Section 6-Contract Review and Approval/ Signature Authority

To conduct the NASVH functions, it is sometimes necessary to enter into legally binding agreements ("contracts") with other entities. This policy establishes the requirements and procedures for obtaining the review and approval of contracts between the National Association for State Veterans Homes ("NASVH") and any vendor, contractor, or other 3rd party provider ("Contract"). The policy also defines who is authorized to sign Contracts on behalf of NASVH.

The association will only be bound by written contracts to which the association is formally a party, that have been reviewed and approved in accordance with this policy, and that have been executed by NASVH approved officials who have specific contract signature authority. No officer or member of the association has the authority to sign contracts on behalf of the association, or any program, department or division of the association, in the absence of a formal written delegation of authority. This policy describes the association's contract review and approval requirements and the protocols for the delegation of signature authority. This policy applies to all members of the association. This policy establishes the requirements and procedures for obtaining the review and approval of contracts between the National Association for State Veterans Homes ("NASVH") and any vendor, contractor, or other 3rd party provider ("Contract"). The policy also defines who is authorized to sign Contracts on behalf of NASVH.

6A Restrictions and Responsibilities

No person is authorized to sign any Contract on behalf of NASVH unless:

- such Contract has been reviewed and approved in accordance with this policy and any supporting procedures; and
- such individual(s) has signature authority in accordance with this policy and procedures

Signatory must ensure that all other reviews and approvals required by any other NASVH policy have been obtained prior to Contract execution.

Oral agreements are not authorized regardless of whether there is a monetary exchange.

NASVH's President must review and approve all Contracts, unless specific delegation is provided within this policy or through a signed delegation of authority letter from the President.

No NASVH representative may engage in any financial, business, or professional transaction on behalf of NASVH without written authorization from the NASVH President or designee.

Renewals, extensions, amendments and modifications to previously approved contracts should be approved and signed in the same manner as the original contracts.

NASVH officers signing Contracts under this policy are encouraged to engage legal counsel, as necessary to ensure contracts are enforceable and mitigate risk exposure to NASVH.

6B Preliminary Request Process

The proposed contract or proposal shall be submitted to the TREASURER with the following information:

- Purpose of contract / services to be provided
- Completed/signed W-9
- Name, address and contact information (phone/email) of the contractor/provider and/or Vendor.

The NASVH Treasurer will evaluate the proposed contract/agreement based on its necessity or benefit to the operation of NASVH; financial impact; favorability of terms and conditions to the organization; and risk exposure. Treasurer will discuss the contract with relevant parties as needed before providing a recommendation to the NASVH President.

6C Authorized Signatory for Contracts

Primary designated Signatory is the NASVH President. The President, however, is permitted to delegate this responsibility to appropriate Executive Committee members as follows:

- First Vice President in the President's absence.
- Treasurer has the authority to sign contracts, deeds or leases arising out of the normal business operations of the association, up to $20,000.
- Individuals, as designated by the President, for single-transaction purchase orders up to $1,000. Such authority will be specific to the type of transactions authorized and shall not exceed the dollar limit. As an example, the President may provide written authorization for Conference Committee members or coordinator to approve payments for conference related transactions up to $1,000.
- Additional, limited delegations of contract signature authority may be made by the President as needed. All delegations of signature authority must be in writing and notification will be made to the Executive Committee for any new delegations under subparagraphs c and d.

6D Approval/Communication with Executive Committee

All executed contracts will be reported to the Executive Committee by the next monthly meeting after the execution date.

The President and Treasurer may recommend any contract for consultation or pre-approval by the Executive Committee based on risk or any other factors prior to Execution.

Consultation with legal advisors may also be requested by any Executive Committee member.

All Contracts exceeding 10% of the organizations expected expenditures for the year or evaluated as high risk will require pre-approval of the Executive Committee.

6E Personal Liability for Noncompliance

Any person not expressly authorized under this policy who signs or otherwise executes a contract that purports to bind or obligate NASVH is in violation of this policy, and such person may be held personally liable for any financial, legal, and other obligations under such contract.

Section 7-Investment Policy

7A Investment Policy Purpose

The Executive Committee of The National Association of State Veterans Homes (The Association) supports and authorizes a safe and sound investment program. Such a program is viewed as a critical ingredient of sound fiscal management, the purpose of which is to invest funds in a manner which will provide a reasonable investment return while assuring the maximum security of principal and meeting the cash flow demands of The Association. This statement of investment policy and guidelines is set forth in order that there is a clear understanding by the Executive Committee and all appointed investment consultants of the nature, purpose and goals of The National Association of State Veterans Homes.

7B Prudence

The Executive Committee is charged with the responsibility for the investment of assets. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied to the context of managing an overall portfolio. Executive Committee members acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The Executive Committee will monitor the performance and investment process to assure the Associations objectives and guidelines are maintained and accomplished. The Executive Committee is also delegated by The Association the responsibility of overseeing the selections

and retention of any Investment Consultant employed to manage the assets. When used, an Investment Consultant will assist the Executive Committee to accomplish the objectives and guidelines set forth. The Executive Committee shall report on the performance of the portfolio(s) with respect to the investment objectives and policy to The Association membership at both the winter and summer conferences.

7C Objectives and Investment Philosophy

The Association recognizes that distinct asset classes and investment styles have unique return and risk characteristics. Further, it understands that the combination of asset classes produces diversification benefits in the form of enhancement of expected return at a given risk level and/or reduction of the risk level associated with a specific expected return.

In developing this policy now and when evaluating it in future years, the Executive Committee should carefully take into account the short-term and long-term goals for monies allocated for investment, the Association's overall financial condition, its liquidity, and risk-taking capability.

