

**GEORGES RIVER LAND TRUST
TRANSFER OF ASSETS POLICY**
Adopted by Board of Directors 5.24.2011

I. PURPOSE OF POLICY

This policy governs the transfer of physical assets to other parties. Physical assets include two categories of assets: *real property* which includes but is not limited to assets related to land such as fee simple interests, conservation easements, rights-of-way and other similar easements, options, or purchase and sale agreements; and *tangible personal property* which includes but is not limited to equipment, furniture, or vehicles. This policy does not apply to cash, securities, promotional or resale items nor does it apply to mortgaging of real property or the pledging of Land Trust assets to secure the payment of a debt or obligation. The purpose of this policy is to assure that the assets covered by the policy are transferred with full Board consideration and approval.

II. TRANSFER OF A REAL PROPERTY ASSET

Real property assets will only be transferred following evaluation by the Board of the specific property asset and the terms of the transfer followed by a two-thirds affirmative vote of the entire membership of the Board. The decision to sell land or easements can only come out of a careful review and affirmative finding that such action is consistent with GRLT's mission and it has met the criteria of Section II C in this policy.

A. Value Consideration: All transactions that transfer a real property asset must produce a consideration to the Land Trust that reasonably approximates or exceeds the fair market value of the specific asset.

B. Appraisal Requirement: Prior to the vote by the Board, the Executive Director shall obtain and submit to the Board an estimate of the fair market value of the specific asset, dated within twelve months of the date of proposed transfer, from an independent professional appraiser of real property. If the cost required to obtain a written estimate from an appraiser is an unreasonable percentage of the value of the real property asset, then the Executive Committee may waive the requirement for a written estimate and instead obtain a less formal opinion of value, which shall be documented in the Land Trust's files. The requirement of fair market value consideration may be waived by the Board if the asset is transferred to a qualified organization under Section 170(h)(3) of the Internal Revenue Code, provided that the purposes and capabilities of the receiving organization include the permanent protection, management, monitoring, and enforcement of real property interests, or to a governmental agency or unit with similar purposes and capabilities.

C. Qualifying Criteria: At least one of the following six conditions must be met before the Land Trust transfers any interest in a real property asset.

1. Qualified Organization. The party to which the Land Trust transfers a specific real property asset is either a qualified organization under Section 170(h)(3) of the Internal Revenue Code with purposes and capabilities that include the permanent protection, management, monitoring, and enforcement of real property interests, or is a governmental agency or unit with similar

purposes and capabilities. The transfer will not result in a net loss of the important conservation values.

2. **Effect of Changed Conditions on Conservation Purpose of Property.** Since the date of the Land Trust's acquisition of the specific real property asset, unexpected changes in conditions in the vicinity of the subject property make impossible or impractical the continued use of the property for conservation purposes. In determining this condition, the Board of Directors shall review applicable sections of the Internal Revenue Code, in particular Section 1.170 A-14(g)(6)(i), as amended.

3. **Trade Land.** The specific real property asset lacked significant conservation value at the time of the Land Trust's acquisition of the asset and the asset was acquired with the intention of reselling at a future time. At the time of the acquisition GRLT will request a written statement from the donor/seller acknowledging that the property is to be used to support GRLT's conservation programs in any way GRLT, at its sole discretion, determines.

4. **Sale Following Placement of Conservation Easement.** The specific real property asset has significant conservation value, and prior to the Land Trust's acquisition of the asset the Land Trust stated in writing to the donor of the asset or of a portion of the asset as a bargain sale, or to donors of funds that were contributed specifically to assist acquisition of the asset, that the asset has significant conservation value and that the Land Trust is reserving the right to sell or exchange the asset only after the Land Trust has placed permanent conservation restrictions on the asset sufficient to protect the property's conservation values.

5. **To Resolve Ownership and Boundary Disputes.** The specific real property asset transfer is expected to result in the resolution of a significant ownership or boundary dispute in which the Land Trust has determined that the other party's case has substantial merit, provided that whenever feasible, the Land Trust will seek as part of its consideration for the transfer that it acquires new assets in adjacent or nearby property that will provide significant conservation benefit.

6. **Related to Amendment of a Conservation Easement.** The specific real property asset transfer involves the amendment of a conservation easement (see also "Conservation Easement Amendment Policy") provided such amendment does not negatively affect the conservation values of the specific conservation easement or the status of the Land Trust under any applicable laws, including Section 170(h) of the Internal Revenue Code.

D. Documentation: Should GRLT decide to transfer real property, it must document the important conservation values and/or the rationale for the transfer and plan the transfer according to applicable GRLT policies and procedures. In addition, in the case of a transfer to an insider, GRLT must follow its Conflict of Interest Policy and prepare necessary documentation of the transaction.

III. IRS REPORTING REQUIREMENT

If the Land Trust transfers assets that it received as a donation and for which it signed the donor's IRS Form 8283 "Noncash Charitable Contributions," and if the transfer occurs within two years of the date of the receipt of the donation, then the Land Trust must file IRS Form 8282 "Donee Information Return" with the IRS and forward a copy to the donor at his or her last known address.

IV. TRANSFER OF A TANGIBLE PERSONAL PROPERTY ASSET

A. Transfer Authority. Tangible personal property assets that have a fair market value in excess of \$10,000 will only be transferred following evaluation of the specific proposed asset transfer by the Board and an affirmative vote to transfer the asset by two-thirds of the entire membership of the Board. Tangible personal property assets that have a fair market value less than \$10,000 but greater than \$1,000 may be transferred by a majority vote of the Executive Committee. Tangible personal property assets that have a fair market value of \$1,000 or less may be transferred by decision of the Executive Director.

B. Required Return on Transfer. All transactions that transfer a tangible personal property asset must produce a consideration to the Land Trust that reasonably approximates or exceeds the fair market value of the specific asset unless the transfer is to another non-profit.

C. Fair Market Value Requirement. Prior to the vote by the Executive Committee or Board, the Executive Director shall obtain and submit an estimate of the fair market value of the specific asset. The Board may waive the requirement of fair market value consideration if the asset is transferred to another 501(c) non-profit organization.

D. Documentation. Any transfer of a tangible personal property asset with a fair market value over \$1,000 will be evidenced by a written bill-of-sale, transmittal letter, or similar documentation showing at a minimum the name and address of the recipient of the asset, a description of the transferred asset, the date of the transaction, and the description and value of any consideration received by the Land Trust.

V. COMMUNICATIONS AND ADVERTISEMENT OF SALE.

The Land Trust will provide open and transparent communications regarding the sale of land with GRLT membership, abutters, and the public throughout the process, with opportunities for consultation.

In the event the Executive Committee or Board approves the sale of a tangible personal property asset with a fair market value greater than \$1,000, or land to be sold as trade land, the asset will be advertised to the general public for sale.

After the property for sale has been publicly advertised, members of the Board or Staff may make an offer to purchase the asset. Approval of the sale by the Board, excluding the involvement and vote of any member of the Board or Staff who is a potential purchaser of the asset, will be based on the best interests of the Land Trust.