

**DRAFT OPERATING PROCEDURES OF THE  
WILLOWSFORD CONSERVANCY ENDOWMENT**

**Adopted and Approved by the Board of Trustees of Willowsford Conservancy**

*Effective ~~March~~ June \_\_, 2020*

**Article 1  
Name, Purpose, and Definitions**

**1.1. Name and Purpose**

The Willowsford Conservancy Endowment Fund (the "**Endowment**") is established as an integral part of Willowsford Conservancy (the "**Conservancy**") to provide a vehicle to receive, accept and administer gifts, contributions, and bequests of monies and properties. The Endowment consists of a fund (the "**Fund**"), which is a separate, distinguishable fund on the books and records of the Conservancy.

The Endowment is a permanent repository for assets intended to help finance both the regular and the special needs of the Conservancy. All assets held by the Endowment shall be the property of the Conservancy held in its normal capacity. The Endowment Directors will be guided by these Operating Procedures, which establish rules and procedures for how the Fund receives, holds, invests, and distributes funds.

**1.2. Definitions**

The words used in these Operating Procedures of the Willowsford Conservancy Endowment ("**Operating Procedures**") shall be given their normal, commonly understood definitions. Capitalized terms shall have the meaning ascribed to them herein, in the Community Covenant for Willowsford, initially recorded by Willowsford, L.L.C. in the Office of the Clerk of the Circuit Court of Loudoun County, Virginia as Instrument No. 20110324-0019086, as may be amended and supplemented from time to time ("**Community Covenant**"), in the Conservancy's Articles of Incorporation, as may be amended from time to time ("**Articles**"), or in the Conservancy's By-Laws, as may be amended from time to time ("**By-Laws**"). The Community Covenant, Articles, and By-Laws, collectively, are sometimes referred to as the "**Governing Documents**."

References to the "**Conservancy Board**" shall be to the Conservancy's board of trustees. A "trustee" shall be a member of the Conservancy Board and shall be a "director" as defined in the Virginia Nonstock Corporation Act (Va. Code §13.1-801, *et seq.*). As used in these Operating Procedures, the term "majority" shall mean those votes, persons, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

"**Willowsford**" shall mean all property subjected to the Community Covenant. Each individual or entity that holds record title to a Unit, as defined in the Community Covenant, is referred to as an "**Owner**." However, an individual or entity that holds title merely as security for

the performance of an obligation (such as a lender holding a mortgage or similar security instrument) is not considered an "Owner."

## **Article 2 Management**

### **2.1. Governance**

The Endowment is governed by the Conservancy's Governing Documents, particularly Article 11 of the By-Laws, which provides that the Endowment will be administered in accordance with such provisions and procedures as shall be established by the Conservancy Board.

### **2.2. Endowment Directors**

The Endowment will be managed by the "**Endowment Directors.**" All members of the Conservancy's Finance Committee will simultaneously serve as Endowment Directors.

### **2.3. Duties and Authority**

The Endowment Directors are responsible for the acquisition and management of assets (monies and real and personal property) given as an endowment to the Conservancy. Within the scope of the powers granted in the By-Laws, the Endowment Directors have full discretion and authority to:

(a) Solicit, acquire and receive funds and property, hold such funds and property in the name of the Conservancy or in the name of nominees, and direct the management, investment, reinvestment, or disposition thereof.

(b) Employ and compensate investment counsel, attorneys, accountants, property managers and such other persons and organizations as may be required for the proper operation of the Endowment.

(c) Enter into such agreements with donors as may be required to carry out the intentions of the parties.

(d) Perform such other acts as are necessary for the proper administration of the Endowment.

### **2.4. Officers**

The Endowment Directors will elect a Chairperson from their number. The Chairperson may appoint a Vice Chairperson who would serve in the place of the Chairperson in the event the Chairperson is temporarily absent or unable to serve.

## **2.5. Meetings and Voting**

There shall be at least one regular meeting during each three month period that shall coincide, if possible, with a regularly scheduled meeting of the Conservancy Board. Special meetings may be called at any time by the Chairperson or by any two other Endowment Directors.

Ten days written notice shall be given of all regular meetings, and three days written notice of all special meetings. Both periods of notice may be shortened and the requirement for written notice dispensed with if the Chairperson determines that the circumstances warrant. Endowment Directors shall receive with the notice of a regular meeting an agenda of the information to be considered at that meeting together with financial reports for the fiscal quarter most recently completed.

A majority of Endowment Directors serving constitutes a quorum. All voting must be done in person; there shall be no voting by proxy. Unless otherwise specified, decisions of the Endowment Directors are made by a majority of the Endowment Directors present at any meeting at which a quorum is present. As an alternative, unanimous written or telephone consent confirmed in writing may constitute an affirmative vote.

## **Article 3 The Fund**

### **3.1. Objectives**

(a) The Endowment is intended to operate as a foundation for the future of the Conservancy, rather than to supplement the Conservancy's ongoing regular expenses. As more particularly described in Section 3.3, reasonable distributions from the Fund will be made to supplement conservation/[stewardship](#) projects of the open space within Willowsford.

(b) In order to grow the Fund, the Endowment Directors may establish additional "sub-funds" within the Fund as an incentive to potential donors. Such sub-funds must be documented by a written gift agreement with the donor, and such gift agreement must address whether or not the Endowment Directors are restricted (other than by these Operating Procedures) from using such sub-funds for any use or purpose.

