

NHT Annual Investment Report
INVESTMENT ACCOUNT ACTIVITY SUMMARY
For the Period 4/1/11 - 3/31/12

Account	Balance 4/1/2011	Balance 3/31/2012	Income 4/1/11 -3/31/12	Total Return 4/1/11 -3/31/12	Fees 4/1/11 -3/31/12
* Main Management Account	\$ 13,697,031.71	\$ 12,039,809.83	\$ 372,590.44	1.84%	\$ 25,739.66
** Hallock State Park	\$ 3,670,007.03	\$ 3,801,092.87	\$ 113,378.79	3.46%	\$ 7,699.34
** Davis Park	\$ 193,496.80	\$ 199,562.53	\$ 5,553.18	2.96%	\$ 404.76
** Taconic Capital Projects	\$ 516,168.55	\$ 0.00	\$ 3,280.92	1.48%	\$ 400.54
** Main Reserve <i>(Note: Inception 2/11)</i>	\$ 724,166.19	\$ 755,591.71	\$ 15,207.65	4.53%	\$ 1,523.88
** BCA TRUST <i>(Note: Inception 1/12)</i>	0.00	\$ 215,359.63	\$ 368.76	0.00%	\$ 64.18
*** Mount Loretto	\$ 2,113,448.44	\$ 2,185,226.97	\$ 53,193.63	4.48%	\$ 4,289.20
*** Emma Treadwell Thacher	\$ 490,258.68	\$ 508,374.17	\$ 12,254.64	4.69%	\$ 995.44
*** Huttleston	\$ 88,843.35	\$ 92,740.84	\$ 1,818.70	5.47%	\$ 181.46
*** Four Freedoms Memorial <i>(Note: Inception 7/8/10)</i>	\$ 2,334,919.95	\$ 2,440,452.34	\$ 48,833.14	5.75%	\$ 4,773.85
*** Main LTI <i>(Note: Inception 2/11)</i>	\$ 1,195,342.05	\$ 1,250,407.47	\$ 25,586.74	5.41%	\$ 2,458.14
Totals	\$ 25,023,682.75	\$ 23,488,618.36	\$ 652,066.59		\$ 48,530.45
Primary Benchmarks:					
* 100% ML 1-5 yr G/C A+				3.24%	
** 15% S&P 500 ; 85% ML 1-5 yr G/C A+				6.61%	
*** 60% S&P 500 ; 40% ML 1-10 yr G/C A+				8.59%	

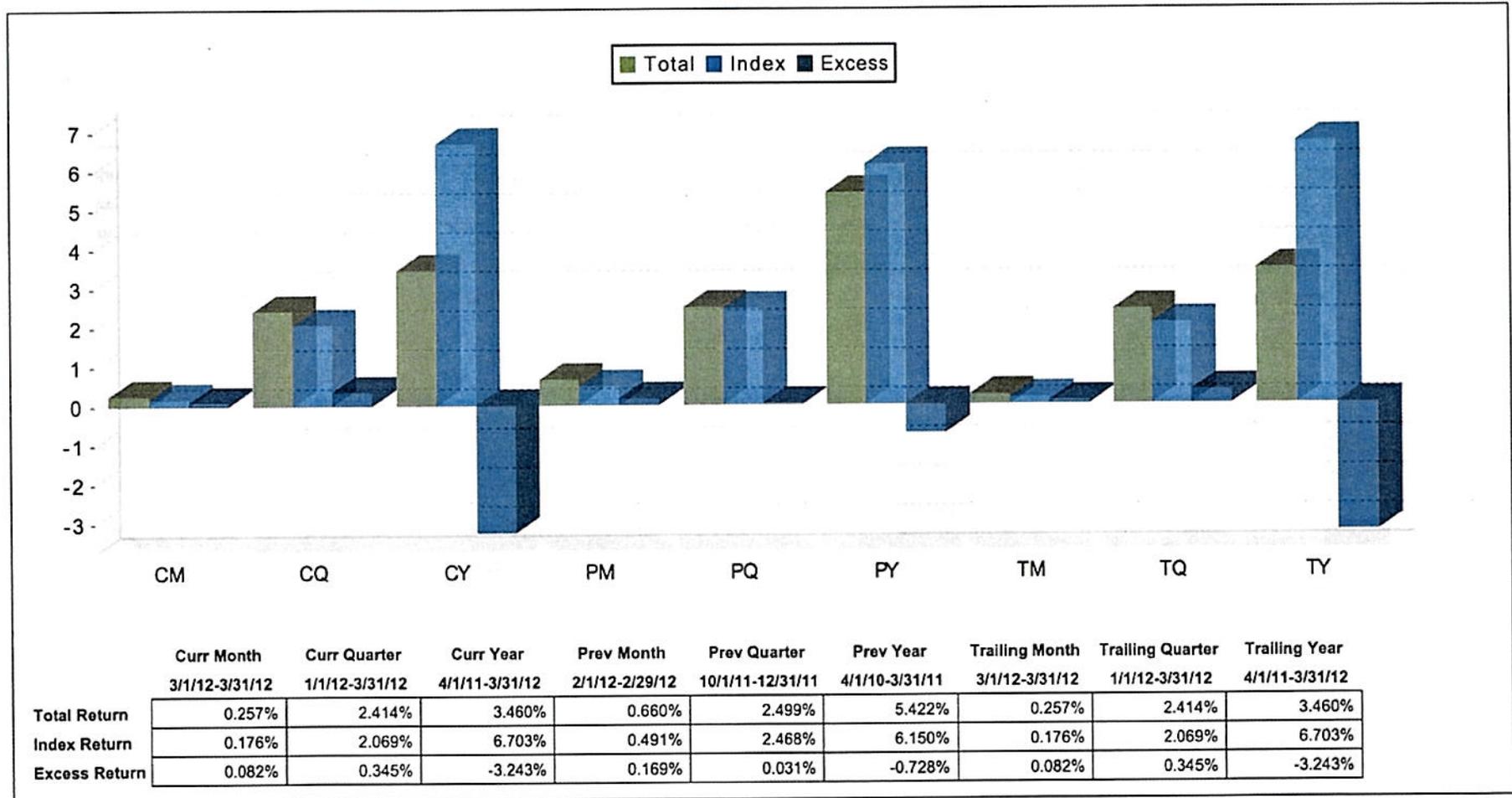
3/31/2012



Index: BofA ML 1-5 Year US Gov/Corp A Rated and Above (BV10)
 Gross of Fees (includes trading expenses)
 Returns are actual and have not been annualized.

Summary Performance (MTB-NHT HALLOCK ST PK)
3/31/2012

Dated: 6/11/2012

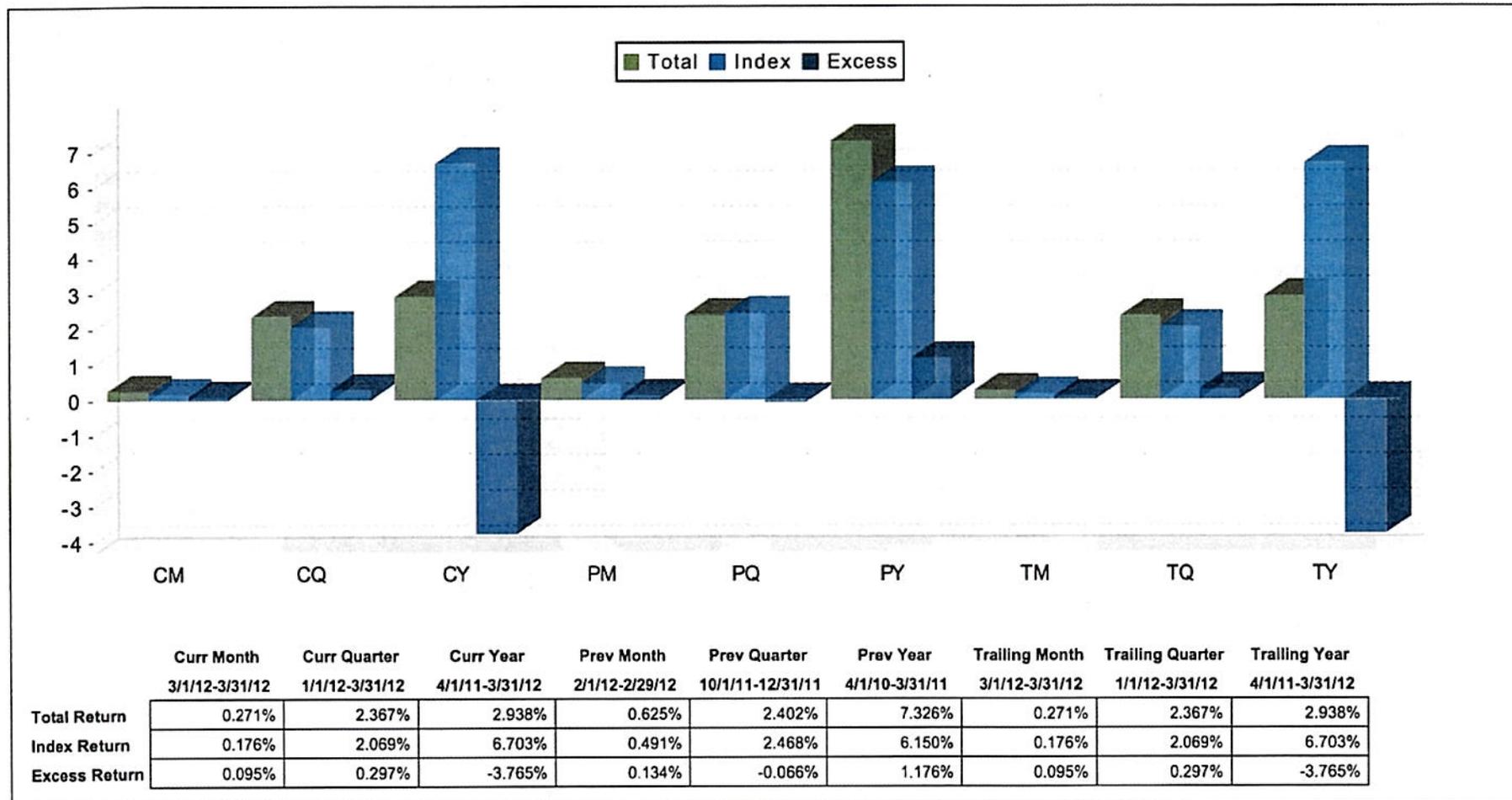


Index: 85% ML 1-10 Year US Gov/Corp A Rated and Above, 15% S&P 500 (HYB287)

Gross of Fees (includes trading expenses)

Returns are actual and have not been annualized.

