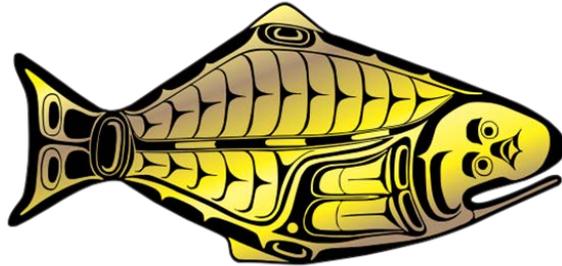


# **INTERNATIONAL PACIFIC HALIBUT COMMISSION**

## **FINANCIAL REGULATIONS**

**(2019)**

### **INTERNATIONAL PACIFIC**



### **HALIBUT COMMISSION**

#### **Commissioners**

Canada	United States of America
Paul Ryall	Chris Oliver
Neil Davis	Robert Alverson
Peter DeGreef	Richard Yamada

#### **Executive Director**

David T. Wilson, Ph.D.



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## Regulation 1 – Definitions

For the purpose of these Financial Regulations, the following definitions apply:

**Convention:** the Convention between Canada and the United States of America and for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa, Canada on 2 March 1953, as amended by the Protocol Amending the Convention, signed at Washington 29 March 1979, and includes the regulations promulgated thereunder.

**Commission:** the International Pacific Halibut Commission provided for by Article III, paragraph 1 of the Convention.

**Contracting Parties:** Consisting of the two Members, Canada and the United States of America (3 Commissioners from each Party).

**Executive Director:** the Director of the Commission.

**Pacific halibut:** fish of the species *Hippoglossus stenolepis*.

**Rules of Procedure:** The Rules of Procedure (2019, or subsequent revision) of the Commission.

**Session:** Any meeting of the Commission or its subsidiary bodies

## Regulation 2 – Authority, Purpose, and Scope

1. **Authority:** These Financial Regulations consist of regulations adopted by the International Pacific Halibut Commission, hereinafter referred to as “the Commission,” pursuant to the *Convention between Canada and the United States of America for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea*, hereinafter referred to as “the Convention,” signed first in 1923 and revised several times since, most recently in 1953, as amended by the Protocol signed by both countries, hereinafter referred to as “the Contracting Parties,” in 1979.
2. **Purpose:** The purpose of this document is to provide the regulations to govern the financial administration of the International Pacific Halibut Commission and established pursuant to the Commission’s Rules of Procedure (2019, or any subsequent revision).
3. **Scope:** The IPHC Secretariat, Commission and all subsidiary bodies shall operate under the Rules of Procedure of the Commission *mutatis mutandis*, except where specific provisions are laid down in the Convention or in these Financial Regulations.



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### **Regulation 3 – Finance and Administration Committee**

1. The Commission shall designate a Finance and Administration Committee (FAC) composed from among current Commissioners, tasked with reviewing and making recommendations on financial matters. The FAC recommendations shall be considered and approved by the Commission subject to Article III, Paragraph 1 of the Convention.
2. In addition to general oversight of financial matters and other duties specified in these Regulations, the FAC shall carry out the following duties on behalf of the Commission:
  - a) Overseeing the financial reporting style and methodology;
  - b) Overseeing accounting policies and practices;
  - c) Approving the hiring, performance, and independence of the external auditor;
  - d) Discussing financial risk management policies and practices with the IPHC Secretariat.

### **Regulation 4 – Fiscal Year and Currency**

1. The fiscal year shall be the period from 1 October to the following 30 September, both dates inclusive. Funds may be held in either U.S. (USD) or Canadian (CAD) dollars. All monetary figures in these Regulations are expressed in U.S. dollars, and all financial accounting of the Commission shall be in U.S. dollars.

### **Regulation 5 – Budget**

1. Annual budget estimates shall cover income and expenditures for the fiscal year to which they relate.
2. Annual budget estimates shall be divided into categories corresponding to programs and departments. Each category shall be accompanied by such information, annexes and explanatory statements as may be requested on behalf of the Commission, and such further annexes or statements as the Executive Director may deem necessary and useful.
3. The Executive Director shall prepare and submit to the FAC, Contracting Parties, and Commissioners, no later than 30 days before the Commission's Interim Meeting, budget estimates for the next three fiscal years.



