

Revolving Fund Feasibility Study for the Madison-Morgan Conservancy



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Executive Summary

In 2017, the Madison Morgan Conservancy hired Hanbury Preservation Consulting to conduct a revolving fund feasibility study. The study included a review of organizational documents, interviews with staff and committee members, a membership survey, interviews with local stakeholders, literature review, and interviews with selected nonprofits.

For the purposes of this study, a revolving fund is a program that uses a pool of money to buy a property, protect it, and sell it with the sale proceeds replenishing the fund for future purchases.

While nonprofits need to adopt prudent financial policies, profitability is not their ultimate goal. Thus the study

- addresses whether there is a **need** for a revolving fund,
- gauges the **costs**,
- insures it fits the organization's **mission**, and
- considers what the program should **accomplish**.

The study provides evidence of need through survey and interview responses. It also demonstrates how a revolving fund program is consistent with the organization's vision and mission. Staff and board members articulated that the funds should accomplish the Conservancy's ability "to affirmatively do things, to control the destiny of key properties, and to be a real force in shaping the community." The costs of a program can and will vary widely depending on scope and properties involved. The remainder of the plan is a series of best practices and recommendations.

Introduction and Methodology

In April 2017 the Madison-Morgan Conservancy solicited a proposal to conduct a feasibility study for a revolving fund for the Conservancy. They hired Hanbury Preservation Consulting which proposed a study including of five steps: Internal Assessment, Needs Survey, Best Practices, Retreat (with draft report) and Final Report. The process was designed to examine not only the organization's capacity to develop such a program, but also how it fits with community needs. An examination of model programs from peer organizations identified best practices relevant to the Conservancy. Preliminary results were shared with the board at a retreat. This facilitated session allowed the board to consider how a revolving fund would fit its mission, impact operations, and serve the community.

The internal assessment involved a review of relevant documents from the organization (organizational charts, budgets, annual reports, strategic plans, etc.), and interviews with staff.

Using online surveys for membership and the board, data was collected about perceptions of needs within the larger community; opinions about and knowledge of revolving funds (their operation and impact); and opportunities for increased cooperation and collaboration with partner organizations. The surveys were augmented by a series of interviews with local community leaders: David and Shandon Land, Christine Lambert, Jim Markley, Wayne Vason, Bob Hughes, Monica Callahan, David Nunn, and Adam Mestres.

Hanbury Preservation Consulting interviewed representatives of peer organizations. Many were drawn from research by the Land Trust Alliance, researching land trusts that had included cultural resources along with environmental and open space considerations in their operations. They were: the Stowe Land Trust, Scarborough Land Trust, Cazenovia Preservation Foundation, Foothills Conservancy, and the southeastern office of the Land Trust Alliance. Other data from preservation organizations that operate revolving funds was also included.

The only conservation organization that operated anything like a revolving fund was the Foothills Conservancy. It has purchased and re-sold land that will be protected, often to government agencies with a conservation mandate (state parks, US Forest Service, etc). However the purchase and re-sale has been done on a project by project basis without the consideration of an ongoing programmatic effort to revolve properties and funding.

Interviews addressed issues such as fund structure, risk management, identification of opportunities, project selection criteria, establishing partnerships, fund focus, operations, and fund impact on organizations as a whole.

The assessment, surveys, and interviews were consolidated into a draft narrative that served as the basis for the retreat. The retreat was held November 6, 2017. The objectives of the retreat were to review the findings of the assessment and to share and discuss best practices that are most applicable and relevant to the Conservancy.

Revolving Funds

The term revolving fund encompasses a broad array of programs, and to better assess the viability of a program for the Madison-Morgan Conservancy, it is important to define and delineate the type of revolving fund activities this report addresses.

A revolving fund is a program that uses a pool of money to buy a property, protect it, and sell it with the sale proceeds replenishing the fund for future purchases. The initial funding pool is re-used for multiple projects, thus it is a revolving fund. Revolving funds operated by preservation nonprofits can be grouped into many categories. Two relevant ones are: nonprofit as salesperson, and nonprofit as developer.

Some funds operate as salespeople. They purchase options on historic properties. An option allows the organization to purchase a property at a set price for a specific period. The option is an expense, but during the time the option is in place the nonprofit does not own the property thus has none of the associated liabilities. However, it also does not have control and property owners may make changes to the property during the option period. The nonprofit will market the property, find an ultimate buyer and when the buyer is found, exercise the option and then buy and re-sell the property, recovering the corpus, often during a single day. This process works well with statewide nonprofits that cover a larger geographic range and with large or complex properties that may tax the resources and capability of the nonprofit.

Other funds position the nonprofit as a developer. In this case the fund buys a property in a fee simple real estate transaction. The nonprofit must maintain the property, insure it, pay utilities, make loan payments if it is mortgaged, and pay taxes until it is re-sold. The nonprofit may stabilize the property or make significant improvements. There is more risk in this scenario but also more potential for return with the nonprofit including a developer's fee in the pro forma and adding value that can increase the sales price. Among other risks, there is the risk that the property may not sell quickly and the organization's capital may be tied up in the property for a considerable length of time.

Often when a preservation nonprofit re-sells a historic property they place an easement on it. An easement involves the transfer of certain property rights to an owner independent of the transfer of the real estate itself. For example, the right to demolish a building or to subdivide a large parcel can be separated from the real estate and transferred to a third party that monitors and defends the easement restrictions. In the conservation/ preservation context, these rights are often held by a land trust or government agency that has the ongoing responsibility to inspect the properties and to enforce the easements should a property owner try to take actions that are not in compliance with the easement agreement.

An easement document is drafted by an attorney and it is permanent. Because it is permanent and often involves a diminution of value in the real estate as it limits land use, the donation of an easement to a qualified nonprofit can result in a charitable gift deduction. The responsibility of the easement holder to inspect properties and enforce easements is significant. If it does not fulfill these responsibilities, there can be serious financial repercussions not only to the holder

but to the easement donor. While other protection measures may be used, an easement is the most common, and the only permanent protection.

Revolving funds may have a strategic focus. Some revolving funds, particularly those operated by statewide organizations, have holdings and activities scattered over a broad area. They also often focus on securing the future of "landmark" properties or properties that are pivotal for a specific community.

Other funds, often those that have a limited geographical range, focus on specific neighborhoods. This allows for some economies of scale particularly when the fund rehabilitates the buildings prior to sale. Some operate in numerous communities, focusing on the "worst house on the block" to improve the community. Others focus in a single neighborhood at a time which allows staff to inspect and monitor progress efficiently in a circumscribed area. It also allows the fund's organization to begin to develop relationships within the community and develop allies who can also monitor the sites for vandalism, etc. Another benefit to this strategy is that the nonprofit can target a neighborhood that has historic assets but that is undervalued and be the catalyst for revitalization by leveraging its tools and nonprofit status to invest where the market will not assume the risk and build equity in a community that may have few other investors. In this scenario, the nonprofit revolving fund may ultimately be priced out of the neighborhood as the market recognizes the value the revolving fund has created and begins to invest.

