



PECONIC LAND TRUST NEWSLETTER

VOLUME 12, NUMBER 1

FALL 2000



Photo: Jeff Heatley

Shelter Island Nursery

Prime Aquifer Acreage Protected in Shelter Island

In March 1999, the owners of a large vacant parcel of land located in the center of Shelter Island informed the public that the property would be sold at auction later that month. The 25.8-acre site is located over the prime aquifer of the Island and is of critical importance to maintaining a safe drinking water supply for the residents of Shelter Island. The Town was concerned that the land would be developed, but was unable to bid due to the relatively short notice for the auction. The Peconic Land Trust assumed the role as lead organization and assembled a group of conservation

investors. Successfully bidding on the parcel, the Trust borrowed \$800,000 in 1-year notes and closed on the property in May 1999.

Since then the Trust has worked with the Town of Shelter Island to implement a conservation/limited development plan that recently received final subdivision approval. The plan includes two 1-acre building lots, one that has been sold and one that will be donated to the Town of Shelter Island by the Trust; one 4-acre nursery lot; and a 18.87-acre site which will be sold to the Town of Shelter Island and

(continued on page 2)

Prime Aquifer Acreage... (continued from cover)

Suffolk County for watershed protection. The Trust is in contract to sell the 4-acre nursery lot on St. Mary's Road to Stony Hill Nursery with a conservation easement on the southern 2 acres that prevents further subdivision or residential construction. The collaboration between the Trust, conservation investors, the Town and the County enabled the Trust to repay the loans while protecting the community's water supply.

In another project protecting important watershed land, Ellen Lear and Pieter Ruig are working with the Peconic Land Trust to protect their 36-acre parcel on Ram Island Drive with a conservation easement. The site, formerly owned by John Holmes, had a potential density of 13 homes. Instead, a total of 28.6 acres will be protected in perpetuity, with a 7.7-acre development area set aside for an existing, single-family house, a new indoor riding rink and 24-stall horse barn. The rink and the barn will be sited deep on the property so that the public vista of scenic open space and woodland will remain intact. By restricting the further development of the property, the conservation easement will aid in the protection of Shelter Island's drinking water.

In a third project, Shelter Island resident Esther Hunt and her family are protecting 11.7 acres in the Village of Dering Harbor. This land, in the Hunt family for approximately 100 years, borders Julia Dodd Creek and contains undisturbed tidal wetlands, deciduous hardwood trees (oak, beech, maple, and hickory), and essential drinking water resources. In addition, there are significant populations of fish and bird life, particularly of declining species such as the scarlet tanager, red tailed hawk, wood thrush and rose breasted grosbeak. The area is also excellent habitat for spring warblers. A partnership of interests including the Trust, the landowners, the Village, and the Town, have worked cooperatively to protect the land. As a result, the development potential of 5 houses has been reduced to one new house on 4.2 acres. The public acquisition of this acreage has been funded on a 50/50 basis by the Town of Shelter Island's Community Preservation Fund and Suffolk County funding, with funds from the Village of Dering Harbor for related costs. The Hunt family enabled the acquisition by agreeing to a "bargain sale" (a price that is lower than the fair market or appraised value). A bargain sale stretches the public funds available for acquisition and provides the seller with a charitable gift for the difference between the appraised value and the sale price.

In each of these three projects, the Trust has provided an opportunity and medium for private landowners, concerned citizens and conservation investors to make a difference in their community by participating in the conservation process. If you are interested in becoming a conservation investor, please contact the Trust at (631) 283-3195.