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4. At the Commission's Interim Meeting, the FAC shall review income and expenses for the prior fiscal year, and review and recommend changes to the budget estimates for the next three fiscal years.
  5. At its regular Annual Meeting, the Commission shall review income and expenses for the prior fiscal year, review and adopt a budget for the next two fiscal years, and review the budget estimates for the subsequent fiscal year. The Commission may amend or adjust the budgets as necessary to reflect changing priorities or contingencies.
  6. In preparing budget estimates for consideration of the Commission, the Executive Director shall fully take into account any unobligated funds carried over from previous years' national contributions, and any other income, which may be available for expenditure in the year for which the budget estimates are prepared.
  7. The Executive Director shall assess the Contracting Parties on the basis of the budget adopted by the Commission and in accordance with Article III, Paragraph 1 of the Convention.
  8. Should either of the Contracting Parties not approve its assessment in whole or in part, the Executive Director shall forthwith notify the other Contracting Party and, after consulting with the Chairperson of the Commission, shall recommend revisions to the budget as may appear necessary.
  9. Any revisions to a budget or supplementary estimates shall be prepared by the Executive Director and submitted to the Chairperson for approval. Subject to consultation with the other Commissioners, the Chairperson may approve the revisions, obtain the Commissioners' approval through the established procedures for interim voting, or call a special meeting to collect a vote. After approval, the estimates shall be acted upon in the same manner as regular budgets or estimates.
  10. The Executive Director may, in any fiscal year, transfer funds in an amount not exceeding 1% of the total budget (including any unobligated funds carried over from previous year/s, as described in Regulation 5, paragraph 6) between categories within the current years' budget. The Chairperson of the Commission may, in any fiscal year, authorize the Executive Director to transfer funds in an amount exceeding 1% of the total budget between categories.

#### **Regulation 6 – Publication of Budget**

1. A summary of the budget of the Commission shall be available at the Commission's website and by other electronic communication means approved by the Commission.



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### **Regulation 7 – National Contributions**

1. The receipt of national contributions from the Contracting Parties shall constitute an authorization to the Executive Director to incur obligations and make payments for the purposes and up to the amounts authorized by the Commission.
2. The Executive Director may use existing funds to incur obligations before a budget is approved or before national contributions are voted, when such obligations are necessary for the continued effective functioning of the Commission and provided such obligations do not exceed the scale of such requirements as authorized in the most recent approved budget. The Executive Director must obtain approval for significant deviations from this level of spending from the Commission.

### **Regulation 8 – Provision of Funds**

1. The Commission operations shall be financed by national contributions in U.S. dollars made by the Contracting Parties, in accordance with Article III, Paragraph 1 of the Convention. Pending the receipt of such contributions, the operations may be financed from the General and Supplementary Accounts as described in Regulation 7.2.
2. After the Commission has adopted a budget, revisions to a budget, or a supplementary budget, the Executive Director shall:
  - a) Transmit to the Contracting Parties such documents and information as may be required by the government departments responsible for approving national contributions and appropriating the funds;
  - b) Request that the funds be remitted in accordance with procedures agreed upon by each of the Contracting Parties.
3. Funds shall remain available for twelve (12) months following the end of the fiscal year to which the funds relate, to discharge obligations incurred during that fiscal year.
4. At the end of the twelve-month period, any obligation incurred in the prior year which remains unliquidated shall be cancelled, or where the obligation remains a valid charge, transferred as an obligation against current-year funds. Any balance in funds shall be accounted for in accordance with the provisions of Regulations 5.10 and 10.7.



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### **Regulation 9 – Other Income**

1. The Commission may receive revenue from the sales of fish harvested during the course of research or other scientific operations, pursuant to Article III, Paragraph 2 of the Convention. Revenue from the sale of fish related to the IPHC's Fishery-Independent Setline Survey (FISS) shall be credited to the Supplemental Fund. Revenue from the sale of fish for Pacific halibut research or operations not related to the IPHC's Fishery-Independent Setline Survey (FISS) shall be credited to the General Fund.
2. The Commission may receive, on occasion, monies in addition to those received from the Contracting Parties to fund the Commission's annual budget. Such funds may be from contracted or granted research agreements or from private organizations or other government agencies for the purpose of funding Pacific halibut research or operations. Funds related to the IPHC's Fishery-Independent Setline Survey (FISS) shall be credited to the Supplemental Fund. Funds received for Pacific halibut research or operations not related to the IPHC's Fishery-Independent Setline Survey (FISS) shall be credited to the General Fund.