Some funds focus on commercial and industrial properties which tend to be larger single projects in terms of both physical size and budget. Other funds focus on residential properties and specifically single family housing. As these projects are smaller, the funds that focus on residential generally have more projects in a given year and can turn over the funds to new projects quickly. Some revolving funds have ventured into partnerships to develop affordable housing. Those that have been successful generally have a strong affordable housing organization as a partner or have a staff member well versed in the federal programs and constraints associated with affordable housing.

Madison-Morgan Conservancy is a hybrid organization that has preservation and conservation objectives. Most revolving funds are used by preservation organizations. However, the Foothills Conservancy in western North Carolina has operated in some cases as a revolving fund. However, rather than having a revolving fund program that drives operations, the Foothills Conservancy has found opportunities to obtain specific parcels and has been able to successfully transfer the properties with a financial return on a case by case basis. Of all the land conservation organizations interviewed, Foothills was the only one that had any program or project resembling a revolving fund.

In pursuing projects that are not based on historic buildings, the conservation objectives should be clear--are the goals of protecting the parcel environmental, recreational, agricultural, or archaeological? Do they relate to timber, vistas, viewsheds, public access to water, traditional large lot development patterns? The Conservancy should be able to articulate the reason for any land acquisition and the reason should fall within the organization's vision and mission.

Feasibility

In the private sector, a feasibility study is used to evaluate a proposed project's potential for success by observing an organization's current operations, anticipating program requirements, and analyzing a course of action. It looks at both external and internal factors including market factors, legal requirements, and financial data. Ultimately the feasibility is determined if the project will be profitable.

While nonprofits need to adopt prudent financial policies, profitability is not their ultimate goal and thus a nonprofit's feasibility study addresses whether there is **a need** for a service or program, gauges **the costs**, insures it fits the organization's **mission**, and considers what the program should **accomplish**.

In exploring the possibility of establishing a revolving fund, staff, board members, and committee members expressed a desire for the Conservancy *to affirmatively do things, to control the destiny of key properties, and to be a real force in shaping the community*. These reflections should form the basis of goals and objectives for the revolving fund program and be used to measure what the program should accomplish.

NEEDS

In terms of assessing the needs, board members, members and stakeholders were all asked about endangered properties and threatened neighborhoods.

The Conservancy Board, general members, and stakeholders were asked if there were landmark buildings or undeveloped land that are threatened and need protection, and if there were areas in Morgan County, Madison, Bostwick, Buckhead, or Rutledge where there are older neighborhoods with houses built before the 1970s that are in decline. To both questions, all eleven responding board members said yes and 26 of 28 members and stakeholders said yes. A few specific examples were named (number of mentions noted):

Properties Blending Historic Structures and Land

- The home outbuildings and land at intersection of Nolan Store Rd and HWY 83. (12)
- The home and 14+/- acres located on South Main St that is currently owned by Von Friesen and also known as the Marci Miller property and the Foster-Thomason-Miller House (16)
- Pre-civil War houses and associated land
- Malcom Crossroads
- 3 gable house and farm (3)
- Historic antebellum mill/Civil War prison & hospital site adjacent to tracks in Madison on Pritchard land (3)

Historic Structures

- Downtown Buckhead (6)

- Canaan Historic Neighborhood (2)
- Downtown Godfrey (2)
- The Polly Newton house on Academy St.
- Dixon Cotton Gin and crossroads (3)
- W Main St Rutledge
- Appalachee
- Swords
- Contributing vacant structures with deferred maintenance
- The house next to the cultural center on Main Street.
- C of G RR bridge over Hard Labor Creek
- Two Bay African American Tenant House on Cemetery Trails
- Carroll Hart House
- Small grey and white building in cemetery
- Rutledge 1. log cabin
- Rutledge 2. boarded up house, west side of town on same street as Caboose
- Apalachee commercial area,
- Pearl Street Neighborhood
- Likely not whole neighborhoods but homes within neighborhoods
- Beacon Heights
- You can see several just driving down Main St. in Madison
- old Bostwick family home
- Hard Labor CCC camp

Undeveloped Land

- Davis Academy Road viewshed
- Old Mill crossroads
- Numerous rural properties throughout the county
- Seven Islands Road, south of I-20
- Silver Lakes historic site in Madison
- The very scenic 6-acre horse lot facing Bonar Hall,
- Along the Morgan Oconee county border -- a 1000 foot long bluff, completely covered with mature mountain laurel
- Portions of historic Silver Lakes recreation area
- quarry swimming holes
- Possibly old town in south Morgan County with former mill site
- Forests
- Verner farm
- land on Main Street, Madison
- Joshua Hill
- intersection Dixie Highway view shed
- water supply and watershed areas
- parcels subject to subdivision and re-zoning
- single strategic parcels that could impact larger projects

In terms of threatened landmarks and older neighborhoods with historic fabric in decline, there is clearly a need for a revolving fund. When asked expressly if there was a need for a "heritage conservation" revolving fund, 27 members said yes and one said no.

Two saw the fit between a program and the Conservancy's mission. One noted, "It seems like a reasonable and self-perpetuating way for the Conservancy to finance a significant aspect of its mission." One response bordered on impatience with getting a revolving fund up and running, "We need finally to get on with this issue of identifying, better documenting and really saving several historic structures and sites around Madison Morgan."

One member highlighted environmental issues, "Of course it would be ideal if a large track of naturally vegetated land, say mature hardwoods or river bottom forest, could be joined with others to provide a heritage forest for all to enjoy forever, with no clear cutting etc. Hardwood forests in the Piedmont are being shredded, and they'll never be a replacement for these 75 to 150 year old woods."

Another saw this as a tool to address a diverse set of resources, "I think we need the fund especially to help fund rehabilitation of our African-American Cultural Resources."

COSTS

The costs of a revolving fund program vary greatly and can include more than financial considerations. Also the overall cost of a revolving fund program on a macro scale includes cost considerations for each project or component on a micro scale. Thus a cost determination is dependent on some overall decisions about the nature of the program that need to be determined by the board. With that in mind, this study provides observations and best practices which will give guidance and tools to the board in assessing costs and recommendations for assessing costs and making decisions

VISION AND MISSION

The Madison-Morgan Conservancy "envisions a thriving Morgan County to be a healthy, beautiful place to live and work for current and future residents, where clean air and water, abundant wildlife, forestry, agriculture, and heritage tourism are vital and contribute to the regional economy....(it aims)to preserve the beautiful public vistas, agrarian heritage, rural crossroads, and small town atmosphere while attracting small to medium sized businesses to provide essential jobs and sustain our balanced tax digest. We envision an organization that makes an impact locally and uses its success to promote conservation and balanced growth throughout Georgia."

