REPORT

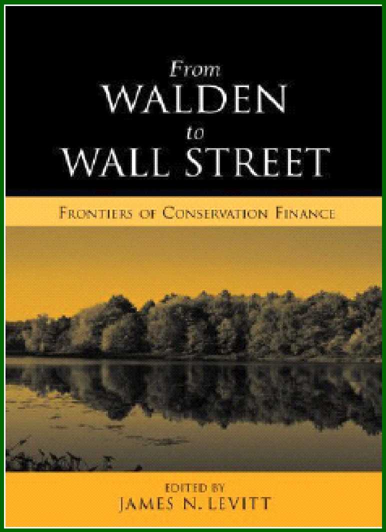
Search For Innovation

Reaching Out for Private Capital

Conservation Finance Workshop

New York City

March 7, 2007



Participant List

Name	*Affiliation*
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Tim Corriero	Healey Development
Fred Danforth	Ecosystem Investment Partners
Michael DeAlessi	Reason Foundation
Nick Dilks	Ecosystem Investment Partners
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Gene Duvernoy	Cascade Land
Kim Elliman	Open Space Institute
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Brad Gentry	Yale University
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John Hagerty	Healey Development
Peter Howell	Open Space Institute
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Patrick O'Connell	Evergreen Capital Advisors
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Matt Pearson	Morgan Stanley
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Mark Tercek	Goldman Sachs
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Contents

Executive Summary **2**
The End of the Beginning 2

Key Take-Aways **3**

Topic Inventory **4**
Getting Ahead of the Curve 4
Estimate of Financial Need 5
Conservation Finance Innovation 7
Some Good Reading 9

Next Steps **10**
The Holy Grail 10

Next, Next Steps **11**
Special Thanks 11
About the Author 11

Background & Structure of the Workshop

The plan for the Conservation Finance Workshop was to expose ideas described in From Walden to Wall Street to a gathering of practitioners from the conservation finance community and interested professionals from the New York City financial community.

A limited number of topics were selected for discussion. A portion of the agenda was set aside to have other topics receive focus. There was no intention to cover all topics and the extensive Topic Inventory was meant to create a working list where ideas might be taken up in the future.

While this report documents the discussion, it is hoped that brainstorming will continue and ideas of merit will find champions.

Report Author

Patrick Coady

Executive Summary

The participants expressed enthusiasm to see this kind of effort move forward, but want to become specific on the best ideas. Kent Gilges said it best, "Pick one or two of the most promising initiatives and spend two hours on each at the next meeting, driving for some sort of advance".

A second strong theme of respondents was amazement that so much was going on and a desire to connect with the various players in the field. Mechanisms to pursue topics were called for.

The case for use of tax-exempt debt to leverage existing conservation organization's resources resonated broadly. An issue of size is the main structural impediment, but there is also an ingrained suspicion and conservatism by environmental organizations to take on debt. Education and more successful financial closings by the pioneers will help.

Targeting the practitioners of conservation finance was deemed important by the group and this seems to be underway. The offerings at the annual LTA Rally are expanding and Yale will be having a "boot camp" for conservation finance this summer.

The ultimate challenge is finding "patient capital" ("patient capital" means a pool of funds that is not dependent on a near term sale or transfer of the property, usually to a government entity) from private sources. Presently the conservation community relies on public sources of finance to take on permanent ownership of open space. Having a national mechanism for large scale funding of open space would go a long way to addressing the mismatch of where the need exists with available funds. A participant pointed out a West Virginia project where public bonds for conservation are non-existent.

Participants observed how discussion about "ideas" would benefit from statistics, metrics and costs to implement. This echoed the theme to become more specific. Tasks to frame possibilities quantitatively will move the "idea" discussion.

Foundations have been strong supporters of the environment. What is needed to have them engaged in supporting work to push the most promising conservation finance ideas?

Still, as Story Clark observed: "At present, there is simply not enough monetary return on most conservation transactions to attract private investment and thus bring new money to the market. "

The clear challenge is to find and support champions for the best ideas and keep working on the nascent ideas.

