

## SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

### Asset Management Governance Plan

**APPROVED: January 13, 2015**

The **Statement of Investment Policies and Guidelines** is a companion document.

#### OVERVIEW

1.1 This asset management governance plan (*the “**Governance Plan**”*) describes the processes put in place for the management of The Selkirk and District Community Foundation’s Invested Funds herein after referred to as the “**Fund**”.

1.2 The Governance Plan is strictly concerned with investment-related matters; it does not deal with benefit and funding policy.

1.3 The purpose of the Governance Plan is to ensure that the Fund is managed effectively, prudently and in compliance with all applicable legal requirements. It identifies the roles and responsibilities of all parties involved and it promotes the co-ordination and integration of their respective contributions.

1.5 The Governance Plan is an internal document drafted by the Investment Committee (*the “**Committee**”*) and approved by the Board of Directors (*the “**Board**”*) of The Selkirk and District Community Foundation (*the “**Foundation**”*).

1.6 Each new Committee member receives an updated version of the Governance Plan. The Plan is available to the public upon request, but should be checked for recent amendments.

#### LEGAL CONTEXT

2.1 The management of the Fund must satisfy all applicable legal requirements. Governance Plan provisions should never be construed as suggesting that legal requirements are not to be strictly satisfied.

2.2 The management of the Fund must comply with the provisions of:

- the Income Tax Act of Canada;
- the Securities Act (Manitoba) insofar as “Managed Funds” are concerned; and
- the Insurance Companies Act.

## THE COMMITTEE

3.1 The Board of Directors of the Foundation, in its capacity as Administrator of the Governance Plan, has delegated some of its monitoring and supervisory powers and responsibilities to the Committee. The Board retains final authority on policy and overall budget control but relies on the Committee to provide advice. The Committee's terms of reference include advisory, supervisory and overview responsibilities in the following areas:

(i) Policy decisions

- investment objectives
- investment constraints
- investment preferences
- governance issues
- permitted investments
- asset mix targets and ranges

(ii) Strategic decisions

- structure of investment management
- appointment and termination of investment managers and other advisors
- development of investment strategies and philosophies
- formulation of the Governance Plan's current and future positions on capital market expectations

(iii) Investment decisions

- tactical asset allocation within investment policy parameters
- buy and sell of investments

(iv) Operational decisions

- ensuring investment managers compliance with mandate
- reviewing monthly portfolio statements for unusual transactions
- meeting with investment managers
- meeting with performance measurement consultants, if hired
- evaluating investment managers performance

(v) Expenditure decisions

- evaluating budget variances related to investments

3.2 On an annual basis, the Committee provides a written Report to the Board that contains at least the following information:

- recommended changes to the Governance Plan and to the Statement of Investment Policies and Guidelines;
- description of the work completed by the Committee and its agents and advisors;

and

- detailed report on the Fund’s financial statements and performance.

3.3 The Committee consists of up to two members who have been appointed by the Board plus the Chair of the Committee who is the Treasurer of the Board (the “Members”). The Chair of the Board also is a member ex officio. The Board appoints members annually. Up to two non-board members can be appointed to add expertise and perspective that the Board deems advisable.

3.4 The Committee meets at least twice a year. The meetings will be scheduled at the beginning of each fiscal year. The Committee will meet:

- in Summer/Fall to hear the presentations from the Investment Manager and to review results to June 30th;
- in Winter to review year-end statements prepared for the Committee, to review the Statement of Investment Policies and Guidelines and to finalize the Annual Report (item 3.2) for submission to the Board;
- and at such other times as the Committee deems necessary.

3.5 Meetings are convened by the Chair of the Committee. The Executive Director of the Foundation will be the Secretary. A proposed agenda is distributed in advance of the meeting and additional information may be made available when the meeting is convened.

3.6 The quorum for a meeting is a majority of the Members. Decisions are carried by simple majority of the Members present.

3.7 The Secretary prepares minutes of all Committee meetings (the “Minutes”). The Minutes are transmitted to Members within 30 days following each Committee meeting and before the next Committee meeting. A copy of any documentation formally distributed at Committee meetings is appended to the Minutes for Members who were absent.

