OPEN SPACE INSTITUTE 2004 ANNUAL REPORT



YEARS OF CONSERVATION

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Since its inception, the Open Space Institute (www.osiny.org) has protected more than 90,000 acres in New York State. Through its Conservation Finance Program, OSI has assisted in the protection of more than 1,100,000 acres in New Jersey, New York, Vermont, New Hampshire and Maine.

OPEN SPACE INSTI



H. Pough, William H. Whyte, Charles E. Little and Stanley Tankel. Alarmed by a 1962 report, "Race For Open Space," published by the Regional Plan Association, they join forces to save open space from the rapid advance of sprawl in the New York Metropolitan Area and beyond.

1965

Open Space Action Committee publishes "Stewardship: the Land, the Landowner, the Metropolis," hailed by the editorial page of the New York Times for its contribution to the literature of practical land conservation.



1964

Open Space

Action Committee

is incorporated

by a group of dedicated conser-

vationists that

includes Richard



the permanent protection of critical open space lands through acquisition. While earning a reputation as a skilled and efficient protector of the land, OSI launches a Citizen Action Program to support grassroots environmentalism.

1973

John Adams, at

the request of

Richard Pough,

of OSI. Adams,

who co-founded

Resources Defense

Council reinvigo-

rates OSI by shift-

ing its focus to

the Natural

assumes leadership

1979 OSI initiates land protection program to permanently

protect the scenic Catskill Mountains One year later, OSI creates a nonprofit affiliate, the Beaverkill Conservancy,

to function as its land acquisition affiliate and a guarantor of proper and responsible land stewardship.

1990

OSI and Scenic Hudson create the 137-acre Manitou Point Preserve in Putnam County. New York In addition to protecting a 20acre tidal marsh and approximately 4,000 feet of frontage on the

as Outward Bound's national headquarters.

1991

transactions to expand Fahnestock State Park in east Hudson Highlands in Putnam County. In this first effort, OSI acquires the 4,400-acre Hubbard-Perkins Conservation Area, to be later transferred to the State of New York as an addition to Fahnestock State Park.

Hudson River, OSI and Scenic Hudson undertake restoration of Livingston mansion and help establish it

OSI completes the first in a series of almost 20

1992

OSI completes first of many transactions to create the Greenport Conservation Area along the shore of the Hudson



River in Columbia County, New York. With the creation of this public preserve, now 800 acres, OSI has protected more than two thirds of the town's river shoreline. OSI and its partner, the Columbia Land Conservancy, make several improvements, including a rustic gazebo and picnic shelter, to the gently sloping landscape of meadows and views of the Hudson River.



1992

OSI transfers 32-acre property in Hudson Highlands to State of New York for creation of new Arden Point State Park. With its trailhead at the train station in the hamlet of Garrison, Putnam County, the park provides easy access to the banks of the Hudson River.

1984

1964



1967



1973



1967

Open Space Action Committee is renamed Open Space Institute to emphasize commitment to "institute" work and organizational mission to educate the public about threats to open space and the strategies available for conservation.



space preservation at the local level describing the available tools and techniques, such as direct fee acquisition, gifts of land, conservation easements, and urban

1968

OSI publishes

Challenge of the Land,

by Charles E. Little.

manual for open

The book serves as a

planning. Challenge of the Land spells out the economic benefits of open space, dispelling a common myth that open lands cost taxpayers money.



1984

Founders of Readers Digest, Inc. select OSI and Scenic Hudson as recipients of the Lila Acheson

The Fund supports the two organizations' land protection efforts in the Hudson River. George V. Grune, Chairman of the Wallace Funds, described the focus of the fund as "strategically preserving land in the Hudson River Valley through creative public-private partnerships for the benefit of the people."

1988

OSI acquires 5,000-acre Onteora Scout Reservation, later transferring the

majority of the property to the State of New York and retaining 287-acre Beech Mountain Nature Preserve.

1989

From 1989 to 1992, Matthew Davidson serves as president of OSI, leading the organization's strategy of protecting large, unfragmented landscapes in New York's Hudson River Valley. Davidson, who now serves

as a trustee, brings to OSI great conservation knowledge, experience, and dedication to the preservation of New York's natural heritage. Another key player in OSI's early land saving efforts is Peter Borrelli, who served as vice president for several years.



Just fifty miles north of Manhattan, Fahnestock is a popular recreational destination, and as a direct result of OSI's efforts, one of New York's largest state parks.

1992

Kim Elliman ioins OSI, serving as president until 1999. With a distinguished track record and extensive knowledge of land conservation, Elliman leads OSI during time of greatest growth and expansion, during



1994

1979

OSI expands land protection capability by entering into Joint Venture partnership with the Trust for Public Land (TPL). The Joint Venture combines the staff expertise and resources of the two organizations for the purpose of land protection through direct acquisition, open space financing, and land planning. Most notably, OSI and TPL will lead negotiations to acquire 15,800 acres at Sterling Forest in 1997 for \$55 million,



198

raised from New York, New Jersey, the U.S. Department of the Interior, and lead gifts from the Lila Acheson and DeWitt Wallace Fund for the Hudson Highlands and the Doris Duke Charitable Foundation. Other JV highlights include significant additions to the Taconic Crest Trail along New York's border with Massachusetts; creation of a riverfront park in Croton-on-Hudson in Westchester County; the acquisition of 5,400-acre Lundy estate in the Catskills; and efforts to encourage local open space ballots.

1995

OSI acquires 3,400-acre Spier Falls property in the foothills of the Adirondacks, ensuring the protection of three waterfalls and 14



miles of pristine Hudson shoreline, divided evenly between the north and south sides of the River. By conveying the Spier Falls property to the State of New York, OSI tripled the size of Moreau Lake State Park-an excellent example of OSI's ongoing partnership with the State of New York to create and expand public parks for people to enjoy.



TUTE: 40 YEARS OF

1996

OSI acquires 2,466 acres to expand public access to the scenery of the western Hudson Highlands. This acquisition leads to creation of one of New York's newest state parks, Schunnemunk Mountain State Park. The ridge is a favorite spot for hikers, bird watchers, and nature lovers. With an elevation of nearly 1,700 feet, Schunnemunk Mountain forms the western boundary of the Hudson Highlands and is the highest summit in Orange County.



1996

In an ongoing effort to expand public funding for open space protection in New York, OSI works intensively with Pataki Administration to secure passage of Clean Water/

Clean Air Bond Act. The Bond Act provided \$150 million for land acquisition projects throughout New York State.



1989

1997

OSI initiates farmland protection program in Saratoga County, where fertile farmland is threatened by increasing development interest. This effort com-

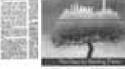
plements OSI's long-standing commitment to the protection of historic resources. In the viewshed of the Saratoga National Battlefield Park, the site of a decisive Revolutionary War battle that took place in 1777, OSI has protected more than 1,400 acres to date.

