Stewardship Endowment Fund
Investment Policy

I. General Purpose of the WAC Stewardship Endowment Fund:
The purpose of the Stewardship Endowment Fund is to provide a source of income to support stewardship costs associated with Watershed Agricultural Council (WAC) Conservation Easements as outlined in the Article III of the Stewardship Endowment Fund as approved by the WAC Council on September 22, 2009 Trustee Agreement.

II. Purpose of Investment Policies:
The purpose of this policy is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

The Investment Policy is set forth by the Endowment Committee and Board of Directors for the Watershed Agriculture Council in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear for the investment of fund assets.
3. Offer guidance and limitations to the Trustee regarding the investment of fund assets.
4. Establish a basis for evaluating investment results.
5. Ensure that the Fund is managed prudently.
6. Establish the relevant investment horizon for which the Fund assets will be managed.

This policy shall be reviewed annually by January 15th, by the Endowment Committee.

III. Roles and Responsibility:

Responsibilities of Endowment Committee:
The Council of Directors of the Watershed Agriculture Council through the chairman shall appoint an Endowment Committee annually. The committee on behalf of the Council is responsible for:

1. Developing stewardship endowment policies and guidelines subject to board approval
2. Recommending a Trustee to the Council for their approval as needed.
3. Providing oversight to the Trustee.
4. Reviewing monthly/quarterly reports from the Trustee and report to the Council.
5. Conduct meetings at least quarterly.
6. Establish risk exposure thresholds at least yearly with goals and performance benchmarks for the Endowment Trust Fund growth as needed and approved by the council.
7. Evaluate the performance of the Trustee.

Responsibilities of the Trustee:

The Trustee must acknowledge in writing acceptance of responsibility as a fiduciary. The Trustee will have full discretion to make all investment decisions for the assets placed in the Trust provided such discretion is exercised in conformance with the policy and guidelines set forth herein and in strict accordance with the Trust Agreement. Specific responsibilities of the Trustee include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
4. Informing the Board of Directors regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Meet with the Board of Directors/Endowment Committee on a semi-annual basis.

IV. DELEGATION OF AUTHORITY

The Council of the Watershed Agriculture Council has a fiduciary responsibility and is responsible for directing and monitoring the investment management of Fund Assets. As such, the Board of Directors is authorized to delegate certain responsibilities to professionals in various fields. These responsibilities include, but are not limited to:

1. Trustee-The Trustee has discretion to purchase, sell, or hold the specific securities. Such discretion shall be exercise in a manner that will further the Fund's investment objectives.
2. Custodian- The Custodian will (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.
The Council will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. The Trustee will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper the Trustee, the Trustee should request modifications which they deem appropriate.

If any such professional employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such professionals must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary and in accordance with the trustee agreement.

V. INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, Trustee shall make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

2. Risk Aversion - The investment style for the organization (WAC) is considered conservative. Understanding that risk is present in all types of securities and investment styles, the Council recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund’s objectives. However, the Trustee shall make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

3. Adherence to Investment Discipline – The Trustee is expected to adhere to the investment management styles for which they were hired and follow the requirements outlined in the Trust Agreement. The Trustee will be evaluated regularly for adherence to investment discipline.

VI. INVESTMENT GUIDELINES

In establishing the Asset Allocation and in its implementation, the Board shall consider the following factors, if relevant, as required by NYPMIFA:

1. General economic conditions;

2. The potential impact of inflation/deflation;

3. The expected tax consequences, if any, of investment decisions or strategies;

4. The role of individual investments in context of the overall Portfolio;

5. The expected total return from income and the appreciation of investments;

6. The overall resources of Institution;

7. The long term goals of the of Institution (WAC);
8. The needs of Institution to make distributions and preserve capital; and


Any investment decision shall always take into account the purposes of Institution and the funds that comprise the Portfolio. Investment decisions shall, furthermore, not be considered in isolation but on a total portfolio basis. Also, as specified below, the Portfolio shall be diversified and implemented in a cost effective way.

The investment guidelines are based upon a long-term investment horizon, so interim fluctuations should be viewed with appropriate perspective. Similarly, Watershed Agricultural Council Endowment’s strategic asset allocation is based on this long-term perspective. The Watershed Agricultural Council recognizes the difficulty of achieving the investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Watershed Agricultural Council further recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values) and the possibility of loss in purchasing power (due to inflation) are present to varying degrees in all types of investment vehicles. Watershed Agricultural Council’s prospects for the future, its current financial condition and several other factors suggest collectively that the organization can tolerate some interim fluctuations in market value and rates of return in order to achieve long-term objectives.

The investment objectives are expected to be achieved through a diversified portfolio. The asset allocation guidelines for the organization are as follows:

The target strategic allocation for the Watershed Agricultural Council Endowment assets will be 56% Equity – 44% Fixed Income & Cash.

The aggregate equity allocation will be limited to a minimum exposure of 40% and a maximum exposure of 70%. The aggregate fixed income allocation will be limited to a minimum exposure of 30% and a maximum exposure of 60%.

