



MINUTES

GEORGIA LAND CONSERVATION PROGRAM

Called Council Meeting

June 7, 2007 – 9:00 a.m.

Call to Order

After establishing the existence of a quorum, the meeting was called to order by Chairperson Gena Abraham on Thursday, June 7, 2007, at 9:00 a.m. in the Georgia State Financing and Investment Commission Bid Conference Room in Atlanta, Georgia.

Present at the meeting were:

Council Members: Gena Abraham, Chairperson; John Bembry, Brent Dykes, Robert Farris Noel Holcomb, Stacy Patton

Staff: John Culpepper, City Manager for Chickamauga, Chris Clark, GEFA; Greg Mason, GEFA; Beverly McElroy, GEFA; Jennifer Spivey, GEFA; Curt Soper, GEFA; and Kim Johnson, GSFIC

Approval of the Minutes

Chairperson Abraham presented minutes from the GLCP meeting that was held on April 30, 2007. John Bembry noted that Chuck Leavell was not listed as being present at the meeting, but is later shown as making a motion during the meeting. John Bembry made a motion seconded by Noel Holcomb to approve the minutes with the noted correction. The motion passed unanimously.

GLCP Grant and Loan Applications

Curt Soper reported twenty-one applications had been received since the initial announcement of the grant loan program in 2006. A number of the projects were not quite ready for processing and needed additional documentation. Some applicants have revised their applications and are bringing them back to the Council. There are two applications before the council today. They are from the City of Chickamauga and the City of Tybee Island.

John Culpepper, city manager for Chickamauga, was present for the meeting. The original application from the City of Chickamauga was for a \$350,000.00 grant to acquire a 7-acre property known as the Gordon Lee Mansion. Chickamauga's history before, during and after the Civil War is well known. The owner wants to see the property protected and publicly owned. The appraisal is done and the true value of the property has been established. The current request is for a \$365,000.00 grant. The city is also requesting an \$875,000.00 loan. They anticipate being able to get a federal grant funds to pay off the loan. The total value of the property is \$3.4 million. The total matching funds for this project is over \$2 million. The matching funds will come from two foundations and the City of Chickamauga. The mansion was constructed in 1840 and is filled with period antiques. There are buildings and forest on the property. The spring across the street from the property is maintained by the city for \$1.00 a year.

Noel Holcomb made a motion seconded by Robert Farris to approve the grant and loan to the City of Chickamauga. The motion passed unanimously.

The second project is from the City of Tybee Island. The original request was for \$380,000.00 with \$13,000.00 in matching funds from the city. The total project value was \$393,000.00. The property is 14-acres along the Savannah River. The city revised the application and is now requesting a grant of \$206,000.00 with matching funds of \$206,000.00. The appraisals are done and with the due diligence factored into the property; the total cost project is \$412,000.00. Chatham County is also providing funding for this project. The property is largely a native salt marsh on the edge of the Savannah River. This is a key piece of tract in filling in both sides of the rail trail system. The quality of the salt marsh is very high. The total acreage including the salt marshes is approximately 14 acres. The city will be the owner and manager of the property. Matching funds are provided by Chatham County and the City of Tybee. Approximately .4 acres is raised property and is developable. John Bembry asked about the property being held as a "fee simple" ownership by the city and deed restrictions on the property. Curt Soper added that there will be deed restrictions on the property. Tybee has a land conservation program. The State of Georgia will have a deed restriction on the property. The language must be put on the deed at closing to get the funding. John Bembry asked to discuss costs associated that the State of Georgia may incur as a result of these restrictions. Curt Soper stated this is a fee title acquisition and not one that the state will hold. We will have the right of access to the property on an annual basis for inspection. The State will pay for the inspections. Gena Abraham added that plans will have to be developed for conservation easements. Stacy Patton made a motion seconded by Noel Holcomb to approve the grant request for \$206,460.00 for the purchase of 13.7 acres on the north end of Tybee Island. The motion passed unanimously.