The End of the Beginning

On November 15, 2002 I had breakfast with Kim Elliman and Byron Swift at the Old Ebbitt Grill in Washington DC. That was the third interview of some 60 interviews I conducted in the quest to understand the current state of play in financing open space and exploring how private capital might be brought to bear. This self assigned task arose out of frustration of seeing the Northern Virginia Conservation Trust not being able to pursue important projects because of the availability of finances. 10 years ago there were about 100,000 undeveloped acres in Fairfax County, Virginia. Now there are 25,000 acres of size remaining. The NVCT has preserved about 2,000 acres over that period. Good but not enough.

During these five years much of a positive nature has happened in the realm of conservation finance, but not enough. A number of books have been pulled together; the course curricula at the LTA Rally have a work line for finance; and many ground breaking ideas of scale have been pushed forward such as in the timber sector.

In a perverse way, the bad has brought the possible. Population growth and sprawl is monetizing conservation values. Ecological values were assumed free and these values are not free. Open space and habitat has value and costs.

Now the question is whether we can develop a conservation tool kit with instruments of scale with a cadre of conservation finance professionals to compete in the market place to preserve open space.

After five years it was very nice again to sit next to Kim on March 7, 2007 overlooking Park Avenue in New York with a room full of finance specialists.

It's time to move from good to enough.

Key Take-Aways

Moving Ahead. A strong cry was heard from the participants to "let's get going" and "now is the time to be specific". Let's pick a few topics, gather the interested party and try to work through to some actionable goal. We have good ideas and energy. Now we should light more campfires to communicate and coordinate.

Coordinate efforts. The group sensed that evolving conservation finance ideas are worthy, and work is going on but progress would benefit from greater coordination and sharing of information. Before you can share information, someone needs to gather it. The idea of a Conservation Business Officers Association resonated with the group.

Good Pool of Participants. The participants thought the mix of experience and skills was excellent and could be the basis of future gatherings. All had suggestions of additional participants and expanding the circle.

Need to Strengthen the Revenue Streams. Money is always available for "investment grade" projects. What about projects that fall short of that standard? How viable are wetlands credits, species credits, carbon credits? Can guarantees and take-out agreements bridge the gap? The possibility of conservation being profitable is upon us.

The Cascades Presentation. Gene Duvernoy showed the power of a comprehensive long range look at conservation needs. It lays the groundwork for a financing plan and partnering arrangements.

Bonds. The case for more use of tax-exempt bonds, and debt generally, was made and many participants wanted to see this financing instrument pushed.

Timber Financing. Sustainable forestry has enabled conservation overlays on large tracts of land by monetizing timbering income. Now prices of timber tracts are increasing beyond timber values and incremental monies are needed to complete transactions.

Training. Training of practitioners is key. The upcoming "boot camp" at Yale and the organization of case studies seems to be underway.

"Patient Capital". The concept of "patient capital" helped the discussion. While acknowledging the need to keep government sources of finance moving along, the idea of mobilizing private capital that can move quicker and take some risks would be important and "change the rules of the game" for conservation finance.

Carbon Credits. Much interest was expressed in the potential of carbon credits. No one among the participants was current and expert. The participants indicated a strong desire that this area be a part of any future workshops.

Foundations. Foundations, which have been a bedrock of support for environmental initiatives, continue to wrestle with embracing program related investments. Some participants saw consistent progress while others worried that Foundation support for private capital initiatives would be slow in coming and potentially cumbersome.

Conservation Finance. Conservation finance entering into main stream finance still has a way to go. The conservation community is learning to talk the talk, but having difficulty walking the walk. Meeting the credit standards to borrow money and return on investment to raise money is problematic. The financial concepts of investment grade, rating agencies, road shows, and intermediaries need to become common place.

Topic Inventory

Introduction

In order to guide discussion a "Topic Inventory" was presented to the participants. A summary of relevant comments are included.

Because of the limited time, not all topics benefited from discussion. In certain cases where there was no discussion, commentary was offered by the author. During the workshop certain new items emerged and have been included as Additional Topics.

