



# TALTnews

Conserving the Texas heritage of agricultural lands, wildlife habitats, and natural resources.

## PASSING LAND DOWN TO FUTURE GENERATIONS: PREPARING ONE'S HEIRS

by Lorie Woodward Cantu | Reprinted from Summer 2014 edition

Successfully passing a family's legacy from generation to generation is equal parts business and heart.

"Traditionally, the planning community focused its efforts only on the business of transferring assets," said Tommy Oliphint, CEO, Grand Purpose Advocate, a San Antonio-based financial advisory company. "In recent years, planners have realized that it's not enough to simply prepare the assets for the heirs, the heirs must be prepared for the assets – and the responsibility that comes with stewardship of the family's legacy."

"Successfully transitioning assets is not easy, but successfully transitioning assets without a shared purpose is almost impossible," said Eric S. Foulz, Partner, ATX Seed Ventures (formerly with LBJ Family Wealth Advisors, Ltd. in Austin). Research has shown that 70 percent of generational transitions fail during the succeeding generation, he said, and that the failure rate is first and foremost due to a lack of trust and communication, followed by not adequately preparing the heirs and, to a lesser degree, not having a shared mission.

For farming and ranching families, land qualifies as both a business and emotional asset, said Dave Specht, founder of Advising Generations LLC, a

continued on pg. 6

## CONSERVING OUR LAND AND LEGACY: SAN PEDRO RANCH

by Lorie Woodward Cantu



Since its inception in 1812 as part of a Spanish Land Grant to Juan Francisco Lombrano, only three families have cared for the land that comprises the San Pedro Ranch. In the ultimate act of stewardship, the current owners, siblings Pam Howard and Joseph B.C. Fitzsimons, have protected the San Pedro for future generations by donating a conservation easement to TALT.

"Our goal has always been to keep the San Pedro operating as a family ranch just as it has been since our grandfather purchased the ranch in 1935. We value the diverse biology, history and culture that characterize this property and want to see it carried forward into the future," said Pam.

continued on pg. 7

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## CEO'S LETTER

Land is arguably the ultimate inheritance. Generations of Texans have poured their blood, sweat and tears into land that is a touchstone, an identity, and a source of legend and lore for their families. As a society, land is our environmental and economic lifeblood. Its health is essential to our future.

In past years, the ownership of land and the mantle of stewardship that accompanied it were often passed from the hardworking hands of one generation directly into the next with little forethought. Things are not nearly as simple now.

Estate taxes strain personal resources. Market forces drive land toward development. The convenience and relative ease of city life act as siren song tempting youngsters away from lives on the land.

From society's standpoint, these emerging challenges are ill-timed. With unprecedented population growth that is leading to unprecedented demand for food, shelter and water, we need productive farmland and rangeland more than ever.

At the Texas Ag Land Trust, the question we tackle every day is: What can we do to help families conserve and pass down their legacy of land ownership?

The conservation easement is a voluntary tool that can help some families. But it is just that – a tool – which should be part of a broader discussion about continuity from one generation to the next. We're learning how to help people navigate the sometimes difficult, but always heartfelt, discussions that arise alongside planning for the future. We are constantly on the lookout for resources, programs, experts and tools to help people plan, and for innovative strategies that families have used to help pass down their land and their conservation ethic.

It can't be said often enough that the health of our water, wildlife habitat, and air depend on keeping families on the land and stewarding those natural resources. At the Texas Ag Land Trust, our goal is to help families protect, conserve and pass down those vital working lands - for the benefit of all Texans.

All the best,

A handwritten signature in dark ink that reads "Blair". The signature is fluid and cursive, with a long, sweeping underline.

Blair Fitzsimons, Chief Executive Officer  
[bfitzsimons@txaglandtrust.org](mailto:bfitzsimons@txaglandtrust.org)

