Background
The Natural Resources Foundation of Wisconsin, Inc. (NRF) is a 501(c)(3) publicly supported philanthropic institution governed by a board of private citizens representing the public interests of the State of Wisconsin and its natural resources. One of the services NRF offers is to serve as a third party “fiscal agent” to manage funds on behalf of one or more funding entities.

Purpose
This Escrow Investment Policy describes the investment objectives of third party escrow accounts held by NRF, establishes investment principles for these assets, and creates guidelines for evaluating investment decisions.

NRF may be guided or bound by restrictions within the escrow agreement. This policy does not replace the language of the agreement, but rather is intended to define additional restrictions that may be needed to protect NRF’s financial position. If there is conflict between the policy and language in the agreement, then NRF must negotiate the terms of the agreement to the satisfaction of all parties involved.

The Prudent Person Rule
In making investment decisions and supervising and managing assets, a person with investment responsibility for NRF should act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims.

Responsibilities
To maintain a flexible policy, the NRF Investment Committee shall review the policy at least once every two years and on an interim basis as required. Changes to the policy recommended by the Investment Committee must be approved by the NRF Board of Directors.
The Investment Manager is defined as a person or organizations paid by NRF to manage escrow assets. Full discretion with respect to investment decisions will be given to the Investment Manager, who shall manage escrow accounts within the guidelines established by this investment policy.

The Investment Manager is expected to:

1. Exercise complete investment discretion within current guidelines including the selection of securities and the implementation of the purchase and sale of those securities.
2. Communicate frequently and openly with the NRF on all matters of significance regarding changes in its management, organization or structure.
3. Provide statements of the value of the investment portfolio on a monthly basis.
4. Provide reports on the performance of the investment portfolio on a quarterly basis for distribution to the NRF Investment Committee.
5. For actively managed escrow accounts (i.e. other than money market or CD), present performance reviews in person at least annually to the Investment Committee or Board of Directors.
6. Provide advice to the Investment Committee to help in the development and review the appropriateness of guidelines, policies and objectives.
7. Provide objective advice on all investment matters.
8. Disclose all revenue-sharing arrangements with the NRF Investment Committee prior to entering into any such funds on behalf of NRF.
9. Accurately disclose all fees associated with management of NRF assets, and inform NRF of any proposed changes to fee structure or amount prior to implementation.

The effectiveness of the Investment Manager’s performance will be reported quarterly (see #4 above) and measured by:

- adherence to asset allocation targets
- portfolio performance compared to appropriate benchmarks such as the Lipper and Barclays indices
- success in achieving stated objectives

Investment Policy

Objective
The fundamental investment objective for escrow funds held by NRF is to achieve a rate of return that preserves principal and supports administrative fees. Escrow funds are not the property of NRF, which elevates preservation of principal to the highest priority.

Investment Guidelines

Escrow Life Less than 5 years
In order to achieve the objective of minimizing loss of principal, the assets in escrow accounts will be invested in cash and equivalents, government-backed individual securities like U.S. Treasury Bonds or Certificates of Deposit, or fixed income mutual funds investing
in government or investment grade bonds. Escrow funds may not be invested in equities, bonds with maturity in excess of the expected life of the escrow account, or other instruments that expose the account to undue risk.

**Escrow Life 5 years or Longer**

In order to achieve the objective of minimizing loss of principal, the assets in escrow accounts will be primarily invested in cash and equivalents, government-backed individual securities like U.S. Treasury Bonds or Certificates of Deposit, or fixed income mutual funds investing in government or investment grade bonds. Due to the longer time horizon, a small allocation to fixed income mutual funds specializing in below investment grade bonds and international bonds are allowed for diversification. Escrow funds may not be invested in equities, bonds with maturity in excess of the expected life of the escrow account, or other instruments that expose the account to undue risk.

Because of the relatively uncertain timing of disbursements, escrow funds must be sufficiently liquid to respond to requests for disbursement without penalty. This is achieved by use of cash-equivalents, laddering maturities of investment instruments, and regular cash flow forecasting with assistance of the individual designated to initiate such disbursements.

Because of the expected low returns associated with a low-risk portfolio, lower-cost investments are preferred.

**Asset Allocation**

The asset allocation for escrow investments shall fall within the following ranges based on the expected remaining life of the fund, unless a temporary allowance is made by NRF:

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<thead>
<tr>
<th></th>
<th>5 years or less</th>
<th>More than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>U.S. High Quality</td>
<td>100%</td>
<td>90-100%</td>
</tr>
<tr>
<td>High Yield</td>
<td>0%</td>
<td>0-10%</td>
</tr>
<tr>
<td>International</td>
<td>0%</td>
<td>0-10%</td>
</tr>
</tbody>
</table>

This allocation range is designed to achieve the objective outlined above at an acceptable level of risk. Of course, there can be no guarantee against principal loss or that the objective will be achieved, particularly in the short run. However, historical asset class data suggest a high probability of achieving the objective over the long run and only a minimal risk of principal loss, again in the long run.

**Investment Timing**

All additions to the escrow fund will be invested in a prudent and timely manner. New contributions may be initially deposited into short term cash equivalents, and will be subsequently invested in accordance with asset allocation targets within a reasonable timeframe.
Investment Review and Monitoring
The NRF Investment Committee will review all aspects of actively managed portfolios on a quarterly basis, and more frequently as necessary. Their review will include asset allocation, use of active versus passive managers, performance of managers versus benchmarks, etc., with the understanding that progress of the investment will generally be measured over the expected life of the fund. Passively invested funds (money market or CD) will be monitored by the NRF Finance Committee.

Voting Proxies/Shareholder Proposals
Proxy voting, including votes on Shareholders Proposals, shall be delegated to the Investment Manager; however, the Investment Manager shall provide the voted results upon request. It is noted that given the investment strategies stated in this investment policy, proxy voting is likely to be infrequent.