

Handbook of Operations for Mid-Michigan Land Conservancy

For use by members of the Board of Directors of Mid-Michigan Land Conservancy;

(The Land Trust Alliance's *Standards and Practices*, 2004 edition, was used as the basis for this handbook.)

I. **Mission and Mission Efforts** (Standard 1)

1. **Articles of Incorporation and Bylaws**

The documents are available on request. See Addendum for requesting material.

2. **Mission**

- **to protect** natural, agricultural, scenic, and recreational lands and their natural diversity in mid-Michigan so rural landscapes are preserved,
- **to encourage and support** the protection of these lands and their natural diversity

3. **Vision Statement**

See Appendix I.

4. **Annual Plan**

Each fall the Mid-Michigan Land Conservancy (MMLC) Board of Directors (hereinafter referred to as Board) develops an Annual Plan for the coming calendar year. At the same time it evaluates the previous Annual Plan and, if needed, the 5-Year Strategic Plan. The Annual Plan is distributed to all Board members by the president of the Board.

5. **Five-year Strategic Plan**

The last plan is available on request. See Addendum for requesting material.

6. **Land Protection Plan**

The document is available on request. See Addendum for requesting material.

7. **Outreach**

- See current Annual Plan
- Website. Our website is www.midmilandcons.org. Changes are made continually on an "as needed" basis. Send material for the website to the Board secretary. See Addendum for contact information.

8. **Ethics**

MMLC's goal is to operate with high ethical standards in performing all parts of its mission. This goal and these standards are more fully set forth in MMLC's Bylaws (hereinafter referred to as Bylaws).

II. **Laws and Records** (Standard 2)

1. **Compliance with Laws**

MMLC's policy is to comply with all relevant laws. The following are kept current: (i) Michigan corporation updates, (ii) license to solicit, (iii) local, state, and federal tax exemptions. The Board will review and bring current its Bylaws as needed.

2. **Records Policy**

MMLC keeps all files at one location and keeps a duplicate copy of the essential documents at a second location. A written list of the major documents in the folders in both files is kept on two (2) different computers, one located at each of the two locations. A custodian of the records is designated. See the Addendum for details.

3. **Preparation of Conservation Easements, Baseline Documents, and Financial Documents**

The Board president or his or her designee, or both, are responsible for the preparation of all conservation easements (CEs) and sign all CEs after they have gone through the MMLC acceptance process. The acceptance process is described more fully in our acceptance ("Steps") document (See Addendum.). In the acceptance process three (3) separate votes are taken by the Board, including one taken after the MMLC attorney has examined the CE and associated documents. Each vote is taken at a separate, regularly-scheduled Board meeting and is recorded in the minutes. The Board president or his or her designee, or both, are responsible for the preparation of all Baseline Documents for all CEs and sign all Baseline Documents (See XI.

2. below for additional information.). A copy of each new Baseline Document will be distributed to all Board members before the Baseline Document is signed. The treasurer of the Board prepares all financial documents, including tax documents. All CEs, Baseline Documents, and other relevant documents are kept and filed in the appropriate folders and none are disposed.

A list of current Board members and the offices they hold on the Board is given on our website. Also see the Addendum.

4. Participation in Public Policy

MMLC may engage in public policy at the federal, state, or local level, or any combination, such as, but not limited to, supporting or opposing legislation, advocating for sound land use policy, and endorsing public funding of conservation, provided it complies with federal and state lobbying limitations and reporting requirements. MMLC will not engage in political campaigns or endorse candidates for public office.

III. Board Accountability (Standard 3)

1. Board Responsibility

The Board is responsible for establishing the mission of MMLC, for determining strategy, for setting policies to accomplish the mission and strategy, and for the oversight of MMLC's finances and operations.

