A scenic landscape photograph featuring a large, rugged mountain range in the background. The mountains are covered in dense forests with trees displaying vibrant autumn colors of orange, yellow, and red. The foreground shows a calm body of water, likely a lake, which perfectly reflects the colorful foliage and the mountain peaks. Several large, dark rocks are visible in the water, some partially submerged. The sky is a clear, pale blue with a few wispy clouds.

What is one conservation
finance technique that you
want to learn more about?

→ Please write it down on
your 3x5 card

You've Got the Plan in Hand – Now What?

Conservation Finance Strategies to Acquire Your Priorities

RCP Network Gathering | Nov. 13, 2014



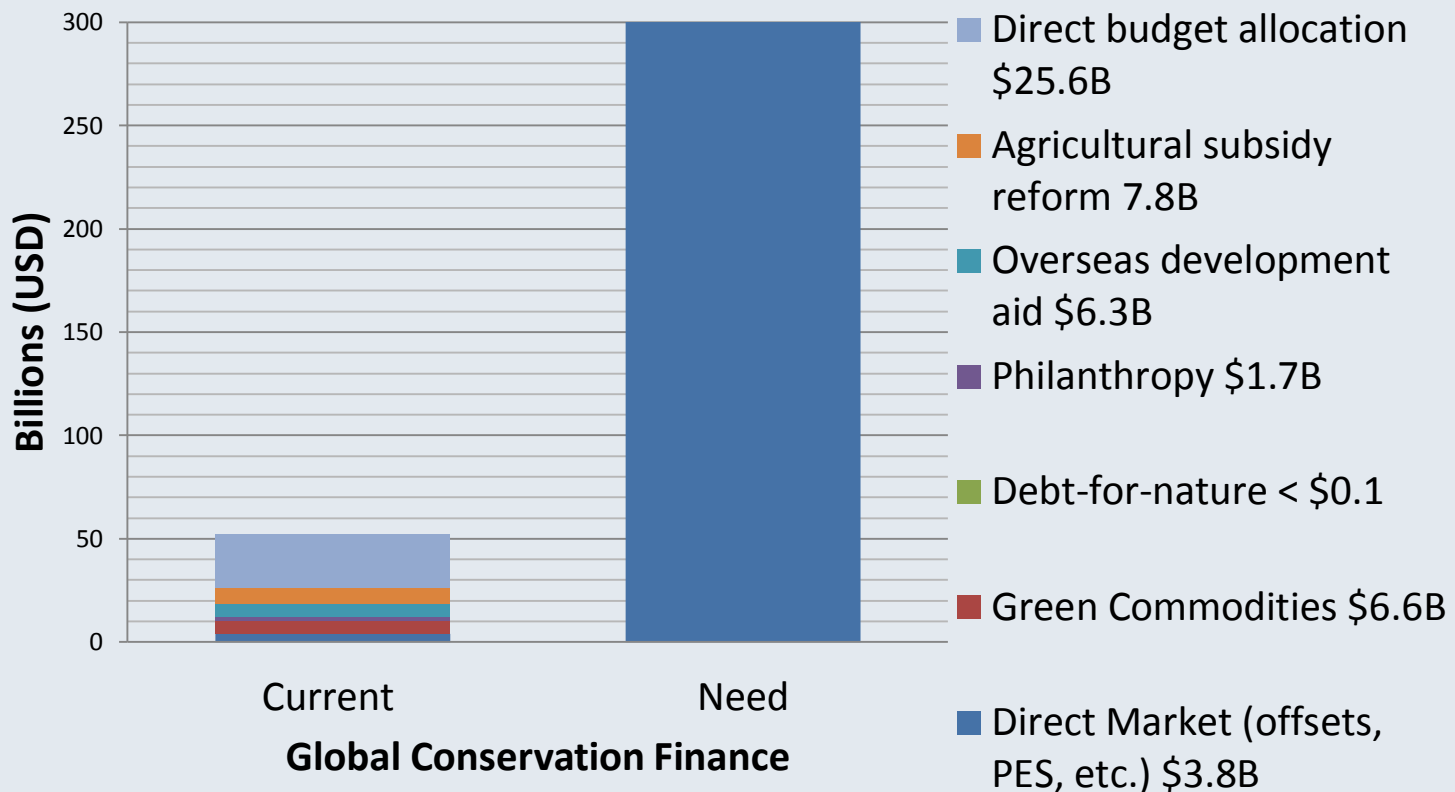
Liz Adams, The Lyme Timber Company
Reggie Hall, The Conservation Fund
Leigh Whelpton, The Conservation Finance Network



- Develop a better understanding of conservation finance techniques
- Learn tips, tricks, and best practices from real world examples



\$51.8 Billion available → \$300-400 Billion need



Sources: Global Canopy Programme (2012); Credit Suisse, WWF, McKinsey Report (2014)



“Conservation without funding
is just conversation.”

