

Land Trust

Investment Policy Statement

Adopted February 27, 2002

I. Purpose Statement.

This Investment Policy Statement is meant to guide the Board and staff of the Land Trust to be effective stewards of the financial resources of the organization. This policy will also provide guidelines and limitations on the uses of different types of funds.

II. Definition of Funds.

The Land Trust has three Funds in its financial portfolio. Assets shall not be comingled between Funds. The Funds are defined as follows.

Operating Fund. These are the cash assets needed to operate the organization on a daily basis and includes salaries, rents, office expenses and all income and expenses not attributable to the two other accounts.

Project Fund. These are the cash funds raised for and to be spent on specific land conservation projects.

Stewardship Endowment Fund. These are the funds specifically invested to provide income for the ongoing and perpetual stewardship responsibilities that the organization incurs when conservation easements are accepted. The principle in this fund shall not be used except as approved by the Board of Directors. Money from this account may be transferred to the operating account to cover the cost of ongoing stewardship responsibilities.

III. Administrative Procedures

The Investment Committee will receive and review on a monthly basis, the status of the Stewardship Endowment Account. The Investment Committee will provide a complete review of the investment portfolio to the Board of Directors on a semi-annual basis.

The President, Vice President and/or Treasurer are authorized to conduct transactions within the parameters of this policy statement and the signature policy.

The Land Trust may engage the services of professional advisors or managers. Professional advisors or managers providing these services will adhere to the policies described in this policy statement. Advisors and managers will provide monthly statements to the Investment Committee.

The Board shall review this investment policy as needed and make revisions if necessary, including a complete review of all investments with a qualified financial professional on an annual basis.

Conventional FDIC Insured Checking and Savings Accounts

Money Market Funds

Certificates of Deposit

Obligations of the United States Government and Agencies, including direct investments in U.S. Government Mortgage Pass Through Securities.

Repurchase Agreements

Commercial Paper

Corporate Notes and Bonds

Corporate Fixed Income/Bond Mutual Funds.

The income generating securities are to selected based upon consideration of their relative financial strength, evaluation of the funds portfolio structure, management fees and rankings by various services. All income generating securities must be investment grade A or better as rated by Standard and Poor's, Moody's or similar organizations.

Equity Investments

Equity investments may only be made through the use of outside professional managers and professionally managed mutual funds. Permitted equity investments may include:

Common Stock

Preferred Stock

Convertible Bonds

Convertible Preferred Stock

Equity Mutual Funds

The equities held in the endowment fund are to selected based upon consideration of their relative financial strength, evaluation of the funds portfolio structure, management fees and rankings by various services

Prohibited Investments

The following is a list of prohibited investments for all the land trust accounts.

Corporate High Yield Bonds (less than A quality)

Private Placements, including GIC's

Commercial mortgages, bank loans and loan participations

Non-liquid equity participation

Limited partnerships

Real estate, including Real Estate Investment Trusts, excluding investments purchased for operations and donated real estate interests.

Commodities

Precious metals

Financial Futures and Options

Diversification

No individual issuer shall represent more than 10% of the overall endowment portfolio. No more than 20% of the overall endowment portfolio shall be in any individual mutual fund. However, direct obligations of the U.S. Government or its agencies, certificates of deposit and money market funds may exceed 20% provided they meet the guidelines noted above. The equity portfolio will not contain more than a 15% allocation to international equities or

international mutual funds. The land trust will not invest in penny stocks or micro cap companies with a market value of less than \$50 million.

V. Other Related Policies.

Unique Gifts Policy

The land trust has a Unique Gifts Policy which will be followed with non-cash gifts and bequests to the land trust. This may cover assets gifted to the land trust that may otherwise be prohibited by this Investment Policy.

Signature Policy

The land trust has a Signature Policy which will be followed in the management of the three Funds covered by this Investment Policy.



TAOS LAND TRUST
STEWARDSHIP FUND POLICY
Approved by the Board of Directors 2/20/95
Revisions approved by the Board of Directors 6/15/98

Dear Landowner:

Thank you for contacting the Taos Land Trust. We look forward to working with you and creating an agreement which meets your conservation objectives and those of the Land Trust. We realize you will be making important decisions; our Board members and staff will make every effort to answer any questions you may have and to discuss with you, in confidence, any topics or issues that may come into your consideration.

WHAT IS THE STEWARDSHIP FUND AND WHY IS IT NEEDED?

When it accepts a Conservation Easement from a landowner, the Taos Land Trust (TLT) is obligated to ensure -- forever -- that the landowner's property is preserved in strict accordance with the provisions agreed upon between the Landowner and the Land Trust as set forth in the Conservation Easement. To do this, the TLT

- (1) Monitors and inspects the Conservation Easement on a regular basis, usually once a year,
- (2) Protects the Conservation Easement from encroachment and misuse, and
- (3) Defends the Conservation Easement, through legal action if necessary.

To help cover the costs of carrying out these responsibilities, Land Trusts establish Stewardship Funds. The Stewardship Fund is used solely for the activities outlined above, is not co-mingled with general funds, and *is not* used to pay for the TLT's operating expenses.

In addition to the Stewardship Contribution, a Commitment Contribution will also be requested prior to TLT's drafting of the Conservation Easement. These funds will be used to offset some of the Land Trust's costs of preparing the Conservation Easement. The Commitment Contribution will usually vary from \$500-\$3,500, depending on the anticipated complexity of the Easement and other factors that may influence total preparation costs.

