

1. CALL TO ORDER

Call to Order – 3:36 PM

2. TERRITORIAL ACKNOWLEDGMENT

We respectfully acknowledge that the SFSS is located on the traditional, unceded territories of the Coast Salish peoples, including the x^wməθk^wəyəm (Musqueam), S^kwxwú7mesh Úxwumixw (Squamish), Selílwitlh (Tsleil-Waututh), k^wík^wəłəm (Kwkwetlem) and qícəy (Katzie) Nations. Unceded means that these territories have never been handed over, sold, or given up by these nations, and we are currently situated on occupied territories.

3. ROLL CALL OF ATTENDANCE

3.1 Committee Composition

VP Finance (<i>Chair</i>)	Corbett Gildersleve
VP Student Life	Jennifer Chou
Applied Sciences Representative	Harry Preet Singh
Business Representative	Mehtaab Gill
At-Large Representative	Phum Luckkid
Student At –Large	Pariya Zabihi
Student At –Large	Ahmed Alam
Council Representative	Kali Stierle

3.2 Society Staff

Transition Manager	Lawrence Jones
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3.3 Regrets

Student At Large	Ahmed Alam
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4. ADOPTION OF THE AGENDA

4.1 MOTION FASC- 2020-11-09:01

Jennifer/Harry

Be it resolved to adopt the agenda as Presented.

CARRIED UNANIMOUSLY

5. RATIFICATIONS OF REGRETS

5.1 MOTION FASC 2020-11-09:02

Kali/Jennifer

Be it resolved to ratify regrets from Ahmed Alam for fall 2020 semester.

CARRIED AS AMENDED UNANIMOUSLY

- Amend regrets to read Ahmed Alam (from Spencer Chen).

6. DISCUSSION ITEMS

6.1 Investment Policy Implementation Plan

- In spring Board approved going with Vancity Investment (VCIM).
- It is required to determine how much to invest
- Make a recommendation to the board on how much to invest, how to withdraw and how to benefit from the interest.

* Mehtaab Gill joined the meeting at 3:47 PM.

- VP Finance reviewed the chart in the BN.
 - The investment policy has our investments split between 65% fixed incomes of bonds (primarily corporate and government bonds) and 35% equity (Canadian and foreign owned equity)
 - A sample model provided by VCIM lists \$140,000 in interest-based revenue based on \$5 million of investments income on our part.
 - The key considerations, because we're in the middle of pandemic with an unknown length and students are struggling financially, it would be inconsiderate to just put in \$5 million into VCIM all at once
 - However, many funds are from dedicated funds: Space Expansion Fund, Accessibility Fund, etc. They can only be used for specific purposes as set by students through a referendum.
 - These funds are not something that we can just give back to students through bursaries or anything else, because a lot of it are restricted funds, like the space expansion fund, which was created by students through a referendum that can only be spent on things around new spaces and renovation of current spaces. Same with the accessibility fund. It can be used for grants and supporting students to reduce barriers for attending events and other activities.
 - With Scotia Bank we had no control on how was SFSS money invested, but with VCIM we can control over how to invest the money.
- VCIM offers annual review, changes are possible and its very flexible.
 - Vancity investment is not locked and we can change the investments from year to year
 - Once the annual review occurs in FASC, the Board will review that and make recommendations of any required changes.
 - Some shifts in policy is possible to raise or lower weight on certain areas within our investments.
- VP Finance, President and Transition Manager have had set up meetings with VCIM previously
- Consultation will be required with Access. Committee.
 - Working on Accessibility Committee idea of using that fund to pay for an accessibility bursary that is broader than what our current accessibility fund grant system provides.
 - More consultation is required with the accessibility committee and the investment managers.
- Meeting Communication. Messaging re: the investment will be determined with Communications.
 - If the plan is approved by FASC, we will work with the communications department to create information for our members to be sent out if the Board approves the Plan.
- Main two challenges:
 - How much money do we transfer to this investment pool?
 - How much do we collect from the pool each year?

