

**INVESTMENT POLICY STATEMENT
DRAFT**

Texas Society of American Foresters

April 2009



TEXAS SOCIETY OF AMERICAN FORESTERS

P.O. BOX 150555 LUFKIN, TEXAS 75915-0555
Representing the Forestry Profession in Texas

INVESTMENT POLICY STATEMENT

VISION

Texas Society of American Foresters (TSAF) will be well-recognized for its contribution towards community outreach and continuing forest education in Texas.

MISSION

TSAF's mission is to build upon our educational and community outreach funds through the continuous contribution to, and wise investment of, available TSAF accounts. These moneys will be used to 1) support forestry related community projects through a competitive grants programs; 2) deliver significant and quality continuing forestry education opportunities for its members; 3) significantly amplify the perceived value of importance TSAF; and as a result 4) build membership and improve the participation of existing members.

GENERAL INFORMATION

This organization is a unit of the Society of American Foresters and shall be known as the "Texas Society of American Foresters" (TSAF) as provided in Article VI of the Constitution of the Society of American Foresters. Texas Society of American Foresters, chartered in 1980 is a 501C3 organization whose objectives are to:

- Advance the science, technology, education, and practice of professional forestry in America, especially within the State of Texas, and to use the knowledge and skills of the profession to benefit society.
- Provide an opportunity for better communication among the individual members, and the Society.
- Provide better liaison between Chapters and the Society. TSAF will work with and through Chapters to strengthen professional activities of members.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

The purpose of this statement is to outline a philosophy and attitude, which will guide the investment management of the assets towards the desired results. It is intended to be sufficiently specific and meaningful, yet flexible enough to be practical.

This statement of investment policy is set forth by the Executive Committee and the Investment Policy Committee of TSAF in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives for TSAF assets.
3. Offer guidance and limitations to investment advisors regarding the investment of TSAF assets.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Executive Committee

The Executive Committee is the governing board of the Texas Society of American Foresters. The specific responsibilities of the Executive Committee relating to investments include:

1. Establishment and approval of all investment policies for the TSAF .
2. Review/approve all recommendations presented by the Investment Committee.
3. Provide the Investment Committee with a projection of TSAF's financial needs on a timely basis.
4. Annually review the investment advisor's progress in meeting the objectives contained in this policy.
5. Retain authority to write checks from the Checking Account, but not the portfolio funds described below.

Responsibility of the Investment Committee

The Investment Committee is charged by the Executive Committee with the responsibility of strategy for the management of the assets of TSAF. The specific responsibilities of the Investment Committee relating to the investment advisor of TSAF assets include to:

1. Establish reasonable and consistent investment objectives, policies and guidelines, which will direct the investment of TSAF's assets.
2. Consider any proposed revisions to the investment policy and recommend any appropriate action to the Executive Committee.

3. Prudently and diligently select a qualified investment advisor.
4. Communicate TSAF's financial needs to the investment advisor on a timely basis.
5. Regularly evaluate the performance of the investment advisor to assure adherence to policy guidelines and monitor investment objective progress.
6. Review the investment advisor's progress in meeting the objectives contained in this policy on an annual basis.
7. Retain responsibility for writing checks from any of the portfolio funds described below that allow for check writing.

Responsibility of the Investment Advisor

Investment advice concerning the investment management of TSAF assets will be offered by the investment advisor, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the investment advisor include to:

1. Assist in the development and periodic review of investment policy.
2. Observe and operate within all policies, guidelines, constraints, and philosophies as outlined in this statement.
3. Report, on a timely basis, quarterly investment performance results to the Chair of the Investment Committee.
4. Communicate any major changes to economic outlook, investment strategy, or any other factors, which affect implementation of investment process, or the investment objective progress of TSAF's investment management.
5. Rebalance the investment classes at regular intervals.
6. Must have written and expressed approval of the Investment Committee before making transactions. Transactions must comply with guidelines. Any fees charged will be reasonable, customary, and clearly explained.

INVESTMENT OBJECTIVES

1. Protect capital.
2. Generate income.
3. Build capital.

SPECIFIC INVESTMENT GOALS

Type of Accounts

TSAF monies will be divided into three accounts:

1. Checking Account, which contains regular operating monies.
2. Portfolio Account, which contains investment monies in the portfolio exclusive of the Koontz fund principal of \$10,000.
3. Koontz Fund Account, which contains the original donation amount of \$10,000 from Mr. Koontz.

Type of Portfolio

To achieve TSAF set objectives a Moderately Conservative approach was chosen, which consists of the following:

10% Cash and Equivalents
30% Stocks
60% Bonds.

The original \$10,000 of the Koontz fund will be invested in secure government bonds with the sole intent to preserve capital. This principal will not be spent by TSAF in order to comply with the original intent of Mr. Koontz.

Type of Brokerage Firm and Investment Advisor

TSAF will use low-cost investment advice that relies on the advice of the Investment Committee and the investment advisor. It is the responsibility of the Investment Committee with the investment advisor to rebalance the assets annually to conform to the moderately conservative approach percentages outlined above. The investment advisor will be selected when needed by the Investment Committee. The investment advisor will have demonstrated knowledge of investing skills.

Allowable Assets

Cash Equivalents

- Money Market Funds
- Certificates of Deposit

Stocks and Bonds

- Mutual Funds

Prohibited Assets and Transactions

Prohibited investments and transactions include, but are not limited to the following:

1. Commodities and Futures Contracts
2. Private Placements
3. Options
4. Short Selling
5. Margin Transactions

Diversification and Guidelines for Investments

Bond, Stock and Money Market Funds should be the investment vehicle and not individual stocks or bonds. Funds selected should have a very long and stellar record that have demonstrated the highest level of integrity and ability to consistently meet market averages, without high levels of risk to the investor or high fees. No fund should be used that has less than \$5 billion in assets.

Bonds funds should have a combination of government and agency bonds not to exceed 35% of their total portfolio, corporate not to exceed 25%, mortgage backed not to exceed 40% and all other not to exceed 5%. All corporate bonds in the fund must be investment grade. Both government and corporate bonds should be intermediate term 5 to 10 years to achieve a moderate level of risk relative to interest rates and income. No sub-prime mortgage-backed securities should be included.

The stock fund or funds should be weighted to large capitalization corporations not to exceed 60% of the portfolio, mid-cap not to exceed 30%, and small cap not to exceed 10%.

Balance funds, which are a mix of stocks and bonds, should not be used since they make rebalancing the portfolio difficult.

All distributions and dividends should be reinvested.

A portfolio mix in the money market fund or funds should not exceed 50% U.S. and government agencies, 35% C.D.s, and 15% Commercial paper.

Index funds that track the total or most of either the stock or bond market are low cost investment vehicles that offer a means to achieve a high level of diversification should be considered in choosing mutual funds.

If possible, it is advantageous to select one mutual fund family for all the funds to avoid high fees associated with moving money between mutual funds to rebalance the portfolio.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, and financial status as established in this statement of investment policy, the Investment Committee shall review this investment policy annually. Upon completion of this review the statement will be submitted to the Executive Committee.

This statement of investment policy is adopted by the Executive Committee, whose signatures appear below.

Executive Committee

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Date
