

# TEN MILE LAKE ASSOCIATION



Grateful for the generosity of past donors and wishing both to encourage giving and to provide prudential guidance for future donors and for the Association, the Ten Mile Lake Association Board of Directors presents this

## GIFTING POLICY

Summer, 2007

### INTRODUCTION

For the benefit of Ten Mile Lake Association members and friends who wish to continue the long tradition of special support of the Association's environmental and educational objectives, the TMLA has created this Gifting Policy brochure. Here you will find background on giving to the Association, Gifting Policy details and guidance for future giving.

Since the 1980s, the generosity of donors has enabled the Association to perform critical functions beyond its normal operating expenses. For example, we have been able to acquire a particularly sensitive shoreland area in Kenfield Bay and provide for future protection from development of this and other shoreland tracts given to the Association.

Our Directors are challenged with protecting and sustaining the quality of Ten Mile waters and shorelands against many threats. Contamination sources, exotic species, over development and ordinance revisions, are a few.

Gifts of all kinds are greatly appreciated and will be put to good use. With the projected increases in area population, we need to be ever vigilant so that future generations will enjoy the same Ten Mile Lake that we enjoy.

### BACKGROUND

In the mid-1980s, Ten Milers Lloyd and Mildred Sundin asked President Jim Schwartz how they might make a substantial gift to the Ten Mile Lake Association. The Sundin's stipulated that their gift be tax deductible, prudently invested, and that only the income generated be used for Association purposes for fifteen years, after which, the principal would become available for Association purposes.

The TMLA had been incorporated under Minnesota law since 1952, but was not tax-exempt, so 501(c)(3) status was applied for and was granted in 1985. Shortly thereafter, the Sundins made a gift to the Association of \$50,000.

### THE SUNDIN LEGACY

From its beginnings in 1952 the Association had relied on membership dues<sup>1</sup> to fund its programs and pay administrative costs. The Sundin's gift was the first of its kind. Returns on the investment supplemented the Association's income, allowing more sophisticated lake monitoring, water quality testing and other programs which have contributed significantly to the preservation of the lake and its environs.

More recently, others have made gifts, large and small, of money and of land. A special gifts program made possible the purchase of the ecologically sensitive Anderson property in Kenfield Bay in 1998.



Kenfield Bay, July, 2004

Subsequent major gifts:

- 2005: **Bequest of the Vela Devoe Estate:** \$116,000
- 2006 **Richard G. Garbisch Conservation Fund**, a Garbisch family gift: \$90,000

Also, a number of families have gifted the Association with parcels of land.

### LAND DONATIONS

- **Bailey's Shores**, a gift of **Ray Bailey**. Two parcels, 12.65 acres, 900 Ft. of Shoreline in Long's Bay.
- **Boone Point Road Outlots**, a gift of **Ray Bailey**. Two lots, 49.3 acres, no shoreline.
- **Owre Property, Kenfield Bay**, a gift of **Rod** and **Dorothy Owre**. 5.69 acres, 500 Ft. of shoreline.
- **Roby Property, Robinson's Bay**, a gift of **Opal** and **Cecil Roby**. 1.8 acres, 500 Ft. of shoreline.
- **Pierson Outlot, Hiram Loop Road**, a gift of **Katherine** and **John Pierson**. 1.33 acres, no shoreline.

### THE JAMES W. SCHWARTZ ENVIRONMENTAL PRESERVATION FUND (JWS EPF)

In addition, over the years many Association members have made smaller, special contributions over and above their annual dues. These have fallen into one of several categories:

- **Memorials**  
Gifts given in memory of deceased Ten Mile residents. Some memorial gifts have been designated for specific purposes.
- **Designated Gifts**  
Special gifts given for a designated purpose, such as the purchase of safety buoys, the construction of the Birch Lake outlet structure, etc.
- **Undesignated Gifts**  
Gifts over and above the annual dues amount but not designated for a specific purpose.

Recognizing that many TMLA members were routinely giving over and above the amount of their annual dues, and that fiduciary duty required that any of these funds that were not spent should be prudently invested, in 1998 the Board of Directors established the **Environmental Preservation Fund**.

<sup>1</sup> Annual TMLA Membership Dues were \$10 in the early years. They have been \$15 since 1991, \$25 since 1999 and \$30 since 2002.

The purpose of the *Environmental Preservation Fund* is “to endow preservation activities impacting Ten Mile Lake, including research, education, lake management, emergency response to environmental threats, and protection of environmentally fragile areas” (Association Bylaws), including purchase of ecologically sensitive shoreland.

In its 1998 Annual Meeting the membership named the fund in honor of **Jim Schwartz**, a quarter-century key Association leader (an incorporating member of the Association, a long-time Editor of the *TMLA Newsletter*, a multi-term Chair of the Environment and Ecology Committee, a nine-year member of the TMLA Board, President of the Association from 1984 to 1986 and a long-time hands-on volunteer in the TMLA environmental protection and education program).