The hope was that the promising topics would be adopted by a participant or institution to be pursued. The Next Steps section attempts to identify such topics that are ripe for further work.

Bonds and Debt

Tax-Exempt Bonds-General Credit. The Nature Conservancy issued a $325 million bond. The Lake Forest Open Lands Association has issued a $10 million bond secured by a letter of credit. An issue is that most conservation organizations don't have the balance sheet or income stream to support a bond issue. Are aggregation, bond insurance, letters of credit and guarantees a way forward?

> *Workshop Discussion:* Matt Pearson made a persuasive case that this financing technique was underused and could significantly expand the resources of land trusts and other conservation organizations. The specific idea of aggregating land trusts was mentioned by several as a key topic to be pursued. Noting the Lake Forest case, participants expressed strong interest in revisiting this type of financing .

Tax-Exempt Revenue Bonds for Timber Projects. What is the status and outlook for tax-exempt bonds for timber projects? Partnering with Big Timber? Outlook for values? Need for Federal legislation to clear tax issue?

> *Workshop Discussion:* The timber crowd noted that values had increased beyond pure timber value to real estate development value. Thus, to capture environmental values, there needed to be public money. Some tax legislation has been proposed to facilitate the issuance of tax-exempt bonds by 501(c)(3) organizations.

Tax-Exempt Revenue Bonds-Watershed. The City of New York purchased land and easements to protect the water supply. Is this approach being replicated to any significant degree? If not, why not?

> *Workshop Discussion:* Participants thought NYC case may be unique and was driven by an EPA mandate. No one knew of many other cases.

Forest Based Economies-New Market Tax Credits. A number of projects have gone forward utilizing community development tax credits but the process is tedious and the takers of the tax credits limited. How can this facility be more efficient and the market of investors expanded?

> *Workshop Discussion:* Peter Stein explained the status and outlook and made a case for this program even if it takes some effort to access. While active, the

Getting Ahead of the Curve

The Cascades Story

Gene Duvernoy, President of the Cascades Land Trust, presented the trust's long term plan. Preparation was extensive, involving all stakeholders in the region. The exciting aspect was to see a need quantified over time, thus permitting a long term finance plan to be formulated. Inherent in such an exercise is dealing with priorities and trade-offs. This helps get ahead of the conservation curve rather than dealing in crisis as when a developer shows up and files a plan for thousands of new units.

promoters and investors are limited. Not clear is how to make it more robust.

Public/Private Bond Approaches. Could state and local governments create a mechanism to include private capital? Perhaps a bond fund to make low interest rate loans for the acquisition of open space?

> *Workshop Discussion:* No discussion. This deserves some attention as there are clear benefits to public/private collaboration in the area of open space conservation. This is a very active area of finance in infrastructure-roads, airports and other public services where much creative work is going on. Say you had a state or county create an open space fund where government contributes funds to be matched by private funds, or a guarantee of the fund or promise to repurchase properties acquired by the fund over time. The key would be to establish an institution that is independent of politics but might follow a state wide or county wide open space plan. Maybe TPL could do some research on this idea.

Commercial Banks-Where are they? While commercial banks show up from time-to-time in land deals, it usually based on a strong personal relationship and clear collateral. The annual LTA Rally is quite devoid of commercial banks and other financial institutions. Is there a way to mainstream commercial banking relationships?

> *Workshop Discussion:* Invited banks were unable to attend and discussion was limited. This is an important area of follow-up. Banks loan on traditional credit terms relying on collateral, guarantees and cash flow analysis. The conservation community needs to engage and encourage banks to design terms and assess conservation values for conservation land purchase.

Estimate of Financial Need

Frank Casey in Chapter 3 of From Walden to Wall Street estimates an annual funding gap (the difference between traditional sources of funds and the estimated cost of a priority based land conservation plan) of between $2 billion to $7.7 billion for a comprehensive network of ecosystem types. While daunting when viewed from the environmentalist's experience it is tiny for the private capital markets. Existing hedge fund assets are estimated to be in the trillions.

