

Funds and Investments Policy

I. Purpose and Responsibility

1. The purpose of this policy is to establish guidelines for the management and investment of the Association's financial assets.
2. The Treasurer is responsible for the administration of this policy, including the management of the funds and investments. The Administrative Officer shall assist the Treasurer. The Treasurer may also be assisted by an external financial advisor.
3. The Association maintains three funds that must be tracked separately. The Operating Fund (OF) is designed to address the day-to-day operations of the Association. The Grievances and Collective Bargaining Fund (GCBF) is designed to allow the Association to accumulate funds to be available in the event of significant costs associated with grievances, bargaining or a strike or lock-out. The Reserve Fund (RF) is to allow the Association to set aside funds for specific purposes such as funding post-retirement benefits for its employees.
4. The Treasurer shall review the performance of all investments on an ongoing basis. The Treasurer shall report on the funds and investments to the Board of Directors at least annually and more often as circumstances may require or as it may request.

II. Funds and Investments Philosophy

5. The Association's investment philosophy is to exercise care and prudence in its investment of its financial assets, with the primary goal of preserving capital in two ways: (i) minimize the possibility of permanent loss of capital and (ii) protect the real value (inflation-adjusted) of the capital. All transactions undertaken will be based solely on the best financial interests of the Association.
6. The Association shall be mindful of its historical preference for dealing with a credit union as long as it provides similar investment returns to other institutions without added risk.
7. As a matter of principle, the Association supports the idea that, when possible, the ethical performance of an entity should be considered before an investment is made or continued with or in it.

III. Fund and Investment Objectives

8. The Association is to take the minimum possible risk of capital loss necessary to provide protection for the real value of the capital.
9. All of the OF must be available to meet short-term operational or emergency needs on short notice. It cannot be invested and must be held as cash on deposit. At least 20% of the GCBF must be available to meet expenses associated with emergency needs. Longer-term investments for the balance of the GCBF are acceptable. However, a portion of the GCBF sufficient to meet the anticipated needs of a particular bargaining unit shall be capable of reasonably prompt liquidity without material penalties at times of scheduled contract negotiations for that unit. The RF must maintain sufficient liquidity to meet its specific purposes.
10. Subject to the constraints in this policy, the Association shall strive to achieve the highest returns available on its investments.

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IV. Financial Guidelines

11. Funds shall be held as cash on deposit with a licenced federal bank or similar institution or shall be invested in the fixed income obligations of the Canadian federal government and its agencies, provincial governments or Canadian private entities. Investments in convertible securities, preferred or common equity securities or real estate are not allowed.

12. Fixed income investments must have a readily ascertainable market value and must be readily marketable.

13. Obligation maturities may not exceed 10 years.

14. Investments are to be diversified when possible. A mixture of federal, provincial and private investments should be held. No more than 15% of the Association's financial assets taken at cost will be invested in any one private investment. Bank deposits and certificates should be invested across several banks or similar institutions, when practicable, to benefit from deposit insurance protection.

15. Investments in commercial paper are allowed, but it must be rated within the highest classification by two rating services.

16. Investments in insured certificates of deposit, Canadian Treasury Bills and other insured interest-bearing accounts are allowed.

17. Any investments in corporate debt obligations must be of investment grade rated A or better by at least one rating agency.

Approved:
Board of Directors – May 23, 2018