Land Trust Merger Case Studies

This guide describes the catalysts for exploring merger, the exploration and due diligence process, and the outcomes of several consolidations of land trusts with land trusts as well as land trusts with other charitable organizations.

Land Trust – Land Trust Mergers

Natural Lands Trust and Montgomery County Lands Trust

Summary

Two land trusts joined forces to advance their collective goals of protecting open space in Montgomery County, Pennsylvania. In 2012, after years of cooperation and successful project collaborations including easement co-holding and advocacy efforts, Montgomery County Lands Trust became an affiliate of the Natural Lands Trust.

Background

Montgomery County Lands Trust and Natural Lands Trust have enjoyed a close working relationship for many years. A decade prior to the merger the two organizations signed a formal agreement and became strategic partners, working together to address the conservation needs of the region.

Montgomery County Lands Trust was formed in 1993 at the same time that the Montgomery County commissioners adopted the county's first open space program. The efforts of the organization have been directed at preserving open space, fostering smart growth, and educating county citizens. By the end of 2011, Montgomery County Lands Trust had acquired 49 conservation easements, protecting 2,828 acres.

In 1953, Natural Lands Trust began as The Philadelphia Conservationists, a group of avid birders who sought to protect the marshes of the Tinicum Valley along the Delaware River. In its six decades, Natural Lands Trust has saved more than 100,000 acres of open space. Among Pennsylvania's land trusts, Natural Lands Trust ranked third in the acreage of its landholdings and ranked fourth in its easement holdings at the end of 2011.

Molly Morrison, president of Natural Lands Trust, and Dulcie Flaharty, Montgomery County Lands Trust 's executive director, have long embraced collaboration – with each other as well as with other stakeholders. The more the two organizations partnered, the more the two organizational leaders felt comfortable in exploring new collaborative options.

The long history of collaboration between the two organizations helped advance discussions of an affiliation. "The collaboration between Natural Lands Trust and Montgomery County Lands Trust, along with the strong relationships we have had with the Pennsylvania Land Trust Association, GreenSpace Alliance, and the Land Trust Alliance, helped us to analyze how best to move along the work of preservation and what our organizations need to do to stay ahead of the curve," explained Morrison.

The Right Time

As is often the case with the strategic restructuring of non-profits, declining resources served as a major catalyst for the affiliation. As funding became scarce, Flaharty recognized the need to consider how best to continue the mission of Montgomery County Lands Trust. Frank discussions with colleagues and board members allowed for the consideration of various organizational structures, partnerships, and mergers.

Montgomery County Lands Trust had gone through cost-cutting measures, including staff layoffs, and Flaharty and the Montgomery County Lands Trust board were concerned that additional cuts might impact the organization's ability to continue its conservation work effectively. Flaharty also realized that the organization was not going to be sustainable in the long term unless something changed.

"We were struggling to raise sufficient operating funds to advance our work," Flaharty explained. "We could have scaled back more but that wouldn't have served our mission."

The Montgomery County Lands Trust board had judiciously dipped into the operating reserve for a few years, but staunchly protected the organizational endowment and stewardship funds as they considered their options.

Natural Lands Trust was an ideal partner for Montgomery County Lands Trust because of its more than 40 years of working in Montgomery County and because of the staff, expertise and other resources it brings to the table.

Discussions with the Board

Once they felt comfortable with the concept of a formal partnership, Flaharty and Morrison approached their respective boards to discuss potential restructuring options. Natural Lands Trust's board was supportive from the outset. "Our board embraced the idea of joining forces with a well-respected organization like Montgomery County Lands Trust that has demonstrated such remarkable leadership in the county," Morrison said. Before making any firm decision, the NLT board extensively discussed the various aspects of the affiliation and the impacts such restructuring would have on the organization.

At Montgomery County Lands Trust, board members had some trepidation about MCLT losing its identity if the smaller organization were to come under the Natural Lands Trust umbrella. In particular, the board was concerned how a merger would impact the relationships that Montgomery County Lands Trust staff and board have built over the years with municipal and non-profit partners.

"There were a lot of conversations among the board members," Flaharty explained. "It was important to allow them to voice their opinions and talk through the issues." Ultimately, the conversations brought forth champions for the restructuring who convinced other board members to embrace the affiliation.

Due Diligence

Due diligence is an intense review of each organization's past, present, and future activities and liabilities and can often be a lengthy and sometimes costly process. In this case, the organizations opted to do much of the work internally, with assistance from an attorney. The process focused primarily on financial and legal documents. In addition, Natural Lands Trust looked closely at Montgomery County Lands Trust's conservation easements. (Although Montgomery County Lands Trust will continue to hold and acquire its own easements, as the parent organization in the affiliation, Natural Lands Trust is ultimately responsible for monitoring and upholding these easements.)

Full transparency was required for the due diligence process to be effective. Because both organizations have gone through the land trust accreditation process, the level of scrutiny required was not problematic. The process took approximately three months.

Determining the New Structure

Once both boards agreed to move forward, the organizations needed to decide how the restructuring would occur. Each organization established a subcommittee to 1) consider what their organization hoped to accomplish through the process; and 2) engage in discussions with the other organization's committee to discuss potential restructuring scenarios. An attorney advised the two organizations on the various options. Ultimately, the affiliation relationship emerged from conversations among the members of these two committees.

A timeline was placed on these restructuring discussions to move the process along and keep the discussions as productive as possible.