1997

OSI acquires 4,700 acres of former watershed land on the Shawangunk Ridge from the Village of Ellenville, including the famed "Ellenville Ice Caves." This represents first step toward creation of the 5,373-acre Sam's Point Preserve in Ellenville, New York. The preserve contains a globally rare ecosystem of pitch pine barrens and phenomenal views of the Hudson River Valley and neighboring Catskill Mountains. The Nature Conservancy, which manages Sam's Point Preserve on OSI's behalf, identifies it as one of the Western Hemisphere's "Last Great Places." The acquisition of the Sam's Point Preserve is part of a much larger effort to permanently protect the Shawangunk Ridge from Rosendale (near the Hudson River) to Port Jervis on the New Jersey border. Over the years, OSI will acquire more than 19,000 acres of ecologically sensitive ridgetop land in the eleven towns and three counties.

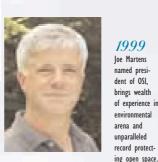
Search Vote h Next Hurdle

Far o Forest



partner, Trust for Public

Land, lead negotiations to acquire 15,800 acres of Sterling Forest at a cost of \$55 million, leading to creation of Sterling Forest State Park, one of the state's largest parks. Located 35 miles northwest of New York City on the New York-New Jersey border, Sterling Forest is an important source of drinking water for approximately two million residents in northern New Jersey.



Prior to joining OSI, Martens served as chief energy and environmental adviser to New York Governor Mario Cuomo and was instrumental in drafting legislation to create the Environmental Protection Fund, the first dedicated revenue for environmental programs at the state and local levels

2000

OSI creates Northern Forest Protection Fund with support from Doris Duke Charitable and Surdna Foundations. The NFPF is a grant and loan-making program

1994

dedicated to the permanent protection of forestland in the Northern Forest, one of the nation's most threatened landscapes. Stretching across 26-million acres in northern New York, Vermont, New Hampshire and Maine, the Northern Forest is the largest remaining expanse of forestland east of the Mississippi River.



2000

Through continuing joint efforts, OSI and Trust for Public Land lead negotiations to add an additional 2,000 acres to Sterling Forest State Park, bringing its total acreage to nearly 18,000. The Joint Venture also acquires the 1,300-acre Lands and Forests Tract in the Shawangunks, protecting pitch pine barrens, exposed bedrock and nearly two miles of ridgeline and the highest summit in the southern Shawangunks.

2000 OSI acquires

the 1.366-acre Shevchenko property at the western periphery of Minnewaska State Park Preserve in



the northern Shawangunks. This remote tract nearly connects the Shawangunk Ridge with the Lundy Estate in the southern Catskills, providing an important conservation connection between the Shawangunk Mountains and the Catskills. OSI's work will more than double the size of Minnewaska State Park Preserve, making it the largest "park-preserve" in the State of New York.

2001 OSI announces first grants of newly cre-

ated Northern Forest Protection Fund. These grants total \$1.44 million to four nonprofit land trusts and support the purchase and permanent



1996

1995

protection of 62,854 acres of private forestlands in the Northern Forest. Projects supported in 2001 include the Pond of Safety in northern New Hampshire; the Bunnell Tract in northern New Hampshire; the Adirondack Lakes tract in northern New York; and, Black Falls in the northern Green Mountains of Vermont

2001

The Reader's Digest Funds announce a distribution of combined assets of approximately \$1.7 billion to 13 charitable organizations, including the Open

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Space Institute. As a result, the Lila Acheson and DeWitt Wallace Endowment Fund is distributed to OSI and Scenic Hudson. OSI's portion provides an endowment of \$130 million.

2001

In the Hudson Highlands in Putnam County, OSI acquires "Glenclyffe" property. In the hamlet of Garrison, the 93-acre property sits on the banks of the Hudson River with extraordinary views of the river and surrounding Highlands.





1997

OSI and Joint Venture

1991 1992 1990

Prior to its acquisition, Sterling Forest was one of the last large privately held undeveloped areas of the New York Metropolitan Area. Sterling Forest was originally owned by the Harriman family and sold in the 1950s to a private company that planned to build a new city that would house some 50,000 residents.

1999

In Cold Spring, Putnam County, OSI acquires "Dockside" property. This riverfront gem, accessible from the village of Cold



Spring, provides clear views of Hudson Highlands and Storm King Mountain, where one of the first environmental battles was fought and won to prevent the construction of a pumped hydro facility by Con Edison on Storm King Mountain. OSI initiates planning process to create riverside park at "Dockside."



OP:2

CONSERVATION MILESTONES 2004

2002 OSI is honored with

2002 Historic Preservation Award by the New York State



Office of Parks, Recreation and Historic Preservation, OSI is recognized for historic preservation efforts, including: the acquisition of Top Cottage, the retreat of Franklin Delano Roosevelt; the permanent protection of Washington's Lookout in Orange County, New York, where General George Washington planned a pivotal attack during the Revolutionary War; and, the creation of Schuyler Flatts Cultural Park, an archaeologically significant site in Colonie, New York.



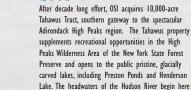
2002 OSI's Northern

Forest Protection

Fund announces

six grants and loans to land trusts working to purchase forestland in the Northern Forest. Funding to local land trusts totals \$4.2 million to purchase 245,000 acres. Projects include West Branch Project, Phase I, in Maine; the Western Maine High Mountain Project; the Connecticut Lakes Headwaters Project in New Hampshire; the Lake Umbagog Project in New Hampshire; and, the Tug Hill

Plateau project in northwestern New York.



at the outlet of Henderson Lake.

2003

2003

Kim Elliman returns to OSI as chief executive officer to join Joe Martens in leading OSI's programmatic and geographic expansion. Under Elliman's leadership, OSI announces creation of Conservation Finance Program and hiring of Peter Howell to direct new program. CFP encompasses conservation lending, grant making, and strategies for New Jersey and the Northern Forest. Howell, former program director for the environment at the Doris Duke Charitable Foundation, initiates comprehensive study of Southern Appalachia and western Massachusetts, precursors to new program areas under Conservation Finance Program.





OSI's Conservation Finance Program makes 2 grants and 6 loans for land conservation projects in Maine, New Hampshire, and New Jersey. One of the highlights of 2004 includes OSI's support for the protection of "Heart of Pines" project in the Pine Barrens of New Jersey, the largest private land transaction in NJ history. To date, the CFP has leveraged nearly \$200 million in public and private funds and helped protect nearly . I.I million acres of land.



2004

2003

OSI acquires 178-acre parcel in Southern Shawangunks in Sullivan County. Acquisition protects the headwaters of the Basha Kill, which meanders through one of New York State's largest freshwater wetlands. The Basha Kill wetlands are part of the 2,175-acre Bashakill Wildlife Management Area, managed by the Department of Environmental Conservation (DEC). Through a series of complex negotiations, OSI helped the State of New York complete its acquisition of the wildlife management area in the 1970s.