Its mission "is to provide public education on conservation matters and to protect and enhance the heritage and quality of life of the residents of Morgan County by preserving historic sites, greenspace, farmland, and timberland."

Its 2017-2021 Strategic Plan has three focus areas: Serve, Safeguard, and Sustain. Objective 3.B under Sustain is to "fund conservation and preservation in the long term." Strategy 3.B.1 is to

"Create a revolving fund for both historic preservation and land conservation projects to facilitate the protection of special places."

A preservation/conservation revolving fund clearly fits the Conservancy's vision, mission, and strategic plan.

EVALUATION

In order to determine if a revolving fund has accomplished its objectives, Madison-Morgan Conservancy would need to:

- refine/define the needs and goals for the program
- determine a methodology for measurement
- establish a baseline
- collect data
- report on a regular basis

The goals and purpose for a fund need to be further defined. Board and staff stated they would want a fund *to affirmatively do things, to control the destiny of key properties, and to be a real force in shaping the community*. In order to measure success the committee and board with staff should refine these goals and set benchmarks for measurement. Numbers of buildings and acres protected are a basic measure. They reflect the desire to "affirmatively do things." Controlling the destiny of key properties, requires a definition of "key properties." One stakeholder mentioned the "war room map" of the Jackson Hole Land Trust as a model. The Conservation Easement Mapping and Prioritization (CEMAP) and city and county greenprint projects can be the basis for defining those properties. However bear in mind that priorities change as do the significance of properties as new information is learned or as similar properties are lost giving those remaining added importance due to scarcity. "Shaping the community" is an aspirational goal that can have several components. Merely saving a property can shape a community, However the board may want to consider other aspects of shaping the community whether by health impacts from recreational trails or protected water sources; increased tourism due to an intact historic district; economic impact on agriculture from protected farmland; and other less tangible measures. These more qualitative aspects may be harder to measure or connect with the Conservancy's activity, but are often the measures or stories that best communicate to the public, elected officials, and donors the importance of the Conservancy's work.

Quantitative data tends to be somewhat easy to gather. Focusing only on quantitative data, however, misses an opportunity to promote qualitative data associated with a program which is also useful in measuring successes.

Best Practices and Recommendations

In interviewing preservation organizations that operate revolving funds and reviewing the literature on these funds there are a number of very basic, overarching recommendations.

First, start small.

Even with a well-considered, well-funded program design there are always unanticipated situations as well as a learning curve as an organization transitions from a theoretical understanding to practical experience. A small initial project can allow the organization to refine its procedures with limited exposure while building financial capacity and expertise.

Second, be nimble.

It appears that every preservation revolving fund has a different origin story. While there may be commonalities across the spectrum of fund programs, each is unique as a result of the flexibility that is required to run such a program. Unanticipated opportunities and pitfalls are the norm and while overriding policies and guidelines are important, the ability to adapt quickly to conditions on the ground is the hallmark of a successful program. A revolving fund is not for a group that is hidebound or that refuses to change its course when presented with new facts and options.

Third, evolve.

Many of the recommendations and best practices presented here are aspirational. They are a compilation and distillation of the aggregate knowledge drawn from years of work and sometimes have been learned through bitter experience. Indeed every fund manager has at least one war story of a nightmare project. If the organization cannot tolerate at least one of these, they should not embark on a revolving fund program. Successful programs start small but evolve and create new infrastructure as they grow.

Fourth, keep your objective in mind.

The objective of the fund needs to be defined. What is the fund designed to accomplish in the short and long term? That does not mean that the objective cannot change in time and adapt as situations do (be nimble, evolve), but without an overarching objective, measurement standards are arbitrary. It is important to note that providing a source of revenue for the organization is never a good objective for a preservation revolving fund.

The narrative that follows is drawn from the analysis performed for the study and outlines a series of best practices and considerations in establishing a revolving fund. In interviewing several land conservation organizations, none had a formal revolving fund program though at least one had obtained and transferred properties with protections, but operated on a case by case basis. That said many were involved with easements and other considerations that would be relevant to the type of program the Conservancy is considering.

MANAGEMENT/STAFF

The Madison-Morgan Conservancy has a small staff. However it has a board and committee with a great deal of relevant experience and skills.

One person needs to be the manager with the ultimate responsibility of managing the process, keeping records, and being the central point for communications. Other responsibilities may be divided among committee members and other staff members (particularly financial and bookkeeping duties).

Early on it would be a good idea to have written job descriptions or project responsibilities so that no tasks are overlooked and everyone has a clear idea of their responsibilities and what they can expect from others. While seasoned organizations may not rely on these job descriptions as much, as staff and board members become more experienced with the program and working with each other, having written expectations can help when there is change on the board or when new staff members are added to projects. As the program grows and evolves it is a good idea to review these job descriptions to insure they continue to reflect the work that needs to be done and that they assign responsibilities appropriately. These informal job descriptions could be adapted for use to recruit additional permanent dedicated staff if and as the program expands.

Both staff and volunteers should track the hours spent on the revolving fund program and divide them between project specific tasks and programmatic tasks (i.e. spent 1 hour inspecting construction progress at 123 Main St-project specific, or spent 1 hour in committee discussing possibility of securing pro bono legal services for all of our closings--programmatic). This will give the organization a better idea of staff and time costs, especially for those tasks that may be covered initially by volunteers and board members but may eventually be assumed by staff.

Some tasks may also be outsourced either to professionals offering pro bono services or to paid contractors such as architects or realtors. Those must be accounted for as well and regular review can determine if the cost and quality are sufficient, and if some tasks may be brought in house with appropriate staff ability and capacity.

Some funds have started with no dedicated staff, notably Knox Heritage. The Palmetto Trust operates with one full time staff. And Preservation Greensboro provides staffing support to an affiliated revolving fund, Preservation Greensboro Development Fund which has no permanent staff. Younger and smaller programs tend to rely more on an active board or committee. Historic Augusta claims that a good committee is vital. While Historic Fort Worth does have a staffer whose primary responsibility is the fund, a realtor on their committee is conducting a market study, and a contractor reviews bids may provide some project oversight. The L'Enfant Trust has a small staff but forty years of easement monitoring experience and a bookkeeper that understands construction finances. Preservation Greensboro Development Fund's board is hands on and includes an attorney who handles many of the fund's legal issues, contractors who oversee rehabilitation work and a realtor who assists with marketing. They also perform the easement inspections. Historic Macon divides the revolving fund responsibilities over several staff but only two, a designer and a carpenter/contractor, devote 100% of their time to the program. This organization rehabilitates 7-10 houses a year including new construction.