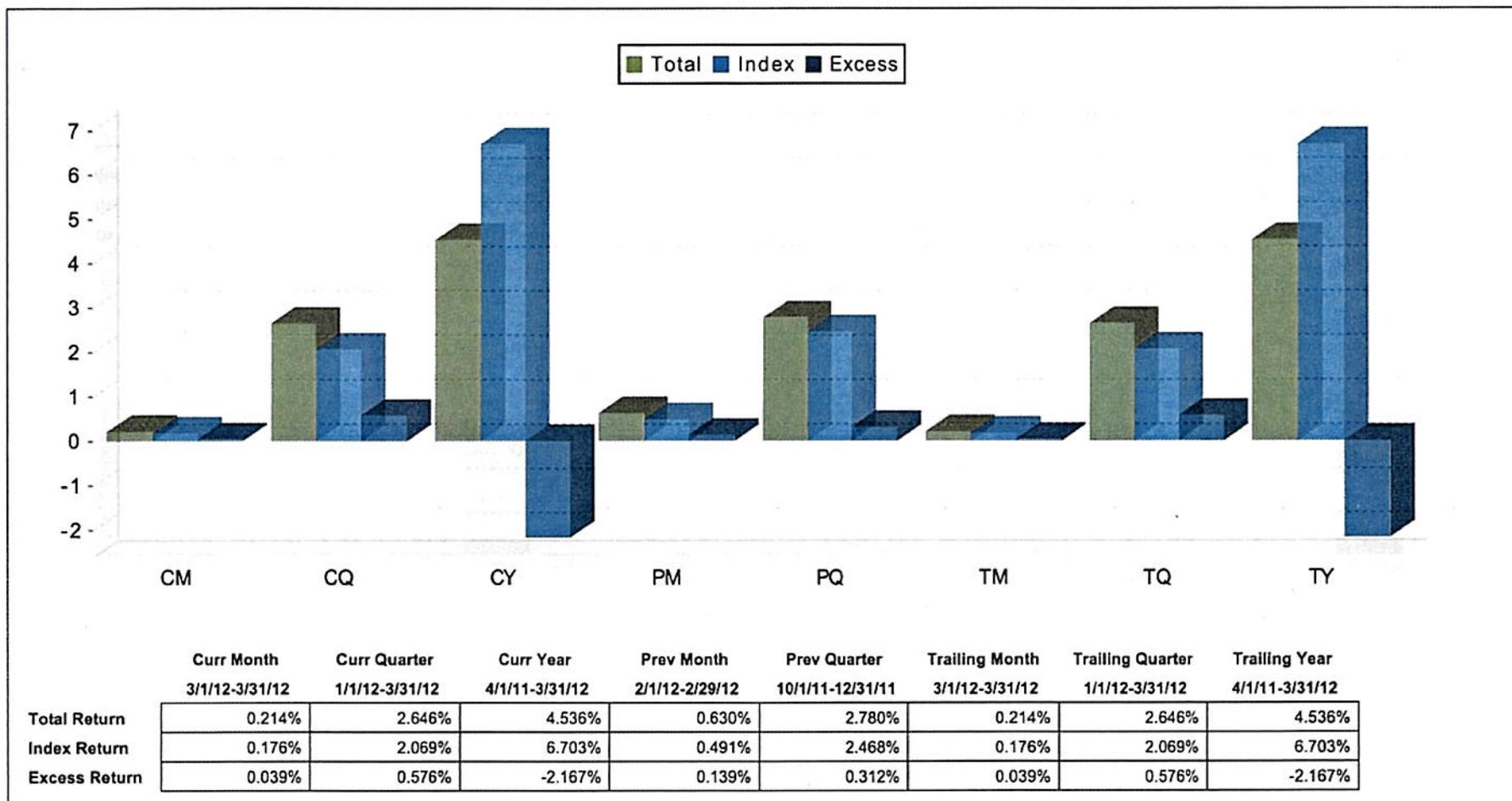
3/31/2012



Index: 85% ML 1-10 Year US Gov/Corp A Rated and Above, 15% S&P 500 (HYB287)
 Gross of Fees (includes trading expenses)
 Returns are actual and have not been annualized.

Summary Performance (MTB-NHT Main Res)
3/31/2012

Dated: 6/11/2012



Index: 85% ML 1-10 Year US Gov/Corp A Rated and Above, 15% S&P 500 (HYB287)

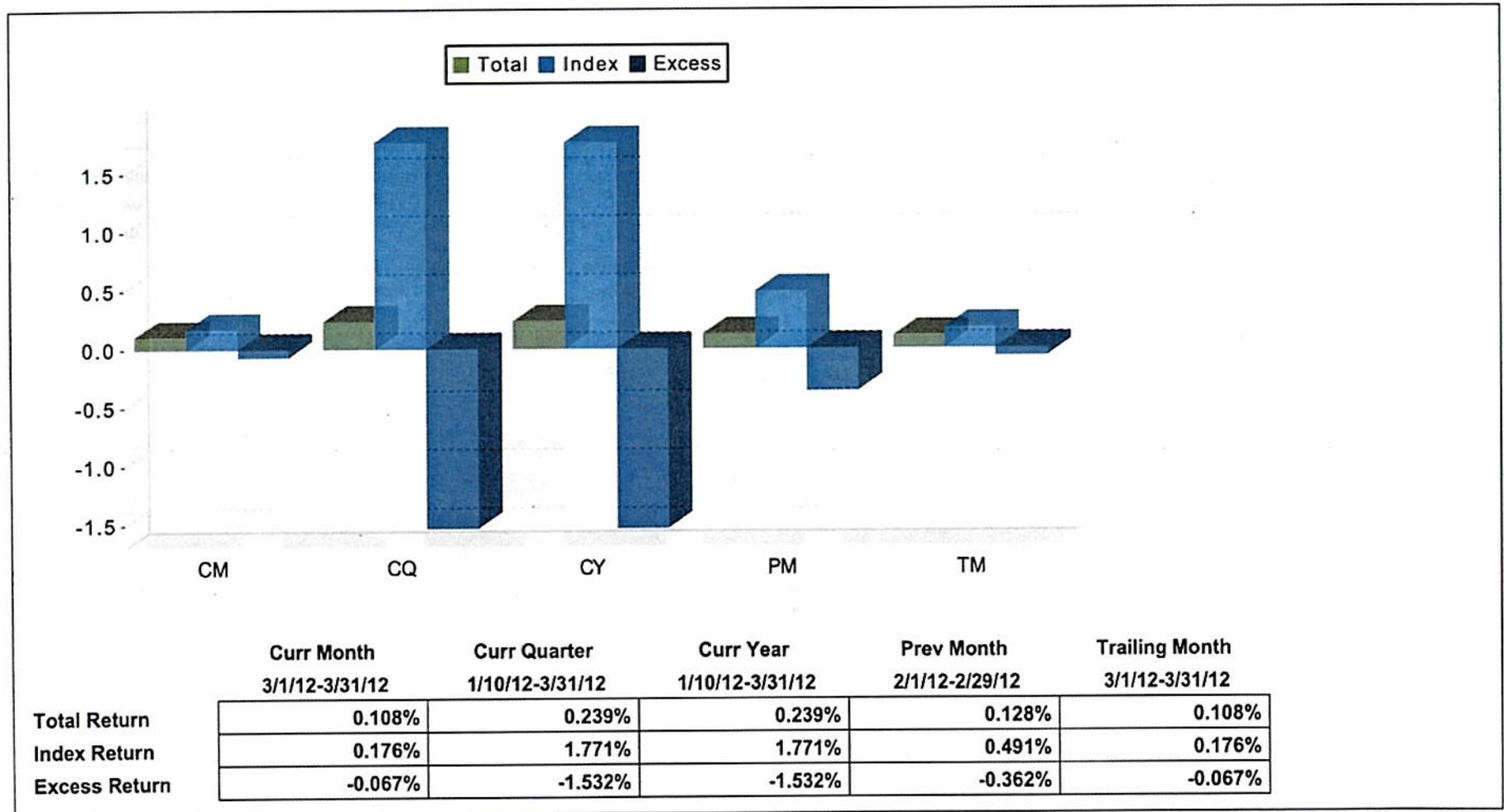
Gross of Fees (includes trading expenses)

Returns are actual and have not been annualized.

Summary Performance (MTB-NHT BCA)

3/31/2012

Dated: 6/11/2012



Index: 85% ML 1-10 Year US Gov/Corp A Rated and Above, 15% S&P 500 (HYB287)

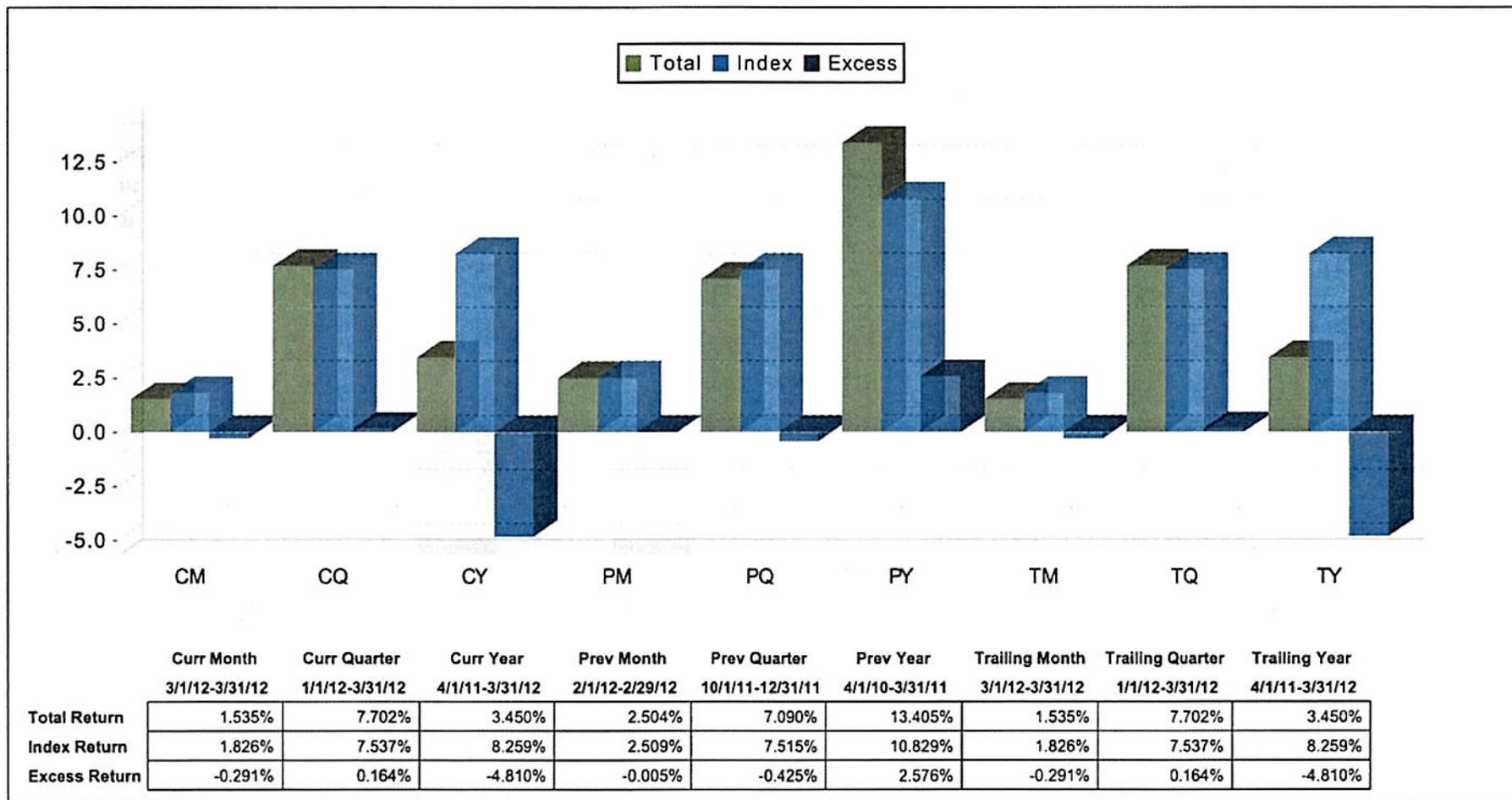
Gross of Fees (includes trading expenses)

Returns are actual and have not been annualized.