Land Acquisition Funds, Green Investing and Equity

Medium/Long Term Revolving Fund. A number of small revolving funds have been created in recent years, primarily by foundations and larger, more established land trusts. While useful, they tend to be less utilized than expected. Some argue that the "capital" and the borrowers are too risk adverse. The large conservation organizations have internal revolving funds, which become limited in their use. An identified gap is to create a pool of "patient capital" of a size, say $100 million or greater, that can step into a land acquisition opportunity quickly (compete with a developer) without a government take out in hand. The property might have to be held for a number of years or perhaps intended to hold for a long period. What is a financial model for such a fund? Who would run it? Carrying costs? Operating costs? How to get it off the ground?

> *Workshop Discussion:* Quite active discussion and great interest expressed in pursuing the idea. The "patient capital" idea resonated. The slow take up by the conservation community of the existing small revolving funds seemed to be largely related to unwillingness to contract for debt without a clear take out arrangement. Both Jean Driscoll and Pat Coady have been thinking about this idea and believe the concept is ready for implementation.

Limited Development (Responsible Property Development). This is a tag line for the idea of acquiring a property, protecting the most ecological important portion and developing a portion to achieve a return or reduction in purchase price. This is used regularly on a limited scale. Can it be scaled up? A green Pulte Homes? Setting of criteria to assume reasonable and minimum conservation goals? The Scenic Hudson Case?

Workshop Discussion: No discussion. This is an area that deserves specific follow-up with a workshop of its own.

REITs. Is this a mechanism to reach retail investors for conservation schemes? There are timber REITs.

Workshop Discussion: No discussion. A REIT is a financial mechanism that invests in qualified income producing real estate. The essence of the REIT concept is to distribute income without corporate tax. In the timber sector REITs are becoming the standard with Plum Creek being the most prominent.

Comprehensive Land Development Fund. The idea is to combine habitat mitigation credits, easement sales, limited development of the real estate and sale of parcels to government agencies to achieve income flow and competitive return is being pursued.

Workshop Discussion: Nick Dilks and Fred Danforth spoke about their efforts to create a fund that could compete economically by tapping a wide range of values including habitat and species mitigation credits, limited development, the sale of easements and ultimately the sale of protected property to protected area.

Guarantees. Given the reality that conservation finance would benefit from some financial underpinning, can corporate or other guarantees be brought into an instrument scheme?

Workshop Discussion: No discussion. A guarantee is nifty way for an institution, government agency or company to provide credit support without having to relinquish cash unless the project fails. The guarantor can receive a guarantee fee to compensate for the use of credit. It has appeal in cases where new finance ideas are not yet accepted in the market. It is quite common for individuals associated with land trusts to guarantee short term borrowings, but the idea would be to have the benefit of a long term guarantee from a very big balance sheet.

Public Funding of Private Funds. Funds from legal settlements and regulatory proceedings have helped fund land conservation. Can this be pursued more systematically?

Workshop Discussion: No discussion. Legal settlements or penalties for environmental violations could go to an open space fund. There is such a fund in Virginia which arose from a court settlement of an environmental violation suit.

Equity Investments. An Australian company garnered much publicity but eventually failed. Dan Schlager of Conservation Solutions is closing on a $20 million equity fund to support conservation buyer activities. Pat Coady sits on the Investment Committee of the Verde Ventures private fund created by Conservation International. What are the deals? What are the risks? What are the returns? Is there scale?

Workshop Discussion: Participants communicated an enthusiasm that this kind of conservation investing was emerging and needed to be tracked. The exact next steps or types of investment opportunities are not fully envisioned.

Local Angel Investors. All land is local and many land preservation efforts rely heavily on local individuals to provide guarantees or pledges. Can this mechanism be more efficiently organized? Can land insurance be offered to back up such local efforts?

Workshop Discussion: No discussion. This idea already takes place in the conservation community where land trusts mobilize their board, donors and friends to help purchase a targeted property. In the investing world this reaching out to high net worth individuals has become more formal where networks are created. A transaction, fully documented and described, is presented to the network and each member can choose to play or not. It is a syndication with known participants and known capital resources.

