Central Pennsylvania Conservancy  
CONSERVATION EASEMENT ENDOWMENT POLICY  
Board Resolution January 31, 2013  

This policy establishes the principles governing stewardship endowment for conservation easements, fee donations and/or purchases, the methods for determining endowment principal requests, and the procedures to be followed in establishing endowments for conservation projects.

To cover the cost of documenting the conditions of the property, monitoring, administering, and enforcing the easement, and to assist with the long term stewardship and management of lands in fee, CPC requests that each donor make a one-time, tax deductible contribution to the Cliff Jones Stewardship Endowment Fund. Upon receipt of payment, the endowment will be placed in a segregated, interest bearing account.

The amount of the requested stewardship contribution for conservation easements is based on an estimate of staff time and out of pocket expenses needed to document conditions, monitor, administer and enforce the easement. Costs for litigation, remedial action or the legal defense of conservation easements in general, are also covered by the endowment fund. Likewise the stewardship contribution for land in fee is based on a number of factors including, but not limited to, public access, acreage, condition of the land, and the long term management and protection of the land’s natural resources. Costs for litigation, remedial action, or the legal defense for actions involving CPC lands in fee are also covered by the endowment fund.

In addition to the stewardship contribution made by the landowner, the CPC requires a provision in the conservation easement that 1% of proceeds from future sale of the land will be payable to CPC at time of closing/transfer. This will be paid by the buyer as part of closing cost. This method ensures that the CPC is informed when a transfer of ownership occurs and provides for a stewardship funding stream in perpetuity.

ENDOWMENT PRINCIPLES

A. CPC will not accept easements or land in fee without an endowment contribution, either by the donor or other interested parties, unless agreed upon by the Board.

B. Easements shall provide that no subdivision of an easement area shall be permitted unless additional funds within the endowment principal were provided at the time of easement donation. If full payment in advance is not possible or landowner is not certain that they will exercise the reserved right to subdivide, satisfactory arrangements can be made for additional endowment principal to cover these costs to the CPC at the time of subdivision.

C. The endowment principal requested 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.

D. Contribution of stewardship endowment funds shall be recorded by donor, project, and location but shall not be maintained as funds restricted to the particular property.

E. The 1% transfer fee paid by buyer will be deposited in the stewardship endowment fund, which is restricted to general stewardship expenses of conservation easement and fee simple properties.
METHOD OF DETERMINING ENDOWMENT AMOUNT

Factors to be considered in establishing the amount of stewardship endowment requested include but are not limited to the following:

A. The size and nature of the easement area to determine the time necessary for inspection.

CPC uses a Flat Rate Formula based on acreage to determine the initial amount of the stewardship endowment. Costs are increased or decreased depending on the amount of reserved rights, subdivision, proximity to other conserved lands and administrative burdens as outlined below in section C.

   I. 1-20 acres $2,500- $5,000
   II. 20-40 acres $5,000-$7,500
   III. more than 40 acres $7,500- $20,000 or TBD

B. Location in relationship to Harrisburg and other (existing or pending) easements to determine travel time and costs to the protected land.

C. The complexity of the easement and the extent to which easement provisions will impose significant administrative burdens (e.g., including but not limited to: approval of improvement location and design, subdivision, building rights retained, reserved rights and uses, number of owners, public access, prior land use by owners and adjacent landowners, the existence and implementation of a management plan for the property, number of abutting properties, historic component).

D. General administrative costs (e.g. inspection notices, follow-up to landowner requests, etc.).

E. Base endowment principal required to cover increased administrative costs of a subdivision reviewed yearly and approved by the Board.

F. A set minimum contribution to the legal defense fund to cover any costs associated with CPC support of potential donor audits or other legal issues which might arise in the future. This amount is to be reviewed by and approved by the Board annually.

G. Endowment principal requested is based upon the amount of yield to cover the above costs using the Flat Rate Formula for acreage, in addition to the other associated costs outlined in section C above, as reviewed and approved each year by the Board.

PROCEDURE

A. During the process of negotiating land purchases or donations, CPC will discuss with the donor the factors affecting stewardship endowment needs and the provisions of this policy.

B. CPC will prepare a preliminary stewardship endowment estimate for review with the donor(s).

C. Revisions to the preliminary stewardship endowment amount shall be forwarded to the Board for approval. Depending on the property, the Board may wish to secure a formal agreement with the landowner outlining the stewardship contribution process and timeline.

D. Stewardship endowment funds received from the donor(s) shall be acknowledged by CPC and placed in a segregated, interest bearing fund and shall not be restricted to a particular property.