1997

1999

2002

OSI's farmland protection program for Hudson River Valley works in concert with New York State Department of Agriculture and Markets. Through this program, a local 25% match is required to leverage state funding for purchase of development rights (PDR). In 2002, OSI protects four farms through PDR, ensuring that more than 1,100 acres of fertile farmland will never be developed for non-agricultural use.



2002

OSI completes the donation of 503-acre Lonestar tract in Putnam County to State of New York and Village of Nelsonville as an addition to Hudson Highlands State Park. Addition enhances public recreation opportuni-

ties and advances OSI's goal of creating a protected greenway between Hudson Highlands State Park, near the Hudson River, and nearby Fahnestock Memorial State Park.





2000

2003

OSI and Woodstock Land Conservancy join forces in a campaign to protect Overlook Mountain, which forms a scenic backdrop to the Town of Woodstock in the Catskills. The two groups pledge to raise funds from the local community to protect this natural icon, which served as inspiration to the Hudson River School of Painting.

2003

OSI and Albany County Land Conservancy team up to protect Indian Ladder Farms in the

shadows of the Helderberg Escarpment in Albany County. By joining together, the two groups generate funding necessary to match a New York State Department of Agriculture and Markets State Grant. Indian Ladder Farms is a fourth generation orchard in New Scotland and one of 15 farms protected by OSI. To date, OSI has protected nearly 4,000 acres of farmland in the Hudson River Valley, primarily through the use of conservation easements.



2001



2002

Governor Pataki announces New York State Department of Environmental Conservation annual Adirondack Stewardship award to Open Space Institute. OSI president, Joe Martens, who led negotiations leading up to OSI's acquisition of landmark Tahawus Tract, accepts award on behalf of OSI. A year later, OSI is again recognized for the protection of the Tahawus Tract by the Adirondack Park Agency's "Earth Day" Award.



program related

investment by the Geraldine R. Dodge Foundation. The purpose of the loan fund is to provide bridge financing to non-profit conservation organizations when state funding is delayed or unavailable. The New Jersey program serves as an arm of OSI's Conservation Finance Program, which encompasses the Northern Forest Protection Fund.



2004 OSI initiates year-long study of sprawl in New York's capital district counties of Albany, Rensselaer, Saratoga and Schenectady. Funded by the Malcolm Gordon Charitable

2004

Trust, which is dedicated to OSI's environmental educational efforts, "Open Space for Tomorrow," concludes that, because of insufficient resources, communities are too busy reacting to proposed development to adequately plan for future growth. The report makes the case for more planning funds and coordinated planning efforts and details various open space protection tools.

2004

OSI undertakes comprehensive study of western Massachusetts, a 2.6 million acre area that contains much of the remaining large, intact forests and productive

farms in southern New



England. The study, "Western Massachusetts: Assessing the Conservation Opportunity," reports that cuts in state acquisition funding - from a high of \$73.6 million in 2002 to a low of \$18 million in 2004 and \$27 million this year - have created a threeyear backlog in the state's farm protection program and slowed the pace of forestland protection. In addition to crafting recommendations for land saving efforts in western Massachusetts, OSI looks at possibility of a new conservation finance program for this unique region.



Welcome From the Chairman



As we celebrate OSI's 40th Anniversary, I would like to thank you for your support and passionate enthusiasm over the years. Every acre we protect represents the work of many friends coming together for the landscapes they love.

Working with you, we have protected 90,000 acres in New York State. In the Northern Forest, through our

newly created Conservation Finance Program, we have helped protect nearly one million acres of forestland. And in New Jersey, with our newest finance program, we have helped protect more than 10,000 acres of open space through conservation lending.

Over the years, you have heard a lot about our New York State program, which protects iconic landscapes in the Hudson River Valley, Catskills and Adirondacks. Using direct land acquisition, OSI has added tens of thousands of acres of publicly accessible parkland to our state parks, emphasizing the public need for open space and the value of unfragmented landscapes for the sake of wildlife, clean air and water. On a smaller scale, but equally important, we have worked with small towns and hamlets throughout New York to help retain the rural character of local communities while creating public open spaces for everyone to enjoy.

Our newest program—Conservation Finance—is about empowering other groups that share our mission, from small land trusts formed around a kitchen table to large, established national organizations. Through this program, we have leveraged more than two hundred million conservation dollars and helped protect enormous swaths of threatened forestland and open space. The newest manifestation of this program is our work in the Garden State. It's a great example of an old OSI tenet I hold dear: never shy away from new territories. And always look for friends in new places.

The challenge of land conservation in New Jersey—where analysts predict a complete buildout within the next thirty to forty years, meaning that every acre of land that *can* be developed *will* be developed—is daunting. However, as you will read in these pages, our new program, just two years old, is already having a considerable impact.

Looking forward, the organization that was first dreamed up in the 1960s is very much alive today. In fact, the "institute," or think-tank, part of our origins is undergoing a revival. We believe that there is an unmet need for knowledge sharing that OSI can fulfill. You'll hear much more about this in the very near future: OSI will orchestrate and sponsor conferences and symposiums, publish white papers and sprawl studies, and create new conservation tools to adapt to the challenges of land conservation in a world of hungry developers, strip malls and mind-numbing sprawl.

Once again, thank you for your support. Some of you are new friends and supporters and others have been with us since the 1960s—you are all part of what makes OSI one of the greatest forces in land conservation today.

John H bdams JOHN ADAMS,

Canoeing across New Hampshire's Pond of Safety , by Ned Therrien (1.); Views of the Catskills, by Tildy La Farge (c.); Aerial of Roaring Brook Pond in Maine's 100-Mile Wilderness, by Mike Ferrucci (r.)



Dispatch From the Staff

In 2004, we are celebrating forty years of land conservation. We owe an enormous thanks to our stalwart friends and supporters: many of you have been with us from the beginning.

Our story begins in the 1960s. Amidst one of the greatest musical eras of our time, OSI was incorporated as a nonprofit organization in 1964. The British invasion was sweeping across the country as the Beatles produced hit after consummate hit like "A Hard Day's Night" and "Twist and Shout."

While the great music that defined the sixties was playing in the background, it was also playing on the radios of the green VW beetles that our staff used to deliver, door-to-door, and person-to-person, a message of urgently needed land conservation. In a streak of green beetles that shot up the parkways and thruways, OSI staff fanned out within a 50-mile radius of Midtown Manhattan, meeting with landowners who could make a difference in the race to permanently protect open space threatened by suburban sprawl.

The goal of the "institute" created by our early founders was to help citizens understand their role as land stewards and inform communities about the ecological and spiritual values of open space. They delivered their message through a series of publications, including a magazine, "Open Space Action," white papers, and books such as "Stewardship" and "Challenge of the Land." Through their outreach, they drove home the point that the protection of quickly disappearing open space was in the hands of each and every citizen using a variety of conservation tools and planning strategies.

These efforts laid the groundwork for the next phase of our work, which began in the early seventies and continues today: a proactive land acquisition program that has created new state



Kim Elliman and Joe Martens

and local parks, expanded others and protected working farms and forests. Working with landowners, other not-for-profits and all levels of government, OSI has helped protect entire landscapes in New York and beyond.