Experience and skill sets that interviewees thought would be useful in revolving fund staff included finance, budgeting, and construction experience. Some have suggested that a real estate background is vital for someone managing a revolving fund and an advanced degree in historic preservation does not generally equip someone to manage a revolving fund. Especially if the fund is working in a focused area, community engagement and outreach would be good experience to have. The National Trust/National Development Council's Historic Real Estate Finance training comes highly recommended. And at least one organization focused on broader attributes--to manage a revolving fund one must be creative, optimistic, and good at multitasking. In considering "non historic" properties, other skill sets may be needed--a landscape architect, a surveyor, an environmental planner, a farmer, a recreation specialist, or others. Management responsibilities, effort, and time will vary in terms of the complexity of projects and number of projects undertaken simultaneously.

When asked about concerns in moving forward with a revolving fund, one board member said s/he had none but that "Chris must stay." The Conservancy has a good board and staff and a remarkably capable executive director. The benefits of a good executive director are legion. The downside is when an organization is dependent on a single person, it is vulnerable. As the Conservancy begins to develop a revolving fund, it may consider adding personnel not only to expand the capabilities of the staff but also to have expanded capacity long term.

Historic Macon Foundation developed a succession plan for their executive director. While it was euphemistically defended "in case Josh gets hit by a bus," it also acknowledged that their then director was a very capable person, who did eventually get hired away. Having a succession plan allowed the organization to adapt quickly to the period without a director by assigning roles and responsibilities. It required the board to develop and maintain an accurate job description and a recruitment plan that they were able to deploy quickly. Staff and board did not panic, as there was a plan and they knew their roles and what steps were going to be taken. The Conservancy is in the process of developing such a plan.

The Conservancy has done a good job at assembling a board and a committee with a lot of experience and skills that would be relevant to operating a revolving fund. As time goes on, they may identify skill sets that are needed and should recruit board and committee members to fill those gaps.

NON-PERSONNEL RESOURCES

Resources include money but also encompass donations such as real property, materials for rehabilitation, and services. Most revolving funds use a combination of these resources to make each project work. Donation of a property itself is sometimes the impetus for a revolving fund. Palmetto Trust has accepted donations of real property. Offers of real property should be vetted to insure that there are not issues overly burdensome such as outstanding liens, clouds on chain of title, hazardous material abatement requirements, etc. While these obstacles will not necessarily be a reason to reject an in-kind gift, an informed decision to accept real property should be based on information collected during a due diligence period and a consideration of the current expertise and capacity of the revolving fund program with the understanding that

experience and capacity change and deals that were unadvisable at one point in the lifetime of the program may be possible at other times.

Many funds capitalize on donated materials. Donors to projects with Knox Heritage not only get a charitable deduction but extensive promotion by Knox Heritage. Donors are highlighted in project house tours, printed materials, web pages and media interviews. This exposure and association with successful projects allows manufacturers and hardware stores to reach an audience interested in rehabilitation and home improvement, thus sometimes donations (cash or in kind) are not drawn from a limited charitable contribution budget but from their marketing line item. Given the local scope of the Madison-Morgan Conservancy's service area, there are good opportunities to build relationships with in kind donors in the area and involve them in a revolving fund. However be discerning in accepting gifts. L'Enfant Trust observed that some in-kind gifts end up being expensive--a donation of tile required skilled trades to install it and ultimately made the project more expensive.

Some members of the board committee can provide or have access to services needed for a revolving fund such as realtors, lawyers, accountants, insurance brokers, surveyors, home inspectors. Any of these services that can be donated or obtained at a discount saves funds for other aspects of the project and improves the ultimate bottom line.

If the program will have a dedicated committee, the selection of committee members and definition of their roles is important. With staff they will be defining the program's mission, determining its goals, creating policies and procedures for project selection and creating a methodology to measure results. People with experience and skills that would be helpful on such a committee could include, but not be limited to: a banker, a home inspector, a surveyor, an insurance broker, a real estate attorney (with knowledge of easements, taxes), a title company representative, building suppliers, an accountant with construction finance experience, a human resource professional who works in construction, someone with communications and marketing experience, a realtor, a contractor, an architect, a historic preservation expert, a landscape architect, a surveyor, an environmental planner, a farmer, a recreation specialist, and agronomist and others.

The Conservancy may need to review financial management and reporting. The capacity to track revenue and expenses by project allows the Conservancy to evaluate each project/property. It may be advantageous to have staff members begin to allocate hours between revolving fund tasks and other financial management tasks to see the impact that a revolving fund has on the capacity to complete other responsibilities and to allow the organization to get a better idea of all costs associated with running the program.

EXTERNAL ECONOMIC CONDITIONS

In operating a revolving fund, as in operating a nonprofit or any other sort of business, the Conservancy needs to be aware of the context in which it operates. A weak local economy often means that historic properties are less likely to be threatened by demolition or development, but more threatened by neglect and lack of maintenance. It also means that it will be more difficult

to sell a property in a revolving fund program, it may take more time (increasing carrying costs) or require a reduced sales price (cutting margins).

A hot real estate market generally undercuts purchase options though most cities have some areas that are not as active as others. In Charleston, a program initially developed to save threatened properties in the Ansonborough neighborhood can no longer afford to operate there. The private sector now appreciates this community. The real estate prices prohibitively expensive for their revolving fund, and that neighborhood no longer needs a revolving fund.

The marketability of farmland or recreational land or woodland also responds to market pressures. If the Conservancy purchases land that cannot be immediately re-sold it may consider leasing the land, particularly farmland, in order to generate revenue to offset costs.

INITIAL AND OTHER FUNDRAISING

There is no one single formulaic approach to fund development. A 2013 survey of historic preservation revolving funds showed fourteen different sources of funds and many of them were used in combinations with each other.

	SOURCES OF FUND CAPITAL									
	National Grants	Local,Regional Grants	Capital Campaign	Individuals	Govt	Bequests	Gifts of Property	Easement fees	PRI	Other
A	20.0%			5.0%	25.0%		50.0%			
B	5.0%		40.0%				40.0%			
C										100.0%
D									65.0%	35.0%
E		25.0%							75.0%	
F		25.0%	20.0%	10.0%	30.0%					
G							100.0%			
H	20.4%	21.7%	19.2%	11.5%						27.1%
I	22.5%	2.5%	35.0%	25.0%				5.0%	10.0%	
J		30.0%								70.0%
K	15.0%	5.0%	80.0%							
L	20.0%			4.0%						76.0%
M				50.0%	50.0%					
N	13.0%	6.0%						81.0%		
O	25.0%									75.0%
P	30.0%	30.0%		10.0%						30.0%
Q	60.0%	40.0%								
R										
S	100.0%									
T	25.0%	25.0%							50.0%	
U		10.0%					60.0%	5.0%	20.0%	
V					100.0%					
W				40.0%		40.0%	20.0%			
X	12.8%	4.2%		65.0%						18.0%
Y		5.0%	5.0%		10.0%				80.0%	
Z										
AA		77.0%		33.0%						
	13	14	6	10	5	1	5	3	6	8
other included: endowment, endowment loan, general fund, investments, and a return of an option purchased										

Knox Heritage used a line of credit with a patient lender to start their revolving fund. Historic Galveston Foundation received a large initial grant tied to work in The Strand area. Historic Fort Worth has worked with city government to identify houses in target areas that are in foreclosure due to tax liens and are raising funds to buy a house from the city for the cost of the lien. Preservation Greensboro has received a donation of a house and funds from the city in recognition of the savings to the city of demolition and landfill costs. It has also conducted capital campaigns. Historic Macon had a gala in the 1970s and undertook a campaign in the 1980s to provide monies for their program. They also received a loan from the National Trust in the 1990s under a program that unfortunately no longer exists.

