

OHIO STATE BAR ASSOCIATION

INVESTMENT PORTFOLIO POLICY

I. Statement of Purpose

This policy statement applies to the resources of the Association that are available for short-term investment (Liquidity Portion) and those funds not needed for liquidity purposes that will be designated for longer term investments (Permanent Portion).

II. Objectives

The objective of the investment portfolio, both portions, is to earn an optimum rate of return over the long term consistent with adequate liquidity and appropriate safety considerations.

III. Policy Determination

Investment policy parameters will be recommended to the Board of Governors of the Association by the Director of Business Affairs and/or the Executive Director and/or the Assistant Executive Director. Determination of final investment policy shall be the prerogative of the Board of Governors of the Association.

IV. Policy Implementation

The Director of Business Affairs will be responsible for implementation of the investment policy and shall execute all investment activity. The Executive Director or the Assistant Executive Director shall serve as an alternate if needed. With the Board of Governors' prior approval, professional investment advisory services may be retained to accomplish the stated objective. However, the advisor shall not have discretionary investment authority.

V. Operating Procedures

- A. The investment portfolio shall consist of a Liquidity Portion and a Permanent Portion.
 1. Liquidity Portion
 - a. The size of the Liquidity Portion shall be determined as follows:

1. The cash inflow and outflow pattern for a typical one year operating cycle will be analyzed to determine the amount of money needed to meet the expected liquidity needs.
 2. Unusual cash flow elements will be identified and used to determine the final size of the Liquidity Portion.
- b. Maturity constraints. Investment securities comprising this section shall have a maximum maturity of less than one year and an average maturity of less than six months.
- c. Permitted Investments for the Liquidity Portion are as follows:
1. Repurchase Agreements
 2. Certificates of Deposit, money market accounts of federally insured financial institutions, and money market mutual funds.
 3. Bankers Acceptances of approved financial institutions.
 4. Commercial Paper that carries a rating of P-1 or its equivalent by a major rating agency.
 5. Eurodollar certificates of deposit of domestically chartered banks.
 6. U.S. Government Obligations.
 7. Obligations of U.S. Government agencies, government-sponsored enterprises and governmental instrumentalities.
 8. Corporate Notes and Bonds that carry a rating of AA or better by either Moody's or Standard & Poor.
 9. Adjustable-Rate Preferred Stock and Auction and

Remarketed Preferred Stock that carry a rating of A1 / A+ or better by either Moody's or Standard & Poor's.

2. The Permanent Portion
 - a. The size of the Permanent Portion of the Investment Portfolio is defined as that not required for the Liquidity Portion.
 - b. The Permanent Portion shall be allocated between a Fixed Income Section and an Equity Section.
 1. The Fixed Income Section
 - a. Maturity constraints: The maximum maturity shall not exceed 5 years with an average of less than 2.5 years.
 - b. Permitted Investments shall be the same as enumerated under the Liquidity Portion.
 2. The Equity Section's composition is limited to Mutual Funds that have been in existence for at least 3 years.

B. Concentration of Risk

1. U. S. Government and agency securities, government sponsored enterprise, government instrumentality obligations and repurchase agreements may be held in unlimited amounts.
2. Money market accounts of federally-insured financial institutions and money market mutual funds may be held in unlimited amounts.
3. Bankers' acceptances may not represent more than 25% of the total portfolio and no more than 10% of the total portfolio may be placed with any given financial

institution.

4. Certificates of deposit and other time accounts may be held in unlimited amounts but no more than 20% of the portfolio may be placed with any given financial institution.
5. Commercial paper holdings may not exceed 20% of the total portfolio and no more than the greater of 10% of the total portfolio or \$500,000 may be placed with any given issuer.
6. Corporate notes and bonds may not exceed 20% of the total portfolio and no more than 10% of the total portfolio may be placed with any given issuer.
7. Eurodollar certificates of deposit may not exceed 20% of the total portfolio and no more than 10% of the total portfolio may be placed with any given issuer.
8. The Equity Section shall not exceed 25% of the total market value of the portfolio at the time any investment is made.
9. Single industry funds will not be utilized.
10. No more than 25% of the Equity Section may be invested in any given mutual fund at the time the investment is made.
11. No more than 20% of the Equity Section may be invested in mutual funds whose principal holdings are represented by foreign companies.
12. The selected mutual funds shall have a maximum exposure to non-equity securities of no more than 20% of each fund.
13. Preferred Stock may not exceed 20% of the total portfolio and no issue may exceed 5% of the portfolio at the time the investment is made.

14. Total exposure to obligations of a corporate entity may not exceed 10% of the value of the investment portfolio at the time the investment is made.

VI. **Transaction Execution**

Purchase and sale of securities shall be executed on a competitive basis whenever in the best interest of the Association.

VII. **Broker Selection**

Brokers shall be selected based upon the type of security to be purchased or sold and the ability to execute at the best price consistent with integrity and back-office capability.

VIII. **Policy Revisions and Review**

The statements of policy outlined above are not static, just as the investment market and the affairs of the Association are not static. Rather, they are policies designed to accommodate the current environment. They may be modified by action of the Board of Governors as necessary and shall be reviewed annually.

Adopted by the OSBA Board of Governors at its meeting held November 13, 1992.

Revised (item V.C.5.) by the OSBA Board of Governors at its meeting held September 9, 1994.

Revised (items V.B.3., V.B.4., V.C.1., and V.C.2.) by the OSBA Board of Governors at its meeting held December 15, 1995.

Revised (items V.A.2., V.B.8., V.B.9., V.B.10., V.B.11., and V.B.12.) by the OSBA Board of Governors at its meeting held December 12, 1997.

Revised (item V.B.8.) by the OSBA Board of Governors at its meeting held September 11, 1998.

Revised (items V. A. 2. b.1., V. A. 2. b. 2., V. B. 8., V. B. 10., V. B. 11., and V. B. 12) by the OSBA Board of Governors at its meeting held December 15, 2000.

Revised (item V.B.4.) by the OSBA Board of Governors at its meeting held January 10, 2003.

Revised (item V.A.1.c.9) by the OSBA Board of Governors at its meeting held January 30, 2004.

Revised (item V.B.13.) by the OSBA Board of Governors at its meeting held January 30, 2004.