Before the restructuring was finalized, both Montgomery County Lands Trust and Natural Lands Trust reached out to major donors to discuss the affiliation. Montgomery County Lands Trust also reached out to owners of eased land to discuss any concerns or issues. The overall response was very positive.

The Restructuring

The organizations signed an affiliation agreement in which Montgomery County Lands Trust became a supporting organization of Natural Lands Trust. Though Montgomery County Lands Trust remained a functional, 501(c)(3) nonprofit organization, it underwent significant structural changes. Montgomery County Lands Trust 's board dissolved; Natural Lands Trust's board now governs both organizations. Two Montgomery County Lands Trust stakeholders –a board member and a staff member – joined Natural Lands Trust's board.

In regards to the federal tax code, Montgomery County Lands Trust became a Type I 509(a)(3) organization. Under this classification, the parent or supported organization (NLT) controls and supervises all aspects of the supporting organization (MCLT).

A land preservation committee was established to focus on conservation efforts in Montgomery County. Retired Montgomery County Lands Trust board members were given the opportunity to join the committee.

Montgomery County Lands Trust 's director of land preservation joined NLT's board and the Montgomery County land preservation committee to ensure that Montgomery County Lands Trust 's interests are addressed in coming years.

Flaharty continued as Montgomery County Lands Trust 's executive director, assessing the county's needs for land conservation, facilitating fundraising efforts, and advancing Montgomery County Lands Trust 's outreach efforts. Natural Lands Trust was particularly interested in continuing the MCLT's outreach efforts to educate elected local officials.

Montgomery County Lands Trust 's remaining staff members were engaged in the transition process but were not given permanent positions.

Montgomery County Lands Trust will continue to reach out to its donors but the work will be coordinated with Natural Lands Trust's development office.

Montgomery County Lands Trust will continue to hold and acquire conservation easements in Montgomery County. Natural Lands Trust staff will monitor Montgomery County Lands Trust 's eased properties annually and manage enforcement responsibilities. Montgomery County Lands Trust transferred its stewardship endowment to Natural Lands Trust to be used for the monitoring and enforcement of Montgomery County Lands Trust properties.

Moving Ahead

Flaharty and Morrison believe that the affiliation will ultimately empower Montgomery County Lands Trust and Natural Lands Trust to be more effective in moving conservation forward in the region, though the transition may have its bumps along the way. "It may be challenging for Natural Lands Trust to absorb some of the additional tasks and responsibilities required to serve and manage the new affiliation," explained Morrison, "but I see this new role as an opportunity, not a burden".

Advice on Restructuring and Affiliations

Both executives offer the following words of wisdom for organizations considering an affiliation or other restructuring:

- Be realistic and open about the process and outcomes;

- know your organizations' strengths and weaknesses and how they will be impacted by a potential merger or affiliation;
- identify your organization's priorities for carrying the process forward;
- be flexible, especially with issues that are not considered priorities for your organization;
- have candid conversations with key stakeholders before the process is finalized;
- allow ample opportunities for board members to talk through their concerns and voice their opinions;
- consider a timeline to keep the process moving and optimize productivity;
- open yourself up to potential collaborative opportunities even if a formalized relationship is not the end goal; and
- recognize that the due diligence process requires full exposure for it to be beneficial to the involved parties.

Heritage Conservancy and The Conservancy of Montgomery County

Summary

Heritage Conservancy, an accredited land trust in southeastern Pennsylvania, which specializes in preserving natural and historic heritage, absorbed the programs, holdings and staff of The Conservancy of Montgomery County (CMC) in 2013; CMC then proceeded with the legal process of corporate dissolution.

Exploration

CMC board members had been concerned about the organization's financial stability for a few years and had discussed the possibility of merging with another organization for some time. Years of working in close proximity with common missions prompted merger discussions with the Heritage Conservancy

CMC president Mary Lou McFarland and Jeff Marshall, president of the Heritage Conservancy, met initially over Indian food to discuss the possibility of a merger. From this first meeting, they both recognized the potential opportunities to be explored.

"We carefully compared the missions of the two organizations to ensure a clear synergy existed before moving forward," Marshall explained.

With sufficient interest on both sides, the matter was opened up to the boards of both organizations for full exploration.

At the time of these discussions, CMC was operating on a limited capacity and Heritage Conservancy was exploring opportunities for growth; the two organizations recognized the potential symbiotic benefits of combining forces. Heritage Conservancy offered a stronger financial backbone to support CMC's work and commitments; CMC brought funds that could help Heritage Conservancy expand its historical preservation work and conservation efforts in Montgomery County.

As part of its due diligence, conducted with legal counsel, the Heritage Conservancy conducted an audit of CMC's easements, endowments and potential liabilities. Heritage Conservancy found that CMC's existing easements had suitable endowments; the Conservancy also determined that the addition of CMC's easement holdings would not be an extraordinary burden. Heritage Conservancy already had several historic façade easements so acquiring CMC's easements was considered by the board a furtherance of its mission.

Heritage Conservancy also contacted local municipalities and land trusts that had interests in CMC's easements to gauge receptiveness for the merger.

McFarland was responsible for coordinating due diligence efforts on behalf of CMC and apprising the board throughout the process so that they could make an informed decision on behalf of the organization.

The Merger

A memorandum of understanding was drawn up to outline the process by which the acquisition/merger would occur. HC investigated CMC's assets, liabilities and obligations as well as each one of its easements. HC's general counsel also reviewed the easements and MOU to ensure the easements to be acquired met the criteria established in HC's policy for accepting easements and that CMC could deliver sufficient stewardship funding for HC to assume the perpetual obligations associated with accepting the easements.