### **Regulation 10 - Funds**

1. All monetary holdings shall be subject to the Funds and Investment Policy of the Commission (provided at [Appendix I](#)), which will include the approved purposes, limits, and specific rules of use for each fund.
2. There shall be established a General Fund and a Supplemental Fund for the purposes of accounting for the income and expenditures of the Commission. Other funds may be established by the Commission as necessary.
3. The General Fund shall be a national contributions fund and shall be used to support the general operations and administrative expenditures of the Commission (For historical purposes, note that at times in the past the General Fund was known as the "Appropriations Fund.").
4. The following monies shall be credited to the General Fund:
  - a) Contributions received from the Contracting Parties;
  - b) Receipts from the sale of surplus Commission property purchased from the General Fund;
  - c) Interest income earned by the General Fund;
  - d) Receipts from the sale of fish related to Pacific halibut research or operations;
  - e) Receipts from grants and contracts related to Pacific halibut research or operations.



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5. The Supplemental Fund shall be a working capital fund and shall be used to support the IPHC's Fishery-Independent Setline Survey (FISS) and approved research.
  6. The following monies shall be credited to the Supplemental Fund:
    - a) Receipts from the sale of fish related to the IPHC's Fishery-Independent Setline Survey (FISS);
    - b) Receipts from the sales of surplus Commission property purchased from the Supplemental Fund;
    - c) Interest income earned by the Supplemental Fund;
    - d) Receipts from grants and contracts fish related to the IPHC's Fishery-Independent Setline Survey (FISS) ;
    - e) Any other income not specified elsewhere in these Regulations or in the Funds and Investment Policy.
  7. The Executive Director may transfer funds from the Supplemental Fund to the General Fund temporarily to the extent necessary to finance expenditures pending receipt of national contributions from the Contracting Parties as described in Regulation 7.2.
  8. The Executive Director may transfer funds between the General Fund and other established funds as allowed by the approved budget and defined purposes, limits, and rules of use for each fund.
  9. Previous year's surplus and unobligated funds shall be retained in the General and Supplemental Fund based on the stated fund policy in this section. Surplus and unobligated funds shall be reviewed and approved by the Finance and Administration Committee on an annual basis, in conjunction with approval of the previous year's expenses.

#### **Regulation 11 – Custody of Funds**

1. The Executive Director shall designate the bank or banks in which the funds of the Commission shall be kept and shall report the identity of the bank or banks so designated to the Commission.

#### **Regulation 12 – Internal Controls**

1. The Executive Director shall be accountable to the Commission for the proper management of the Commission's financial resources in accordance with the Commission's Rules of Procedure (2019, or any subsequent revision) and these Regulations.



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2. No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Executive Director.
  3. The Executive Director shall:
    - a) Establish detailed financial procedures to ensure effective financial administration and the exercise of economy;
    - b) Sign on behalf of the Commission for all financial and ordinary business matters of the Commission;
    - c) Cause all payments to be made on the basis of supporting vouchers and other documents and ensure that services or goods contracted for have been received;
    - d) Designate in writing the Commission's Secretariat staff who may receive monies, incur obligations, sign on behalf of the Commission, and make payments on behalf of the Commission.
  4. The Executive Director may, after full investigation, authorize the writing off of losses of cash, stores, and other assets, provided that a statement explaining the losses shall be submitted to the Commission and the Auditors with the annual accounts.
  5. The Executive Director may, with the approval of the Chairperson of the Commission, authorize the transfer of surplus stores or assets to charitable organizations or to scientific societies associated with the Commission. The record of all such transfers shall be submitted to the Auditors with the annual accounts.
  6. For the issuance of purchase orders and contracts in excess of \$50,000 and all vessel charter agreements the Executive Director shall obtain the approval of the Chairperson or Vice-Chairperson.
  7. In the case of unforeseen conditions, the Executive Director may deviate from approved total budget levels at the discretion of the Chairperson.