While the Grantor of a Conservation Easement is not likely to violate the terms of the agreement with the Taos Land Trust, the Grantor's heirs or *those who buy the land from the Grantor or from his or her heirs*, will eventually own the property. Someone in the *future* who wants to harvest all the timber or build on the farmland where it is not permitted may *try* to violate the provisions of the Conservation Easement which was so carefully established by the *Grantor*. Thus, the Stewardship Fund ensures that the Land Trust will *have the financial capability* to carry out the intentions of the *Grantor* for the preservation of his/her land.

HOW IS THE LANDOWNER'S STEWARDSHIP CONTRIBUTION CALCULATED?

The amount the TLT requests of landowners for a Stewardship Contribution can vary according to the complexity of the Conservation Easement, an assessment of potential threats to the Conservation Easement, and any other factors the Board of Directors determines need to be considered. In general, however, provision must be made for a contribution to the Stewardship Fund sufficient to defray the estimated costs to the TLT of inspecting, preserving and defending the Conservation Easement against violations forever.

Continued

GENERAL FORMULAS FOR REQUESTED CONSERVATION EASEMENT STEWARDSHIP CONTRIBUTIONS:

For Individual Landowners:

- Up to 25 acres: a one-time \$2,500 donation from the landowner to the TLT,
- AND**
- For each acre over 25 acres, \$50 per acre (up to 200 acres)

AND

- Five percent (5%) of any actual dollars saved on taxes during each year the landowner receives a tax deduction.

For Multiple Landowners (Neighborhood Conservation Easements):

- Same as for individual landowners, plus an additional amount to account for the additional costs of the TLT working with multiple owners.

For Developer Easements:

- Same as for individual landowners,

AND

- One percent (1%) of the gross sales price of each lot

AND

- Funds to cover any costs of insurance or other specific costs the TLT may incur.

For Conservation Easements over 200 Acres:

- Amounts will be determined on a case-by-case basis by the TLT Board of Directors *using the formulas above as a base.*

For Donations of Land in Fee Simple:

- Amounts will be determined on a case-by-case basis by the TLT Board of Directors, and can vary widely according to agreements between the donors and the Land Trust regarding the future use of the property.

For Special Circumstances:

- Some landowners who have sincere conservation goals and important pieces of land to protect may not have the means to *contribute* the full amount of the requested Stewardship Contribution. In such instances, we are willing to explore with the landowner alternative methods of acquiring the necessary funds. *For example, the landowner may wish to assist TLT in its efforts to solicit contributions from the general public to cover the Stewardship Contribution.*

Please Note: Because the TLT is a 501(c)(3) nonprofit charitable organization, all contributions to it, including the Stewardship Contribution, are tax-deductible as provided by law.

TAOS LAND TRUST
STEWARDSHIP FUND POLICY
CONSIDERATIONS/INFORMATION FOR INTERNAL USE ONLY

STEWARDSHIP FUNDS

General

Land is held by the TLT in fee and conservation easements. In obtaining these, TLT assumes certain obligations, to perpetuity in most cases. TLT therefore must plan for and provide funds to meet the expenses of fulfilling these obligations.

Purpose

Stewardship Funds serve a dual purpose. Initially, these funds meet the operating expenses of the TLT and the costs of professionals necessary to put the easement in place or to take title to the land. Stewardship Funds, or more specifically the interest on these funds, are also used to monitor, inspect, protect from encroachment, and defend through legal action, if necessary, the easements, land, and other assets of the TLT. Remember that a Conservation Easement is, in reality, a LIABILITY FOR THE LAND TRUST, not an asset.

Investment Policy

The investment policy of the Stewardship Fund is guided by the preservation of principal with effort made to increase the assets of the fund, after expenses, at least at a rate equal to inflation.

Size

The size of the Stewardship Fund is predicated upon the number of easements and land parcels held or projected to be held by the TLT in the fiscal year. Funds necessary for individual easements are based upon the determinants for contributions listed below. The TLT shall estimate the fund balance necessary to adequately serve the existing and projected easement and land owned each year at the beginning of the calendar year.

STEWARDSHIP CONTRIBUTIONS

General Rule

(for Conservation Easements only-not Gifts of Land)

Prior to the acceptance of any gift of land or conservation easement, or purchase of any parcel of land or easement, provision must be made for a contribution to the Stewardship Fund large enough so that projected interest from the contribution is sufficient to defray the estimated costs of funding TLT's obligations to inspect, preserve, and defend the property against encroachment in perpetuity.

Specific Rules

SEE THE FORMULAS ON THE STEWARDSHIP FUND POLICY FOR LANDOWNERS

What if a Landowner Can't Afford the Stewardship Contribution?

The Land Trust realizes that some landowners with sincere conservation intentions and important pieces of land to protect, may have insufficient means to completely meet the TLT Stewardship Contribution requirements. In such instances, we are willing to explore with the landowner alternative methods for acquiring the necessary funds.

Types of Contributions

- 1) Money
- 2) Land. Should be "marketable". The Land Trust should beware of being regarded as a "co-developer" through the acceptance of property which is part of an actively marketed development.
- 3) Other, such as water rights, mineral rights, cattle and personal property. These assets should have clear title and be readily marketable.

