

NORTHERN RIVERS LAND TRUST

STATEMENTS OF POLICY

1. LTA standards and practices
 2. Board of Trustees governance
 3. Code of ethics
 4. Conflict of interest
 5. Nondiscrimination
 6. Criteria for land protection/project selection
 7. Project planning
 8. Stewardship/monitoring
 9. Stewardship fee and fund
 10. Title insurance
 11. Reserved and permitted rights and approvals
 12. Easement amendment policy
 13. Violation of easement restrictions
 14. Financial and asset management
 15. Records
 16. Changes to Policy
 17. Transfer of assets
 18. Condemnation and extinguishment
-
-

1. L.T.A. STANDARDS AND PRACTICES

WHEREAS, the Northern Rivers Land Trust has reviewed *Land Trust Standards and Practices* published by the Land Trust Alliance in 2004 and,

WHEREAS, the Northern Rivers Land Trust agrees that *Land Trust Standards and Practices* are the ethical and technical guidelines for the responsible operation of a land trust,

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Trustees of the Northern Rivers Land Trust hereby adopts *Land Trust Standards and Practices* as guidelines for the organization's operations and commits to making continual progress toward implementation of these standards and practices.

2. BOARD OF TRUSTEES GOVERNANCE

The Board of Trustees' mission is to represent the people of the Northern Rivers region and the NRLT's clients and donors in determining and carrying out appropriate organizational performance. The Board's primary role is to set policy and, if no staff is employed, to implement that policy. In so doing, the Board is ensuring the NRLT'S ultimate effectiveness, sustainability, health and integrity.

It is the ongoing responsibility of the Board to: a) monitor these policies to assess the progress towards goals and compliance with standards and guidelines; and b) to reevaluate the policies in light of changing circumstances, and in light of new opportunities for, and new challenges to, the NRLT. In carrying out these responsibilities the Board will likely engage in the following activities:

1. Evaluate organizational effectiveness and performance:
 - Consider, determine and evaluate the mission and philosophy;
 - Ensure effective organizational planning;
 - Select, collaborate with and evaluate NRLT officers;
 - Ensure a process to evaluate organizational performance.
2. Safeguard the NRLT's legal integrity.
3. Ensure the NRLT's fiscal health:
 - Consider, determine and evaluate major resource allocations;
 - Help develop and solicit sources of support;
 - Develop and monitor investment policies.
4. Serve as a link between the NRLT and the community at large through education and dialogue:
 - Represent the public interests to the NRLT;
 - Represent the NRLT to the public, especially to potential sources of financial support;
 - Represent the NRLT to other organizations through linkages to other Boards;
 - Enhance the NRLT's public image and community and governmental relations.
5. Enhance Board performance:
 - Assess general Board and individual Trustee performance;
 - Ensure Trustees understand the NRLT's mission through a regular process of Trustee orientation;
 - Ensure a regular process of Board assessment and development;
 - Ensure the Board's responsiveness to the NRLT's needs.

In addition to the above, Trustees have individual responsibilities, which include:

1. Acquainting themselves with the NRLT's By-laws and Statement of Policies.
2. Attending Board meetings.
3. Serving on Board committees and subcommittees.
4. Identifying potential new members, and assisting in cultivating and training new Trustees.
5. Making a personal contribution.

3. CODE OF ETHICS

We, as Trustees of the Northern Rivers Land Trust, dedicate ourselves to the protection of land that furthers the mission of the NRLT. As representatives of the NRLT, we have an obligation to help maintain the credibility of the land conservation community by ensuring that our actions will enhance the reputation of land conservation. We acknowledge the trust placed in the NRLT by our donors, landowners, partners, and the public, and our actions will always uphold that trust.

We pledge to conduct organizational and land protection activities under the highest professional standards and in accordance with *Land Trust Standards and Practices*. Furthermore, we pledge to be especially diligent in ensuring that our actions serve the public interest, respect all laws, demonstrate integrity, and consider the long-term responsibility to the lands we protect.

4. CONFLICT OF INTEREST

Preamble: The NRLT's effectiveness is especially dependent upon its credibility. It is also essential to maintain our historic organizational values, which include objectivity and fairness. At the same time, it is possible that individual Board or Advisory Committee members, as landowners or developers, may be potential participants in land transactions and advocacy issues in which the NRLT is involved.