– Anonymous



The practice of raising and managing capital to support land, water, and resource conservation.^[1] Conservation financing options vary by source from public, private, and nonprofit funders; by type from loans, to grants, to tax incentives, to market mechanisms; and by scale ranging from federal to state, national to local.^[2] Conservationists have traditionally relied upon private, philanthropic capital in the form of solicited donations, foundation grants, etc., and public, governmental funds in the form of tax incentives, etc., to fund conservation projects and initiatives.^[3] Increasingly, conservationists are embracing a broader range of funding and financing options, including public-private partnerships and government resources with other sources of capital, including that from the capital markets."^[3] These non-traditional sources of conservation capital include debt-financing, emerging tax benefits, private equity investments, and project financing.^[4] These additional sources of leverage serve to enlarge the pool of financial capital available to fund conservation work worldwide and, as this financial capital is invested, the asset portfolio of conserved land, water and natural resources is grown.^[5]

Raising and finding money to do deals





- Public Funding
 - Federal, state, local
- Private Investment Capital
- Debt Financing
 - Bank, conservation lender, Individual, program related investment
- Charitable Giving
 - Foundations, individuals
- Income from the land
 - Timber, agriculture, ranching, etc.
- Monetized ecosystem services
 - Wetland mitigation banking, carbon



Philanthropic Capital

- Traditional Sources
 - Individual Donors
 - Foundations
 - Businesses & Corporations Engagements/ Partnerships
 - Institutional & Nonprofit Collaborations
 - Conservation Buyers
- Voluntary Surcharges
- Voluntary Private Transfer Fees
- Trade Lands
- Donor-advised Funds & Aggregators
- Web & Mobile Applications

Tax Benefits

- Federal/State Tax Deductions
- New Markets Tax Credits
- State Tax Credits

Public Capital

- Fed. Conservation Programs (LWCF, DOT, etc.)
- Other Large Fed/State Programs
- State/Local Ballot Initiatives
- State/Local Specific Use Taxes/Fees/Incentives
- State/Local Conservation Programs
- Local Improvement Districts

Private Capital

- Payments for Ecosystem Services
 - Habitat & Species Mitigation/Banking
 - Function Trading (water, nutrients, carbon)
 - Watershed Services Payments
 - Natl. Res. Damage & Other Env. Settlements
 - Federal Power Act /Relicensing
- Tradable Land Use Rights
- Conservation Development
- Agriculture, Timber & Other Income from Conservation Land
- Fee for Services
- Cause-related Marketing
- Social Impact Conservation Investors

Debt Financing

- Philanthropic
 - External Revolving Loan Funds
 - Internal Protection Funds
 - Foundations (incl. PRIs)
 - Conservation Lenders & Guarantors
- Private
 - Commercial & Farm Credit Lending
 - Seller Financing
- Public
 - Fed/State Revolving Loan Funds
 - Tax-Exempt Debt

Courtesy of Story Clark, Conservation Consulting



1. Plan Strategic & Realistic Financial Growth
2. Implement Planned Giving Program
3. Seek Gift Lands
4. Leases
5. Local Hospitality/Outdoor Gear Store?
6. Other Assets?



Be Alert for Useful Assets

Examples of assets which have been used to attract financing:

- Deed of trust/mortgage on property being acquired
- Deed of trust/mortgage on conservation easement being purchased
- Painting(s)
- Donor's Antique car collection
- Billboard Lease
- Timber harvest revenue
- Foundation multi-year pledge
- Major donor multi-year pledge
- Federal agency
- Degraded Wetlands
- LT office building
- Residential lot with house on it
- Residential lot (vacant)
- Land being acquired
- Steel from train tracks
- Private personal guaranty
- Letter of credit from bank against major donor account
- Water rights
- Line of credit
- Commercial building owned by supporter
- Christmas trees (inventory)
- Reimbursement grant
- Rare Species