Due Diligence Requirements and Cost Policies

Curt Soper gave a brief background on due diligence and the costs associated with land conservation project. It was realized early on that a consistent policy was needed regarding the cost of due diligence. The due diligence requirements are established by the State Properties Commission, which we follow. There were quite a few questions from applicants on GLCP policy on who pays for the various kinds of due diligence associated with real estate transactions. We also realized all of the real estate due diligence transactions are reimbursable. We formed a working group from the Georgia Forestry Commission, the Department of Natural Resources, the State Properties Commission, the U. S. Forest Service, and the Land Conservation staff to develop and draft a policy. We received a number of questions regarding appraisals, which are expensive. The state requires two appraisals, one of which must be by a Member of the American Institute of Real Estate Appraisers (MAI). It is important that funds are being contributed to a property only where the fair market values are truly established. We have a high standard for appraisals and we are following the SPC rules. If the property is valued at \$250,000.00 or less, one appraisal is required. \$250,000.00 was decided upon as a reasonable amount as the cutoff for one appraisal. We had a number of applications last year that were below that threshold. The statement regarding costs is that these due diligence costs may be recoverable as a part of a successful GLCP grant application. It is being communicated to the applicants that the Land Conservation Council may pay for some of the due diligence.

There are things that need to be done for conservation easement projects, but not for fee title acquisitions. We are encouraging the use of conservation easements as a part of the Land Conservation Program. 94% of the state is privately owned. We want to work with private land owners and use conservation easements and other tools as incentives. There are costs associated with conservation easements, even when they are being donated to the state or a

land trust. Usually, the holder of the easement asks the donor of the easement to provide funding to pay for the future monitoring and enforcement for the easement, survey costs, and title insurance. There should be a lot of interest in donating easements between now and the end of the year because of the new tax credit act and the increase in write-offs being allowed by the federal government. There are some great properties we expect to bring to this group for consideration and approval. John Bemby discussed the owner bearing the costs of due diligence for conservation easements. As we try to preserve and acquire conservation easements in this state, we do all that we can not to dissuade potential donors from donating land to the state.

Gena Abraham reported this year the SPC has \$40,000.00 budgeted to do appraisals for every real estate transaction for all state agencies. We can not afford to pay for all of the costs associated with the donated easement, much less the funds for monitoring. We have to figure out how we are going to do this, but for now the only way is to ask the donor to pay for the costs of due diligence and monitoring fees. One of the things we have talked about is the private land trusts that are accepting the conservation easements; they are accepting those easements with endowments.

John Bemby asked that it would be negotiable as to whether or not the Council would require payments by the land donors on properties on an individual basis.

Curt Soper asked for the adoption of the policy, which now says we will go to the land owners to pay the costs of due diligence; but the act allows us to pay for those costs. We have the flexibility to process each project brought before the council for funding consideration on a case by case basis. Brent Dykes asked about the estimated monitoring costs per easement. Curt Soper responded that the true monitoring costs depended upon the size and complexity of the easement and the property. Typically, the cost is \$300.00 to \$400.00 a year per easement.

Gena Abraham added legal problems arise if a house is located on a conservation easement. The legal fees really add up. There have been plenty of discussions about the endowment piece because of the lack of funds to pay the legal costs. John Bemby asked about wording on the conservation easement regarding such violations. If such a violation occurred, the costs should be incurred by the violator. Curt Soper responded that the language is already in place. Gena Abraham added the costs are not paid until after the judgment.

Curt Soper added that GLCP staff is in the process of setting up an account with GEFA to exclusively pay for monitoring and long-term enforcement of the easements. Gena Abraham noted the GEFA statutes would need to be reviewed as to how fees can be used. Instead of GEFA holding the account, we could establish a private foundation to invest those funds to use to pay for enforcement and monitoring costs. It may require a special statute. Noel Holcomb suggested using an existing foundation. Gena Abraham will research this issue for the Council. Brent Dykes made a motion seconded by John Bemby to approve the policy guidelines for Real Estate Due Diligence Requirements and Costs Associated with Land Conservation Projects. The motion passed unanimously.