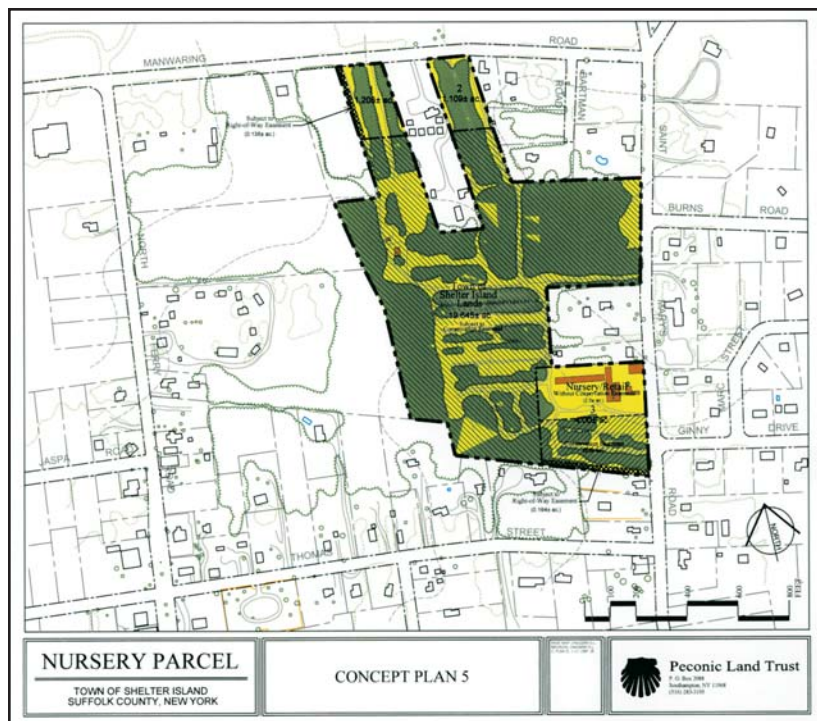
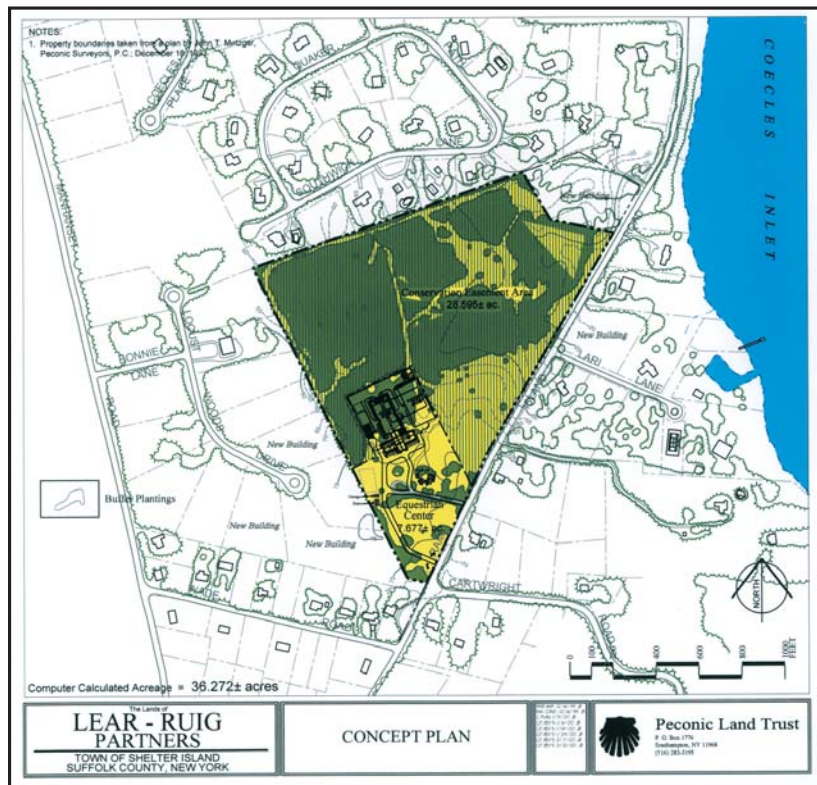




Photo: Jeff Heatley

View of Lear-Ruig acreage on Ram Island Drive.



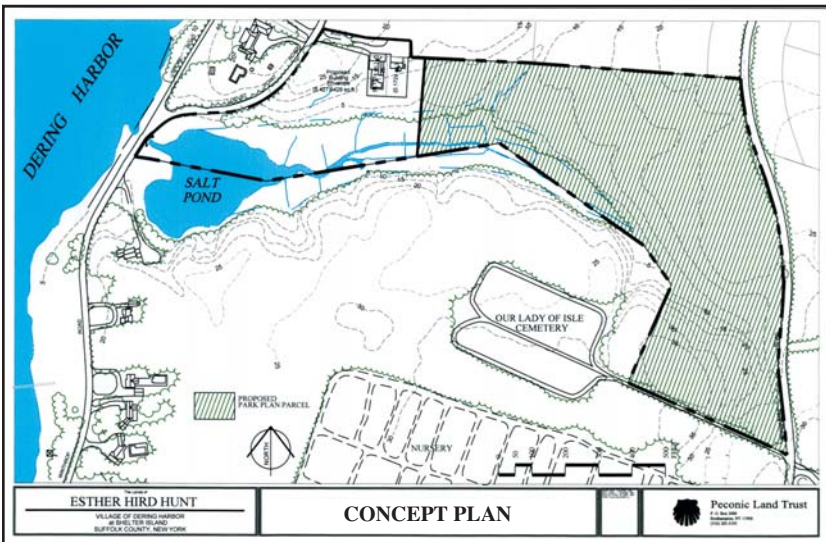
Photo: Jeff Heatley

View of Hunt land in Dering Harbor.



Photo: Jeff Heatley

View of Hunt land in Dering Harbor.



Recent Conservation Accomplishments

Village of Sag Harbor, Southampton Town, Suffolk County Acquisition - Cilli Farm

A 9-acre parcel in the Village of Sag Harbor was protected through a joint acquisition by the Village of Sag Harbor, the Town of Southampton, and Suffolk County. The Cilli Farm is one of the last remaining large open spaces in the Village of Sag Harbor and was actively farmed until recently. This acquisition ensures that this important scenic parcel will remain without commercial development. Appropriate future use will be determined by the Village of Sag Harbor.

