“Knowing When To Say No!”

Rhode Island Land & Water Summit 2016
# Conserving Land Strategically

<table>
<thead>
<tr>
<th>GEOGRAPHY</th>
<th>STRATEGIC CONSERVATION PLAN?</th>
<th>NUMBER OF ORGANIZATIONS</th>
<th>AVERAGE ACRES CONSERVED</th>
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<tr>
<td>Entire US</td>
<td>Yes</td>
<td>564</td>
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<td></td>
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</table>
• Landowner contact
• Site Inspection/Conservation Values ID
• Mission Fit
• Public Benefit/IRS compliance
• Written Selection Criteria
• Plan to complete project
• Board Approval
Value of Selection Criteria

- Won’t reinvent the wheel
- Consistency & Transparency
- Provide focus
- Flag potential problems
• Doesn’t fit mission
• Zero Public Benefit
• Oppressive Stewardship Burden
• Financial Burden
• Others?
Soft No Thank Yous!

- High Cost
- Weak Public Benefit
- Surrounding Impacts
- Stewardship Issues
- Reserved Rights or Restrictions
- Reasonable Effort
- Liability Issues
- Better group fit
- PR, Legal or Ethical Impacts
- Administrative Burden
We will review a series of projects that I am bringing before YOU, our Committee.

These are simple cases, and more information would always be required so think about basic selection criteria and your gut instinct.
Our organization was founded 15 years ago to conserve our county’s natural heritage and we’ve completed 10 projects protecting 15 acres. The land use in the county is predominantly agricultural and we’ve been approached by a farmer wanting to donate a conservation easement to protect her farm that has prime farm soils, woodlands and extensive riparian frontage. Do we say no thank you?
We’ve been approached by the landowner of the #2 priority tract according to our strategic conservation plan. They are ready to sell and at a bargain sale! There isn’t a lot of public grant money available in our region and while we’ve fund raised in the past, we would need to raise twice as much money as we’ve previously done.
Amazing opportunity! The long time owners of a huge undeveloped tract on the edge of town want to donate a conservation easement and have even offered to provide some stewardship funds. Unfortunately, the property is surrounded on three side by residential developments and thus has more than 300 neighbors.
We’re an urban land trust in Providence. There’s an amazing patch of open space downtown that personifies relief from urban closeness and the harmonious juxtaposition of shapes and patterns. Unfortunately, the property is a very successful private golf course where many of your members play.
A very well heeled family has now come to us wanting to conserve their family’s summer retreat. The property is comprised of numerous contiguous parcels and is actually owned by Family Summer Retreat LLC. They’ve heard about conservation easements, have spoken with their financial advisors from out of state and want to claim their millions in tax benefits. They even offered to bring by the 8283 form for you to sign.
Do you need to use the tax shelter advisory? Find out if it applies to your transaction. It’s easy!

Have you verified who owns the land and who is donating the conservation interest?

- **No**
  - First get to know the people involved. Then investigate the title very early in the process. Ask to see the appraisal before closing.

- **Yes**
  - Is the owner of the property a partnership, trust, limited liability company, S corporation or other pass-through entity?
    - **No**
      - Are members of the pass-through entity not related to one another?
        - **No**
          - Skip the Advisory.
          - Get your title report now.
          - Start customary due diligence. Remember Standards 8, 9 & 10.
          - Confirm owners and signing authority in writing at closing.
          - Prevent problems later by asking for and looking at the appraisal before closing for overvaluation based on your general knowledge of land values in your area.
        - **Yes**
          - Has the pass-through entity held the property less than three years from the first contact with the land trust OR are there new individuals or entity(ies) that joined the pass-through in the last three years?
            - **Yes**
              - Be concerned.
              - Get outside expert help!
              - Examine the indicators of concern in the Advisory.
            - **No**
              - **Is the value of the donation greater than 2.5 times the basis in the property AND does it exceed $1,000,000?**
                - **No**
                  - **USE CAUTION REVIEW ADVISORY**
                - **Yes**
                  - **Decline to participate**

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Reggie Hall
Director, Land Conservation Loans
The Conservation Fund
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www.conservationfund.org