% of Sales

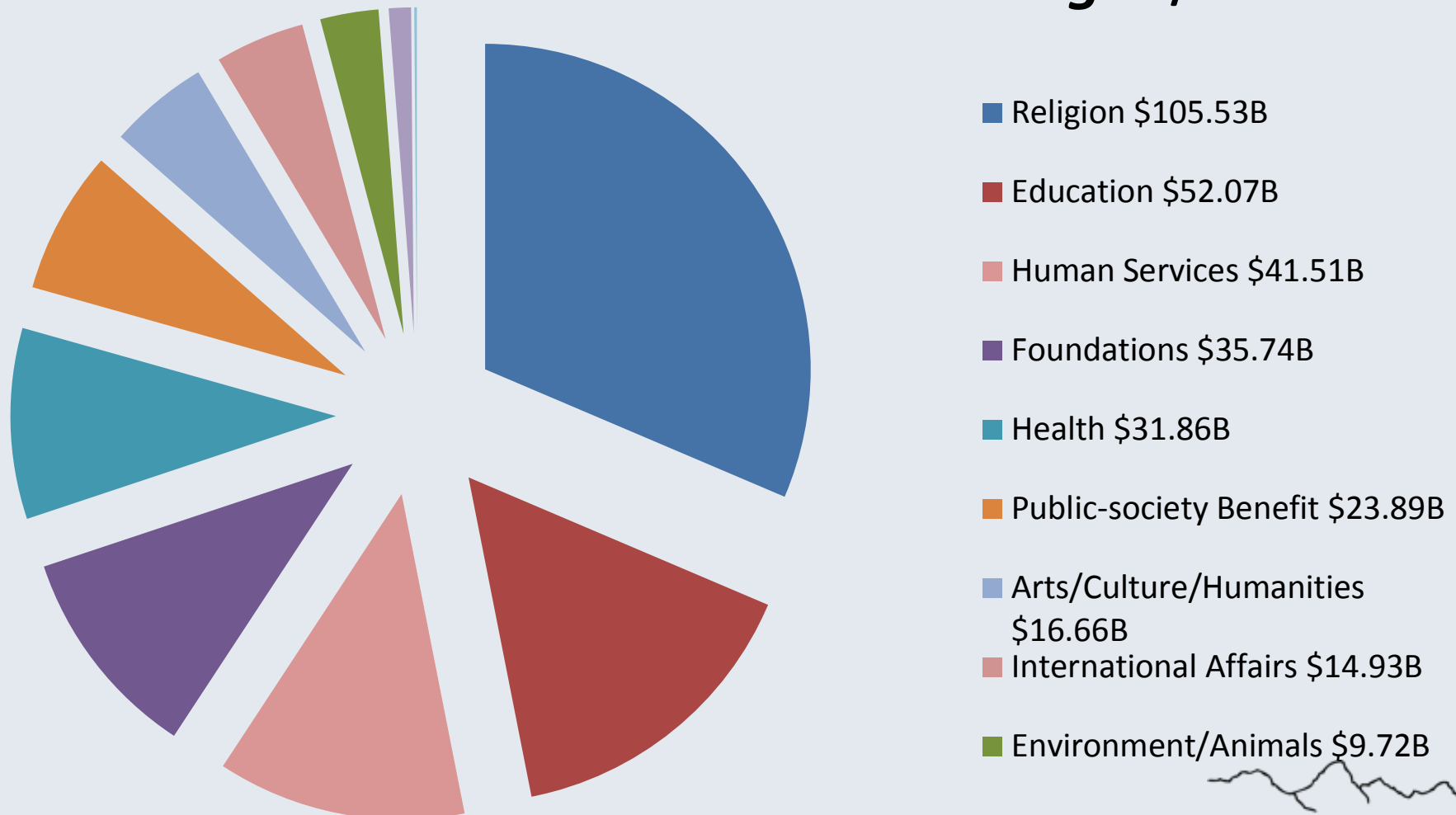
- American Prairie Foundation
 - Percentage of High West Whiskey Reserve sales (10%/year)
- Western Rivers Conservancy
 - % of Sierra Nevada seasonal sales in western states (\$130k/year)
- McKenzie River Trust
 - % of profits from Oakshire Brewing Co. “Watershed IPA”



Opt-Out Model - Removable gift to LT on retail purchases



2013 Charitable Giving = \$335.17 B



Source: Giving USA Foundation™ / Giving USA 2013

STORY CLARK
CONSERVATION CONSULTING

Freshwater Land Trust & Health Action Partnership, AL

- Jefferson County Health Dept. \$
- Combating obesity and Tobacco use
- Greenway master plan that gave municipalities what they need to secure funding and implement trail projects

Androscoggin LT & Healthy Androscoggin, ME

- Tobacco settlement ~250k
- To reduce tobacco use, increase physical activity and improve nutrition
- LT partnerships - maps of trails & walking routes





Forest to Faucet (Denver)

- \$16.5M match from utility for USFS watershed protection

Utah Open Lands, TNC (Salt Lake City)

- \$1.5M in user surcharges from utility

McKenzie River Trust

- \$50K - \$100K/yr. from local utility



\$300-400 Billion need; \$50 Billion available

Source: Credit Suisse, WWF, McKinsey Report



UP FOR DEBATE:

Making Conservation Finance Investable

By Fabian Huwyler, Juerg Kaeppli, Katharina Serafimova, Eric Swanson, & John Tobin

Conservation finance is an undeveloped investment opportunity that offers the potential to conserve some of the world's vital ecosystems while also providing a financial return.





