

THE IOWA STATE BAR ASSOCIATION

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ISBA Investment Policy Revised March 2013

General

The investment policy objectives and guidelines will govern the supervision, guidance and management of investments by The Iowa State Bar Association. (ISBA) The Board of Governors is encouraged to review the investment policy every four years or earlier.

ISBA funds are divided into three categories: Operating Fund, Reserve Fund and Building Reserve Fund.

Operating Fund – funds collected for current year operations. Prepaid dues and prepaid section dues.

Reserve Fund – funds accumulated in prior years, held for use in emergency situations or when opportunities arise to further the Association's mission, which are not foreseen in the current operating budget. The Operating Reserve Fund target value is six months operating expenses.

Building Reserve Fund – funds held in anticipation of repairs and expenditures for the purpose of maintaining the bar building. The Building Reserve Fund goal of \$1.9 million was established by the board of governors in December 2012.

Investment Objectives

The primary investment objectives of The Iowa State Bar Association are to attain a reasonable rate of return on investments while conserving principal and ensuring liquidity needed for day to day operations.

Liquidity requirements

The ISBA currently has cash liquidity needs of \$150,000 to \$180,000 monthly. Investments shall be made in such a manner as to provide cash available to meet the liquidity needs of the ISBA.

Authorized Investments

Operating Fund – may be invested in cash or cash equivalent vehicles as outlined below:

1. Certificates of Deposit with maturity dates of one year or less.
2. U.S. Treasury Bills less than one year
3. Money Market accounts
4. Checking accounts

All deposits in any financial institution shall be made which when combined with other deposits in same institution shall not be in excess of the maximum FDIC or NCUA insurance limits.

Reserve Fund – These funds may be invested in fixed income, cash (or cash equivalents) and equities. The first \$250,000 shall be invested in cash (or cash equivalents) with the remaining invested in fixed income or equities.

1. Cash (or cash equivalents) as allowed in the Operating Fund above
2. Fixed Income Investments
 - a. U.S. Government or U.S. Agency bonds with maturities not to exceed 5 years.
 - b. Corporate Bonds with Standard & Poor's rating of at least A and/or Moody's rating of at least an A, and maturities of not more than 5 years. Not more than 5% of the Reserve Fund may be invested in any one issuer.
 - c. Mortgage backed securities, not less than half of which are backed by the U.S. Treasury or other Federal Agency
3. Equities
 - a. Common stock of established, quality companies whose stock is readily marketable. Not more than 5% of the funds may be invested in any one company and not more than 60% of the funds shall be held in equity investments. These equities may be purchased in the form of Mutual Funds.

Building Reserve Fund – These funds may be invested in fixed income, cash (or cash equivalents) and equities.

1. Cash (or cash equivalents) as allowed in the Operating Fund above
2. Fixed Income Investments
 - a. The U.S. Government or U.S. Agency bonds with maturities not to exceed 5 years.
 - b. Corporate Bonds with Standard & Poor's rating of at least A and/or Moody's rating of at least an A, and maturities of not more than 5 years. Not more than 5% of the Reserve Fund may be invested in any one issuer.
 - c. Mortgage backed securities, not less than half of which are backed by the U.S. Treasury or other Federal Agency
3. Equities
 - a. Common stock of established, quality companies whose stock is readily marketable. Not more than 5% of the funds may be invested in any one company and not more than 60% of the funds shall be held in equity investments. These equities may be purchased in the form of Mutual Funds.

Investment Authority

The ISBA, through its Executive Director, is authorized to engage appropriate professionals to assist in structuring the portfolio to meet the investment strategy outlined above.

The Ways and Means Committee will report annually to the Board of Governors with respect to the continued vitality of the investment strategy. The Ways and Means Committee shall review the performance of the investments from time-to-time, but not less than semi-annually. The Executive Director will monitor investments and report to the Committee and Board as necessary.