Upon board approval by both organizations, the merger was announced to the public in December 2012.

The merger resulted in the Heritage Conservancy acquiring eleven conservation easements, totaling 126 acres in Montgomery County, several historic building facade easements, as well as their historical research project and stewardship funds.

McFarland joined Heritage Conservancy as Senior Conservation Specialist in August 2013; she oversees the eleven CMC-acquired conservation easements, in addition to the easements in Montgomery County already held by Heritage Conservancy. With an extensive background in historical research, she heads historic preservation projects in Montgomery County and surrounding areas as well.

A large federal contract held by CMC for historic preservation services was amended to reflect the merger, authorizing Heritage Conservancy to fulfill the contract's obligations.

CMC board members were given the written duties and responsibilities of the Heritage Conservancy's board; however, no CMC board members were interested in joining the Conservancy's board.

Heritage Conservancy officially acquired CMC's easements and other assets in April 2013. At the time of the asset transfer, CMC's board was pursuing the legal process for dissolution, which can take up to a year to complete. Heritage Conservancy accepted the challenge of maintaining, with the hopes of enhancing, the long-standing presence that CMC has held in Montgomery County.

In November 2013, Heritage Conservancy installed new signage on the properties that were acquired through the merger. The signs are intended to draw attention to conserved lands in Montgomery County and demonstrate how the Conservancy is carrying on CMC's mission.

HC had applied for re-accreditation just prior to completing the merger; because the merger transaction was not complete the Land Trust Accreditation Commission did not require detailed information on the easements and assets that HC would acquire from CMC after the merger. The commission did, however, ask for a statement explaining the merger-purpose of merger, whether land and financial assets were being combined, whether there would be any changes in HC's governance structure and what the final legal status of each entity would be.

Both parties are satisfied with the merger, which ensures that CMC's conservation and historic work will be properly enforced and protected and allows Heritage Conservancy to expand its historic and conservation work in Montgomery County, hopefully increasing its membership base as well.

CMC members and conservation landowners have been very supportive, explains McFarland. "They understand that we could not survive financially, even if we tried to manage the organization as volunteers. And I think our landowners are happy that I will still be working with them as we have established wonderful relationships over the years. Heritage Conservancy has an excellent reputation, so that helps to assure our members & landowners that we are making a good choice in merging with them."

"Heritage Conservancy and The Conservancy of Montgomery County share a common preservation mission. Working together, we will be stronger and more capable of fulfilling that mission," said Marshall.

Chattowah Open Land Trust and its Affiliates and Partners

Summary
The Chattowah Open Land Trust (COLT) formed in 1994 to protect the watersheds of the Chattahooche and the Etowah Rivers in Georgia. It hired its first full-time staff person in 1999. The trust has since taken on a variety of formal partnerships with organizations through quasi-mergers and affiliations. The shared use of staff, funding and other resources has made the

work of the involved organizations more feasible and efficient.

Georgia Land Trust

The Trust began receiving calls from landowners seeking assistance in protecting land outside COLT's service area; the Trust's board, with the encouragement of staff, made the decision to accept easements beyond its original service area.

At the same time the Trust was expanding its geographic scope and adding staff, the Coastal Georgia Land Trust, which was founded in the 1990s, had been struggling for direction. Members of the Coastal Georgia Land Trust reached out to COLT, and the two organizations agreed to combine efforts. The Coastal Georgia Land Trust changed its name to the Georgia Land Trust (GLT) and expanded its mission to include all of Georgia. GLT's board was merged with that of COLT; the result is that the same exact people who serve on COLT's post-merger board also serve on GLT's post-merger board. Two pre-merger Coastal Georgia Land Trust board members joined all of the pre-merger COLT board members in forming the post-merger boards.

GLT retained its 501(c)(3) status primarily for fundraising purposes. Donors may choose to donate directly to GLT or COLT. GLT conducts its own auditing process and files 990s each year.

Alabama Land Trust

The Land Trust of East Alabama was also finding it difficult to sustain itself. The organization approached Chattowah Open Land Trust about the possibility of working together. As a result, the Land Trust of East Alabama became the Alabama Land Trust with its geographic scope expanded to encompass all of Alabama. Like the Georgia Land Trust, ALT is governed by the same board members as the COLT board. Two members of the original land trust joined the COLT, GLT, and ALT boards when the organizations merged.

Though the same board members oversee each of these three organizations, the organizations are legally distinct entities. Staff members, shared among the three organizations, are assigned to five offices located in various regions of Georgia and Alabama. Staff time, including that of the executive director, is allotted to each organization. All three organizations, Chattowah Open Land Trust, Alabama Land Trust and the Georgia Land Trust, appear on letterhead. Fundraising campaigns are held jointly but solicitations for each specific organization and donations received are designated to the work of the specific entity.

COLT serves as the umbrella organization, managing administrative responsibilities for each of its affiliates; this arrangement enables ALT and GLT to focus work entirely on conservation projects within their designated states.

COLT no longer actively acquires land or easements although it is responsible for stewarding the 5 fee properties it holds as well as its over 75 conservation easements.

ALT and GLT are responsible for all acquisitions in their perspective states as well as stewarding the properties they hold and acquire.

ALT retained its 501(c)(3) status primarily for fundraising purposes. Donors may choose to donate directly to ALT or COLT. ALT conducts its own auditing process and files 990s each year.