Most recently, OSI expanded its land protection program through the development of a conservation finance program, which makes loans available to other land conservation organizations in the State of New Jersey and throughout the northern forests of New York and New England for conservation deals. In addition to contributing loan capital to creative conservation projects, OSI has helped improve conservation practices in the process. Through each phase of OSI's development, OSI's chair, John Adams, has led the way.

We dedicate this anniversary issue to our partners and to all of you who have supported our efforts to permanently protect the landscapes that define our communities and add immeasurably to the quality of our lives.

Kin Ellow.

JOE MARTENS

KIM ELLIMAN Chief Executive Officer

President





19th century barns near the North Creek Train Station in the Adirondacks.

dirondacks

PROGRAM OVERVIEW

WITH MORE THAN 30,000 MILES OF RIVERS AND STREAMS, 10,000 LAKES AND PONDS, AND HUNDREDS OF MILES OF PUBLICLY ACCESSIBLE TRAILS, THE WILDERNESS OF THE ADIRONDACKS IS ONE OF NEW YORK'S DEFINING NATURAL RESOURCES. Large forested landscapes — owned primarily by timber management companies — still exist, but are increasingly at risk. This is due in part to the lure of southern climates that are drawing companies away from the Northeast.

OSI's land protection program in the Adirondacks has worked with a variety of public and private partners who share OSI's goal of

protecting the dramatic scenery of the Adirondacks for future generations to enjoy. The program uses direct land acquisition in addition to loans and grants administered through the Conservation Finance Program (see page 10).

To date, through land acquisition, OSI has protected more than 18,000 acres in the Adirondacks. This includes the historic 10,000-acre Tahawus Tract, which OSI* acquired through its land acquisition affiliate, the Open Space Conservancy, in 2003 after an eight year effort. The Tahawus property, a critical mining hub in the early 1800s, is now a popular recreational destination. It is also the site of the glacially carved Lake Henderson, birthplace of the Hudson River. Within the next five years, OSI envisions the addition of 20,000 acres of protected lands to the Adirondack Forest Preserve, and through the Northern Forest Protection Fund, assisting in the protection of an additional 100,000 acres of working forests.

ADIRONDACKS PROJECTS COMPLETED IN 2004

In 2004, as an addition to the TAHAWUS TRACT, OSI acquired 393 acres in the Town of Newcomb, Essex County. While this transaction protected a significant forested landscape, it also protected a two-mile stretch of Hudson River shoreline. In another transaction related to the Tahawus Tract, OSI secured an historic property near the NORTH CREEK TRAIN STATION where Theodore Roosevelt boarded a train in 1901 in his "midnight ride to the presidency." While vacationing at the Tahawus Tract, Roosevelt received word that President McKinley was dying. The parcel acquired this year builds on efforts to raise public awareness of the train station and its role in this pivotal event. The 1.23-acre Kellogg property, immediately south of the newly restored train station and on the banks of the Upper Hudson, includes stables and barns dating back to the 19th century, when travelers would switch to horse-drawn carriages after disembarking from trains to North Creek, the northern terminus. Warren County plans to convert these historic structures into a museum featuring the logging, mining, and recreational history of the region.



Patricia Sullivan, OSI TRUSTEE

Patricia F. Sullivan's environmental spirit was awakened with the celebration of the first Earth Day in 1970. After leaving a career in banking with Morgan Guaranty Trust, in 1971 Pattie co-produced "The Empty Nest," a documentary film about the effects of pesticides on osprey. Two years later, she joined the staff of the Natural Resources Defense Council, where she currently serves as the deputy director.

In 1975, Pattie joined the board of OSI at its inaugural meeting. "It gave me a serious outlet for my interest in place-based land conservation. My concern was growing daily because I had seen too many landscapes that I loved lost to development," said Pattie.

A New York City resident and avid world traveler, Pattie remarked upon returning from a recent trip down the Mekong River through Cambodia, that "rivers are the great connectors and help to form cultures and habitats, histories and landscapes. It makes me appreciate what OSI is doing here at home on the Hudson."

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PROGRAM OVERVIEW

FOR OVER THIRTY YEARS, THE OPEN SPACE INSTITUTE HAS LED EFFORTS TO PROTECT SIGNIFICANT ENVI-RONMENTAL, RECREATIONAL AND AGRICULTURAL LANDSCAPES IN THE CATSKILL MOUNTAIN REGION OF NEW YORK STATE. The region is often described as "America's First Wilderness" because it's wild and rugged landscape was discovered by European settlers in the 1600s.



Overlook Mountain

The Catskills region is celebrated for its high peaks, cold-water trout streams and abundant forests. This year, the State of New York is celebrating the 100th Anniversary of the 705,000-acre Catskill Park, a patchwork of public and private lands created in 1904. This extraordinary resource, just 100 miles north of New York City, serves as the primary watershed for more than eight million thirsty New Yorkers downstate.

To date, OSI has protected more than 20,000 acres in the Catskills through direct land acquisitions and conservation easements, primarily in the fabled Beaverkill Valley. Within the next five years, we envision protecting 10,000 acres within the Catskill Forest Preserve and 5,000 acres in the Lower Beaverkill Valley. OSI will also pursue opportunities to protect working farms and forests within the New York City watershed.

CATSKILLS PROJECTS COMPLETED IN 2004

This year, OSI conveyed 231 acres of backcountry acreage to the New York State Department of Environmental Conservation. Known as the VAN NORDEN PROPERTY, this landscape includes extensive frontage along the Willowemoc, a cold-water trout stream and Beaverkill tributary. The Van Norden farmstead attracted many angling luminaries in its early years, including Theodore Gordon, known as the father of American Flyfishing. An historic red barn on the property was home to the Catskills' first flyfishing club. In a continuing partnership with the New York State Department of Environmental Protection (DEP), OSI acquired 40 acres of undeveloped watershed land in the Town of Denning. This land protects the NEVERSINK WATERSHED, an important water resource for New York City and a historic fishery.

In 2004, OSI acquired 28 acres from a private landowner to complete a third crucial step in the organization's joint campaign with the Woodstock Land Conservancy to protect the upper reaches of OVERLOOK MOUNTAIN, which inspired some of the first painters of the Hudson River School and forms the backdrop of Woodstock, New York. Since launching the campaign in 2003, OSI and the WLC have protected 320 acres of open space at Overlook Mountain. A strenuous climb to the top of the mountain affords views of the New York City watershed, the Hudson River, and the Catskill Mountains.

Barney McHenry, OSI TRUSTEE

O SI trustee Barnabas McHenry was a young lawyer in private practice in Manhattan in 1962 when Reader's Digest came calling. It was a career move that continues to define his very active civic life today.



During 23 years as general counsel to the Readers Digest Association

and another two as executive director of the Lila Acheson and Dewitt Wallace Funds, Barney has had an enormous influence on the evolution of OSI, to say nothing of multiple other New York based charities.

