



## **Investment Policy**

This statement of investment policy is to establish the investment goals, objectives and policy guidelines for managing the short and long-term investment funds of the Texas Emergency Nurses Association (Texas ENA). It is intended that these goals, objectives, and guidelines provide guidance and expectations in the management and performance of the funds to provide the flexibility to respond to given changing economic, business, and investment conditions.

For the purpose of managing investment risk and to optimize investment returns within acceptable risk parameters, the following funds will be created and held as separate investment pools: Operating Fund, Short-term Reserve Fund, Long-term Reserve Fund.

## **Investment Goals**

The Texas council's fund should be invested in such a manner as to:

- a. maximize total returns consistent with (1) acceptable levels of risk, and (2) the liquidity needs of Texas ENA; and
- b. adhere to applicable statutes and policies related to fiduciary responsibility.

## **Procedures**

- I. The following guidelines shall be followed to ensure the investment policy statement is consistent with the mission of the Texas Emergency Nurses Associations (TxENA) and accurately reflects current financial conditions;
  - a. The Finance Committee shall review this policy annually.
  - b. The Finance Committee shall forward recommendations of any changes to this policy to the Texas Emergency Nurses Association board of directors.
- II. The following procedures shall be used to determine the dollar amounts to be placed in each of the various funds
  - a. The Finance Committee shall recommend the dollar amounts to be held in the Operating Fund and Short-Term Reserve Fund.
  - b. The Finance Committee shall recommend the dollar amounts to be held in the Long-Term Reserve Fund.

## **Objectives**

The investment objective is to grow the value of the Councils investment funds over the long term and to earn rates of return greater than those currently received by the Councils banking strategy, while avoiding undue risk and generating liquidity sufficient for the needs of the Councils operations. Although, short-term fluctuations will affect portfolio performance, the Council expects: (a) the short- term investments to preserve principal and the invested portion thereof to generate current income equal to a market rate of return for short-term fixed income securities; and (b) the long-term investments to provide for any emergency liquidity needs of the Council and to generate a total return net of investment expenses over a five-year moving time period that exceeds the rate of inflation plus three to five percent (3-5%) annually.

## **Delegation of Authority**

The Finance Committee is a fiduciary ad hoc committee, and is responsible for directing and monitoring the investment management of the various fund assets on behalf of the Texas Emergency Nurses Association. As such, the Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but not limited to: investment management consultants, investment managers, custodians, and any additional specialists, upon approval of the TxENA Board of Directors.

It is anticipated that the services of a registered investment manager may be sought to manage portions of the Long-Term Reserve and/or Endowment Funds. The following procedure shall be followed to engage a new or replace a current investment manager:

- A. The Treasurer and the Finance Committee shall recommend the hiring or replacing of an investment manager to the Board of Directors.
- B. The Treasurer and the Finance Committee shall nominate prospective candidates and send a Request for Proposal to each candidate.
- C. The Treasurer and the Finance Committee shall review proposals and interview candidates to determine appropriate investment manager(s).
- D. The Finance Committee shall make the hiring recommendation to the Board of Directors, who shall have the final approval.

The investment managers, brokers, and/or bankers (managers) have the discretion to purchase, sell, or hold the specific securities and/or funds that will be used to meet the investment objectives of the Council. The Board will not reserve any control over the investment decisions with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objective herein stated. While it is not believed the limitations will hamper managers, each manager should request

## **Operating Fund**

The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of the Texas Emergency Nurses Association in a timely manner.

The investment objectives of the Operating Fund are: preservation of capital, liquidity; and to optimize the investment return within the constraints above.

### **Investment Guidelines**

#### **Allowable Investments**

The President and Treasurer if authorized by the Board of Directors shall invest the Texas Emergency Nurses Association Operating Funds as follows:

1. Interest bearing Savings Accounts;
2. Certificates of Deposit at insured commercial banking organizations;
3. Money market funds;
4. Interest bearing Checking Accounts;
5. Direct obligations of the U.S. Government, its agencies, and instrumentalities

#### **Maturity**

The maturities on investments for the Operating Fund shall be 12 months or less.

#### **Reporting**

The Treasurer shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

1. Schedule of investments;
2. Interest income year to date

### **Short-Term Reserve Fund**

The purpose of the Short-Term Reserve Fund is to meet the expenses occurring as a result of unanticipated activities and to improve the return on the funds held for expenditure for up to five (5) years.