Definition: A conflict of interest exists whenever a Trustee or Advisory Committee member or related party (including a spouse, domestic partner, business associate, siblings, parents or child, substantial contributors, or persons who have the ability to influence decisions of the Board or access to information not available to the general public) has a material financial interest in a transaction or project under consideration by the NRLT Board of Trustees.

Obligations of Trustees and Advisory Committee members: Each member of the Board and Advisory Committee has the following responsibilities and obligations:

1. To disclose in writing to the Board Chair and/or the Executive Committee the existence of any real or apparent conflict of interest.
2. To abstain from discussing with individual Trustees or staff any issue involved in a conflict of interest, unless requested by the Board or a committee thereof, to give information on the issue.
3. To absent himself or herself from Board or committee discussion on any such project or transactions involving a conflict of interest, unless requested by the Board or committee to give information on the issue.
4. To abstain from voting on any such issue.
5. If so requested by the Board, to resign from the Board or Advisory Committee due to the nature and magnitude of the conflict of interest.

Board's Obligations: If a NRLT transaction or project involves a conflict of interest, whether real or apparent, by a member of the Board or Advisory Committee, the Board shall do the following:

1. Take a position on such project or approve such transaction only if the Board makes specific findings that
 - (A) the project or transaction is (i) fair and benefits the NRLT and its objectives; and (ii) is approved with full knowledge of the economic benefit to any person involved in the conflict of interest; and
 - (B) the any affected Trustee or Advisory Committee member has not participated in the vote approving the transaction or project and was in fact absent both during the discussion of the transaction or project, and at the time the board voted thereon.
2. If the Board determines that the nature and magnitude of the conflict of interest warrants that the affected Trustee or Advisory Committee member resign from the Board or Advisory Committee, the Board shall request the same.

5. NONDISCRIMINATION

It is the policy of the Northern Rivers Land Trust not to discriminate on the basis of race, national origin, religion, age, sex, sexual orientation, or disability in regard to the recruitment, hiring or retention of otherwise qualified employees, service on the Board of Trustees or Advisory Committee or as an officer, or any other aspect of the NRLT's operations.

6. CRITERIA FOR LAND PROTECTION/PROJECT SELECTION

It is the Northern Rivers Land Trust's intention to collaborate with community conservation efforts in the region it serves. In selecting conservation projects, it is the NRLT's policy to allow Trustees discretion in evaluating each proposed project based on the following criteria, listed in no order of priority:

1. Consistency with the NRLT's mission and objectives as stated in its by-laws;
2. Public benefit according to the following four categories listed by the Internal Revenue Service:
 - a. Outdoor recreational or educational use by the general public;
 - b. Protection of a relatively natural habitat for fish, wildlife, or plants, or similar ecosystem;
 - c. The preservation of an historically important land area or certified historic structure;
 - d. Open space (including farmland and forest land) that is either preserved for the scenic enjoyment of the general public or protected pursuant to clearly delineated federal, state, or local governmental conservation policy and that will yield a significant public benefit
3. Federal and state requirements;
4. The probability that costs of the project can be covered by special fund-raising and/or the NRLT's unrestricted reserves, without unduly depleting the latter;
5. The NRLT's ability, as far as it can be forecast, to conduct perpetual stewardship of the project

6. The following priorities specific to the NRLT area:
 - a. Farms in current operation, or productive farmland capable of supporting future agricultural operations
 - b. Land abutting and/or linking existing nature preserves or already conserved lands
 - c. Other land containing open spaces for scenic enjoyment by the public, i.e. offering significant views either towards the property itself or from the property to other sites (applies particularly to hilltops and ridge lines)
 - d. Traditional community assets
 - e. Ecologically unique areas not otherwise protected
 - f. Woodland
 - g. Lands under development pressure
 - h. Lands with sustainable economic benefit to the community
 - i. Lands linking properties in order to preserve wildlife linkages/connective habitat
 - j. Level of support from the host community and neighboring landowners
 - k. Riparian areas, shoreline and watershed lands

6. While the NRLT will focus its land conservation and education efforts on the towns within its defined region, NRLT may enter into an agreement with a landowner to accept a conservation easement outside the region if all of the following three conditions are met:
 - a. the subject land is in a town that is immediately adjacent to one or more of the towns in the region;
 - b. there is no other local land trust available to accept donated easements; and
 - c. NRLT operating funds should not be used for the stewardship fee.

