you seek an exception to this use of business class travel, you must obtain the prior written approval of the Chair.
- f. There are certain occasions, including long distance business-related trips and business-related social activities, where you are permitted to utilize taxis or limousines in lieu of driving.

8. **Gifts.** If you receive a gift valued at \$500 or more and if the gift was given to you in your capacity as a representative of McMaster University, including any gift given while you were traveling on University business or receiving visitors to the University, you are required to disclose to the Chair the nature of the gift, its approximate commercial value; the circumstances under which the gift was given to you, and whether the gift was received by you as a representative of McMaster or in your individual capacity. Any such unapproved gifts that are received by you as a representative of McMaster University shall be disposed of in a manner agreed to in writing by the Chair.

9. **Service Contracts.** You agree to submit any existing or proposed employment or service contract, including renewals and amendments, involving the University and your partner or

family members to the Human Resources Committee of the Board of Governors for review and approval, amendment or rejection.

10. **Source Deductions.** Your remuneration and taxable benefits under this Agreement shall be subject to statutory deductions, withholdings and remittances for income tax, the Canada Pension Plan, and employment insurance.

11. **Termination of Employment.**

a. End of Term. Unless this Agreement is terminated earlier in accordance with the following paragraphs, or we agree in writing to renew your Appointment, this Agreement will end without further notice on June 30, 2025.

b. Resignation. You may, without providing reasons for doing so, terminate your Appointment as President and Vice-Chancellor by providing the Board with at least 12 months' written notice. Following your notice of resignation, the University acknowledges and agrees that you may maintain your academic appointment as Professor with tenure in the Department of Chemistry and Chemical Biology, subject to the policies and procedures established by the University from time to time related to tenured faculty members. However, the Board may, at its sole discretion, determine the extent to which you will remain active and/or appointed as President and Vice-Chancellor. In any event, the University will continue your benefits and remunerations for the duration of the resignation notice period, unless your employment is terminated for cause.

c. Termination for Cause. Notwithstanding paragraph two above, the Board may terminate your Appointment as President and Vice-Chancellor at any time for "cause", without notice or salary and benefits in lieu, save and except notice or wages and benefits that may be required under the Employment Standards Act, if any. "Cause" includes anything that would constitute just cause for summary dismissal at common law. The failure by the University to rely on this provision in any given instance or instances shall not constitute a precedent or be deemed a waiver.

d. Termination Without Cause. The Board may terminate your Appointment as President and Vice-Chancellor, in its sole discretion for any reason, without cause, by providing you with 12 months' notice, or wages and benefits in lieu, inclusive of your termination notice entitlements under s. 57 of the ESA, plus:

- i. all accrued remuneration, entitlements and benefits as of the date of termination notice; and
- ii. statutory severance pay, if any, as required under s. 64 of the ESA.

The University acknowledges and agrees that if your employment as the President and Vice-Chancellor is terminated under this paragraph, you may nevertheless maintain your academic appointment, subject to the policies and procedures established by the University from time to time related to tenured faculty members.

e. Provisions Applicable to Any Termination.

- i. Except as described in this Agreement, you will have no claim against the University, its affiliates, or any of its or their officers, directors or employees, for damages arising out of the termination of your employment, whether arising pursuant to the ESA, the common law or otherwise.
 - ii. All equipment, documents, property or any other materials of any kind, including confidential information, created or obtained by you in the course of your employment, shall be surrendered promptly to the University, in good condition, upon the termination of your employment.
 - iii. The rights and obligations in this Agreement which, by their nature survive the termination of your employment, shall continue in full force and effect notwithstanding the termination of your employment by either party.
- f. The Parties agree that, should you become disabled such that you are incapable of performing the duties of President and Vice-Chancellor for one year, your appointment as President and Vice-Chancellor shall be terminated in accordance with paragraph 11(d) above. You acknowledge that, in such circumstances, accommodation for the position of President and Vice-Chancellor would amount to undue hardship for the purposes of the Ontario *Human Rights Code*, R.S.O. 1990, c. H. 19.
- g. The University acknowledges and agrees that if your appointment as President and Vice-Chancellor is terminated under this paragraph, you may nevertheless maintain your academic appointment, subject to the policies and procedures established by the University from time to time related to tenured faculty members.