Town of East Hampton PDR - Abel

A contribution from an anonymous conservation donor enabled the Trust to acquire two building parcels on Red Dirt Road at a bargain sale. The Trust then sold a conservation easement to the Town of East Hampton. The protection of this land is significant for its location over the Town's aquifer and its proximity to Suffolk County Water Authority wellhead sites.

Town of Riverhead PDR - Schneider Vineyards

The Town of Riverhead purchased the development rights on 17 acres of farmland on Roanoke Avenue in Riverhead that will be planted as a vineyard. The parcel is adjacent to other Suffolk County protected land and is part of a large block of actively productive farmland.

Town of Riverhead PDR - Krudop

In a bargain sale transaction, the Town of Riverhead purchased the development rights on a 34-acre parcel in the Northville area of Riverhead. This property is part of the North Fork Preserve, a hunting preserve located on the north side of Sound Avenue. A similar property located along the Preserve's western boundary was previously protected by a sale of development rights to Suffolk County. The property is currently cultivated with field corn and grains.

Town of Riverhead PDR - Caracciola

The Town of Riverhead purchased the development rights on over 24 acres of prime farmland in Riverhead. The property supports the active cultivation of nursery stock and is an integral part of a larger block of farmland that stretches south from Sound Avenue to the Main Road and east from Manor Lane to Herricks Lane. The preservation of this parcel protects prime agricultural soils and preserves the area's scenic vistas.

Village of Quogue, Southampton Town, Suffolk County Acquisition - Richman

A 15-acre site north of Dune Road in Quogue was protected through a joint acquisition by the Village of Quogue, Town of Southampton, and Suffolk County. Located within the designated Village of Quogue "Critical Environmental Area," the property provides habitat for fish, birds and other wildlife, and contributes to the health of the Shinnecock Bay estuary. This site joins nine other protected parcels along the same road, preserving the area's scenic heritage and protecting this critical environmental area.

Suffolk County PDR - McCall

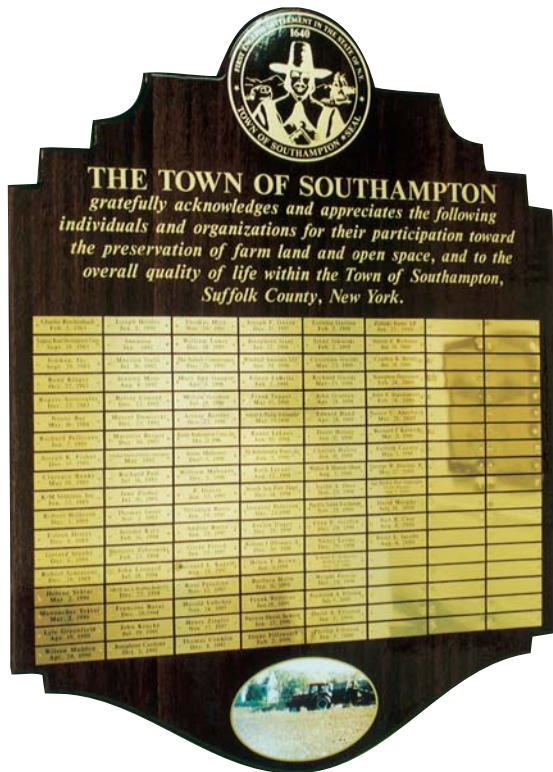
Suffolk County purchased the development rights on 50 acres of prime farmland in Cutchogue. The parcel adjoins 37 acres of farmland protected by a conservation easement previously donated to the Trust by the McCall family. The property is located west of Ft. Corchaug and is an important piece in the preservation of farmland and open space in the area.

Kenney Easement - Shelter Island

John and Jane Kenney donated a conservation easement to the Trust on a 1.86-acre parcel in Shelter Island. Located on Prospect Avenue, the property offers the public significant scenic vistas from a public highway. The preservation of this woodland property also protects important wildlife habitat.

Grassland Preserve - Montauk

Approximately one acre located in the Startup Ranch subdivision, this woodland parcel was donated to the Trust by Julie Fraad, Richard Verne, John Sacco and David Sacco. Their gift protects open space and preserves the rural character of the area. The Trust currently holds conservation easements on 7 other parcels within the Startup Ranch subdivision.



The Town of Southampton recently honored those who have participated in the protection of the Town's farmland and open space at a special ceremony unveiling this plaque on the second floor of Town Hall on Hampton Road.