Timber	Ecosystem Services	Agriculture/Ranchland
The Lyme Timber Company	Ecosystem Investment Partners	Beartooth Capital
Conservation Forestry	Environmental Banc & Exchange	Grasslands LLC
Ecotrust Forests LLC	EKO Asset Management	Farmland LLP
New Forests	Renewable Resources Group	New Spirit Farmland Partnerships
	Working Lands LLC	Fall Line Capital
	Equator LLC	Villicus
	New Forests	Carrus Land Systems
	Timbervest	Iroquois Valley Farms LLC
	EcoProducts	
	Permian	





What is a TIMO?

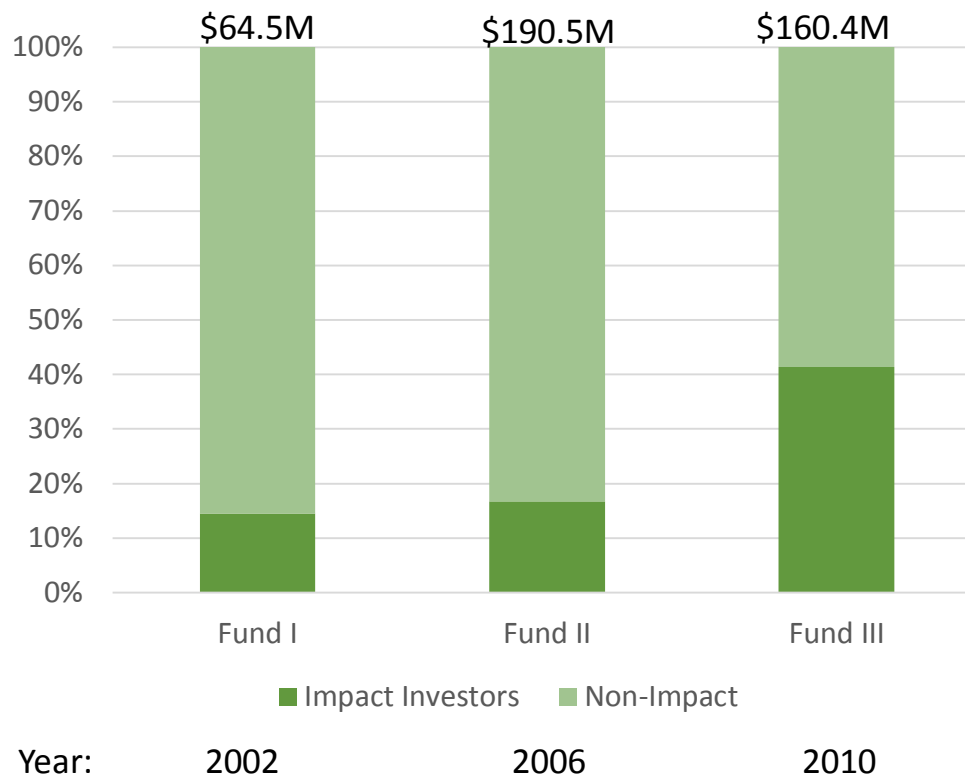
- A Timberland Investment Management Organization (TIMO) manages timberland investments for investors to maximize returns on timberland assets
 - Fund Structures (co-mingled)
 - Separate Accounts
- TIMOs aggregate capital, identify, acquire and operate the timberland assets, manage the dispositions and provide all tax and accounting back office functions
- 20 + Examples: Forest Investment Associates, The Forestland Group, Resource Management Systems, The Lyme Timber Company, Conservation Forestry
- In the US, TIMOs manage approximately 30 million acres of private forests, worth more than \$40 billion.





Lyme Timber Company Background

The Lyme Timber Company is a private timberland investment management organization (TIMO) that focuses on the acquisition and sustainable management of land with unique conservation values.



- Lyme Timber has permanently conserved 750,000+ acres through its investment activities
- Current portfolio consists of ~500,000 acres across the U.S. and Canada
- Likely or accomplished conservation outcome on 98% of Lyme's current and historical portfolio
- 25+ year track record of successful conservation collaborations in the US and Canada
- Other investment areas include (1) high conservation value properties (2) ranchland and farmland and (3) mitigation banks



Why do land trusts partner with private capital?

