

C.A.R. Scholarship Foundation Trustees

Investment Policy Guidelines

October 22, 1999

SCHOLARSHIP FOUNDATION Investment Policy And Guidelines For Money Managers

The Scholarship Foundation operates under section 501(c)(3) of the Internal Revenue Code. All donations to the Foundation are tax deductible.

The Scholarship Foundation Trustees are responsible for investing and reinvesting the principal and accumulated income in the Scholarship Foundation's trust accounts (hereinafter "Scholarship Fund"). In performing this function, the Trustees may employ money managers and establish investment policies and guidelines for such money managers to follow. Appointed money managers will have complete control and management of the funds in the Scholarship Fund except for any specific restrictions that may be imposed by the Trustees limiting those controls and management.

This investment policy and guidelines is considered the only policy and guidelines to be used by the money managers in attaining the Scholarship Foundation's investment goals and objectives. Any amendment or change to this policy and guidelines is at the sole discretion of the Scholarship Foundation Trustees. In addition, the Scholarship Foundation Trustees must expressly approve exceptions to this policy and guidelines.

GOALS

- * Invest in long-term securities with 3 years or less maturity
- * Invest in short-term funds with less than 1 year maturity
- * To be prudent in investment decisions in buying and selling of investments instruments to achieve the highest feasible return on investments (ROI).
- * To safeguard the fund assets (investments principal) by avoiding capital loss caused by the erosion of market values and, or by default.
- * To earn a rate of return equal to or in excess of competitive indices of fixed income portfolio consisting of U.S. Government Securities and Federal Agency Securities and cash equivalent securities.
- * The portfolio shall remain liquid to meet the foundation's working capital needs.
- * To reduce the risk of loss the foundation expects the diversification of the investment portfolio.

PURCHASE

All purchases shall be based on availability of funds in the managers' investment portfolio. Purchases are by check or electronic fund transfer (EFT). The money managers will use their discretion to select brokers for investment transactions. This policy and guidelines will bind the brokers.

DISPOSAL

At their discretion, money managers may dispose of any security in their investment portfolio when it is in the best interest of the Scholarship Fund pursuant to the prevailing guidelines. The Trustees may advise the money manager to dispose of any security at any time.

EARNINGS

The Scholarship Fund permits the use of interest and dividend earned and received for the operation of the foundation. The Endowment funds are exclusively restricted for investment purpose and must not be disbursed for any reason.

TREASURY BILLS AND CORPORATE BONDS

The money managers at their discretion may buy treasury bills and, or corporate bonds for the account of the Scholarship Fund only when such purchase is in the best interest of the Fund and in compliance with this policy and guideline as outlined below.

The term "Treasury Bills" includes Federal Government backed notes. Corporate securities must be rated Investment Grade (A) or its equivalent or better by a credible rating service.

These securities could be short or long-term, but must not have a maturity date exceeding 3 years.

The maximum allocable share of Scholarship Funds in each money manager's portfolio to Treasury Bills and Corporate Bonds is 66%

CERTIFICATE OF DEPOSIT AND MONEY MARKET FUNDS

The money managers at their discretion may buy CD(s) for the account of the Scholarship Fund only when such purchase is in the best interest of the Fund and in compliance with this policy and guidelines as outlined below.

CD(s) and Money Market must have a return exceeding average prevailing rates.

The acceptable investment channels for CD(s) and money market funds are only in U.S. domestic banks. CD(s) invested in savings and loans shall have the greater of a net worth ratio of 4% or the Federal insured minimum requirement.

Other than money market, the average maturity period for aggregate portfolio is 2 years. 3 years is the standard maturity for each fund unit

The maximum allocable share of Scholarship Funds in each money manager's portfolio to CD and money market is 34%

RISK

The capital or principal portion of the fund must be safeguarded from depreciation due to market value erosion or defaults.

FIDUCIARY STATEMENT

The relationship between the money managers and Scholarship Fund is a fiduciary relationship. The money managers shall perform their responsibilities solely for the financial interest of the Scholarship Fund. They shall exercise care, due diligence and prudence, which a prudent person would ordinarily use in performing investment responsibilities as the situation allows at the time.

REPORTING

Money Managers will provide at least quarterly:

1. Schedule of portfolio's current holdings at cost and market.
2. A time-weighted rate of return for current quarter, rolling three years, and from the beginning of fund
3. A statement of investment valuation and detailed list of investments, cash equivalents or market values from period to period detailing income received, realized gains and losses, net cash flow as well as unrealized appreciation and depreciation
4. A consolidated quarterly and annual performance evaluation with emphasis on investment result
5. Money managers will meet with the Trustees annually and on request.

ASSET ALLOCATION

The Trustees have adopted an asset allocation of no more than 66% for U.S. Government Securities and no less than 34% in Institutional Funds. During

declining markets, money managers may use their discretion to allocate funds into cash.

COMMUNICATION

The Trustees will communicate any changes in this investment policy and guidelines in a timely manner to the money managers. All cash requirements for operational use will be communicated to the money managers within seventy-two (72) hours.

Approved by the Scholarship Foundation Trustees this 22 of October, 1999.