



**WHEREAS**, the Ohio Water Environment Association (OWEA) is a 501(c)(3) Organization and a Member Association (MA) of the Water Environment Federation (WEF); and

**WHEREAS**, OWEA has accumulated investment accounts for the purpose of maintaining financial emergency reserves, the purchase of capital equipment, and to balance cash flow; and

**WHEREAS**, the investment portfolio shall be designed, organized, and managed to support the needs of the organization in terms of preservation of capital, but yet maintaining reasonable flexibility.

**THEREFORE**, OWEA has adopted the following policy regarding financial management:

## **POLICY AND PROCEDURE**

### **Purpose**

This statement of investment policy is set forth by the Ohio Water Environment Association (OWEA) in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of Association investment assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Association investment assets
4. Establish a basis for evaluating investment results.
5. Manage Association investment assets according to prudent standards.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results.



### **General Investment Principles**

1. It is the policy of the Ohio Water Environment Association (OWEA) that its overall investment objective be long-term reasonable growth of investment capital and income with emphasis on capital preservation and sufficient liquidity to meet all operation expenses in accordance with the instructions of the Board regarding the account balance, OWEA's anticipated expenses for the upcoming year, and the desired reserve.
2. Capital investments will be diversified by size and type of investment, relative risk/return of investment, terms of the investment and liquidity of the investment.
3. Investments will not be speculative in nature while recognizing that all investments carry some degree of risk. Investments shall be diversified as to minimize the risk of large losses and be considered conservative in nature.
4. The OWEA may employ one or more investment managers (consultants) of varying styles and philosophies to attain the investment objectives.
5. All major investment decisions shall be made by the OWEA Executive Committee through communication with the Finance Committee. The Finance Committee, consisting of the Finance Chair, Secretary/Treasurer, and Association Manager, shall review investments and make recommendations to the OWEA Executive Committee.
6. Investment performance will be summarized on an annual basis and benchmarked against appropriate investment industry indices.
7. The Investment Policy shall be implemented in accordance with all Financial Policies of the Ohio Water Environment Association.

### **Delegation of Authority**

The Ohio Water Environment Association is a fiduciary, and is responsible for directing and monitoring the investment management of Fund assets. As such, the OWEA is authorized to delegate certain responsibilities through the Finance Committee to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant. The consultant may assist the OWEA in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. Investment Manager. The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.



3. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.

As a general policy, the OWEA Board will not exercise direct control over specific investment decisions and will normally specify exercise comment with regard to general approach including identifying limitations. The Investment Management Consultant, Investment Manager and Custodian are accountable to the OWEA Board.

### **Investment Objectives**

In order to meet its needs, the investment strategy of the OWEA is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for Fund assets shall be directed to long term growth of capital. Key emphasis is on the long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

### **Investment Goals**

The investment goals above are the objectives of the aggregate Fund, and are not meant to be imposed on each investment account (if more than one account is used). The goal of each investment manager, over the investment horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Finance Committee that most closely corresponds to the style of investment management.
2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.



Specific investment goals and constraints for each investment manager, if any, shall be incorporated as part of this statement of investment policy. Each manager shall receive a written statement outlining his specific goals and constraints as they differ from those objectives of the entire Fund.

**Definition of Risk**

The Finance Committee realizes that there are many ways to define risk. The Committee believes that any person or organization involved in the process of managing OWEA investment assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in this statement of investment policy. The Finance Committee defines risk as an investment instrument that is highly volatile and may fluctuate significantly in the market.