Board members are responsible for attending board meetings and for being informed of the contents of the MMLC's Articles of Incorporation, Bylaws, and this Handbook and conducting themselves accordingly. They are also responsible for understanding the contents of the policy documents approved by the Board (See the Addendum.). They are also responsible for keeping themselves informed about all business before the Board. The officers of MMLC are responsible for providing Board members with sufficient information to make informed decisions. Board members are responsible for requesting additional information when the information provided seems inadequate or incomplete.

2. Board Composition

The Board regularly evaluates the composition and breadth of experience, and expertise of its collective board membership. MMLC strives to grow and develop the Board so that it is composed of members with diverse skills, backgrounds and experiences committed to board service.

MMLC strives to maintain Board membership of sufficient size and diversity in order to minimize conflicts of interest, qualify the organization for tax-exempt status, provide credibility in the community, and ensure effective operations.

3. Board Meetings and Membership

Board meetings per year, Board member attendance, and quorums are addressed in the Bylaws.

4. Delegating Authority

The Board may delegate the authority to make decisions or perform management functions, or both, to Board members, to duly appointed committees of MMLC, to staff, or to third parties provided the individuals and committees regularly report their activities to the Board. The Board shall define the limits of the authority and the timeliness of reporting to the Board.

5. Board Approval of Land Acquisitions

The Board approves every land acquisition, including all CEs, fee simple purchases of land, and any other type of land acquisitions in which MMLC may engage. All land acquisitions must be approved by no less than two-thirds (2/3) of the Board members present and voting at a regularly scheduled meeting of the Board. In the case of CE and fee simple purchases, the approval process must follow the steps in the applicable MMLC "Steps" documents (See the Addendum.). The Board must review all relevant land transactions to ensure that the land has appropriate conservation values and that each transaction has a public benefit.

IV. Conflict of Interest (Standard 4)

1. Conflict of Interest Statement

See Bylaws. MMLC has a conflict of interest document. Any conflict of interest should be immediately brought to the attention of the president and the Board.

2. Board Compensation

Board members do not receive financial compensation, except for reimbursement of expenses approved by the Board. Any compensation must be in compliance with charitable trust law.

3. Transactions with Insiders

Land transactions with insiders will follow the conflict of interest policy of MMLC as stated in the Bylaws and MMLC's conflict of interest document. There must be no private inurement or impermissible private benefit.

V. Fundraising (Standard 5)

1. General

To support its mission, Board members may engage in a variety of fundraising activities, including but not limited to direct donor solicitation, proposals to private foundations and state and federal agencies, capital campaigns, and special events.

2. Legal and Ethical Practices

MMLC complies with applicable charitable solicitation laws, including provisions regarding registration and filing of financial reports, does not engage in commission-based fundraising, and limits fundraising costs to a reasonable percentage of overall expenses.

3. Accountability to Donors

The MMLC provides written acknowledgement of gifts as required by applicable federal and state law, ensures that donor funds are used as specified, keeps accurate records, honors privacy requests, and advises donors to seek independent legal and financial advice for substantial gifts.

4. Accurate Representations

Representations will be accurate and all funds will be spent for the purpose(s) stated in the solicitation or as directed in writing by the donor.

VI. Financial and Asset Management (Standard 6)

1. Annual Budget

If needed, MMLC prepares an annual budget that is reviewed and approved by the Board and is distributed to all Board members. The budget is consistent with the Annual Plan.

2. Financial Records, Statements and Reports

MMLC keeps accurate, written financial records. The MMLC treasurer prepares financial statements, reports these in a timely manner and these must be approved by the Board.

3. Financial Review or Audit

Financial reviews or audits, or both, are conducted at appropriate times.

4. Internal System for Handling Money

All funds expended by MMLC must be approved by the Board at a regularly scheduled Board meeting and recorded in the minutes. Blanket approval for standard, regular expenses may be given to appropriate individuals. The Board shall make a determination that any donation in excess of \$25,000 is appropriate to accept and is not in violation of any Bylaw or other governing document or policy. The Board retains the right to reject any donation of any size.

5. Investment and Management of Financial Assets, including all designated funds

MMLC has a financial plan for investing and managing our assets. When the financial plan is changed, each change must be approved by the Board.

