

Call to Order – 9:30 am, October 30, 2014 | MBC 2294

1. Roll Call of Attendance

Committee Composition

Vice President Finance (*chair*) Adam Potvin
Board of Directors Member Deepak Sharma
Board of Directors Member Shadnam Khan
Councilor Gursher Sidhu
Student At-Large..... Barbara Szymczyk

Society Staff

Executive Director Colleen Knox
Finance Coordinator..... Kurt Belliveau
Minute Taker Dion Chong

Regrets

Executive Officer Kayode Fatoba

Absence

Councilor David Chapman
Student At-Large..... Baqar Hassan
Executive Officer Zied Masmoudi

2. Adoption of the Agenda

MOTION FASC 2014-10-30:01

Sharma

Be it resolved to adopt the agenda as presented.

CARRIED

3. Ratification of Regrets

MOTION FASC 2014-10-30:02

Szymczyk

Be it resolved to ratify regrets from:

Executive Officer Kayode Fatoba

CARRIED

4. Matters Arising from the Minutes

MOTION FASC 2014-10-30:03

Sidhu

Be it resolved to approve the minutes of 2014-10-23

CARRIED

5. New Business

a. Decrease – Referendum Line Item

The majority of the recent funding increase to the IEC was for stipends, with assumption that the Chief Electoral Officer and all commissioners would work to their full hourly limit. As it was likely that the referendum would contain a minimum number of questions, the Board chose to reduce the IEC hours ceiling by 180 hours.

MOTION FASC 2014-10-30:04

Khan

Whereas previous calculations of approved IEC stipends with the assumption that maximum hours would be reached by all commissioners and the CEO.

Whereas BOD voted to reduce IEC hours by 180.

Be it resolved to recommend to BOD to decrease the 901/25 referendum line item by \$2,600 (180*\$14.58/hour)

CARRIED

b. Clean Energy Investment Plan

The goal of the proposed motion was for the SFSS to invest into a number of clean energy companies. This would allow \$12000 to be traded to an Exchange Traded Fund of around 30 companies in the green energy industries. The Vice President Finance prepared a document which was presented to the committee, with a goal of enhancing the SFSS's ability to create tangible change in sustainability, which could potentially result in matching funding from SFU in the future.

At maximum, possible loss was projected to be around \$3000, which was a minimal loss in the context of Society, and was unlikely given the diversity of companies that encompassed the ETF.

In the past, investments have been conducted by the Society (pre-1996), although they were not well managed. There was concern that portfolio management was not a skill available within the organization, given Executive turnover. However, the Vice President Finance indicated that it was unlikely that much skill would be required as ETFs were passive investments. Only updates on the financial status of the investments would be necessary. It was not expected that any further investment would occur within the year, as the clean energy investment would be long term.

An investment policy was currently being developed, and thus it may be prudent to have the policy approved prior to approval of the green investment plan. However, members expressed concern that the ETF had to be handled as soon as possible.

MOTION FASC 2014-10-30:05

Sharma/Amended Khan

Be it resolved to recommend to Board to approve the proposed Clean Energy Investment Plan.

Be it further resolved that no further investments be made by the Society until such time as an investment policy has been approved by Board.

CARRIED

6. Discussions

a. Ticket Reconciliation

Ticket reconciliation was a process to ensure the match ticket revenue with tickets sold and unsold. It was a recommended measure to ensure that the Society did not incur lost revenue from the event. At the end of the process, there was an additional \$300 in revenue, likely due to tickets having been sold for a higher price than their face value. Lost ticket revenue have been

accounted for. The total revenue was nearly complete, although GST entries still had to be updated.

The Business Representative and the Finance Office was recognized for their work on the tracking system. Finance Coordinator Kwong had prepared a comprehensive document with recommendations and processes, which would be submitted to Board.

Presentations would be provided to the Board within the next month on the outcome of the concert, AGM, and all major projects. This would include both revenue and expense. The Committee was reminded that the number of tiers of tickets offered in any such event directly impacted the complications in the process.

b. AGM Increase

The AGM went overbudget by approximately \$1000, largely due to the Vice President Finance purchasing Vancouver Giants tickets as an incentive. Metrics on the number of tickets redeemed was of interest to the committee, as it may impact decisions on any continued relationship with

Action Item: Vice President Finance would contact the Vancouver Giants to inquire as to the number of tickets redeemed.

A budget increase would be requested at the next FASC.

7. Announcement

The Surrey office was expected to submit a budget increase to replace a laptop. Additionally, a replacement microwave was needed in Surrey.