12. **Faculty Appointment.**

- a. If you accept this Appointment as President and Vice-Chancellor, the University will maintain your tenured academic appointment as Professor with tenure in the Department of Chemistry and Chemical Biology in accordance with the policies and procedures of the University. If this Agreement is terminated prior to its expiry, you will be entitled to resume full-time the duties of full professor in the Faculty of Science, with tenure. The termination of this Agreement, whether for cause or not, shall not result in the termination of your academic appointment, unless the reasons for the termination of this Agreement constitute “adequate cause” for the termination of tenured faculty members in accordance with the policies and procedures established by the University from time to time.
- b. Your salary for your academic appointment, following the completion of your Appointment, will be established in accordance with the applicable University policy, which you acknowledge may change from time to time. At the time of the execution of this Agreement, University policy provides that the salary for your academic appointment

will be the equivalent to the average of the highest four salaries paid to tenured faculty at the University, excluding salaries paid to administrative faculty and salaries and stipends paid in the Faculty of Health Sciences, calculated as at the date of the termination or expiration of this Agreement, as the case may be.

- c. In your academic appointment, you will continue to be subject to all pertinent rules, regulations, policies, and procedures governing faculty members as established from time to time. Further, your academic appointment may only be terminated in accordance with the policies and procedures established by the University for termination of tenured faculty members.
 - d. While employed as the President and Vice-Chancellor, you will not be eligible to accrue or take Research Leave.
13. **Miscellaneous.**

- a. Legal Advice. You acknowledge and agree that you have obtained independent legal advice in connection with the execution of this Agreement. Further, you acknowledge and agree that you have executed this Agreement voluntarily and with full knowledge of, and in agreement with, all of its terms and provisions. The University agrees to reimburse you for your actual costs of obtaining independent legal advice in connection with your execution of this Agreement, up to a maximum amount of \$5,000. Such reimbursement will be made to you upon your submission of documentation reflecting the costs of obtaining such services.
- b. Notices. All official notices sent under this Agreement shall be in writing and served by email, facsimile or overnight courier to the addresses shown below. Either party may change its address by written notice to the other party.

University:
Chair of the Board of Governors
McMaster University
c/o Office of the University Secretariat
Gilmour Hall Room 210
1280 Main Street West
Hamilton, ON L8S 4L8
Facsimile: 905-526-9884
Email: univsec@mcmaster.ca

President & Vice-Chancellor
McMaster University
Office of the President
Gilmour Hall Room 238
1280 Main Street West
Hamilton, ON L8S 4L8
Facsimile: 905-522-3391
Email: presdnt@mcmaster.ca

- c. Entire Agreement. If you accept this offer of employment, and it is approved by the University's Board of Governors and Senate, then it will constitute the entire agreement between you and the University, and all other agreements, whether written or oral, express or implied, which may have existed between you and the University are hereby superseded and terminated.

- d. Privacy & Access to Information. You acknowledge and agree that the University is subject to the provisions of the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, C. F. 31, and that the details of this Agreement may be made public to all of the University's stakeholders and members of the general public. Furthermore, you consent to the University's collection, use, and disclosure of personal information about you, your spouse or partner, dependents or beneficiaries, to the extent that this is reasonably required to administer the employment relationship. You understand and acknowledge that you do not have a reasonable expectation of privacy in your use of the University's communications and electronic systems.
- e. Jurisdiction. This Agreement shall be interpreted in accordance with the laws of the Province of Ontario and Canada, as applicable, as they exist on the date on which this Agreement has been executed by both Parties.
- f. Severability. If any provisions of this Agreement become, or are deemed to be, invalid, illegal or unenforceable, such provision shall be deemed amended to conform to applicable law so as to be valid and enforceable or, if it cannot be amended without materially altering the intention of the parties, it shall be stricken and the remainder of the Agreement shall remain in full force and effect.
- g. No Waiver. No failure on the part of either party to exercise, and no delay in exercising, any right, remedy, or power under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, remedy or power preclude any other or further exercise of any other right, remedy, or power under this Agreement. No waiver shall be valid unless it is in writing and signed by the party to be bound thereby.
- h. Counterparts. This Agreement shall be executed by the parties on the dates, and at the places specified below, and, shall be executed in six original copies of two counterparts each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

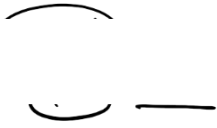
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David, we truly appreciate your commitment in the University, and look forward to your response.