For the past 20 years, OSI's land acquisitions have been largely funded by the generosity of the Lila Acheson and DeWitt Wallace Fund for the Hudson Highlands. In 2001, half the assets of the fund, approximately \$129 million, were distributed to OSI as an endowment.

A board member for 18 years, Barney recently had this to say about OSI: "At the end of the day it's about what you do. There are all kinds of committed folks and institutions, but there are very few who really get things accomplished. OSI does." If so, it is in large part due to Barney, the Wallaces, and a shared vision of the Hudson River Valley and its landscapes.

son Rive

UPPER HUDSON RIVER VALLEY PROGRAM OVERVIEW

The Open Space Institute's land protection initiatives in New York State have resulted in the permanent protection of more than 45,000 acres in the Hudson River Valley. The Upper Hudson River Valley is comprised of the Capital District and Albany, Rensselaer, Saratoga and Washington counties.

The upper reaches of the Valley encompass the fossil-rich limestone cliffs of the Helderberg Escarpment west of Albany; fertile farmland in Saratoga County; and extensive shoreline along the Hudson River all the way to the southern tip of the Adirondack Park.

To date, OSI has permanently protected almost 3,500 acres here through direct land acquisitions and conservation easements. This includes more than 1,200 acres in and around the Helderbergs, where OSI's goal is to create a protected land bridge between John Boyd Thacher State Park and neighboring Thompson's Lake State Park. OSI has also protected nearly 1,500 acres in the vicinity of the Saratoga National Battlefield Park. In the next five years, OSI plans to acquire additional acreage near Thacher State Park, while continuing efforts to protect threatened farmland and large undeveloped and unfragmented parcels.

UPPER HUDSON RIVER VALLEY PROJECTS COMPLETED IN 2004

In 2004, OSI advanced the organization's long-term goal of land protection in and around the HELDERBERG ESCARPMENT, where we acquired 24 acres, which we later conveyed to the New York State Office of Parks & Recreation as an addition to Thatcher State Park. In another project with the state—this time working with the Department of Environmental Conservation—OSI acquired 43 acres in the Town of New Scotland, Albany County, which we plan to convey to the DEC as an addition to the FIVE RIVERS ENVIRONMENTAL EDUCATION CENTER.

OSI is grateful to have been the recipient of a donation of 23 acres adjacent to the HANNACROIX CREEK PRESERVE, which OSI created through a series of transactions in partnership with the New

Baltimore Conservancy. The preserve is an undeveloped and wooded landscape with more than a half-mile of frontage on Hannacroix Creek, a picturesque tributary of the Hudson River and a State designated trout stream. Also, this year, OSI acquired a 1.64 parcel of land with an historic structure in the hamlet of Alcove, Albany County, known as "CHIMNEY TOP," a circa 1860s brick chimney which stands 110 feet high. The chimney is the last remnant of one of the early paper mills there. In the City of Cohoes, Albany County, OSI acquired eight acres as part of an overall revitalization plan for this Hudson River town. This acquisition involves a segment of the former D & H RAILROAD LINE, which will be converted to a trail for bike riding and hiking.

MID-HUDSON RIVER VALLEY PROGRAM OVERVIEW

The Open Space Institute's highlighted land protection initiatives in the Mid-Hudson River Valley include the Shawangunk Ridge, to the west of the Hudson River, and to the east of the river, the 700-acre Greenport Conservation Area and the Historic Kinderhook Creek Corridor. The mid section of the Hudson Valley includes Columbia, Greene, Dutchess and Ulster counties.

OSI has protected close to 15,000 acres in the Mid-Hudson River Valley through direct land acquisitions and conservation easements. OSI has significantly expanded Minnewaska State Park Preserve, today one of New York's largest state parks.

OSI's future goals for the Mid-Hudson River Valley include the protection of an additional 5,500 acres in the northern reaches of the Shawangunk Ridge and efforts to protect thousands of acres of land in the southern Shawangunks and surrounding the Basherkill Wildlife Management Area. And, in the KINDERHOOK CORRIDOR, where the rural character of Columbia County is increasingly threatened by development, OSI envisions future acquisitions to expand the historic Van Buren farmstead and nearby farmland in partnership with the National Park Service. *(continued on next page)*



Joan K. Davidson, FRIEND OF OSI

Since the early 1970s Joan K. Davidson has been a staunch advocate for the environment. "Through many incarnations," as she puts it, Joan has supported the Open Space Institute. As its president for many years she led the J.M. Kaplan Fund in support of the environment, as well as civil liberties and human rights and the arts. A close working relationship with OSI was a natural fit, she recalls. "OSI has always been a wonderful partner, imaginative, strategic, and steadfast!" she says.

In 1993, when Governor Cuomo appointed her commissioner of the New York State Department of Parks, Recreation and Historic Preservation, her work with OSI continued. "The work changed, clearly. But the results were always the same — abiding efforts to protect natural resources and great landscapes for the public to enjoy forever," says Joan. OSI is grateful to Joan Davidson and her son Matt, who served as president of OSI in the years 1989–1992 and continues to support the organization today as a trustee.





Kinderhook farmland

Schevchenko Tract

Lake Surprise Camp

MID-HUDSON RIVER VALLEY PROJECTS COMPLETED IN 2004

This year, OSI acquired 38 acres of farmland on Route 25 in the Town of Kinderhook. This acquisition highlights OSI's commitment to the protection of fertile farmland surrounding the Martin Van Buren National Historic site, including 126 acres that was part of the 8th President's retirement estate. Here, in the Kinderhook Corridor, one of the most successful Community Supported Agriculture (CSA) projects—Roxbury Farm—is thriving on OSI protected farmland.

In the Shawangunks, in an ongoing effort to create a 49-mile long greenway of protected lands, OSI completed a series of transactions to protect the phenomenal scenery of the "Gunks" and its rare ecosystem of pitch pine barrens, crystal clear streams and dramatic waterfalls. In the Southern Shawangunks, OSI acquired 175 acres in the town of Mamakating, Sullivan County, to protect the headwaters of the Basherkill, which forms one of New York's largest freshwater wetlands. This effort complements OSI's early role in the creation of the BASHERKILL WILDLIFE MANAGEMENT AREA, which involved a series of complex negotiations to support the New York State Department of Environmental Conservation's initial acquisition of nearly 3,000 acres.

Also, in a long-standing partnership with the State of New York, OSI conveyed the 1,365-acre SHEVCHENKO TRACT, also known as the Witch's Hole property, to the Palisades Interstate Park Commission for inclusion in Minnewaska State Park Preserve. In a 50-acre acquisition, OSI protected the Saunderskill Stream in the PETERSKILL CONSERVATION AREA in the northern reaches of the Shawangunk Ridge. OSI will convey this property to the Palisades Interstate Park Commission as an addition to Minnewaska State Park Preserve. In an effort to enhance public access to STONY KILL FALLS, one of the tallest waterfalls on the Ridge, OSI acquired 18 acres adjacent to the falls. And, through two combined acquisitions, totaling 12 acres, OSI protected a portion of the summit of ROCK HILL, the fifth of a series of summits that stretches north from Lake Minnewaska and the Minnewaska State Park Preserve.

