Dear AMS Council,

The Commerce Undergraduate Society will be presenting at the upcoming AMS Council meeting a proposal for the creation of a CUS Endowment to be administered by UBC Investment Management Trust (IMANT). This letter and associated documentation are meant to provide background and demonstrate due diligence with regard to the creation of this endowment so that we can hopefully have an efficient and productive discussion during the meeting.

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In 1999, a referendum was held that increased the student levy paid by Commerce students from $16 to $266. This effectively marked the birth of the modern CUS as an organization. In the intervening years of operation and as the BCom population has doubled in size, the CUS has built up an operating surplus in excess of the funds necessary for its ongoing activities. On May 1, 2013, the Commerce Undergraduate Society had an accumulated operating surplus of $441,644.

A number of different options were evaluated for use of a portion the funds, specifically $300,000 of the $441,644, including the possibility of maintaining the status quo. The major different investment options available were: an endowment administered by the UBC Investment Management Trust (IMANT), an “endowment” with the AMS, or the use of the Surplus as part of a down payment for a proposed Commerce Student Center.

An endowment to be administered by UBC IMANT was first brought to AMS Council by the CUS at the February 6th, 2013 meeting earlier this year, presented by then CUS President Jacky Leung. Council had a number of concerns with the proposal that had not been sufficiently addressed by Jacky, coupled with Jacky’s less than amazing presentation, which resulted in the motion failing to gain the approval of AMS Council at the time.

The questions basically fell into three basic categories:

1. Questions surrounding the choice of IMANT versus other alternative investments available
2. Questions regarding the specific contract between the AMS and UBC IMANT
3. Questions surrounding student consultation and approval of this choice

Between February and now, Lauren Telford and myself have been working hard to fill in the gaps in our due diligence and ensure that we take the best possible actions with this money with regard to creating value for our students. We believe that an Endowment to be administered by UBC IMANT is the best choice for students going forward.

1. IMANT provides the highest returns of available options and fits the best within the CUS’s current financial needs, constraints and student initiatives.
2. We have worked with external legal counsel from Bull & Houser regarding the specifics of the contract and have made significant improvements since February in protecting value for students over the long term.
3. We held a referendum on this issue in September in which 85% voted in favor of this option.
Attached are specific documents further detailing the work we have done on the investment analysis and contract revisions to ensure the creation of value for students.

Lauren and myself would have happy to answer any questions that come up prior to our formal presentation to AMS Council, so please feel free to contact us for more information.

Cheers,

Sean Fleming
President
Commerce Undergraduate Society
sean.fleming@cus.ca | 778.887.5883