



Trout Unlimited Policy on the Ownership of Interests in Real Property

Adopted by the Board of Trustees on February 3, 2012

This Policy establishes the process for the review and approval of the current ownership of interests in real property, and of the acquisition of such interests in the future, by Trout Unlimited, a Michigan corporation, and by its chapters and councils. Trout Unlimited, its chapters and its councils are collectively referred to herein as "TU." Trout Unlimited, its chapters and its councils are individually referred to herein as "a TU Entity."

This Policy covers the ownership of real property in fee, the ownership of life estates and other less than complete interests in real property, easements and rights of way (other than easements and rights of way which are for fishing access), and interests such as leasehold interests (other than leasehold interests which are for fishing access), water rights, mineral rights, and other similar rights (collectively, "real property.") The Policy covers the acquisition of real property by gift or bequest as well as by purchase. It does not cover agreements for access, easements, rights of way, and leasehold interests that are for fishing access. This Policy does not cover options to purchase real property that do not impose on the TU Entity an obligation to purchase the real property and that do not impose other liabilities on the TU Entity.

This Policy does not supersede the policy on the ownership of conservation easements adopted by the Board on February 3, 2009. That policy remains in effect.

On June 14, 2011, the Board adopted a resolution requiring Board approval of any acquisition of real property in fee by TU after that date and provided that any act in violation of that policy by TU is without force and effect. That resolution remains in effect. The authority of the Board under that resolution is hereby delegated to the Board's Executive Committee ("Executive Committee.")

The Executive Committee may delegate to staff, to one or more of the Board's committees, or to one or more board members any or all of its responsibilities under this Policy.

The Board's Delegate shall implement this Policy. For any matter involving a council or a chapter, the Board's Delegate shall be TU's Vice President for Volunteer Operations. For any matter involving the national organization, the Board's Delegate shall be, for office leases, TU's Chief Financial and Administrative Officer, and, for any other matter, the TU Vice President supervising the program that proposes the acquisition or retention of real property. However, if the appropriate Delegate is unable to act, then TU's Chief Executive Officer shall designate another officer or employee to act in his or her place.

This policy is effective as of February 3, 2012.

I. Guiding Principles

This Policy is based on the following principles:

1. TU shall not acquire or renew ownership of real property unless doing so furthers TU's mission of conserving, protecting, and restoring North America's coldwater fisheries and their watersheds or has other organizational benefits.
2. Ownership of real property involves risk for TU. Before TU acquires real property, or retains real property, the risks of that ownership should be understood and addressed.
3. Ownership of some real property by TU should be transferred to other persons or entities because that ownership poses significant risks for TU, does not further TU's mission, or other entities are better equipped to realize the conservation benefits to be gained from that property.

II. Early Communication and Cooperation

Although this Policy establishes deadlines and requires that complete information be submitted to the Board's Delegate before the Board's Delegate makes recommendations or decisions, any TU Entity considering acquisition of real property shall discuss the potential transaction with the Board's Delegate as early as possible and before the required information is submitted. Such early communication may avoid the TU Entity's incurring unnecessary time and expense, allow for the consideration of options to the potential transaction, and help assure a thorough and timely review. The Board's Delegate and the affected TU Entity shall work cooperatively on any issues that may arise under this Policy, and the Board's Delegate shall make use of the expertise and local knowledge of the TU Entity considering the acquisition or retention of real property.

III. Involvement of Councils

Any TU chapter that submits any information under this Policy to the Board's Delegate or to the Executive Committee shall submit a copy of that information to its TU council to keep the council fully informed.

IV. Ownership of Real Property

A. Real property In Fee or In Life Estate.

Ownership of real property in fee or in a life estate ("fee property") can present serious liability risks for TU. TU shall not own fee property, subject to limited exceptions that must be approved by the Executive Committee.