LOWER HUDSON RIVER VALLEY PROGRAM OVERVIEW

For over 20 years, the Open Space Institute has been working to protect environmentally sensitive areas in the Lower Hudson River Valley, where the dramatic Hudson Highlands form a narrow ridge across the Valley. With close proximity to New York City, the scenery of the Lower Hudson Valley is dotted with lakes, streams, woodlands, and mountains. However, this lower section of the Valley, which includes some of the fastest growing counties in the state — Orange, Putnam, Rockland and Westchester--is threatened by rapid development pressure.

OSI has protected more than 28,000 acres in the Lower Hudson River Valley through direct land acquisitions and conservation easements. This includes the organization's largest acquisition ever, in partnership with the Trust for Public Land and the State of New York, to create the 17,000-acre Sterling Forest State Park. OSI's future goals in the Lower Hudson River Valley include the completion of a protected land bridge between Hudson Highlands State Park and Fahnestock State Park, protecting the Highlands east and north of Fahnestock to the Connecticut border, and doubling the size of Schunnemunk Ridge State Park, which OSI helped create.

LOWER HUDSON RIVER VALLEY PROJECTS COMPLETED IN 2004

This year, working with the directors of the 102-year old LAKE SURPRISE CAMP in Cold Spring, Putnam County, OSI acquired through direct purchase and conservation easements one of the last large undeveloped tracts in the county. This resulted in the permanent protection of 665 acres at Lake Surprise Camp in the heart of the Hudson Highlands, while also affording the opportunity to support the camp's mission of providing an enjoyable summer experience for youth.

The Open Space Institute's partnership with Lake Surprise Camp characterizes the organization's work throughout the years with other charities that share a key part of OSI's mission to "ensure public enjoyment" of open space. Giving inner city youth access to the outdoors is the most rewarding and satisfying manifestation of this goal. This year, OSI conveyed to the State of New York a conservation easement acquired in 1994 from the CLEAR LAKE SCOUT RESERVATION. OSI's acquisition of the easement helped support the boy scouts while protecting one of the most scenic trails at Fahnestock State Park in Putnam County.

In a similar transaction, OSI acquired 699 acres from the FRESH AIR FUND, which brings inner city youth to a camp in Putnam County. The purchase of undeveloped land, which the FAF had used as a buffer to its camp property, helped support the Fresh Air Fund while enhancing Fahnestock State Park. This year, OSI sold the property to the New York State Office of Parks, Recreation, and Historic Preservation as an addition to Fahnestock. In this transaction, as is the case with most conveyances to the state, OSI sold the property for the price we originally paid while sparing New York taxpayers substantial transaction costs.

Conservation Finance Program

n 2000, OSI launched its Conservation Finance Program to accelerate conservation efforts in selected regions of the eastern United States. Through the program, OSI seeks to protect landscapes by making loans and grants for land purchases, piloting innovative financing techniques and sharing information about promising financing and management practices. To date, the CFP has made 23 loans and grants totaling \$21 million to land trusts and conservation organizations in New Jersey, New York, New Hampshire and Maine to protect 1.1 million acres. Projects range from larger forested tracts that contain habitat for wildlife to smaller open spaces that preserve the rural character of communities threatened by development pressure.

In 2004, OSI made two grants worth \$2.5 million for land conservation projects protecting nearly 170,000 acres in Maine and upstate New York and six loans totaling \$6.4 million to protect 115,000 acres in New Jersey, New York and New Hampshire. OSI is currently expanding its geography beyond the Northern Forest, which encompasses the upper reaches of Maine all the way to northern New York, and identifying new program goals for open space protection in Southern Appalachia. This unique region covers many southern states, including North Carolina and Tennessee.

Northern Inrest

PROGRAM OVERVIEW

Spanning 26 million acres in the U.S., the Northern Forests are the ecological, economic and cultural mainstay of this predominantly rural and largely low-income region, providing wildlife habitat, raw materials, jobs and recreation for millions of residents and visitors. But continuing land sales by timber companies threaten to subdivide the region's base of working forestlands, negatively affecting ecosystems and rural economies alike. Against this backdrop, one of the nation's most extraordinary conservation success stories has unfolded: Since 2000, national and regional land trusts have leveraged \$350 million in public and private funds to protect 2.5 million acres of forestland. OSI has played a role in this ongoing drama with the Northern Forest Protection Fund, a \$12.5 million grant and loan fund capitalized with grants from the Surdna and Doris Duke Charitable Foundations and Jane's Trust. To date the Fund has made 16 grants and loans totaling \$17 million to protect 1.1 million acres of land and to promote improved forest management.

NF PROJECTS COMPLETED IN 2004

Maine's Downeast Lakes region is a 1.1 million acre landscape of abundant lakes and streams that teem with wildlife such as salmon, eagles, bear and lynx. The Northern Forest Protection Fund provided a \$1 million grant to the NEW ENGLAND FORESTRY FOUNDATION to protect, in partnership with the DOWNEAST LAKES LAND TRUST, a key 27,080-acre tract in the heart of this region, which draws anglers and canoeists from afar. The land trust will own and manage the property in a sustainable fashion under standards of the Forest Stewardship Council. The property is contiguous to 600,000 acres of conserved land in



Sable Highlands, located in the northeastern Adirondacks

New Brunswick, Canada and Maine, in addition to hundreds of thousands of acres of privately and publicly protected land in the United States.

Also in Maine, OSI made a \$1 million grant to the APPALACHIAN MOUNTAIN CLUB for its purchase of the 37,000-acre Katahdin Ironworks tract near Greenville in the "100 Mile Wilderness," a favorite destination for thru-hikers on the Appalachian Trail. The project, supported the previous year with a \$3 million OSI loan, seeks to integrate sustainable forestry, nature-based tourism, and low impact recreational opportunities. The parcel is located within an emerging corridor of conserved land between Moosehead Lake and Mt. Katahdin in Baxter State Park.

Mirror Lake in New Hampshire's White Mountains is the site of one of the longest running forest research efforts in the world. This year, OSI intervened to provide a \$1.54 million loan to help the HUBBARD BROOK RESEARCH FOUNDATION, in partnership with the Trust for Public Land, protect land vital to its acid rain research. The loan facilitated the acquisition of a threatened 8.3acre parcel near Mirror Lake, where for forty years Hubbard Brook has been compiling ecological research. Scientists with Hubbard Brook have been studying Mirror Lake and nearby forestland to identify and



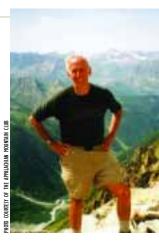
quantify a link between the phenomenon of "acid rain" and increasing levels of air pollution.