### **Regulation 13 - Reporting**

1. The Executive Director shall maintain such accounting records as are necessary for each fiscal year and shall submit to the Contracting Parties annual accounting records for the fiscal year to which they relate, including the following:
  - a) Outstanding obligations at the beginning and end of the year;
  - b) Unobligated funds at the beginning and end of the year;



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- c) Income and expenditures of all funds;
  - d) The status of all funds, including:
    - i. The original budgeted funding for the year;
    - ii. The national contributions as modified by any transfers;
    - iii. Credits, if any, other than national contributions;
    - iv. The amounts charged against those national contributions and other credits;
    - v. The status of the General and Supplemental Accounts, and of all other accounts which have been established;
    - vi. Statement regarding qualitative and quantitative information related to liquid assets available to meet cash needs for general expenditures for the next fiscal year.
    - vii. Such other information as may be appropriate to indicate the current financial position of the Commission.

#### **Regulation 14 – External Audit**

1. The accounts of the Commission shall be audited annually by external auditors recommended by the FAC and appointed by the Commission. The Auditors shall be appointed for a term of three (3) years, and may be reappointed to multiple terms.
2. The annual accounts shall be submitted by the Executive Director to the Auditors appointed by the Commission not later than sixty (60) days after the end of a fiscal year.
3. The Auditors shall perform such an audit as they deem necessary to determine:
  - a) That the financial statements are in accord with the books and records of the Commission;
  - b) That the financial transactions reflected in the statements are in accordance with these Financial Regulations;
  - c) That the monies on deposit and on hand are vouched for by the Commission's depositories or by actual count.
  - d) Equity proportions for the Contracting Parties based on their contributions to the joint expenses shared by them under Article III, Paragraph 1 of the Convention.



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4. The Auditors shall be sole judges as to the acceptance in whole or in part of certifications by the Executive Director or delegated Secretariat staff, and they may proceed to detailed examination and verifications of such financial records as they choose.
  5. The Auditors, in addition to certifying the correctness of the accounts, may make such observations as they deem desirable with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and in general, the financial consequences of administrative practices.
  6. The Auditors shall have no power to disallow items in the accounts, but shall draw to the attention of the Executive Director for appropriate action any transaction with respect to which they entertain doubt as to legality or propriety.
  7. The Auditors shall prepare a report on the accounts certified, and shall discuss their report with the Executive Director prior to submission to the Commission. The Auditors shall submit their report to the Commission not later than three (3) months following the end of the fiscal year to which the accounts relate.
  8. The Commission may request the Auditors to perform certain specific examinations and issue separate reports on the results.

#### **Regulation 15 – Bonding**

1. The Executive Director and such other members of the IPHC Secretariat as may be deemed necessary shall be bonded in United States currency by a reputable bonding company in amounts determined by the Commission. The cost of the premiums for bonding shall be assumed by the Commission.

#### **Regulation 16 – Insurance**

1. The Commission may take out suitable insurance policies with reputable financial institutions against normal risks to its assets, operations, and personnel.

#### **Regulation 17 – Delegation of Authority**

1. The Executive Director may delegate to other members of the IPHC Secretariat or the Commission such of his powers as he or she considers necessary for the effective implementation of these Regulations.



### **Regulation 18 – Interpretation**

1. The Chairperson may rule, after such consultation with the Commissioner's as the Chairperson deems necessary, in cases of doubt as to the interpretation and application of any of these Regulations.

### **Regulation 19 – General Provisions**

1. These Financial Regulations should be reviewed for their consistency and appropriateness at least biennially.
2. These Financial Regulations may be amended from time to time by vote of the Commission in accordance with the voting procedure noted in Rule 11 of the IPHC Rules of Procedure (2019, or any subsequent revision), provided such amendment is not inconsistent with the provisions of the Convention.
3. Copies of superseded Financial Regulations shall be archived by the Executive Director.
4. These Financial Regulations were adopted by consensus on 1 February 2019, and supersede those previously adopted by the Commission on 22 January 2018.



