

**STATE BAR OF TEXAS
?????? COUNCIL
POLICY REGARDING FUNDS HELD IN THE SECTION'S
MONEY MARKET/ASSET BACKED SECURITIES ACCOUNT
AS OF ????? 2018**

In addition to the checking account used to pay for authorized expenses, the Section maintains a second account, that is invested in money market funds, cash and asset backed securities. Hereafter, this account is known as the Reserve Fund.

The purpose of this policy is to ensure the stability of the mission, programs, and ongoing operations of the Section. The funds held in the Reserve Fund account are intended to provide an internal source of funds for situations such as a sudden increase in expenses, unbudgeted expenses, or an unanticipated loss in funding. This Reserve Fund may also be used for one-time, nonrecurring expenses that will enhance the Section's mission.

Priorities to projects will generally be given in this order:

- 1) Infrastructure investments
- 2) Membership benefits
- 3) Pro bono and charitable work or projects

The Section shall maintain a minimum Reserve Fund equal to 2 years of the Section's budgeted expenditures. Annual budgeted expenditures are generally approved by the Council during its Spring meeting.

The above notwithstanding, if expenditures are authorized from the Reserve Fund, in no event shall such expenditures in any one fiscal year exceed 10% of the total value of the portfolio.

Any proposed expenditures from the Reserve Fund must receive the approval of the Finance Committee and the Council.

Any Committee anticipating requesting funds from the Reserve Fund should submit its request to the Finance Committee at least two weeks prior to the first council meeting of the year (which usually occurs in the Fall) so that all requests may be given equal weight.