In the northeastern Adirondacks, OSI provided a \$500,000 grant and \$2 million loan to THE NATURE CONSERVANCY to purchase the 104,000-acre Sable Highlands tract, the third largest unprotected property in New York State, from Domtar Industries. Fifty thousand acres will become publicly accessible, while 20,000 acres will be set aside for the protection of ecologically sensitive lands. Sustainable timber harvesting under the Forest Stewardship Council (FSC) will continue on the majority of the land. OSI's support of the project is emblematic of its mission to support integrated large-scale conservation efforts in New York and New England.



Andy Falender, OSI PARTNER

n 2002, the Appalachian Mountain Club announced its ambitious Katahdin Ironworks Project—which would protect 37,000 acres in Maine—by far the 127-year old non-profit's most significant investment in the Northern Forest. Andy Falender, executive director of AMC since 1989, said he wanted to do something big, now that he had tripled the organization's endowment, doubled its membership, and erased its debt.



"To create a legacy for future generations is what motivated us," Falender said. To realize its goal for the Katahdin Ironworks Project, AMC turned to its most trusted partners in the Northern Forest.

Andy credits OSI's Northern Forest Protection Fund as a key partner with the capacity to bring capital resources to the table while also leveraging knowledge and forestry expertise for the best conservation practices in the Northern Forest.

Southern Appalachians

The Southern Appalachian Mountains are one of the most ecologically significant regions on Earth. The 70-million-acre ecosystem, which includes parts of North Carolina, Tennessee, South Carolina, Alabama and Georgia, contains many species of plants and animals that are found nowhere else on the planet. Its watersheds—headwaters for many major rivers of the southeast—provide drinking water for 10 million people while its forests and parks—including most prominently Smoky National Park—provide recreational opportunities for millions more.

In 2004, OSI completed a detailed assessment of the Southern Appalachians that analyzed numerous threats to the region, identified priority landscapes and conservation opportunities, and evaluated the capacity of local and regional land trusts. OSI's report, funded by the Merck Family Fund and Lyndhurst and Z. Smith Reynolds Foundations, found that the current rate of conservation in the region is insufficient to keep pace with the mounting pressures of development and inappropriate timber harvesting, and that there is significant demand for interim loan capital for a range of conservation projects. As a result, OSI will in 2005 establish a loan fund in the region modeled after its loan programs in New Jersey and the Northern Forest. OSI also initiated a comprehensive assessment of the 2.8-million-acre region of western Massachusetts *(see page 13 for details)*.

Mirror Lake, New Hampshire

Conservation Finance Program (continued)

PROGRAM OVERVIEW

Analysts predict that New Jersey, the nation's most densely populated state, could potentially reach full build-out of every undeveloped acre as early as the year 2040. The state lost 90,000 acres of farmland and forest to subdivisions, office parks and cleared lots between 1995 and 2000, matching the pace of development in the previous decade. Through large and innovative public funding programs, the state has as much as \$200 million annually to spend on land acquisition; however, delays in public funding too often prevent land trusts from closing deals. OSI's New Jersey Conservation Loan Fund, created with grants from the Geraldine R. Dodge and William Penn Foundations, provides low-cost loans to land trusts in order to bridge time delays and ensure that important transactions are completed. To date, the Fund has provided nine loans totaling almost \$5 million to protect more than 10,000 acres of open space in the Garden State.



Sam Lambert, OSI SUPPORTER

R etirement from his Princeton, N.J. law practice hasn't slowed Sam Lambert, 65, down one bit. If anything, it's given one of OSI's newest recruits in the Garden State more time to devote to his formidable list of civic activities, as well as a bit more time on the water flyfishing.

"My greatest interest is in preserving open space, wilderness, and parks in urban areas, and the conservation work I'm primarily involved in fits into this rubric," Sam commented.

Sam, who has devoted many years of service to the New Jersey Conservation Foundation (NJCF), was instrumental in brokering the celebrated "Heart of the Pines" deal that OSI's New Jersey Conservation Loan Fund supported.

Describing the conservation challenges in New Jersey, Sam observed, "Six or seven years ago New Jersey had more state government support for land preservation than perhaps any other state on a relative basis. But like many other states, New Jersey has severe financial problems at this point. An organization like OSI----with all its expertise on the financial side------is sorely needed."

Heart of the Pines

NJ PROJECTS COMPLETED IN 2004

In the Pinelands, a 1.1 million-acre globally significant ecosystem that stretches across 22% of the state and contains aquifers holding 17 trillion gallons of water, OSI provided critical financing to two conservation projects. OSI's New Jersey Conservation Loan Fund provided a \$1.5 million loan to the NEW JERSEY CONSERVATION FOUNDATION to close on the largest private conservation deal in the state's history. Called the "Heart of the Pines," the 9,400-acre parcel was the site of a large cranberry farm and carried a market value of \$24 million. NJCF negotiated a purchase price for just \$12 million. The farm and its 8,000 acres of forestland are now the Franklin Parker Preserve and links five state parks and a wildlife management area.

On the edge of the Pine Barrens OSI provided a second loan of \$200,000 to the New JERSEY CONSERVATION LOAN FUND for the purchase of the Havey Farm, a 350-acre parcel in southern New Jersey. Nestled among other protected lands near the Army's Fort Dix, the farm, with habitat supporting numerous endangered and threatened species, was under intense development pressure. In partnership with the National Biodiversity Project and with the State of New Jersey, NJCF acquired the farm for \$760,000, thus ensuring its future use as a nature preserve.

In the waistband of the state known as the Crossroads of the Revolution, a densely populated region of industrial cities and rivers, OSI provided almost \$1.5 million to the D&R GREENWAY, INC. to protect 120 acres of farmland. D&R Greenway received an \$806,250 bridge loan to close a \$1.1 million transaction that preserved open space in two Mercer County communities. The deal, fully funded by the state's Agricultural Development Committee, included a tax-free land swap in an innovative three-way deal. D&R Greenway purchased and placed a farmland preservation easement on the Powner tract in Washington Township. Five months later the land trust exchanged the former Powner property for the 30-acre Reed parcel. The former Reed property is earmarked to become the first municipal park for Upper Freehold Township.

Also this year, OSI provided a \$475,000 loan to the D&R Greenway to bridge a funding gap until state and local monies became available. The nearly 40-acre Kiesler property will form a vital link in a public access corridor being assembled along the Millstone River. D&R Greenway will manage the farm for agriculture and wildlife.

OSI Studies Sprawl and Land Conservation Opportunities

IN 2004, OSI COMPLETED TWO STUDIES DESIGNED TO IMPROVE LAND USE PLANNING AT THE LOCAL LEVEL AND INFORM LOCAL COMMUNITIES AND MUNICIPALITIES ABOUT OPPORTUNITIES AND STRATEGIES FOR LAND PROTECTION. THE STUDIES FOCUS ON NEW YORK'S CAPITAL DISTRICT AND WESTERN MASSACHUSETTS.