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# APPENDIX I

## IPHC FUNDS AND INVESTMENT POLICY

### I. Introduction

This statement of funds and investment policy was adopted by the International Pacific Halibut Commission (IPHC) on 22 January 2018, pursuant to the Commission's Financial Regulations, to define the various funds held by the Commission and issue guidelines for their management. These policies supersede any previous funds and investment policies.

### II. Responsibilities

#### Finance and Administration Committee (FAC).

As constituted by the Commission's Financial Regulations, the FAC is responsible for monitoring the management of the Commission's financial assets.

The FAC shall review this funds and investment policy annually, to ensure it is consistent with the mission of the IPHC and accurately reflects current financial conditions. The FAC shall recommend any changes in this policy to the Commission.

#### Executive Director

The Executive Director is the Commission's fiduciary. As specified by the Commission's Financial Regulations, the Executive Director is accountable to the Commission for the proper management of the Commission's financial resources.

The Executive Director is authorized to delegate certain responsibilities to other members of the IPHC Secretariat. With Commission approval, the Executive Director may also delegate certain responsibilities to professional financial experts in various fields. These professional financial services include, but are not limited to, investment management, investment custodian, and additional specialists. In particular, it is anticipated that the services of a registered investment manager may be engaged to manage portions of the Reserve and/or Endowment Funds if the total funds exceed \$10 million USD.

#### Professional Financial Services

The following procedure shall be used to engage or replace professional financial services, using the example of an investment manager:

1. If the FAC deems it necessary, the Executive Director will recommend the hiring or replacing of an investment manager to the FAC.



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2. The Administrative Officer will nominate prospective candidates and send a request for proposal to each candidate.
  3. The Administrative Officer, Assistant Director, and Executive Director will review proposals and interview candidates to determine appropriate investment manager(s) and pass their findings to the FAC.
  4. The FAC will make the hiring recommendation to the Commissioners, who shall have the final approval.

### III. Suitable and Authorized Investments

For the purposes of managing investment risk the following investment vehicles will be permitted by this policy:

- **Interest-Bearing Savings Account** – Federally insured (FDIC/NCUA) institutional saving account. Institution defined as state or federally chartered bank or credit union.
- **Certificate of Deposit (CD)** – Federally insured (FDIC/NCUA) institutional time deposit. Institution defined as state or federally chartered bank or credit union. Aggregate investments per entity must be at or below insurable limit.
- **Money Market Mutual Funds** – Mutual Fund investing in short-term debt securities and U.S. treasury obligations for preservation of capital and maintaining liquidity. Funds include, but are not limited to, Wells Fargo Government Money Market (WFGXX) and Wells Fargo Advantage Money Market (WMMXX)
- **Interest Bearing Checking Account** – Federally insured (FDIC/NCUA) institutional checking account. Institution defined as state or federally chartered bank or credit union.
- **U.S. Treasury Obligations** – Direct obligations of the United States Treasury whose payment is guaranteed by the United States. Direct obligations include, but are not limited to, U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, U.S. Treasury Inflation-Protected Securities (TIPS), and Zero Coupon Securities (STRIPS).
- **U.S. Agency Obligations** – U.S. Government Agencies, Government-Sponsored Enterprises (GSE's), Corporations, or Instrumentalities of the U.S. Government. U.S. U.S. Agency Obligations include, but are not limited to, Federal National Mortgage Association ((FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), and Federal Farm Credit Bureau (FFCB). Agency obligations that have been securitized in collateralized mortgage trusts are prohibited.
- **Mutual Funds (U.S. Government-Backed Only)** – Investments are limited to mutual funds consisting of 100% U.S. Government Obligations. Funds include, but are not limited to, Wells Fargo 100% Treasury (WFTXX) and Wells Fargo Advantage Treasury Plus (PIVXX).
- **Corporate Paper** – Unsecured short-term promissory notes issues by corporations, municipalities, and sovereigns for a specific maturity at a stated rate of interest. To be eligible for purchase, the rating of the note must be at least P1 by Moody's Investor Service and/or A1 by Standard & Poor's Corporation.



