

Groundswell Conservancy Policy

Name: Land Transaction Approval Process

Approval: Approved by Executive Committee February 19, 2013
Amended by Executive Committee July 10, 2014
Amended by Board of Directors May 20, 2015
Amended by Executive Committee March 12, 2018

Land Trust Alliance Standards and Practices 3D1. Board Approval of Transactions. The board reviews and approves every land and conservation easement transaction. (a) However, the board may delegate decision-making authority on transactions if: i. It establishes written policies or has bylaws provisions that define the limits to the authority given to the delegated entity; ii. The delegated entity provides timely notification in writing to the full board of any completed transactions.

Land Trust Alliance Standards and Practices 8B. Project Selection Criteria and Public Benefit. 1. Develop and implement a written process to select land and conservation easement projects. 2. Develop and apply written project-selection criteria that are consistent with the land trust's conservation priorities. 3. Document the public benefit of every land and conservation easement project.

Land Trust Alliance Standards and Practices 8D. Project Planning. 1. Individually plan all land and conservation easement projects so that: (a) The land trust identifies the best available conservation strategy for the property. (b) The property's important conservation values are protected. (c) The project furthers the land trust's mission and goals. 2. Assess the stewardship implications of each project and the land trust's capacity to meet those obligations.

Land Trust Alliance Standards and Practices 10C4. Avoiding Fraudulent or Abusive Transactions. When engaging in transactions with pass-through entities of unrelated parties, particularly those offered or assembled by a third party or described as a syndication by the IRS, (a) Require a copy of the appraisal prior to closing; (b) Decline to participate in the transaction if the appraisal indicates an increase in value of more than 2.5 times the basis in the property within 36 months of the pass-through entity's acquisition of the property, the value of the donation is \$1 million or greater, and the terms of the transaction do not satisfy the Land Trust Alliance Tax Shelter Advisory.

Land Transaction Approval Process:

- 1) Preliminary screening of a land protection project is conducted by Groundswell Conservancy staff to ensure that the project is compatible with our mission and strategic priorities, the project is best suited to Groundswell Conservancy (and not another organization), there is reasonable potential for funding (if needed), and the landowner has a genuine interest in working with us. If the project meets these criteria, then staff visits the property and fills out the Site Visit Evaluation form. If the site visit validates the project's potential, staff completes the Project Analysis and Approval Form and brings the project to the Stewardship Committee. The Project Analysis and Approval Form compares the proposed project to Groundswell Conservancy's project selection criteria.

- 2) The Board of Directors delegates authority to the Stewardship Committee to review projects based on the criteria contained on the Project Analysis and Approval Form.
- 3) The Stewardship Committee decides whether or not to approve a project, focusing on compatibility with Groundswell Conservancy's mission, the project's potential conservation values, public benefits, threat to the resource, risk to Groundswell Conservancy, and staff capacity. Following action by the Stewardship Committee, the minutes of the meeting are circulated to all members of the Board of Directors in a timely manner.
- 4) If the Stewardship Committee approves the project, staff updates the Project Analysis and Approval Form with the decision of the Stewardship Committee and information about the fiscal impact of the project and brings the project to the Executive Committee or the Board of Directors.
- 5) Pursuant to the Committee Operations policy (and in accordance with the Bylaws), the Board of Directors specifically delegates authority to the Executive Committee to approve land transactions. There are two limitations on this authority to act: (1) when a conflict of interest is disclosed by the landowner and/or any member of the Board of Directors; and (2) when there is a proposed amendment to a conservation easement.
- 6) The Executive Committee or Board of Directors decides whether or not to approve the project based upon the recommendation of the Stewardship Committee and the fiscal impact of the project to Groundswell Conservancy.

Should the proposed purchase price be greater than the appraised fair market value, the Executive Committee or Board of Directors will consider if paying above fair market value would create private inurement or impermissible private benefit with the seller or any insiders. (Evidence that a purchase price above appraised fair market value may not create private inurement or benefit includes: trend data for market appreciation, range of value of similar purchases, market factors not covered in the appraisal, etc.).

Should the transaction involve a pass-through entity of unrelated parties, Groundswell Conservancy will require a copy of the appraisal prior to closing. Groundswell Conservancy will decline to participate in the transaction if the appraisal indicates an increase in value of more than 2.5 times the basis in the property within 36 months of the pass-through entity's acquisition of the property, the value of the donation is \$1 million or greater, and the terms of the transaction do not satisfy the Land Trust Alliance Tax Shelter Advisory.

Following action by the Executive Committee, the minutes of the meeting are circulated to all members of the Board of Directors in a timely manner.

- 7) Property interest may not be acquired by Groundswell Conservancy until the Executive Committee or Board of Directors has passed a resolution agreeing to

accept the property interest. The Board of Directors delegates authority to the Executive Committee to pass a resolution accepting property interest in the project.

If significant changes to the project occur after Step 3, the project, in its new form, should be taken through the Land Transaction Approval Process again.

Groundswell Conservancy is accredited by the Land Trust Conservancy Accreditation Commission. Policies may be updated to reflect changing accreditation standards and practices, as well as changing local organizational needs.