

WSC Foundation Investment Guidelines

(July 30, 2004)

A – Purpose

The purpose of this document is to establish explicit operational policies for handling the WSC Foundation (WSCF) Fund (called *the Fund* below).

B – Relevant WSCF Bylaw Passages

Here are relevant direct quotes (in italics) from the WSCF Bylaws (May 20, 2004):

Article II, Section 1:

- The purpose of the WSCF is to manage its Fund, which consists of the assets in the possession of the WSCF, to help ensure the continuance and high quality of the Winter Simulation Conferences. Management of the WSCF Fund shall consist of the following:*
- a. Providing loans or grants from the Fund to the Winter Simulation Conference (WSC) Board of Directors when the WSC Board makes such requests and the WSCF deems it prudent and wise to do so.*
 - b. Allocating the assets of the Fund to balance return, risk, and liquidity.*

Article IV, Section 5:

The Vice-President/Treasurer ... shall be responsible for handling all financial matters, including monitoring the Fund and making recommendations regarding the investments of the Fund as appropriate

Article V:

- Section 1. The Fund shall be held by some not-for-profit organization so that the WSCF is exempt from filing State or Federal Tax Forms.*
- Section 2. Withdrawal of any money from the Fund requires the signature of both the Vice-President/Treasurer and the President.*
- Section 3. A set of investment guidelines shall be maintained.*
- Section 4. A review of the holding organization, the investment guidelines, the Fund investment at the holding organization, and the targeted loan and grant limits (see Article VI) shall be conducted at the annual WSCF meeting and as appropriate during the year.*

C – Investment Operations

The WSCF Vice-President/Treasurer (called *VPT* below) is the WSCF Trustee with primary responsibility for handling the Fund and communicating with all pertinent parties. Such activities include, but are not limited to:

- i. consulting regularly with the not-for-profit organization holding the funds and soliciting investment advice and opinions from the financial officers of that organization (see part D below),
- ii. notifying the not-for-profit organization holding the funds when any change in VPT or WSCF President personnel is imminent,

- iii. consulting regularly with the ex officio, nonvoting Trustee who sits on the WSC Board of Directors in terms of the likely demands on the Fund (see part D below),
- iv. executing all operations as approved by the WSCF involving the Fund, including withdrawal and required investment decisions, and
- v. fully inform all WSCF Trustees about investment options and data before any investment actions with the Fund are discussed, and.
- vi. make investment recommendations to the WSCF Trustees with sufficient lead time to allow the Trustees to address the recommendations.

D – Attaining the Investment Objectives

Per II.1.b of the WSCF Bylaws, investment of the Fund is to “balance return, risk, and liquidity.” This section makes more specific these three goals and how they can be maintained.

Most importantly, supporting the continuance of the WSC takes priority over maintaining the return or even principal of the Fund. If, following a request from the WSC Board of Directors, the full WSCF deems that the WSC is in financial peril and its continuance is materially threatened, then immediate action, up to and including liquidation of the entire Fund and transferring it to the WSC Board of Directors, shall be undertaken by the WSCF.

Beyond this, low risk to the principal shall generally outweigh the desire for high returns. Operationally at the time of each investment decision, this implies a judgment on the part of the VPT of the risk/return tradeoffs available in making his or her recommendations to the WSCF for the investment decision; the full WSCF should also consider these tradeoffs as reported by the VPT. Consultation by the VPT with the financial officers of the not-for-profit organization holding the funds at these times is also required in order to learn what investment options are available, and what those officers recommend.

In terms of liquidity, the VPT shall consult at least every six months, as well as each time an investment decision is required, with the ex officio, nonvoting WSCF Trustee who sits on the WSC Board of Directors for an assessment of the amounts and timing of any likely upcoming needs from the WSC Conference Committees and requests from the WSC Board of Directors. These assessments shall be considered when the VPT makes his or her specific recommendations to the full WSCF for an investment decision, and shall be included in the informal July and winter financial reports to the WSCF.

Finally, the VPT’s recommendation shall be to maximize return subject to the constraints on risk and liquidity as described above. This might not always imply investing in the longest-term, highest-yield investment available at the time if, for instance, interest rates are very low and could well rise in the near- or mid-term.

E – Approval of these Investment Guidelines

This document was approved by the WSCF on July 30, 2004.