Update on the State Conservation Tax Credit

Kristina Sorensen provided an update on the State Conservation Tax Credit, which is a state income tax credit for Georgia land owners who donate property or conservation easements on their property up to 25% of the fair market value of the property, which can be taken over a period of six years. The legislation that established the tax credit was signed into law in April of 2006. Technically, the program is a year old, but the policies, rules, and procedures took some

time to draft. The DNR Board officially adopted the policies and procedures for the tax credit program in December 2006. DNR is charged with making sure that donated properties or easements protect the conservation purposes. A total of seventeen applications have been received. Three applications came in last week. The program is growing as more people learn about the application process.

The applications are sent to DNR for review. They are checked for completeness to ensure all of the required materials are with the application. The property is evaluated for eligibility under the criteria which is located in the DNR rules. Once the documentation is in order, the property is analyzed using aerial photography, watershed analysis, impervious surface, impaired water stream, proximity to conservation land, and a suite of information that is available remotely using the GIS System. This information is used to determine the conservation purposes the property will provide. If questions arise about the property, a site visit is arranged. The property will be evaluated according to the ten conservation purposes that are in the Land Conservation Act. How the land conservation purposes are protected is reviewed as well. The conservation easement language is read for the restrictive covenant language to ensure those conservation purposes are being protected in perpetuity.

Once the evaluation is complete, the application is forwarded to an internal DNR committee for approval. If approved, a certification letter is drafted. The rules state we have 90 days to issue final certification and 60 days for pre-certification. Currently, due to the small volume of applications, it takes an average of 30 to 45 days to process applications. As the amount of applications increase, it turnaround will probably be closer to the 60 and 90 day timeframes. To date seventeen applications have been received, which is 5,816 acres applied to the program. Nine applications have been certified for the tax credit, which is 996 acres. One application is still in pre-certification awaiting final certification. One application was an easement on approximately 1500 acres that was never completed in 2006; therefore, the application was null and void. Two applications were rejected. Four applications that were received recently are being reviewed at this time.

Kristina Sorensen briefly discussed the rejection process for non-eligible donations. She reported properties have been donated all across the state. There have been three fee simple donations, but most have been conservation easements. Twelve donations were made to land trusts and five local governments.

Gena Abraham asked if property is donated to land trusts, are the owners supplying appraisals and endowments. Kristina acknowledged that was left to the land trust. Most of the projects are small in scope. The first application was a fee simple donation of 5 acres to the City of Roswell to protect a stream corridor. There are a number of medium sized easements between 50 and 100 acres that are usually agricultural in nature. An application for a 2,300 acre quail plantation in southwest Georgia was received last week.

Gena Abraham inquired about the amount of interest in the tax credit from large agricultural lands and quail plantation owners in south Georgia. John Bembry remarked that the tax credit is new and there is hesitancy on the part of the land owners because perpetuity is a long time. Stacy Patton asked if information was available on the tax credits. Kristina responded the information would have to come from the Department of Revenue. It may be difficult to track because the credit is provided over a period of six years. Currently, the way the act is written in the DNR Rules, the legal definition of a qualified donation is 100% donation. A discounted sale would not be eligible. Also, if an individual is being paid through a mitigation bank or a city for an easement, a tax credit would not be allowed.

Kristina Sorensen reiterated as the word gets out about the program, the number of applications will increase. The program is averaging three to five applications per month. Land owners are just now finding out about the state tax credit. Kristina briefly provided information on outreach programs. She has given presentations to a wide variety of groups including DNR employees to help get the word out through the game management programs, meetings with the Georgia Forestry Commission, and several local land trust workshops. Kristina participated in meetings with the Army Compatible Use Buffer Programs, which uses federal funding to acquire lands adjacent to military installations. Several articles have been published in the DNR Private Lands Newsletter. Curt Soper is working on an article for the ACCG. A flyer and portable display were developed for the Tax Credit Program and the GLCP to use at the upcoming Fish-O-Rama and Go Georgia events. A grant for \$5,000.00 was received from the TERN Foundation. The money will be used to develop brochures and a professional display that will incorporate the land conservation and tax credit programs. These materials will be used and distributed around the state at various meetings and conferences.