6. Funds for Stewardship and Enforcement

MMLC maintains a Stewardship Endowment Fund (SEF). It is a restricted fund. Funds are placed in the SEF every time MMLC accepts a CE. The SEF is intended to be used for monitoring, stewarding, and defending CEs.

7. Sale or Transfer of Assets (Including Land and Easements)

All sales or transfers of MMLC assets must be approved by no less than two-thirds (2/3) of all Board members at a regularly scheduled meeting of the Board. The Board must consider the reasonable wishes of the donor as stated in any relevant Memorandum of Understanding between MMLC and the donor of the asset

when selling or otherwise transferring the asset, as long as such wishes are not materially inconsistent with the mission of MMLC or its governing documents.

8. Risk Management and Insurance

All land transactions are examined by the Board for environmental and financial risk. Liability insurance will be obtained for all properties owned by MMLC fee simple. The Board in its discretion may obtain liability insurance for properties with CEs.

VII. Volunteers, Staff and Consultants (Standard 7)

1. Capacity

The Board will establish goals and priorities for MMLC's programs each year and match available volunteers, staff (if there is staff), and other personnel with work to be performed. This will be part of each Annual Plan.

2. Volunteers

Procedures to recruit, train, and supervise volunteers will be developed as needed.

3. Staff

This section will be developed and approved by the Board before any staff is hired.

4. Working with Consultants

When working with consultants, including attorneys, written correspondence is generally used, and contracts, when used, will be in writing. All consultant and contract relationships will be consistent with applicable federal, state, and local law.

VIII. Evaluating and Selecting Conservation Projects (Standard 8)

1. Identifying Land Protection Focus Areas

A Land Protection Plan has been developed. See the Addendum for requesting material.

2. Project Selection and Criteria; Site Inspection; Project Planning; Evaluating Risks

MMLC uses various documents for these purposes. See the Addendum for list.

MMLC inspects all properties for congruence with MMLC's mission before accepting donations of or buying CEs on land.

All conservation projects are individually planned and executed by, or under the direction of, the Board.

MMLC examines all CE and other conservation projects for possible risks, including but not limited to, use of surrounding land, leases on the property, and water rights.

3. Federal and State Requirements

MMLC examines each conservation project to establish that, in the opinion of MMLC, it meets the conservation test(s) as stated in Internal Revenue Code §170(h), as amended from time to time, and meets all other applicable federal, state, and local requirements.

4. Public Benefit of Transactions

MMLC documents the public benefit(s) of each CE accepted and the manner in which its benefits are consistent with the mission of the MMLC. All conservation projects must conform to federal, state, and local law.

5. Documenting Conservation Values

MMLC documents the condition of the important conservation value(s) and the public benefits of each property by ensuring a Baseline Document is prepared and approved for each CE. The landowner is given a copy of the Baseline Document.

6. Evaluating the Best Conservation Tool

MMLC considers the best conservation method for protecting each property and informs the landowner of alternative methods even if the methods do not involve MMLC.

7. Evaluating Partnerships; Partnership Documentation

MMLC will evaluate any partnership or other arrangement with regard to the mission and resources of MMLC before engaging in the partnership or other arrangement. Any partnerships or other arrangements that are made will be fully documented in writing so each partner's or member's role is clear.

8. Non-conservation Property

The Board will evaluate and vote on the disposition or other use of any property or other asset it receives that does not meet the mission of MMLC. If MMLC intends to sell or have the option to sell such a property or asset, upon acceptance of the property or asset it will prepare written documentation of this intent and give the documentation to the landowner.

9. Public Issues

The Board will decide in which public projects and issues, such as, but not limited to, education, public comment on land conservation issues, MMLC will participate.

IX. Ensuring Sound Transactions (Land Transactions)(Standard 9)

1. Legal Review and Technical Expertise

MMLC has an attorney experienced in real estate law and transactions review every CE accepted and all other land transaction in which it engages. Where appropriate, experts in other areas, such as, but not limited to, finance, tax, science, natural resources, will be consulted.