Determinants for the Size of Contributions

- 1) For Conservation Easements, the following items should be taken into consideration when determining the size of the Stewardship Contribution:
 - a) Complexity of the Conservation Easement
 1. Board and staff time
 2. Professional fees for attorneys, accountants, biologists, geologists, etc.
 3. Amount and kind of reserved rights
 - b) Complexity of Inspection
 1. Complexity of conservation agreement
 2. Size
 3. Terrain
 4. Remoteness and distance from Taos
 5. Monitoring approach: on the ground, from the air
 - c) Likelihood of Litigation
 1. Complexity of agreement
 2. Shape of parcel
 3. Number and use of adjacent parcels
 4. Value of property without easement
 5. Current and projected development pressures in the area of the Property
 6. Number and attitudes of other family members, including the following generations.
- 2) For land contributed or purchased, in addition to the items listed in #1 above, the following items should be taken into consideration when determining the Stewardship Contribution:
 - a) Size of parcel
 - b) Historic & projected taxes
 - c) Maintenance costs
 - d) Insurance costs, including liability insurance
 - e) Drainage, fences, and other necessary improvements
 - f) Any other anticipated expenses

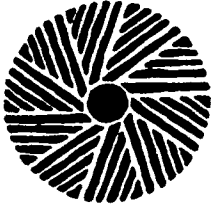
Exceptions to the General Rule of Stewardship Contributions

- 1) Stewardship Contributions for purchased land or conservation easements may be taken from the general funds of the Land Trust if it is believed to be of extraordinary benefit to the public.

- 2) Stewardship funds may be taken from the general fund for easements given to the Land Trust for which the donor derives no tax benefit and a contribution would prove a hardship, but it is much preferred that alternative sources of funds be found.
- 3) General funds may be used for Stewardship Fund purposes for donated conservation easements if it is felt that the TLT will derive sufficient good will, publicity, strategic advantage or other value from the transaction.

ALL EXCEPTIONS TO THE GENERAL RULE MUST HAVE PRIOR APPROVAL BY THE TAOS LAND TRUST BOARD OF DIRECTORS.

Appendix 14.1: Sample Easement Stewardship Fund Policies



ENVIRONMENTAL MANAGEMENT CENTER
BRANDYWINE CONSERVANCY P.O. BOX 141 CHADDS FORD,
PENNSYLVANIA 19817 215/388-7601 • 459-1900

**POLICY REGARDING DONATIONS TO ENDOWMENT
FOR CONSERVATION EASEMENTS**

SCOPE

This policy establishes the principles governing endowment for conservation easement donations, the methods for determining endowment principal required, and the procedures to be followed in establishing endowments for conservation easement projects.

II. PURPOSES

The Conservancy recognizes that the costs of monitoring and enforcing easements are growing each year, not only as a result of new easement donations but as a result of changes in ownership of donated easement properties, land usage, and the pressures of urbanization. In addition, costs resulting from IRS audits and EMC support has been realized and future legal issues loom. While every attempt is made to secure endowment for existing easements from a variety of sources or the original easement donors, it is essential that those who wish to have an easement project provide for endowment to insure their preservation. The potential for each easement area to be subdivided for multiple ownerships requires that this policy also address subdivision.

III. BASIC OPERATING PRINCIPLES

- A. The Conservancy will not accept easements without an endowment, either by the donor or other interested parties, unless agreed upon by the Environmental Committee.
- B. Full endowment contribution should be provided at the time of easement donation if possible.

An easement donor may provide for endowment principal in one of the following ways:

- 1. A contribution in full at the time of the easement donation.
- 2. A partial contribution at the time of easement with additional guaranteed contributions over a period of years.
- 3. At the Conservancy's discretion, contributions may be deferred in exceptional circumstances.

C. Easements shall provide that no subdivision of an easement area shall be permitted by the Conservancy unless endowment was provided at the time of easement donation, or if full payment in advance is not possible, satisfactory arrangements can be made for payment at the time of subdivision.

D. The endowment principal required for an individual easement donation shall be based upon the projected costs of monitoring and enforcement, plan approval and review, and a minimum endowment amount based on staff time and consultant fees for easement protection during IRS audits and legal issues as hereinafter described.

Appendix 14.1: Sample Easement Stewardship Fund Policies

- E. Contribution of easement endowment funds shall be recorded by donor, project area, and municipal location but shall not be maintained as funds restricted to the particular property.

IV. METHOD OF DETERMINING ENDOWMENT PRINCIPAL

Factors to be considered in establishing the amount of endowment required include:

- A. The size and nature of the easement area to determine time necessary for inspection.
 - B. Location in relationship to Chadds Ford and other (existing or pending) easements to determine travel time and costs to the easement area.
 - C. The complexity of the easement and the extent to which easement provisions will impose significant administrative burdens (e.g., approval of improvement location and design, approval of woodlot management plans).
- D. General administrative costs (e.g., inspection notices, signs, etc.).
- E. Base endowment principal required to cover increased administrative costs of a subdivision reviewed yearly by the Environmental Committee and approved by the Executive Committee.
- F. A set minimum endowment fund to cover any costs associated with EMC support of potential donor audits or other legal issues which might arise in the future. The amount to be reviewed by the Environmental Committee and approved by the Executive Committee annually.
- G. Endowment principal required based upon the amount of yield to cover the above costs using a formula reviewed each year by the Environmental Committee and approved by the Executive Committee.

V. PROCEDURES

- A. During the process of delineating easement areas, and preparing easement terms, EMC staff will discuss with the donor factors affecting endowment needs and the provisions of this policy.
- B. Conservancy staff will prepare a preliminary endowment estimate for review with the donor(s) and the Environmental Committee.
- C. Revisions, to the easement instrument and/or the endowment amount, as directed by the Environmental Committee, shall be forwarded to the Trustees for approval.
- D. Endowment funds received from the donor(s) shall be acknowledged by the Conservancy and placed in a restricted easement endowment fund.
- E. If an endowment contribution is deferred, the estimated endowment needs as well as the payment provisions will be acknowledged in writing by the donor(s) in a notarized statement. A copy of the statement shall be maintained in the permanent files of the Conservancy and in the EMC easement file for the property(ies).



