

	<b>POLICY &amp; PROCEDURE</b>	<b>POLICY OR PROCEDURE NUMBER:</b>  730
	<b>Subject:</b> <b>INVESTMENT POLICY</b>	<b>EFFECTIVE DATE:</b> <b>09/01/1998</b> <b>REVISED:</b> <b>09/24/2014</b>

**I. ABSTRACT**

The purpose of this policy is to assist the Investment Committee (defined below) in establishing an effective investment policy covering financial assets needed for current operations or defined reserves as well as supervising, monitoring and evaluation the performance of Arizona Swimming investment(s) portfolio (“Portfolio”), if any.

**II PRIMARY GOALS**

It is the primary goal of Arizona Swimming, Inc. (“AzSI”) to invest the excess financial assets (defined below) in a manner to provide maximum earnings and growth through appreciation of assets, based on total return, for AzSI while maintaining operating funds necessary to provide required liquidity for current operations, capital expenditures and defined reserves.

**III. INVESTMENT COMMITTEE**

The AzSI Investment committee (“Committee”) shall consist of the then General Chair, Administrative Vice-Chair, Treasurer, Senior Coach Representative and Senior Athlete Representative of the Board of Directors and one experienced non-athlete member.

- A. Should any member of the Committee decline to serve, the General Chair, with that advice and consent of the Board of Directors, may appoint a replacement.
  - i. Such replacement member shall be a member in good standing of USA/ Arizona Swimming.
  - ii. Term of such replacement member shall be limited to two, two year terms.
- B. The Committee shall develop, with the assistance of a professional advisor, if necessary, a defined asset allocation and balancing of the Portfolio.
  - i. If a professional advisor is employed, that advisor must be free of any conflicts of interest, real or perceived, with Committee or Board of Directors.

- ii. There must be a written service agreement between AzSI and the professional advisor. Such agreement shall be approved by the Board of Directors.
  - 1. The agreement must clearly state how the advisor is compensated.
- C. The Committee shall meet at least bi-annually to discuss the asset allocation and to determine if the current portfolio asset allocation is meeting the stated goals and objectives of the Policy.
  - i. The meeting shall be called and noticed in accordance with the policy and procedure of AzSI.
  - ii. The committee shall review the costs associated with management of each asset at least annually.
    - 1. The review should compare costs, if any, of the management should include a comparison to the Morning Star Analytical Service cost averages.
  - iii. The Committee shall submit a report on the Portfolio and the associated costs of management of the Portfolio, if any, to the Board of Directors after each meeting of the Committee.
  - iv. Should conditions warrant, additional meetings of the Committee may be called.
    - 1. Such special meetings may be called by either the General Chair or Treasurer. Such meeting shall be properly noticed.

#### **IV. INVESTMENT OF FINANCIAL ASSETS**

Excess financial assets shall be divided into two tranches. The first being assets which may be invested short term and the second shall be those which may be invested long term. The goals and objectives are different for each tranche.

##### **A. Short Term Investments**

The short term investment tranche is comprised of operating funds that could reasonably be expected to be spent over the next three to 12 months plus such reserves as dictated by the Board of Directors.

- i. Short term investments shall be limited to the following:

<u>Vehicle</u>	<u>Instrument Limit</u>	<u>Maximum Maturity</u>
Money Market <sup>1</sup>	\$250,000	N/A
Certificates of Deposit <sup>1</sup>	\$250,000	1 yr
US Treasuries	\$100,000	1 yr

- ii. The short term investments shall be managed by the Treasurer with the approval of the General Chair.

<sup>1</sup> Such funds shall be insured by the FDIC or other governmental body to their full extent.

##### **B. Long Term Investments**

The long term investment tranche is comprised of financial assets which it is reasonable to assume will not be needed for operations, plus reserves, for the next twelve months.

- i. Long term investments shall include, but not be limited to, stocks, bonds, mutual funds and other recognized investment vehicles.

- ii. At least two benchmarks for each asset type within the long term investment tranche shall be selected to compare future performance of the Portfolio against.
  - 1. It is the objective of the Portfolio to equal or exceed the returns with in each asset class
  - 2. If during a period, the return of the asset class is less than that of either or both benchmarks, such information will be included in the report of the Committee to the Board of Directors.

**III. COMPUTATION OF EXCESS FINANCIAL ASSETS**

Annually, at its first meeting of each calendar year, the Board of Directors shall review the Computation of Excess Financial Assets to determine what funds are available for investment in the long term tranche.

- A. Short Term Financial Assets
  - i. AzSI shall retain as short term assets to cover near term operating expenses, an amount equal to the total expenses from the last fiscal year, as reported in the most recent Annual Report to the Membership, plus
  - ii. for reserves, an amount equal to the Total Expenses from the last fiscal year, as reported in the most recent Annual Report to the Membership.
- B. Long Term Financial Assets
  - i. The excess of the total Cash and Investments as reported in the most recent Annual Report to the Membership less the amount calculated as Short Term Financial Assets in II.A.i above.
- C. The Treasurer shall annually calculate the Excess Financial Assets and provide a copy of such calculation to the General Chair and members of the committee.

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**Updates:**

<u>Date</u>	<u>by Whom</u>	<u>Basic Abstract</u>	<u>Sections</u>	<u>Control #</u>
09/01/1996	BofD	investment criteria	All	
09/10/2014	BofD	committee restated	III	14-15