

# Tidewater Dental Association Investment Policy

## Purpose:

Tidewater Dental Association (TDA) should use its assets to ensure that it continues to accomplish its mission and support the current and future needs of our membership. As such, TDA will protect the value of its assets and resources through judicious investing and treasury. The investment policy serves as the guidelines and philosophical doctrine for the management of TDA's assets and resources.

## Objective:

TDA's investment strategy is meant to ensure that there are always sufficient cash reserves to ensure that there is cash flow for day-to-day operations as established in the yearly budget. Resources in excess of this should be placed in appropriate investments that will ensure a reasonable return on investment with judicious risk exposure. The intent is to allow this return to offset minor yearly budget deficits and prevent loss of value of cash reserves due to banking fees and inflation.

## Definitions:

Treasury – bank deposits with cash for day-to-day operations.

Short Term – Assets and investments that are somewhat liquid and may be converted to cash for the next one to two budget years.

Long Term – Assets and investments that are intended to be held for a time period longer than the next one to two budget years.

Financial Committee – See Below

Financial Advisor – TDA's financial committee will work with a third party professional financial advisor who has a fiduciary duty to the TDA. Such professional must have obtained the professional credential or designation of CFA, CFP, AAMS which have established codes of ethics and conduct and established means for reporting such complaints and disciplinary actions.

## Policy

### General Conditions:

1. TDA's short term and long term investments will be directly managed by the third party professional financial advisor. The financial committee shall have regular and routine meetings with the financial advisor and have oversight of this professional. They shall, as a committee, set the goals, objectives, and risk tolerance for the financial advisor within the scope of this policy. The financial advisor and associated investment firm shall be selected by the TDA Board.
2. The financial committee shall consist of at minimum 5 members. The TDA Treasurer shall serve as an ex-officio member of the financial committee. The TDA President and Vice President may serve as ex-officio members or defer their committee membership to an appointee. The remaining members shall be members of the executive committee

or TDA executive appointees. The executive director will also attend all committee business. The financial committee shall elect a chairperson, otherwise by default, the TDA Treasurer shall serve as the chair.

3. Treasury services shall be provided by a bank with local branches in the Tidewater area. The financial committee shall ensure treasury services are provided by an FDIC insured financial institution and that adequate cash reserves for operations is maintained. Cash reserve should be maintained such that the reserve is equal to the current annual budget, as determined by the budget committee and approved by the Board, + 10%.
4. Cash reserve shall not be invested in instruments such as money markets but will remain part of the savings and checking accounts at the designated financial institution providing TDA's treasury service. This ensures investments will not be sold to meet immediate financial obligations.
5. Common Stocks, Mutual Funds, Trusts and Other Funds must trade on the NYSE Euronext (parent company of NYSE & AMEX), NASDAQ and/or must be easily marketable.
6. Risk shall be managed by adequate diversification of long term holdings. As such, individual stock holdings shall not exceed 15% of the total investment portfolio at the time of purchase.
7. TDA Financial Committee shall meet at least semi-annually and will report back to the Executive Committee as part of the next Meeting Agenda. Additional meetings will be determined by the chairperson, the TDA officers, or at the behest of the professional financial advisor.
8. The TDA Financial Committee Chair and the TDA Executive Director shall be the 1<sup>st</sup> points of contact for the financial advisor.

#### Allowable Financial Instruments

1. Short Term Investments
  - a. Cash Equivalents:
    - i. Interest bearing accounts in federally insured Banks and Savings & Loans Associations not to exceed federally insured amounts
    - ii. Money Market Funds
    - iii. Certificates of Deposit federally insured not to exceed \$250,000 per institution including interest
    - iv. Repurchase Agreements in conjunction with bank sweep accounts collateralized by U.S. Government obligations or bank securities within the Fund's investment policy guidelines
    - v. Treasury Bills and other direct obligations to the U.S. Government, its Agencies and instrumentalities
    - vi. Commercial Paper rated A-1/P-1 by Standard & Poor's and Moody's
2. Long Term Investments
  - a. Fixed Income Securities
    - i. U.S. Government and Agency Securities
    - ii. Corporate Notes and Bonds
    - iii. Mortgage Backed Bonds

- iv. Preferred Stock
    - v. Fixed Income Securities of Foreign Corporations
  - b. Equity Securities
    - i. Common Stocks
    - ii. Convertible Notes and Bonds
    - iii. Convertible Preferred Stocks
    - iv. American Depository Receipts (ADRs) of Non-U.S. Companies
    - v. Stocks of Non-U.S. Companies (Ordinary Shares)
  - c. Mutual Funds
    - i. Mutual Funds which invest in securities as allowed in this statement

### Prohibited Investments and Transactions

1. Prohibited investments include, but are not limited to the following:
  - a. Commodities and Futures Contracts including gold or currency futures
  - b. Private Placements
  - c. Options
  - d. Limited Partnerships
  - e. Real Estate Investments; except for 1) TDA sole owner or TDA/VDA joint owner assets, or 2) real estate mutual fund or Real Estate Investment Trust (REITs).
  - f. Venture–Capital Investments
  - g. Fixed Income Securities of Foreign Governments
  - h. Derivatives
  - i. Warrants
  - j. Lease-backs
  - k. Conditional sales contracts
  - l. Unregistered or restricted stock
  - m. Collateralized non-government-backed mortgage obligations
  - n. Guaranteed Insurance Contract (GIC)
  - o. Hedge Funds
  - p. Cryptocurrencies
  - q. Non-fungible tokens (NFTs)
  - r. High-yield debt / junk bonds
2. Prohibited Transactions include, but are not limited to the following:
  - a. Short Selling
  - b. Margin Transactions
  - c. Speculative Investment
  - d. Day Trading