Peconic Land Trust

Stewardship Contribution Policy

Conservation efforts continue well after the acquisition of land or donation of a conservation easement. While the donor makes a gift of great significance with potential charitable tax benefits, the Trust assumes a perpetual liability given the responsibilities and costs associated with its long-term stewardship of protected land. Land that has been entrusted to Peconic Land Trust for perpetual care entails legal obligations and good faith responsibilities that continue forever.

In accepting the donation of land and conservation easements, the Trust assumes the perpetual legal responsibility to carry out the donor's intentions by enforcing the terms of the conservation easement or deed of conveyance. The commitment to monitor, defend and enforce easements is what ensures perpetual protection. While it is unusual for the donor of a conservation easement to violate the terms of the easement, the risks of violation increase over time as the property changes ownership.

The Trust's Stewardship Staff monitors all preserves and easements at least annually and must be prepared to enforce all terms of conveyance. Funds are necessary to adequately cover stewardship monitoring costs and legal expenses should the Trust find it necessary to go to court in order to enforce the terms of conveyance.

Purpose of the Stewardship Fund

The Stewardship Fund was established for the purpose of perpetually covering the costs for monitoring and enforcing conservation easements as well as maintaining and managing preserves. Because the IRS has honored the charitable donation of the donor, they require that the Trust fulfill its conservation obligations and responsibilities to the greatest extent possible. Donors expect the Trust to fulfill this responsibility as well, and therefore, they make an additional charitable gift to underwrite the long-term stewardship responsibilities of the Trust.

This fund, therefore, enables the Stewardship staff to monitor each property covering costs for staff time, travel, photographs and documentation. The fund ensures that the Trust has the ability to uphold the terms of its conservation easements and the stewardship responsibilities related to its preserves.

Stewardship Fund Calculation

In order to determine the amount of the stewardship contribution, the Trust uses a formula that includes several important factors, such as property size, diversity of natural resources on the property, distance of property from main office, general administrative costs, liability insurance, quantity of neighbors, and estimated potential litigation costs.

Once the total is calculated it is presented to the Board of Directors for review and approval. This stewardship donation is tax deductible, to the fullest extent allowed by law, and is contributed at the time of the donation of the property or conservation easement.

Uses of the Fund

The Trust uses the funds for the following purposes:

1. Expenses for monitoring all preserves and conservation easements held by the Trust including staff travel and time.
2. Enforcement expenses, including legal fees and court costs.
3. Preventive measures, in addition to monitoring, such as orientation meetings with new landowners, surveys and boundary markings, and signage.
4. Administrative costs such as annual liability insurance premiums, photographs, and baseline documentation.
5. Restoration of preserves and improvements including, but not limited to, trails that facilitate public access to Trust-owned property.

Management of the Stewardship Fund

Donations to the Stewardship Fund are maintained in a pooled investment account. All properties will be defended equally and to the fullest extent that the Trust's resources allow. Special fundraising efforts may be undertaken as necessary to replenish or strengthen the fund.

Payment of the Stewardship Contribution

Payment of the Stewardship Contribution is expected at the time of the donation unless prior arrangements are made and agreed on in a signed pledge form.

Model text for Easement Transfer Fees-Columbia Land Conservancy 2006

4.14. Conservation Easement Administration Fee. Grantor understands and agrees that Grantee, through its acceptance and execution of this Conservation Easement, has incurred, and will incur over time, annual and ongoing conservation easement administration expenses, which will necessitate a total endowment of \$60,000 (the "Original Easement Administration Fee") for this Conservation Easement. The Original Easement Administration Fee (that fee that will endow the Grantor's land as one parcel) has been calculated as of the date of this Conservation Easement and will ensure that Grantee's basic legal and administrative obligations, with respect to this Conservation Easement, are upheld over time.

Grantor further understands and agrees that should Grantor elect to subdivide the Property and create new parcels as permitted pursuant to Section 4.2 of this Conservation Easement, each such subdivision and conveyance of a permitted subdivided portion of the Property will increase the conservation easement administration obligations and expenses of Grantee and will therefore require an additional administration fee to endow the Grantee's long-term administrative and legal obligations with respect to each permitted subdivided parcel, due and payable by Grantor to Grantee pursuant to this Section as of the date of each such conveyance, in the amount of \$60,000 per subdivided parcel (the "Subdivision Easement Administration Fee"). No Subdivision Easement Administration Fee shall be due and payable by Grantor to Grantee unless and until Grantor subdivides the Property and conveys such permitted subdivided parcel(s) to a third party.

In consideration of Grantee's acceptance of this Conservation Easement, Grantor(s) agrees that he/she/it shall pay Grantee an amount equal to the sum of the Original Easement Administration Fee and the Subdivision Easement Administration Fee for each conveyance of a permitted subdivided parcel. The Original Easement Administration Fee and the Subdivision Easement Administration Fee has been calculated as of the date of this Conservation Easement. Rather than pay the full amount of the Administration Fee(s) at the time of the easement conveyance, or upon the subdivision of the Property, Grantor(s) paid \$xxxxx and, in addition, voluntarily paid \$xxx (*insert if a contribution was made above the fee*) for a total payment of \$xxx toward the Administration Fee(s) at the time of easement closing and elected, with Grantee's consent, to make phased payments over time to pay the remaining balance due on this Easement Administration Fee(s), based upon a payment equal to two-and-one-half percent (2.5%) of the Property's selling price, as outlined in Exhibit C. Such phased payments must coincide with any transfer of interest in the Property. The time of payment and the method of calculating the phased payments, and exemptions from part or all of the Easement Administration Fee, are set forth in Exhibit C, attached hereto and incorporated herein by this reference.