Kristina Sorensen briefly discussed legislative fixes proposed last session as a part of the Department of Revenue's Omnibus Bill, which did not pass. Basically, there are three things that are issues with the state tax credit program. They are: to allow donations to federal agencies, to allow for discounted sales or partial donations to qualify and to determine the value of the credit through a qualified appraisal rather than the local county tax assessor. All of the changes would be in line with the federal tax incentives.

Robert Farris asked a question regarding the evaluation of the donation with a qualified appraisal verses the county assessment. Has there been any thought about ad valorem purposes in the future as far as a consistent system of county land evaluations? Gena Abraham stated there have been numerous discussions about this issue. Each county has a different system, which was discovered when the SPC collected property information from each of the counties. Approximately 50 counties use electronic systems where the information readily available. The systems are haphazard for the other 100 counties. As part of their next initiatives, the GIS Council is looking at how this can be done collectively statewide. This will probably be a much longer term project than most of us can imagine. Curt Soper added there are seven or eight counties that are accepting conservation easements appraisals as the value for tax assessment purposes.

Robert Farris had a question regarding the Department of Revenue's rules on tax credit timelines and when the rules will be available. Steve Friedman said the program is up and running. If you make a donation, you get the credit. However, it is unknown when they will draft the rules. Gena Abraham stated a discussion needs to be held with the Department of Revenue to discuss tracking the tax credit from a financial standpoint. It will be important for us to be able to tracking the financials over the six-year period.

Department of Natural Resources Projects/Acquisitions

Steve Friedman presented the next two proposed acquisitions. The first project is called the Williams Tract. This property is a 200-acre piece (including a sand ridge) that is an in-holding that will provide access between the Townsend acquisition and another conservation easement. This project was done in partnership with DOT. The USFWS is contributing almost \$200,000.00; DNR is contributing approximately \$100,000.00; and a little over \$100,000.00 in donations from a private foundation. The price is \$396,677.16. The appraisal is \$384,000.00 to \$404,000.00. John Bemby made a motion seconded by Stacy Patton to endorse the

acquisition of the 202-acre Williams Tract from the Nature Conservancy. The motion passed unanimously.

Panola Mountain was the second proposed acquisition which was scored at 60. There are two appraisals. One appraisal was for \$3.3 million and the other was \$3.7 million. The state can acquire this property at \$1.8 million. There are environmental issues that must be addressed on the property. The environmental consultant will need to make another site visit. DNR will not close on the property until every thing is in order. There is a trail that will tie into the existing Arabia Mountain Trail. The Federal LWCF Grant provided \$787,000.00; the Georgia Wetland Trust Fund contributed \$350,000.00; Private Foundation granted \$350,000.00; and \$313,000.00 from state bonds will pay for the acquisition. This property has river frontage, park and recreation values, spectacular rock formations and creeks. Robert Farris made a motion and seconded by John Bembry to endorse the acquisition of 202 acres from the Conservation Fund in Rockdale County. The motion passed unanimously.

Update on Marketing

Gena Abraham briefly discussed meeting with OPB to see if some of the original funds from last year could be used to develop a marketing program, which is extremely important. The materials would be used to continue getting the word out about land conservation. We have been given the green light to go ahead with \$150,000.00 out of the first \$5 million to spend towards marketing. We need to furnish OPB with budgets and other information on how the money will be spent. OPB and the Governor's Office will be working with us on the selection committee to develop an RFQ for a consultant. We are going through that process now and the RFQ for the marketing consultant will be posted in the next couple of days.

GTA has been a tremendous help. We will show GTA's first video that features Governor Sonny Perdue. Additionally, GTA will be pulling together other short public service announcements at no costs to the council. We are working with Noel Holcomb to get on one of the 12 Georgia Outdoors programs, which will be a 30 minute segment. There are a lot of pieces coming together for the marketing component. This has been a huge issue for the council. We will continue to find more ways to get people interested in our program.

The website will be moved from DNR to GSFIC. A full-time webmaster will be working with us to develop a better website for the Land Conservation Council. The website will be more user friendly with added pictures and a link to the DNR website. Curt Soper added that DNR has done a great job hosting the current website. He reported there will soon be a test site. The website will have more visuals and should go live within a couple of months. Gena Abraham interjected there is a standard state portal page that we use, but we have gotten GTA to let us put a little more on our websites, which looks a little different from other agency websites. We have an opportunity to put some neat things on our website. This move will allow us to continually update the website with new postings.

