

Appendix J

LMF Stewardship Award Policy

Eligibility

Cooperating Entities purchasing land or interests in land with LMF funding are eligible to receive stewardship awards upon completion of the project. Stewardship awards are not currently available to State agencies.

Award Amount

Projects will be eligible to receive a stewardship award of up to 5% of the first \$200,000 of appraised property value, then 2% of appraised property value over \$200,000, to a maximum stewardship award of \$25,000. These amounts are calculated based on the total value of all parcels receiving LMF funding, not individually for each parcel, and are subject to match requirements.

Timing of Awards

For future rounds, stewardship awards will be requested by applicants as part of the project budget included with the LMF proposal. The Board's vote to approve the final acquisition award will include the stewardship award. Projects that received funding in Rounds 10 and 11 will be given the opportunity to request stewardship awards following the adoption of this policy. Funds will be disbursed at closing or within 30 days following closing, subject to required documentation, except that Round 10 or 11 projects that have already closed will receive stewardship awards upon approval and when all required documentation has been provided.

Matching Funds

All stewardship awards must be matched 1:1 by the recipient. Except as otherwise approved by the LMF Board, match must take the form of funds placed in a stewardship fund by or on behalf of the applicant, subject to the same restrictions as LMF funds. However, the LMF Board may allow excess match from the acquisition of the property (above 50% of land value) to serve as all or a portion of the match required for LMF stewardship awards when the applicant is not able to provide stewardship funds as match AND the applicant demonstrates that stewardship of the property is adequately provided for through operating funds, a pooled stewardship fund, or other means.

Required Documentation

Prior to receiving stewardship funds, the applicant must provide LMF with their endowment policy, a projected stewardship budget for the property, proof of matching funds, and authorization from its governing body to accept the award and apply the award and matching funds in accordance with LMF policy.

Award Mechanism

Stewardship funds will be disbursed directly to the cooperating entity. Funds may be disbursed to a third party to hold on behalf of the cooperating entity if there is an appropriate mechanism to ensure accountability, as determined by LMF staff with the assistance of counsel.

Use of Funds

All LMF stewardship awards and matching funds committed by the applicant are subject to the following conditions:

- Funds must be held and managed as an endowment of perpetual duration in accordance with 13 MRS §5101 et. seq. Appropriation for expenditure in any year of an amount greater than 7% of the fair market value of the fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than 3 years immediately preceding the year in which the appropriation for expenditure is made (or the life of the fund if less than 3 years), is permitted only in extraordinary circumstances with the prior approval of the LMF Director.
- To comply with the statutory requirement that awards be “identified for use on the funded property,” funds, including matching funds, must be held separate from all other funds and may be spent only for expenses related to the parcel or parcels receiving LMF funding as part of the project for which the stewardship award was made. This does not prohibit LMF stewardship funds from being combined with other funds for investment purposes, provided that the LMF funds are accounted for separately.
- When other lands held by the recipient are managed together with LMF-funded parcels as a single management unit, expenses that cannot reasonably be identified as being specific to the LMF-funded parcels (e.g., the cost of preparing a forest management plan for the entire area, or management of an access road that serves multiple landowners) may be apportioned based on acreage or other relevant measurement.
- Funds may be used for any expense related to stewardship, management, monitoring, legal defense, or ownership of the protected property.
- Recipients will report annually to LMF on any expenditures, current fund balance, and any planned expenditures in the year ahead.
- If the property is transferred to a new holder, the endowment funds, including any matching funds, must be transferred as well, and the recipient must agree to assume all of these responsibilities for holding and using the funds.
- If the property is converted to a non-conservation use, the endowment funds must be returned to LMF or, if the LMF Board accepts replacement property in lieu of repayment of the LMF acquisition award, placed in an endowment for the replacement property.

Other Organizational Funds

These provisions apply only to funds awarded by LMF for stewardship or committed by the applicant as match for LMF stewardship awards. Other funds the applicant may apply to stewardship of the protected property, including additional funds placed in a pooled stewardship account at the time of the acquisition, are not subject to this policy and are not considered matching funds.