Summary Performance (MTB-NHT Mt Loretto)

Dated: 6/11/2012

3/31/2012



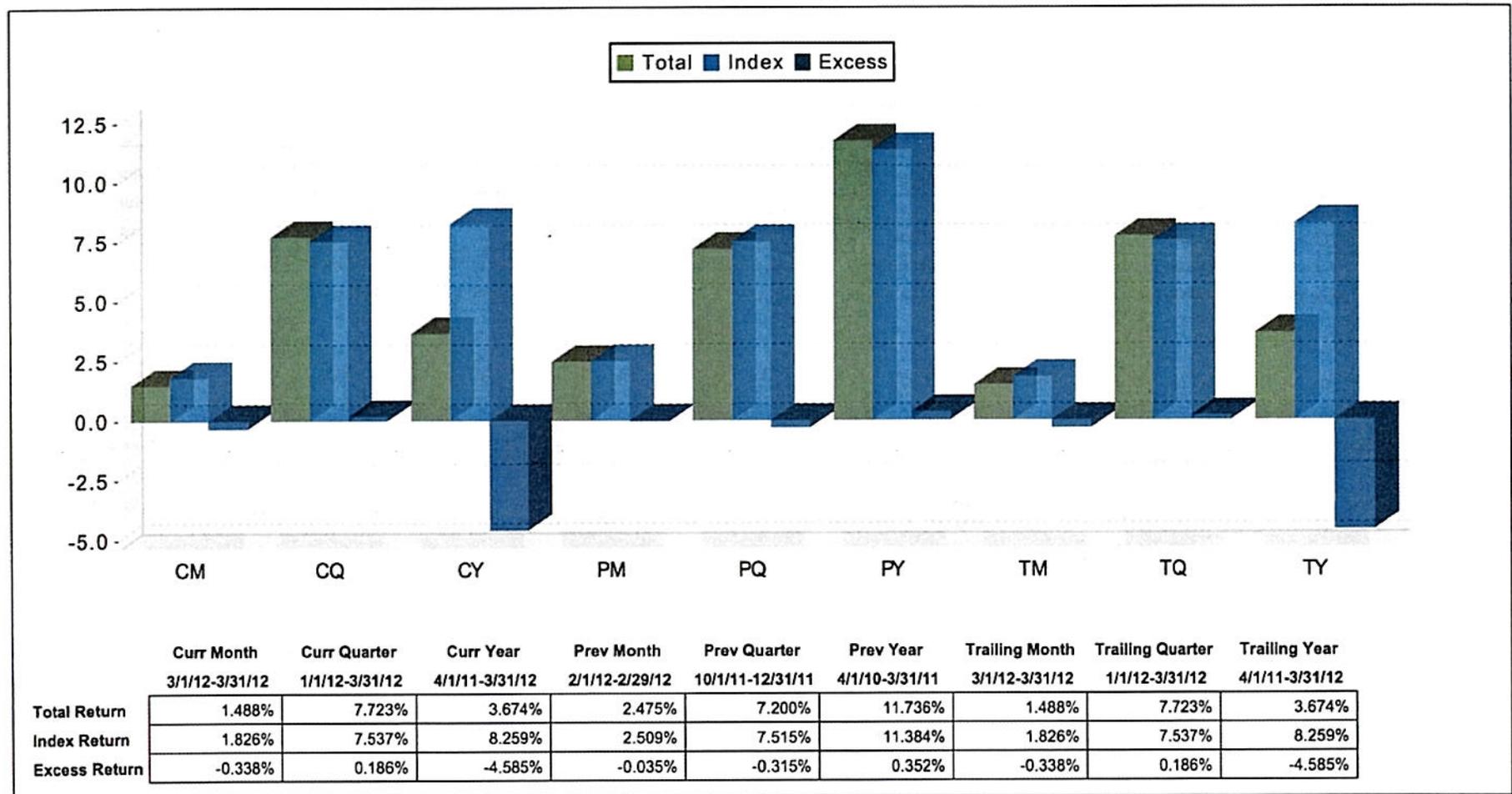
Index: 60% S&P 500 / 40% ML 1-10 yr - A or better (HYB152)

Gross of Fees (includes trading expenses)

Returns are actual and have not been annualized.

Summary Performance (MTB-NHT Thacher)
3/31/2012

Dated: 6/11/2012

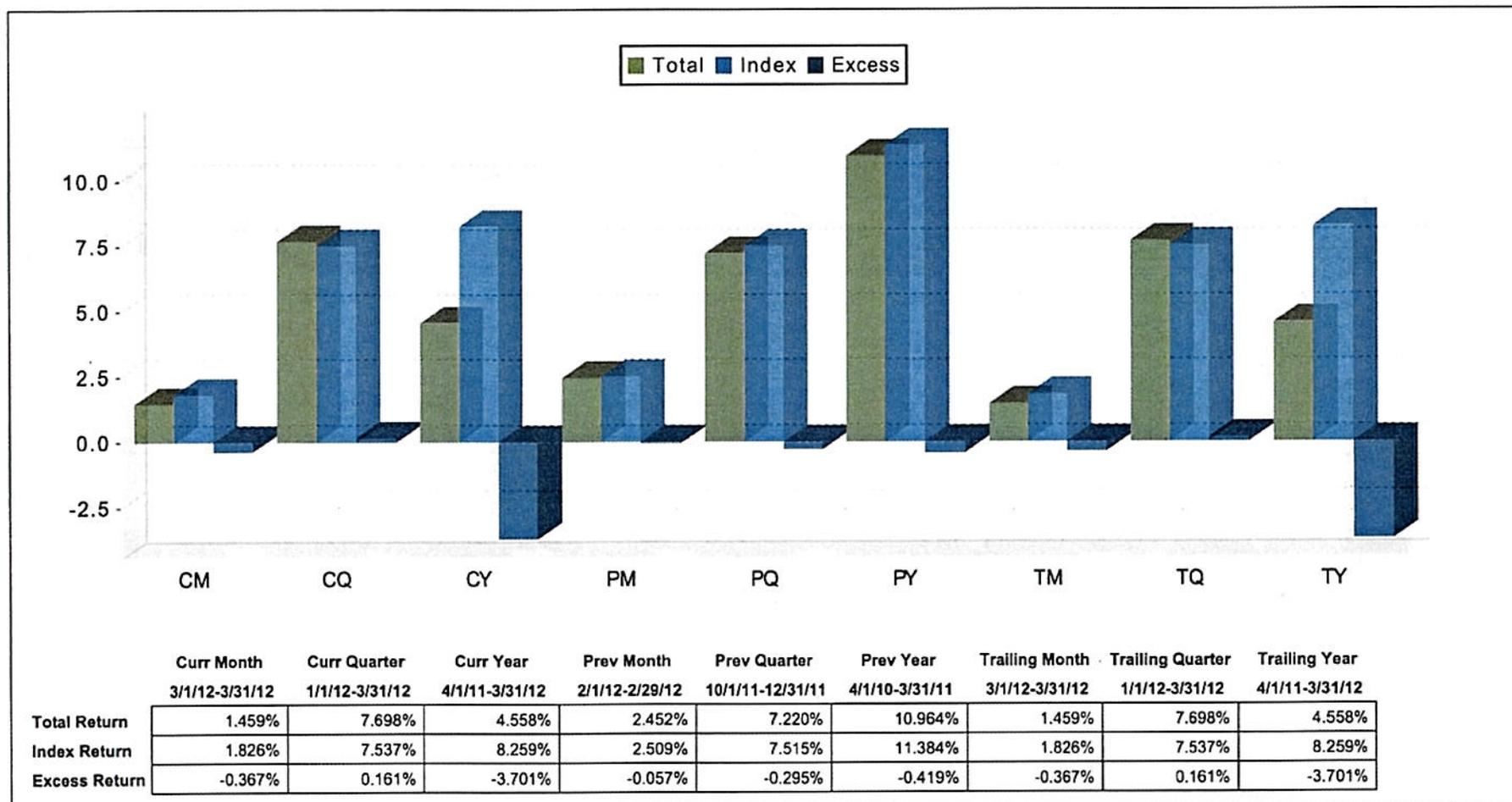


Index: 60% S&P 500, 40% ML 1-10 Year US Gov/Corp A Rated and Above (HYB288)
Gross of Fees (includes trading expenses)
Returns are actual and have not been annualized.

Summary Performance (MTB-NHT Huttleston)

Dated: 6/11/2012

3/31/2012



Index: 60% S&P 500, 40% ML 1-10 Year US Gov/Corp A Rated and Above (HYB288)

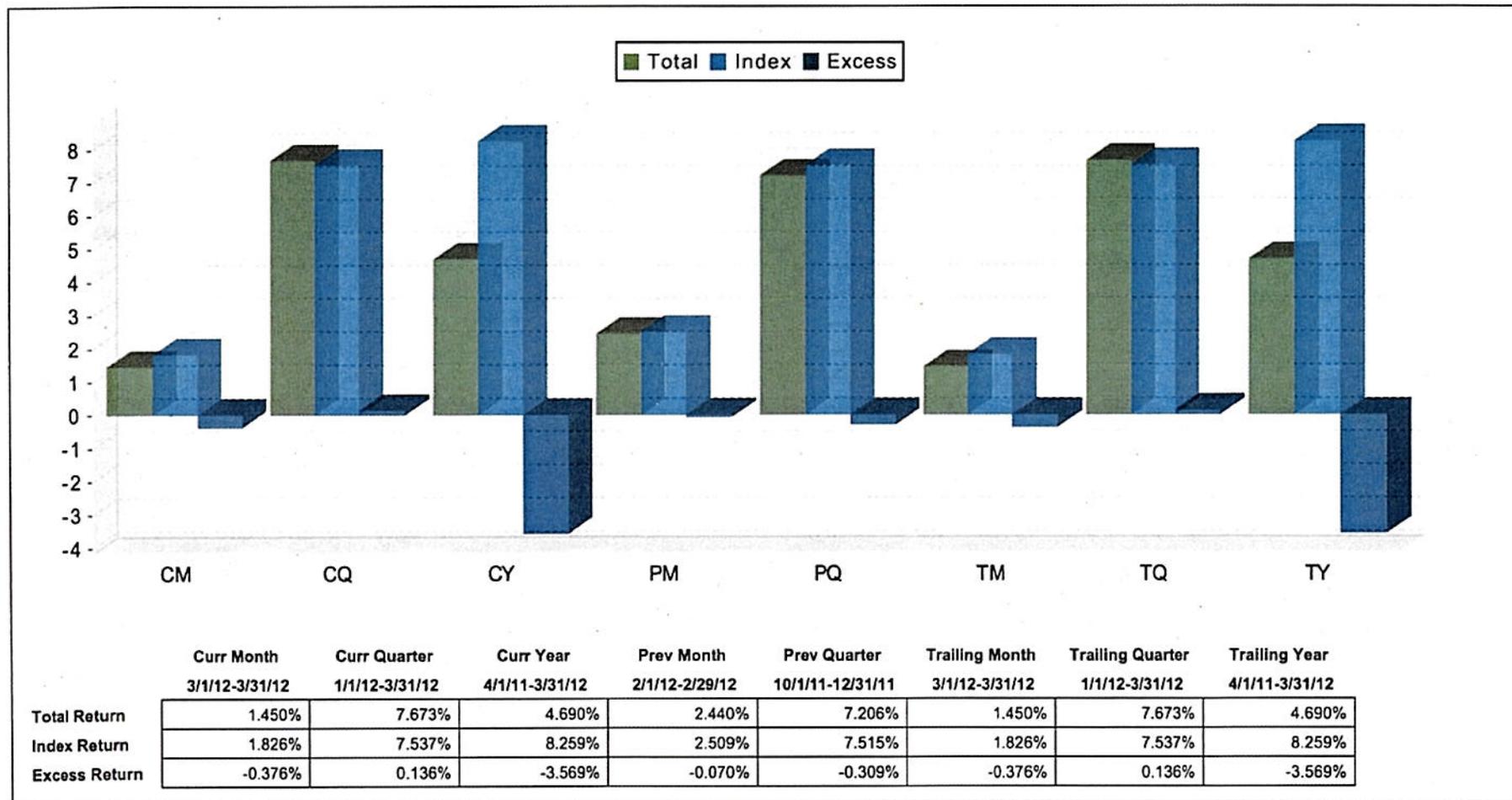
Gross of Fees (includes trading expenses)

Returns are actual and have not been annualized.