- Investment manager can serve as a “land bank” to assure that significant conservation properties are held still over time as conservation funding is assembled for fee or conservation easement purchases
- Investment manager can bring significant purchasing power to help land trusts do projects on a larger scale
- Private investors can access New Markets Tax Credit financing and other attractive debt mechanisms
- Investment managers can manage properties to monetize natural resource values while protecting conservation values
- Cash flows from other properties in an investment manager’s portfolio can service debt on important conservation properties





Current and Past Lyme Timber Conservation Partners

Conservation NGOs:

- The Conservation Fund
- Trust for Public Land
- The Nature Conservancy
- Open Space Institute
- Society For the Protection of NH Forests
- Downeast Lakes Land Trust
- Maine Coast Heritage Trust
- Sustainable Forest Futures, The Northern Forest Center
- Western Pennsylvania Conservancy
- Mesa Land Trust
- Vermont Land Trust
- Appalachian Trail Conservancy
- Upper Valley Land Trust
- Forest Society of Maine
- Utah Open Lands
- Nature Conservancy of Canada

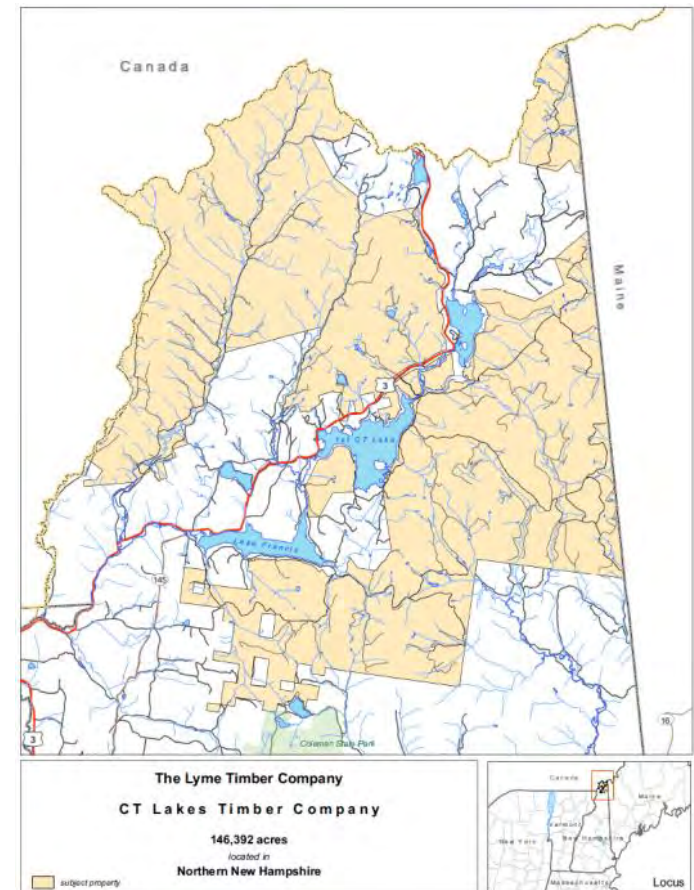
Public Agencies:

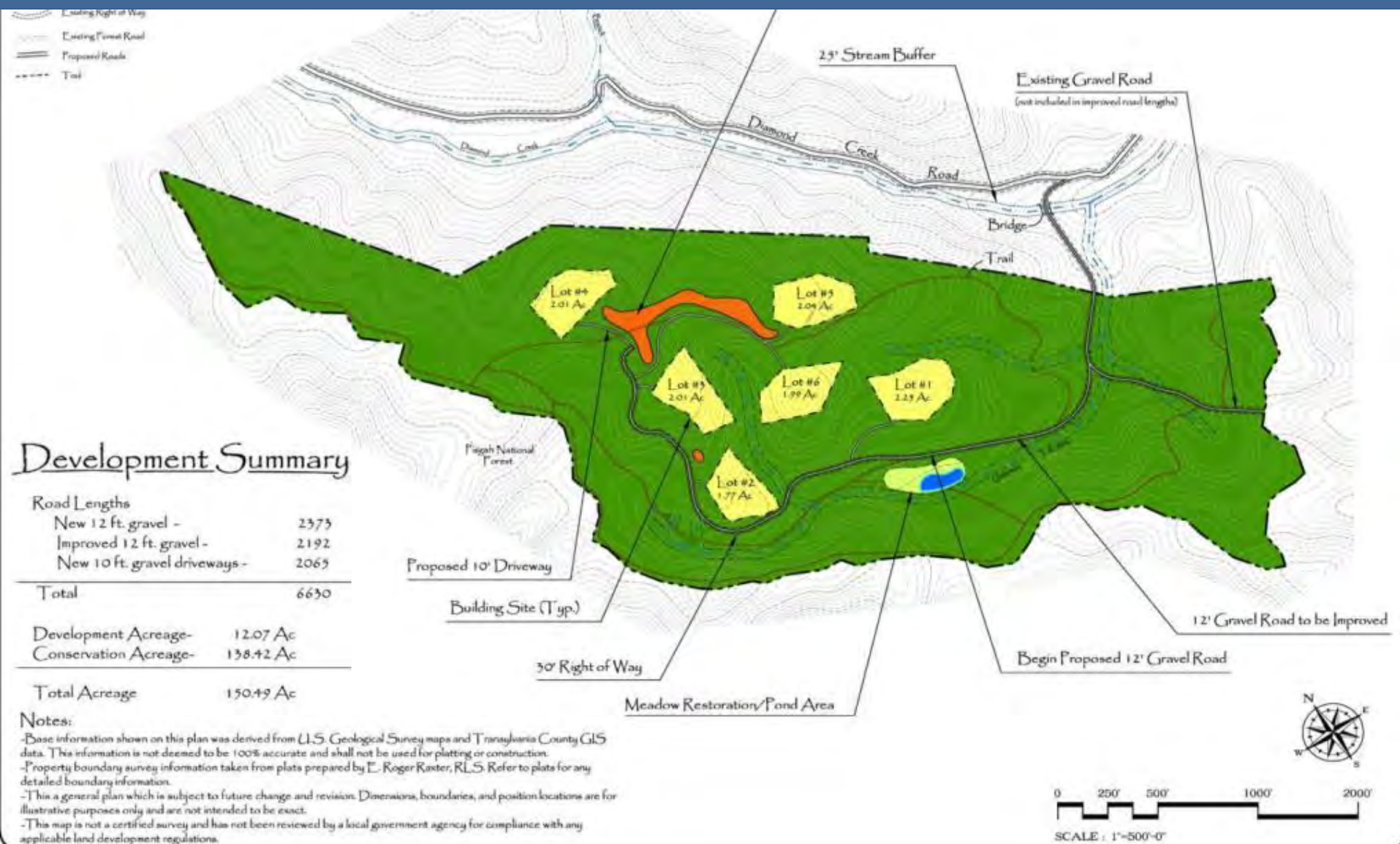
- USFS (Forest Legacy Program)
- USFS (National Forests)
- National Park Service
- NY Department of Environmental Conservation
- NH Department of Resources and Economic Development
- Tennessee Department of Environmental Conservation
- Maine Bureau of Parks and Recreation
- Wisconsin Department of Natural Resources
- Minnesota Department of Natural Resources
- Idaho Department Of Fish and Game
- Florida Department of Environmental Protection
- South Carolina Department of Natural Resources