2. Independent Legal Advice

MMLC does not give legal, tax, or financial advice. It recommends to each party in a transaction that they obtain independent legal, tax, financial, and other professional advice.

3. Environmental Due Diligence for Hazardous Materials

In every land transaction MMLC requests from the landowner any information on hazardous materials and sites on the property. MMLC visually inspects each property for evidence of hazardous materials and sites. If appropriate, the Board may engage independent environmental consultants. The issue of owner responsibility for such contamination is addressed in all land transactions, including all CEs.

4. Determining Property Boundaries

MMLC obtains boundary descriptions from legal documents, particularly deeds, or, if appropriate, from a survey. The boundaries of any restricted area(s) or zone(s) in each property are clearly described in the CE or other transaction document.

5. CE Drafting; Documentation of Purposes and Responsibilities

Each CE is specific for the particular property being protected. The important conservation values, the public benefits provided, the permitted uses, and the prohibited uses are all stated in the CE. Only permitted uses and reserved rights are allowed that do not impair the conservation values of the property. A prohibited use is allowed only if MMLC has the capability of monitoring it.

The purpose(s) of each CE and the responsibilities of each party involved are stated in each CE.

6. Title Investigation and Subordination

MMLC engages a professional title company to perform a thorough title search for each property on which it intends to place a CE or on which it intends to acquire title in order to reveal any mortgages, leases or other encumbrances. Mortgages, leases, and other encumbrances that could result in extinguishment of the CE or significantly diminish the conservation values of the property are either discharged or subordinated to the CE. If extinguishment, discharge, or subordination is not possible, the impact is taken into account in evaluating the conservation value of the property.

7. Recording

All land transactions, including CEs, are legally recorded at the appropriate records office according to federal, state, and local law.

8. Recordkeeping

Records are kept as described in II. 2. above.

9. Purchasing CEs and Property

The Board will develop a procedure for each new acquisition that comes to the Board.

10. Selling Property

The Board will develop a procedure for each new sale situation that comes to the Board.

11. Transfers and Exchanges of Property

The Board will develop a procedure for each new transfer and exchange situation that comes to the Board.

X. Tax Benefits (Standard 10)

1. Tax Code Requirements

MMLC reviews each CE project to determine if, in the opinion of MMLC, it meets the Internal Revenue Code (IRC) requirements of §170(h) and so notifies the landowner. As provided in IX.2. above, MMLC does not provide tax advice. The provisions of IRC §170(h) are defined in Section 1.170A-14 of the Treasury regulations. Among other things, a CE must be “exclusively for conservation purposes” (IRC §170(h)). For a donation to be this, all encumbrances (for example, a mortgage) on the title (property) must be subordinated to the CE. Any non-conservation land or other property that is donated as a gift for MMLC to sell will be evaluated by MMLC and the landowner to determine if any part of the donation is deductible.

2. Appraisals

MMLC notifies donors of CEs or land who plan to claim a federal or state income tax deduction, or both, of the following general appraisal guidelines, which must be established or confirmed by the landowner or its professional consultants: (i) if the donated property has a value of more than \$5,000, a qualified appraisal [as defined by the Internal Revenue Service (IRS)] of the property must be done by a qualified appraiser (as defined by the IRS), (ii) the donor is responsible for the determination of the value of the donation and should obtain information on appraisals and appraisers from the IRS, particularly IRS Publication 561, (iii) MMLC will be provided a copy of the completed appraisal, and (iv) IRS Form 8283 must be completed accurately and completely and the information must be supported by the appraisal and not raise significant concerns before MMLC can sign IRS Form 8283.

3. No Assurances on Deductibility or Tax benefits

MMLC does not make any assurances about the: (i) deductibility of a donation, (ii) value of a donation, (iii) tax benefits of a donation, and (iv) accuracy of an appraisal.

