

## **Is New Hampshire ready to add Installment Purchase Agreements to our land conservation tools?**

Mark your calendar and plan to attend an Installment Purchase Agreement discussion on January 26, 2011 at the Society For the Protection of New Hampshire Forests conference room, from 2 PM to 4 PM.

Jeff Everett, Land Preservation Specialist, will present the results of a study that explored how IPA's might be used in New Hampshire to acquire easements on farmland. He will discuss the tool and how it works, the use of Zero Coupon bonds (ZCBs) to finance, benefits and drawbacks, and a strategy for using the IPA/ZCB approach in NH.

Tom Masland, an attorney at the Concord firm of Ransmeier & Spellman and one of the state's leading experts in conservation real estate transactions and estate planning, will discuss legal and regulatory issues connected with the use of these tools.

### **Background:**

Because acquiring development rights is so expensive in New Hampshire, because state and local communities have limited funds with which to purchase conservation easements, and because Installment Purchase Agreements (IPAs) can provide tax and financial benefits to farmers and other landowners, IPAs have the potential to provide a significant means of leveraging precious financial resources for farm and forest land protection for the mutual benefit of landowners and communities.

\* An installment purchase agreement (IPA) is an innovative payment plan that spreads out payments so that landowners receive semi-annual, tax-exempt interest over a term of years (typically 20 to 30). The principal is due at the end of the contract term. Landowners can sell or securitize IPA contracts to realize the outstanding principal.

\* Jurisdictions can purchase zero coupon bonds to cover the final balloon payments. Zeros do not generate regular interest income. Instead, they yield a lump sum when the bond matures. Because zero coupon bonds cost a fraction of their face value, the public entity is able to stretch available funds to cover more purchases. Zeros with a face value equal to the purchase price are usually purchased the day before settlement. (<http://www.sec.gov/answers/zero.htm>)

### **Presenters:**

Jeff Everett introduced the IPA tool to New Hampshire when he served as Land Agent with the New Hampshire Fish and Game Department. He learned about IPAs when he administered Howard County, Maryland's Agricultural Land Preservation Program, where the concept originated. Howard County pioneered IPAs as a strategy to fund land conservation program 1989. When introduced, this funding/payment mechanism invigorated the conservation easement program allowing the county to double in easement acreage in

three years what it had taken ten years previously to accomplish. The county spent about \$9 million of available funds to permanently protect \$57 million worth of easements. He now serves as Farmland Preservation Specialist for Carroll County, Maryland, where he continues to refine IPAs.

Tom Masland is an attorney with the Concord, NH law firm of Ransmeier & Spellman, P.C., representing both landowners and conservation organizations in land protection and conservation transactions. Tom is also a trained Mediator and frequent lecturer on both conservation and estate planning topics to professional audiences as well as the general public. A Fellow of the American College of Trust and Estate Counsel, Tom concentrates his practice in the areas of estate planning and administration, elder law and probate matters. Tom is a member of the Board of Conservation New Hampshire, a statewide political advocacy and education organization, and has been a Board member of two regional land trusts.