Corporations-What Role Can They Play? Corporations contribute to conservation organizations and may be very supportive on a local basis. Can they provide funds and take "risks" for the PR value? How significant?

> *Workshop Discussion:* No discussion. Pat Coady believes this is an area of high opportunity and will be his priority for his next round of investigation.

Foundations-Program Related Investments. Foundations have the ability to make direct investments related to their programmatic goals. Generally they have been reluctant to do so. Why? Can this be significant? Success stories? Can this source of funds be opened up? Starter projects? Shared risks? Put out an RFP?

> *Workshop Discussion:* This has been a hot topic among foundations for a long time and there is apparently increasing interest. Story Clark and Peter Stein have been engaging with foundations and see progress. Other participants expressed frustration that more PRI activity is not evident. This is an area that would benefit from more understanding of the issues and impediments to greater use of PRIs. Some statistics and cases would aid a discussion. Clearly a topic the participants saw as a priority.

Conservation Principles for Private Capital. The Nature Conservancy suggests the following principles:

- Conservation determines the outcomes blueprint (i.e., shapes the deal).
- Conservation participates in wholesale pricing (not retail).
- Conservation pays for impaired future cash flows using a discounted cash flow model at fair market rate of return.
- Conservation buys only what it needs to ensure the desired outcome, and no more.

Conservation Finance Innovation

It's exciting to think about innovation, engineering discovery and breaking new ground; however, it is usually a tedious process.

Most of the items on the Inventory of Topics list are sitting there, not because there is a lack of underlying merit but because the idea is slightly ahead of its time. Overcoming the obstacles is labor of love (institutions like to concentrate on the proven) and pioneers usually die on the way to the gold mines.

Conservation easements, transferable tax credits have evolved after years of work.

To the extent one wants to place a bet on a new idea, there seem to some common ingredients:

- A Champion needs to step forward.
- Sponsorship of the champion.
- The right timing of external forces, usually a clear need for change.
- Connecting the dots to make a idea complete.

My hope is that we start to put these ingredients together.

Ecosystem Services

What does this imply? What are examples?

> *Workshop Discussion:* No discussion.

A discussion of these principles seems quite relevant to timber financing and limited development where there is mixing of public and private capital.

Ecosystem Services-Mitigation Banking. This is emerging as an important and economically attractive tool to preserve open space. Current status? Outlook? Expected returns?

> *Workshop Discussion:* Mitigation banking (providing natural resources to offset development) is extremely active. At-

tending the workshop was a private equity firm that had just made an investment in Wildlands, a mitigation firm on the West Coast. The mitigation bankers have a full fledged convention every year and the idea seems to be established and financially viable.

How Financial Markets Value Conservation Activities-Opportunities and Problems. What happened to Earth Sanctuaries, Ltd. an Australian venture?

> *Workshop Discussion:* Michael DeAlessi of the Reason Foundation gave the run through of the rise and fall of Earth Sanctuaries with some good lessons learned, particularly the need for a realistic business model.

Tradable Quota Markets. How can tradable quota markets (fish, water, pollution, carbon, etc.) provide direct hard dollars for open space preservation? Regulation and verification issues? How do you quantify carbon ton factors for biodiversity, watershed protection and wildlife?

> *Workshop Discussion:* Strong interest by participants in this area and most agreed that this is a topic that needs to be specifically pursued.

Implementation Issues

Conservation Finance Intermediaries. If there are transactions, there can also be fees. Still, the conservation world is comprised of large organizations that "do their own thing" and many small land trusts that cannot afford to pay intermediaries. Is there a market of size to support conservation finance intermediaries?

> *Workshop Discussion:* No discussion. A number of participants are involved in efforts to push this area along. It seems to have a life of its own. It would be good to see a conservation investment banking firm emerging quickly. It can't be far off.

Sources of Funds. Who are the "natural" investors in conservation related transactions? High net worth individuals? Institutions, an allocation of state pension funds? Does the financial community need an "investor road show" to present ideas?

> *Workshop Discussion:* No discussion. Behind this topic is the concept of organizing sourcing of finance for conservation purposes. Saving open space is often driven locally, but many locales have limited financial resources. As projects grow bigger it is important to draw upon a large network.