7. PROJECT PLANNING

In planning conservation projects, it is the Northern Rivers Land Trust's policy to take the following steps:

1. Identify the property boundaries
2. Identify important public benefits from the project
3. Evaluate any threats to the public benefits
4. Identify how the project meets the NRLT's mission and its land protection /project selection criteria
5. Clarify landowner and NRLT goals for the project
6. Select the appropriate conservation strategy for the property
7. Evaluate the NRLT's capacity to undertake the project and fulfill long-term stewardship responsibilities.
8. Determine how the financial costs of the project will be shared by all parties

The following procedure is to be followed in presenting an easement project to the Board: a Board member presents an outline of the project to the Lands Committee. The Lands Committee decides whether the project warrants investigation. If its decision

is positive, in consultation with the landowner the Lands Committee conducts a site visit, on which it may invite Board members not on the Lands Committee. Following this visit, the Lands Committee presents a report on the project to the Board.

8. STEWARDSHIP/MONITORING

The Northern River Land Trust accepts its responsibility to uphold and protect its conservation easements in perpetuity. Regular stewardship of existing easements is a permanent task regardless of whether new easements are in course. The NRLT's by-laws entrust this mission in the first instance to the NRLT Monitoring Committee.

For each new easement the NRLT will prepare a completed Baseline Documentation Report (BDR) that includes, at a minimum, the following items:

- The date of completion.
- Documentation (such as maps, photographs, and written summaries) of the conservation values protected by the conservation easement.
- Documentaion (such as maps, photographs, and written summaries) of existing conditions that relate to the easement's restrictions and reserved rights. This includes the location and condition of any manmade improvements, data that would influence the exercise of reserved rights, pre-existing conditions that are otherwise prohibited by the easement and/or other features that may threaten the conservation values.
- A combination of dated signatures and/or acknowledgments that would make the material admissible as a business record in court, such as dated signatures of parties and/or dated acknowledgments and qualifications of the preparer.

Three copies of the BDR will be prepared, one for the NRLT's permanent records, one for the land owner and one as a working document for the Monitoring Committee.

As a rule, the BDR will be prepared sufficiently in advance of closing on an easement agreement so that it can be signed and notarized by a NRLT officer and the property owner(s) simultaneously with closing. The only exceptions to this requirement are existence of poor seasonal conditions for documenting the conservation values of a property, or other extraordinary circumstances which delay completion of the BDR despite the NRLT's best efforts to comply with this rule. In such cases an interim BDR shall be prepared and executed at closing. The interim BDR shall include all data available by the date of closing and shall specify a completion date for the final BDR.

Subsequent annual monitoring visits (see below) will refer to the BDR in establishing whether the terms and conditions of the agreement have been observed, and an easement inspection form shall be completed for each monitoring event, with two copies retained: one for the Monitoring Committee's working file, and one for NRLT's permanent records.

Monitoring checklist. It is the Northern Rivers Land Trust's policy to monitor its conservation easements annually by visiting the land, preferably in the company of landowners, who will be contacted in advance of each visit and invited to accompany the monitoring team. Volunteer stewardship monitors may assist in the monitoring process.

The following checklist of issues will be reviewed by each team with respect to the properties it visits:

