

Investment Policy for Kentucky/Tennessee Water Environment Association

Adopted October 2016

The overall investment policy of the WEA is to maximize returns on invested assets through prudent investing while preserving principle by minimizing risks and expenses.

The Executive Board will appoint a Finance Committee that will consist of a Chair, the Treasurer and a group of individuals made up of WEA members.

The Finance Committee will maintain two pools of assets; the Operating Fund and the Investment Fund.

The responsibility of the Finance Committee in regard to the Operating Fund:

- The Operating Fund will be maintained by the Treasurer. It will be used for monthly expenditures and day to day operations.
- The Finance Committee will keep \$100,000 in the Operating Fund or 12 months of operating expenses, whichever is higher.
- Any amount above this amount will be held in the Investment Account. This account will be managed by the Investment Advisor, chosen by the Finance Committee, reporting to the Executive Board.
- The Finance Committee has the authority to deposit funds into the Investment Account at any time. The Finance Committee may withdraw funds from the Investment Account at the direction of the Executive Board. All withdrawals from the Investment Account must be approved by the Executive Board.

The responsibility of the Finance Committee in regard to the Investment Account:

- Direct and monitor the investment of the assets of the Association.
- Recommend the hiring or replacement of an Investment Advisor to the Executive Board to manage the assets.
- Communicate the Association's Investment Policy to the Investment Advisor and monitor his/her adherence to the policy.
- Monitor the Performance of the Investment Advisor(s) on a monthly, quarterly and annual basis and present this information to the Executive Board at its annual meeting.

The responsibilities of the Investment Advisor:

- Invest the assets of the Association in accordance with their investment policy. He/she will have full discretion in making all investment decisions, including all buying, selling, investment selection and asset allocation.

- Use approved investment vehicles, which include, but are not limited to stocks, bonds, mutual funds, CD's and money markets.
- Send monthly statements, or as frequent as available, to the Finance Committee for review.
- Send a written summary each quarter to highlight the status and performance of the Investment Account.
- Meet with the Finance Committee annually to review the Investment Account and report on its performance, allocation and the market and economic outlook. This meeting will also be used to present any changes in strategy going forward as well as an opportunity for questions or concerns from the Finance Committee.

The Executive Board will provide a projection of estimated revenue to the Finance Committee each year. If the actual received revenue is higher than the projection, the Finance Committee will deposit 10% of the amount over the projection in the Investment Account. A higher portion may be deposited in the Investment Account if recommended by the Finance Committee and approved by the Executive Board.

The Finance Committee will analyze the information from the Investment Advisor using a 3 - 5 year time horizon as their guideline for performance. They will report the information to the Executive Board and recommend any changes to the investment strategy at that time, and may also recommend changes to the Investment Policy for approval by the Executive Board.