Many stakeholders noted that Morgan County is a small area and certain individuals are often targeted for fundraising efforts. The Conservancy should consider the capital campaigns of other organizations in timing its own. It should also look outside the county for alternative funding sources in addition to local monies. One member specifically noted the need to be sensitive to the issues of fundraising in a relatively small community, "such a fund should not result in other local non-profits suffering in their fundraising efforts. Thus, new sources for funds needed which does not unduly burden those who support these other non-profits or needed projects. Figure out how not to be a competitor."

LEGAL

One external set of parameters is state and local law. Though this should not be construed to be legal advice or a legal opinion, there seem to be no major legal obstacles to a revolving fund. However an attorney should review the organization's bylaws and incorporation status to see if any amendments are required in order to establish a program or any of its components (owning property, borrowing and/or lending, etc).

PUBLIC POLICY

Political changes can create an environment that is more or less friendly to preservation and conservation. Elected officials and senior staff in local government shape public policy which in turns establishes priorities for public spending and programs. Some of these priorities may directly engage in preservation issues but others may have unintended consequences and it is important to monitor federal, state and local governments, changes in policies, and elections.

In Tennessee, legislation was passed that allowed a local government to enter into a negotiated sale of real estate with nonprofits rather than require them to put a property out for bids through a Request for Proposals (RFP). This gave Knox Heritage the opportunity to purchase properties directly from local governments without having to prepare an RFP and compete with the larger market. In Galveston, programs established to provide relief in the aftermath for Hurricane Ike provided additional funding opportunities within specific location and time parameters. The availability of tax credits have made properties marketable in many communities, and Historic Macon even includes a tax credit consulting fee in their pro forma.

The Conservancy should be aware of local and state policies and programs that could impact their program directly as well as those that could help donors and purchasers including tax

credits, facade grants, loans, TDRs, impact fees, use taxes, and estate taxes. and down payment assistance programs. While these are generally government programs others may involve housing, redevelopment and economic development authorities.

POLICIES, STRATEGIES & ROLES

Madison-Morgan Conservancy may want to develop policies to serve as guidelines to evaluate potential properties and to guide the program overall. That said, it is important to know when to break the rules. Contrary to its general policy, Preservation Greensboro managed a few projects in a "non historic" neighborhood in order to form a partnership with the University of North Carolina Greensboro-a relationship that they believe will reinforce their core program in the long term.

Palmetto Trust considers projects with two criteria in mind--is the property significant enough that its demolition will be a loss to the region and the state, and is there local action and energy to support Palmetto's Trust investment.

The Conservancy may also develop a strategy or philosophy for engagement with the understanding that this may change over time. Knox Heritage works over a multi-county region. They tend to "pick the worst house in the neighborhood." By improving the worst house in the block, the whole community improves by a ripple effect. Indeed Kim Trent of Knox Heritage has adopted a new informal measure of success after one neighbor told her that after Knox Heritage had rehabilitated the worst house in his block, pizza companies would now deliver to the neighborhood.

Other local revolving funds focus on specific neighborhoods seeking economies of scale and looking to secure neighborhood stability. Historic Macon Foundation has used this approach and has found that it also allows them to target donors and partners that have a specific interest in certain communities. Their work has expanded to include not only the rehab of historic properties but the construction of new infill on vacant lots that is sympathetic to the character of the neighborhood. However this policy is not always popular as other neighborhoods feel left out.

Focusing on a single neighborhood allows for economies of scale and synergy. It also requires a large investment of time and resources to work with the community and its civic league or neighborhood organizations. Preservation Greensboro noted it was key to understand how they were perceived in the communities in which they worked. The L'Enfant Trust was able to allay fears once they realized that the Anacostia neighborhood was concerned about gentrification and "flipping" houses.

It is difficult for statewide nonprofits to serve as developers given the sheer scope of their service area. For a local preservation nonprofit their roles may be more dependent on the volatility of a local real estate market. Preservation Greensboro has found that purchasing options is difficult in a hot real estate market thus moving them towards a developer role. But even those funds that act as a developer have some variations. Historic Macon generally sells houses that are "move-in ready" whereas Preservation Greensboro often leaves bathrooms and kitchens roughed in

allowing purchasers to make decisions on areas of the house where design preferences may vary and there is more flexibility under preservation standards. Historic Fort Worth anticipates its inaugural project will involve fee simple ownership and limited rehab to include a new roof, cleaning, perhaps some landscaping.

Some policies were developed in response to negative experiences. Preservation Greensboro does not make grants from their fund nor do they finance purchases. It also requires buyers to sign a restoration agreement that lays out specific aspects of the rehabilitation of properties including timing. And Historic Fort Worth plans to install an alarm system (for theft and fire) into each property purchased. The Conservancy should develop policies for real estate and engagement and should revisit them on a regular basis to insure they continue to address current needs.

Madison-Morgan Conservancy, unlike many organizations, has a remarkable tool to assist in setting policy and determining procedures, the Conservation Easement Priorities document based on the Conservation Easement Mapping and Prioritization (CEMAP). The CEMAP, built on earlier city and county greenprint projects, is an evaluation and assessment of 11,606 parcels--the entirety of the county--based on natural, agricultural and cultural and historic resources. This document was adopted as part of the Conservancy's most recent strategic plan. Developed to guide easement decisions, it should also guide revolving fund decisions. While some information such as purchase price and property condition may shift, the underlying data of the CEMAP can help the Conservancy evaluate real estate opportunities and make informed decisions about strategic interventions.

EDUCATION

While not every audience needs to have a detailed explanation of the nuts and bolts of how the program will work, a general set of talking points should be developed and delivered through multiple delivery systems to numerous audiences over a considerable period of time.

In developing education/outreach materials there needs to be a consideration of the overall program which may develop and evolve over time and for each specific deal/property.

Another key issue to be addressed in education is that a revolving fund is generally not a fund per se. Many people picture them to be some large liquid bank account like a war chest being saved up and doled out to projects. A revolving fund is more of a program and indeed Preservation North Carolina now calls their revolving fund their threatened properties program. By being clear on this point it can encourage donors who may have been hesitant to donate to a "fund" but who are interested in the activity in a program that saves threatened properties.