3.8 The Minutes provide a record of at least the following items:

- date and place of the meeting;
- parties present and their capacity;
- acceptance of the minutes of the preceding meeting;
- matters discussed;
- documents formally distributed;
- proposals submitted for voting;
- voting;
- decisions made and/or action taken;
- considerations and advice relied upon; and
- party(ies) responsible for implementation

3.9 The Secretary maintains a permanent record of the Minutes along with any documentation formally distributed to Members, which may have had a material impact on decisions made or action taken.

3.10 In the absence of the Chair or the Secretary at a Committee meeting, Members elect a chair or a secretary amongst themselves.

3.11 Members absent at a Committee meeting are assumed to concur with decisions made or action taken, as described in the Minutes, unless their dissidence and the underlying reasons are entered in the Minutes of the following Committee meeting or transmitted to the Committee in writing within a reasonable period.

3.12 The Committee may recommend the services of advisors with respect to the management of the Fund.

3.13 The Committee assigns terms of reference to its managers, advisors or agents including:

- a description of the services to be provided;
- the way and time such services are to be delivered;
- the financial arrangements including the amount of fees to be paid; and
- the conditions governing the termination of the relationship.

The terms of reference (including contracts) for all agents and advisors currently providing services to the Foundation related to the investment function are retained by the Foundation's Executive Director.

3.14 The Committee maintains an active role at least with respect to the following when the services of an Investment Manager is contracted:

- drafting and revision of investment policies and guidelines as described in Section 6;
- selection, supervision and termination of agents and advisors.

3.15 A checklist of recurring Committee actions is provided in the appendix. This is intended to serve as a reminder; it is strictly indicative and does not add to (or detract from) the management practices described elsewhere in the Governance Plan.

3.16 Members are reimbursed by the Foundation for reasonable out-of-pocket expenses but are not otherwise entitled to any remuneration in connection with Fund-related activities.

3.17 Financial assistance can be provided by the Foundation to Committee members to update or enhance Members' competence in investment-related matters. The Committee Chair must approve such assistance in advance, based upon a written request, unless it is incorporated into the normal budget plan.

## **DUTIES & RESPONSIBILITIES OF MANAGERS, ADVISORS AND AGENTS**

4.1 The Committee recommends retention of the services one or more investment managers (*the “Investment Manager”*) and **may** retain the services of one or more investment advisors and/or an asset management consultant and/or one or more other advisors on an ad hoc basis. The external auditor is retained by the Board on advice of the Board of Directors of the Foundation.

4.2 The role of the Investment Manager consists of:

- allocating assets amongst asset classes in which they are authorized to invest;
- selecting securities or investments within such asset classes;
- initiating trades and transactions to give effect to investment decisions;
- explaining their expectations concerning the economy and financial markets along with their strategy under such circumstances;
- calculating and reporting rates of return, by asset class on a quarterly basis; and
- providing monthly reports of income (cash flows) and holdings.

4.3 The role of an Investment Advisor would consist of:

- advising in the allocation of assets amongst asset classes in which the Committee is authorized to invest;
- advising on the selection of securities or investments within such asset classes;
- executing trades and transactions to give effect to investment decisions by the Committee;
- explaining their expectations concerning the economy and financial markets along with their strategy under such circumstances; and
- providing prompt notice to the custodian of each purchase/sale

4.4 The role of other advisors is varied and usually consists of providing noninvestment related advice such as actuarial, legal or managerial.

## **SELECTION & SUPERVISION OF MANAGERS, ADVISORS AND AGENTS**

5.1 When the Committee engages in a selection process for managers, advisors or agents, it maintains a written record of at least the following:

- request for proposal;
- candidate criteria;
- person(s) or organization(s) called upon to submit a proposal;
- candidate(s) whose proposal was (were) discarded for lack of conformity to the terms of the request for proposal and elements of non-conformity; and
- factors taken into account in the final selection process.

Amongst the factors considered in the selection process are the following:

- organization and business plan;
- firm's philosophy/strategy;
- experience with similar mandates;
- key personnel and personnel assigned to the Fund;
- performance (or references); and
- fees.