Case Study: The Connecticut Lakes Timber Company

- 146,400 acres in Northern New Hampshire
- Lyme was selected by conservation NGO's and the State of New Hampshire as private equity partner in a larger deal to conserve 171,000 acres
- Lyme negotiated the terms of a working forest conservation easement, then acquired the property subject to the easement
- Obtained Forest Stewardship Council certification and demonstrated operability under terms of easement
- Purchased in 2002; sold in 2009

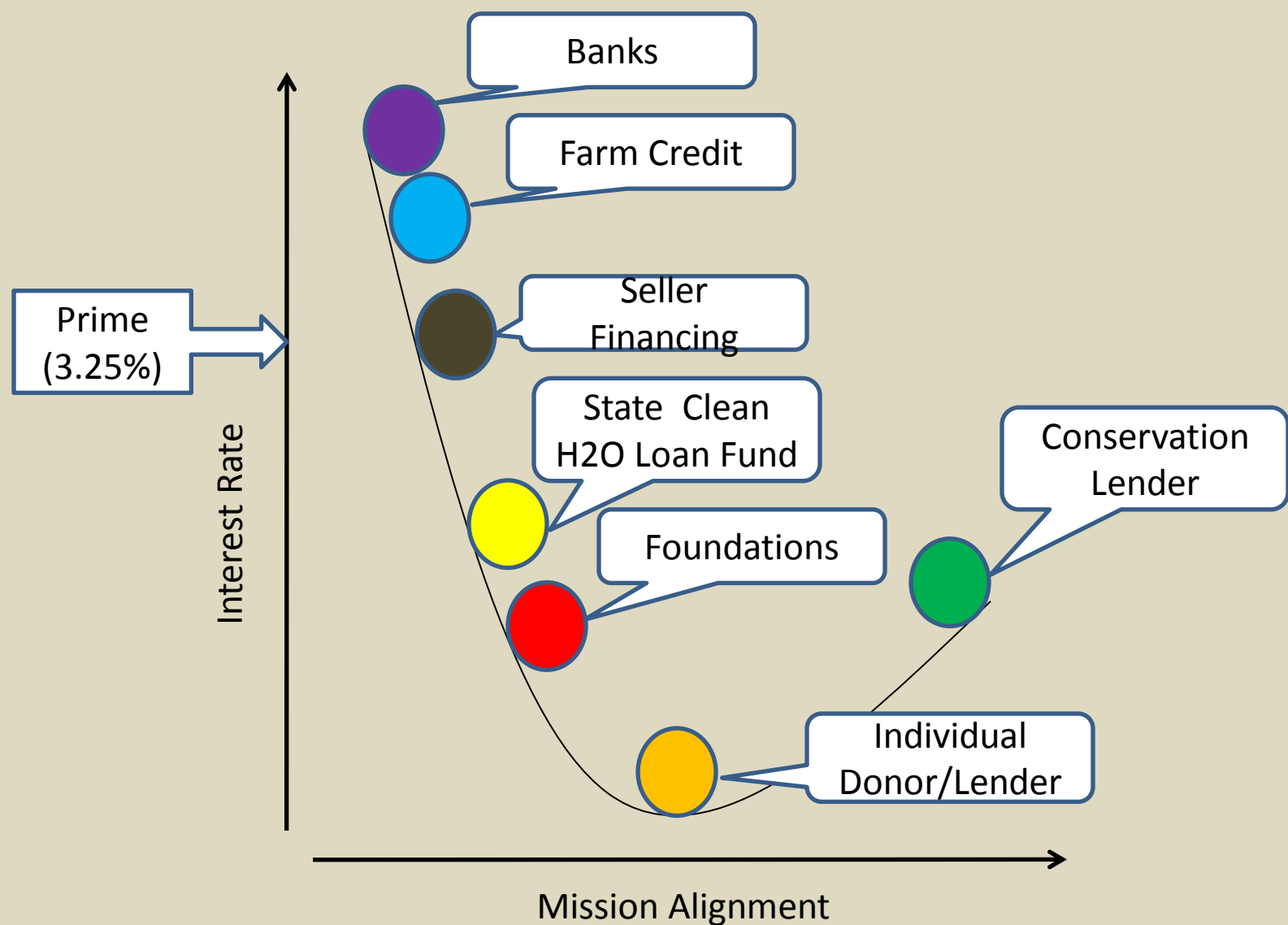




Type	How They Make \$ From You	Risk Tolerance
Banks (Billions of Dollars)	Interest Rate, Fees, Other Accounts, Investments, Services, etc.	Manage Risk (but aren't too familiar with conservation and may ultimately turn down a project they aren't familiar with)
Foundations (Hundreds of Millions)	Interest Rate	May Be Risk Averse (may not be familiar with land conservation)
Conservation Lenders (~\$100 million)	Interest Rate, Occasional Fees	Manage Risk
Individuals (Millions of dollars)	Purchase Price, Interest	It depends



Interest Rate vs. Mission Alignment



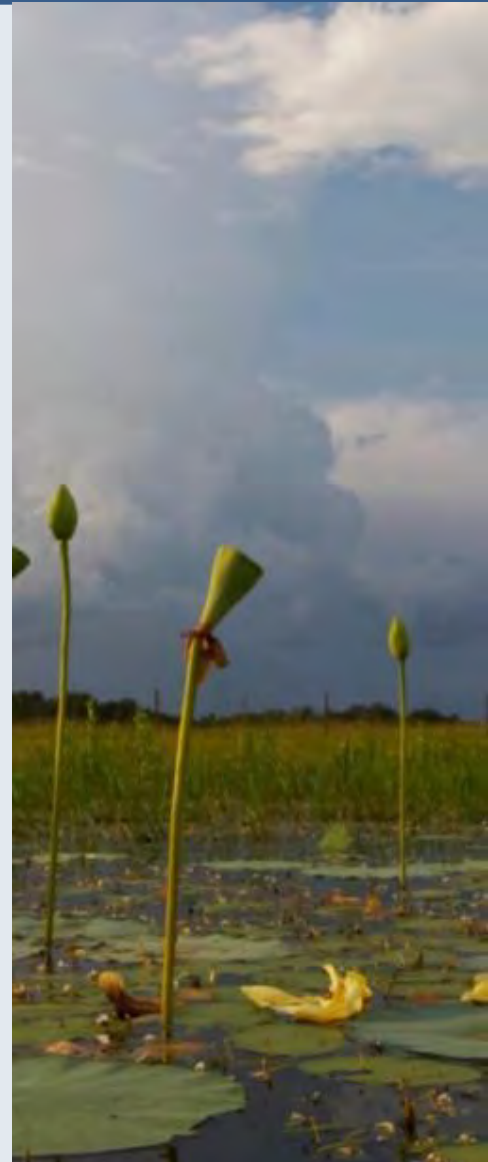
Expenses

- ✓ \$1.4M Bargain Purchase Price
- ✓ \$15,000 closing costs
- ✓ \$1.4M Wetlands bank, design, construction and maintenance

Funding Sources

- ✓ \$1.4M Loan
- ✓ \$1.2M Mitigation Banker
- ✓ \$215,000 Fundraising

→ \$12M credit sales





Local Landscape Collateral Fund

A Local Socially-Responsible
Investment Opportunity

Put your savings to work—help
conserve green fields and forests
across North Central and
Western Massachusetts.

