



**Annual Report of the Southern Boundary Restoration and Enhancement Fund and  
Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund to the  
Pacific Salmon Commission for the year  
2000**

**Committee Members:**

**Northern Fund Committee**

**Canada:**

**Ron Fowler  
John Lubar  
Gord Zealand**

**United States:**

**Jim Balsiger  
Dave Benton  
Jev Shelton**

**Southern Fund Committee**

**Canada:**

**Don Hall  
Ron Kadowaki  
Bill Otway**

**United States:**

**Rollie Rousseau  
Larry Rutter  
Arthur Taylor Jr**

**Ex-officio:**

**Don Kowal. Executive Secretary. Pacific Salmon Commission**

**Joint Committee Report:**

The Joint Northern and Southern Fund Committee met in person on three occasions (June 20-21, 2000; July 20, 2000 and November 28, 2000) and by telephone conference call on two occasions (September 14, 2000 and September 26, 2000). In addition a four person

Manager Search Committee held one telephone conference call (October 10, 2000), a two-day interview session (November 14-15, 2000) and a final wrap-up session on November 28, 2000.

The initial meeting of the Joint Committee dealt with a review of the status of the Endowment Fund with Jim Pipkin and Paul Sprout providing the Committee with the background and status of documentation related to the Fund. As well, fund governance was discussed and a preliminary review of investment strategies was undertaken with the assistance of Hewitt Associates.

At the second meeting the Committee reviewed a presentation on Socially Responsible Investing, discussed “the prudent investor rule”, and reviewed practices of other Endowment Funds. The Committee agreed on pursuing a Master Trust Agreement and agreed on a 60:40 equity /bond asset mix comprised of US and International Equities and Canadian Bonds. The Committee also approved the commencement of searches, by Hewitt Associates for a custodial agent, a passive bond manager, and an active equity manager(s).

The conference calls were dedicated to reviewing manager search materials provided by Hewitt Associates. On the second call the Committee decided on engaging Barclays Global Investors as the passive bond manager. In addition, it was agreed that a four person Search Committee would be established to review further search materials from Hewitt and to conduct interviews on behalf of the Committee. The members of the Search Committee, representing one member from Canada and the US from each Fund Committee are Rollie Rousseau, Jev Shelton, John Lubar, and Bill Otway.

On its initial conference call the Search Committee reviewed supplemental search materials provided by Hewitt and agreed to interview six investment management firms on November 14-15, 2000. Based on the interviews the Committee reached a consensus that two active equity managers be recommended to the full Fund Committee, one for US Equities and a different firm for the International Equities.

At the meeting held on November 28, 2000 Fund Committee members ratified the recommendation of the Search Committee and agreed that Putnam Investments be hired as the International Equity Investment Manager and MFS (Massachusetts Financial Services) Institutional Advisors, Inc. be hired as the US Equity Investment Manager.

### **Northern Fund Committee:**

The Northern Fund Committee met in person on two separate occasions (June 21, 2000 and July 20, 2000). At the first meeting members agreed on a set of administrative operating procedures for the Committee. In the area of investment the group agreed on an aggressive approach to investing the funds but on a lower initial spending rate until the level of the fund grew. The members also decided that a directed approach would be adopted in the area of project selection. As well, the selection process would include

peer review with stakeholders i.e. bilateral northern panel. On the issue of eligibility for funding the Committee agreed that funds would not be used to replace or supplement funding that was clearly in an area that was government responsibility. Finally the Committee agreed on a draft project review timetable as follows:

September 1 – October 31	Solicit proposals
November	Proposal review
December	PSC Exec Session Review
January	Proposals sent to Panels for January session review
February	Committee decision

At the second meeting the Committee agreed on the Master Trust approach and to the asset split recommendations previously presented. The Committee also reviewed member salary/honorarium issues, approved a modified PSC endowment fund budget, adopted modified Rules of Procedure, requested staff to investigate teleconferencing, and agreed to commence review of procedures practiced by other existing project funding agencies.

### **Southern Fund Committee:**

The Southern Fund Committee met in person on two separate occasions (June 21, 2000 and July 19, 2000). At the first meeting the members agreed on administrative procedures and agreed that procedures and guidelines for requesting, accepting, evaluating , awarding and monitoring projects would need to be developed. The members discussed the Master Trust concept and reviewed investment strategies. The Committee agreed that Hewitt be requested to provide advice regarding implications of being involved in “ethical or green” funds. The group also agreed that they did not anticipate any projects coming on line until the fall of 2002.

During the second session the Committee reviewed administrative items including the salary/honoraria issue, requested staff to review teleconferencing, approved the PSC staff endowment budget with a caveat that a PSC staff overhead percentage be added to the budget, and approved Rules of Procedure for the Committee. In addition, the group reviewed and agreed to the Master Trust concept, agreed not to pursue the concept of socially responsible investing, discussed tax implications for the fund, and continued discussions regarding project selection and agreed to investigate existing plans from established funding agencies.