North Fork Stewardship Center

Located at 22600 Main Road in Cutchogue, the Trust's stewardship center has a rich architectural and cultural history. While it was extensively renovated in the 1920s or 1930s, the main building is an early farmhouse that was most likely constructed from about 1800 to 1830. It was formerly a 1 1/2 - story cape with a center entrance and center chimney with simple Federal period architectural features. Presently, the only original components remaining are portions of the frame and the cellar hole, but the form and plan of the original house can still be seen in the existing building.

To the south of the house is an out-building that features braced-frame construction with mortise-and-tenoned hewn oak and sawn pine timbers and pine braces. The vertical exterior boards, fastened by cut nails, are original to this frame. The full brick cellar has the foundation for a chimney at the north end but, because the wood-frame building has no evidence of a chimney stack, this may be a later building on an earlier foundation. Other than residential buildings, the only out-buildings with chimneys would be a smoke house, bake house or summer kitchen. Smoke houses, however, are smaller, and bake houses and detached summer kitchens are rare on Eastern Long Island. Hopefully more research will reveal its former use but, if anyone has more information, please give Denise Markut, North



Fork Stewardship Manager, a call.

The 3-bay "English" barn has a heavy-timber frame, hewn of white oak. This type of barn, typical of those built on Eastern Long Island from the 17th to the early-20th century, is the agricultural building most associated with and most evocative of the area's agrarian history. This particular barn is one of the most intact timber-framed "English" barns on the East End. While so many of these historic barns have been converted into residences with a great loss of integrity, this one is an outstanding example that retains a high degree of integrity of the frame and interior.

(Excerpted from a report provided by Robert H. Hefner, Historic Preservation Consultant)



View from Eversley Childs Preserve in the Village of Old Field, overlooking Smithtown Bay.



North Fork Stewardship Manager Denise Markut and Stewardship Coordinator Pam Greene placing a sign at the Trust's Eversley Childs Preserve in the Village of Old Field, just off Crane Neck Point.



Donor Profile: Lenore Wolf

Twenty-five acres of meadow and woodlands in Southold will be preserved thanks to a woman born at the turn of the last century in rural Italy. Mrs. Lenore Wolf has made a testamentary gift that will provide for the heirs of her estate as well as for all of us who value the increasingly precious open space in that town. The house, barely visible from the road and protected by a tall row of hedges, and two acres will go to her late husband's daughters upon her death. The remaining 23 acres will be donated to the Peconic Land Trust to be conserved and maintained in perpetuity. The meadow was used as pasture for area farmers to keep their horses and the woodlands are home to wild animals. Through her generosity, Mrs. Wolf has enabled the land to remain a sanctuary for the animals.

A short woman who gets around now with the aid of a walker, Mrs. Wolf's skin is translucent, the color of the marble of her hometown. At 88 years old, however, she still exudes strength and self-confidence that come from meeting a lifetime of challenges. She looks straight at you while talking, her practical intelligence evident throughout her conversation.

Born in Carrara, Italy, "where the marble comes from," Mrs. Wolf lived in this simple mining and farming community until the age of nine, before moving to New York City with her family in 1921. Her daughter, Andrea Stevens, recalls that early childhood pictures show her mother surrounded by animals.

There is no residue of an Italian accent left; indeed she is thoroughly American, having lived through the Depression and World War II in this country. Yet it was her facility with languages-as a child she learned fluent Italian, English and Spanish, plus a bit of French-that carried her through those tough years and provided her with a varied career despite a lack of formal higher education. Using her language skills, she worked through the Depression for several international shipping companies, including the Steamship Conference, a group of trading companies. She often took on evening jobs translating, and speaks proudly of her later assignments translating for the U.S. military and the Allies during World War II. She eventually took a position as secretary to the chief of circulation at the New York Public Library where she worked for 25 years.

Her initial visits to the North Fork were with her first husband, whose friends lived in Orient and Greenport. Her move to the area would come later, however, with her second husband, Ferdinand. She recalls knowing it first as a "summer place-that's what I wanted, a place to come out to on the weekends and during the summer."

Mrs. Wolf met Ferdinand Wolf in New York City. An attorney in Manhattan, he learned of her language skills and asked her to do translating for him. His law practice was in estates and trusts and it was through that work that he first heard of the Southold property. "Like everything else in life, it was a circle," says Mrs. Wolf, drawing a circle in the air with her finger.

While neither of them grew up on the East End, both shared a love of the open space and quiet they found in Southold. For them it was a retreat from the hectic pace of New York City. Retiring in 1974 from the New York Public Library, she moved to Southold, while Ferdinand continued to work in New York, spending his free time clearing the fields and tending to the land.

"There were hoards of deer, they had their babies here," says Mrs. Wolf, as a deer saunters through her side lawn. "Raccoon, foxes-there were several on this property at one point-opossum and other wildlife. He didn't want hunters to operate here. We kept it (the land) intact. No one wanted to farm it, but the folks here used to run their horses on it. I want to make sure the animals are all cared for; he wanted the land left undeveloped."