Invest in the local landscape

Help Mount Grace Land Conservation Trust save land by buying a certificate of deposit (CD) and pledging it to the Local Landscape Collateral Fund (LLCF) at Greenfield Savings Bank.

Your CD will be used as collateral when Mount Grace finances a purchase of land for conservation through Greenfield Savings Bank.

"All you have to do is park the principal in the Local Landscape Collateral Fund to conserve land while earning interest. For me, this is a painless way of doing something substantial for the environment."

—Lila Teich Gold, New York City
participating LLCF investor



Audience Choice: Tools & Strategies



Contact Information

Reggie Hall

Director, Land Conservation Loan Program

The Conservation Fund

Arlington, VA

703-525-6300

rhall@conservationfund.org

www.conservationfund.org

Liz Adams

Director of External Relations

The Lyme Timber Company

Hanover, NH

(603) 643-3300

eadams@lymetimber.com

www.lymetimber.com

Leigh Whelpton

Program Director

Conservation Finance Network

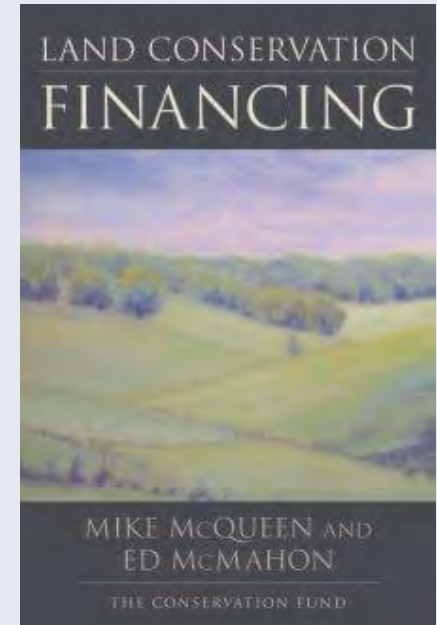
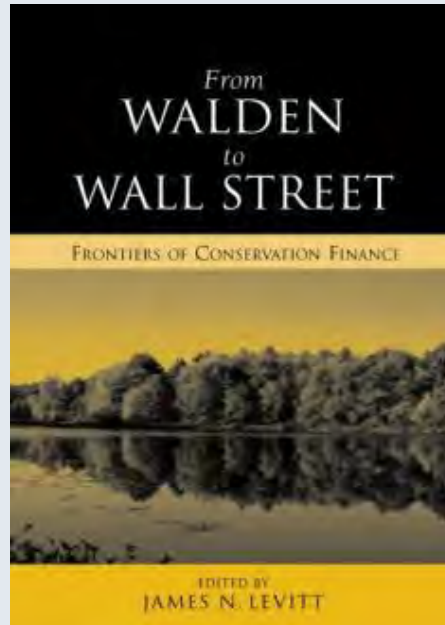
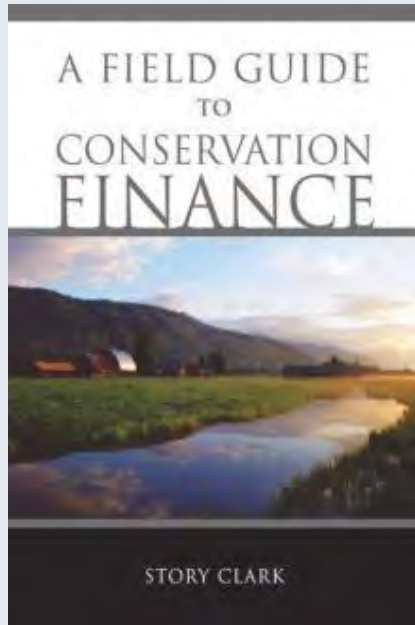
Washington, DC

(202) 232-7933

lwhelpton@islandpress.org

www.conservationfinancenetwork.org

A nonprofit content producer





Insert Lyme Tagline

The Lyme Timber Company LP is a private timberland investment management organization (TIMO) that focuses on the acquisition and sustainable management of lands with unique conservation values. Since its founding in 1976, the Company has followed a disciplined and value oriented approach to investing in forestland and rural real estate.



THE CONSERVATION FINANCE NETWORK

a program of  **ISLANDPRESS**

Training & Convening

CFN at Island Press delivers conservation finance tools and training to people working to protect, restore, and steward natural areas. Our goal is to help people accelerate the pace, scale, and effectiveness of land and resource conservation through the use of innovative funding and financing strategies.



Results and Partner Focus

The Conservation Fund, working with public, private and nonprofit partners, protects America's legacy of land and water resources through land acquisition, sustainable community and economic development, and leadership training, emphasizing the integration of economic and environmental goals