MOTION FASC 2014-10-30:06

Sharma

Be it resolved to transfer a spare Atrium microwave to Surrey campus office.

CARRIED

8. Attachments

SFSS Clean Energy Plan.docx

Ticketing Spreadsheet.xlsx [REDACTED]

9. Adjournment

DC /CUPE 3338

SFSS Clean Energy Investment Plan

Taking a lead in combatting climate change in the most effective way possible

Proposed Motion:

BIRT that the VP Finance and the Financial Coordinators create an account with Scotia iTrade.
BIFRT that the SFSS buy 1,000 shares of the Global Clean Energy ETF (ICLN: NASDAQ), using cash from the General Fund.
BIFRT this investment may be sold at any time.

Fundamentals:

Name of Broker: Scotia iTrade

Name of Proposed Security: iShares Global Clean Energy ETF (ICLN)

Name of Exchange: NASDAQ

20-day Moving Average Price: \$10.70 (\$US)—0.89 CADUSD Exchange Rate

Proposed Number of Purchased Shares: 1,000

Approximate Value of Purchase: \$12,000 (\$CDN)

Transaction Fee: \$24.99*

Quarterly Fee: \$25 if the market value of the account drops below \$10,000 (20% decrease)

*Additional currency exchange commission fee will be charged. Will likely be around 2% on purchase.

*This transaction fee will only be applied when buying the security and if/when we sell the security. This transaction fee would be in addition to the aforementioned commission fee.

Description of Proposed Security:

An ETF (exchange-traded fund) is, for all intents and purposes, a stock; it trades on an exchange and can be bought and sold at any time. It is different in the sense that instead of it being a stock issued by a single company, it is rather a collection of stocks from a pool of different companies.

In this case, the Global Clean Energy ETF holds stocks from 30 companies from around the world, exclusive to the clean energy sector. This includes companies involved in semiconductors, electrical utilities, commercial services and supplies, construction engineering, renewable electricity, and electrical equipment. These companies are engaged in providing solutions for solar, wind, and other renewable sources of energy.

An ETF is a financial security, which means it is a tradeable financial asset. I will use the term “security” as reference to this ETF from this point forth.

I will use the term “clean energy” to refer to renewable sources of energy.

Assumptions Underlying this Purchase:

1. Human-induced climate change is a real and imminent threat
2. Governments (student or otherwise) have a duty to mitigate threats within the scope of their power
3. Governments (student or otherwise) have the duty and ability to combat climate change
4. SFU students likely support the notion of combatting climate change
5. As a not-for-profit organization that represents 25,000+ people, the SFSS has jurisdiction in acting in a way that furthers the interests of the people it represents

What can we do to Combat Climate Change?

Advocacy:

We've seen environmental movements, both on campus (Divest SFU) and off campus that call for a divestiture of fossil fuel investment, which means for organizations to stop investing in fossil fuel companies, and to sell off all stocks and bonds issued by these companies. This tactic has largely proved futile. For instance, SFU officially wrote an “SRI (Socially Responsible Investing) Policy” to appease Divest SFU, without making any actual changes to its investment portfolio.

Organizational Conservation of Energy:

This approach refers to making small changes around the office, such as powering off all computers when not in use, keeping lights off whenever possible, taking the bus to work, etc. While this is a noble approach, it is unlikely to make significant change, while potentially slowing down the operations of the SFSS.

Investing in Clean Energy Companies:

If the world was run on mostly renewable energy sources as opposed to oil and gas, many of our climate change fears would be averted. The reason the world is not running on renewable energy today is because the technology is not yet advanced or efficient enough for the energy to be supplied cheaply. In other words, renewable energy is too expensive for people to use on a large-scale. However, this trend is weakening as renewable energy companies continue to research and develop increasingly sophisticated solutions—the electric car by Tesla as an excellent example.

Unfortunately, it may take decades for renewable energy to become cheap enough for the masses to use. What can speed up the process is if renewable energy companies could spend more on research and development in order to make renewable energy more cost-effective. In order to do

this, these companies need access to cash, which can come in the form of debt (getting a loan from a bank, for instance) or in the form of equity (selling shares to investors who get a partial claim to the ownership of the company in exchange). Thus, investing in a company helps the company.

By investing in clean energy companies, we are helping these companies have easier access to cash through issuing shares, which they would then use to fund research and development projects to make renewable energy less costly. Like every company, renewable companies share the desire to grow; if we can agree that we would like to help renewable energy advance, investing in clean energy is the biggest step forward the SFSS can possibly make.