Now she lives with Duggan, her dog, and some cats. That she loves animals and wishes to leave a home for them is evident in how her face lights up as she speaks of them-not just her domesticated companions, but also the deer that roam freely in her fields, along with the raccoons and the opossum. "This is one of the last few areas left for breathing space," says Mrs. Wolf. "This is important-but most people don't realize it. City people don't realize it; their connection to the land may be through Central Park. Look out on this open space," she gestures. "In another 10 years all of this will be built up. Where are people going to go? If they don't watch out, it will all be gone.

Suzanne Donovan

Conservation Tool: Conservation Easement

A conservation easement is a voluntary agreement between a landowner and a charitable conservation organization or a municipality to protect conservation values and natural resources by restricting certain uses of the land. For example, an easement may restrict land or part of it from subdivision, construction, or other alterations to the property. These restrictions may protect natural, agricultural and/or historical features of the property. This flexible tool protects land while leaving it in private ownership (conservation easements do not have to permit public access in order to be a qualified gift). Most importantly, granting an easement often makes the critical difference in a family's ability to pass land from one generation to the next. Advantages to the landowner include:

1. The landowner retains ownership of the land and may continue to live on it, sell it, or pass it on to heirs.
2. An easement can be written to meet the particular needs of the landowner while protecting the integrity and natural resources of the land.
3. The donation of a conservation easement can be a tax-

deductible charitable gift, provided that the easement is perpetual and is donated "exclusively for conservation purposes" to a qualified organization or municipality. The value of the gift is equal to the difference between the fair market value of the land before and after the imposition of the easement restrictions as determined by a qualified appraiser. The "before" value is based on the highest and best use of the land and the "after" value is based on the restricted land value, or the highest and best use subject to a conservation easement.

4. An easement can significantly lower estate taxes.
5. An easement may provide the landowner with property tax benefits since the assessed value of the land may be decreased.

Ed. Note: A conservation easement is explained, along with other conservation tools, in the Trust's booklet "Options for Landowners." Farmland owners may contact Hoot Sherman, Director of Public Programs for Peconic Land Trust, at (631) 283-3195 for a copy of this booklet, or if they have questions regarding the Trust's land conservation work.

From Quail Hill Preserve . . .

It is the year of the cucumber and the crow. Planted by hand at the right moment, when the soil temperature had risen to 65 degrees or so, cultivated carefully, and washed by abundant rains, Marketmore, Suyo Long, Little Leaf, Lemon, and Boothbay Blonde have flourished, sheltered by the sunflowers. Ellen Carney, a lover of these cucurbits, remembered one fine year and, pointing to the far corner of the Deep Lane field, reminded us, “Cucumbers love to grow out there, you know...” Thank you, Ellen! In another field, to the south of Town Lane, where we have planted autumn squash, tomatoes, peppers, parsnips, burdock, rutabaga, bok choy and broccoli, brussels sprouts and collards, celery and leeks, late cauliflower—here, crows dominate. I have just returned on the cultivating tractor, after chasing them from one patch of ground to another, beeping wildly. They were amused, but basically unconcerned, finding temporary lodging in the sassafras trees. To date, these crows, joined by cousin pheasants and a herd of deer, have eaten 95% of the corn crop, and a fair share of tomatoes, peppers, and eggplant. The field is bordered with an electrified deer fence and the birds casually descend through the “bird-scare” tape and a battery of pots and pans arranged by our interns Jessica and Chuck. When I complained to my 7-year old son, Liam, that I had asked the crows to simply share some of the food with us (after all, we planted it!), he replied, with the basic logic of someone his age, “They can’t talk to people, or understand them...if they could, they would probably share!”

Scott Chaskey, Quail Hill Preserve Manager

Ed note: The cost of a winter share at the Trust’s organic community farm is \$230 (plus an additional \$100 one-time assessment for new members). The first harvest day is just before Thanksgiving and the season extends to the end of February. Fees may be charged to MasterCard or Visa. For more information and an application, please call Pam Greene, Stewardship Coordinator, at (631) 283-3195.



Garlic and onions drying in the hoophouse at Quail Hill Farm.



Photo: Ed Gifford

Thanks to a grant from the Heckscher Foundation for Children, Quail Hill Farm staff introduced 75 pre-schoolers from the Child Development Center of the Hamptons to farming basics this summer. Each Thursday morning, the children did a little of everything, from planting seeds to scarecrow making, to tending the herb garden—with a few worms and an intro to composting in between! The Child Development Center strives to give all children the tools to learn, the confidence to reach their potential, and the courage to achieve.



Quail Hill Farm summer interns weeding the leeks on what proved to be a rare, sunny day . . . (l. to r.) Jessica Reynolds, Chuck Padnick, and Jeff Palmer. A fourth intern, Anna Kellerman, was tending to other farm chores and missed the chance for photographic immortality!