Curt Soper reported Governor Perdue's video was provided by GTA on a pro bono basis. What was shown was a statement from Governor Perdue about the program being an investment for our children. Conservation works best when local, federal, and private sectors bring resources to the table. Let's continue to protect Georgia's resources together. This segment is on the website now. Other public service announcements will be recorded. Additionally, Gena Abraham reported the ACCG is committed to putting the public service announcements on their local channels. This is a really good first push, but this does not give us a marketing plan. This will temporarily hold us until we can hire a consultant to develop a professional marketing plan. We are excited about this piece.

Curt Soper added we reached out to our customers, the land trusts, cities and counties, who we hope will take advantage of this program and bring strong applications to the Council. The Land Conservation Program will probably be the cover story on the July magazine for the ACCG. The story will discuss the conservation program and show some of the things we have already done.

Greg Mason and Curt Soper attended the ACCG Conference earlier in the year. We will also be attending the GMA Conference later this month where we will be on the agenda. We are working on finding out who are our customers and target audiences. We are getting calls everyday from people that hear about the program and are contemplating submitting new applications. GLCP is very interested in participating in the Second Annual Land Summit for the late summer or early fall. We have to work on the theme for the Summit. Gena Abraham asked for any additional questions. She reported a small subcommittee of this group has been setup to help with the marketing component.

The next item on the agenda was the action item list. These are items that Gena Abraham, Curt Soper and others are working on, such as the website, conference presentations and signage. Curt Soper reported Buford Sanders was called away to fire duty. We settled on the language for signage at the last meeting, but wanted a bigger version. Buford Sanders did produce the right-sized sign as designed with the language and the logo. One of the rights that the State of Georgia retains is the right to post and maintain signs on these properties. Over the next year as we monitor these projects, we will ensure signs are posted on each of the approved projects. Gena Abraham reiterated that the GLCC will meet with the Department of Revenue to get the numbers on tax conservation credits. We will continue to push for next year's legislation on tax conservation credit. That is all we have on action items that were not previously discussed. We are continuing to go through the outstanding applications.

Curt Soper reminded the council members that information on previously approved projects will be in the packets at each meeting. We want to make sure that the council and staff do not lose sight that once the council takes action; this is not the end of the process. We have to make sure that the real estate project gets completed before any funding gets released. So far on 12 or so grant/loan projects, four have closed with the funding going into the land. Several other projects are near completion. We are making sure that the work is being done properly.

Emerging Issues

Gena Abraham asked if there were any emerging issues. Dr. John Bemby requested a report from the Georgia Forestry Commission on the devastating fires in south Georgia. Robert Farris reported over the last weekend there was two to six plus inches of rainfall in southeast Georgia. It has been perceived the fires were out, but in fact they are not. It will take a lot more rain to put these fires out. We still have a lot of resources on the fires, but the rains have allowed us to go from chasing fires to working and mopping up the fires. The fire activity this year has been absolutely unprecedented. This is the largest fire ever for the state. It now holds the record for the most acres burned for a fiscal year and the largest mobilization of fire fighters coming into the state. In fact this is the largest fire most people are aware of. The Okefenokee fire held the record until now. This is the largest single fire in the nation since 1910. People are aware of the Yellowstone fires and the fires out west, but as far as single largest fires, once that fire crossed the state line and moved into Florida, we have over 600,000 acres burned in the fire. Across the state we have seen over 550,000 acres burned. This is about 14 times over a normal 10-year average. This has been a really rough fire season. There have been tremendous cooperative efforts from agencies within the state and volunteers from the cities

and communities. Thousands of fire fighters from across the nation helped in working this massive fire. People from 42 of the 50 states assisted in fighting this fire. We are still working those fires, mopping up, and demoting resources.