Chattahooche Valley Land Trust

The Chattahooche Valley Land Trust, (CVLT) established in 1999, is a partner of the Georgia Land Trust. CVLT retains its own 501(c)(3) status, maintains its own board, conducts its own fundraising efforts and manages and holds its own easements. GLT allocates staff to the Chattahooche Valley Land Trust for implementing easement transactions, stewardship tasks and fundraising efforts. The stewardship funds of CVLT are managed together with those of COLT, ALT, and GLT per the terms of an investment policy adopted by all of the organizations. CVLT stewardship funds are tracked within these funds specifically for CVLT. A memorandum of understanding (MOU) details the arrangement between the two organizations. An annual fee, through quarterly payments, is paid by CVLT to GLT for administrative services; the MOU is revised every two years and the fee is adjusted for inflation.

Chattahooche Valley Land Trust's projects are reviewed and formally approved by its own board, and the Georgia Land Trust land committee and board who, in providing the staffing and as the parent/supported organization, has oversight responsibilities. The Chattahooche Valley Land Trust has protected over 23,000 acres in easements.

Lula Lake Land Trust
COLT's most recent partner is the Lula Lake Land Trust, established by the will of Robert M. Davenport in 1994. Lula Lake Land Trust is a 501(c)(3) private foundation based in northern Georgia. Not a traditional land trust, its mission is to protect and preserve the natural beauty and abundant resources within the Rock Creek watershed and works to establish trails and public access to conserved lands.

The Lula Lake Land Trust approached the Chattowah Open Land Trust to help with its conservation efforts. This led to an annual agreement, under which COLT provides staffing (through the Georgia Land Trust) to Lula Lake, including a full-time fundraising director, stewardship and land managers.

Lula Lake retains its independence and its board facilitates fundraising efforts.

The Georgia Land Trust also accepts and holds easements on nearby lands that are outside the Lulu Lake Land Trust's service area; GLT's efforts support the conservation of the larger landscape and protect key resources that may not fall within the core mission of the Lula Lake Land Trust.

Accreditation
COLT, ALT, GLT and CVLT were approved for accreditation in 2014; Lulu Lake Land Trust opted out of the accreditation process. The Land Trust Accreditation Commission required each organization to complete each step of the accreditation process separately, since they are, in essence, separate organizations. The Accreditation process underscored for COLT's board and staff the excessive administrative costs required to manage three separate organizations; even with shared resources, the organizations were paying for redundant services such as audits and financial services. COLT, ALT and GLT are currently in the process of merging the three organizations into one and hope to complete the process in 2015. (CVLT will retain its independence.)

Peconic Land Trust, South Fork Land Foundation and Nassau Land Trust

This case study, written by Sylvia Bates, was originally printed in the publication "Models of Collaboration Among Land Trusts: A Research Paper Prepared for the Maine Coast Land Trust." Used with permission from the Maine Coast Land Trust.[1]

The Peconic Land Trust (PLT) was established in 1983 to protect Long Island's farmland and open space. It currently has two supporting organizations—the South Fork Land Foundation (SFLF) and the Nassau Land Trust (NLT).

SFLF was originally formed in the early to mid 1970s as a separate 501(c)(3) organization. As a small, not very active group consisting of four board members and focusing exclusively on South Hampton, it had difficulty meeting the public support test and eventually lost its tax-exempt status. In 1996, the land trust reformed as a supporting organization of PLT, and owns land and holds easements in the geographical area known as the South Fork of Long Island. SFLF and PLT have interlocking board memberships—a board member of SFLF serves on the board of PLT and vice versa. The SFLF board still only totals five and meets quarterly. Under a contractual fee arrangement, PLT staff act as staff for SFLF. They have completed all of the baseline documentation for SFLF's easements, and conduct the annual monitoring. They will also negotiate any future land transactions on behalf of SFLF.

NLT was founded in 2001 directly as a 509(a)(3) supporting organization of PLT. A PLT board member who grew up in the Nassau area and had a special interest in the region originated the group. Nassau County is located far enough away from PLT's headquarters that it would have been difficult for PLT to service the region directly. In this case, the PLT board appoints the five-member board of NLT; the boards also have interlocking memberships. Again, PLT serves as the staff for NLT's conservation projects under a similar agreement as that between PLT and SFLF.

For SFLF, becoming a supporting organization of PLT was a way to maintain its own identity and visibility on specific protected properties, yet not be faced with the need to broaden its constituency beyond a small focus area. Given the size of the board and its relative inactivity, PLT was able to use its own professional staff to help the smaller land trust upgrade its stewardship capabilities and ensure that any new transactions are conducted to the highest standards. SFLF is not actively pursuing and new projects, and it is likely that it will ultimately fold into PLT at some point in the future.

NLT, on the other hand, is currently funneling new projects to PLT staff. Once NLT becomes more established, it is possible that the organization may evolve into a separate 501(c)(3) organization.

Other land trusts on Long Island have approached PLT with a desire to become supporting organizations, but PLT has demurred, feeling that the structure may get unwieldy if there are too many such groups. Most of these are already separate 501(c)(3) organizations, and PLT has tried to help these smaller land trusts in other ways, such as providing them with technical assistance or inviting them to workshops and trainings.

Land Trust Mergers with Other Organizations

South Branch Watershed Association and Upper Raritan Watershed Association

Background

The Upper Raritan Watershed Association (URWA) and South Branch Watershed Association (SBWA) both worked in the Raritan Watershed area of north central New Jersey. Both were founded in 1959. SBWA distinguished itself as a leader in policy, science and education, and URWA focused its efforts on land stewardship and preservation, holding 33 conservation easements and 11 properties in fee.

