**Legal Considerations for CUS Endowment**

Since the CUS Endowment was first presented to AMS Council back in February of 2013, we have been working hard to improve the legal protections associated with an IMANT Investment as well as to explore the legal and operational risks and benefits associated with our other investment options.

This document will focus on the changes specific to the IMANT contract as it is the option, confirmed via popular referendum, that creates the most value for students. For further information on some of the risks and legal protections involved with the investment options not pursued, please refer to the Investment Options report.

**Summary**

The Endowment Trust Agreement (ETA) constitutes an agreement between the CUS, as a subsidiary of the AMS, and the University. The CUS will transfer a certain sum of money, in this case $300,000, to be managed by the University as part of its Endowment holdings and in turn the CUS will receive perpetual annual payments to be used for projects that provide benefits for BComs. There are restrictions on the use of this money and on the return of invested principal (the $300,000) but in return the CUS will receive returns significantly in excess of what could otherwise be achieved.

Amount Deposited: $300,000, one-time payment
Annual Return (Nominal, expected): 5.5%, $16,500
Annual Return (Real, expected): 3.5%, $10,500

One of the concerns when this agreement first came to council was a lack of input from counsel not associated with the University or AMS. The contract has since been reviewed by external legal counsel from Bull, Houser and Tupper LLP and their input and advice has been incorporated into the final document. The contract has also been reviewed and approved by the University’s counsel.

Two areas of the contract that have been altered and improved since the February Council meeting are Article 6/7 and Schedule A. The specific improvements are outlined below.


The Endowment Trust Agreement is a perpetual agreement and the responsibilities and rights it governs last indefinitely. Not to put too fine a point on it, but forever is a long time and as such the agreement needs provisions for potential alteration down the road. This protects both the University and the AMS in the event of changing circumstances that cannot be reasonably foreseen from the present day.

The old contract presented to Council contained language surrounding these changes that was rather generic and did not fully account for the unique situation of creating an endowment for a student society. While the protections in place were significant, with any changes requiring recommendation by the President and approval by the University Board of Governors, Council wanted to see something a bit better suited to our specific situation.
Thanks to our work with Michael Blatchford of Bull, Houser & Tupper we were able to make significant improvements to this section of the agreement.

Specifically, the language now specifically requires that any changes made must only be in support of the Purposes of the Endowment, in this case in support of BCom students. Changes can only be made if the original spirit of the agreement is maintained. Requirements for Presidential recommendation and approval by the Board of Governors are still included.

We feel that the language now appropriately protects the purpose of the fund while allowing for changes in the face of unforeseen circumstances 30, 50 or 100 years in the future.

**Schedule A: Disbursement Procedures**

This section describes the purposes of the Fund and outlines specifically how the money is to be overseen and spent. This section was originally modelled on the EUS Endowment.

There was some concern that this section would allow the University to redirect our payments towards uses that are not desired by BComs. Specifically, the payments from the Endowment are spent based on recommendation from the CUS to the Director of Undergraduates of Sauder, which will not be unreasonably withheld, with an arbitration process to the UBC VP Students in the event of a disagreement.

Some felt that the University could, as a result of this oversight, direct the funds away from the original intended purposes of the Endowment. We feel that this is an inappropriate reading of Schedule A and do not regard this as significant risk for the Endowment.

The CUS currently runs $1.2 million worth of projects, many in concert with the Sauder and UBC administrations. It is exceedingly unlikely that we would not be able to find a project that could be mutually agreed to be worthwhile. Even then, we provide funding for certain programs administered by Sauder, most significantly funding for the Business Career Centre. Should they choose to act outside the recommendations of the Endowment Committee, we could simply divert funding from these projects.

Even during the recent issues the CUS has faced, we have maintained a good working relationship with the Sauder and UBC administrations and do not foresee significant difficulties in finding mutually agreeable projects with which to use the endowment payments in order to benefit BCom students.