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#### **IV. Authorized IPHC Funds**

For the purposes of managing investment risk and to optimize investment returns within acceptable risk parameters, the following funds will be created and held as separate investments, with separate regulations and rules for each pool of funds. The Executive Director will recommend the dollar amounts to be held in each fund. The specific policies for managing each of these funds are detailed in the subsequent sections of this document.

##### Operating Fund Pool

- General (Fund 10)
- Supplemental (Fund 20)

##### Restricted Fund Pool

- Leave Liability (Fund 30)
- Annuitant Medical (Fund 40)
- Reserve (Fund 50)

##### Endowment Fund Pool

- Scholarship (Fund 60)

#### **V. Operating Fund Pool**

##### **Purpose**

The purpose of the Operating Fund Pool accounts is to provide sufficient cash to meet the day-to-day financial obligations of the IPHC in a timely manner. Requirements for credits to and expenditures from the two funds in this pool are specified in the Financial Regulations.

##### **Fund Descriptions and Rules**

###### General Fund (Fund 10)

The General Fund is an appropriations fund and shall be used to support the general operations and administrative expenditures of the Commission. Prior to 2014, the General Fund was known as the “Appropriations Fund.”

###### Supplemental Fund (Fund 20)

The Supplemental Fund is a working capital fund and shall be used to support the Fisheries-Independent Setline Survey (FISS) and associated research.



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## **Investment Guidelines**

### Objectives

The investment objectives of the Operating Fund are:

- Preservation of capital
- Liquidity
- Optimization of investment return within the constraints of the first two objectives

### Allowable Investments

Operating Fund Pool funds may be invested as follows:

- Interest-bearing savings account
- Certificates of deposit;
- Money market mutual funds;
- Interest-bearing checking accounts;
- U.S. Treasury obligations;
- U.S. agency obligations;
- Mutual funds (U.S. Government-backed only).

### Maturity

Investments should be scheduled in such a way to assure adequate cash flow.

- The maturities on investments for the Operating Fund Pool shall be 18 months or less.
- The weighted average for maturity shall be less than nine months.

### Reporting

The Executive Director or his/her designee shall prepare the following reports for presentation on at least an annual basis to the FAC including:

- Schedule of investments (issue and rate)
- Interest income year to date
- Weighted average for maturity

## **VI. Restricted Fund Pool**

### **Purpose**

The purpose of the Restricted Fund Pool accounts is to meet the specific expense needs for each account and to improve the return on funds held for expenditure for up to five years. Unless otherwise stated all restricted funds are reported as ‘without donor restrictions’ rather than ‘temporarily restricted’.



## **Fund Descriptions and Rules**

### Leave Liability Fund (Fund 30)

The purpose of the Leave Liability Fund is to provide funds for outstanding leave liabilities that may be cashed out by employees upon retirement or resignation. Funds are maintained within the account to account for projected leave liabilities within the next 24 months. This is estimated by projecting retirements and staff turnover. Interest earned is retained in the account. Requests are made at the IPHC Annual Meeting for additional funds to provide adequate funding to meet the purpose of the account.

### Medical Annuitant Fund (Fund 40)

The IPHC provides paid medical premiums (private and government) for IPHC retirees. The Medical Annuitant Fund provides the funds to pay these premiums. Funds are maintained within the account to meet obligations stated in the triennial actuarial valuation. The actuarial valuation report will be conducted by a reputable third party actuarial firm and include future assets and liabilities based on economic and demographic assumptions. Expense of the valuation will be charged against the fund. Interest earned is retained in the account. Requests are made at the IPHC Annual Meeting for additional funds to replenish the account.

### Reserve (Fund 50)

The Reserve Fund provides the funds to respond to unforeseen contingencies that cannot be met by the Operating Fund Pool accounts alone.