#### **Investment Objectives**

The investment objectives of the Short-Term Fund are: Preservation of capital, Liquidity; and to optimize the investment return within the constraints above.

## **Investment Guidelines**

### **Allowable Investments**

The President and Treasurer if authorized by the Board of Directors shall invest the Short-Term Fund as follows

1. Interest bearing Savings Account;
2. Certificates of Deposit at insured commercial banking institutions;
3. Money market funds that invest in government backed securities;
4. Interest bearing Checking Accounts;
5. Direct obligations of the U.S. Government, its agencies, and instrumentalities;
6. Mutual funds that invest in direct obligations of the U.S. Government, its agencies, and instrumentalities.

### **Maturity**

The Short-Term Fund shall have a weighted average maturity of three (3) years or less. The maximum maturity shall be five (5) years.

### **Reporting**

The Treasurer shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

1. Schedule of investments which includes schedule performance since purchase or last five (5) years
2. Interest income year to date
3. Current yield

## **Long-Term Reserve Fund**

The purpose of the Long-Term Reserve Fund is to provide secure long-term funding for the mission of the Texas Emergency Nurses Association. The assets of the Long-Term Reserve Fund shall be managed in such a way as to facilitate the organizations goals and objectives as outlines by the Board of Directors. Expenditure of the principal is board designated unless otherwise designated by the donor(s) in part or in whole. Also, at the discretion of the Board of Directors, up to 100% of the yearly return may be utilized for program and association expenses unless restricted for specific purposes by the donor(s).

## **Investment Objectives**

In order to meet its needs, the investment strategy of the Long-Term Reserve Fund 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 strategy management of the Long-Term Reserve Fund shall be:

1. Long-term growth of capital – to emphasize the long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it
2. Preservation of purchasing power – to achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of the association.

## **Investment Guidelines**

### **General Principles**

1. Investments shall be made solely in the interest of the Texas Emergency Nurses Association and the Long-Term Reserve Fund
2. The assets shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a like fund;
3. Investment of these funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so;
4. Texas Emergency Nurses Association may employ investment managers of varying styles and philosophies to attain the Fund's objectives; and
5. Cash is always to be employed productively by investment in short-term equivalents to provide safety, liquidity, and return.

### **Specific Investment Goals**

Over the investment time horizon established it is the goal of the Long-Term Reserve Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index.

The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon by the Finance Committee that most closely corresponds to the general principles stated above.

### **Diversification**

Investment management of the assets of the Long-Term Reserve Fund shall be in accordance with the following asset allocation guidelines:

**Assets Class Minimum/Maximum**

Equities 20% - 60%

Fixed Income 20% - 60%

Cash Equivalents 0% - 40%

The finance committee may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate portfolio, such disciplines must fit within the overall asset allocation guidelines established in this statement

The finance Committee will meet quarterly to monitor and re-evaluate investment allocation in reference to the Long-Term Reserve Fund Asset Classes

**Allowable Assets**

The Long-Term Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Long-Term Reserve Fund, with minimal impact on market price.

1. Equity Securities

- a. Common stocks
- b. Convertible notes and bonds
- c. Convertible preferred stocks
- d. American depository receipts of non-US companies

2. Fixed Income Securities

- a. U.S. Government and Agency Securities
- b. Corporate notes and bonds (investment grade, at least BBB)
- c. Mortgage-backed bonds
- d. Preferred stock

3. Cash Equivalents

- a. Treasury bills
- b. Money market funds
- c. Commercial paper
- d. Banker's acceptances
- e. Repurchase agreements
- f. Certificates of deposit

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges, such as the New York Stock Exchange, American Stock Exchange, and NASDAQ.

### **Performance Reporting**

The Long-Term Reserve Fund shall be evaluated at least semi-annually on a total return basis. The evaluation shall be based on the stated investment goals. Comparisons will show results for the year-to-date. The report shall be prepared by the Treasurer and shall be presented to the Finance Committee at least semiannually. The finance committee shall present a report to the board of directors at least annually.

### **Prohibited Investments and Transactions**

The following investments and transactions are prohibited: direct investment in real estate, short sales, margin transactions, non-publicly traded securities and derivatives; except that investments in mutual funds that employ such strategies on a limited basis or only for hedging purposes are permitted.

### **Policy Review and Exceptions**

The Board of Directors shall review this statement on a periodic basis and will consider modifications as appropriate.

This policy may be amended or any exceptions to it may be authorized by resolution of the Board of Directors at any time.

Adopted by the Texas ENA Board of Directors: January 13, 2017