PARTNERS

As with many programs, partnerships can be used to leverage resources. The key is to find where a potential partner's areas of interest intersect with the revolving fund's mission, activity or impact.

The city can be a valuable partner. Cities sometimes seize properties that have outstanding liens or are condemned. They may have a list of properties that have been foreclosed on that are up for auction. This could provide leads for properties or in the case where the city has taken title to real estate, relieve the city of the burden demolition of re-sale. The Conservancy could negotiate for the waiver of liens if they will develop a plan for a property. In Washington DC, a city council member who was impressed with L'Enfant Trust's their first two projects in the Anacostia neighborhood is looking for other houses in the neighborhood owned by the city to donate or sell at a reduced price to the Trust.

Often suppliers are looking to market their goods to a cohort interested in construction and rehabilitation, such as those who partner with Knox Heritage.

Large institutions can be valuable partners. Duke and Yale Universities among others have real estate and community outreach ventures that not only help secure real estate for university functions but also purchase and rehabilitate buildings for University use to invest in programs that help create and preserve work force housing for University staff. Mercer University has been a strong partner with Historic Macon Foundation, investing in revolving fund projects in neighborhoods close to the campus to make them safe and attractive communities. They also have a grant program to University employees to assist with home purchases in targeted communities where HMF is working. Preservation Greensboro has worked with the University of North Carolina-Greensboro to develop workforce housing near the university. Other large employers such as hospitals can also be prospective partners.

Affordable housing nonprofits and Community Housing Development Organizations (CHDO) can be partners. Other partners could be Community Development Corporations (CDC), retail and Main Street associations, and self taxing districts. Suggestions for potential partners from surveys and interviews included:

- existing members
- Wealthy adjacent land owners
- historic preservation land trusts
- City
- County
- Georgia Trust
- local Banks
- Watson Brown and 1772 foundations
- History organizations
- local planning agencies
- conservation organizations
- farmland preservation organizations
- civic improvement groups
- Local historic preservationists
- Trust for Public Land
- Land Trust Alliance
- National Trust

- Ducks Unlimited
- DDA
- Greenspace Commission
- Farm Bureau
- Cattleman's association
- Rotary
- Lions Club
- FFA
- 4H
- Dairyman's Association
- Georgia Initiative for Community Housing

These partners can provide funding, or in kind support (like GIS mapping from the City). They can also serve as audiences and sounding boards for outreach and education campaigns and for developing policies and priorities. The Conservancy has incorporated broad public participation in its greenprint process. Targeted input can bring expertise on specific issues and potential target parcels.

REPUTATION

During stakeholder interviews, one strength that was mentioned was the Conservancy's reputation. Having a strong successful track record inspires confidence among members, funders and the community at large when considering new ventures. Madison-Morgan Conservancy has a strong brand. While this cannot be quantified on a balance sheet, it should not be ignored. Enough stakeholders mentioned it that it is a recognized strength that the organization brings to the table. Chris was mentioned by name. It was noted that she is not only smart and strategic but very successful in creating and maintain relationships that accrue benefits to the organization.

PROJECT BY PROJECT FEASIBILITY

Each project should have its own feasibility study and these range from checklists to lengthy reports. Each organization has its own parameters for determining feasibility and the Conservancy should draw on local expertise with legal and real estate backgrounds to determine its own process however it should consider in purchase and rehabilitation, at least the following issues

- ownership, deed and title review,
- land surveys,
- zoning,
- property inspection (structural, hazardous materials, condition),
- appraisals,
- insurance,
- easements or covenants
- building code,
- purchase price,

- taxes and tax liens,
- acquisition costs (including financing if applicable),
- utilities (condition and costs),
- drainage,
- access,
- parking,
- encroachments,
- encumbrances,
- construction permitting,
- environmental regulations
- potential uses
- carrying capacity of land
- agricultural or forestry yield
- other special considerations specific to each project

As the program evolves, the Conservancy should establish policies and procedures for real estate acquisition and development and a checklist for evaluating prospective properties. Each property will be unique and the goals of each property in terms of financial return and impact will be unique. Knox Heritage now includes property taxes in its pro formas. Though as a nonprofit they are exempt from these taxes, they pay them as a gesture to the city and as a public relations effort. When they measure their impact and communicate the return to the city, they include these taxes. Revolving Fund Policies developed by Historic Macon Foundation have been provided to the Conservancy as a model. The Conservancy should not necessarily directly import these models but analyze them and adapt them for their own use.

When asked about fee simple purchase versus buying options, the board felt that both could be used depending on the situation. One said, "I think it would be less risky if we were to purchase options on our first couple of properties until we see how successful we are at selling such properties."

MARKETING

As a developer or seller of real estate, the Conservancy will need to develop a good understanding of the local real estate market in order to vet potential projects in terms of their ability to be turned over and the corpus made available for the next project. Unless the Conservancy wants to carry and rent properties, there need to be buyers. At some point it may consider obtaining or commissioning market studies to understand the customer base for the properties it is trying to sell.

In housing markets the traditional supply-demand type of market research draws heavily on historic data and like with any other investment carries the caveat that "past performance is not a reliable indicator of future results." This research is being supplanted by more sophisticated models that look at demographics and behavioral models and preferences for those cohorts that live or are coming to an area. Historic Macon commissioned a housing study to help them understand the needs and preferences of the Macon market and to make decisions about the

design and size of units accordingly. This type of study may be available for other property types such as agricultural or timber land.

For each individual project there needs to be a marketing plan on how to eventually sell the real estate. Some revolving funds advertise through their website or websites such as the National Trust for Historic Preservation particularly when marketing large, architecturally significant and expensive buildings which may attract buyers from outside the local market. There may be websites and venues specific to farm and timber properties as well. The Foothills Conservancy buys properties that can be sold to the state park system, the forest service or other agencies. The Civil Trust buys parcels for transfer to the National Park Service. Different types of parcels will attract different types of buyers. The Conservancy should consider all sorts of private and public sector buyers. Some funds work with realtors or brokers to market properties, sometimes with donated or reduced priced services by the realtor and sometimes with the realtor charging market rate for his or her services.

Some revolving funds partner with other nonprofits to stage real estate as part of a joint fundraising Designer Show House. This can be a fun social event that can raise funds while getting exposure for a specific subject property. Other revolving funds that operate numerous projects within a specific neighborhood or region have staged hard hat tours of works in progress. Again this allows for an element of a social event/party/ fundraiser while showing off a property. It can also be used to make presentation on rehabilitating wooden windows or improving energy efficiency in older homes, thus fulfilling an educational mission and perhaps securing sponsors such as manufacturers of say, tankless hot water heaters or efficient HVAC systems or the local electrical or gas utility.