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Minimum</th>
<th>Guideline</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Stocks - Large Cap</td>
<td>11%</td>
<td>18%</td>
<td>34%</td>
</tr>
<tr>
<td>U.S. Stocks - Mid Cap</td>
<td>0%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>U.S. Stocks – Small Cap</td>
<td>0%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>International-Developed Countries</td>
<td>8%</td>
<td>16%</td>
<td>28%</td>
</tr>
<tr>
<td>International-Emerging Countries</td>
<td>6%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Global Real Estate/Infrastructure</td>
<td>2%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Commodities</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
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<thead>
<tr>
<th>Asset Category</th>
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<th>Guideline</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Investment Grade Bonds</td>
<td>17%</td>
<td>28%</td>
<td>43%</td>
</tr>
<tr>
<td>Inflation Protected Bonds</td>
<td>3%</td>
<td>4%</td>
<td>13%</td>
</tr>
<tr>
<td>International Bonds</td>
<td>0%</td>
<td>4%</td>
<td>13%</td>
</tr>
<tr>
<td>U.S. High Yield Bonds</td>
<td>0%</td>
<td>6%</td>
<td>13%</td>
</tr>
</tbody>
</table>
Money Market Funds 0% 2% 20%

These asset allocation guidelines reflect the Watershed Agricultural Council’s desire for investment return. They also reflect the full discretion of the investment manager to shift the asset mix within the specified ranges.

ALLOWABLE INVESTMENTS:
In order to accomplish the investment goals, Watershed Agricultural Council believes that the investments of the account must be diversified to provide investment manager(s) the flexibility to invest in various types of assets. The following types of assets are among those approved for investment:

Equities
Types
- Common Stocks
- Preferred Stocks
- Convertible Securities (including Debentures)
- Stock, Real Estate and Commodity Mutual Funds

Diversification
The equity portfolio should be well-diversified to avoid undue exposure to any single economic section, industry group or individual security. No more than 7% of total account assets at market at time of purchase shall be invested in the securities of any one issuer (i.e., with the exception of mutual funds). No more than 20% of the total Fund assets at market at time of purchase shall be invested in any one industry. Investments of the Fund in any corporation shall not exceed 5% of the outstanding shares of the corporation.

Fixed Income
Types
- U.S. Government and Agency Securities (Bills, Notes and Bonds)
- Commercial Paper
- Certificates of Deposit
- Corporate Bonds
- High Yield Bonds (in Mutual Fund only)
- International Bonds (in Mutual Fund only)
- Master Notes
- Mortgages
- Bond Mutual Funds
- Money Market Funds

Diversification
No limitations are placed on investments in U.S. Government guaranteed obligations (including any fully guaranteed Federal Agency obligations). Investments in any one issuer (excluding direct or indirect obligations of the U.S. Government) shall not exceed 7% of total Fund assets. Fixed Income holdings by the Fund should not represent more than 5% of a total particular issue.
PROHIBITED TRANSACTIONS:
The following transactions are prohibited unless specifically authorized, in writing, by the organization:

- Tax Exempt Securities
- Warrants
- Margin Purchase of Securities
- Short Sales of Securities
- Volatile derivatives such as those possessing elements of leverage, having risk characteristics beyond that of the underlying collateral, or with a potential duration greater than ten years, other than those needed for hedging purposes.

INVESTMENT PERFORMANCE:

Total Fund
The total fund’s investment return will be compared to a total fund benchmark which is calculated by applying the asset class guideline percentage to their respective asset class index returns.

Segment Returns
In addition to the total fund comparison, each asset class segment will be compared to their respective market index as follows:

<table>
<thead>
<tr>
<th>Asset Class Segment</th>
<th>Market Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Stocks - Large</td>
<td>S&amp;P 500</td>
</tr>
<tr>
<td>U.S. Stocks – Mid</td>
<td>Russell Mid-Cap Index</td>
</tr>
<tr>
<td>U.S. Stocks - Small</td>
<td>Russell 2000</td>
</tr>
<tr>
<td>International-Developed Countries</td>
<td>MSCI-EAFE</td>
</tr>
<tr>
<td>International-Emerging Market Countries</td>
<td>MSCI-EM</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Dow Jones Global R/E Index</td>
</tr>
<tr>
<td>Commodities</td>
<td>Dow Jones-UBS Commodity Index</td>
</tr>
<tr>
<td>U.S. Investment Grade Bonds</td>
<td>Barclay’s Aggregate Bond Index</td>
</tr>
<tr>
<td>Inflation Protected Bonds</td>
<td>Barclay’s 1-5 year TIPS Index</td>
</tr>
<tr>
<td>International Bonds</td>
<td>Citigroup Non-US World Gov’t Ind.</td>
</tr>
<tr>
<td>U.S. High Yield Bonds</td>
<td>Barclay’s US Corp High Yield</td>
</tr>
<tr>
<td>Money Market Instruments</td>
<td>U.S. 90-Day T-Bills</td>
</tr>
</tbody>
</table>

Spending Restrictions:

Until otherwise specified, the Trustee shall reinvest net income of the Trust at least quarterly to be used solely for the purposes set forth herein and consistent with the Trust Agreement. The
Trustee shall not distribute, and the Grantor shall not be entitled to receive, any principal or corpus of the Trust.

VII. AMENDMENTS TO POLICY

The Council Chair shall have the authority to temporarily alter the implementation of the policy to respond to radical changes in market conditions. The Trustee shall notify the Council Chair if they believe the policy should be changed.

VIII. PERFORMANCE EVALUATION

Endowment performance will be monitored and reviewed over full market cycles, generally three to five years, on three levels; total endowment, asset class and individual manager/organization. All three levels will be reviewed by the Endowment Committee to determine performance and satisfaction.

IX. MISCELLANEOUS

1. The Trustee shall not engage in or have power to engage in any action which would cause this Trust not to qualify as or to lose its status as a Charitable Organization exempt from tax under Section 501(c) (3) of the Internal Revenue Code of 1986 or cause additions to the Trust not to be deductible from tax as charitable contributions under Sections 170(c), 2055 or 2522 of the Internal Revenue Code of 1986.

2. The Investment Policy and guidelines shall remain consistent with the Trustee Agreement.

[Signatures and dates]

Frederick Whuske 9/3/14
Print name and Title
Watershed Agricultural Council Representative

Aiden P. Hannan 9/5/14
Print name and Title
NBT Financial Group Representative