Summary Performance (MTB-NHT FOUR FREEDOM)

Dated: 6/11/2012

3/31/2012



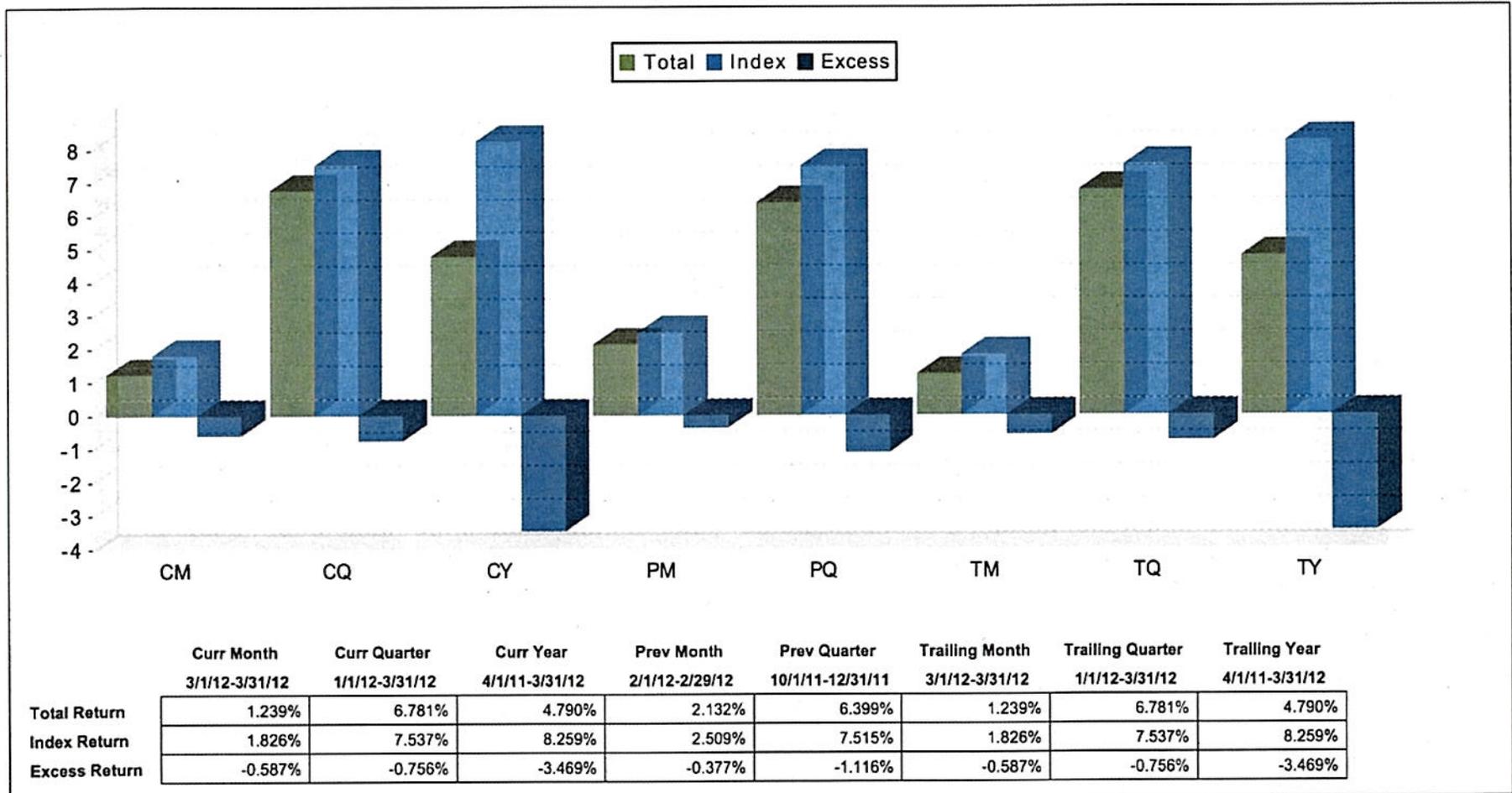
Index: 60% S&P 500, 40% ML 1-10 Year US Gov/Corp A Rated and Above (HYB288)

Gross of Fees (includes trading expenses)

Returns are actual and have not been annualized.

Summary Performance (MTB-NHT Main LTI)
3/31/2012

Dated: 6/11/2012



Index: 60% S&P 500, 40% ML 1-10 Year US Gov/Corp A Rated and Above (HYB288)

Gross of Fees (includes trading expenses)

Returns are actual and have not been annualized.

Investment Holdings by Account as of March 31, 2012

Asset Title	Coupon	Maturity	Units	Market Value	Amortized Cost	Accrued Interest	Unrealized Gain/Loss
Main Management Account							
BANK OF AMERICA CORP	5.375	09/11/2012	425,000.00	\$432,693	\$429,999	\$1,269	\$1,425
CITIGROUP FUNDING INC TLGP	2.250	12/10/2012	500,000.00	\$510,429	\$501,983	\$3,469	\$4,977
COCA-COLA CO/THE	3.625	03/15/2014	250,000.00	\$264,881	\$254,449	\$403	\$10,029
FANNIE MAE	4.875	05/18/2012	500,000.00	\$512,101	\$499,906	\$9,005	\$3,190
FANNIE MAE	3.625	02/12/2013	50,000.00	\$51,699	\$49,960	\$247	\$1,493
FANNIE MAE	3.250	04/09/2013	650,000.00	\$680,439	\$647,845	\$10,093	\$22,501
FANNIE MAE	3.875	07/12/2013	1,000,000.00	\$1,054,674	\$995,598	\$8,503	\$50,572
FEDERAL HOME LOAN BANK	3.375	02/27/2013	550,000.00	\$567,339	\$549,074	\$1,753	\$16,512
FEDERAL HOME LOAN BANK	3.625	05/29/2013	50,000.00	\$52,551	\$49,926	\$614	\$2,011
GENERAL ELEC CAP CORP	4.800	05/01/2013	250,000.00	\$265,904	\$253,315	\$5,000	\$7,589
GENERAL ELEC CAP CORP	5.900	05/13/2014	500,000.00	\$560,858	\$507,367	\$11,308	\$42,183
US TREASURY N/B	4.375	08/15/2012	500,000.00	\$510,605	\$501,748	\$2,764	\$6,093
US TREASURY N/B	3.875	02/15/2013	500,000.00	\$518,334	\$503,302	\$2,448	\$12,584
US TREASURY N/B	1.500	07/15/2012	500,000.00	\$503,557	\$499,747	\$1,587	\$2,224
VANGUARD SHORT-TERM BOND ETF	BSV		67,270.00	\$5,444,834	\$5,448,705	\$0	-\$3,871
CASH AND MONEY MARKETS			167,267.00	\$167,267	\$167,267	\$0	\$0
Totals:				\$12,098,166	\$11,860,190	\$58,464	\$179,512
Huttleston							
ISHARES INTERMEDIATE GOV/CR	GVI		265.00	\$29,448	\$28,533	\$0	\$915
ISHARES MSCI EAFE INDEX FUND	EFA		156.00	\$8,563	\$8,688	\$0	-\$125
ISHARES S&P MIDCAP 400	IJH		99.00	\$9,823	\$8,141	\$0	\$1,681
ISHARES S&P SMALLCAP 600	IJR		134.00	\$10,226	\$8,273	\$0	\$1,953
SPDR S&P 500 ETF TRUST	SPY		217.00	\$30,556	\$25,616	\$0	\$4,940
CASH AND MONEY MARKETS			4,125.00	\$4,125	\$4,125	\$0	\$0
Totals:				\$92,740	\$83,376	\$0	\$9,363
Emma Treadwell Thacher							
FANNIE MAE	4.375	09/15/2012	25,000.00	\$25,526	\$24,964	\$49	\$514
ISHARES INTERMEDIATE GOV/CR	GVI		1,240.00	\$137,794	\$135,756	\$0	\$2,038
ISHARES MSCI EAFE INDEX FUND	EFA		855.00	\$46,931	\$47,262	\$0	-\$331
ISHARES S&P MIDCAP 400	IJH		542.00	\$53,777	\$43,927	\$0	\$9,850
ISHARES S&P SMALLCAP 600	IJR		737.00	\$56,240	\$44,926	\$0	\$11,314
SPDR S&P 500 ETF TRUST	SPY		1,198.00	\$168,690	\$140,017	\$0	\$28,674
CASH AND MONEY MARKETS			19,464.00	\$19,464	\$19,464	\$0	\$0
Totals:				\$508,424	\$456,316	\$49	\$52,059