Mr. Farris reported we are actively pursuing recovery, mitigation, and rehabilitation of these sites. He mentioned some potential easement opportunities for the council in and around the swamp. There is an opportunity to possibly take the swamp edge break that was established during the 1950's after the occurrence of large fires and do some additional mitigation work. This would benefit the red cockaded woodpecker, which is an endangered species in the area and also promote the long-leaf pine ecological system. One of the things we are looking at is possibly procuring some lands surrounding the swamp that would provide those benefits as well as provide fire mitigation, protect the private lands outside the swamp from fires that occur in the swamp and visa versa. There are opportunities for a tremendous number of partners and cooperators to bump up the swamp edge break that was installed in the 1950's and we can install more value in conservation practices in the area. The council will be hearing more about these efforts in the future.

There is a huge amount of potential for wetland restoration. Gena Abraham reported this is one of the things Governor Sonny Perdue has asked us to review from a state perspective. Noel Holcomb, Harold Linnenkohl, and Gena Abraham are working with Carol Couch's group on a program where they are identifying and have gotten federal funds for the past year or so to identify wetlands across the state. Gena Abraham invited Robert Farris to meet with this group some time next week to see the program, what it looks like, and what she has already collected. Governor Perdue is interested in what property is currently owned and if there are opportunities to do restoration and preservation. Robert Farris reiterated the tremendous opportunities to partner with the federal and state governments, industry, private land owners, and conservation groups in that area. Gena Abraham stated one of the things DOT is constantly looking for is salt marshes. Noel Holcomb and Gena Abraham were on Ossabaw Island last week. They have areas where the salt marshes can be restored. This is a great opportunity for us. DOT would purchase this property, help us with the restoration, and get wetland credits for this property at the same time. This is a huge potential for the State. We already have a small working group that can continue to look at that issue. Gena Abraham reported that she spoke with Governor Perdue yesterday. She reported that we may be further along on this project than what was initially thought. One of the things that DOT does when they go in and build a new road; they are always looking for wetland restoration or preservation opportunities. One of the things we have not done is look at the property we already own. We have just purchased other property for wetland credits. We have not looked to see if there is any potential on state property to restore wetlands. There maybe opportunities for us to get some credits on property we already own. Noel Holcomb has been looking for money to do restoration on wetlands and salt marshes. This is a great opportunity to bring in a couple of agencies to do some of those things.

Robert Farris discussed future carbon markets. Yesterday, the GFC trained 82 foresters in conjunction with the university on the Georgia's Carbon Seek Restoration Registry, which will be up and running before the end of the month. Soon our land owners will be able to register carbon credits out on the website. Georgia will be leading the nation in the programming for carbon credits. It has generated a lot of interest across the south. Ten surrounding states sent foresters to attend this session. They want to see how they might build this program in their state. Basically, the registry will allow land owners to record carbon credits based on the carbon that is stored in trees on their forest lands. Most people are aware of the greenhouse gases. There is a great potential there will be a market for carbon credits. There have been several

issues that have surfaced recently, including the Supreme Court ruling. In due time, we are convinced there will be value to carbon credits. What this registry is doing is putting us ahead of the curve to have a system that is accepted for recording those credits. The credits will be there when the market develops, which will be a benefit to our land owners. We have been working with several groups to develop this program. Georgia will be ready when it takes off.

Lauren Newsome reported attending a Carbons US Training Session in Athens this week. Currently, almost all of the projects that are trading on the Chicago Exchange have permanent conservation easements. There is a potential to combine the two programs together because most of the buyers are looking for carbon credits that are permanently protected. This will not be an issue for the land owners.

Gena Abraham asked for any additional emerging issues. She asked members to look at their calendars to try to schedule a half-day retreat to meet to talk about the next steps on the funds that were appropriated to GEFA during the legislature. We will talk about moving forward on some of the other projects and how they affect the Council. We can adjourn and briefly meet to settle on a day for a half-day retreat.

Gena Abraham took a moment to recognize Greg Mason for all the help provided during his time as interim director of GEFA. It was a real pleasure and we can not thank Greg Mason enough for all that was done for the Land Conservation Council.

Adjournment

Stacy Patton made a motion seconded by John Bembry to adjourn the meeting. The motion passed unanimously.

Kim Yawn, Executive Assistant

Chris Clark, Executive Director