

Endowments / Dedicated Funds



Barn at Lindale Dairy – Courtesy Virginia Weiler & Piedmont Land Conservancy

Presentation Outline

- Disclaimer
- Substance
 - Definitions
 - Permanent Land Protection and Perpetual Funding
 - Collecting and Investing Stewardship Funds
- Questions

Endowment Definitions

- Merriam-Webster's Dictionary of Law
Property donated to an institution that is **invested** and **producing income**
- Practically
A tool for supporting a **perpetual responsibility** (“in perpetuity”) with **perpetual funding**
- Perpetuity – Time without end; eternity

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Endowment Mechanics

- Organization
 - Receives restricted funds; i.e., capital
 - Invests funds to accomplish a **defined purpose** such as easement monitoring
 - Withdraws percentage each year while protecting principal and assuring capital growth

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Endowment Considerations

- Direct Elements
 - Preparation including historical review
 - Travel
 - Site Inspection
 - Documentation
 - Landowner Communication

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Endowment Considerations – II

- Indirect Elements
 - Allowed activities
 - Current Threats
 - Future Threats
 - Landowner characteristics

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Stewardship Endowment Calculation w/example amounts						
Line	Element	Time	Rate	Freq	Amount	Endow @ 4%
	Annual Visit					
1	Preparation	1.00	\$35.00	1.00	\$35	
2	Site Inspection	3.00	\$35.00	1.00	\$105	
3	Travel	50.00	\$0.55	1.00	\$28	
4	Documentation	2.00	\$35.00	1.00	\$70	\$5,938
	Special Visits					
5	Preparation	0.50	\$35.00	2.00	\$35	
6	Site Inspection	1.50	\$35.00	2.00	\$105	
7	Travel	50.00	\$0.55	2.00	\$55	
8	Documentation	0.50	\$35.00	2.00	\$35	\$5,750
9	Direct Costs				\$468	\$11,688
	Risks / Item	Home	Neighbor	Mgt Plan		
10	Estimated Amount	\$100	\$75	\$75		
11	Allowed Activities	1		1	\$175	
12	Current Threats		3		\$225	
13	Future Threats				?	
14	Landowner				?	
15	Risk Costs				\$400	\$10,000
16	Total Endowment					\$21,688

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Stewardship Endowment Calculation II w/example amounts				
Line	Factor	#	Rate	Amt
	1) Size			
1	Number of Acres?	25	<25 = 3000; 26-99 = 4500; 100-499 = 7500; 500-699 = 9000; >700 = Case Basis	\$3,000.00
	2) Proximity			
2	Adjacent (< 1 mile) to Land Currently Protected by Agency?	no	yes = -500; no = 0	\$0.00
3	Within 5 miles of Land Currently Protected by Agency?	no	yes = -125; no = 0	\$0.00
	3) Home Sites Reserved or Existing			
4	Number of Sites?	1	0 = 0; 1 = 400; 2 = 600; 3 = 800; 4 = 1000; and 5+ = Case Basis	\$400.00
	4) Home Sites Reserved Without Specified Locations			
5	Number of Sites?	1	0 = 0; 1 = 1200; 2 = 1600; 3 = 2000; 4 = 2400; and 5+ = Case Basis	\$1,200.00
	5) Landscape Context			
6	Within City Limits?	no	yes = 500; no = 0	
7	Within Extraterritorial Jurisdictional Limits?	no	yes = 400; no = 0	
8	Sides adjacent to Residential Development?	1	500/side	\$500.00
9	Sides adjacent to Commercial/Industrial Land?	0	500/side	\$0.00
10	Sides adjacent to Paved Road?	1	250/side	\$250.00
11	Number of Adjacent Landowners?	3	75/landowner	\$225.00
12	Heirs are involved in easement & support it?	no	yes = -500; no = 0	\$0.00
13	Total Requested			\$5,575.00

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Endowment Payout

- Payout Rate Template
 - Projected Return 8% Minus
 - Estimated Fees 1% Minus
 - Estimated Inflation 3% Equals
 - Maximum Payout Rate **4%**

- Typical Payout Calculation
 - 12 Quarter Average Balance times Payout Rate
 - **Unless**, payout invades original principal

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Collecting Endowment Funds

- Landowners
 - Lump Sum Contributions
 - Time Payments
 - Transfer Fees

- Grants

- General Fundraising

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Endowment Investment Strategies

- Self Management
- Commercial Institutions
- Community Foundations

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Easement Stewardship & Defense

- Integrate stewardship & enforcement
- Stewardship Calculations
- Legal Defense Backstop
 - Principal Funds
 - Insurance

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Steve Tate, Palmer McIntyre, Catherine Clegg and kids, Photo Courtesy of Virginia Weiler, Funding to protect Goat Lady Dairy from CWMTF, ADFPTF and PLC Donors