Asset Title	Coupon	Maturity	Units	Market Value	Amortized Cost	Accrued Interest	Unrealized Gain/Loss
Davis Park							
CITIGROUP FUNDING INC TLGP	2.250	12/10/2012	50,000.00	\$51,043	\$50,198	\$347	\$498
ISHARES INTERMEDIATE GOV/CR	GVI		865.00	\$96,123	\$94,737	\$0	\$1,386
ISHARES MSCI EAFE INDEX FUND	EFA		102.00	\$5,599	\$5,182	\$0	\$417
ISHARES S&P MIDCAP 400	IJH		65.00	\$6,449	\$4,766	\$0	\$1,683
ISHARES S&P SMALLCAP 600	IJR		87.00	\$6,639	\$4,858	\$0	\$1,781
SPDR S&P 500 ETF TRUST	SPY		144.00	\$20,277	\$15,587	\$0	\$4,689
VANGUARD SHORT-TERM BOND ETF	BSV		60.00	\$4,856	\$4,853	\$0	\$4
CASH AND MONEY MARKETS			8,923.00	\$8,923	\$8,923	\$0	\$0
Totals:				\$199,909	\$189,104	\$347	\$10,457
Main Reserve							
FANNIE MAE	1.625	10/26/2015	100,000.00	\$103,714	\$100,295	\$700	\$2,719
ISHARES INTERMEDIATE GOV/CR	GVI		4,320.00	\$480,057	\$469,815	\$0	\$10,243
ISHARES MSCI EAFE INDEX FUND	EFA		443.00	\$24,316	\$27,056	\$0	-\$2,740
ISHARES S&P MIDCAP 400	IJH		276.00	\$27,385	\$26,853	\$0	\$531
ISHARES S&P SMALLCAP 600	IJR		376.00	\$28,693	\$27,120	\$0	\$1,573
SPDR S&P 500 ETF TRUST	SPY		545.00	\$76,741	\$72,643	\$0	\$4,099
CASH AND MONEY MARKETS			15,393.00	\$15,393	\$15,393	\$0	\$0
Totals:				\$756,299	\$739,175	\$700	\$16,424
Mount Loretto							
FANNIE MAE	4.375	09/15/2012	75,000.00	\$76,579	\$74,892	\$146	\$1,541
FANNIE MAE	4.875	05/18/2012	50,000.00	\$51,210	\$49,991	\$901	\$319
FANNIE MAE	3.250	04/09/2013	50,000.00	\$52,341	\$49,825	\$776	\$1,740
FEDERAL HOME LOAN BANK	4.500	11/15/2012	75,000.00	\$78,241	\$74,885	\$1,275	\$2,082
FEDERAL HOME LOAN BANK	3.375	02/27/2013	50,000.00	\$51,576	\$49,916	\$159	\$1,501
FREDDIE MAC	5.125	07/15/2012	50,000.00	\$51,264	\$49,999	\$541	\$724
ISHARES INTERMEDIATE GOV/CR	GVI		3,185.00	\$353,931	\$348,912	\$0	\$5,020
ISHARES MSCI EAFE INDEX FUND	EFA		3,703.00	\$203,258	\$206,430	\$0	-\$3,172
ISHARES S&P MIDCAP 400	IJH		2,338.00	\$231,976	\$187,181	\$0	\$44,796
ISHARES S&P SMALLCAP 600	IJR		3,155.00	\$240,758	\$189,728	\$0	\$51,030
SPDR S&P 500 ETF TRUST	SPY		5,152.00	\$725,453	\$598,828	\$0	\$126,625
CASH AND MONEY MARKETS			72,441.00	\$72,441	\$72,441	\$0	\$0
Totals:				\$2,189,030	\$1,953,026	\$3,798	\$232,206

Asset Title	Coupon	Maturity	Units	Market Value	Amortized Cost	Accrued Interest	Unrealized Gain/Loss
Jamesport State Park							
FANNIE MAE	4.375	09/15/2012	100,000.00	\$102,105	\$99,856	\$194	\$2,055
FANNIE MAE	4.875	05/18/2012	350,000.00	\$358,471	\$349,962	\$6,304	\$2,205
FANNIE MAE	3.250	04/09/2013	100,000.00	\$104,683	\$99,650	\$1,553	\$3,480
FEDERAL HOME LOAN BANK	3.375	02/27/2013	100,000.00	\$103,153	\$99,832	\$319	\$3,002
FREDDIE MAC	5.125	07/15/2012	100,000.00	\$102,529	\$99,999	\$1,082	\$1,448
ISHARES INTERMEDIATE GOV/CR	GVI		17,095.00	\$1,899,672	\$1,863,459	\$0	\$36,212
ISHARES MSCI EAFE INDEX FUND	EFA		1,980.00	\$108,682	\$111,605	\$0	-\$2,923
ISHARES S&P MIDCAP 400	IJH		1,275.00	\$126,506	\$102,964	\$0	\$23,541
ISHARES S&P SMALLCAP 600	IJR		1,735.00	\$132,398	\$105,583	\$0	\$26,815
SPDR S&P 500 ETF TRUST	SPY		2,755.00	\$387,932	\$324,202	\$0	\$63,730
VANGUARD SHORT-TERM BOND ETF	BSV		4,045.00	\$327,402	\$325,156	\$0	\$2,246
CASH AND MONEY MARKETS			57,006.00	\$57,006	\$57,006	\$0	\$0
Totals:				\$3,810,537	\$3,639,274	\$9,452	\$161,812
Four Freedoms Memorial							
ISHARES INTERMEDIATE GOV/CR	GVI		7,220.00	\$802,318	\$785,651	\$0	\$16,667
ISHARES MSCI EAFE INDEX FUND	EFA		4,070.00	\$223,402	\$210,978	\$0	\$12,425
ISHARES S&P MIDCAP 400	IJH		2,585.00	\$256,484	\$195,756	\$0	\$60,728
ISHARES S&P SMALLCAP 600	IJR		3,505.00	\$267,467	\$199,375	\$0	\$68,092
SPDR S&P 500 ETF TRUST	SPY		5,710.00	\$804,025	\$629,781	\$0	\$174,244
CASH AND MONEY MARKETS			86,757.00	\$86,757	\$86,757	\$0	\$0
Totals:				\$2,440,453	\$2,108,297	\$0	\$332,155
Main LTI							
ISHARES INTERMEDIATE GOV/CR	GVI		4,440.00	\$493,392	\$476,294	\$0	\$17,098
ISHARES MSCI EAFE INDEX FUND	EFA		1,860.00	\$102,095	\$115,256	\$0	-\$13,160
ISHARES S&P MIDCAP 400	IJH		1,170.00	\$116,087	\$115,008	\$0	\$1,080
ISHARES S&P SMALLCAP 600	IJR		1,580.00	\$120,570	\$115,301	\$0	\$5,268
SPDR S&P 500 ETF TRUST	SPY		2,605.00	\$366,810	\$350,711	\$0	\$16,099
CASH AND MONEY MARKETS			51,452.00	\$51,452	\$51,452	\$0	\$0
Totals:				\$1,250,407	\$1,224,021	\$0	\$26,386
BCA TRUST							
ISHARES INTERMEDIATE GOV/CR	GVI		1,525.00	\$169,465	\$170,121	\$0	-\$656
ISHARES MSCI EAFE INDEX FUND	EFA		120.00	\$6,587	\$6,548	\$0	\$38
ISHARES S&P MIDCAP 400	IJH		65.00	\$6,449	\$6,405	\$0	\$44
ISHARES S&P SMALLCAP 600	IJR		85.00	\$6,486	\$6,477	\$0	\$9
SPDR S&P 500 ETF TRUST	SPY		145.00	\$20,417	\$19,798	\$0	\$619
CASH AND MONEY MARKETS			5,955.00	\$5,955	\$5,955	\$0	\$0
Totals:				\$215,360	\$215,305	\$0	\$55

NATURAL HERITAGE TRUST

INVESTMENT POLICY

(Revised June 16, 2010)

THE INVESTMENT POLICY OF THE NATURAL HERITAGE TRUST REGARDING INVESTMENT OF ALL FUNDS, PROVIDING FOR THE SECURITY OF THOSE INVESTMENTS AND PROVIDING FOR PERIODIC REPORTS ON THE INVESTMENTS.

ARTICLE I

STATEMENT OF PURPOSE AND INVESTMENT OBJECTIVE

101. This Policy is adopted pursuant to the provisions of Section 2925 of the Public Authorities Law and shall be reviewed and approved by the Members of the Board at least annually.
102. The investment objective of the Trust is to obtain maximum return on available funds while maintaining a prudent cash position and protecting against loss of principal. The goals, objectives and guidelines applicable to specific investment accounts shall be set forth in Investment Policy Statements (IPS) established by the Trust upon the advice of its Investment Advisor.

ARTICLE II

DEFINITION OF TERMS

201. Definitions. The following terms shall, for all purposes of this Policy, have the following meanings unless the context shall clearly indicate some other meaning:

“Board” shall mean the Board of Directors of the Natural Heritage Trust.

“Trust” shall mean the Natural Heritage Trust.

“Chief Financial Officer” or “CFO” shall mean that officer as such term is defined in the By-Laws of the Trust or her/his designee.

“Counsel” shall mean that officer as such term is defined in the By-Laws of the Trust.

“Custodial Account” shall mean the bank account of the Natural Heritage Trust.

“Custodian” shall mean the Executive Director of the Natural Heritage Trust.

“Deliver” or “Delivered” shall mean either (1) the voluntary transfer of possession to the Custodian or a custodial bank designated by the Custodian, or (2) the registration of transfer by the appropriate book entry procedure by a member of the Federal Reserve System.

“Depository Bank” shall mean a bank designated by the Executive Director to hold deposits of the Trust’s funds. The obligation on the part of the Depository Bank is that it keeps the deposit and, upon request, restores it to the depositor or otherwise delivers it according to the original trust.

“Investment Advisor” shall be the person or entity to provide advice to the Trust and to invest the funds of the Trust at the direction of the Investment Officers.

“Investment Obligations” shall mean U.S. Treasury Obligations, Federal Government Agency Obligations, Certificates of Deposit, Corporate Debt Obligations and Other Obligations Authorized under SFL 98, as set forth in Section 302 of this Policy.

“Investment Officer” shall mean the Trust’s Executive Director or her/his designee.

“Investment Policy Statement” or “IPS” shall mean the document setting forth the goals and objectives, and the management guidelines applicable to the Trust’s investment portfolios. Each IPS shall create the framework for an appropriately diversified asset mix that can be expected to generate acceptable returns at a level of risk suitable to the Trust. Each IPS shall be approved by the Board after consultation with the Investment Advisor prior to signature by the Investment Officer.

“Members” shall mean the Board of Directors of the Trust.

“Officer” shall mean any person holding an office of the Trust as defined in the Trust’s By-Laws.

ARTICLE III

INVESTMENT AUTHORIZATION, PERMITTED INVESTMENTS AND SECURITY THEREFOR

301. Investment Authorization.

- (1) The Investment Advisor shall invest the funds of the Trust in accordance with the terms of this Investment Policy at the direction of the Investment Officer.
- (2) The Investment Officer shall, after arriving at an investment decision in accordance with the Trust's investment policy, authorize the Investment Advisor to invest the funds of the Trust.
- (3) The Investment Advisor shall receive written authorization from both the Investment Officer and CFO prior to the investment of funds in any permitted investment obligations.

302. Permitted Investments and Required Security Provisions.

- (1) All Funds of the Trust must be initially deposited in Negotiated Order of Withdrawal (NOW), comparable demand or money market accounts secured as described below. All proceeds of maturing investments must be immediately redeposited in NOW, comparable demand or money market accounts unless reinvested in accordance with the instructions of the Trust's Investment Officer.
- (2) Investment of funds of the Trust or any other monies under its custody and control not required for immediate use or disbursement, at the discretion of the Board, may be made in accordance with the applicable Investment Policy Statement applicable to each investment account. The Trust may establish an IPS for individual investment account types (e.g. operating, capital projects, reserve, long-term, endowment). Each IPS shall be appended to and incorporated in this Policy.
- (3) Notwithstanding any other provision herein, permitted investments may only be placed through firms approved by the Investment Officer or CFO.
- (4) The maturity of any authorized investment obligation shall not exceed the term provided for in the IPS applicable to such investment.
- (5) In the event that a change in market conditions alter the rating of any investment obligation held by the Trust such that that the investment obligation would no longer be permissible under these guidelines, the Investment Officer and Investment Advisor shall have 120 days to dispose of such investment obligation, unless otherwise provided for in an IPS applicable to such investment.

