

ACEC/MASSACHUSETTS INVESTMENT POLICY

(Approved by the Board on 6-24-11)

INTRODUCTION

This statement of investment policy has been adopted by the Board of Directors of the American Council of Engineering Companies of Massachusetts (ACEC/MA) to provide guidelines for the investment of funds held by the organization.

For the purpose of managing investment risk and to optimize investment returns within acceptable risk parameters, the funds held by the organization will be divided into three separate investment pools. The process for determining the dollar amount in each pool is set forth below in the "Procedures" section of this document. The three investment pools shall be called the "Operating Fund," the "Short-term Reserve Fund," and the "Long-term Reserve Fund."

FINANCE COMMITTEE

The Finance Committee shall be as defined in the most recent version of the ACEC/MA Bylaws, Article VI Committees. As currently defined the committee shall include the Past President serving as Committee Chair, the Treasurer and one member of the Board appointed by the President. They are responsible for overseeing the management of ACEC/MA assets. They shall act solely in the best interest of ACEC/MA and in concert with the mission of ACEC/MA. They are authorized to engage the services of investment professionals as deemed necessary. The Finance Committee's responsibilities include:

- a. Reviewing and recommending investment policies that the Board must approve.
- b. Developing investment objectives, asset allocation strategies and performance guidelines.
- c. Selecting Investment Consultants, Advisors, Money Managers and Custodians.
- d. Reviewing and evaluating investment results and approving changes as needed.
- e. Providing periodic performance reports to the Board.

PROCEDURES

The following procedures shall be followed to ensure that the investment policy is consistent with the current mission of ACEC/MA, and accurately reflects the current financial condition:

- A. The investment policy shall be reviewed annually by the Finance Committee who shall recommend any necessary revisions to the Board of Directors.
- B. The Board of Directors shall have final approval on any changes to the investment policy.
- C. The Finance Committee shall, from time to time, recommend to the Board of Directors the dollar amounts to be placed in the "Operating Fund," the "Short-term Reserve Fund," and the Long-term Reserve Fund."
- D. The Board of Directors shall have final approval on the amounts to be placed in each fund.
- E. The Finance Committee shall provide quarterly updates to the Board of Directors on the status of each fund.

OPERATING FUND

The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of ACEC/MA in a timely manner. The investment objectives of the Operating Fund are

preservation of capital and liquidity. The Operating Fund shall be invested in interest bearing bank accounts which can include Checking, Savings, Money Market and Certificate of Deposits (less than 1 year). The account will be in a federally insured bank or savings and loan association licensed to conduct business in Massachusetts in an amount not to exceed the federally insured amount.

SHORT-TERM RESERVE FUND

The purpose of the Short-term Reserve Fund is to increase the investment return of ACEC/MA operating revenues, and to meet the annual operating expense obligations of ACEC/MA. The investment objectives of the Short-term Reserve Fund are preservation of capital, current income, liquidity, and to optimize the investment return of operating revenues to keep pace with inflation and maintain purchasing power. The Finance Committee shall be authorized to invest the Short-term Reserve Fund in Short Duration High Credit Quality (AA or better) Bond mutual funds. Mutual Funds with a conservative risk tolerance are appropriate for these assets. Short-term Reserve Fund assets shall not be invested in individual agency discount notes, repurchase agreements, commercial paper, corporate notes, mortgage-backed securities, or individual equities. Short-term Reserve Fund shall be invested in securities appropriate for a 1-3 year investment horizon.

LONG-TERM RESERVE FUND

The purpose of the Long-term Reserve Fund is to increase the investment return of ACEC/MA operating capital in order to improve the financial stability of the organization. The investment objectives of the Long-term Reserve Fund are growth of capital to exceed inflation, and to maximize the investment return without exposure to undue risk. The Finance Committee shall be authorized to invest the Long-term Reserve Fund in Mutual Funds which include equity exposure and High Yield Bonds. Mutual Funds with moderate risk tolerance are appropriate for this asset class. Long-term Reserve Fund assets shall not be invested in individual agency discount notes, repurchase agreements, commercial paper, corporate notes, mortgage-backed securities, or individual equities. The Long-term Reserve Fund shall be invested in securities appropriate for a 3-5 year investment horizon.