In December 2009, the organizations' respective executive directors began informal meetings to discuss the possibilities of a merger. These meetings were precipitated by independent strategic planning efforts that underscored for each, concerns of long-term stability and the need to identify capacity building opportunities. URWA, with a staff of eight, was more fiscally secure, but needed to increase its capacity and funding base in order to reach a broader audience so as not to erode away its endowment. SBWA, with five staff members, was not as financially stable but had strong, well-established programs.

The Exploration and Negotiation Process

By February 2010, the two executive directors felt comfortable discussing the idea of a merger with their boards. Although there was some initial uncertainty, the two boards both agreed to move forward with an exploratory process. Each board established an *ad hoc* committee to conduct a feasibility study on merging the two organizations' programs and budgets. Research was conducted, including reaching out to land trusts that had completed a merger. These land trusts strongly recommended hiring a consultant to facilitate the negotiations of the merger.

In November 2010, the two boards agreed to officially move forward; the two organizations approached foundations that could help support the merger process. Three large foundations agreed to support various aspects of the restructuring.

In February 2011, the organizations hired La Piana Consulting and began negotiations. An eight-person negotiating team was formed, consisting of the two organizations' board chairs, the two executive directors, and two trustees from each organization. Of these individuals, the two organizations decided to include a skeptic of the merger and an individual with strong leadership skills.

Over the course of the next three months, five three-hour meetings and one conference call were held, facilitated by La Piana Consulting, to negotiate specific elements of the merger. The meetings, which were held alternately at the offices of SBWA and URWA, resulted in assignments that staff/board members would complete between meetings. The trustees invested approximately 100 hours of their time in this process.

After completing these facilitated discussions, the negotiating team determined that they were comfortable presenting to their respective boards a "Resolution of Intent to Merge."

In preparation for their June 2011 board meetings, the organizations' executive directors developed a presentation that outlined the structure of the proposed merger and prepared their respective board members for final votes.

A resolution of intent to merge was passed by both boards in June 2011. This resolution officially recorded the intention of the two organizations to merge but did not finalize the agreement. In the next three months, the consultant instructed the organizations to complete the following tasks, critical to the successful execution of their merger:

- develop a 3-year detailed business plan, including least-, most- and best-likely scenarios;
- create a communications plan that would help the two organizations to effectively meld their branding and communication tools into one;
- complete both legal and financial due diligence; and
- finalize the term sheet, which would affirm the conditions of the merger.

The two organizations agreed to allow URWA to lead these efforts, but SBWA's executive director was closely involved. A full analysis of programs was conducted to measure stability and impact as well as an internal audit of revenues and expenses.

The legal due diligence review entailed site visits, interviews and examination of documents. The findings were compiled into a written report. The organizations saved money by hiring an experienced conservation attorney, who was able to concentrate his billable time on the legal due diligence process without having to familiarize himself with conservation easements and the work of land trusts.

The financial due diligence was conducted internally with some outside support. Finance directors of URWA and SBWA exchanged budgets, financial reports, and grant details and interviewed staff to create a consolidated budget and analysis.

Finally, the term sheet was developed based on the facilitated discussions of the negotiating team.

The two boards reviewed and accepted the documents and, in September 2011, a "Resolution to Merge" was passed by both boards.

The Shape of the Merger

Because of the complexities of URWA's assets and liabilities, it was SBWA that transferred its assets to URWA and then dissolved (rather than vice versa). The merged organization changed its name to Raritan Headwaters Association.

URWA's executive director, Cindy Ehrenclou, became executive director of the merged organiztion and SBWA's executive director Bill Kibler was pleased to serve as policy director and focus his full-time efforts on advocacy issues. One SBWA staff person was laid off.

The new governing board incorporated trustees from both organizations. The negotiating team decided that the new organization would be launched with a maximum of 24 trustees and that the future optimum board would be 17-18 trustees. (At the time of the merger, SBWA had eleven trustees and URWA had 24 trustees). URWA's Governance Committee met with individual trustees to discuss potential retention.

Post-Merger Challenges

After the merger agreement was signed, the organizations had to consolidate offices, organize paperwork, sort out payroll and benefit services, and combine databases of donors and stakeholders.

Even more challenging was implementing the communication plan, partly funded through foundation monies, creating all new branding and communication tools, developing a new website and educating key stakeholders on the merger.

To ease concerns of landowners and easement donors, who felt the organization would not have the capacity to attend to their needs due to the changes, the Association made staff readily available to address any questions or concerns.

Although URWA was on track to complete land trust accreditation in 2013, the newly merged organization decided to put the process on hold until the dust settled. The organization may now be better prepared to complete the accreditation process thanks to the due diligence process.

The merger opened new doors for fundraising. Foundations that previously would not have been receptive are now supporting the Association.

Despite all the challenges and hard work of the merger, the new association's executive director can't help but feel optimistic about the results. "I can't imagine not doing this," explains Cindy, "It was strategically the best thing we could have ever done."

Other Notes

No Competition for ED –Ehrenclou and Kibler were not in competition for the executive director position. Bill was happy to focus his full-time efforts on policy and advocacy work. Cindy, in her new role, will focus her leadership and organization skills on fundraising and development.