303. Collateral

- (1) All secured deposits and investments must be fully secured by the Federal Deposit Insurance Corporation (FDIC) or equivalent or fully collateralized at all times except as provided in Section 303(3).
 - (2) Demand deposits, time deposits, and certificates of deposit issued by a commercial bank having a long term rating of "Aa3" or higher by Moody's or "AA-" or higher by S&P do not require collateralization unless otherwise required by the Trust Investment Officer or CFO. All other demand deposits, time deposits, and certificates of deposit shall be collateralized for amounts over and above Federal Deposit Insurance Corporation coverage. All collateral shall be authorized Investment Obligations, exclusive of Corporate Debt Obligations. Collateral shall be delivered to the Investment Advisor or its custodial bank. The market value of collateral shall at all times equal or exceed the principal amount of the funds deposited. Collateral shall be monitored and valued to market by the Investment Advisor in accordance with its policies.
 - (3) Collateral shall not be required with respect to the direct purchase of obligations of New York State, obligations the principal and interest of which are directly guaranteed by New York State, obligations of the United States, and obligations of federal agencies the principal and interest of which are guaranteed by the United States Government.
304. All investments shall be reviewed by the Trust Investment Officer and CFO in consultation with the Investment Advisor on a monthly basis and reported to the Board of the Trust at least quarterly.

ARTICLE IV

RESPONSIBILITIES OF INVESTMENT ADVISOR

401. Responsibilities of Investment Advisor.

- (1) The Investment Advisor shall invest Custodial Account funds in accordance with law and this investment policy at the direction of the Investment Officer.
- (2) The Investment Advisor shall invest Custodial Account funds into highest yielding instruments permissible while maintaining security and liquidity consistent with this policy.

ARTICLE V

OTHER REQUIREMENTS OF INVESTMENTS

501. Written Contracts. In accordance with Section 2925, Subdivision 3(c) of the Public Authorities Law, all investments of the Trust's funds must be made pursuant to a written contract between the Trust and its Investment Advisor.

502. Security Provisions. Each investment shall provide for sufficient security of the Trust's financial interest as stated in Sections 301 and 302 of this Policy. The Investment Advisor shall maintain a description of the use, type and amount of collateral or insurance for each investment, the method for valuation of that collateral and of control, deposit and retention of investments and any required collateral, including, where appropriate, physical delivery or other action necessary to obtain title or a perfected security interest.

ARTICLE VI

REPORTS

601. Quarterly Reports. The Trust shall prepare and deliver to the Members of the Board Quarterly reports on the Trust's Investments. Such reports shall include a description of new investments, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers or auditors. The report of investments included in the financial report submitted by the CFO at Board Meetings will be deemed to meet this requirement.

602. Annual Report. Within ninety (90) days after the close of each fiscal year, the Members of the Board shall approve an annual investment report. Such report shall include the Policy and any supplemental resolutions, the results of an annual independent audit of the investments, the annual investment income record of the Trust and a list of the total fees, commissions or other compensations by payee for all investment advisors, and an annual consolidation of other material contained in the annual report. This annual investment report, after being approved by the Members, shall be submitted to the Governor's Office, Division of the Budget, Office of the State Comptroller, the Senate Finance Committee and the Assembly Ways and Means Committee. Copies of the annual investment report shall also be available to the public upon reasonable request at the Trust's main office.

ARTICLE VII

MISCELLANEOUS PROVISIONS

701. Powers of Amendment. Any modification or amendment of this Policy may be made by a supplemental resolution adopted at any duly constituted meeting of the Members of the Board; provided, however, that no such

modification or amendment to this Policy shall abrogate the rights and duties of then existing Trust contracts with third parties

702.No Recourse Under this Policy

- (1) No provision in this Policy shall be the basis of any claim against any Member, officer or employee of the Trust in their individual or official capacity or against the Trust itself.
- (2) Members, officers, or employees of the Trust Shall be deemed to be acting within the Public Officers Law in the discharge of their duties pursuant to this Policy

703.Effect of Failure to Comply.

Failure to comply with this Policy shall not invalidate any investment or affect the validity of the authorization of the Members or their designees to make such investments.

**INVESTMENT POLICY STATEMENT for
NATURAL HERITAGE TRUST - Operating Account
MANAGED by MTB INVESTMENT ADVISORS, INC.**

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding between **MTB Investment Advisors, Inc. ("Advisor")** and **Natural Heritage Trust ("Client")** regarding the investment goals and objectives, and the management guidelines applicable to the Client's investment portfolio ("Portfolio"). This Investment Policy Statement will:

- Establish reasonable expectations, goals, objectives and guidelines in the investment of the Portfolio's assets.
- Create the framework for an appropriately diversified asset mix that can be expected to generate acceptable returns at a level of risk suitable to the Client, including:
 - specifying the investment strategy and target asset allocation policy
 - establishing investment guidelines regarding the permissible securities and diversification of assets
 - specifying the criteria for evaluating the performance of the Portfolio's assets
- Encourage effective communication between the Advisor and Client

This IPS is intended to reflect the Client's investment philosophy and guidelines governing the investment of the Portfolio under normal market conditions. This IPS should reflect the Client's current status and philosophy, and should be reviewed and revised periodically to ensure it adequately reflects significant changes related to the Client's circumstances, investment goals and objectives, or the capital markets. It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

A. Investment Strategy: Intermediate Fixed Income

Customized investment strategy of actively managed intermediate fixed income securities to preserve principal, maximize the total return, and achieve a desired level of liquidity.

B. Investment Objectives:

1. Safety of Principal
2. Total Return
3. Liquidity

C. Client Profile:

Organization [*Corporate, Individual, Limited Partnership, Public, Not For Profit, Union*]:

Not-For-Profit/Public

Business [*charitable, community, cultural, endowment, foundation, health related, educational, insurance, governmental, religious, other, N.A.*]: **Trust**

Fiscal Year End: **March 31st**

Publicly Traded-Ticker (if applicable): _____

Marginal Tax Rate: _____

Account Type [*IMA, Corp Trust, Deferred Comp, Defined Benefit, Defined Contribution, Health & Welfare/VEBA, Self Insurance Trust*]: **Investment Management Account**

Retirement: ERISA: _____ Non-ERISA: _____ Non-Retirement: **X** Other: _____

Amortize/Accrete Premium/Discount securities: Yes _____ No **X**

Purpose of Portfolio Funds: **Operating Account**

D. Investment Constraints:

1. Trading Constraints: Full Investment Manager discretion: **No**
Other: **Subject to approval by client**
 2. Other Objectives/Special Concerns:
-

E. <u>Asset Allocation:</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
Fixed Income	50%	100%	95%
Cash/Money Market	0%*	50%	5%

* It is the responsibility of the Client to maintain an average daily balance of at least 5% of operating assets in cash equivalents, however, such assets may be maintained in deposit accounts outside the purview of the Advisor (e.g. checking accounts with other financial institutions).

F. Eligible Investments: Portfolio concentrations shall use *Market Values* at *Time of Purchase* and use the *Lower of the allowable credit ratings*.

	ITEM	Portfolio % Limit
1.	<u>Treasury Securities:</u> U.S. Treasury obligations, including Bills, Notes and Bonds. Both Nominal and TIPS.	100%
2.	<u>Government Sponsored Agencies:</u> U.S. Government-guaranteed and Government sponsored corporations and agencies, including mortgage-backed securities (MBS) *no more than 20% in any specific GSE.	35%
3.	<u>Corporate Bonds:</u> U.S. dollar-denominated debt obligations of corporations including, but not limited to, floating rate notes, medium-term notes, bonds, debentures, and repurchase agreements. At the time of purchase, corporate bonds must have a minimum long-term credit rating by at least one of the NRSROs (i.e. S&P, Moody's of "A").	25%
4.	<u>Commercial Paper:</u> Corporate debt obligations whose maximum maturity by definition is less than 270 days. At time of purchase, commercial paper must have a minimum credit rating of A1/P1.	25%
5.	<u>Collateralized CD's:</u> Certificates of Deposits collateralized by Treasury, Agency or Municipal Securities.	100%
6.	<u>FDIC Guaranteed Bonds:</u> Bonds maturing before 12/31/12 under the "Temporary Liquidity Guaranty Program" which are FDIC guaranteed.	100%

7.	<u>Taxable Municipal Bonds:</u> Obligations of the U.S. states, local governments, and other municipal entities, that are taxable, including General Obligation and Revenue bonds, commercial paper, and Variable Rate Demand Notes (VRDNs). At the time of purchase must have a minimum credit rating by at least one of the NRSROs (i.e. S&P, Moody's) of "A".	25%
8.	<u>Money Market Funds:</u> Money Market Fund (includes Corporate Securities) at the time of purchase must have a credit rating by the NRSROs (i.e. S&P, Moody's) of "AAAm".	100%
9.	<u>Fixed Income Funds:</u> Funds, including Mutual Funds and Exchange-Traded Funds (ETFs), consistent or substantially consistent with the eligible investments noted above whose average maturity is no more than 5 years and whose average credit rating is A or better.	100%

G. Maturity Restrictions: Maturity restrictions shall be at *Time of Purchase*.

1. Individual Security Maturity:

For any single issue the maximum final maturity will not exceed 5 years, with the exception of single issue treasuries which may have a maximum final maturity of 7 years.

H. Investment/Credit Restrictions: Investment/Credit Restrictions shall be at *Time of Purchase*

1. Bond Ratings:

Bonds must be rated at least "A" at time of purchase by S&P or Moody's. If individually managed fixed income securities fall below the credit quality restrictions applied at time of purchase, the Investment Manager will notify the client in a reasonable period of time following the rating downgrade. This will extend to any obligation that has been downgraded 1 level from the minimum required long-term credit rating. If the obligation is downgraded more than 1 level from the minimum the Investment Officer has 120 days to dispose of that obligation.

2. Client Notification and Approval:

If securities fall below the credit quality restrictions applied at time of purchase, the Investment Manager will notify the client (email or writing) in a reasonable period of time following the rating downgrade.

3. Single Issuer:

- Single Corporate issuer concentration of a portfolio's aggregate market value shall not exceed 5% at time of purchase.
- Single Corporate issuer includes the issuer parent, subsidiaries, and affiliates included in the consolidated financial statements of the ultimate parent company.

I. Performance Benchmark:

- Investment performance will be analyzed on a quarterly basis.
- The performance benchmark will be the: Merrill Lynch 1-5 Yr, Government/Corporate, A+ Index
Historic benchmark Average Duration ranges: 2.25-2.75 years
Historic benchmark Average Portfolio Quality: AA
- Cash/Money Market: Citigroup 1 Month Treasury Bill

J. Client Communications:

The Advisor shall keep the Client apprised of any material changes in Advisor's outlook, recommended investment policy and strategy. In addition, Advisor shall issue reports and meet with the Client as specified below.

1. Reports:

The Advisor will provide to the Client in writing a quarterly economic analysis and performance report concerning each account unless otherwise specified.

2. Meetings:

The Advisor will offer to meet in person annually with the Client at a mutually agreeable time and place unless otherwise specified, to review and explain the Portfolio's investment results and related information. Additional communications may be made by telephone and email.

By signing below, the Client acknowledges that the Client understands these guidelines and agrees that they will remain in effect until MTB Investment Advisors, Inc. receives written notice from Client to the contrary. Client agrees that the IPS of this Portfolio shall be governed by the Investment Management Agreement by and between MTB Investment Advisors, Inc. and Client ("Agreement"). In the event of a conflict or discrepancy between this IPS and the Agreement, the Agreement shall be controlling.

Accepted:

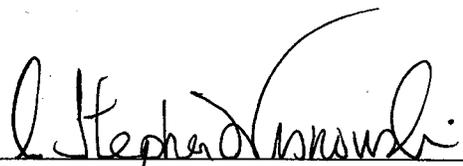
For: NATURAL HERITAGE TRUST – Operating Accounts

By: Alexander J. Roth
Name
Executive Director
Title


Signature
1/9/12
Date

For: MTB INVESTMENT ADVISORS, INC.

