

INVESTMENTS

(Adopted December 15, 2011)

I. Purpose

To establish and communicate a clear understanding of the investment policies and objectives of the DC Bar Foundation (the “Foundation”); To define and assign responsibilities between the Foundation’s Board of Directors, Finance Committee, staff and investment advisor, if one is selected, for the effective management of Foundation assets in order to provide support for the programs and operations of the Foundation, for funds held in endowment, and for funds held in reserve for future operations.

II. Objective

For short term funds, the primary objectives are to preserve principal and to provide liquidity by maintaining a high-quality portfolio which will minimize the Foundation’s exposure to market fluctuations. For long term funds, the primary objective is to maximize return with low levels of risk.

III. Description

The Foundation holds income in three funds: the General Fund which contains annual IOLTA, grant, and contribution income from which the Foundation’s daily operations and programs are paid; the Reserve Fund which contains IOLTA funds to be used as set out in the Reserve Policy; and the Scoutt Award Endowment Fund which contains funds restricted to support the annual Scoutt Award. Each of these funds is to be invested in accordance with the investment guidelines.

IV. Risk

Low, defined as willingness to invest in interest bearing securities and bond mutual funds with greater than risk-free rates, but not with significant credit or market risk.

V. Liquidity

Investments should be highly liquid, with no settlement period to exceed three days and with no unreasonable exposure to liquidation penalty.

VI. Maturities

Funds in the General Fund may be invested in interest bearing securities with maturities not exceeding eighteen months. Funds in the Reserve Fund and the Scoutt Endowment may be invested in interest bearing securities with maturities not exceeding five years and mutual funds investing in bonds with maturities not exceeding five years. The investment

portfolio as a whole shall provide sufficient maturities to meet the Foundation's projected cash needs.

VII. Eligible Investments

The following are Eligible Investments for the Foundation:

- a. Deposits in FDIC-insured financial institutions rated in the top categories by VeriBanc (green or higher), and either rated A-1 and A or higher by Standard & Poor's (S&P) or P-1 and A by Moody's or higher
- b. FDIC-insured certificates of deposit limited to an aggregate maximum amount for each issuing institution equal to full FDIC insurance.
- c. Bank deposits collateralized by U.S. Treasury securities under repurchase agreements.
- d. Prime Money Market Funds rated at least AAAm by S&P or Aaa by Moody's
- e. Individual fixed-rate or variable-rate income with credit ratings of A-1 or A by S&P or higher or P-1+ or A by Moody's or higher.
- f. Corporate commercial paper, notes, or bonds with credit ratings of A-1 or AA by S&P or higher or P-1 or Aa by Moody's or higher.
- g. Bills, Notes, or bonds of the United States Treasury or obligations of the Federal Government Agencies or US Government Sponsored Enterprises rated AA by S&P or higher or Aa by Moody's or higher.
- h. U.S. Bond Market Index/Mutual Funds, the portfolios of which hold only investment grade bonds with maturities not exceeding five years.

Foundation assets may not be placed in any investments not listed above without first receiving written consent of the Board, except that Foundation assets may be held in IOLTA funds holding accounts that are created by participating IOLTA banks for Foundation IOLTA income, but only to the extent that they are fully insured by FDIC. This Investment Policy shall not otherwise apply to such IOLTA holding accounts.

VIII. Banks

All banks that are used to hold the Foundation's funds must be FDIC insured and, except for participating IOLTA banks within the above mentioned FDIC insurance limitations, must be rated in the top categories by VeriBanc (green or higher) and rated either A-1 or A or higher by S&P or P-1 or A by Moody's or higher. All account balances that exceed the FDIC limit shall be swept into repos.

IX. Brokerage

All brokerage firms used to hold Foundation funds must be insured by the Securities Investor Protection Corporation (SPIC) and must be rated either A-1+ and AA- by S&P or higher or P-1+ and Aa3 by Moody's or higher. Aggregate account balances at a broker must not exceed the insurance limit.

X. Funds

All investment activity shall be executed by the Executive Director of the Foundation, with assistance from the Foundation Manager, consistent with the Investment Policy. With the authorization of the Board, the Executive Director may engage one or more fee-for-service Investment Advisors and delegate individual investment decisions within the guidelines of the investment policy.

Foundation staff shall monitor the VeriBanc, S&P and Moody's ratings of the Eligible Investments and the institutions in which they are held. In the event that an institution fails to maintain the rating required for an Eligible Investment, the staff shall notify the Finance Committee and transfer the Foundation's funds to another Eligible Investment or institution as soon as possible.

XI. Portfolio

The Foundation staff shall report the details of the Foundation's holdings and their investment performance to the Finance Committee quarterly. The Finance Committee shall review the performance of the Foundation's investments, direct the reallocation of Foundation resources when necessary, and provide investment reports to the Board at least semi-annually.

XII. Annual Review

The Finance Committee shall review the Foundation's Investment Policy at least annually to determine whether the investment objectives are still relevant and whether the Eligible Investments are still appropriate. Any change to the Investment Policy shall be approved by the Board and communicated in writing to all interested parties on a timely basis.