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Alberta Colleges & Institutes Faculties Association

ACIFA DEFENCE FUND

Policy

1: Purpose and Nature.....	page 2
2: Procedures for Contribution and Accessing Funds.....	page 2
3: Investment Principles and Policies.....	page 3
4: Degree of Risk and Diversification.....	page 3
5: Investment Manager/Advisor Structure	page 4
6: Conflicts of Interest	page 4
7: Monitoring and Policy Review	page 4
8: Loans and Borrowing.....	page 4

ACIFA DEFENCE FUND

1. PURPOSE AND NATURE

- 1.1. ACIFA shall establish and maintain a Defence Fund (hereafter referred to as the Fund) to support ACIFA members engaged in strike, lockout or picket line action as approved by ACIFA Presidents Council.
- 1.2. The Fund is limited to ACIFA Institutional Members.
- 1.3. This policy may be changed or modified at any time by ACIFA's Presidents Council. Major changes must be presented to the next upcoming ACIFA Annual General Meeting for approval.

2. PROCEDURES FOR CONTRIBUTION AND ACCESSING FUNDS

- 2.1. Dues for the Fund shall be collected separately from regular ACIFA dues for members.
- 2.2. Defence Fund dues shall be transferred to a separate Defence Fund account on a regular basis.
- 2.3. If an association wants to join ACIFA, there will be an assessment of contribution according to Article 2.6 to the defence fund on the following scale: if joining before July 1, 2019, no fee; July 1, 2019 – January 1, 2020, \$30 per member; January 1, 2020 or later, \$60 per member.
- 2.4. Contribution dates for 2019 will be two: February 15 (to cover the period of July 1, 2018 – January 31, 2019) and June 30 (to cover the period of February 1, 2019 to June 30, 2019). In following years, there will be one contribution date of June 30 to cover the full year's contribution.
- 2.5. Contribution to the defence fund will be the same number as the most current FTE data, as confirmed by May 1 by each association. The allocation of support payment from the fund will be based on the average of the past two years' contribution numbers to the fund.
- 2.6. An institutional member must have contributed to the fund for at least 2 years before support payments can be received. If a job action affecting an institutional member during the member's 2-year qualifying period occurs, Presidents' Council may overturn this rule, provided that it is an institutional member in good standing and two-thirds of Presidents vote in support.
- 2.7. An institutional member shall notify the ACIFA President as soon as possible in advance if it anticipates that it may require support from the Fund. That notice shall include a summary of the bargaining situation and of the nature of the dispute. Immediately following the institutional member serving a strike notice, or receipt of lockout notice, the institutional member shall make a written request to the ACIFA President for support from the Fund.
- 2.8. Notice of request for support funding shall be made to ACIFA Presidents Council.
- 2.9. Once notification is received, support payments shall be paid to the institutional member which shall, in turn, be responsible for distributing the support payments in accordance with the institutional member's own policies. The expectation of this Fund is that members will only qualify for support payment if they are involved in picket line action or supportive duties.
- 2.10. Support payments shall be sent by ACIFA to the institutional member no earlier than the 4th day of the strike or lockout. Resources allowing, the Fund's support payments shall be no more than \$100 per FTE faculty member per day, according to funds available in the Fund.

- 2.11 An institutional member who receives support from the Fund is expected to continue to remain a member of the Fund for at least 2 years after the job action has ended.
- 2.12 Presidents' Council may also approve support in the form of a loan or loan guarantee to an institutional member on job action, even during the institutional member's qualifying period. This additional support must be requested in writing by an institutional member involved in job action.
- 2.13 An institutional member who withdraws from ACIFA is not entitled to claim back contributions to the fund.
- 2.14 In the event that ACIFA ceases to exist, the money in this Fund will be returned to each ACIFA institution, based on contribution rates in the last year of the Fund's existence.

3. INVESTMENT PRINCIPLES AND POLICY

This policy establishes investment principles and guidelines giving particular consideration to the nature and purpose of the Defence Fund, and the management structure and monitoring procedures adopted for ongoing operation of the Fund.

