

CONSERVATION PROJECT NARRATIVE XYZ DEVELOPMENT TRACK CHEROKEE COUNTY COMPLETED BY YPC 2009

XYZ Track is an arrested development in Cherokee County, Georgia. A developer bought the 500 acres and had 602 residential lots and 40 acres of commercial zoned. To date, the only infrastructural improvement is a parkway that runs from Georgia 00 (XXXXXX Highway) 3/4s of a mile north to traffic circle. The property remains a pine forest with two branches of the Xxxxxx creek, a tributary of the Etowah River crossing the tract. The developer borrowed \$10,000 000 from a Community Bank and the loan is non-performing. The XYZ Bank cannot foreclose on the subject property as the opportunity to re-sell the lots for enough money to retire the debt does not currently exist.

Yukon Property Consultants (YPC) was asked to master plan a conservation solution to the problems at XYZ Development.

Using both the XYZ Land Trust and the XYZ Public Land, YPC established that the conservation of the Xxxxxxx creek would satisfy the Georgia Department of Natural Resources' eligibility requirements and proceeded with having the property pre-certified for the Georgia tax credit program. YPC coordinated the assembly of the natural resources baseline documentation report, required by the DNR and which enable a conservation appraiser, also certified by the state to appraise the property for conservation purposes. A final Economic Benefit Analysis could then be produced. YPC worked with the bank and a group of its investors to raise the money necessary to recapitalize the LLC that owned the property so as to pay down the existing debt. Once the debt was retired the conservation plan could be put in place. As the bank had concluded that placing a conservation easement on the property to extinguish the development rights was the most economically beneficial route to take, YPC reached out to Cherokee County to establish their interest in becoming the long term steward of the property. Once Cherokee County indicated that they had a high level of interest in the subject property efforts could begin to plan the county's long term involvement so as to write the easement to reflect these intentions.

With the capital raised to retire the debt and the easement ready to record, YPC worked to finalize the transaction by recording the easement which terminated the development rights on all but 10% of the subject property and then affected the transfer of the easement to the land trust. The gift created the state tax credits and the federal income tax deduction that rewarded the investors. Additionally, the investors received title to the 45 surplus acres of land. Once Cherokee County accepted the transfer of the fee simple interest in the real estate, creating still more tax benefits for the investors – the 45 residual acres became adjacent to the county's newest park.

In conclusion, the bank got a non-performing loan paid off effectively recapitalizing the bank. The developer got out of debt and the investors got a acceptable return on their investment. A land trust got the credit for facilitating the creation of a park, the county got to use its park land acquisition budget dollars effectively and the Xxxxxxx creek was conserved in perpetuity.