Conservation Finance R&D.-Who Can Do the Front End Work? Innovative ideas do not take firm shape and become implemented without effort, leadership and money. In the business world, the potential to earn a substantial return motivates the entrepreneur and his financial supporters. Where does the money and energy come from for innovative ideas in conservation finance? Wall Street? Foundations? Leading conservation organizations?

> *Workshop Discussion:* No discussion. This topic list needs sponsors. This is an area where foundations might sponsor ideas and/or individuals. For example, give a practicing conservation finance specialist a six-month sabbatical to explore an idea. Underwrite some tax legal work that might underlay an idea. Perhaps a foundation could create a grant window for conservation finance ideas.

Conservation Finance-The Infamous Chicken and Egg Problem. Conservation organizations, generally speaking, do not recruit individuals with strong financial experience. Salaries are part of the issue. Who are the intermediaries that can attract financial expertise at market rates? How can we do capacity building to provide more financial expertise within the conservation community? One of our participants has suggested a professional association for land trust financial officers.

Workshop Discussion: Idea of a Conservation Officers Association generated some positive discussion

Emerging Government Programs. While historic pools of money like the Land and Water Conservation Fund and the Fish & Wildlife are stagnant, programs in agriculture are expanding. Is there a way to use such programs to attract private capital?

Workshop Discussion: No discussion. Are conservation programs embedded in the Farm Bill and Transportation bill incentivize private finance?

Financial Community-Incentives and Realities. How do you break new ground? Banking is collateral oriented and investment banking is transaction oriented. The starting point is a market large enough to make it interesting. Where are the assets? Where is the income?

Workshop Discussion: No discussion. This topic is a reminder that debt and borrowings need to be repaid and equity investments need to be sold. The conservation finance community and Wall Street community needs to drill deeper to find ways to bridge problems.

Communication-Conservation Finance Innovation Network. Jim Levitt will describe an idea to formally create a way to share materials and best practices in the field of conservation finance.

Workshop Discussion: Jim Levitt will be following up with participants.

Whose Idea is This? Ok, a great idea has value, competitive value. An investment bank or conservation organization may be protective about an idea, especially if they have invested time and money. How should conservation finance as a field deal with this reality?

Workshop Discussion: No discussion. The question is how to organize collaboration?

Additional Topics

During the Workshop the following additional topics emerged and are added on to the Topic Inventory of items presented at the beginning of the discussion.

Debt. Peter Stein observed that the whole range of bonds, revolving funds and "patient capital" could be grouped into the idea of capturing the value of debt, where an asset is purchased today and paid for over time. Peter urged the group to think more generically about how flexible debt terms could be married with upside options.

This should be pursued as soon as possible.

Transferable Tax Credits. Many participants spoke about the potential usefulness of Federal tax credits. This could get at the problem of saving land where the there are few financial resources and permitting the economic values to go into the market place.

Given the success of the state programs this idea is popping up from several parts of the conservation community. Looks like a perfect job for the leading conservation organizations.

Some Good Reading

Plowing New Ground

<u>The Economy of Nature.</u> The Quest to Make Conservation Profitable. Gretchen C. Daily and Katherine Ellison. 2002. Island Press.

<u>Investing in Nature.</u> Case Studies of Land Conservation in Collaboration with Business. William J. Ginn. 2005. Island Press.

<u>From Walden to Wall Street.</u> Frontiers of Conservation Finance. Edited by James N. Levitt. 2005. Island Press.

Picture of Public Finance for Conservation

<u>Land Conservation Financing.</u> Mike McQueen and Ed McMahon. The Conservation Fund. 2003 Island Press.

<u>Conservation Finance Handbook.</u> How Communities are Paying for Parks and Land Conservation. Kim Hopper and Ernest Cook. 2004 The Trust for Public Land.

The Practical

<u>A Field Guide to Conservation Finance.</u> Story Clark. 2007. Island Press.

NEXT STEPS

We should now Turn "Take-Aways" into action stops.