Through increased investment on a large-scale, renewable energy may even become a more viable and feasible source of energy than oil and gas within our lifetimes. The SFSS can follow the golden rule by doing what all other governments across the world can—and should—do.

Precedent:

Organizations and governments all over the world invest in and subsidize renewable energy. Here at home, Stephen Harper, gave \$400 million in subsidies to oil and gas companies to pursue development in biofuels, wind and solar energy sources.

The Rockefeller Brothers fund, which is worth \$860 million (ironically, Rockefeller made his fortune in oil), recently replaced all of its fossil fuel investments with investments in clean energy. This follows a lead from a list of global billionaires and funds who have pledged to do the same.

How the SFSS can make Positive Change and Stand to Benefit:

It is hard for groups of people to convince governments and businesses to divest from fossil fuels, especially when they are focused on negativity and merely talking the talk. The SFSS has an opportunity to take a more proactive approach, one that does not seek to criticize, but to lead by example and walk the walk. This approach is endorsed by SFU's Sustainability Coordinator, whom I've spoken with and who is eager to partner with us in this. I'm assuming Sustainable SFU and even Divest SFU would likely take an interest in this as well.

This project will likely attract positive media attention, which would not only add respect and credibility to the SFSS but also spur greater change by even larger organizations. The SFSS can set a very strong precedent for university student societies across the country to join in as well as call on municipal, provincial and federal governments to follow our lead in clean energy investment.

Logistics and Potential Risks:

Vancity is currently the SFSS's bank, but it does not offer an electronic brokerage system. The closest alternative would be to set up an "ethical investing" account, whereby a portfolio manager would buy and sell securities that satisfy Vancity's definition of "ethical" and give the SFSS limited power over what it holds. This also adds another layer between the SFSS and our investment. It sends a much stronger and clearer message for the SFSS to invest directly in clean energy specifically, as it would satisfy our investment criteria (as explained above) and we would have full control over what we hold.

Scotia iTrade is the preferred broker in this endeavor, as it offers competitive rates, is reputable, and the added benefit is that Scotiabank may end up financing our Build SFU project. It would take perhaps an hour to set up the account with Scotia iTrade and should not require any maintenance or other work by our Financial Coordinators. The VP Finance, however, would be happy to keep FASC and BOD updated on the performance of the security. We are free to sell the security at any time we wish.

The risk is that the market value of the account may decrease. This is possible with any security, especially stocks, where irrational market forces can create volatility in prices. However, it should be noted that this security has never dropped below \$6.38 in its 6-year existence. Given its current price, this would mean a 35% decrease (or \$4,000), which one can consider a worst-case scenario. In the context of the greater Society, where our operating budget sees annual revenue of over \$2.5 million, and where our Food and Beverage Services will likely lose close to \$400,000 this year, a worst-case scenario of \$4,000 is palatable; it would mean a loss equivalent to 1% of our annual FBS losses or 0.16% of our annual revenue.

Relationships with Current SFSS Policies and Funds:

This purchase does not violate our constitution, bylaws, or policies. The proposed financial policy includes a stipulation regarding investment:

"The SFSS may hold up to \$15,000 in the form of financial securities (investments) so long as minimum cash and equity thresholds are met in both the General Fund's operating transactional account and in its unrestricted fund balance, respectively."

The purchase would come from the cash in the General Fund. This would mean that the amount of cash would decrease, but that it would be cancelled out because a new asset—investments—would be created. Upon purchase of the security, the total equity in the SFSS would decrease by the amount equivalent to fees (likely under \$300). From there, the changes in the SFSS's equity would be directly tied to the changes in the value of the investment (less the possible quarterly fee).

It would be extremely unlikely for this investment to violate our policy on minimum equity and cash thresholds (proposed). If the ever market value of the investment falls such that our General Fund equity threshold is not met, the security should be sold immediately. Similarly, if ever the

General Fund is unable to meet its minimum cash threshold (proposed), the security should be sold immediately.

Citations and Resources:

1. <http://www.ishares.com/us/products/239738/ishares-global-clean-energy-etf>
2. <http://www.engadget.com/2014/09/22/rockefeller-investment-renewables/>
3. <http://o.canada.com/technology/environment/harper-government-gave-big-oil-and-pipeline-companies-400m-to-go-green>
4. <http://www.scotiabank.com/itrade/en/0,,3527,00.html>
5. The SFSS 2013-2014 audited financial statements
6. My correspondence with Scotia iTrade personnel (available upon request)