Calculation of phased payments: As established in Section 4.14, Grantor(s) shall pay Grantee the Original Easement Administration Fee equal to \$60,000, in phased payments upon any transfer of an interest in the Property, or as described below, until the Easement Administration Fee is paid in full. Upon written notification of a pending transfer by Grantor(s), Grantee will provide Grantor(s) with a statement of the remaining balance due on the Original Easement Administration Fee.

Should Grantor(s) elect to subdivide the Property and create one or all of the permitted new parcels, Grantor(s) shall pay Grantee the Subdivision Easement Administration Fee equal to \$60,000 per permitted subdivision, upon such conveyance.

Exemptions from Easement Administration Fee Notwithstanding anything in this Conservation Easement to the contrary, the Original or Subdivision Easement Administration Fee shall not be due upon transfer of any interest in the Property by Grantor(s) to:

1. A spouse or life-partner, parent, grandparent, sibling, child, stepchild, or a grandchild (as such terms are defined by the Internal Revenue Code) of Grantor(s) (any one or more of whom are hereinafter referred to as a "Relative");
2. A trust for the exclusive benefit of Grantor(s), and/or a Relative
3. A family partnership family limited partnership, limited liability company, or other entity, provided that all interests in such entity are owned by Grantor(s) and/or a Relative;
4. A third party without consideration; or

5. A lender through the form of the grant of a mortgage, deed of trust or similar security interest, including any release or satisfaction thereof or any transfer in connection with the foreclosure thereof.

An exchange of properties pursuant to Internal Revenue Code §1031, or similar statute, shall be deemed to be for consideration based on the market value of the property received at the time of such transfer. Market value shall be determined by agreement of the Grantor(s) and Grantee, or in the absence of such agreement, by an independent appraisal prepared in compliance with the Uniform Standards of Professional Appraisal Practice by a state licensed or certified appraiser selected by the parties, whose appraisal fee shall be paid by the Grantor(s).

Payment of the Original Easement Administration Fee and any Subdivision Easement Administration Fee shall be made as follows: Grantor(s) shall pay two-and-one-half percent (2.5%) of the sales price of the Property, or of the sales price of the permitted subdivided parcel(s), to Grantee, who shall apply such payment against the remaining balance due on the Original or Subdivision Easement Administration Fee, but such payment shall not exceed the balance due. For purposes of calculation of these fees, the term "sales price" shall be defined as the gross proceeds of the sale without regard to any transaction expenses.

If the payment from the first sale of the Property or a permitted subdivided parcel(s) is not sufficient to pay the remaining balance due on the Original or Subdivision Easement Administration Fee, two-and-one-half percent (2.5%) of the sales price of subsequent sales of the Property shall also be applied against the amount of fee due, until the entire amount of the Original or Subdivision Easement Administration Fee is paid in full. The Original or Subdivision Easement Administration Fee, if not paid by Grantor(s) as described herein, shall become a lien on the Property, subordinate only to the priority of this Conservation Easement.

Nothing in this Conservation Easement shall preclude Grantor(s) from paying the Original or Subdivision Easement Administration Fees from funds other than two-and-one-half percent (2.5%) of the sales price of the Property or the permitted subdivided parcel(s) of the Property at any time. Once the Original Easement Administration Fee and the Subdivision Easement Administration Fee(s) are paid in full, the Grantee shall record a statement of satisfaction in the office of the Clerk of Columbia County stating such Easement Administration Fee is paid in full and all future transfers and/or sales of the Property are not subject to said fee.

Easement Administration Fee is due and payable at the following time: The Original or Subdivision Easement Administration Fee shall be paid to Grantee by Grantor(s) in good funds, out of escrow at the closing of any conveyance of interest in the Property or permitted subdivided portion of the Property. In addition, at any time; Grantor may also elect to make payments above and beyond the required two-and-one-half percent (2.5%) Easement Administration Fee due at the closing, and if Grantor elects to do so, then such payments will be applied towards the Easement Administration Fee.

Upon request by Grantee, Grantor(s) shall provide documentation sufficient to evidence the relationship(s) set forth above in order to demonstrate that a transfer by Grantor(s) qualifies for an exemption from the Easement Administration Fees established by this Conservation Easement.

Stewardship Budget and Endowment Analysis Vermont Land Trust



1. Current Stewardship Cost per Easement

Easements monitored by Conservation Stewardship Office <i>June 2000</i>	736
Budget for Conservation Stewardship Office <i>Fiscal Year 2000-01</i>	\$341,000
Average Annual Stewardship Cost per Easement <i>Actual for 2000 may be somewhat inflated due to recent increase in staff from 3.5 to 5.5 FTE.</i>	\$463

2. Current Endowment Income per Easement

Stewardship Endowment Payout <i>FY 2000-01 payout based upon a 3 year rolling average of \$3.82 million at a payout rate of 5% of principle.</i>	\$191,000
Average Endowment Income per Easement <i>Average Stewardship Endowment Payout for FY 2000-01 divided by 736 easements</i>	\$260
Percent of Stewardship Budget covered by Endowment Income	56%