Thus the Fund became the **James W. Schwartz Environmental Preservation Fund (JWS EPF)**. Since the Association Bylaws were amended to this effect in August, 2004, TMLA policy has been to deposit all undesignated gifts and bequests directly into the *JWS EPF*. Annual distributions from this fund may be no more than ten percent of the value of the fund as of July 31 of the previous year. Distributions of more than ten percent must be approved by two-thirds of all of the members of the Board of Directors.

In significant ways the Sundin’s 1985 gift has provided the foundation upon which Ten Milers have built an environmental and educational program second to none. Over the years, gifts both large and small have helped the Association not only to preserve and improve the quality of the lake and its environs, but also to become one of the leading Associations of its kind in the state.

#### **THE TEN MILE ASSOCIATION GIFTING POLICY**

Since it was established in 1998, the *JWS EPF* has served the TMLA well, and it remains the Board’s depository of choice for contributors’ financial gifts. However, recognizing that other types of funds may be more appealing to some

contributors, upon the advice of the special Gifting Committee, in 2007 the Board adopted the following six-part Gifting Policy designed to provide alternative ways of supporting the TMLA’s long term goals.

#### **I. Occasional and Annual Gifts Over and Above Annual Dues Payments**

- **Memorials**

The Association welcomes and encourages *memorials*, whether designated or undesignated. The Treasurer deposits undesignated memorials directly into the *JWS EPF*. Designated memorials must be in keeping with the Association’s purposes and receive approval by the Board of Directors. The Board uses these gifts for the Association purpose intended by the donor. Donors receive acknowledgement of their gifts from the Board of Directors.

- **Other Designated Gifts**

Donors who wish to make *designated* gifts must designate them for purposes congruent with those of the Association. Designated gifts receive the approval of the Board of Directors, which ensures that these gifts are used for the purposes their donors intend.

- **Other Undesignated Gifts**

*Undesignated* gifts, such as contributions received along with annual dues payments, do not need the approval of the Board. The Treasurer deposits undesignated gifts directly into the *JWS EPF*, and the Board uses them in keeping with the Association Bylaws.

#### **II. TMLA Endowment Fund (New)**

The TMLA Endowment Fund is offered to accommodate donors who wish to make contributions to a fund whose principal remains intact for the long term. The TMLA can use principal from the fund only with the approval of a majority of the Association membership voting in person or by proxy at an Association meeting.

The TMLA Board of Directors must approve contributions any special terms under which contributions are made. The minimum contribution is \$5,000 and contributions must be in cash or cash equivalents. Any expenditure of the principal must be for purposes in keeping with TMLA long-term goals. At the end of each calendar year earnings from this fund are rolled into the *JWS EPF*.

#### **III. Named Endowment Funds (New)**

The opportunity to create a Named Endowment Fund is offered to donors who wish to establish a distinct fund either in their own or in another’s name. Donors may stipulate that income from a named fund be used for a specific purpose or be used as the Board of Directors chooses. Whether general or specific, a fund’s purpose must be congruent with TMLA long-term goals. Again, the Board must approve contributions.

The minimum contribution is \$100,000, and contributions must be cash or cash equivalents. Additional contributions may be made to a named fund. The Treasurer will account for each fund separately.

The principal of each fund will not be spent for ten years from the date of the initial gift. At the end of each calendar year, earnings that are not used for an approved purpose are rolled into the *JWS EPF*. At the end of the fiscal year during which a named endowment fund reaches its tenth anniversary a fund’s principal is rolled into the *JWS EPF*.

#### **IV. Land Contributions**

Gifts of land to the TMLA provide donors with a way of protecting environmentally sensitive property from development and may provide the donor with a one-time tax benefit. The Board of Directors must approve all property donations. Properties offered to the Association must have a clear title as determined by a property

attorney, and the property must be free of environmental problems.

While a gift of land may provide a tax benefit to the donor, the acceptance of the gift by the Association incurs obligations for taxes, insurance, and, in cases where conservation easements are involved, costs for easement monitoring and enforcement. The Board of Directors will take these costs into account as a part of its gift approval considerations.

#### **V. Conservation Easements**

A Conservation Easement is a legally recorded agreement by which land owners restrict use of their lands. A land owner conveys the conservation easement to, for instance, the Minnesota Land Trust, retains title to the property, the right to sell it, the right to restrict public access, and the right to deed it to whomever he or she chooses. However, most or all of the rights to future development are restricted or eliminated.

One of the advantages of conservation easements for individual property owners is that in addition to protecting their property from undesirable development, under certain conditions donors become eligible for income, estate and property tax benefits. A special TMLA Conservation Easement Committee consisting of Jim Miller, John Hartzell, Al Griggs, John Alden, Barrett Colombo and Jim McGill stands ready to assist Ten Mile shoreland owners interested in placing conservation easements on their properties.

Under the terms of the TMLA Gifting Policy, donors may gift the Association with parcels of shoreland with or without conservation easements in place.

#### **VI. Bequests**

Bequests are welcome, and the Board of Directors encourages Association members and friends to remember the Association in their wills. Donors may make bequests in any of the forms of gift described in this brochure.