Major Donors Invested in the Process - Before the merger, the two organizations sat down with high-end donors to get them invested in the process, make sure that they didn't hear about the merger from any other source and resolve any questions or concerns before moving forward. They asked one of these major donors to write a letter to other donors explaining why this was an important move for both organizations and for their work.

Engaging Important Stakeholders - Once the merger was complete, Raritan Headwaters Association held what they called a Legacy Luncheon, inviting current and past trustees to hear the story of the merger. The event proved successful, recruiting these important stakeholders as ambassadors for the new organization to educate others on the benefits of the merger.

Different organizational cultures – The executive directors of SBWA and URWA had two very different management styles, which created some friction. URWA presented a much more structured environment, and SBWA employees found it difficult to adjust. For some staff, the changes proved too challenging. As of 2013, SBWA's former executive director is the organization's only employee that is with the merged association.

Fundraising on Back Burner – Because of the resources the merger required, neither organization was able to conduct its usual fundraising activities (except for those that were specifically related to the purpose of merging).

Differing Levels of Technology – Consolidating files and data proved to be challenging since one organization kept mostly paper files and the other had much more sophisticated IT and database management systems.

Delaware Highlands Conservancy and Eagle Institute

Background

The Delaware Highlands Conservancy (DHC) formed in 1994 to conserve land around the Upper Delaware River in Pennsylvania and New York. The Eagle Institute (EI) formed in 1998 to support the return of the endangered eagle to the Upper Delaware. Prior to the merger of their complementary programs and organizations in 2012, DHC had four full-time and one part-time employee and EI employed two part-time seasonal workers.

For years, the two organizations participated in the Pike/Wayne Partnership, which brought numerous conservation and planning organizations to the table to share ideas and event calendars. This partnership led to the two organizations hosting joint educational and outreach programs and then to collaborating to permanently protect an important parcel in New York.

In 2011, the founder and president of the Eagle Institute, Lori McKean, saw an uncertain future for the Institute and recognized it to be at a crossroads. In June 2011, she reached out to the executive director of the Delaware Highlands Conservancy, Sue Currier, to discuss the possibilities of a merger.

Process

In fall 2011, after several meetings with Lori, Sue brought the matter to DHC's board and financial committee, which expressed interest in exploring a possible merger. Lori also tested the waters with her board and stakeholders. The Institute's board was much more supportive of the concept, as their organization was not as well established and had identified long-term sustainability issues.

The board formed a task force to study the possible impacts of the merger and deliver a report back to the DHC board. The team was tasked with the responsibility of reviewing the opportunities and benefits, challenges and long-term impacts of the potential merger. The team would review: funding opportunities; operational costs; investment of staff and time; legal and liability issues; integration of two missions; new, potential stakeholders; merging administrative systems; communication and outreach needs; finances and assets; and tasks to be completed.

The task force completed an extensive report and briefed the full DHC board on their findings. At its December 2011 board meeting, after reviewing the report, the board made three critical decisions:

- proceed with the term sheet;
- develop a messaging/communications plan; and
- create a comprehensive list of tasks.

The term sheet ironed out the conditions of the merger. Although DHC's board had hoped to complete this process in thirty days, it took several months longer. A facilitator was not used and DHC saved money by using the legal and corporate expertise of its board members.

DHC conducted the due diligence process internally, which required heavy lifting from both staff and board members. This internal work was feasible because of the legal and financial expertise that exists on the board. DHC also benefited from one of its board members' merger experience in the private sector.

DHC also completed an updated communications plan, which includes engaging the Institute's stakeholders and supporters and educating the public on the Conservancy's new emphasis on protecting the habitat of eagles in their watershed. Some of the goals of this plan included establishing a unified website, redesigning outreach materials, utilizing social marketing effectively and fine-tuning messaging. In addition, new tasks have been identified that will be completed in the near future.

Finally, DHC staff and board identified specific tasks to be completed in order to finalize the merger. This exercise was important in order to keep the organizations on track and involved assigning responsibility to appropriate individuals with specific deadlines.

At this time, DHC also began having informal discussions with major funders. DHC's leadership board members identified those individuals that should be contacted directly by staff or board about the process.

The Shape of the Merger

As a result of the merger, the Institute was dissolved and its assets transferred to the Conservancy. The dissolution of a nonprofit organization can take as long as one year to complete. The official dissolution of EI was completed after the merger announcement.

DHC formed the Eagle Institute Committee to manage and perform the work of the Institute. The committee consisted of Lori as the chair and two EI board members. In addition, DHC assigned its development director as liaison to the committee to help develop, in particular, fundraising strategies. One of EI's part-time employees was retained by the Conservancy to serve as support staff for the Eagle Institute Committee. Lori, whose role with EI was on a volunteer basis, stepped down from the committee once the organization was dissolved. She continues to serve in an advisory role to ensure the ongoing success of the venture.

Currently, there are no EI board members on the DHC board; however, the completion of the merger has revitalized the efforts of the Eagle Institute—the committee bringing new energy to the work.

The Eagle Institute Committee decided to meet monthly, at least initially. It has been tackling how to incorporate the Institute's goals into the overall work and mission of the Conservancy. The committee has been reviewing DHC' strategic plan and working on a realistic timeline to accomplish specific tasks and goals.

DHC will continue its efforts to fund the Eagle Institute activities in the future. The key challenge for the conservancy will be to keep donors engaged in supporting the program and making the program sustainable. DHC recognized that some Institute supporters might be wary of financially supporting an unfamiliar organization; thus it provides that donors may earmark their donations for Eagle Institute related work if they desire.