- The principal amount of money we invest in should sit into the pool for a long time and we should only draw from the interest revenue that is flexible, if we have some kind of major emergency, we can still pull out money from the principal to pay for it.
- Most of the funds are restricted.
- How best to invest: Take a little amount from each contributing account.
 - Recommend investing over \$5 million from multiple funds, leaving almost \$2.5 million left over in those funds for any immediate use
 - Recommended to put some contingency amount for emergency cases during Covid that can withdraw without VCIM restriction.
- Need input from Health & Dental and FNSA.
 - Recommended to not touching those funds right now.
 - More conservative amounts recommended as we don't know what COVID might bring and as was seen with Student Care, our insurance model could result a large invoice, as happened this summer
- VP Finance defined two types of funds: Restricted vs Unrestricted Funds.
- Restricted fund can only be used for specific purposes.
 - And there's usually at least two ways that they become restricted.
 - Through a referendum by the membership. Because all fees have to be approved or change through referendum so anytime they created a special fund where specialties are tied to it and restricted.
 - e.g. accessibility fund and the first nations student fund
 - There's also the general fund, which has a lot of the student activity, but that's designed as a central operating fund and is less restricted
 - There is two further restricted funds in the general fund that have been restricted by the board.
 - The health plan reserve fund. That's for where we paid the additional deficits earlier this summer
 - The contingency reserve funds. Basically, it's our emergency fund.
 - In case something catastrophic happened to the SFSS, we can still have least six months worth of funds to be able to operate.
- Restricted ones can be unrestricted by the board like we could pass a motion that says we no longer need to have that emergency fund and we collect that funds
- It can be easily adjusted at the board by passing a motion and we use that for anything as long as the board is approved motion to use those funds.
- Surplus is Unrestricted, based on Board motion, and any operational surplus goes into the unrestricted surplus.
- Business Rep asked: could an 'endowment' be considered by investing? VP Finance said that this would work like an endowment.
- VP Finance went over the timeline:
 - Invest restricted funds first
 - Then in the New Year, we transfer some of the unrestricted surplus.
 - By the end of the fiscal year we then transfer the First Nations Student Fund and Accessibility Fund upon agreement by FNSA and Accessibility Committee respectively.
- More feed back is required from the staff to revise the plan

- The vast majority of our interest gain will be from the unrestricted surpluses.
 - Additionally, these funds or most of these funds also have annual fees from students that go into it. So it will help grow it on its own.
 - \$300,000 in the spaces pension fund every year
 - \$50,000 from accessibility funds, etc.
 - Hard to predict the operating surplus. Because some years we have it, some years, we might not have it.
- Most funds have annual contributions from student fees. SFSS surplus varies.
- VP Finance reviews collection methods as per BN.
 - Option 1: Let the pool fund up until a certain amount of interest is gained or some high threshold like \$200,000 or \$300,000 a year in interest gains.
 - Because you may want to use that to fund a specific set of programming or departments or bursaries or scholarships or any other awards. After you have a very stable amount of funding revenue for the organization and for whatever purposes you set by the board
 - Ex. We don't touch it for about 5 or 10
 - Option 2: Second type is we collect all the interest gained each year and let the student fees expand the principal.
 - Since the student fees are already expanding it as long as those fees are more than the rate of inflation, then the pool will still grow.
 - But if the fees are less than inflation, then the fund will start to devalue over multiple years. It may take a long time, but it will happen.
 - The third option recollect only the interest gain minus the amount of annual inflation.
 - That means There will be small variations between how much money we're getting year to year. But it also means that the fund will out should always be either matching inflation or growing.
 - VP Finance recommends 3rd option: Have long term fund, for stability for future Boards, low risk.
 - Because this is the first time we're doing this kind of thing. He recommended to be more cautious and let future Boards decide if the SFSS can invest more or take on more risk

7. ATTACHMENTS

- BN - Investment Policy Implementation Plan - FASC

8. ADJOURNMENT

8.1 MOTION FAC 2020-11-09:03

Harry/Kali

Be it resolved to adjourn the meeting at 4:16 PM.

CARRIED UNANIMOUSLY

BRIEFING NOTE - INVESTMENT POLICY IMPLEMENTATION PLAN

Authors: VP Finance Corbett Gildersleve, Applied Science Rep Harry Preet Singh

ISSUE

April 1st, 2020, the Board approved an Investment Policy and assigned Vancity Investment Manager (VCIM) to handle the investments, however we have not yet decided on how much SFSS funds should be invested and in what manner we will benefit from the investment

BACKGROUND

SFSS receives interest on its bank accounts housed with Scotiabank. FY20 earned \$282,106 across six separate funds. Additionally, the SFSS has also built up a sizable surplus in multiple areas of the SFSS, both in restricted and unrestricted funds.