5.2 The Committee may engage the services of managers, advisors or agents without issuing a formal request for proposal where the parties have provided current information as potential candidates for a specified mandate. Under such circumstances, the written record, referred to in the first part of article 5.1, will address the following:

- mandate;
- candidate criteria;
- person(s) or organization(s) satisfying such candidate criteria;
- person(s) or organization(s) satisfying candidate criteria who indicated an interest in the proposed mandate;
- factors considered to select the finalists; and
- factors taken into account in the interview of finalists.

5.3 The Committee supervises the actions of its managers, advisors or agents. At least once a year, it receives a written report and meets with the Investment Manager and, if one is hired, the Investment Advisors or the Asset Management Consultant. The Committee performs an annual evaluation of their services taking into consideration the following factors, where appropriate:

- compliance with Committee directions and terms of reference;
- satisfaction of agreed-upon objectives;
- competence, ability to communicate, and availability of personnel assigned to the Fund;
- quality and timeliness of presentations and written reports;
- flexibility, innovation and problem solving ability;
- co-operation with other agents and advisors; and
- developments at the firm (reputation, personnel turnover, new services).

5.4 Managers, advisors or agents whose services are determined as unsatisfactory are either:

- terminated, or
- advised and requested to provide within sixty (60) days to the Committee an acceptable remedial action plan.

Where a remedial action plan is implemented, the Committee will provide a follow-up report to the Board.

## **Investment Policies & Guidelines**

6.1 The Board maintains written investment policies and guidelines that provide direction to the Committee and/or its managers, advisors or agents in a companion document to this Governance Plan entitled *The Statement of Investment Policies and Guidelines*.

The Board believes that asset mix management can add value and has therefore established a range for each asset category and chosen a balanced fund structure. The Board also believes that good security selection can add value and has therefore established active, rather than passive, mandates.

6.2 The Statement of Investment Policies and Guidelines is periodically revised. The Committee and its agents must conform to its provisions, including those dealing with conflicts of interest. A copy of the investment policy statement and changes thereto are transmitted to the Investment Manager and other concerned agents and advisors. The investment policy statement takes into account:

- the type of plan involved;
- its characteristics such as investment objectives and liquidity needs;
- its risk controls; and
- its target asset allocation.

6.3 At least annually the Investment Manager is required to confirm in writing to the Committee compliance with the provisions of the investment policy statement. Inadvertent violations shall be reported to the Chair and action shall be taken to remedy the situation.

## **Monitoring of the Fund**

7.1 The Committee monitors the situation of the Fund. It is concerned with asset returns and investment-related expenses.

7.2 Overall rates of return are compared with other Investment Funds having a similar mandate such as the Winnipeg Foundation, the CPP Investment Board, etc.

7.3 Rates of return are broken down by asset class. They are compared to those obtained by other Investment Funds having a similar mandate.

7.4 At least once every year, the Investment Manager will make a formal presentation to the Board of Directors providing an assessment of the rates of return obtained.

7.5 All normal investment-related expenses pursuant to formal contracts may be approved by the Committee. Any new contracts, contract changes, additions or deletions shall be brought to the Board of Directors for approval by the Committee.

**Adopted at the January 13, 2015 meeting of the Board of Directors of the Selkirk and District Community Foundation.**

**SIGNED: Chair \_\_\_\_\_ Kelly Lewis**

**Secretary \_\_\_\_\_ Shirley Muir**

*Original Asset Management Governance Plan  
Approved by Board of Directors November 9th, 2004*

## **Appendix to the Asset Management Governance Plan**

### **Checklist of Recurring Committee Actions**

<b>Action</b>	<b>Minimum Frequency</b>
Hold Committee meeting	SA
Meet with the Investment Manager (item 3.4)	A
Arrange meeting with the Investment Manager and the Board of Directors (item 7.4)	A
Obtain confirmation of compliance from Investment Manager	A
Evaluate services of any other agents and advisors	N/R
Review policies and guidelines	A
Prepare annual report for the Board (item 3.2)	A

**Legend:**

Semi-annually SA

Quarterly Q

Annually A

Not Required N/R