

STATEMENT OF INVESTMENT POLICY FOR ASSOCIATION OF CORPORATE COUNSEL

I. Purpose

The purpose of this statement is to set forth the policy and operational factors governing the investment management of various operating and reserve balances of cash, herein referred to as the "Short Term Portfolio" and the policy for management of the association's long-term investment reserves, herein called the "Long Term Portfolio."

II. Objective

The investment objective of the Short Term Portfolio is to ensure the safety of investment principal, provide for liquidity, and maximize the income consistent with the first two objectives for the Short Term Portfolio. A secondary objective of the Short Term Portfolio is to structure maturities so that known cash needs are met on a periodic basis, or as requested by the association. The investment objective of the Long Term Portfolio is to seek capital appreciation and enhance investment return without undue risk through investment in longer term holdings of bonds and equities employing accepted diversification techniques to reduce volatility.

III. Eligible Investments

A. The following securities are eligible investments for the Short Term Portfolio, which shall be managed by a professional investment advisor:

1. U.S. Treasury Bills or Notes
2. U.S. Agency Securities
3. Certificates of Deposit
4. Commercial Paper
5. High Quality Corporate Bonds
6. Money Market Funds

Individual securities shall have a duration in the short to intermediate range and be properly balanced to provide stable cash flow.

B. The following securities are eligible investments for the Long Term Portfolio, which shall also be managed by a professional investment advisor:

1. Any of the investments from A above may be used from time to time to reduce risk or provide temporary investment pending longer term re-investment.
2. Individual long term high quality fixed income securities intended to be held to maturity.
3. Individual common stocks of large cap U.S. companies.

4. Equity or bond mutual funds principally invested in any of the foregoing categories.

5. For diversification purposes, the following may be invested in, but not as to any one selection in excess of 20%, nor in the aggregate in excess of 40%, of the total Portfolio.

- a. Small cap equity mutual funds.
- b. Foreign equity mutual funds.
- c. High income corporate bond funds.

IV. Quality Constraint

Whenever reference is made to a "high quality" investment, it shall mean an S&P rating for the security or its issuer's senior debt of A or the equivalent Moody's rating if S&P is not available.