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# TEXAS FARM & RANCH LANDS CONSERVATION PROGRAM

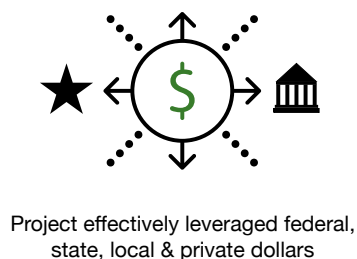
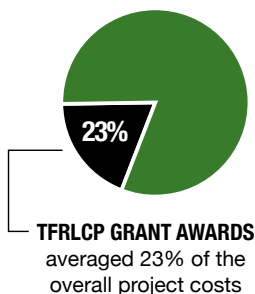
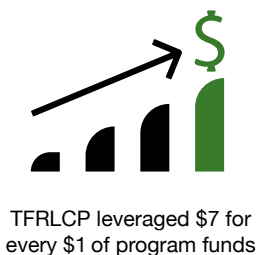
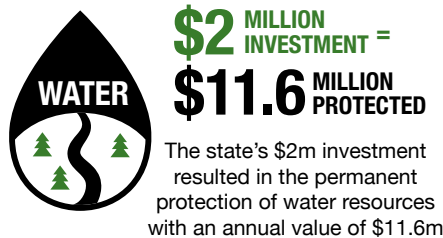
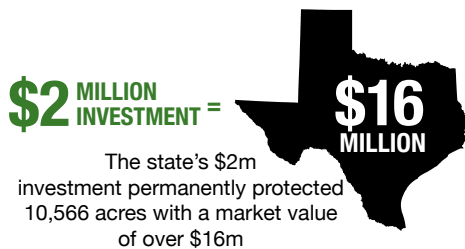
## MEASURING IMPACT



When it rains in Texas, that rain falls predominantly on a privately-owned farm or ranch. But Texas is losing her rural lands at an alarming rate to development and fragmentation, which can lead to increased erosion, sedimentation in rivers and reservoirs, polluted runoff, limited aquifer recharge, and added pressure on municipalities and water districts to invest in costly water treatment and collection infrastructure.

The Texas Farm and Ranch Lands Conservation (TFRLCP) program awards grants to land trusts who partner with private landowners to conserve working lands – one of the most immediate and cost-effective strategies to ensure a future of abundant, clean water for ALL Texans.

The 2015 Texas Legislature moved the TFRLCP to Texas Parks and Wildlife Department and gave it its first appropriation of \$2M. In an effort to generate continued legislative support, TALT, together with the Texas Land Trust Council, commissioned an analysis of the program's impact. Visit [www.nolandnowater.org](http://www.nolandnowater.org) to learn how you can support this effort!



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## MISSION

To conserve the Texas heritage of agricultural lands, natural resources and wildlife habitats.

## GOVERNING PRINCIPLES

### STEWARDSHIP

#### **requires stewards.**

Keeping productive rural lands in private hands and under private management is the best way to conserve Texas' natural resources.

### FOCUS

#### **only on private lands.**

TALT refuses to acquire conservation easements that will end up in public hands or that involve condemnation.

### HELP

#### **landowners protect their lands.**

TALT does not own fee title to any properties.

### TRUST

#### **the landowner to manage.**

TALT does not interfere with day-to-day management decisions.

### RESPECT

#### **landowners' rights.**

The donation of an agricultural conservation easement does not require the landowner to provide public access, nor does TALT require it.

# HB2943: INNOVATIVE FUNDING FOR LAND CONSERVATION

Over the years, we have observed that most farmers and ranchers who call our office are interested in selling a conservation easement. This has been a challenge because in Texas, unlike Colorado, Wyoming and other states, we have very few options for these landowners. As a result, we at the Ag Land Trust are constantly seeking innovative sources of funding that enable us to partner with landowners to help conserve, protect and pass down their properties.

One such innovative source of funding for the sale of conservation easements is working its way through the Legislature. During the current legislative session, which ends May 29, we have worked with lawmakers to replicate an Ohio program which draws upon the federal Clean Water State Revolving Fund (CWSRF) to fund land conservation as a strategy for combating nonpoint source pollution. The CWSRF is typically used by states to provide low interest loans to water utilities seeking to upgrade infrastructure. HB2943 would enable Texas utilities to use CWSRF to fund land conservation.

Private lands are fundamental to sustaining Texas' water supplies. Both water quality and quantity can be protected through voluntary conservation programs, such as conservation easements, that incentivize private landowners to conserve land with significant water resources. However, of the \$6.784B Texas spent from 1988-2016 through CWSRF, its primary funding source for water pollution prevention, only \$8.35M went to projects designed to combat nonpoint source pollution, and NONE was used specifically for land conservation.

## THE OHIO MODEL

In Ohio, policymakers adapted the CWSRF to provide financial incentives for water utilities to sponsor land conservation projects. Borrowers get a lower interest rate if they agree to fund land conservation, and in the process, ultimately pay less than they would to finance their infrastructure projects through the traditional process. By pairing traditional wastewater projects with land conservation, Ohio has funded more than \$160M since program inception to protect and restore lands that provide critical water quality services.