3. Current Endowment Needed per Easement

Average Endowment Needed per Easement to Fully Meet Average Annual Cost in 2000 <i>Average Annual Stewardship Cost per Easement of \$463 divided by 5% annual payout from Endowment.</i>	\$9,260
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Stewardship Endowment Schedules Vermont Land Trust

Donated Conservation Easements:

(includes \$600 documentation cost)

Acres	0-1 Housesites	2 Housesites	3 Housesites	4 Housesites	5+
< 25	2,600	3,400	3,800	4,200	Case By Case
26-99	3,600	4,400	4,800	5,200	
100-299	4,600	5,400	5,800	6,200	
300-499	5,600	6,400	6,800	7,200	
500-699	6,600	7,400	7,800	8,200	
Over 700	Determined on a case by case basis				

Purchased Conservation Easements:

(does not include documentation costs)

Grant	Project type
\$5,000	Standard conservation easement, not special provisions
\$7,000	Complex conservation easement, one or more special provisions
\$2,000	Additional conservation easement, either within a multiple easement project of in proximity to an existing easement
\$2,000	Conservation easement on lands owned by a governmental entity, educational institution, or conservation organization
	Stewardship endowment grants may be reduced for properties less than 100 acres or increased for properties more than 1,000 acres on a case by case basis

Large Sustainable Forest Easements

(does not include documentation costs)

Easement Name/Owner	Acres	Endowment
Mead Oxford/New River	3,516	\$25,000 ①
Deerfield River/USGen New England	15,736	\$75,000 ②
Champion/Essex Timber	84,079	\$150,000 ③

① Easement covers 16 non-contiguous parcels

② Easement permits hydroelectric generation and public recreational facilities

③ Easement permits continued leasehold use of 61 existing seasonal camps

Preston Bristow – Rally 2000

Vermont Housing Conservation Board/Vermont Land Trust Funding Partnership Program
Statewide Farm Cost Sheet 2004

Project Budget Information

PROJECT NAME: <small>(Last, First)</small>	<input type="text"/>	DATE:	<input type="text"/>
COST CODE:	<input type="text"/>	PRJ. DIRECTOR:	<input type="text"/>
TOWN(s):	<input type="text"/>	APPRAISER:	<input type="text"/>
PROJECT TYPE: <small>(Easement or Fee)</small>	<input type="text" value="Easement"/>	FUNDING TYPE: <small>(Purchase, Donation, Conveyance, or Sale)</small>	<input type="text" value="Purchase"/>
FUNDER(S):	<input type="text" value="VHCB"/>	PARTNER(S):	<input type="text"/>
FUNDER TYPE:	<input type="text" value="Statewide Farm"/>	# of TOTAL ACRES	<input type="text"/>
# of TOWNS	<input type="text"/>	# of PARCELS	<input type="text"/>
# of DEEDS IN	<input type="text"/>	# of RESV'D RIGHT/SUB'DIV	<input type="text"/>
# of EASEMENTS	<input type="text"/>	# of GRANTORS	<input type="text"/>

Expense Worksheet

EXPENSE CATEGORY:	AMOUNT:	Reflected in department P&L line:
Acquisition		
Easement Acquisition	<input type="text"/>	
Ag. Option	<input type="text"/>	
Total Acquisition	<input type="text" value="0"/>	"Below the Line"
Project Development Costs		
Appraisal	<input type="text"/>	Prj Asmt & Fsbly
Appraisal Update	<input type="text"/>	Prj Asmt & Fsbly
Other	<input type="text"/>	Prj Asmt & Fsbly
Total Project Development Costs	<input type="text" value="0"/>	
Closing Costs		
Title Search	<input type="text"/>	Legal Fees
Title Insurance	<input type="text" value="150"/>	Trans/Closing
Recording Fees	<input type="text" value="0"/>	Trans/Closing
Management Fees	<input type="text"/>	Trans/Closing
Other	<input type="text"/>	Trans/Closing
Total Closing Costs	<input type="text" value="150"/>	
Mapping & Digitizing	<input type="text" value="900"/>	CCC Department
Documentation	<input type="text" value="1,200"/>	CCC Department
Consulting Biologist	<input type="text"/>	Professional Fees
Stewardship Endowment	<input type="text" value="6,000"/>	Capital Budget
Community Relations		
FR Consultant Services	<input type="text"/>	Professional Fees
Event/Celebration	<input type="text"/>	Events & Meetings
Premium/Gifts	<input type="text"/>	Events & Meetings
Total Community Relations	<input type="text" value="0"/>	
Development Fee		
Staff Time	<input type="text" value="12,250"/>	Salaries & Wages
Supplies/Photography	<input type="text"/>	Supplies
Printing/Copying	<input type="text"/>	Copying
Travel	<input type="text"/>	Travel/Meals
Other	<input type="text"/>	
Total Development Fee	<input type="text" value="12,250"/>	
Total Closing, Map, Doc, CR, and Dev Fee	<input type="text" value="14,500"/>	
Total All Expense	<input type="text" value="20,500"/>	

Vermont Land Trust General CE Donation Worksheet 2004

Project Budget Information

PROJECT NAME: (Last, First)	<input type="text"/>	DATE:	<input type="text"/>
COST CODE:	<input type="text"/>	PRJ. DIRECTOR:	<input type="text"/>
TOWN(s):	<input type="text"/>	PARTNER(S) :	<input type="text"/>
PROJECT TYPE:	<input type="text" value="Easement"/> (Easement or Fee)	FUNDING TYPE:	<input type="text" value="Donation"/> (Purchase, Donation, Conveyance, or Sale)
FUNDER(S):	<input type="text"/>	# of TOTAL ACRES	<input type="text"/>
# of TOWNS	<input type="text"/>	# of RESVD RIGHT/SUB'DIV	<input type="text"/>
# of PARCELS	<input type="text"/>	# of DEEDS IN	<input type="text"/>
# of EASEMENTS	<input type="text"/>	# of GRANTORS	<input type="text"/>