By: A. STEPHEN WISNIEWSKI
Name
Vice President
Title


Signature
1/17/12
Date

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**INVESTMENT POLICY STATEMENT for
NATURAL HERITAGE TRUST – Capital Projects/Reserve Accounts
MANAGED by MTB INVESTMENT ADVISORS, INC.**

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding between **MTB Investment Advisors, Inc. (“Advisor”)** and **Natural Heritage Trust (“Client”)** regarding the investment goals and objectives, and the management guidelines applicable to the Client’s investment portfolio (“Portfolio”). This Investment Policy Statement will:

- Establish reasonable expectations, goals, objectives and guidelines in the investment of the Portfolio’s assets.
- Create the framework for an appropriately diversified asset mix that can be expected to generate acceptable returns at a level of risk suitable to the Client, including:
 - specifying the investment strategy and target asset allocation policy
 - establishing investment guidelines regarding the permissible securities and diversification of assets
 - specifying the criteria for evaluating the performance of the Portfolio’s assets
- Encourage effective communication between the Advisor and Client

This IPS is intended to reflect the Client’s investment philosophy and guidelines governing the investment of the Portfolio under normal market conditions. This IPS should reflect the Client’s current status and philosophy, and should be reviewed and revised periodically to ensure it adequately reflects significant changes related to the Client’s circumstances, investment goals and objectives, or the capital markets. It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

A. Investment Objective

- The Portfolio will use a Total Return approach intended to generate returns from both capital appreciation and income over the specified time horizon.
- Risk, measured in terms of portfolio volatility, is anticipated to be similar to that of the broader financial markets.
- Portfolio performance should exceed the benchmark performance over a 5-year moving time period (average market cycle).

The Client-defined level of preferred risk and return for the Portfolio is characterized by selection of one of the following MTBIA investment objectives and/or as modified by *(E.) Portfolio Profile* or *(G.) Asset Allocation Guidelines*:

Conservative: ___ **Income & Growth: X** Growth & Income: ___ Growth: ___ Aggressive Growth: ___

B. MTBIA Asset Allocation Strategy: U.S. Centric - Traditional Asset Classes

This strategy utilizes an extensive range of traditional asset classes from the perspective of a U.S. investor whose liabilities are primarily dollar-based and who, thus, desires the majority of total asset exposure, or a minimum of 67%, to be U.S. dollar-denominated. “Traditional asset classes” include domestic & international: stocks, bonds, commodities, real estate, and cash securities. A wide variety of structures may be used to represent this range of asset classes such as: Closed/Open-end Mutual Funds, Exchange Traded Funds, Separately Managed Accounts or Strategies. Where Funds are used, they shall have a fundamental investment policy that is in general accordance with the intent of this statement.

C. Prohibited Investments

Currently excluded from “U.S. Centric – Traditional Asset Classes” are illiquid asset classes and vehicles that do not have daily liquidity. This includes, but is not limited to, most hedge funds, private equity, physical real estate, and physical commodities. Also excluded are individual investment in private placements, letter stock, short sales and margin transactions. Collars, forwards, futures, options and other hedging strategies will not be utilized without Client’s prior approval.

D. Client Profile

Organization [*Corporate, Individual, Limited Partnership, Public, Not For Profit, Union*]: Not-For-Profit/Public
Industry/ Line of Business [NAICS sectors]: _____

Fiscal Year End: March 31st

Marginal Tax Rate: _____

Publicly Traded-Ticker (if applicable): _____

E. Portfolio Profile

Purpose of Portfolio Funds [*Bond Issue, Self Insurance, Employee Benefit, Housing, Community Foundation, Private Foundation, Foundation-Other, Endowment, Long Term Investment (IMA), Operating funds (IMA), NUG Trust, Corporate Trust, CRUT, Other*]: Trust

Time Horizon [*short (< 3 years), medium (3-5 years), long-term (> 5 years)*]: Medium/Long-term

Liquidity Needs/Income Needs (payment/time period): As Requested

Tax Consequences (taxable, tax-exempt): Tax-exempt

Amortize/Accrete Premium/Discount securities: Yes ___ No X

Fiscal Year End of Portfolio (if different): _____

Retirement [*Deferred Comp, Defined Benefit, Defined Contribution/Profit Sharing, Health & Welfare/VEBA, IRA, Not Retirement, Other*]: _____ ERISA: Yes ___ No X

Required Actuarial or Spending Policy Rate: _____

Trading Constraints:

Full Investment Manager discretion: Yes ___ No X

Other: Subject to approval by client

Other Objectives/Special Concerns (i.e. social screening, etc.):

F. Advisor Separately Managed Fixed Income Parameters

1. Investment/Credit Restrictions shall be at time of purchase and use the lower of the allowable credit ratings:

- Single issuer concentration shall be limited to 5% of the portfolio, other than for U.S. Treasuries, Government Agencies, and MBS, **limited to 20% per GSE.**
- For Municipal Securities, the single security issue shall be limited to 5% of the portfolio.

2. Maturity Restrictions shall be at time of purchase:

- The Maximum Final Maturity for any single issue will not exceed 10 years.
- The Portfolio Average Effective Duration will not exceed 7 years and will be within +/-20% of the specified performance benchmark.

3. Bond Ratings:

Bonds must be rated at least “BBB/Baa” at time of purchase by S&P or Moody’s. If individually managed fixed income securities fall below the credit quality restrictions applied at time of purchase, the Investment Manager will notify the client in a reasonable period of time following the rating downgrade. This will extend to any obligation that has been downgraded 1 level from the minimum required long-term credit rating. If the obligation is downgraded more than 1 level from the minimum the Investment Officer has 120 days to dispose of that obligation.

4. Prohibited Investments not included in Section C. shall be:

- Non U.S. dollar-denominated securities

5. Eligible Fixed Income Investments include:

<i>ITEM</i>	Portfolio % Limit
1. <u>Treasury Securities:</u> U.S. Treasury obligations, including Bills, Notes and Bonds. Both Nominal and TIPS.	100%
2. <u>Government Sponsored Agencies:</u> U.S. Government-guaranteed and Government sponsored corporations and agencies, including mortgage-backed securities (MBS) *no more than 20% in any specific GSE.	35%*
3. <u>Corporate Bonds:</u> U.S. dollar-denominated debt obligations of corporations including, but not limited to, floating rate notes, medium-term notes, bonds, debentures, and repurchase agreements. At the time of purchase corporate bonds must have a minimum long-term credit rating by at least one of the NRSROs (i.e. S&P, Moody’s of “BBB/Baa”).	25%
4. <u>Commercial Paper:</u> Corporate debt obligations whose maximum maturity by definition is less than 270 days. At time of purchase, commercial paper must have a minimum credit rating of A1/P1.	50%
5. <u>Collateralized CD’s:</u> Certificates of Deposits collateralized by Treasury, Agency or Municipal Securities.	100%
6. <u>FDIC Guaranteed Bonds:</u> Bonds maturing before 12/31/12 under the “Temporary Liquidity Guaranty Program” which are FDIC guaranteed.	100%
7. <u>Taxable Municipal Bonds:</u> Obligations of the U.S. states, local governments, and other municipal entities, that are taxable, including General Obligation and Revenue bonds, commercial paper, and Variable Rate Demand Notes (VRDNs). At the time of purchase must have a minimum credit rating by at least one of the NRSROs (i.e. S&P, Moody’s) of “BBB/Baa”.	25%
8. <u>Money Market Funds:</u> Money Market Fund (includes Corporate Securities) At the time of purchase must have a credit rating by the NRSROs (i.e. S&P, Moody’s) of “AAAm”.	100%

9.	<u>Fixed Income Funds:</u> Funds, including Mutual Funds and Exchange-Traded Funds (ETF's), consistent or substantially consistent with the eligible investments noted above whose average maturity is no more than 10 years and whose average credit rating is BBB/Baa or better at time of purchase by S&P or Moody's.	100%
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G. Asset Allocation Guidelines

Advisor combines a diversified, asset allocation strategy with periodic rebalancing in order to seek optimal returns commensurate with assumed levels of risk while meeting the client's investment objectives. In its role as discretionary investment manager, Advisor may adjust the Benchmark Target for Sub-Asset classes from time to time as it deems appropriate. Advisor makes "Tactical" (near-term) allocations which fall within the Minimum-Maximum ranges noted below and may be higher or lower than the "Benchmark Target". Tactical allocations are based upon Advisor's judgment given the prevailing economic and market conditions.

Asset Classes Sub-Asset Classes	Minimum	Benchmark Target	Maximum	Benchmark Index
Total Fixed Income:	75%	85%	100%	Merrill Lynch 1-10 Govt/Corp A+
*Total Equity:	0%	15%	25%	S&P 500

*Eligible Equities – Mutual Funds and Exchange Traded Funds (ETFs)

H. Performance Benchmark

The Performance Benchmark will be a weighted blend of the Benchmark Indexes noted below, utilizing the Benchmark Target as determined by Advisor.

Primary Benchmark:

Fixed Income - Merrill Lynch 1-10 Yr Government Corporate A+: 85%
Equity - S&P 500: 15%

I. Client Communications

The Advisor shall keep the Client apprised of any material changes in Advisor's outlook, recommended investment policy and strategy, and credit quality downgrades. In addition, Advisor shall issue reports, meet with the Client, and give notification as specified below.

1. **Reports:**

The Advisor will provide to the Client in writing a quarterly economic analysis and performance report for each Portfolio unless otherwise specified.

2. **Meetings:**

The Advisor will offer to meet in person annually with the Client at a mutually agreeable time and place unless otherwise specified, to review and explain the Portfolio's investment results and related information. Additional communications may be made by telephone and email.

By signing below, the Client acknowledges an understanding of these guidelines and agrees that they will remain in effect until Advisor receives written notice from the Client to the contrary. Client agrees that the IPS of this Portfolio shall be governed by the Investment Management Agreement ("Agreement") by and between Advisor and Client. In the event of a conflict or discrepancy between this IPS and the Agreement, the Agreement shall be controlling.

Accepted:

For: NATURAL HERITAGE TRUST – Capital Projects/Reserve Accounts

By: Alexander J. Roth
Name
Executive Director
Title


Signature
1/9/12
Date

For: MTB INVESTMENT ADVISORS, INC.

By: A. STEPHEN WISNIEWSKI
Name
Vice President
Title


Signature
1/17/12
Date

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**INVESTMENT POLICY STATEMENT for
NATURAL HERITAGE TRUST – Endowment/Long-Term Investment Accounts
MANAGED by MTB INVESTMENT ADVISORS, INC.**

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding between **MTB Investment Advisors, Inc. (“Advisor”)** and **Natural Heritage Trust (“Client”)** regarding the investment goals and objectives, and the management guidelines applicable to the Client’s investment portfolio (“Portfolio”). This Investment Policy Statement will:

- Establish reasonable expectations, goals, objectives and guidelines in the investment of the Portfolio’s assets.
- Create the framework for an appropriately diversified asset mix that can be expected to generate acceptable returns at a level of risk suitable to the Client, including:
 - specifying the investment strategy and target asset allocation policy
 - establishing investment guidelines regarding the permissible securities and diversification of assets
 - specifying the criteria for evaluating the performance of the Portfolio’s assets
- Encourage effective communication between the Advisor and Client

This IPS is intended to reflect the Client’s investment philosophy and guidelines governing the investment of the Portfolio under normal market conditions. This IPS should reflect the Client’s current status and philosophy, and should be reviewed and revised periodically to ensure it adequately reflects significant changes related to the Client’s circumstances, investment goals and objectives, or the capital markets. It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

A. Investment Objective

- The Portfolio will use a Total Return approach intended to generate returns from both capital appreciation and income over the specified time horizon.
- Risk, measured in terms of portfolio volatility, is anticipated to be similar to that of the broader financial markets.
- Portfolio performance should exceed the benchmark performance over a 5-year moving time period (average market cycle).

