

OKLAHOMA BAR ASSOCIATION

2008 Investment Policy

I. Statement of Purpose

1. It shall be the investment policy of the Oklahoma Bar Association (the "OBA") to invest all funds with the goals of safety of principal, maximization of total investment yield in accordance with stated investment objectives, and maintenance of liquidity sufficient to achieve the stated purposes of the OBA.
2. In establishing this Investment Policy, the Board of Governors (the "Board") desires to clearly define investment objectives and procedures; provide investment managers with guidance, authority, and limitations with respect to the investment of funds; create a basis for understanding investment objectives and processes as well as a basis for evaluating investment performance, and; designate investment asset allocation parameters.
3. The President, with the advice and consent of the Board, shall appoint an Investment Committee whose purpose shall be,
 - A. To review investment performance of OBA Funds,
 - B. Review investments of OBA Funds for compliance with the Investment Policy,
 - C. Consider changes in Investment Policy, Investment Advisor and Asset Managers, and
 - D. Make recommendations to the Board concerning the above.

II. Definitions

1. "Investment Manager" shall mean any organization and/or individual employed to manage assets of the OBA.
2. "Equity Investment" shall mean common stocks, convertible stocks, or other securities representing ownership.
3. "Fixed Income Investment" shall mean securities promising a stated periodic return.
4. "Market Cycle" shall mean a period of three (3) to five (5) years.
5. "Reserve Funds," until further action of the Board of Governors, shall be limited to the Client Security Fund.

III. General Investment Principles

1. Investments shall be made to assure funds are available to provide programs established by the Board of Governors in the best interests of members of the Association, as well as to defray reasonable expenses of administration.
2. Investments shall be made with the requisite care, skill, prudence, and diligence under the circumstances which prevail from time to time.
3. Until further action of the Board of Governors, investments shall be made so as to minimize the risk of losses with minimal fluctuations in investment value of operating funds. Reserve Funds may be invested to maximize total return available for the specified purpose of the reserves, if approved by the Board of Governors.
4. The Board may employ one or more investment managers, using varying styles and expertise, to obtain stated investment objectives; provided, however, that investment managers so employed shall make reasonable efforts to place transactions with investment firms and brokers maintaining offices with the State of Oklahoma.
5. Cash on hand should be productively employed at all times by investment in short term cash equivalents, with the same purposes as hereinabove stated.
6. To prevent a possible loss resulting from the forced sale of investments held in accordance with this policy in order to meet a disbursement obligation, the OBA should periodically provide investment managers with estimated future net cash flow needs for a reasonable period.

IV. Investment Objectives

1. The minimum long-term objective is to attain an absolute rate of return in excess of inflation as measured by the consumer price index (CPI).
2. Equity investment results should exceed those achieved by the S&P 500 Index.
3. Fixed income investment results should exceed those of the SLB Govt Index measured over a market cycle.

V. Measurement of Performance

1. Investment performance shall be measured at least quarterly on the basis of the total rate of return.
2. Investment performance shall be related to the overall stated investment objectives and capital market returns as evidenced by the various market indices hereinabove stated.
3. Investment performance comparisons shall be made for such periods of time as deemed appropriate by the Board; provided, that a complete market cycle should be a significant consideration as it pertains to the measurement of performance of an investment manager.

VI. Asset Allocation

1. General

- A. Subject to General Investment Principles and Investment Objectives hereinabove stated and specific instructions from the Board of Governors, from time to time, funds may be invested in both fixed income investments and equity investments.
- B. The Board of Governors shall determine the criteria for selection and approval of all Investment Managers or Mutual Funds utilized for investment of assets held by the Association. Written instruction shall be provided by the Board of Governors to the selected Investment Managers. Specific terms and conditions of each Investment agreement, including specifically, charges, methods of operation, and of reporting and accounting shall be established by the Board of Governors. The Board of Governors and the Investment Committee shall receive and approve or disapprove reports from the Investment Managers.
- C. Operating funds shall be invested 100% in fixed income investments.