Expense Worksheet

EXPENSE CATEGORY:	AMOUNT:	DEPARTMENT EXPENSE LINE:
Staff Time	<input type="text"/>	Salaries & Wages
Closing Costs		
Title Search	<input type="text"/>	Legal Fees
Recording Fees	<input type="text" value="0"/>	Trans/Closing
Other	<input type="text"/>	Trans/Closing
Total Closing Costs	<input type="text" value="0"/>	
Mapping & Digitizing	<input type="text" value="800"/>	CCC Department
Documentation	<input type="text" value="1,000"/>	CCC Department
Consulting Biologist	<input type="text"/>	Professional Fees
Stewardship Endowment	<input type="text" value="2,000"/>	Capital Budget
Community Relations		
FR Consultant Services	<input type="text"/>	Professional Fees
Event/Celebration	<input type="text"/>	Events & Meetings
Premium/Gifts	<input type="text"/>	Events & Meetings
Other	<input type="text"/>	
Total Community Relations	<input type="text" value="0"/>	
Other Expense		
Supplies/Photography	<input type="text"/>	Supplies
Printing/Copying	<input type="text"/>	Copying
Travel	<input type="text"/>	Travel/Meals
Other	<input type="text"/>	
Total Other Expense	<input type="text" value="0"/>	
Total All Expense	<input type="text" value="3,800"/>	

V. CONSERVATION EASEMENT STEWARDSHIP & MONITORING FUND and LEGAL DEFENSE FUND FOR CONSERVATION PROPERTIES

A. PURPOSE OF THE FUNDS

The donation or sale of a conservation easement is a major commitment for any landowner. Although tax benefits may result from gift of an easement, the primary reward for granting an easement is the knowledge that a cherished property will be protected forever.

In accepting a conservation easement, the Conservation Trust for North Carolina (CTNC) is also making a serious commitment. The Conservation Trust assumes the legal responsibility to carry out the donor's intentions by upholding the terms of the conservation easement in perpetuity. The sale, bargain sale or gift of an easement to CTNC allows the organization to further its mission of protecting lands that are essential to the character of North Carolina, but each easement also represents a perpetual obligation for CTNC. Although it is unusual for grantors of easements to violate the terms of those easements, the possibility that violations will occur increases as time passes and the property changes hands.

In order for CTNC to care for the easements it holds, established protocols will be used for property baseline condition reports and regular monitoring reports as developed adopted by staff. CTNC should monitor easements and owned properties at least annually, and be prepared to enforce their terms. Annual monitoring involves a significant amount of staff time and travel. If necessary, CTNC must be prepared to defend the terms of any conservation easement in court, which could be very expensive.

The Conservation Easement Stewardship & Monitoring Fund has been established solely for the purpose of covering the costs associated with monitoring and defending CTNC's easements. The Conservation Easement Legal Defense Fund has been established solely for the purpose of enforcing the terms of a conservation easement or property rights of parcels owned by CTNC or defending the organization against litigation related to its easements or properties. A gift to the Easement Stewardship & Monitoring and/or Legal Defense Funds is distinct from the support necessary to prepare a conservation easement. That gift allows CTNC staff to visit each property at least annually on the ground and/or by air to collect information about current conditions of the protected property.

B. CALCULATING AND COLLECTING THE FUNDS

It is the policy of CTNC to request that landowners make a tax-deductible gift of cash, securities or other assets to the Conservation Easement Stewardship &

Monitoring Endowment and Legal Defense Funds at the time their easement is recorded. If a donation is not possible at the time of the easement, landowners are asked to consider pledging a future contribution that may be donated over several years or as a bequest. The Board of Directors of CTNC recognize that not all landowners are able to make such a contribution and a cash gift is not a condition of CTNC's acceptance of an easement. However, we do ask that each donor consider the following:

1. Costs of monitoring and enforcing conservation easements (staff time, travel costs, etc.) vary dramatically. An estimated cost for any given property will be communicated to each easement donor. The goal, but not the requirement is to preserve the principle and draw annual monitoring costs for all properties from the interest accrued from this account.
2. If donors are able, they will be asked to consider a larger gift. Larger gifts will allow CTNC to build a reserve for the monitoring and defense of all easements should violations occur in the future. Larger gifts to the Stewardship & Monitoring and Legal Defense Funds will also allow CTNC to work with committed landowners who are not able to make a financial gift to the Funds with their easement. The generosity of those who are able will help CTNC care for all of its easements in a responsible manner.
3. When making a gift to the Stewardship & Monitoring and Legal Defense Funds, donors are asked to consider the following complicating factors that may suggest a higher than average contribution: a) difficulty of access to the property for monitoring personnel, b) large size of the parcel, c) degree of future development permitted, d) complexity of the easements and permitted uses, e) present and future risk that the easement terms may be violated. CTNC staff can help landowners assess which, if any, of these factors may apply to their property.

There are many ways of structuring a gift to the Stewardship & Monitoring and Legal Defense Funds. Some landowners choose to make a one-time cash gift at the time their easement is signed; others pledge gifts over a period of years. Gifts of appreciated assets, including stock, bonds and personal property, can also be an effective way to contribute as the actual cost to the donor is usually far below the market value.