"Open Space for Tomorrow"

The Capital District study, entitled "Open Space for Tomorrow," was written by land use attorney David Sampson and Katherine Daniels, a senior planner for the New York Planning Federation, and funded by the Malcolm Gordon Charitable Trust. The authors surveyed the 79 local governments in the four counties of Albany, Rensselaer, Saratoga and

Schenectady and discovered that only 17% of local communities had taken the first step of identifying open space areas requiring protection. Nor do the majority of communities have dedicated personnel for long-range planning and cooperative efforts with other neighboring municipalities. On a positive note, the study found that the majority of respondents wanted to learn more about land use planning.

Local governments shouldn't be expected to shoulder the responsibility of planning on their own, the report concludes. "Open Space for Tomorrow" urges the State of New York to financially support county and local planning efforts, noting that the Hudson River Valley Greenway now offers such assistance and Governor Pataki's budget proposal includes \$500,000 for implementing the Quality Communities Program. The study also urges local governments and environmental organizations to view "Home Rule" — New York's legal framework that leaves it up to local governments to guide their own futures — as a critical mechanism for productive, long-range planning.



"Western Massachusetts: Assessing the Conservation Opportunity"

OSI's study of western Massachusetts, entitled "Western Massachusetts: Assessing the Conservation Opportunity," serves as a forerunner to a new program area for OSI, in addition to providing guidance to local communities. The study of the 2.8-million-acre region, stretching from Worcester, Massachusetts, to the

New York State border, was funded by the Kohlberg Foundation.

Although 640,000 acres, or 23% of western Massachusetts, is under some form of permanent conservation protection, important gaps in open space protection exist, leaving critical natural resources at risk. Planning by state agencies and private organizations has identified high-priority areas that require protection, either through direct land acquisition or the less costly approach of conservation easements.

Prominent among the study's observations is that open space funding in Massachusetts is at historic lows, and further, that a fundamental shift has taken place in the state's land acquisition efforts. Protection of smaller parcels in and around the state's eastern cities is taking precedence over the larger tracts that characterize the west, putting added pressure on conservation organizations to find new sources of funding.

OSI gratefully acknowledges support from the Malcolm Gordon Charitable Trust and the Kolberg Foundation.

Visit OSI online at www.osiny.org to download a copies of "Open Space for Tomorrow" and "Western Massachusetts: Assessing the Conservation Opportunity."



2004 Financial Report

OSI'S ENDOWMENT TOTALLED \$150.3 MILLION AS OF DECEMBER 31, 2004;

\$139.3 million are restricted funds dedicated to purchasing properties in New York State and another \$11 million represents unrestricted, working capital reserves. Another \$7.6 million is restricted for its Northern Forest Protection Fund and New Jersey Conservation Loan Fund. OSI's assets also include \$49.7 million in real property, most of which was purchased for conservation.

OSI's financial assets are overseen by an investment committee of its Board and managed by 16 outside managers. Thirty-two percent of funds were held in fixed income investments and 68% in equities. Seventeen percent of the assets were invested in international equities and 51% in domestic securities. Overall investment return for 2004 was 14.5%, and OSI's net assets grew by \$9.2 million.

In 2004, OSI acquired 16 parcels of land in New York State at a cost of \$3,939,208, and made grants and loans for transactions, totaling another \$9,986,707, with an allocation of \$3,355,000 for grants and \$6,431,707 for loans.

Contributions on Discounted Loans Individuals •_Operating Revenues \$4,496,500 Endowment Operating Contribution 12% 31% Foundations 36% Interest and Dividends 14% Rental and Other Management Feer 2% 398 Fundraising 3% Management and General Operating Expenses NYS Land 20 % 38% Land Stewardship 10% \$5,416,300 **Conservation** Finance Citizen Action 16% 13% Grants 24% \$3,355,000 Land & Easements Acquired **Capital Committed** 29% \$3,939,208 \$13,725,915 Loans 47% \$6,431,707 The Open Space Institute, Inc. was incorporated in 1974 under section 402 of the Not-for-Profit Corporation Law of New York and is a

The Open Space Institute, Inc. was incorporated in 1974 under section 402 of the Not-for-Profit Corporation Law of New York and is a tax-exempt public charity under section 501 (c)(3) and 509 (a)(1) of the U.S. Internal Revenue Code. All contributions to the Open Space Institute, Inc. are tax-deductible to the fullest extent of the law. A copy of our latest financial report may be obtained by writing to OSI or the New York State Department of State, Office of Charities Registration, The Capitol, Albany, NY, 12231.

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Donors continued on p. 16

Felix Kaufman, OSI TRUSTEE

F elix Kaufman, an OSI trustee for the past 30 years, has never been one for inactivity. Not surprising for a man with a doctorate from the University of Chicago, a long career in management consulting, and a second career in teaching at the university and graduate school level.

Even now, at 83, Felix is in the OSI offices two days every week, lending his considerable management and financial expertise to a variety of projects. "I'm not capable of being idle," Felix said. "I keep my eye peeled for things to do that I find interesting, and OSI has always been interesting."

It's no surprise that Felix's favorite OSI project is Sterling Forest. The acquisition of 17,000 acres to protect Sterling Forest involved complex negotiations spanning many years and an ambitious fundraising campaign to cover the \$54 million price tag. "It was dazzling—the scope and the intricacies and the number of parties involved," said Felix.



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WITH WITH WAR

Sam Huber, OSI TRUSTEE

S am Huber was recruited for a spot on the OSI board in 1983, serving as the board's youngest member by a long shot.

In 2003, Sam helped launch OSI's newest program, the New Jersey Conservation Loan Fund (NJCLF). In its first year of operation with Sam as its director, the NJCLF closed several deals and played a key role in the protection of 10,000 acres of Pine Barren lands, known as "Heart of the Pines." OSI's partner, the New Jersey Conservation Foundation, orchestrated the deal by raising nearly half the \$12 million purchase price and utilizing a \$1.5 million loan from NJCLF.

"That was a huge acquisition for everyone concerned. We had a small part of it, but every piece was essential," reports Sam. "It was a lot of fun."

> * A significant portion of our land conservation work is made possible by the Lila Acheson and DeWitt Wallace Endowment, a permanent endowment which was transferred to the Open Space Conservancy in 2001 from the Lila Acheson and DeWitt Wallace Fund for the Hudson Highlands.

OUR MISSION

THE OPEN SPACE INSTITUTE PROTECTS SCENIC, NATURAL AND HISTORIC LANDSCAPES TO ENSURE PUBLIC ENJOYMENT, CONSERVE HABITATS AND SUSTAIN COMMUNITY CHARACTER. OSI ACHIEVES ITS GOALS THROUGH LAND ACQUISITION, CONSERVATION EASEMENTS, SPECIAL LOAN PROGRAMS, AND CREATIVE PARTNERSHIPS.

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DESIGN: Janice Pfeiffer PRINTING: Maar Printing Service Printed on chlorine-free and acid-free recycled paper using vegetable-based inks.



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