## THE TEXAS MODEL

If Texas were to emulate the Ohio approach, it could potentially yield an estimated \$14M per year for land conservation. The Texas Water Development Board would administer the program, while land trusts would work with water utilities to identify potential projects. The land trust community would also work with the Water Development Board to develop criteria to ensure that CWSRF funding will be used only for projects that can achieve nonpoint source pollution reduction in areas of critical hydrology.

HB2943 represents a win-win strategy for the conservation of Texas' working lands AND the need to protect our state's water resources.

As of the date of this publication, HB 2943 has passed both Houses and is awaiting the Governor's signature. **The Texas Ag Land Trust commends the Texas Legislature for making land conservation a priority this session.**

# MEET TALT BOARD MEMBER JIM BRADBURY

by Lorie Woodward Cantu

Jim Bradbury grew up in Richardson and watched the Metroplex consume the unfenced prairie, fields and woods that were his playground.

"In elementary school, I could ride my bike and find 'natural magic' nearby," said Bradbury.

"It was a backyard with no limits. Then, the wave of 'progress' washed over my playground."

By the time Bradbury left to study agricultural economics at Texas A&M University in 1984, the fertile, open land was almost all paved.

"The landscape's transformation from cotton fields and cattle ranches to concrete and asphalt had a profound effect on me," Bradbury said. "It made me very aware of just how quickly we can lose our natural history and agricultural heritage."

When Bradbury was trying to choose between joining his grandfather on their family's Kansas farm and law school, his grandfather steered him to law school. Bradbury, who earned his Juris Doctor at University of Idaho, gained experience in corporate law at several large firms before joining Jackson Walker, where he applied his land-based knowledge to cases involving

eminent domain and water law. In 2007, he opened a private practice focusing on agriculture and water law. He also serves as adjunct faculty member at the Texas

A&M School of Law teaching agricultural law and other special topics.



"A perfect storm is threatening open spaces in Texas," Bradbury said. "The current generation of ag landowners is getting older and the economics of agriculture make it hard for families to say no to developers waving big checks generated by lenders who see the demand for houses and strip centers that is driven by an influx of new residents. Frankly, we have a small window to act."

Land trusts, particularly TALT, give landowners a practical tool for conserving their legacies.

"People want to conserve their land—and the productive, personal history that goes with it—but they don't know how," Bradbury says. "That's where TALT and its team comes in. We have to sit at those kitchen tables, earn the landowners' trust as a valued partner and build those relationships into conserved tracts."



## WISHLIST

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- In May, TALT will kick off a year-long **10TH ANNIVERSARY CELEBRATION**
- Plan to join us as we take our show on the road with a series of BBQs to celebrate our easements in various parts of the state. We will cap things off with a 10th Anniversary Gala in San Antonio in the Spring of 2018
- Mark your calendars for the Victoria BBQ on October 12 at the McFaddin Ranch. Stay tuned for additional events coming to your part of the state!

To find out more or become a sponsor, please contact Sandra Velarde [svelarde@txaglandtrust.org](mailto:svelarde@txaglandtrust.org) or call 210-826-0074

# PASSING LAND DOWN TO FUTURE GENERATIONS:

## PREPARING ONE'S HEIRS *continued...*

by Lorie Woodward Cantu

family business consulting firm emphasizing farm and ranch transitions, based in Connell, Washington.

"Farming and ranching families live where they work, so it's not like any other business," said Specht. "When one generation starts to transfer ownership of a farm or ranch to the next generation, it is much more emotional than transitioning any other type of business because it's not just a livelihood, but an entire way of life."

**"Farming and ranching families live where they work, so it's not like any other business."**

He continued, "Ownership is a legal right to control something, but ownership is not enough when we are talking about how we

treat farms and ranches. Stewardship is caring for something in a way that respects the past and preserves it for the future. When the perspective is that we're caretakers of the land, then we make decisions that are good for us and for the future of the land."

The cornerstone of a successful transition is open communication built on trust. "Trust takes a long time to establish, but can disappear very quickly," Oliphint said. From the beginning, the family needs to honestly assess its situation. In some cases, everyone may be committed to keeping the ranch productive and in the family. In other cases, the older generations may be interested in keeping the ranch in the family, but a portion of the younger generation may not have the same ties to the

land and may be unwilling or unable to commit their personal resources to its upkeep.