CTNC currently uses a stewardship calculation spreadsheet for calculating Stewardship & Monitoring and Legal Defense Fund Contributions for the projected amount needed for any individual project.

C. USES OF THE FUNDS:

Annual income from the Stewardship & Monitoring and Legal Defense Funds is available for the costs of several related activities:

1. Annual monitoring of the property under easement held by CTNC; expenses include staff travel and time, expense reimbursement, photography, mapping, administration, associated follow-up reports and correspondence, and maintaining up-to-date records;
2. Enforcement expenses, primarily legal fees and court costs, in the unlikely event that remedial measures or legal action are needed to correct a misunderstanding or a willful violation;
3. Preventive measures, in addition to monitoring, such as orientation meetings with new landowners, surveys, boundary marking, and active management required to protect the conservation values of the property;
4. Approval of special actions, which may include the review of the location of permitted structures, landscape alterations, exercise of other rights reserved by the owner, response to requests for interpretation of easement terms, or entertaining proposals by owners to amend easement provisions;

D. MANAGEMENT OF THE FUNDS

1. The Conservation Easement Stewardship & Monitoring Endowment and Legal Defense Funds consist of principle invested in insured accounts. Income received accrues to principal, unless expended for the uses specified above.
2. Donations to the Stewardship & Monitoring Endowment and Legal Defense Funds are pooled in a single account for administration and for investment purposes. Because funds are pooled, contributions made by a donor primarily to safeguard a particular property may be used toward payment of monitoring and enforcement costs for other properties that CTNC protects. All properties will be defended to the extent that CTNC's resources allow within the discretion of its Board of Directors. Special fundraising efforts may be undertaken as necessary to replenish the fund following any major expenditure or to strengthen the fund.

Grand Traverse Regional Land Conservancy Conservation Easement Endowment Calculator

Easement Name:

Acreage:

Policy Statement: When the Grand Traverse Regional Land Conservancy accepts the donation of a conservation easement, it also accepts a perpetual responsibility to uphold the terms of that easement. These responsibilities include the preparation of a report documenting the condition of the property at the time of donation, monitoring the easement every year to ensure compliance, investigating all suspected violations of the easement terms, and enforcing the terms of the easement in case of violation. The "Endowment Need" figure at the bottom of this form is the amount of money the Conservancy needs to meet our responsibilities for this easement. We respectfully ask that you contribute as much to this total as you are able to help us protect this land forever. If you are unable to fund this endowment in full or part, the Conservancy is obligated to raise the additional funds to meet the endowment need.

Part A: Start-up cost per easement for the preparation of the Baseline Documentation Report \$650

Part B: Contribution to endowment to cover monitoring costs

Acreage	0-20 mile round-trip	20-40 mile round-trip	40-60 mile round trip	60-80 mile round-trip	80+ mile round-trip
0-10	\$2020	\$2410	\$2800	\$3190	\$3580
10-40	\$2420	\$2810	\$3200	\$3590	\$3980
40-80	\$2820	\$3210	\$3600	\$3990	\$4380
80-160	\$3220	\$3610	\$4000	\$4390	\$4780
160-250	\$3620	\$4010	\$4400	\$4690	\$5180
250-500	\$4220	\$4410	\$4800	\$5090	\$5580
500+	\$4620	\$4810	\$5200	\$5490	\$5980

The values in this table were calculated by figuring the average amount of staff time required for pre-monitoring tasks (reviewing the easement and property maps, spring mailing to landowner, scheduling, etc.), monitoring time (average time spent during 2000 monitoring visits for property 10 acres or less was 30 minutes), and post-monitoring record keeping. For example, the cost for monitoring a 0-10 acre parcel less than 20 miles from the GTRLC office was calculated as follows: Total staff time for monitoring and all pre-monitoring and post-monitoring tasks = 3 hours + 15 minutes for 10 mile round trip = 3.25 hours @ \$30 = \$97.50 + 10 miles @ \$.345/mile (\$3.45) = \$100.95. Assuming we can draw 5% of the interest generated by the endowment each year (\$100.95/.05), we would need an endowment of \$2020. Average cost to travel each additional 20 miles (20 * .345 + 25 minutes staff time) = \$390. Average additional time for each successive acreage category was approximately 40 minutes.

Monitoring Need \$ _____

Part C: Permitted Uses

For each Permitted Use retained in the easement that requires periodic plan review and site visits, an additional \$200 should be added to the endowment. This includes, but is not limited to, property splits, house sites, timber management, and ecological restoration.

Number of Permitted Uses ___ @ \$200 \$ _____

Part D: Likelihood of Enforcement Factors

Factors	Score
Number of Permitted Uses Requiring Additional Conservancy Staff Time (1 point for each use, max score of 5)	
Number of Property Splits (1 pt. per split, unlimited score)	
Incompatible Land Use on Adjacent Properties 0-5 pts. based on degree of threat	
Publicly Owned Properties = 3 pts. (More staff time is involved in stewarding easements held by public entities).	
Totals	

Score Range	Enforcement need	Enforcement Need
0-3	\$1,000	\$ _____
4-7	\$1,500	
8-11	\$3,000	
12-15	\$6,000	
16+	\$12,000	

Total Endowment Need (Sum of costs for Parts A, B, C, and D) \$ _____

Assumptions:

1. Mileage is figured at IRS rate of \$.345/mile.
2. Hourly staff rate is figured at \$30/hour.
3. Every permitted use will be exercised over the life of the easement.
4. Every permitted use will require staff time for review/approval, and will increase yearly monitoring time/cost.