The Client-defined level of preferred risk and return for the Portfolio is characterized by selection of one of the following MTBIA investment objectives and/or as modified by *(E.) Portfolio Profile* or *(G.) Asset Allocation Guidelines*:

Conservative:___ Income & Growth:___ **Growth & Income: X** Growth:___ Aggressive Growth:___

B. MTBIA Asset Allocation Strategy: U.S. Centric - Traditional Asset Classes

This strategy utilizes an extensive range of traditional asset classes from the perspective of a U.S. investor whose liabilities are primarily dollar-based and who, thus, desires the majority of total asset exposure, or a minimum of 67%, to be U.S. dollar-denominated. “Traditional asset classes” include domestic & international: stocks, bonds, commodities, real estate, and cash securities. A wide variety of structures may be used to represent this range of asset classes such as: Closed/Open-end Mutual Funds, Exchange Traded Funds, Separately Managed Accounts or Strategies. Where Funds are used, they shall have a fundamental investment policy that is in general accordance with the intent of this statement.

C. Prohibited Investments

Currently excluded from “U.S. Centric – Traditional Asset Classes” are illiquid asset classes and vehicles that do not have daily liquidity. This includes, but is not limited to, most hedge funds, private equity, physical real estate, and physical commodities. Also excluded are individual investment in private placements, letter stock, short sales and margin transactions. Collars, forwards, futures, options and other hedging strategies will not be utilized without Client’s prior approval.

D. Client Profile

Organization [Corporate, Individual, Limited Partnership, Public, Not For Profit, Union]: Not-For-Profit/Public
Industry/ Line of Business [NAICS sectors]: _____

Fiscal Year End: March 31st

Marginal Tax Rate: _____

Publicly Traded-Ticker (if applicable): _____

E. Portfolio Profile

Purpose of Portfolio Funds [Bond Issue, Self Insurance, Employee Benefit, Housing, Community Foundation, Private Foundation, Foundation-Other, Endowment, Long Term Investment (IMA), Operating funds (IMA), NUG Trust, Corporate Trust, CRUT, Other]: Trust

Time Horizon [short (< 3 years), medium (3-5 years), long-term (> 5 years)]: Long-term

Liquidity Needs/Income Needs (payment/time period): As Requested

Tax Consequences (taxable, tax-exempt): Tax-exempt

Amortize/Accrete Premium/Discount securities: Yes ___ No X

Fiscal Year End of Portfolio (if different): _____

Retirement [Deferred Comp, Defined Benefit, Defined Contribution/Profit Sharing, Health & Welfare/VEBA, IRA, Not Retirement, Other]: _____ ERISA: Yes ___ No X

Required Actuarial or Spending Policy Rate: _____

Trading Constraints:

Full Investment Manager discretion: Yes ___ No X

Other: Subject to approval by client

Other Objectives/Special Concerns :

F. Advisor Separately Managed Fixed Income Parameters

1. Investment/Credit Restrictions shall be at time of purchase and use the lower of the allowable credit ratings:

- Single issuer concentration shall be limited to 5% of the portfolio, other than for U.S. Treasuries, Government Agencies and MBS, **limited to 20% per GSE.**
- For Municipal Securities, the single security issue shall be limited to 5% of the portfolio.

2. Maturity Restrictions shall be at time of purchase:

- The Maximum Final Maturity for any single issue will not exceed 10 years.
- The Portfolio Average Effective Duration will not exceed 7 years and will be within +/- 20% of the specified performance benchmark.

3. Bond Ratings:

Bonds must be rated at least “BBB/Baa” at time of purchase by S&P or Moody’s. If individually managed fixed income securities fall below the credit quality restrictions applied at time of purchase, the Investment Manager will notify the client in a reasonable period of time following the rating downgrade. This will extend to any obligation that has been downgraded 1 level from the minimum required long-term credit rating. If the obligation is downgraded more than 1 level from the minimum the Investment Officer has 120 days to dispose of that obligation.

4. Prohibited Investments not included in Section C. shall be:

- Non U.S. dollar-denominated securities

5. Eligible Fixed Income Investments include:

	<i>ITEM</i>	Portfolio % Limit
1.	<u>Treasury Securities:</u> U.S. Treasury obligations, including Bills, Notes and Bonds. Both Nominal and TIPS.	100%
2.	<u>Government Sponsored Agencies:</u> U.S. Government-guaranteed and Government sponsored corporations and agencies, including mortgage-backed securities (MBS) *no more than 20% in any specific GSE.	35%*
3.	<u>Corporate Bonds</u> U.S. dollar-denominated debt obligations of corporations including, but not limited to, floating rate notes, medium-term notes, bonds, debentures, and repurchase agreements. At the time of purchase corporate bonds must have a minimum long-term credit rating by at least one of the NRSROs (i.e. S&P, Moody’s of “BBB/Baa”).	25%
4.	<u>Commercial Paper:</u> Corporate debt obligations whose maximum maturity by definition is less than 270 days. At time of purchase, commercial paper must have a minimum credit rating of A1/P1.	25%
5.	<u>Collateralized CD’s:</u> Certificates of Deposits collateralized by Treasury, Agency or Municipal Securities.	100%
6.	<u>FDIC Guaranteed Bonds:</u> Bonds maturing before 12/31/12 under the “Temporary Liquidity Guaranty Program” which are FDIC guaranteed.	100%
7.	<u>Taxable Municipal Bonds:</u> Obligations of the U.S. states, local governments, and other municipal entities, that are taxable, including General Obligation and Revenue bonds, commercial paper, and Variable Rate Demand Notes (VRDNs). At the time of purchase must have a minimum credit rating by at least one of the NRSROs (i.e. S&P, Moody’s) of “BBB/Baa”.	25%
8.	<u>Money Market Funds:</u> Money Market Fund (includes Corporate Securities) At the time of purchase must have a credit rating by the NRSROs (i.e. S&P, Moody’s) of “AAAm”.	100%

9.	<u>Fixed Income Funds:</u> Funds, including Mutual Funds and Exchange-Traded Funds (ETF's), consistent or substantially consistent with the eligible investments noted above whose average maturity is no more than 10 years and whose average credit rating is BBB/Baa or better at time of purchase by S&P or Moody's.	100%
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G. Asset Allocation Guidelines

Advisor combines a diversified, asset allocation strategy with periodic rebalancing in order to seek optimal returns commensurate with assumed levels of risk while meeting the client's investment objectives. In its role as discretionary investment manager, Advisor may adjust the Benchmark Target for Sub-Asset classes from time to time as it deems appropriate. Advisor makes "Tactical" (near-term) allocations which fall within the Minimum-Maximum ranges noted below and may be higher or lower than the "Benchmark Target". Tactical allocations are based upon Advisor's judgment given the prevailing economic and market conditions.

Asset Classes Sub-Asset Classes	Minimum	Benchmark Target	Maximum	Benchmark Index
Total Fixed Income:	30%	40%	100%	Merrill Lynch 1-10 Yr Gov/Corp, A-Rated
*Total Equity:	0%	60%	70%	S&P 500

*Eligible Equities – Mutual Funds and Exchange Traded Funds (ETFs)

H. Performance Benchmark

The Performance Benchmark will be a weighted blend of the Benchmark Indexes noted below, utilizing the Benchmark Target as determined by Advisor.

Primary Benchmark:

Fixed Income - Merrill Lynch 1-10 Year Government Corporate, A-Rated: 40%
Equity - S&P 500: 60%

I. Client Communications

The Advisor shall keep the Client apprised of any material changes in Advisor's outlook, recommended investment policy and strategy, and credit quality downgrades. In addition, Advisor shall issue reports, meet with the Client, and give notification as specified below.

1. Reports:

The Advisor will provide to the Client in writing a quarterly economic analysis and performance report for each Portfolio unless otherwise specified.

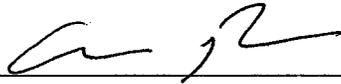
2. Meetings:

The Advisor will offer to meet in person annually with the Client at a mutually agreeable time and place unless otherwise specified, to review and explain the Portfolio's investment results and related information. Additional communications may be made by telephone and email.

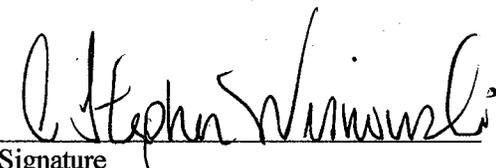
By signing below, the Client acknowledges an understanding of these guidelines and agrees that they will remain in effect until Advisor receives written notice from the Client to the contrary. Client agrees that the IPS of this Portfolio shall be governed by the Investment Management Agreement ("Agreement") by and between Advisor and Client. In the event of a conflict or discrepancy between this IPS and the Agreement, the Agreement shall be controlling.

Accepted:

For: NATURAL HERITAGE TRUST – Endowment/Long-Term Investment Accounts

By: Alexander J. Roth 
Name Signature
Executive Director 1/9/12
Title Date

For: MTB INVESTMENT ADVISORS, INC.

By: A. STEPHEN WISNIEWSKI 
Name Signature
Vice President 1/17/12
Title Date

NATURAL HERITAGE TRUST
RESOLUTION # 2011-9

**Resolution for the Natural Heritage Trust to
Amend Investment Policy Statements**
(Adopted December 13, 2011)

WHEREAS, the Board of the Natural Heritage Trust ("NHT") has the responsibility under article 55.05 of the Arts and Cultural Affairs Law of the State of New York, Section 2925 of the Public Authorities Law, and under the NHT By-Laws, to oversee the investment policy of the NHT; and

WHEREAS, in accordance with the NHT Investment Policy, as re-adopted on June 16, 2011 (Resolution 2011-4), the goals, objectives and guidelines applicable to the NHT's investments are set forth in separate Investment Policy Statements (IPS), one each for the NHT Operating Accounts, Capital Project/Reserve Accounts and Long Term Capital/Endowment Accounts; and

WHEREAS, in accordance with the NHT Investment Policy, any changes to the IPS require Board approval prior to signature by the Executive Director; and

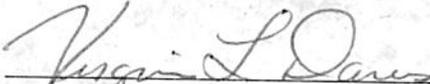
WHEREAS, the NHT seeks to amend the fixed income portion of the IPS to increase the allowable investment concentration for Fixed Income Funds from 50% to 100% consistent with the underlying eligible fixed income investment vehicles; and

NOW THEREFORE, it is hereby RESOLVED that the Executive Director of the NHT is hereby authorized to sign amended Investment Policy Statements to incorporate the increase in allowable investment concentration for Fixed Income Funds.

MOVED BY: Rose Harvey
SECONDED BY: Lucy Waletzky

In Favor: Rose Harvey, Anne Reynolds, Lucy Waletzky
Opposed: None

In Witness Hereof:


Secretary