1. If the landowner is second generation or later, is he/she familiar with the easement? (Subsequent landowners may lack a good understating of the easement before they purchase and may miss minor details, depending on their or their attorneys' review.)
2. Does the landowner wish to offer comments vis-à-vis the easement or perceive any problems or needs regarding it?
3. How (if at all) is the land being used agriculturally, with what results? Is it in Current Use? Are any new agricultural activities or structures planned?
4. Are any commercial activities underway—home industry or fee-based uses?
5. At the present time most forest management plans (FMPs) expire after ten years. Updates are required at expiration, including amendments desired by the landowner. The NRLT must issue a new approval for the updated/amended FMP.
6. Has the landowner adhered to his/her FMP, or has the volume or pattern of cutting exceeded that foreseen in the FMP?
7. Is the landowner, through haying or brush hogging, maintaining spaces that were open at the time of closing? If not, what if any action should the NRLT take to maintain the spaces? While a landowner is not required to mow or brush hog open land, it could become costly for the NRLT to hire out this service. A landowner may be able to enroll in programs such as the USDA-funded wildlife habitat incentives program (WHIP), which provides money to brush hog, plant trees, etc.)
8. What plans for the future does the landowner have, including possible sale of the land, estate planning, utility rights-of-way, development of housing, or recreation?
9. Does the Baseline Documentation Report (BDR) need to be updated to take into account new or changed surveys, other maps, structures, access roads, forest cover, etc.? (It is the experience of other Vermont land trusts that some later surveys do not match the metes and bounds description of the easement or area excluded for a homestead. This may require an amendment or notice of conformance establishing that all parties agree to the survey lines.)
10. Does the easement agreement require NRLT approval for a landowner's act, subject to certain conditions? (Any such provision should be reviewed on the occasion of the annual monitoring visit. If a conditional approval expires upon an event such as change of ownership, this should be noted in the NRLT's records).
11. Does the monitoring team find any violations of the easement agreement? (Any violations should be tabulated and referred to the NRLT Board.)
12. Is the landowner familiar with the NRLT's annual newsletter, does he/she find it of interest, and what if any additional public information would he/she like to see the NRLT produce?

Longer-term issues

1. Twenty years after closing of each easement, the existing BDR should be evaluated systematically to see if intervening changes call for an entirely new document. In any case, a new BDR should be prepared for each property after no more than 40 years from closing, with notarized signatures by the current owner and NRLT representative. The new BDR should accompany previous BDRs in the NRLT records.
2. Every conservation easement should be re-recorded in the Town Land Records forty years following the date of the original easement or the last recorded amendment.
3. If after a period of years the NRLT changes significantly the template on which it bases its conservation easements, it must consider whether existing easements should be amended/upgraded to incorporate new provisions.

9. STEWARDSHIP FEE AND FUND

A minimum of 5,000 will be added at the date of closing to the Stewardship Fund (SEF) for each property conserved by NRLT. Additions to the minimum may be recommended if the Board finds that circumstances of an easement will add to the monitoring cost of the property in the future. As provided in the NRLT's by-laws, the SEF can only be used for purposes of monitoring and enforcing the NRLT's conservation easements. In the case where dedicated stewardship funds have not been secured prior to the date of closing, there should be at least enough money in NRLT's checking or other unrestricted accounts to cover legal, filing and stewardship fees before NRLT closes on an easement.

1. **Donated Easements.** NRLT requests that donors contribute the calculated stewardship fee. However, the land trust recognizes that an easement donation has significant value, and the accompanying costs for survey, appraisal, and legal advice represent an additional expense related to the donation. Therefore, the Trustees may decide to raise all or part of the stewardship fee for donated easements from various sources, such as contributions, grants, or transfer from operating funds. Those donors who wish to make the additional donation of a stewardship fee are invited to do so, understanding that they have charged NRLT with an obligation to preserve their land in perpetuity.
2. **Purchased Easements.** In the case of purchased easements, the seller, as a rule, will be responsible for contributing the full stewardship fee, as the NRLT is prohibited from paying more than fair market value for an easement.
3. **Bargain Sales.** In the case of acquiring an easement below fair market value, the responsibility for the stewardship fee will be made explicit as part of the negotiation. The Trustees may assume the responsibility, or the seller may assume the responsibility. Regardless of responsibility, a minimum of \$5,000 will be added to the Stewardship fund as part of the acquisition.

10. TITLE INSURANCE

The NRLT will obtain title insurance for all new conservation easements.

11. RESERVED AND PERMITTED RIGHTS AND APPROVALS

NRLT easements may specifically incorporate rights which are reserved or permitted to the landowner. For these rights, the easement will specify whether simple notification of NRLT is required, or whether the landowner must obtain prior approval before undertaking the activity. (Timber harvests consistent with an approved management plan, for instance, may require simple notification, while construction of a farm building may require prior approval.)

For permitted rights that require prior notification, the landowner will submit a written notice to the NRLT Stewardship Committee at least one month prior to taking action. The Stewardship Committee will review the notice and file it with the permanent records for that easement.