Drive Toward an Advance. The most universal feedback from participants is pick one or two ideas and push them forward aggressively. Here are some candidates:

- Large private fund
- Use of debt
- New TIMO strategies
- Ecosystem services

Conservation Officers Association. The idea was put forward by Matt Pearson to have a Conservation Officers Association that could meet on a regular basis to deal with new issues and coordinate work.

Roundtable Schedule. In continuing the effort, it was suggested that a series of geographically diverse roundtables be held so as to make it easy for various participants to be included. In addition to New York, there could be roundtables in Washington D.C., San Francisco, Denver and other places.

Patient Debt. A number of participants underscored the need for new sources of "patient capital". Ideas of a large, national revolving fund and the creation of special debt instruments to permit conservation deal makers to bid on important properties were broached.

Angel Networks. In the world of private capital there are large networks of high net worth individuals who are willing to take risks in modest amounts. Such existing supporters of the environment might be formalized into a funding mechanism for catalytic work, money for land options and loans to land trusts for strategic studies. They could earn fees for such early support as the projects are permanently financed.

PRI's. Many participants believe that the idea of program related investments from foundations can be moved to a more concrete scale. Someone needs to take the lead on this.

Building a Cadre of Conservation Finance Experts. Yale has put together a "boot camp" this summer. The idea of a Conservation Officers Association can be a step in this direction.

Limited Development-Green Real Estate. This area was not covered in the workshop but is potentially important. The Cascades presentation on planning for conservation and growth clearly shows that land preservation has to live with economic growth.

Carbon Credits. Great interest was expressed in the "potential" of carbon credits providing a flow of funds for conservation, but this group of participants did not have direct involvement. Perhaps we can identify the experts and see what the prospects are, particularly in the United States.

Case Studies. The idea of case studies was warmly welcomed and apparently Jim Levitt, Story Clark and others are working on this topic. I would think that a format could be established and project managers around the country would be happy to put a summary into a case book. Seems like a noble and useful exercise.

Role of Corporations. The workshop did not include any participation from the corporate world. A separate session involving corporations is essential in embracing private capital.

The Holy Grail

The ideal conservation finance instrument would be an open space fund of size-several hundreds of millions of dollars that could assist in land purchases across the country. The fund would take ownership risk and be prepared to hold important conservation properties for years. It would be available for all comers and be a catalyst to mobilize existing sources of *private* and public funds. The small staff would concentrate finance, real estate and legal expertise for benefit of all comers from the smallest land trust to the large environmental organizations.

NEXT, NEXT STEPS

The Next Steps section attempted to identify topics that are ripe for specific follow up. This was consistent with the theme to focus intensely on a topic to achieve some progress.

At the same time, there was universal feeling that the group provided a unique window on many activities and we should gather again. And there are clearly persons who did not attend that have a high interest and relevant expertise. Let's expand the circle.

Some topics like carbon trading, program related investing/mission investing by foundations, mitigation banking and limited development of real estate, to name a few, have been under discussion for some time and have had full fledged conferences on a regular basis. These areas don't need help, but there is a need to make a connection between such areas with the practitioners of conservation finance.

Participants should give some further feedback based on this report as to mechanisms to keep the energy level up among those who care about mobilizing private money for open space conservation. The group is open to specific ideas about what should happen next and who should be responsible.

Special Thanks

Thanks to---

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About the Author

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Pat Coady is a Managing Director of the investment banking firm Coady Diemar Partners with offices in New York and Washington, DC. The firm raises private equity for companies and assists with mergers and acquisitions. Between 1989 and 1993, Pat was U.S. Executive Director of the World Bank and headed the U.S delegation to the creation of the $1.3 billion Global Environmental Facility. Since 1993, Coady has been a senior fellow at Conservation International, where he has served on the Investment Committee of the Conservation International biodiversity investment fund Verde Ventures. In 1994, Coady co-founded the Northern Virginia Conservation Trust, a land trust supported through a unique public/private partnership with the counties of Fairfax and Arlington in the Washington, D.C., suburbs. Pat is a graduate of Massachusetts Institute of Technology and the Harvard Business School.