2. Equity Investments

- A. Equity investments shall be those issues traded on the New York Stock Exchange, American Stock Exchange, Regional stock exchanges, and/or over-the-counter markets. Foreign equity investments shall be made only in those companies which utilize the American Depository Receipt (ADR) form, unless said investments are made through mutual funds.
- B. Equity investments shall be further limited to: a) not more than twenty percent (20%), at cost, of the aggregate equity investment portfolio in

any one industry; b) not more than ten percent (10%), at cost, of the aggregate equity investment portfolio in any one company, and; (c) not more than one percent (1%) of any one company's outstanding common stock.

3. Fixed Income Investments

One or more of the following:

- A. *Certificates of Deposit*
- B. *Commercial Paper*
- C. *U.S. Government and Agency Securities.*
- D. *Corporate Notes and Bonds*
- E. *Mortgage Backed Bonds*
- F. *Collateralized Mortgage Obligations*
- G. *Preferred Stock*
- H. *Convertible Preferred Stock*
- I. *Fixed Income Securities of Foreign Governments and Corporations*
- J. *Fixed Income Mutual Funds that may from time to time invest in fixed income securities and/or derivatives not listed above.*

VII. Investment Authority

- 1. Subject to the provisions of this investment policy, the Board authorizes the Director of Administration, with the assistance of the Executive Director, to invest all funds as may be held by the OBA from time to time.
- 2. The Executive Director and/or the OBA Investment Committee may from time to time investigate and, with the express approval of the Board of Governors (including the authority to terminate such investment relationships), utilize professional Asset Managers, including Mutual Funds that invest in the classes of investments described herein.
- 3. Except for the guidance, authority, and limitations with respect to the investment of funds as herein provided, it is understood and acknowledged that neither the Board, the Director of Administration, nor the Executive Director should reserve control over investment decisions made by investment managers employed, from time to time, by the OBA. As such,

investment managers so employed shall be responsible, and/or held accountable, for results achieved on the investment of funds held by the OBA. Investment managers are therefore encouraged to request modifications to this investment policy as they may deem necessary and/or appropriate under the circumstances.

VIII. Review and Communication

1. The Board, e Board, or its designee, shall review no less than annually the:
 - A. investment results achieved in relation to stated investment objectives and other applicable comparisons.
 - B. methods used to achieve investment results.
 - C. future investment strategies considering past, present, and prospective economic and financial market climates.
 - D. adherence to, and compliance with, this investment policy and other guidelines as may be adopted by the Board.

(APPROVED by BOG: October 13, 2000; AMENDED by BOG: September 16, 2005; AMENDED Para. VI.1.B and VI.3 by BOG: August 22, 2008)

RESOLVED: Upon recommendation of the Investment Committee the BOG adopts the Revised Investment Policy for the Oklahoma Bar Association, as presented to and reviewed by the Board this day, containing the following language:

"VI.1.B. The Board of Governors shall determine the criteria for selection and approval of all Investment Managers or Mutual Funds utilized for investment of assets held by the Association. Written instruction shall be provided by the Board of Governors to the selected Investment Managers. Specific terms and conditions of each Investment agreement, including specifically, charges, methods of operation, and of reporting and accounting shall be established by the Board of Governors. The Board of Governors and the Investment Committee shall receive and approve or disapprove reports from the Investment Managers.

"VI.3 Fixed Income Investments

One or more of the following:

- A. *Certificates of Deposit*
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- D. *Corporate Notes and Bonds*
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- F. *Collateralized Mortgage Obligations*
- G. *Preferred Stock*

- H. *Convertible Preferred Stock*
- I. *Fixed Income Securities of Foreign Governments and Corporations*
- J. *Fixed Income Mutual Funds that may from time to time invest in fixed income securities and/or derivatives not listed above."*

FURTHER RESOLVED: Until further resolution of the Board, as its investment direction OBA has adopted Citi Smith Barney's Global Wealth Management Traditional Asset Classes - Global Models as its primary allocation methodology. OBA elects to use Active Recommendations, Model # 5 to allocate its investments among various asset classes and styles.

(APPROVED by BOG: August 22, 2008)