The 2019-2020 Board wished to try and invest some of these funds into more ethical ways, especially around fossil fuels. A Request for Proposals (RFP) process was followed in 2019-2020 and VCIM was selected as the manager.

VCIM does not directly invest in fossil fuels, and will not invest in companies that earn more than 5% of their revenue from fossil fuels investment.

PROPOSED MODEL (VCIM)

	Weight %	Target Amount	Projected Income	Interest Rate
Fixed Income	64	\$3,200,000.00	\$64,640.00	2.02%
<u>VCIM Bond Fund</u>				
Government Bonds	40.1			
Corporate Bonds	19.2			

Preferred Shares	4			
Cash & Equivalents	0.6			
Canadian Equity	27.9	\$1,395,000.00	\$68,215.50	4.89%
IC Income Seg Model				
Communication Services	3.2			
Consumer Staples	1.6			
Financials	9			
Health Care	0.9			
Industrials	3.9			
Materials	1.7			
Real Estate	4.9			
Utilities	2.2			
Cash & Equivalents	0.4			
Foreign Equity	7.1	\$355,000.00	\$4,686.00	1.32%
VCIM Global Equity Fund				
Communication Services	0.5			
Consumer Discretionary	0.7			
Consumer Staples	0.5			
Financials	0.8			
Health Care	0.9			
Industrials	0.7			
Information Technology	1.4			
Materials	0.5			
Real Estate	0.2			
Utilities	0.2			
Cash & Equivalent	0.7			
Cash	1	\$50,000.00		
Cash	1			
Total	100	\$5,000,000.00	\$137,541.50	2.75%

KEY CONSIDERATIONS

- We're in the middle of a pandemic of unknown length
 - Students are struggling financially
 - Investing multiple millions of dollars would come off as callous or indifferent to their struggle
- Society funds are already earning interest sitting in the bank accounts in Scotia bank, which we have no control over what they invest in
- Interest earned over the last few years has been between 1%-2%, under VCIM they're predicting around a 2%-3% return with low risk
- Interest gained sometimes goes back to their source fund and sometimes it goes into the General Fund, which has caused confusion around the value of specific funds
 - We should either have a consistent policy around where interest goes for each fund.
- Any investment funds are not locked in, if in future the board decides to pull back after a negative outcome, they can always do so and VCIM will have to adjust.
- Initial analysis of the risk factor of these investments is expected if this plan is approved.
 - As mentioned in the proposal, the policy might take a different shape in future if the current model doesn't satisfy the expectations.
 - Hence, the board would have to look on the impact the investments do in the long term rather than in a short term
 - FASC will be responsible for reviewing the performance of VCIM on an annual basis and will provide recommendations and reports to the Board

CURRENT STATUS

President Osob Mohamed, Transition Manager Lawrence Jones, and VP Finance Corbett Gildersleve have met with VCIM to start the process of being their client. We have submitted information related to the SFSS and signing authority.

We need to decide on the amount of funds and their sources to contribute to the investment policy. There is interest from members of the Accessibility Committee to invest in the Accessibility Fund and use the interest gained to fund an Accessibility Bursary. In this case, interest gained would be used directly to fund the bursary, and any left over would be fed back over.

MEDIA AND COMMUNICATION

Upon the approval of the plan by FASC, VP Finance Corbett Gildersleve and Applied Science Rep Harry Preet Singh will set up a meeting with the SFSS Communications Department to discuss a communications plan for our membership. Both the communications plan and the investment plan will then be presented to the Board for approval

OPTIONS

The Investment Policy pools the invested funds with 65% fixed-income (bonds) and 35% equity (Canadian and foreign-owned). If no funds are drawn from the pool by the SFSS, it will go back to the pool to further grow itself. We need to decide a few things:

1. How much do we transfer to the investment pool?
2. When and by how much do we collect from the pool each year?

Proposed Investment Transfers

Funds	FY20 Statement	%	Invested Amount	Leftover	Fund Type
General Fund					
- Contingency Reserve Fund	\$782,621.00	80%	\$626,096.80	\$156,524.20	Restricted
- Health and Dental Plan Reserve Fund	\$521,265.00	0%	\$0.00	\$521,265.00	Restricted
- Unrestricted Surplus	\$2,747,369.00	75%	\$2,060,526.75	\$686,842.25	Unrestricted
Space Expansion Fund	\$3,007,344.00	75%	\$2,255,508.00	\$751,836.00	Restricted
First Nations Student Fund	\$148,700.00	0%	\$0.00	\$148,700.00	Restricted
Accessibility Fund	\$353,843.00	100%	\$353,843.00	\$0.00	Restricted
Undergraduate Health Plan Fund	\$211,541.00	0%	\$0.00	\$211,541.00	Restricted
Total	\$7,772,683.00		\$5,295,974.55	\$2,476,708.45	

Comments					
Accessibility Fund					
Accessibility Advisory Committee is exploring the idea of using the Accessibility Fund to pay for an Accessibility Bursary where they're using a portion of student fees and interest gained on the fund to pay for bursaries to help reduce barriers for students					
First Nations Student Fund					
Will need to consult with the First Nations Student Association on if they would like to have their funds transferred into the investment policy and how they would like to use the interest gained.					
Health and Dental Plan Reserve Fund, Undergraduate Health Plan Fund					
Due to the unpredictable nature of the pandemic and our new insurance model, we don't think it would be a good time right now to invest those funds into the policy as we might need all of it for paying back a deficit.					

Leftover funds will be used to cover any operational needs without the need to contact VCIM to withdraw money from the investment fund, unless there's an emergency situation that requires additional funding.

Timeline

- Phase 1 (By December 31st, 2020)
 - Restricted Funds transfer
 - This plan will allow funds from Referendum/Board restricted funds to be invested and any interest gain on top of it will be transferred to the general fund or it can go back to the place where it came from.
 - Value: \$2,882,604, ~\$300,000/year from the Space Expansion Fund fees
- Phase 2 (By February 28th, 2021)
 - Unrestricted Surplus transfer
 - We have the limit of \$2.7 million to be invested. The interest gained may be added to the general fund or pool it back to the original investment or future boards might have separate ideas on how to use it.
 - Value: \$2,060,526.75, any annual operating surplus
- Phase 3 (By April 31st, 2021)
 - Accessibility Fund transfer
 - Use the interest to fund an Accessibility Bursary
 - This should be done last as it will take working with our lawyers and consulting with the Accessibility Committee
 - Value: \$353,843.00, ~\$50,000/year in Accessibility Fund fees

Proposed Collection Methods

1. We could let the fund pool up until interest gained reaches a set threshold and then collect that interest each year without touching the principle.
2. We collect all interest gained each year and only let student fees expand the principle
3. We collect only the interest gained minus the amount of annual inflation

Analysis of Collection Methods

1. The SFSS would not receive financial benefits from this method for a number of years, but when they do, the financial benefits should be fairly stable and reliable.
 - a. The interest return threshold would need to be determined, e.g. \$300,000/year in interest from the fund
2. This would allow the SFSS to immediately benefit, but the only growth from the principle would be from student fees. If these fees are more than inflation, then the principle will grow, if not, then the principle will slowly be devalued due to inflation.
3. This would result in less financial benefit for the SFSS, at least initially, but the fund would grow with inflation and not become devalued over time.

Neither plans take into account additional funds that might come in from operational surpluses, which will be highly variable and might not even occur some years. As such, FASC will need to review the performance of the Investment Fund with VCIM and the SFSS's overall financial state.

RECOMMENDATION

We recommend the 3rd option as the SFSS can see financial benefit after the first year and the fund grows with inflation. If FASC finds that the investment fund is growing faster than inflation due to student fees and operational surpluses, they could increase the amount of interest collected until it levels off.

Appendix

- Sample Investment Model:
https://docs.google.com/spreadsheets/d/1_Cpvn4bNjx-Rr5L783RgIOpOFzBdvHXUYivW/OvEP7r8/edit#gid=0
- Portfolio:
https://drive.google.com/file/d/1FFVRZ-MGIbUDwvNQ5GRQ_96Edt6JGTfF/view?usp=sharing
- Investment Folder:
https://docs.google.com/spreadsheets/d/1_Cpvn4bNjx-Rr5L783RgIOpOFzBdvHXUYivW/OvEP7r8/edit?usp=sharing