1. Fee Property Not Owned on the Date of this Policy:

If a TU Entity is offered fee property as a gift or bequest, or if it desires to purchase fee property, then prior to making any binding commitment concerning the fee property, the TU Entity shall notify the Board's Delegate, shall conduct a thorough investigation, and shall send to the Board's Delegate a fully completed "[Checklist for the Acquisition of Fee Property.](#)"

2. Fee Property Owned on the Date of this Policy:

Within six months of the date of this Policy, each TU Entity shall notify the Board's Delegate of each parcel of fee property owned on the date of this Policy by that Entity, shall conduct a thorough investigation of each parcel, and shall send to the Board's Delegate a fully completed "[Checklist for the Acquisition of Fee Property.](#)"

3. Review and Decision:

The Board's Delegate shall conduct a review of the information submitted for each parcel of fee property and shall do so in cooperation with the TU Entity involved. Except in exceptional circumstances, the cost of preparing the "[Checklist for the Acquisition of Fee Property](#)" materials shall be borne by the TU Entity seeking to acquire or retain the fee property.

In addition to the information provided through the "[Checklist for the Acquisition of Fee Property](#)" review, the Board's Delegate shall consider the following criteria in determining whether to recommend to the Executive Committee that any fee property be acquired or, if already acquired, be retained:

- a) Whether acquisition or retention of the fee property furthers, or would further, TU's mission.
- b) Whether the fee property provides, or would provide, a significant conservation benefit or other mission-related benefit, such as fundraising or organizational development.

- c) Whether a governmental entity, land trust, or similar organization is better suited than TU to own the fee property.
- d) The risks that owning the fee property present for TU and whether ownership of the fee property adversely affects, or could adversely affect, TU's 501(c)(3) status.
- e) If the fee property is currently owned, the length of time it has been owned, how it is used, whether it has been maintained and adequately managed, whether it is adequately insured and whether TU is named as an insured on all policies relating to it.
- f) Any significant anticipated future costs relating to the fee property.
- g) The current and potential tax status of the fee property.
- h) How title to the fee property is now held or is proposed to be held.

The Board's Delegate shall recommend to the Executive Committee whether the fee property should be acquired or retained, and under what conditions, within the time set out below in Section V. At the time the Board's Delegate submits that recommendation to the Executive Committee, the Board's Delegate shall transmit a copy of the recommendation to the affected TU Entity and the state council. The affected TU Entity may object to the Board's Delegate's recommendation under the procedure set out below in Section V.

B. Leaseholds And Other Rental Arrangements

1. Leases of Office Space:

Leases of office space by a TU Entity must be in writing and must meet the following conditions:

- a) The lessor must be the fee owner of the property where the office space is located or must have rights under a lease from the fee owner to sublet the space.
- b) The lease must be in recordable form, and recorded, if the state's property laws require recording for leases or rental agreements.

The Board's Delegate need not approve office leases that comply with these requirements unless they impose on the TU Entity obligations for tenant improvements that require a building permit, but they must be submitted to the Board's Delegate for information and insurance purposes if they are for longer than 12 months duration. Failure to submit such leases may adversely affect insurance coverage. In addition, all requirements of TU's insurance program must be met. Information on those requirements can be obtained from [TU's Volunteer Operations staff](#).

Office leases that impose on the TU Entity obligations for tenant improvements that require a building permit shall be submitted to the Board's Delegate for approval before they are entered into. Leases for office space in effect on the date of this Policy and that impose on the TU Entity obligations for tenant improvements that require a building permit must be submitted to the Board's Delegate for approval within six months of the date of this Policy. The Board's Delegate shall decide whether the leases shall be approved, and under what conditions, within the time set out below in Section V. At the time the Board's Delegate makes that decision, the Board's Delegate shall transmit a copy of the decision to the affected TU Entity and the state council. The affected TU Entity may appeal from the Board's Delegate's decision under the procedure set out below in Section V.

2. Leases of Real Property Other than for Office Space:

Leases of real property other than for office space and which are not for fishing access must be reviewed and approved by the Board's Delegate if they are for longer than 12 months duration. If a TU Entity holds such a lease on the date of this Policy or plans to enter into such a lease, it must submit the lease or proposed lease to the Board's

Delegate for review and approval. Such leases in effect on the date of this Policy should be submitted to the Board's Delegate within six months of the date of this Policy.

The Board's Delegate shall decide whether the lease shall be approved, and under what conditions, within the time set out below in Section V. At the time the Board's Delegate makes that decision, the Board's Delegate shall transmit a copy of the decision to the affected TU Entity and the state council. The affected TU Entity may appeal from the Board's Delegate's decision under the procedure set out below in Section V.

