

BUSINESS OPERATIONS
INVESTING

Investments

Objective

- A. The objective of NJSBA's Investment Policy is to provide adequate protection of invested assets, coordinate liquidity to meet ongoing operational needs, and obtain the maximum possible return on surplus funds. A proper and responsible balance among the factors of safety, liquidity and yield will be maintained, with emphasis on the safety and liquidity of these funds.
- B. Because NJSBA is a nonprofit, quasigovernmental organization, it becomes paramount for the governing body and management of the Association to be alert to, and cognizant of, their responsibility to assure our members of the most astute and sound utilization of surplus funds. Additionally, and of no less importance, is the need to be acutely aware of the fact that surplus funds, as well as all other funds of the Association, are the property of the membership as a whole, and implies a very specific trust that dictates utmost care in their dispensation.

Guidelines

All investments carry with them some degree of risk. The twin risks of recession and inflation are ever present. Recognizing their existence, to afford NJSBA the ability to place surplus funds in liquid investment vehicles that will provide an adequate rate of return with the least amount of risk, the following guidelines are provided.

- A. The Executive Director and his/her designee(s) shall direct the investment of Association funds into authorized investment instruments.
- B. Authorized investment instruments include the following:
 - 1. Certificates of Deposit or other interestbearing deposits of New Jersey financial institutions which are certified as Public Depositories for accepting public funds by the State Commissioner of Banking, according to the provisions of the Governmental Unit Deposit Protection Act (GUDPA). There is no dollar limitation on funds placed in GUDPA depositories.
 - 2. Money market mutual funds of authorized financial institutions (GUDPA depositories) and approved brokerage houses.
 - 3. The State of New Jersey Cash Management Fund.
 - 4. Obligations of the U.S. Government or obligations guaranteed by the U.S. Government.
- C. All investments will have a maturity of 12 months or less. Maturities in excess of 1 year require Finance

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Committee approval. Such might be the case if a longterm Reserve were established for some particular purpose. All paper will be held by the authorized financial institution in the name of the Association. A record of transaction confirmations will be kept by the Department of Finance and Operational Services.

Investments (continued)

- D. The Director of Finance and Operational Services or his/her designee should obtain the approval of the President, Vice President for Finance and Executive Director for the opening of an investment account with a reputable brokerage house. All financial institutions and brokers should be provided with a copy of this policy for compliance with the terms as set forth.
- E. An investment portfolio summary shall be provided monthly to the Executive Committee and the Finance Committee; quarterly to the Board of Directors.

Authority: BD 12/78

Revised: BD 3/90
BD 10/90
BD 9/10

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