Preservation Greensboro advocates a large sign at every project with a logo and a positive message like "Restoration in Progress."

RISK TOLERANCE

A revolving fund manager once said that a revolving fund is like parenthood. If you really understood how hard it would be, you may have never had children. But having had children, you realized it was the best and most important thing you had done.

In the board survey, it was explained that some revolving funds allow sales at a loss as part of their fund policies as it is a mission-driven activity and they raise funds to cover those losses. Nine of ten respondents felt comfortable with this and one did not. One board member commented, "As long as we are clear at the outset that we would be willing to sell at a loss under certain circumstances as part of our over-all strategy, then I would be comfortable with that." Another suggested, "The loss should try to be funded before such sale." A third said, "It's not a goal but we can certainly recover from an occasional loss." And finally one said, "this should not be to MAKE money, rather than to preserve property. We do not want it to lose MAJORLY though."

It is important to realize that the revolving fund will likely NOT be a source of large, recurring, general operating revenue. In a 2013 survey of 28 historic preservation revolving funds across

the country, when asked about the initial catalyst or funding for their program, none listed revenue potential.¹

Historic Galveston Foundation generally tries to break even on projects. Revenue while appreciated, is not expected. Knox Heritage has a \$35,000 CD designated as a loss reserve to be drawn upon as needed. The L'Enfant Trust lost money on its first two projects but sees that as an investment or a loss leader as the projects have purchased enough credibility and good will that they may well receive several property donations from the city.

Historic Macon illustrates the risk/return pattern in investing. They assume a greater risk in purchasing properties outright and acting as a developer but stand to earn a greater financial return. However that return is rarely a profit on the sales price but is built into to the project itself with a developer's fee, a tax credit consulting fee, and construction management fee now that they have a contractor on staff. All are a percentage of the sales price. Any profits from a sale itself are divided with 1/2 going to the organization's operating budget and one half going to an endowment.

Preservation Greensboro generally breaks even on projects however they are comfortable with losing money as the project is mission driven. The Palmetto Trusts' program is predicated on a "risk culture," filling the gap where others cannot, including the costs of holding slave cabin in Anderson for eight years now as it is "the right thing to do."

ACCOUNTABILITY

As with every program of the Conservancy, staff and committees must report to the board. From the survey results, the board generally expected monthly reporting that would include financial aspects, specific project updates, as well as overviews of the program in terms of projects completed and upcoming priorities. Specific reporting requirements should be developed by the board and staff and could include balance sheets, income statements, budgets, and other reporting on a case by case basis.

PROTECTION/EASEMENTS

Most programs require an easement on a property as it is sold. The L'Enfant Trust is an organization that for forty years has held easements and is only now starting a revolving fund. Their easement program requires a one-time donation of 1% of the sales price of the property which goes into a fund to support easement inspection and maintenance. They hold 11,000 easements which are inspected annually.

Preservation Greensboro requires easements and the inspections are performed by their board. They place plaques on easement properties to help remind new buyers of the restrictions on the property. They have also learned to review easement documents carefully, once having restrictions on the number of residential units on a parcel that was zoned for other uses and

¹ Property Gift-6; Property demolition-4; Gift/Bequest-3; Inspiration from other programs-8; Strategic Mission-9; Grant Funding-2; Prior Project Proceeds-1; Private Donor Challenge Pledge-1; Pass Through Sales Entity for Municipality-1; City Comprehensive Plan Recommendation-1

where the owner eventually built multiple storage units (which were not limited in the easement language).

Historic Macon also has plaques on easement properties and extracts a 1% fee at the property's re-sale to support monitoring, though this may not be legal in all places. Their easements generally only apply to maintenance and they rely on the local district designation and historic preservation commission to enforce design issues.

The Palmetto Trust holds easements but has a challenge to monitor them given the statewide scope of the program. It is considering partnerships with local groups to either monitor or assume easements.

Historic Augusta also requires easements and they make it a condition of the sale or as part of the transfer process having been misled in the past by a purchaser who said he would donate an easement but did not. Their easements are exterior and are inspected annually.

Many of the land trusts interviewed for this study indicated that easement monitoring and enforcement is a large responsibility. Many organizations that have older easements, often did not extract funding to reserve for monitoring and thus those easements have created a financial liability. Cazenovia Preservation Foundation is reviewing its operations in light of the monitoring responsibilities it has accumulated.

Madison-Morgan Conservancy is not an easement holding organization and at this point desires to continue as such. It will have to consider how revolving fund properties will be protected. If by easements, then the Conservancy should explore a formal relationship with easement holding organizations such as the Georgia Trust, the Georgia Land Trust and others. It is not unusual for easement holding organizations to require a cash gift to support easement monitoring and enforcement. If this is the case with the Conservancy's partners, any project budget will need to incorporate that expense. This expense is tax-deductible and paid by the landowner.

For parcels that contain both historic and conservation resources, the Conservancy may consider dual easements with multiple easement holders to protect specific qualities. In Virginia, there are large farms with historic buildings where the house and curtilage are under an easement to the Virginia Department of Historic Resources and the remainder is under easement to the Virginia Outdoors Foundation. Each agency has its own developed expertise in monitoring the type of easement it holds.

Some organizations look to other tools for protection. Historic Macon works within locally designated historic districts and relies on the local preservation commission to regulate exterior changes to buildings it has rehabilitated and sold. This assumes that the designation will remain and the commission is well run, with good guidelines, all of which are subject to change.

Foothills Conservancy has sold or transferred property to government agencies that have a mandate to retain land and protect environmental features, preserving important land qualities by transferring properties to agencies that have a government mandate to protect them.

EVALUATION

One of the first tasks the organization will have to undertake in developing a revolving fund is to define its objectives and then determine a means to measure and evaluate success. In the survey, the board was asked in two ways how it would evaluate a revolving fund. First, they were asked how they would measure success for a revolving fund. The answers reflected qualitative and quantitative measures. One board member said, "(I) would like to always be making money to stay on the positive side. With that said I believe the true measure would be by the properties we are able to save and the positive touch and image we can give to various parts of our county." Another said, "Number and positive impact of specific projects, including acreage, view shed and ripple effect in neighborhood." A third also mentioned the ripple effect, "If it becomes financially sustainable and if the community becomes excited by it and begins to pitch in through either identifying new projects or by increasing pride in place." Another suggested a series of tests, "the quality and importance of the projects, the number of times the money gets used and replenished, the likelihood that the project would not have been realized without the revolving fund, public support and validation, the project is as a catalyst for other good projects."