For reserved rights that require prior approval, the landowner will submit a written request to the NRLT Stewardship Committee at least two months prior to the proposed action. The request should include any pertinent details (e.g. size and design of buildings, need for the action and how it supports easement purposes). Within one month of receiving such a request, the Stewardship Committee will approve or deny the request based on a review of easement purposes. Decisions may be appealed to the full board. The Stewardship Committee will monitor approved activities to ensure that any conditions are met. Records of all requests and Board decisions will be filed with the permanent records of that easement.

12. EASEMENT AMENDMENT

While recognizing that easements are designed to last in perpetuity, the Northern Rivers Land Trust accepts that it may occasionally be desirable to amend a standing easement agreement in order to take into account changed legislation or changing environmental conditions, or to make the easement acceptable to a successor organization. In any case where the NRLT considers amending an easement agreement, the following principles shall be observed:

1. Any amendment must be consistent with the NRLT's objectives as stated in its by-laws;
2. Any amendment must result in either a positive or not less than neutral outcome with respect to land conservation;
3. No amendment may lead to private inurement or private benefit inconsistent with the NRLT's objectives, and any amendment must be consistent with the NRLT's conflict of interest policy;
4. Landowners must submit a written request to the NRLT for an amendment to their easement. That request shall be reviewed by the trust's attorney and Board Chair, and approved by 2/3 of the full Board of Trustees. If approved by the

Board, a meeting with the landowner will be scheduled, and a written agreement signed by all parties will be filed with the original BDR.

5. If the landowner requests an amendment, and the NRLT finds it acceptable, the landowner should pay any associated cost. If the NRLT takes the initiative, it shall bear the cost. If the amendment is in the interest of both parties, they should share the cost.

13. VIOLATIONS OF EASEMENT RESTRICTIONS

If a violation of an NRLT easement is discovered or suspected, the Chairs of the Board and the Stewardship Committee together shall contact the landowner to arrange a visit to the property, and document any possible violation. If a violation is indeed found, a follow-up letter shall be drafted, inviting the landowner to meet with the Chairs and the NRLT's attorney. Every effort will be made to achieve voluntary correction by the landowner. If the violation is minor or it is unclear whether a violation has occurred, the NRLT may consider a discretionary approval or simple amendment, provided that the amendment results in a net conservation gain. Litigation will be pursued only if it is probable that the NRLT will win the case.

14. FINANCIAL AND ASSET MANAGEMENT

A. Annual Budgets

The NRLT treasurer shall prepare a budget for each fiscal year and submit it to the Board at the last regularly scheduled meeting of the current fiscal year. The budget shall be consistent with Board policy and will be based upon programs planned for the budget year. Budgeted revenue will be greater than or equal to expenses unless the Board votes to deliberately draw on reserves.

B. Financial Reports and Financial Records

The treasurer shall send electronic financial reports on a monthly basis preceding each Board meeting to the Financial Management and Oversight Committee. Quarterly reports will be submitted to the full Board at the Board meetings following each quarter.

The financial reports shall include an income and expenses report comparing actual to budget on a year-to-date basis, and a statement of financial position showing assets and liabilities (coded by which ones are restricted). The fiscal year financial statements shall include a written financial review and a comparison of actual results to budget.

Accurate financial records will be maintained on a cash basis and in a format acceptable to a Board-approved financial advisor. (A Board or Advisory Committee member with an accounting background may be used.)

C. Financial Review

The annual financial report, with supporting documents, shall be submitted for review and approval to a member of the NRLT Board or Advisory Committee with financial skills other than the Treasurer and Chair, or, if the Board so decides, to a Certified Public Accountant. The reviewer's or accountant's written report shall be submitted to the Board early in the next fiscal year.

D. Internal Controls

The NRLT will maintain one checking account for its own use. In consultation with the Financial Management and Oversight Committee, the Treasurer shall determine an appropriate balance to be maintained in the NRLT checking account, and remaining funds will be invested.

All expenditures of \$200 or more must be approved by a member of the Board (a) other than the treasurer or the check signer and (b) other than the person incurring the expense. Approvals may be by email (with a permanent printed record) or by signatures on the invoice. Invoices relating to expenditures of \$5,000 or more require Board approval prior to payment.

The Board will appoint a trustee to access quarterly the NRLT's on-line bank statements, verify checks issued by the treasurer or chair, and reconcile reported account balances with bank records.