- 3.1. Presidents' Council has the ultimate responsibility for the prudent investment of the Fund and is responsible for all aspects of the Fund, including developing an investment policy, establishing and maintaining an investment management structure, and monitoring investment results.
- 3.2. Presidents' Council may delegate their responsibilities under this policy as they deem appropriate.
- 3.3 Investment reports shall include a detailed schedule of investments, their portfolio value, and performance information. The audited financial statements shall include a summary of year-to-year changes, investment income and contributions.
- 3.4 The Fund may be invested in any or all of the following asset categories and subcategories of investments. These investments may be obligations or securities of Canadian entities only.
 - (a) Common stocks, convertible debentures or preferred securities;
 - (b) Bonds, debentures, mortgages, notes or other debt instruments of governments, government agencies or corporations;
 - (c) Guaranteed investment contracts, or equivalent, of insurance companies, trust companies, banks or other eligible issuers, or funds which invest primarily in such instruments;
 - (d) Cash or money market securities issued by governments, government agencies or corporations;
 - (e) Mutual, pooled or segregated funds which may invest in any or all of the above instruments or assets.

4. DEGREE OF RISK AND DIVERSIFICATION

The investment objective for the Fund is to generate sufficient yield, while protecting the capital. In the event of a work stoppage it is likely that a substantial portion of the Fund will be dispersed to institutional members. Therefore, the asset allocation should be done in a way that assets can be liquidated without significant loss of capital value. The following asset allocation is therefore recommended:

<u>Asset Class</u>	<u>Range</u>
Cash and equivalents	0% - 20%
Fixed income	40% - 80%
Common equities	0% - 50%

5. INVESTMENT MANAGER/ADVISOR STRUCTURE

- 5.1 Competent external professional investment manager(s) or advisor(s) shall be appointed by Presidents' Council. Presidents' Council shall also make any management changes from time to time, as are deemed to be in the best interests of the Fund and the membership. To be considered for appointment, an investment manager should have a suitable investment approach, and demonstrated financial stability, low turnover of personnel, capacity to undertake the accounts and performance records of at least two years, and have relevant experience and expertise.
- 5.2 Presidents' Council reserves the right to direct, or override, the voting decision of the investment manager, if in its view such action is in the best interest of the Fund and its beneficiaries. If they intend to do so, they shall inform the manager in writing within a reasonable period of time.

6. CONFLICTS OF INTEREST

- 6.1 A conflict of interest, whether actual or perceived, is defined for the purposes of this policy as any event in which a participating company, any member of Presidents' Council, an employee of a participating company, any manager or delegate, the custodian or any party directly related to any of the foregoing, may benefit materially from knowledge of, participation in, or by virtue of an investment decision regarding holdings of the Fund.
- 6.2 Should a conflict of interest arise, the party in the actual or perceived conflict, or any person who becomes aware of a conflict of interest situation, shall immediately disclose the conflict to Presidents' Council. Any such party will thereafter abstain from decision making with respect to the area of conflict, and a written record of the conflict will be maintained by Presidents' Council.
- 6.3 No part of the Fund shall be loaned to any participating company, employee of a participating company or any Executive member, or any legal person owned or controlled by any of the aforementioned.

7. MONITORING AND POLICY REVIEW

- 7.1 Presidents' Council shall discuss, at least semi-annually at a regular Presidents' Council meeting, the following:
 - (a) the assets and net cash flow of the Fund;
 - (b) the current economic outlook and investment plans of the manager; and
 - (c) statistics on the investment performance of the Fund.
- 7.2 Presidents Council shall review fund management policy at least annually, but otherwise whenever a major change is necessary. Such review may be caused by
 - (a) a significant depletion of the Fund through a work stoppage;
 - (b) significant revisions to the expected long term trade-off between risk and reward on key asset classes, normally dependent upon basic economic/political/social factors; or
 - (c) shortcomings of the policy that emerge in its practical application or substantive modifications that are recommended to Presidents' Council by the manager.

8. LOANS AND BORROWING

No part of the Fund shall be loaned to any person, partnership or institutional member, except as may be deemed permissible by Presidents' Council as described in Section 2.

The fund's assets may not be leveraged to increase investment returns.