



**Massachusetts Water Works Association, Inc.  
Investment Policy  
(Adopted December 4, 2024)**

**Purpose:** The purpose of this Investment Policy is to guide the management of the financial assets of Massachusetts Water Works Association, Inc. (MWWA) in a manner that prioritizes financial stability, risk mitigation, and maximization of returns within a conservative investment framework. This policy is designed to ensure that the investment of funds supports the mission and long-term sustainability of the association.

**Investment Objectives:** The investment objectives of MWWA are as follows:

- **Preservation of Capital:** MWWA seeks to preserve the principal amount of invested funds by minimizing the risk of loss through conservative investment choices.
- **Liquidity:** Investments should maintain sufficient liquidity to meet the MWWA's operational and programmatic needs.
- **Maximizing Return on Investment:** MWWA aims to achieve the highest possible return on investments while maintaining a low-risk profile.
- **Compliance with Legal and Fiduciary Standards:** All investment decisions will adhere to applicable laws and ethical standards.

**Investment Strategy:** MWWA will primarily invest in low-risk, stable instruments that offer predictable returns. The financial institutions should be appropriately insured to cover the amount of the individual deposit account. The approved investment vehicles include but are not limited to:

- **Certificates of Deposit (CDs):** MWWA may invest in certificates of deposit with staggered maturities to provide liquidity and take advantage of interest rate opportunities.
- **Money Market Accounts:** Cash reserves may be held in money market accounts to ensure liquidity while earning a modest return on idle funds.
- **Savings Accounts:** MWWA may hold funds in high-yield savings accounts to earn interest while maintaining flexibility and access to cash.

**Risk Tolerance:** MWWA's risk tolerance is conservative. The Board of Directors recognizes that the priority is to safeguard assets while generating income. Therefore,

investments will be focused on secure, FDIC-insured, or government-backed instruments to avoid unnecessary exposure to market volatility.

**Diversification:** Although MWWA will primarily invest in stable instruments such as CDs, it will diversify its investments across multiple financial institutions to mitigate risk associated with the failure of any single bank or institution.

**Investment Time Horizon:** MWWA has a medium- to long-term investment horizon. Investments will be structured to align with the cash flow needs of the association, ensuring that sufficient liquidity is available for operational needs while allowing longer-term investments to mature.

**Roles and Responsibilities:**

- **Board of Directors:** The Board holds the ultimate fiduciary responsibility for the association's investments and must approve any significant changes to this Investment Policy.
- **Treasurer:** The Treasurer will work in concert with the Executive Director to evaluate investments as CD's are nearing maturity and will assist the Executive Director in making decisions on the institutions to invest with and the length of the CD term.
- **Finance Committee:** The Finance Committee will monitor the performance of investments annually, recommend adjustments to the strategy, and ensure adherence to this policy.

**Reporting and Monitoring:**

The Board of Directors will review MWWA's Balance Sheet at each Board meeting. The Executive Director and Treasurer will report on any recent transactions.

**Review of Policy:**

The Finance Committee and the Board of Directors will annually review this Investment Policy to ensure that it continues to align with the association's financial objectives, risk tolerance, and operational needs.