Shellfisher Preserve, Southold

Update: Cornell Cooperative Extension and Trust Collaborate

The mutually beneficial relationship between the Trust and Cornell Cooperative Extension's Marine Program has meant a lot to both organizations over the last several years. The most significant advantage to me has been the ability to focus on *Phragmites* management and control methods as part of ongoing applied marsh restoration projects. The Trust's holdings of significant marshland paired with Cornell's ability to raise research dollars to undertake the projects has proven ideal. The following are some recent results that shed light on the issue of common reed management.

Previous issues of the Newsletter have included information on the work conducted by Peconic Land Trust and Cornell at the Trust's Cassidy Preserve in Greenport. Although more of a true restoration than experimental, this work reaffirmed the fact the dredge spoils can be removed from filled marshes to reestablish cordgrass. It also highlighted the importance of excavating to exact elevations when working with *Phragmites*! High spots of only 1-2 inches above the design grade allowed reeds to maintain a foothold in some of the areas until regrading corrected these errors. On a more surprising note, intertidal pond/ditch habitat created as part of this project has naturally vegetated with widgeon grass (*Ruppia maritima*), a submersed plant favored by local waterfowl. I have not witnessed this before and, at this time, all evidence points to duck droppings as the source of seeds. I guess the saying "if you build it they will come" (and bring their own food!) applies to salt marshes and ducks.

At the Trust's E. Grayson and Louise Clayton Weymouth Preserve in Southold, a small-scale "salting" trial was conducted this past spring/early summer to determine the effect of applying small amounts of food grade salt into the root zone of an existing stand of common reed ringing a salt marsh. The principle behind this method is that higher salinity tends to exclude common reed in favor of salt marsh species. However, this pilot study was more about monitoring the characteristics of salt introduction into brackish sediments than actually controlling *Phragmites* given the limited scale of the treated area. Unfortunately, the results of our efforts were more dis-

couraging than encouraging as we determined that huge amounts of salt would be needed to maintain root zone salinity of 20 parts-per-thousand or higher. Another drawback of this was the ability of even the lightest of rains to "freshen" the water at the surface of the sediment and effectively thwart our efforts. We haven't lost all hope in this method, but we still have some bugs to work out.

In a somewhat nontraditional attempt at controlling common reed, we initiated a grazing trial in a large stand of *Phragmites* on Shellfisher Preserve. With the help of "Milly" the goat and "Linda" the sheep, we are trying to determine if grazing is an effective means of controlling common reed. Though somewhat unhappy with their dietary options, the "girls" have done an excellent job of clearing every bit of *Phragmites*. There isn't a standing stem to be seen inside their large enclosure. Outside the fence, the reeds wait patiently for the experiment to conclude. At this time, it is not clear what the long term effects of this treatment will be. We may decide to keep them going this fall or release them from the drudgery of this bland diet!

Finally and most importantly, with partial funding from the East End Institute, we are about to embark on the most exciting collaborative project to date. We are still early in the planning stages, but hope to work with the Town of Southampton, the New York State Department of Environmental Conservation and local consultants to attempt various treatment methods on a single stand of common reed on a tidal brackish pond. At this time, we have a tentative site chosen and have begun characterizing the vegetation, soils and hydrology to determine pretreatment conditions. It is hoped that by completing this "common garden" experiment we will have some comparative data to allow us to say with some certainty what methods work and don't work in controlling common reed. Stay tuned for further details on this project as we obtain regulatory approval and develop our plan of attack.

Chris Pickerell

Dedication at Accabonac Preserve House

A small ranch house, formerly located on Hand Lane in Amagansett was moved in February to its new home at the Trust's 92-acre Accabonac Preserve on Springs Fireplace Road. Designed by Robert C. Johnston in 1956 for use as his family's summer home, it was donated by Mr. Johnston's widow, Charlotte, his daughter Barbara Adams and granddaughter Hilary Adams. Many thanks to them and to all who contributed to this important project: The Baker Foundation for its generous grant of \$25,000 to pay for moving the house and some of the associated expenses and Robert Schwagerl who donated the necessary architectural drawings, and to all who made contributions to furnish the

house, including Christine Alexio, Antonia Goldmark and David Demarest, Linda Lacchia, Terrell Marks, Michael Motta, Jeanette Schwagerl, Edith and Alan Seligson, Erika Shank, Terry Stein and Nick Stephens, Martha Sutphen, and Gretchen Wessels, and all the other friends of Quail Hill Farm. Their generous donations have solved an annual problem of finding affordable housing for summer interns at the Trust's Quail Hill Farm. The house will also serve as an office for the Trust's stewardship activities in East Hampton Town. Hilary Adams made the following comments at the dedication ceremony:

“There is something about the origin of things—Most people have a tendency to forget, in this fast age of constant turnover, that everything was always something else before. These trees around us came from the soil, from air and light and rock and before that....Today we have gathered to mark an official beginning. A new home has begun to be built. Although the physical structure remains from an earlier incarnation, something wonderful is happening. As people, we speak of character, even of the spirit of a person. Buildings often are referred to in the same way. When someone plans and constructs a structure the same wooden planks and metal nails that make up millions of other dwellings and workplaces, transform into messengers: they carry the hope and perhaps even the prayers or blessing of the person carrying the blueprint, carrying the hammer. My grandfather was an artist. Not in a traditional form, but in the art of engineering. It was what he was fortunate to both love and have skill in, and so he thrived in the business. When he arrived in Amagansett, he decided to design and build his own home for his family so they could be surrounded and protected by the physical manifestation of his love and caring. The rooms were designed carefully, the pencil marks made on the vellum, and his dream transformed into a beautiful and functional representation both of craft and love. Today, my mother donates this house in his memory in the best kind of recycling there is. My grandfather would be proud to know that this dream of his will continue and will give people he has never met shelter from storms, and that maybe something of the original character, the original spirit of hope and love and dedication to craft, in whatever form it takes, will remain in its timbers as the seasons pass and the community of people who have slept under its roof grows larger.”



Hilary Adams, Barbara Adams, Trust Board Member Tom Thorsen, and Quail Hill Preserve Manager Scott Chaskey following the recent dedication ceremony.

The Charitable Remainder Trust and Wealth Replacement Planning: A Potent Combination

by John S. Erwin, Esq.

The Peconic Land Trust and I have worked together to assist families who wish to encompass donative intent in tax-wise Estate Planning. The use of a Charitable Remainder Trust (CRT) coupled with a wealth replacement plan has proved very effective in enabling individuals to ensure the preservation of land, increase family income, achieve a charitable intent and replace the value of the amount of the charitable gift. The purpose of this article is to explain how a CRT and wealth replacement planning work, and how they may benefit your family and you.

A CRT is a trust that annually pays the beneficiary either a fixed dollar amount, or fixed percentage of the value of the principal of the trust (which is valued annually). Upon the death of the beneficiary or beneficiaries, the trust terminates and the remainder (the principal value of the trust at that time) is paid to a recognized charity or charities.

The procedure to establish the CRT is relatively straightforward. The Trust Agreement is written and signed by the individual making the gift to the trust, the "Grantor," and the person receiving the gift, the "Trustee." The trust must be irrevocable. The Trustee holds the assets given to the trust for the benefit of the beneficiary, typically the Grantor and the Grantor's spouse. The charity has the remainder interest and is known as the remainderman. The Grantor may be the Trustee. The gift to the trust can create an income tax deduction for the charitable contribution that is the value of the remainder interest as of the date the trust is created. Each year a payment from the trust is made to the beneficiary. The payments can be made in monthly, quarterly, semi-annual or annual installments.

Typically, a CRT is used when a person has highly appreciated, low income producing assets such as stocks, that they desire to sell in order to invest in a higher income producing investment. A CRT, thereby, enables the individual to make a charitable contribution and receive a higher income. The sale of these assets would produce a significant capital gain between the sale price and the low-cost basis, resulting in an income tax on the gain. The payment of the tax will result in the loss of up to 30% of the sale proceeds (20% federal tax and up to 10% state tax). This will reduce the amount available for reinvestment by up to 30%. The value of the CRT is that, by giving the asset to the CRT and having the CRT, as owner, sell the asset, there is no capital gain tax due at the time of the sale because the CRT is tax-exempt. Therefore, 100% of the sale proceeds are available to generate the fixed income payment to the beneficiary.

For example, if "A" has land or stock worth \$1,000,000 with a cost basis of \$100,000 and "A" sold the property, the gain is \$900,000 and the tax at 30% is \$270,000. Thus, a net of \$730,000. If invested in a safe haven investment such as bonds, the return will typically be

approximately 5% or \$36,500 per year ($\$730,000 \times .05 = \$36,500$).

On the other hand, if "A" had created a CRT, made the gift of the asset to the CRT and the CRT made the sale, the net is \$1,000,000. If the CRT provided that "A" (or "A" and "A's" Spouse) receive an annual payment of 9% of the trust principal, the first year's payment would be \$90,000 or \$53,500 more than in the previous example (subject to applicable income tax). Typical percentage payments range between 5% and 12%, depending on the age of the Grantor and the Grantor's spouse. If, hopefully, the trust appreciates in value due to prudent investment in a combination of stocks and bonds, the annual payment can increase.

The drawback of the CRT is that the principal may not be invaded (except to the extent of the percentage payment) and that the principal is not available to the family at the death of the Grantor. With respect to the first, it is usually the case that the Grantor would not be using the principal even if it were in his or her own name.