As a measure of success for their outreach efforts on the merger, the Conservancy has received numerous donations from Institute stakeholders, only one of which was earmarked solely for the Eagle Institute Committee.

To celebrate the merger, DHC worked with one of the Institute's partners, the Basha Kill Area Association, to hold two guided eagle tours in the spring of 2012. The tours offered eagle enthusiasts an opportunity to experience and learn more about these majestic birds of prey and, even more importantly, about the conservation efforts in the region that help sustain the eagle population. The event helped to illustrate how the efforts of the Institute will move forward, through the support of DHC.

As of 2013, the Eagle Institute Committee continues to host eagle trips and educational events, to monitor eagles, and educate visitors at designated eagle sighting locations along the Delaware.

Sue Currier admits there is a lot to be done but the overall outlook moving forward is optimism and enthusiasm. "Coming together with the Eagle Institute means we're stronger. In these days of doing more with less, leveraging the resources of both organizations means those resources will go further."

A year after the finalizing of the merger, the two organizations are pretty well integrated though, according to Sue, additional tasks still need to be worked through.

With this in mind, Sue is also looking for more partnership opportunities. "I can see the Conservancy looking to other organizations to explore opportunities to merge", she explains.

Barbara Yeaman, DHC founder sums it up well. "The Eagle Institute's passion for protecting eagles together with the Conservancy's passion for protecting the lands and waters where eagles live truly is the perfect partnership."

Additional Factors

Already collaborating – The Delaware Highlands Conservancy had a long history of collaborating and seeking partners to expand its impact. The organization was open to the process and the merger with the Eagle Institute was a natural evolution of their relationship.

Merging Missions – The merger would enable the Conservancy to use the iconic image of the eagle and expand its reach to more supporters and donors; the Institute's mission would benefit from the resources the Conservancy has to offer.

Engaging stakeholders early on – Each organization reached out to its close circle of stakeholders to discuss the potential of a merger and used the resulting feedback to guide them in the merger process.

Internal expertise – DHC was fortunate to have a corporate executive familiar with the merger process on the board as well as attorneys that could help with legal matters.

Data merge – The Institute's data management system was less sophisticated than that of the Conservancy's; incorporating the data was more tedious than anticipated.

Estimating the workload – The conservancy's board found it difficult to estimate the amount of time and staff a specific task, related to completion of the merger, might take, often underestimating the resources needed.

Lancaster County Conservancy and LIVE Green

The Lancaster County Conservancy (LCC) was founded in 1969 as a charitable community organization charged with protecting natural lands to ensure high quality ecosystems and public recreational opportunities in Lancaster County. Over a more than 40-year history, LCC protected over 4,000 acres of critical natural lands, much of which the organization owns and manages today in 32 nature preserves. In its 2008 strategic plan, LCC's board added a targeted program component to engage the urban and suburban population and landscape in environmental protection and improvement.

LIVE Green was founded in 2004 as Lancaster Investment in a Vibrant Economy (LIVE). For much of the first two years of LIVE's existence, it primarily directed Legislative Investment Grants earmarked for the 96th Legislative District from the PA Department of Community and Economic Development to programs in Lancaster City. In 2007, LIVE began to develop its own programming focus, known as LIVE Green, with its express purpose to implement and support urban greening initiatives that have measurable impact on the livability and environmental sustainability of Lancaster.

Catalyst for Change

Discussions about collaboration began in the spring of 2010 when, due to state budget cuts, LIVE Green lost most of its financial support. With the realization that it needed to quickly move to sustain its programs and diversify its funding base, LIVE Green initiated discussions with several organizations with whom alliances might be possible. LCC emerged as the most likely organization, especially given that LCC was expanding its strategic focus to include urban and suburban landscapes. That these two very different organizations might connect in a way that would create efficiencies and better benefit the community was intriguing.

The CEOs of both organizations began initial discussions, casually exploring collaborative opportunities; later an agreement was reached by both boards to explore the possibility. Initial discussions were focused on evaluating the possibility of some level of strategic alliance.

Defining the Process

The first step in the process was to create a working committee representing the leadership of both organizations. The respective executive committees became the Coordinating Committee, which met for the first time in August 2010. This joint committee agreed to meet monthly through the end of 2010 to:

- Explore areas of synergy between the organizations
- Identify 1-2 opportunities for collaboration that best serve to advance their efforts
- Identify collaborative scenarios for consideration (merger, incubation, alliance, collaboration on specific projects, etc.)
- Delineate advantages and disadvantages based upon identified opportunities
- Identify what each organization needs from the conversations

The key outcome from this initial phase was to make a go-no go decision about whether the conversations should proceed further based upon identified opportunities that were consistent with the organizations' respective missions and delineate needed resources to advance the opportunities.

Coordinating committee members each prepared a SLOT (strengths, limitations, opportunities and threats) analysis using a pre-planning document provided by Human Resources Management Associates. This exercise included evaluating short and long-range objectives, possible directions and sacred cows, i.e. deal breakers. Results were discussed in a November meeting and consensus reached that there were significant opportunities to merit further exploration.

At this point, external stakeholders were engaged. Representatives from both organizations met with community foundation staff, key advisors and community leaders to gauge their reactions about a prospective alliance.

With indications of financial support from the Lancaster County Community Foundation and agreement by the two boards to pursue an alliance, a request for proposals to four consultants was released. In February 2011, a consultant was hired to facilitate the process. The scope of service included: (1) conducting a feasibility assessment, (2) assisting in implementation planning, and (3) planning post-merger integration, if applicable.