3. **Short-Term Rental or Use Arrangements:**

Rental or use arrangements for storage space, rooms for meetings, and other similar minor purposes need not be approved by the Board's Delegate but must be submitted to the Board's Delegate for information and insurance purposes if they are for longer than 12 months duration. Failure to do so may adversely affect insurance coverage. In addition, for any rental arrangement, all requirements of TU's insurance program must be met. Information on those requirements can be obtained from TU's Volunteer Operations staff.

C. Other Interests in Real Property

A TU Entity may wish to acquire other real property for purposes consistent with TU's mission. Such real property may include, but is not limited to, water rights, timber rights, easements and rights of way (which are not for fishing access), and mineral rights. Any TU Entity desiring to acquire any such interests must submit complete information about the proposed arrangement to the Board's Delegate for review and approval.

If any TU Entity owns any such interest on the date of this Policy, it must submit complete information about that interest to the Board's Delegate within six months of the date of the Policy. The Board's Delegate, working with the affected TU Entity, will review the acquisition or retention of such interests on a case-by-case basis.

The Board's Delegate shall decide whether the interest shall be acquired or retained, and under what conditions, within the time set out below in Section V. At the time the Board's Delegate makes that decision, the Board's Delegate shall transmit a copy of the decision to the affected TU Entity and the state council. The affected TU Entity may appeal from the Board's Delegate's decision under the procedure set out below in Section V.

V. Timeliness of Review and Appeal

A. Review by the Board's Delegate

In conducting reviews under this Policy, the Board's Delegate may seek assistance from others, including from members of the staff and board.

The Board's Delegate has sole discretion to extend any deadlines imposed on TU Entities in the Policy and may grant exceptions to the reporting requirements of this Policy.

Reviews conducted under this Policy shall be completed as soon as practicable and in most cases no more than 30 days after the Board's Delegate receives complete information as required by this Policy and as requested by the Board's Delegate, except that the Board's Delegate shall have 60 days to conduct the review of real property owned by a TU Entity on the date of this Policy. The Board's Delegate may request from the Executive Committee additional time for any review under this Policy. Notwithstanding the above timelines, the Board's Delegate and the Executive Committee shall act as

expeditiously as possible if a TU Entity proposes the acquisition of real property for which a prompt response is required by the nature of the proposed transaction.

B. Recommendations, Decisions and Appeals

1. Fee Property:

The Board's Delegate shall recommend to the Executive Committee whether fee property should be acquired or retained, and under what conditions. When the recommendation is made, the Board's Delegate shall transmit the recommendation to the affected TU Entity and the state council. The affected TU Entity shall have 30 days from the date of that transmittal to submit to the Executive Committee objections to the Board's Delegate's recommendation and any relevant information supporting the objections.

The Executive Committee shall consider the recommendations of the Board's Delegate, any objection to the Board's Delegate's recommendations, and any information submitted by the Board's Delegate and the affected TU Entity. The Executive Committee shall decide whether the fee property shall be acquired or retained, and under what conditions. The Executive Committee may require that any fee property received as a gift or bequest, or purchased, be sold or otherwise transferred from the TU Entity within a time period set by the Executive Committee. The decision of the Executive Committee shall be final, and that decision shall be promptly transmitted to the affected TU Entity and the state council.

2. Other Approvals:

The Board's Delegate shall decide all submissions under this Policy except for those concerning fee property, which are reserved to the Executive Committee. The Board's Delegate shall promptly transmit any such decision to the affected TU Entity and the state council. The affected TU Entity shall have 30 days from the date of that transmittal to appeal to the Executive Committee from the Board's Delegate's decision and to submit any additional information to the Executive Committee. The Executive Committee shall consider the decision of the Board's Delegate, any appeal from that decision, and any information submitted by the Board's Delegate and the affected TU Entity. The decision of the Executive Committee shall be final, and that decision shall be promptly transmitted to the affected TU Entity and the state council.

VI. Conflicts of Interest

When any TU Entity disposes of real property or other valuable assets, it shall comply with applicable state and federal laws concerning the sale or other disposition of assets by non-profit organizations. For example, it may violate state law for a TU Entity to sell or otherwise transfer assets to Entity board members or key employees or to sell property for less than fair market value, and doing so may result in penalties being imposed by the Internal Revenue Service. All such transfers must also comply with TU's conflict of interest policies.