4. Donee Responsibilities

MMLC complies with its responsibility to sign IRS Form 8283. MMLC signs after Section B, Parts I and III of the form are completed by the appropriate individuals. MMLC may refuse to sign Form 8283 if it believes the form has not been completed accurately or contains inaccurate information.

XI. Conservation Stewardship (Standard 11)

1. Funding Easement Stewardship

Our current policy is to: (i) place not less than \$2000 of funds in the MMLC Stewardship Endowment Fund (SEF) each time a CE is accepted and (ii) annually place a sum of money in the SEF that is not greater than 4 % of the value of the SEF at the end of that calendar year.

2. Baseline Document

MMLC ensures that an individual Baseline Document is prepared for each CE accepted. The Baseline Document is prepared before closing and is signed by the landowner and MMLC at closing. The Baseline Document describes the important conservation values protected by the CE and the relevant conditions of the property at the time the CE is accepted by MMLC.

3. Easement Monitoring

Typically MMLC monitors each property approximately annually. The monitor completes the current form *Monitoring Form for Conservation Easements Held by MMLC*, and distributes the form as directed by the instructions on the form.

4. Landowner Relationships

MMLC goal is to develop and maintain good working relationships with landowners and neighbors of landowners of protected property. Whenever possible information on property management and programs available for management of property will be distributed. MMLC promptly meets with new landowners and informs them about the CE, its meaning, and the MMLC’s policies and monitoring procedures. Information on

the monitoring form requests the landowner to inform MMLC when a change in ownership of the property is pending or has just occurred.

5. Enforcement of Easements

The rights MMLC has for dealing with the enforcement of the provisions of CEs are described in the individual CEs.

6. Reserved and Permitted Rights and Approvals

The president of the Board or his or her designee will respond to landowner inquires and requests promptly. Any significant decisions that arise from these inquires and requests will be made by or with the approval of the Board.

7. Contingency Plans/Backups

If the situation arises that MMLC ceases to exist, the contingency plan for each CE held by MMLC is written in each individual CEs. The Board will develop policies as to the disposition of real estate owned by MMLC in the event it ceases to exist.

8. Contingency Plans for Backup Holders of Conservation Easements and Fee Simple Properties.

This item is under consideration by the Board.

9. Amendments

Any proposed amendment to a CE held by MMLC must be approved by no less than two-thirds (2/3) of all Board members at a regularly scheduled meeting of the Board. The amendment must comply with MMLC's conflict of interest policy and must not significantly diminish the overall conservation value of the CE.

10. Condemnation

The acceptance of any condemnation award relating to a property held by MMLC, whether a CE or property owned by MMLC, must be considered by the Board at a regularly scheduled meeting(s) of the Board. MMLC maintains documentation of the important conservation values of each CE and property owned by MMLC. MMLC makes every effort to prevent any net loss of conservation values under its protection.

11. Extinguishment

Any case of extinguishment of a CE held by MMLC must be considered by the Board at a scheduled meeting(s) of the Board. MMLC maintains documentation of the important conservation values of each CE and property owned by MMLC. MMLC makes every effort to prevent any net loss of conservation values under its protection.

XII. Fee Land Stewardship (Standard 12)

The Board will develop specific practices for each individual property it acquires in fee simple ownership as each is acquired.

Appendix I. Vision Statement

Mid-Michigan Land Conservancy's (MMLC) vision is that large tracts – 10,000 acres or more – of contiguous natural land and farmland be protected in mid-Michigan. Native plants and animals of the region and agriculture would thrive. Recreational activities, such as hunting, fishing, and camping, would be available and waters would be protected from pollution. There would be an appropriate balance between rural and urban areas so both can prosper. People would largely live in the cities, towns, and villages of the region.

Sufficient natural land and natural habitat would be protected so the native plants and animals of the region can maintain their populations. Riparian land, land in the 100-year flood plain, significant wetlands, and aquifer recharge land would all be permanently protected as would varied habitats, such as woodland, prairies, shrubland, land with rare plant and animal species, and land of particular scenic value or with unusual geological features.

