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Sandhills Task Force

"Where People and Land are One"

P.O. Box 1686

Kearney, Nebraska 68848

November, 2000

Next Task Force Meeting: Nov. 17th

Our next meeting will be held in Bassett at the new R, C & D building. The building is located along Highway 20 (on the south side of the road). When you get to a sign saying "Niobrara Wood Products" you are at the right place. The meeting is scheduled to begin at 10 am Central time.

Investing \$450,000 the Easy Way??

There isn't an easy way! I sent letters out to over 20 Sandhills Banks. I asked for information about CD rates, if they are locally owned, and if they will insure funds above \$100,000. That information was shared with Dean Funk and Mike Kelly, who are also on the banking committee.

I contacted Vince Shay from The Nature Conservancy to get a close estimate of what funds existed in the account. Vince informed me that at the end of June, the account contained \$543,132. We agreed to leave about \$100,000 in that account to cover any future costs in operation, maintenance, taxes, etc. Once the property is sold, the unspent portion of the \$100,000 will be paid to the STF. Of the remaining \$450,000 the STF has a commitment to contribute \$100,000 toward the Birdwood Creek easement.

If I haven't lost you yet...TNC received a grant from the Fish and Wildlife Foundation (NOT to be confused with Fish and Wildlife Service) to help pay for the Birdwood Creek Project. In the grant, it is identified that \$100,000 will be donated from the STF. So, TNC will transfer \$450,000 to us, but we will need to write a check to the Fish and Wildlife Foundation for \$100,000 as our contribution toward the easement. It seems the Foundation needs the check to come directly from the STF. Once the Foundation receives our \$100,000, they will write a check to TNC for the total of the grant (the Foundation's portion plus our portion).

With that explanation out of the way, I will continue explaining the investing part. Dean and Mike agreed with the banks I had selected. I traveled to the top 5 banks yielding the best CD rates. Money will be deposited as shown in the table below.

Bank	Amount	Length
Commercial Bank Bassett	\$100,000 CD	12 months
Purdum State Bank Purdum	\$100,000 CD	6 months
Pinnacle Bank O'Neill	\$100,000 CD	15 months
Tri County Bank Stuart	\$150,000 Checking	

All four banks are locally owned and insured to the level of our deposits. Byron and I have done the

paperwork to have money wired from TNC to the banks. Tri County Bank was selected for the checking account for a couple of reasons: their interest on checking was acceptable (unlimited checks and 2.53% interest), and they would obtain additional insurance to cover all amounts over \$100,000. I also requested that interest received quarterly from the CDs be directly deposited into this account.

The length of each CD was determined by the best rates and that we would want them to mature at varying times so funds would be more accessible. Under this plan, at least \$100,000 will be available every 6 months for use or reinvesting.

Finally, I asked TNC to wire the funds. Vince forwarded the request to their financial department. Their attorney stepped in (because of the size of the transfer) and requested documentation that proves the STF is a non-profit, tax exempt organization. I faxed the information to them and expect the transfer to occur the first week of November. It is possible the rates we get will be different than what was quoted a month ago when I started this.

Selecting Committee reviewing applicants.

Application deadline for the position in the Sandhills was October 1. All applicants were sent to Troy to compile and send out to the committee members: Greg Ruehle, Troy, Barb, and Al. I talked to Barb this week and they have narrowed it down to five people who they will interview over the telephone. The final two may be required to have an in-person interview.

Sandhills Task Force: Conservation Easements?

The subject of conservation easements continues to occupy the Board's mind and time. In early October, A.B., Al, and Rob attended an SRM meeting that focused on conservation easements. Rob sent me an email with some interesting items he noted. I asked him for permission to use those in this newsletter. Here they are:

- CE (conservation easements) are a good tool for estate planning (lack of planning = involuntary philanthropy)
- Preservation should be the goal, not tax breaks or land devaluation (though tax breaks may be necessary to keep ranchers on the land to preserve it!).
- all terms are negotiable. Seller should reserve some development rights for future use (family homesites, cashflow, etc.).
- Colorado Land Trust was not prepared for the interest shown in CEs. 36 easements covering 68,000 acres all over the state. 75% from traditional ranchers; 75% of those had mortgages (all lenders subordinated to the easements). This in 5 years of existence.
- CEs can only be held by government entities or charitable orgs. (501 c 3, etc.).
- Appraisals can be a problem. Need to get an appraiser who knows regional development and "trophy ranch" values, not just local. IRS disallows exemption on value over appraisal.
- Problem: appraised value lags sale value. I believe we must be willing to pay a premium to entice sellers to participate. The amount above appraised value would be taxable. Would something like this be possible or would the IRS disallow the whole thing just because total compensation exceeded appraised value? Question needing an answer.
- When working with potential sellers/grantors, everyone need to look at the net results of a combination of gifts, trusts, annuities, and sales. We probably need more information about the tax ramifications of all of these.

Task Force Purchases Survey Equipment.

The Task Force recently purchased surveying equipment to help in surveying ground elevations throughout the Sandhills. It presently is being used by Muller NRCS. Total bill was \$12,008.

Ken Noonan to Replace Gus Highbanks on STF

Reorganization with Natural Resources Conservation Service has resulted in Gus being assigned to a new job responsibility. In doing so, Steve Chick has reassigned Ken Noonan as the Assistant State Conservationist for Field Operations. In his letter to Byron, Steve stated that Ken is the appropriate person to represent NRCS on the Board. Both Ken and Gus plan on being at the next Task Force meeting. We wish Gus much luck in his new position!

Monitoring Grazing Systems??

Little more has been done about developing a research project associated with grazing systems. I have been in contact with UNL and they have a recent Masters Degree graduate who lives in the Sandhills who may be interested in pursuing this project; possibly for a doctorate degree. A formal meeting is planned for December.