



ENGINEERS &
GEOSCIENTISTS
BRITISH COLUMBIA

POLICY

POLICY	Investment Policy
NUMBER OF POLICY	CO-12-111
DATE OF POLICY	September 14, 2012
APPROVED BY	Council

INTRODUCTION

Any funds which from time to time are not immediately required to carry out the operations of the Association or are identified for future (both medium and long term) capital and contingency purposes may be invested in accordance with this investment policy.

The Association's investment strategy is conservative by design and has as its primary objective the preservation of capital. It is recognized that stewardship responsibilities take precedence over financial return. However, the Association will endeavour to obtain the best possible yield/liquidity mix without compromising security.

INVESTMENT OBJECTIVES

In order of priority, the investment objectives of the Association are:

1. the protection of principal
2. income and
3. liquidity.

These objectives allow the Association to:

1. Accumulate funds in high quality diversified investment vehicles.
2. Provide funds as required to meet monthly operating expenses (and from time to time non-budgeted expenditures which may arise) without incurring a loss due to premature liquidation.

3. Provide funds as required to meet approved capital expenditures or debt repayment commitments.
4. Provide funds as required to meet approved contingency items.
5. Earn an optimum rate of return and maintain appropriate liquidity within the stated priorities.

In order to minimize the effects of interest rate and other market fluctuations, the terms of both short term and long term investments are varied within the policy's parameters.

MEDIUM AND LONG TERM FUNDS

Medium and long-term funds are represented by capital assets and cash resources, which, while identified for specific future capital transactions or general contingencies, are not required for normal operations. Contingency and capital items are identified as part of the annual budget and long term planning processes and the total amount invested is adjusted accordingly. Both medium and long-term funds are invested for at least one year with a maximum term of no more than five years.

Terms for investments and re-investments are generally structured to achieve approximately equal amounts maturing over the upcoming period to the latest maturity date. The portion of these funds representing contingency reserves must be accessible without significant early redemption penalty.

OPERATING FUNDS

The Association's cash flow pattern generates operating funds during the fiscal year, some of which will not be needed for nearly a year. Any funds in excess of the minimum acceptable cash balance (see below) are invested for a term of up to one year. The term selected for each placement is guided by forecast cash requirements.

MINIMUM ACCEPTABLE CASH BALANCE

Cash may be invested in money market funds until transferred to the Association's chequing account.

DISCRETIONARY SITUATIONS

Interest rates and other market conditions may occasionally cause investment for a shorter period than contemplated above to be beneficial. In these circumstances, a shorter-term placement is acceptable and the amount invested is then guided by the general terms of the policy when it matures. Similarly, it is acceptable to absorb an early redemption penalty if a preferable alternate investment prospect is available.

Exceptional investment opportunities with more than a five-year term may be approved occasionally but would not be considered in determining the maturity dates of other investments. If interest rate or other market conditions indicate it is appropriate, temporary surplus funds may be invested for very short periods of time (eg. a weekend) to allow for optimum placement.

ACCEPTABLE INVESTMENTS

Within the overall allowed investment mix, the investments will be prioritized into short, medium and long term, within the above stated objectives and parameters.

Association funds are only placed in interest bearing investments.

All applicable investments of permanent equity must have a minimum Dominion Bond Rating Service rating of AAA -Low \equiv (except provincial government or provincial government guaranteed securities for which an AA \equiv rating is acceptable).

All applicable temporary surplus cash investments must have a minimum Dominion Bond Rating Service rating of AR1-MID \equiv .

Types and amounts of investments allowed by this policy are:

- (A) Financial institution guaranteed securities, commercial paper, corporate bonds and debentures:
 - i. No more than 25% of total funds available will be placed with any one entity.
- (B) Government of Canada and provincial government securities or securities guaranteed by these bodies:
 - ii. Investments are not restricted as to either amount or percentage of available funds.

AUTHORIZATION

The Director, Finance and Administrative Services is authorized to execute investment decisions within established policy. The Associate Director, Finance and Administrative Services will execute such decisions in the absence of the Director, Finance and Administrative Services.

Liquidations involving penalty charges are to be approved by Director, Finance and Administrative Services.

INVESTMENT ADVISORS

The Director, Finance and Administrative Services is responsible for recommending the selected investment firm to the Finance Committee, using specific criteria such as ownership, history, investment professionals, investment management philosophy and fee structure.

Proposals will be solicited, reviewed and a recommendation made every 5 years at a minimum.

MONITORING AND COMPLIANCE

The Finance Committee and the Director, Finance and Administrative Services will be responsible for the monitoring of the investment advisor's performance at least on a semi-annual basis. The Director, Finance and Administrative Services will review all investment reports on a monthly basis.

The investment management firm will be required to report to the Finance Committee at least annually to provide updates on investment performance and compliance with the investment guidelines and to recommend modifications and/or changes. In person meetings are expected to take place at least annually.

REPORTING AND REVIEW PROCESS

1. Annual valuation of the investment portfolio including a listing of holdings will be reported to Council via the Finance Committee.
2. Annual review of investment policy from the Finance Committee to Council for approval in conjunction with the annual budget process.

SEGREGATION OF ASSETS

All investments are fully segregated and held in street name through CIBC Wood Gundy.

REVIEW DATES

September 14, 2012 (CO-12-111) – Originally approved by Council