Achieving Consensus

In March 2011, our consultant met with each board to present options for merger and affiliation models and to facilitate discussion and comment in three specific areas: (1) hopes and aspirations, (2) fears and concerns, and (3) conditions and special circumstances.

As the two organizations progressed through the process, key transition tasks were identified, including such items as:

- reviewing projects and programs of each organization and describing how staff and committees would integrate;
- determining how the LIVE Green board would integrate with LCC's board (since LCC was defined early on as the surviving entity if a merger were the chosen model of affiliation);
- integrating fund raising programs, financial planning and controls, human resources management and many other organizational aspects.

In May 2011, we convened an all-hands meeting with the boards and staff of both organizations. This meeting, held at the southern market center and facilitated by Dr. Shirk, presented information about each organization, gave everyone a chance to engage with leaders from the other organization, and presented options for discussion regarding an alliance. We talked through the components of a memorandum of understanding, which was eventually adopted by both organizations.

Refining the Details

With a memorandum of understanding in place, our effort centered on working through a series of tasks to collect information that would guide us in our further discussions. Tasks included:

- Key stakeholder interviews
- Research documents that could provide useful information (see list provided)
- Joint meeting of both full boards and staff
- Prepare list of documents to exchange
- Prepare merger discussions FAQ
- Prepare/sign non-disclosure agreement
- Prepare list of due diligence items
- Prepare preliminary Memorandum of Understanding
- Prepare documentation of implementation planning steps
- Research on legal requirements of merger
- Prepare transition plan including draft organization chart
- Prepare Plan of Merger and documentation for submittal to state AG's office

With conceptual agreement to proceed with a possible merger, the two organizations organized working groups to address the primary areas of integration (identified in the previous section).

Proceeding Toward Merger

After more than 12 months of conversations, both boards approved a letter of intent to merge in July 2011. This approval started a six-month transition period with the objective of completing the legal and program planning and documentation by the end of December 2011. This integration included coordination of contracts with funders and consultants, employment agreements with LIVE Green staff, determination of initial organizational chart to determine how LIVE Green fits into LCC structure, integration planning for LCC board seats, coordinated fund raising planning, and other areas of integration.

In October 2011, both boards adopted a plan of merger. In December, legal counsel submitted the plan of merger petition and required attachments to the PA Attorney General's office to complete the merger.

LIVE Green operations moved to LCC office space and staff and board combined budgeting and program planning.

The merger was officially announced in the summer of 2012.

The Merger

As agreed in the merger negotiations, LIVE Green was incorporated into LCC as a new program, with its program director hired by LCC to manage the program. LIVE Green was than dissolved and its assets transferred to LCC. Live Green's executive director, technically a paid consultant and not a staff member, was hired by LCC as director of urban greening to coordinate the conservancy's Urban Greening initiative.

Two members of the LIVE Green board were incorporated into LCC's board; in addition, LCC agreed to expand and diversify its board in the future to include urban stakeholders that would better complement LIVE Green's mission.

The integration of the two organizations continues. LCC hired a marketing consultant (with foundation funding) to develop communication strategies for publicizing the merger to members and the community. The organization is also embarking on a strategic planning process that will further unite the missions of the two organizations.

Preliminary Financial Report

Expense category	Budget	Actual/Est.
Facilitation expense	10,000	8,125
Legal	15,000	10,000
Marketing consultant	15,000	10,000
Printing/postage, etc.	7,000	3,000
Other expense	3,000	3,000
Strategic planning		25,000
Totals	50,000	59,125

Other Case Studies

Combining Forces: Conversations leading to a Strategic Alliance to Protect our Lands and Waters

This case study explores the merger of an urban-based environmental organization and a Pennsylvania land trust primarily focused on rural land protection.

Merger: The Story of Five Baltimore Watersheds that Became One

This case study outlines the successful merger of five watershed organizations working in the Baltimore region and includes a well-documented timeline, lessons learned and challenges experienced along the way.

Columbia Land Trust/Three Rivers Land Conservancy

A summary of the merger of two Washington state land trusts that worked side by side for twenty years. This case study includes lessons learned from the process.

Managing Mergers: How to Combine Forces to Boost Finances and Capacity

This Land Trust Alliance *Saving Land* article focuses on the latest trend of land trust mergers across the nation, including three brief case studies.

Creating an Environment for Success: Mergers and Other Partnership Structures for Environmental Nonprofit

Review of collaborative opportunities among nonprofits, including a case study focused on a merger of eight land trusts in the northeast region of Ohio.

Related Resources at ConservationTools.org

Library Categories

Collaboration and Mergers

Featured Library Items

Creating an Environment for Success: Mergers and Other Partnership Structures for Environmental Nonprofits

Models of Collaboration Among Land Trusts: A Research Report Prepared for the Maine Coastal Land Trust

Models of Collaboration: Nonprofit Organizations Working Together

Related Guides
Collaborative Opportunities for Land Trusts
Merger: An Introduction for Land Trusts

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Submit Comments and Suggestions

The Pennsylvania Land Trust Association would like to know your thoughts about this guide: Do any subjects need clarification or expansion? Other concerns? Please contact Andy Loza at 717-230-8560 or aloza@conserveland.org with your thoughts. Thank you.

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[1] Bates, Sylvia (2006). Models of Collaboration Among Land Trusts: A Research Report Prepared for the Maine Coastal Land Trust. Retrieved from Land Trust Alliance Website at http://learningcenter.lta.org.