### *Account Guidelines*

- The fund is limited to a maximum of \$1.0 million USD
- Interest credited to the Reserve Fund in a fiscal year will be transferred to the Supplemental Fund at the beginning of the following fiscal year, if the balance exceeds the maximum
- The Reserve Fund shall be maintained at a minimum of \$500,000 USD unless through specific action by the Commission
- No more than 50% of the Reserve Fund may be utilized within a fiscal year without voted approval of the Commission
- The ordered priorities for use of the Reserve Fund will be 1) core staff costs; 2) ongoing administrative and operations costs related to fishery monitoring and assessment; 3) research costs



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- Subject to annual confirmation by the Commission, the Executive Director may withdraw funds from the Reserve Fund, up to, but not exceeding the limit of the Executive Director's discretionary spending authority in any fiscal year.
  - Proposals for use of the Reserve Fund will be submitted to the Commission by the Executive Director. Such proposals must identify the circumstances that require Reserve Funds; measures or circumstances that will avoid additional requirements from the Reserve Fund; and, measures or circumstances that will result in replenishment of the Reserve Fund
  - Proposals for use of the Reserve Fund will be reviewed by the FAC and recommendation for their approval forwarded to the Chair of the Commission. Upon recommendation of the Commission, the Commission, approve the Executive Director's proposals for use of the Reserve Fund.

## **Investment Guidelines**

### Objectives

- Preservation of capital
- Liquidity
- To optimize the investment return within the constraints above

### Allowable Investments

Restricted Fund Pool funds may be invested as follows:

- Interest-bearing savings account
- Certificates of deposit;
- Money market mutual funds;
- Interest-bearing checking accounts;
- U.S. Treasury obligations;
- U.S. agency obligations;
- Mutual funds (U.S. Government-backed only).

### Maturity

Investments should be scheduled in such a way to assure adequate cash flow to meet anticipated expense needs.

- The maturities on investments for the Restricted Fund Pool shall be 60 months or less.
- The weighted average for maturity shall be less than 36 months.

### Reporting

The Executive Director or his/her designee shall prepare the following reports for presentation on at least an annual basis to the FAC including:

- Schedule of investments (issue and rate)
- Interest income year to date (net of related internal and external investment returns)
- Weighted average for maturity



## **VII. Endowment Fund Pool**

### **Purpose**

The purpose of the Endowment Fund Pool account(s) is to provide permanent funding for the specific fund(s) within the pool. The assets within each fund shall be managed in such a way as to facilitate the fund's stated objective. At the discretion of the Commissioners the principal may be used if necessary, but must be refunded within 12 months. Requests are made during the annual budget process if it becomes necessary for additional funds to augment or replenish the account(s).

### **Fund Descriptions and Rules**

#### Scholarship Fund (Fund 60)

The Scholarship Fund provides endowment funds for the annual undergraduate scholarship awarded each year by the IPHC. The principal is maintained at a minimum level of \$260,000 and is required to produce \$8,000 in annual earnings on a long-term basis. Earnings are retained in the account and may be used for the fund's endowed activities.

#### *Account Guidelines*

- The principal endowment level is currently \$260,000
- In the event the principal is below the endowment level, funds should be authorized by the Commission to replenish the account
- Currently the award provides an annually renewal scholarship of \$4,000 USD, payable directly to the award winner
- IPHC will award up to one new scholarship every other year
- Each scholarship is renewable for three additional years (can be non-consecutive years)
- Renewal is dependent on 1) sufficient academic progress (maintaining a 3.0 GPA) and 2) continued undergraduate status

### **Investment Guidelines**

#### Objectives

- Preservation of capital
- Sufficient growth of capital to meet stated objective
- Control and understanding of potential risk
- To optimize the investment return within the constraints above

#### Allowable Investments

Endowment Fund Pool funds may be invested as follows:

- Interest-bearing savings account



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- Certificates of deposit;
  - Money market mutual funds;
  - Interest-bearing checking accounts;
  - U.S. Treasury obligations;
  - U.S. agency obligations;
  - Corporate paper (not to exceed 20% of the fund's assets);
  - Mutual funds that invest solely in securities allowed in this section.

### Maturity

Investments should be scheduled in such a way to assure adequate cash flow to meet anticipated expense needs.

- The maturities on investments for the Endowment Funds shall be 10 years or less.
- The weighted average for maturity shall be less than 5 years.

### Reporting

The Executive Director or his/her designee shall prepare the following reports for presentation on at least an annual basis to the FAC including:

- Schedule of investments (issue and rate)
- Interest income year to date (net of related internal and external investment returns)
- Weighted average for maturity