E. Investment and Management of Financial Assets

The Northern Rivers Land Trust shall maintain at least three funds: (1) a Stewardship Fund (SF) that is available only to monitor and ensure compliance with the NRLT's conservation easements; (2) a General Fund into which unrestricted receipts are deposited, and out of which operating costs and other non-stewardship expenses are paid; and (3) an Operating Endowment Fund.

Investment earnings from the SF may be withdrawn to cover monitoring expenses for easements held by NRLT. With the approval of 2/3 of the full Board of Trustees, principal from the SF may be used to meet extraordinary expenses associated with upholding or defending an easement or other interest in land held by NRLT, or in the event of dissolution of NRLT to provide for future stewardship by another organization. Funds may be transferred from the SF to the operating fund for this purpose. Following a drawdown in the stewardship fund to meet extraordinary expenses, the Board will replenish the fund as rapidly as practicable to maintain an adequate SF.

Apart from those amounts held for short-term cash needs, or amounts too small to be invested for income, or funds in the process of being reinvested, both funds shall be invested in FDIC insured Certificates of Deposit or U.S. Government obligations. If approved by the Board, funds may be invested in higher yields. The Treasurer or other officer charged from time to time with managing the funds shall aim towards a maturity structure that will ensure availability of funds as needed, avoiding undue risk of concentration and the risk of penalty from premature conversion of investments to cash.

F. Donations

All donations shall be acknowledged by U.S.P.S. mail. The acknowledgement shall contain a statement affirming that the donor has received no goods or services in exchange for his/her donation. Access to amounts donated shall be limited to: Chair of the Board, Treasurer(s), Chair of Fundraising Committee, Chair of Membership Committee, or whomever the Chair grants permission to. Access to donor names will be available to all Board members.

G. Earmarked or Restricted Contributions

Upon approval of the Board, temporarily restricted funds may be accepted when supportive of NRLT purposes. Upon approval of the Board, additional permanently restricted endowments may be established, with earnings to support general operations or other dedicated purposes.

2/3 approval of the full Board shall be required to invade principal of permanently restricted endowments.

H. Risk Management and Insurance

The Board will review the NRLT's need for insurance coverage annually.

I. Compliance with State and Federal Non-Profit Corporate Reporting Requirements

The Treasurer will ensure that all required federal and state tax forms, including the annual IRS form 990, if applicable, are filed in a timely manner, ensuring that the Corporation retains its IRS 501 (c)(3) charitable status.

J. Applications to Funders

Submission of applications to foundations and other funding agencies must be approved by the Executive Committee.

15. RECORDS

It is the policy of the NRLT to store all records, such as those listed below, in a locked, fireproof location as soon as they become available. It is the NRLT's intention to also convert those records into electronic form, likewise secured from theft and destruction. Any member of the Executive Committee is authorized to access the locked records location.

- Agendas and Minutes of Board meetings
- Minutes of committee meetings
- Quarterly financial statements and other financial records
- Original Baseline Documentation Reports on all easements
- Copies of appraisal reports on easements acquired through purchase or bargain sale
- Original Purchase and Sale Agreements executed with respect to all easements
- Copies of Grants of Development Rights and Conservation Restrictions with respect to all easements, and of amendments thereto
- Maps of properties on which the NRLT holds easements
- An updated copy of the NRLT by-laws and of all current policy statements
- Annual Newsletters
- Original agreements with the Vermont Land Trust and other organizations
- Annual easement inspection reports

16. CHANGES TO POLICY

Changes in policy require a 2/3 approval of the full Board of Trustees.

17. TRANSFER OF ASSETS

Upon considering it in NRLT's interest, the Board may, by a 2/3 vote of approval by the full Board, transfer any of its assets, whether a conservation easement or title to land, and associated monitoring funds, to another qualified conservation organization.

18. CONDEMNATION AND EXTINGUISHMENT

In all cases of condemnation of property which NRLT holds in fee or on which it holds an easement, the Board will seek the advice of the Trust's attorney. Compliance with the condemnation requires a 2/3 majority vote by the full Board. The Board should ensure that NRLT is fairly compensated by the condemning authority.

Extinguishment shall not result in private inurement or impermissible private benefit. NRLT shall strive to prevent a net loss of important conservation values and impairment of public confidence in the Trust.