**"Stewardship is caring for something in a way that respects the past and preserves it for the future."**

Oliphint encourages families to collectively draft a family mission statement. "Mission statements reflect the refined essence of a family's values and priorities," he said. "To obtain a final product, people have to talk about a wide range of issues and work together for a common goal. The process takes things that have been tucked away in people's heads and hearts and puts them on the table."

All three advisors agree that, once there is a mission statement, the family should devise a governance structure and ensure that everyone gets heard. Creating "job descriptions" and "performance standards" helps families recognize skills and talents within their ranks as well as establishing objective measurements of performance, which prevents subjective criticism. Because

transitions to the next generation are not easy, many families wait too long to start.

"The biggest mistake is not starting to transition early enough," Specht said. "Transitions of ownership and management take years, depending on the size and scope of the operation. It takes time for the next generation to build confidence. Start early and be intentional with your progression."

He continued, "Transitioning leadership and legacy to the next generation is not an event, but a process that takes time. Teaching your children from an early age how to treat the land, the animals and the business is a good way to start."

## 10 TIPS FOR SUCCESSFUL TRANSITION PLANNING



- 1 Be proactive and start the transition early! Successful transitions of leadership & legacy takes time.
- 2 Actively prepare your heirs by sharing your knowledge and respecting their ideas.
- 3 Develop trust through active communication about your desires, the requirements of managing the property and the different options and tools available for passing on the land.
- 4 Recognize core family values, relationships, and heritage as assets.
- 5 Deal with differing interests up front. Honestly assess your family's situation and create a plan that addresses differing interests.
- 6 Create a family mission statement that includes values and priorities. This processes, helps open communication, build trust and results in a shared purpose.
- 7 Explore all of the legal, tax planning and conservation tools available to you & your family as well as their pros and cons so your family can make an informed decision.
- 8 Have a governance structure for the decision making process and ongoing management of your family assets. This helps ensure that all voices are heard.
- 9 Be respectful of each other. This is an emotional process.
- 10 Seek the counsel and advice of experts and other families who have gone through the process, to get ideas about structures and processes that may work best for your family.



# PROFILE

## SAN PEDRO RANCH

“Our goal has always been to keep the San Pedro operating as a family ranch just as it has been since our grandfather purchased the ranch in 1935. We value the diverse biology, history, and culture that characterize this property and want to see it carried forward into the future.”



Located in Dimmit and Maverick Counties near the Mexican border, the San Pedro sits squarely at the intersection of the South Texas Rolling Plains and the Chihuahuan Desert in an ecological transition zone characterized by biological diversity.

In a region where many working ranches have become recreational ranches, the San Pedro maintains the traditions of the range. On this South Texas cow-calf operation, much of the work is still done on horseback and Spanish is the first language.

“We’re blessed to have a loyal and devoted team at the San Pedro who shares our family’s commitment to improving the natural resources in our care,” Pam said. “They share in our excitement when a management technique works particularly well and in our frustration when nature gets out of balance. We feel a sense of responsibility toward one another and toward the future.”

This sense of responsibility combined with a love of the land prompted the family to consider a conservation easement.

“We care about this land and how it will look in 50 years or 100 years,” Joseph said. “Our children share our commitment to the ranch’s biological and cultural integrity, so a perpetual conservation easement made sense. The land is perpetual and our responsibility to care for it is perpetual, so why not enroll it in a conservation easement that will protect it for perpetuity?”

An integral part of the process was finding an organization to hold the easement that understood the family’s goals. TALT filled the bill.

“The people of TALT understand the people of the land because they come from the land themselves,” Joseph said. “As a rancher, it’s comforting to find a group of people who inherently understand our goals, our challenges, and the value of maintaining our way of life.”

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### PANHANDLE WILDFIRES



*Our hearts go out to the  
landowners who lost lives,  
livestock, houses and belongings  
in the recent devastating  
wildfires in the  
Texas Panhandle...*



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# 2017 EVENTS

#### Texas & Southwestern Cattle Raisers Association Summer Meeting

**June 15-17th** Galveston

#### TWA Private Lands Summit

**July 13** San Antonio

#### WildLife 2017–Texas Wildlife Association Annual Convention

**July 13-16** San Antonio

#### Texas & Southwestern Cattle Raisers Association Policy Conference

**September 27-29** San Antonio

#### Texas Ag Land Trust 10th Anniversary BBQ McFaddin Ranch

**October 12** Victoria

#### South Texans Property Rights Association Annual Meeting & Fundraiser

**October 19**

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