Here is where wealth replacement planning can replace the value of the remainder (the trust principal) that is given to the charity in order to make the family "whole." This is accomplished by the Grantor and the Grantor's spouse purchasing a Second to Die Life Insurance Policy) or Single Life Insurance Policy if there is no spouse) through an Irrevocable Life Insurance Trust which is the owner and beneficiary of the policy. Because the policy is owned by the trust it is not subject to state tax in the estate of the Grantor or the Grantor's spouse. The \$53,500 additional income provided by the CRT (refer to example) is the source of payment of a life insurance premium.

The combination of the CRT and wealth replacement strategies provides important planning tools and achieves a number of significant benefits. A charitable deduction may be obtained, more income can be received and, through wealth replacement, the family is made whole or better via the insurance trust. Last, but far from least, a significant charitable contribution of lasting importance and value is made to the charity or charities. You, your family and the charities, not the IRS, enjoy the benefit. It is a question of whom you wish to benefit and the choice is yours.

Does the CRT and wealth replacement have a place in your planning? Very likely. Peconic Land Trust and I would be pleased to discuss your situation with you.

For over 25 years, John S. Erwin, Esq. has concentrated on what he calls "waste management," or saving estate taxes and maximizing the transfer of wealth to family and other chosen recipients. He practices in Westchester, New York and Water Mill and has acted as consultant for Peconic Land Trust on estate planning matters.

GreaterGood.com

Now you can help Peconic Land Trust when you shop online. Just visit our "shopping village" at www.peconiclandtrust.greatergood.com, where you can choose from more than 80 major online retailers, including Amazon.com, L.L. Bean, Office Max, J. Crew, J.C. Penney, Brooks Brothers, Orvis, and many more. 5%-15% of every purchase you make will benefit Peconic Land Trust, and it doesn't cost you, or us, anything extra! Plus, for every person who registers at the Trust's "shopping village," GreaterGood.com will donate \$3 to the Trust. Just click on the "Register" link in our shopping village to access the registration form.

2000 Challenge: Raise \$800,000 by October 31

Help us acquire and protect Eastern Long Island's vanishing open space and farmland ...

The farms, woodland, and scenic vistas that define the East End's rural character have never been more at risk than they are today. Faced with extraordinary development pressure, more and more landowners are asking for the Trust's assistance. Our conservation methods are practical, fair and effective. Every year, the Trust makes a tangible difference to the communities we live in by protecting and managing conservation land—forever—acre-by-acre. We must match our 2000 Sponsor's support of \$400,000 with your donations by October 31 for a total Challenge of \$800,000. Please be as generous as you can so that we can continue working with landowners and local municipalities to protect the beauty and heritage of Eastern Long Island.



Leave a Legacy to Future Long Islanders . . .

If you would like to extend your support of the Trust's work in protecting farmland and open space on Long Island, you may do so in a variety of ways such as naming the Trust a beneficiary of your IRA or a life insurance policy, for example. If you would like to include a provision in your will to bequeath cash, securities, or other asset property to the Trust, the following language may be used and modified as necessary:

For gifts of real estate

"To the Peconic Land Trust, Incorporated, a 501(c)(3) non-profit organization, incorporated under the laws of the State of New York in 1983, having as its principal address 296 Hampton Road, Southampton, New York 11968, I hereby give and devise my real property at (street address here) to Peconic Land Trust, Incorporated, of Southampton, New York."

For cash gifts

"I give and bequeath \$_____ to Peconic Land Trust, Inc. of Southampton, New York."

For gifts of securities

"I give and bequeath _____ (number of shares) of (name here) common stock to Peconic Land Trust, Inc. of Southampton, New York."

For asset property such as paintings, other artwork, antiques, etc.

"I give and bequeath (description or name of items) to Peconic Land Trust, Inc. of Southampton, New York."

If you or your attorney would like to discuss a potential bequest, please call Marsha Kenny, Director of Development, at (631) 283-3195. All inquiries will be kept confidential. All gifts to Peconic Land Trust are tax-deductible. Contributions of \$250 or more will be acknowledged in our Annual Report.

Other Ways to Support Land Conservation

Matching Gifts: If your employer has a matching gifts program, your gift to the Trust can be doubled or tripled. Please check with your employee benefits office.

Scallop Shell Memorial Gifts

A gift in memory of a loved one or friend is a special tribute to those who appreciated the beauty of Long Island. To make your gift, send your check, along with the name of the person being memorialized, to the Trust. Please indicate the name and address of a family member or friend of the deceased to whom we can send an acknowledgment of your charitable gift.

Special occasion gifts: Commemorate an anniversary, birthday, wedding or other special occasion with a gift to conservation. The Trust will send a card in your name to whomever you designate (just provide us with a mailing address!).



PECONIC LAND TRUST
PO Box 1776
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Mission Statement

The Peconic Land Trust is a nonprofit, tax-exempt conservation organization dedicated to the preservation of farmland and open space on Long Island. To this end, the Trust acquires and manages land as well as easements for conservation purposes. In addition, the Trust assists farmers and other landowners in the identification and implementation of alternatives to full-yield development.



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