Please indicate your acceptance of this Agreement by signing below and returning this letter to the University Secretary as soon as possible. Upon receiving your written confirmation of acceptance, we will endeavour to confirm the approval of the University's Senate and Board of Governors as soon as possible.

Please feel free to contact me if you have any questions regarding any of these amendments.

Yours truly,



Brad Merkel
Chair of the Board
McMaster University

cc: University Secretary
Human Resources

ACCEPTANCE

I have had sufficient time to review this Agreement, and hereby accept the Appointment in accordance with the terms and conditions set out above. Receipt of a copy of this letter is hereby acknowledged.


David Farrar

May 24, 2020
DATE

APPENDIX "A"

Council of Ontario Universities (COU):

Normal membership activities and obligations for an executive head, including serving on committees and task forces

Universities Canada (formerly AUCC):

Normal membership activities and obligations for an executive head, including serving on committees and task forces

Royal Botanical Gardens (RBG):

McMaster President is an Ex Officio member of the RBG Board

U15 Group of Canada Research Universities (U15):

Normal membership activities and obligations for an executive head, including serving on committees and task forces

Universitas 21



October 20, 2023

PRIVATE & CONFIDENTIAL

David Farrar
President and Vice-Chancellor

Dear David:

On behalf of the Human Resources Committee of the Board of Governors, I am pleased to confirm certain changes to your terms and conditions of employment.

Following completion of a formal job evaluation, and in recognition of the expanded nature of the duties and responsibilities now attaching to the role of President and Vice-Chancellor as a result of organizational development over time, an adjustment will be made to your annual base salary, as noted below.

1. **Duties & Responsibilities.** Areas of expanded responsibility and oversight include:

- Alternative Revenue Generation, including the development of a real estate strategy to create an additional source of revenue for the University.
- Research Commercialization and Partnerships, including increasing numbers of spin-out companies.
- Student Experience, including the development of blended models of learning, increased experiential and community-engaged learning, and expanded support services ranging from accessibility to mental health supports.
- Globally Engaged Research, including increasingly complex inter-disciplinary partnerships and revised funding models engaging a wide-range of partners.
- Leadership of Equity, Diversity, and Inclusion initiatives, including setting an appropriate tone, establishing the vision and values, and ensuring concrete advances are made.
- Compliance and Reporting, including responding effectively to the requirements of the Strategic Mandate Agreement, as well as the expanded compliance requirements implemented by the province in a number of areas.

- Risk and Crisis Management, including managing complex and contentious issues within the McMaster community.

2. **Salary.** In recognition of your undertaking these expanded duties and responsibilities, your annual base salary will be increased retroactively to \$391,000, less statutory deductions, effective January 1, 2023, and to \$452,600 less statutory deductions, effective November 1, 2023. This represents a one-time salary adjustment and you will continue to be ineligible for annual base adjustments until such time as the current compensation restraint legislation is amended and a further review of compensation arrangements by the Human Resources Committee of the Board is permitted or required.

The terms set out in this letter will amend the employment agreement between you and the University that became effective on July 1, 2020. With the exception of the adjustment to duties and updated salary noted in this letter, all other terms and conditions of your employment remain unchanged.

David, your leadership and dedication to the University are greatly appreciated. If you have any questions regarding these adjustments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Jane Allen". The signature is written in a cursive style with a large, looping initial "J".

Jane Allen
Chair of the Board of Governors
McMaster University

cc: University Secretary
Human Resources