In another way to visualize success, the board was asked if the Conservancy were to receive an award five years from now for its successful revolving fund, how would the awarding agency describe what it had accomplished. One suggested "The revolving fund has grown. All projects which were funded and completed have been reimbursed. All obstacles along the way were overcome through good leadership, group support, imagination and energy. Upon completion, each project has met with community approval. The funded projects have served as catalysts. Historic resources which were at risk have now become viable and can stand alone without further funding." Another added, "Created and implemented a novel approach to historic preservation of particular, significant structures and, together with associated land use easements, assured protection of landmark areas and view sheds in the County. A third said, "Innovative integration of achieving agricultural and scenic conservation and historic preservation results." And another simply, "It took vision."

On an annual basis, the program should be analyzed for measures of success. How many properties have been obtained? How many have been sold? What have been the holding and rehabilitation costs in aggregate and individually? How much time has elapsed from purchase to sale? What have been the unexpected obstacles? How can they be avoided, anticipated or overcome in the future? What best practices have we developed internally and how can they be expanded across the program? What other resources could benefit the program and how can we acquire them? Some of this data can be drawn for the evaluations conducted for each project at its conclusion.

PUBLIC RELATIONS

The board was asked how the community at large would perceive a revolving fund at the Conservancy. All respondents thought it would be seen positively overall. Comments included,

- I think that it would be a big hit. This community would rally behind the great work we would be able to do.
- I think most people would be supportive and think that we were helping preserve Madison.
- It would be welcomed by the community

Some emphasized the need for education, "Generally positive, provided the public is educated before roll out." Another added, " Assuming that people understand it, I think that most people would see it as a smart tool for the Conservancy to utilize." One aspect of education is communication. Another board member noted, " Demonstrating benefits early on will be important."

Historic Augusta, Preservation Greensboro and L'Enfant Trust discussed the merits of early quick, successes or low hanging fruit or even initial projects operating at a loss in order to move quickly and make a mark in the community.

Positive annual data should be promoted. This can be done in a variety of ways--through an annual report or a luncheon or event where annual report data is shared. Before and After photographs are powerful tools and can augment the numbers and statistics that indicate fund performance. Story telling can also add a qualitative aspect to fund reporting--who has moved into the rehabilitated buildings, why did they buy the property, and what does the property mean to them? As with photographs of the buildings, this "puts a face" on the program. Another way to measure and communicate the impact of the program is to look at the larger economic impact on the community--for preservation projects, how much was spent on construction and what does that translate into jobs, what is the increase in the value of the property and how has that contributed to tax rolls. What has been the environmental impact of the fund--how many tons of demolition waste have not gone to the local landfill?

In communicating this value and impact, it is important to consider the audience and to find the methods and the facts that will resonate with that specific audience. It is also important to preach beyond the choir. How can the message meet new audiences? Cultivating a relationship with the media, making presentations at civic clubs or city council meetings, and equipping board members with talking points that can be used at impromptu meetings are all methods of taking the message to the broader community. Knox Heritage counted it as a measure of success when their revolving fund projects were no longer profiled in the features section of the paper, but in the business section. In addition to an annual report, a marketing plan for the program should include regular opportunities to reach out through the year to donors, membership and/or the community at large, to promote specific and timely stories.

Preservation Greensboro highlights their revolving fund and easement properties on their walking tours. They credit the program with a lot of positive press and believes it has been transformative for the organization.

Several stakeholders mentioned a strong "property rights" attitude in the county. There may be concerns about a revolving fund in that respect. The Conservancy may want to consider developing talking points and a public relations strategy to engage the property rights issue. One

consideration is that a revolving fund is a way to achieve preservation and conservation goals by private sector actions, NOT by regulation. The Conservancy and those from whom it buys and to whom it sells are exercising their property rights to conserve the land.

MEMBERSHIP SUPPORT

When asked if the Conservancy should move forward in establishing a revolving fund, twenty seven said yes and one said no.

One described a fund as a valuable potential tool that the community is missing, "A dedicated source of funds that could be used to rescue some of the tough cases would be an excellent resource. The financial commitment is diversified across donors and historic preservation experts are running the renovation project."

Positive responses included

- Absolutely. Every progressive organization should have one.
- It's a brilliant idea & I hope we qualify so we can maintain the integrity of Morgan County
- If not now, when? If not us, who?

ADDITIONAL CONCERNS

When asked about any concerns about a revolving fund, board members were concerned about raising funds, potential negative financial impact to the Conservancy, and generally "mistakes we might make along the way which would threaten its usability or survival. Examples of mistakes are: choosing the wrong projects, not having the right skill sets for each project, being too timid or too bold, being unable to find someone who can provide meaningful appraisals or in-depth inspections, lacking the vision or will to create well thought-out exit strategies, being unable to create or find data that will inform and support our conclusions." Other stakeholders wanted to know if a revolving fund would hurt local tax rolls, and if it could in any way disadvantage local farming concerns.

Conclusions

The Madison-Morgan Conservancy meets the feasibility standard for a nonprofit revolving fund if it can define what the program should **accomplish**, as there is a **need** for a fund, the **costs** are flexible, and it fits the organization's **mission**.

It has put in place a strong committee with relevant skills and experience. It has a strong balance sheet and has demonstrated the ability to raise funds. It has skills and experience among the board and staff to address book keeping, fundraising, and public relations. It has a strong reputation in the community with potential partners. It acknowledges the need to develop solid policies and procedures. It has a deep understanding of the city and county through the CEMAP project which involved extensive public participation. It has support of the board and membership though there is a need for continued education and outreach in both constituencies. When asked if the Conservancy should move forward with a revolving fund, ten of ten board members responded yes.

Appendix

Sample Post Study Action Plan

SAMPLE----- Post Study Action Plan

Task	Responsibility	Timing
Adoption of Study	Board	Month 1
Vote to authorize committee to proceed	Board	Month 1
Develop a set of parameters for historic properties (ie what properties, types of properties could be involved and which could not.	Committee and staff Report to board (?)	Month 2
Assess staff and committee capacity and set parameters for number of projects to be undertaken within the first three years	Committee and staff	Month 2 and re-visit every 6 months
Define and target possible areas of opportunity for the first three years (neighborhoods, individual buildings)	Committee and staff	Month 2 and re-visit annually
Define possible partners and meet with them to explain the program	Committee and staff	Months 3-4 and ongoing as needed
Meet with neighborhood organization in possible areas of opportunity to introduce program and solicit feedback	Committee and staff Board as desired	Months 3-4 and ongoing as needed
Vet possible properties by developing standards for acquisition	Committee and staff Board approval (?)	Months 5-12
Meet with lawyers, realtors, inspectors etc to develop database of skills and tasks needed (and could be donated)	Committee and staff Board assistance welcomed	Months 3-4 and ongoing as needed
Develop pro formas for possible candidates	Committee and staff	Months 5-12
Determine who has authority to decide whether or not to proceed	Committee and board	Month 5
Acquire property	TBD	After month 6 as opportunity arises
Education and promotion of program	Staff	Ongoing-- integrate into existing marketing/promotion/outreach vehicles