Agriculture in the area would provide, or have the land available to provide, sufficient quality food to meet the needs of the urban, suburban, and rural populations of the area. The agriculture food products would be varied. The region's agriculture would also have sufficient land to grow crops that are used for production of biofuels, bioplastics, and other products made from plant materials. Agriculture would support farm families on

a long-term, sustainable basis. Agriculture would be an important provider of jobs and would be sensitive to the environment. Agriculture operations would be performed so that that water resources are recharged, ecosystems are maintained, pollution is minimal, and tourism is enhanced.

Protection of farmland and open space land would encourage urban development and discourage sprawl development. Investment in public infrastructure, particularly water and sewer, would be directed primarily toward supporting smart growth goals in the urban and suburban areas

Addendum to *Handbook for MMLC Board Members*, as of March 23, 2016

The documents in I. and II. below and other MMLC documents are available from the President of the MMLC Board or his or her designee. Currently to obtain these documents, contact Paul Kindel, President, by telephone at 517-332-3091 or e-mail at kindel@msu.edu. Currently for the website, contact Ken Rosenman, by telephone at 517-349-6231 (H) or e-mail at rosenman@msu.edu.

I. *Articles of Incorporation, Mid-Michigan Land Conservancy Bylaws, Land Protection Plan, 5-Year Strategic Plan, Conflict of Interest Document*

II. Partial list of other MMLC documents

1. *Handbook for MMLC Board Members*, March 23, 2016 (e6b)
2. *Designation and Use of Funds by MMLC*; approved August 15, 2012 (e7a)
3. *Stewardship of Mid-Michigan Land Conservancy Natural Areas*, approved November 6, 2013 (e8)
4. *Proposed Goals for Mid-Michigan Land Conservancy*, July 24, 2003 (ga1)
5. *Priority List of Land Types to Protect in Mid-Michigan*, June 11, 2004 (ga2a)
6. *Criteria for Land to be Considered for Protection*, February 24, 2003 (ga2b)
7. *Steps in the Protection of Land with a Conservation Easement Donated to MMLC* (na2)
8. *Application for the Protection of Land with a Conservation Easement Donated to MMLC* (na5)
9. *Estimated Cost for the Preparation and Stewardship of a Conservation Easement*, March 22, 2016 (na6)
10. *Monitoring Form for Conservation Easements Held by MMLC*, October 28, 2016 (nc1)
11. *Steps in the Protection of Land by Fee Simple Donation of the Land to MMLC*, Oct. 28, 2015 (m1)
12. *Application for the Protection of Land by Fee Simple Donation of the Land to MMLC*, Oct. 28, 2015 (m2)

III. Current Records Policy and Preparation of Documents

All MMLC files, including all individual landowner folders, are in P. Kindel's (Board member, current president) house at 2915 Margate Lane, East Lansing, MI. They are in a metal filing cabinet that is reasonably fire-proof. A duplicate copy of the essential documents in each landowner's folder is in Room 108B of the Biochemistry Bldg., Michigan State University, East Lansing, in the bottom drawer of the metal filing case with lock number S100. A written list of the major documents in both sets of folders is on P. Kindel's computers at home and in Room 108B of the Biochemistry Bldg. The custodian of the records is Paul Kindel.

Paul Kindel, with the participation of the board, prepares all CEs. Before they are signed they are examined by the Board on three different occasions during their preparation and once by MMLC's attorney. After each examination a formal vote on accepting the CE is taken by the Board at a Board meeting and is recorded in the minutes. The CEs are signed by Paul Kindel as representative for MMLC. Edward Schools (Board member, current vice-president) prepares the Baseline Document for each CE. Stephen Buzby (Board member, current treasurer) prepares all financial documents, including tax documents. All CEs, Baseline Documents, and other important documents are kept and filed in the appropriate folders and none are disposed.