The primary objectives, in priority order, of the Executive Committee shall be:

- **Safety**

  Safety of principal is the foremost objective of the investment program. Investment of the Association's funds shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- **Liquidity**

  The Association's investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.

- **Return on Investment**

  The Association's investment portfolio shall be designed with the objective of attaining a reasonable rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the cash flow characteristics of the portfolio.

7D Ethics in Investment Activities

Executive Committee members involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make the impartial investment decisions. Such persons and any investment officials shall disclose to the governing body in writing any material financial institutions that conduct business with NASVH and they shall further disclose any large personal financial investment positions that could be related to the performance of the Association's investment portfolio. Such officials shall subordinate their personal investment transactions to those of The Association particularly with regard to the time of purchases and sales.

7E Authorized and Suitable Investments

The asset allocation should reflect the short-term and long-term objectives and portfolio constraints of The Association. Management of The Association's portfolio should focus on satisfying these objectives through the optimal allocation of equities and fixed income. Fixed income investments used to satisfy current income requirements and control total portfolio volatility. Equities should generate capital and income growth to preserve and enhance the purchasing power of the portfolio. The Executive investment objective is to protect principal from both market value and inflationary erosion and to achieve growth in principal over the long-term. This objective shall be obtained through a well-diversified portfolio structure in a manner consistent with these Investment Guidelines. Additional investment objectives are:

- To diversify the Investment Fund's assets in order to reduce the risk of wide swings in market value from year-to-year or of incurring large losses; and
- To achieve investment results over the long-term that compare favorably with appropriate market indexes, consistent with these investment guidelines.

Specifically, the fund should conform to the following asset allocation guidelines.

Asset Class	Min	Target	Max	Benchmark
US Equities	10%	20%	30%	Wilshire 5000
Intl Equities	0%	7.5%	15%	MSCI ACWI ex US
Real Assets	0%	7.5%	15%	Bloomberg Commodity Index
Multi- Asset	0%	15%	30%	HFRX Global Hedge Fund
Fixed Income	40%	50%	65%	Barclays US Aggregate Bond Index
Cash & Equivalents	0%	N/A	10%	

These percentages will be based on the market value of the investments.

An emergency cash reserve equal to a minimum of one (1) year of Association dues will be established to meet The Association's ongoing cash needs for program distributions and Executive Committee expenses and will not be included in The Association's funds available for investment. The balance of the assets will be allocated as outlined above. The above asset allocation guidelines are exclusive of any real estate or other miscellaneous property which the Association may hold.

7F Investment Categories

In order to provide the Executive Committee the freedom to invest within the guidelines of this policy statement, the following security classifications are permissible and suitable investments.

1. **Equity Securities:** Publicly traded common stocks, ADRs (American Depository Receipts), preferred stocks, convertible preferred stocks and convertible debentures. Equity securities may be chosen from the New York Stock Exchange, Regional exchanges, the National Over the Counter Markets and foreign equity exchanges. All assets must have readily ascertainable market values and be fully liquid and marketable.

2. **Debt Instruments:** United States Government and Agency Obligations. Corporate Obligations must have BBB or better agency rating by the Standard & Poors or a similar rating agency. Maturity structure will be left to the discretion of the Executive Committee.

3. **Cash and Equivalents:** Cash reserves may consist of individual fixed income securities such as Commercial Paper, US Treasury Bills, and other similar instruments with less than one year to maturity and money market funds. Cash reserves should be free from risk and instantly liquid.

7G Allowable Investments

The following are improved classes and types of investments of NASVH funds. Items within these classifications that are not specifically noted below can be invested in upon formal approval by the Finance and Executive Committees:

Cash Equivalents

- Treasury Bills
- Money Market Funds

- STIF Funds
- Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit

Fixed Income Securities

- US Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage Backed Bonds
- Preferred Stock
- Fixed Income Securities of Foreign Governments and Corporations
- Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs

Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADRs) of Non-US Companies
- Stocks of Non-US Companies (Ordinary Shares)

Mutual Funds

- Mutual Funds that invest in securities as allowed in this statement

7H Prohibited Investments

The fund's assets may not be directly invested in the following classes of investments and securities:

- Commodities and Futures Contracts
- Private Placements
- Options
- Limited Partnerships
- Venture-Capital Investments
- Cryptocurrency
- Interest-Only (IO), Principal-Only (PO) and Residual Tranche CMOs

It will be permissible for the Association's assets to be invested in well-diversified mutual funds and exchange-traded fund (ETF), which may invest in those assets shown above.

7I Performance Evaluation and Monitoring

Investment monitoring will be completed by the Executive Committee on a semi-annual basis evaluating the performance of the plan's assets in relation to the stated investment objectives.

7J Internal Controls

Any movement of funds between authorized asset classes or cash accounts will be approved in writing by the Investment Committee. The Treasurer and Business Manager are solely authorized to request movement of funding with the Investment Consultant and bank(s). Any request to move additional funding between cash reserves and the investment portfolio, change of financial institution or consultant, or changes in the asset class mix authorized within this policy, will require prior written approval by Executive Committee.

7K Semi-Annual Investment Review

The Executive Committee will meet semi-annually to discuss the following:

- Review the ongoing investment policy and any changes thought advisable for the coming year.
- Develop an understanding of the asset allocation strategy and security selection tactics.
- Review of the current and anticipated economic environment and its effect on the fund's assets.
- Address any major shifts in strategy that may have taken place since the previous meeting.
- Review the performance of the portfolio(s) with respect to the investment objectives and policy. The performance of the portfolio(s) will be presented to the committee by the independent investment advisor.

7L Annual Policy Review

The policy shall be reviewed on an annual basis by the NASVH Finance Committee and any modifications made thereto must be approved by the Executive Committee. Material changes to the investment objectives, philosophy, or strategies should be brought to the general membership for approval.