### **3.2. Investment Policy**

(a) The management and the investment of Endowment assets are the responsibility of the Endowment Directors, subject to the applicable public laws and regulations, these Operating Procedures, and the provisions of any pertinent gift agreement. In addition to any other restrictions contained herein, it is expected that the Fund will produce a reasonable total return on investment.

(b) The Endowment will have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest such funds in any

investments selected by the Endowment Directors or any investment manager appointed by the Endowment Directors for that purpose. In making any investments, the Endowment Directors or investment manager (as the case may be) should give due regard to balancing the need to preserve principal, produce income and capital gains, and achieve long-term growth of the assets of the Fund.

(c) The Endowment Directors may select one or more investment advisors to provide regular advice with respect to the Fund and its investment performance. Such selections shall include appropriate and ongoing consideration to avoid even the appearance of a conflict of interest.

(d) At each regular meeting, the Endowment Directors shall review investment performance and consider adjustments as deemed advisable.

### **3.3. Distribution Policy**

(a) Distributions from the Endowment are within the sole discretion of the Endowment Directors, subject to these Operating Procedures and the provisions of any pertinent gift agreement.

(b) For the first three years, starting on the date the Fund is formed by resolution of the Conservancy Board, the Endowment Directors are encouraged to limit any distributions from the Fund in order to grow the Fund and ensure its long-term survival.

(c) After the initial three-year period referenced in Section 3.3(b), the Endowment Directors may, in their discretion, make annual distributions to support nature conservation projects on the open space within Willowsford. These annual distributions generally should not exceed 50% of the Fund's net income earned in the most recently-completed fiscal year.

(d) Generally, following Conservancy staff's recommendations for appropriate conservation/stewardship projects, the Endowment Directors may authorize an annual distribution in the 3<sup>rd</sup> Quarter of a Fiscal Year to expend in the following Fiscal Year. Funds shall be released via bank transfer to the Conservancy checking account into a "Board Designated" account of the Conservancy operating budget. Conservancy staff shall provide project budgets and reports. Unspent funds shall be applied to future conservation projects as directed by the Endowment Directors.

(e) When directed by unanimous vote of the Board of Trustees, the Endowment Directors may approve a loan of Endowment funds to the Conservancy for "emergency" purposes to pay for unforeseen expenses. The terms of the loan and use of the funds shall be approved by unanimous vote of the Board.

## **Article 4 Gifts**

#### **4.1. Acceptable Types of Property**

Unless the Endowment Directors specifically agree in writing, no gift to the Endowment will be accepted unless it is in cash or immediately convertible into cash (e.g., publicly-traded securities).

#### **4.2. Restrictions**

The Endowment will not accept gifts that are too restrictive in purpose. Gifts are too restrictive if they:

- (a) Violate the terms of the Conservancy's Governing Documents.
- (b) Are too difficult to administer.
- (c) Are for purposes outside the Conservancy's mission to protect, maintain, and promote the viable long-term use of the land, integrating farming, recreation, conservation, and education to enhance the quality of life for the residents of Willowsford and the greater community.

All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Endowment Directors.

#### **4.3. Gift Terms**

By making a gift to the Endowment, each donor shall be considered to have made the gift in compliance with and subject to the provisions of these Operating Procedures and the directives of the Conservancy Board. A donor may not impose any material restriction or condition that would prevent the Conservancy from effectively benefitting from the gifted assets or any income derived therefrom. Further, a gift shall not be accepted if it contains any restriction or condition that would disqualify the Endowment or the Conservancy as a qualified tax-exempt organization under applicable sections of the IRC.

#### **4.4. Fees Related to Gifts**

It will be the donor's responsibility to secure an appraisal (where required) and independent legal counsel when making a gift to the Endowment.

## **Article 5 Miscellaneous**

#### **5.1. Fiscal Year**

The Endowment's fiscal year shall coincide with the Conservancy's fiscal year.

**5.2 Endowment Expenses**

Endowment expenses shall be budgeted and paid through the Conservancy operating budget.

**5.23. Reports**

The Endowment Directors shall report at least annually to the Conservancy Board, at a meeting open to attendance by all Owners, on the status of the Endowment and the gifts received and distributions made during the year.

Endowment Directors shall make such other reports upon request by the Conservancy Board.

**5.34. Tax Matters**

(a) It is intended that all Endowment assets shall be considered a component part of the Conservancy, and that nothing in these Operating Procedures shall affect the status of the Conservancy as an organization described in IRC Section 501(c)(4).

(b) Proper acknowledgement of all gifts made to the Conservancy, and in compliance with the current IRS requirements in acknowledgement of such gifts, shall be the responsibility of the Executive Director.

**5.45. Amendment**

These Operating Procedures may be amended only upon a resolution approved by at least three fourths (3/4) of the then-serving members of the Conservancy Board.

**5.56. Dissolution**

If for any reason the Conservancy ceases to exist, the assets of the Endowment shall be disposed of as the Conservancy Board shall direct, consistent with the laws of the Commonwealth of Virginia, the IRC, and the Conservancy's Governing Documents.

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**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Willowsford Conservancy, a Virginia nonstock corporation; and

That the foregoing constitutes the Operating Procedures of the Willowsford Conservancy Endowment, as duly adopted by written consent of the Conservancy Board thereof on the \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto subscribed my name this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Secretary