Nashua River Watershed Association
INVESTMENT POLICY

POLICY STATEMENT

At the direction of the Executive Committee, the Finance Committee is authorized to invest funds which have been established as “investments” or “endowments” by approval of the Board of Directors of the Nashua River Watershed Association (“The Association”). The Board will designate the purpose of the investments, and stipulate their intent, as follows:

1. Endowments
   a. Principal is retained perpetually, and gains are reinvested.
   b. Principal is retained perpetually, and gains are made available for specified ongoing purposes.

2. Special Purpose Investments
   a. Special purpose investments have a defined purpose, and will ultimately be spent.

The nature of individual investment classifications can be changed by BOD vote (only).

The purpose of these investments will be to yield a financial return, while considering strongly the safety of the principal. Where reasonable opportunities exist, investments should be made in mutual funds that fit the mission and purpose of the Association. No speculative or high risk investments of any kind will be made with Association funds.

In general, funds for operating expenses as well as non-operating expenditures anticipated within a twelve month period are not to be handled like longer term investments. These funds will be kept in secure, liquid amounts including only insured checking, savings, or money market accounts, or certificates of deposit. The selection of specific accounts will be at the discretion of the Association Director.
INVESTMENT OBJECTIVES

The investment objectives are set with two basic criteria in mind:

I. Endowments (Gains Reinvested Until Withdrawal)

   Investment criteria include the following (in order of importance):
   - Safety of the Principal
   - Investment Yield
   - Social Responsibility

II. Endowments (Gains Used for Ongoing Purposes)

   Investment criteria include the following (in order of importance):
   - Safety of the Principal
   - Gains Liquid
   - Investment Yield
   - Social Responsibility

INVESTMENT REVIEW

- The Finance Committee will review investment performance with the Investment Manager at least semi-annually.
- Investments not ranked in the top 50% of mutual funds in their peer index for a 1-year and 3-year period, should be specifically reviewed by the Finance Committee for possible termination. However, changes will be at the Finance Committee's discretion.
- At least annually, the Investment Manager will present an update to the Finance Committee on the availability of funds which meet the Social Responsibility objectives of the organization.
- The Executive Committee of the Board will review the performance of the investments at least annually with the Investment Manager and Finance Committee Chairperson.
- The Executive Committee can request an investment review with the full Board at any time.

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Approved by the NRWA Board on March 4, 1999