

February 8, 2000

TO: Shelter Island Town Board Members

FROM: Robert J Lanahan, Chairman, Board of Assessors

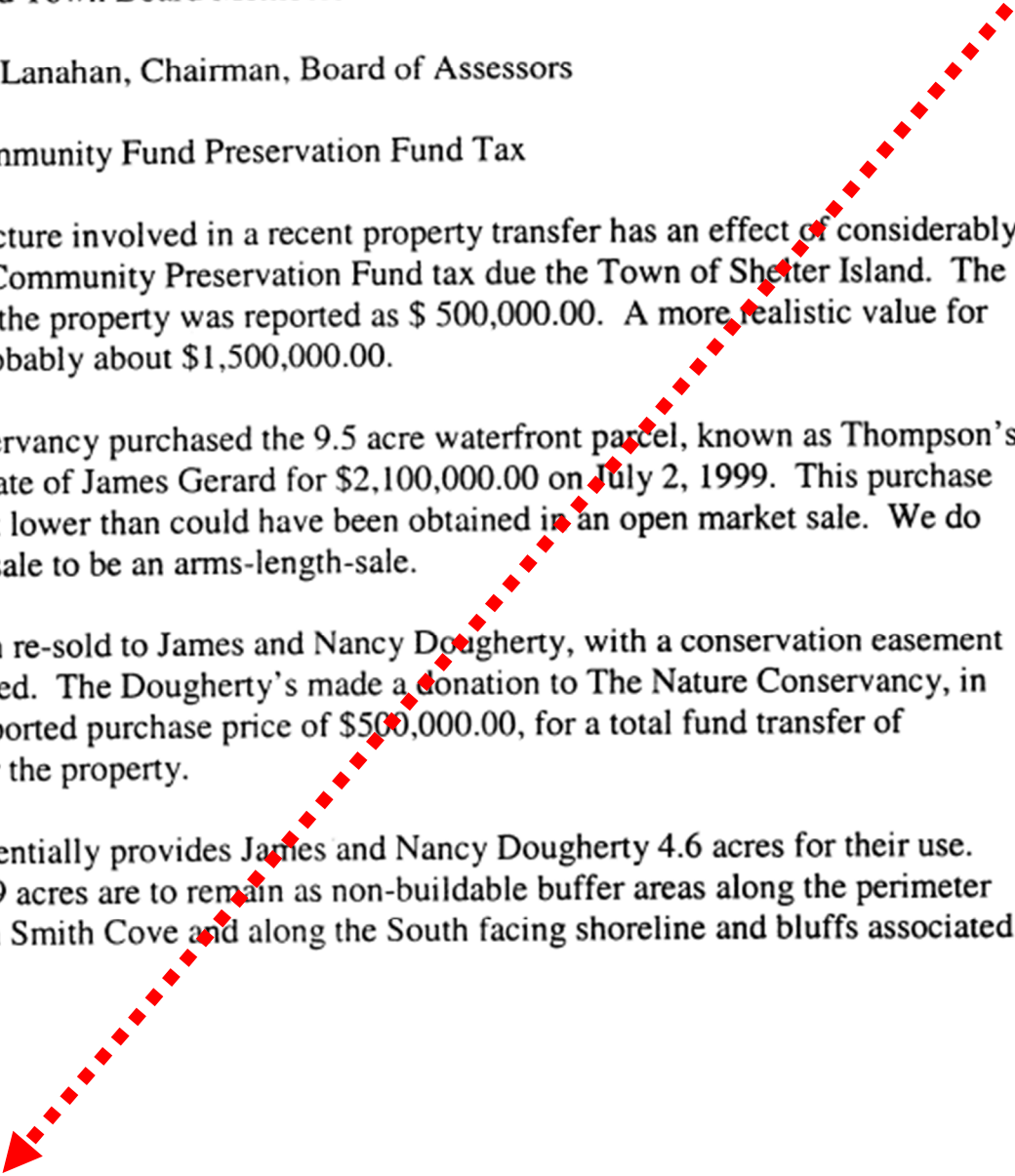
Subject: 2% Community Fund Preservation Fund Tax

The payment structure involved in a recent property transfer has an effect of considerably reducing the 2% Community Preservation Fund tax due the Town of Shelter Island. The cash payment for the property was reported as \$ 500,000.00. A more realistic value for the property is probably about \$1,500,000.00.

The Nature Conservancy purchased the 9.5 acre waterfront parcel, known as Thompson's Hill, from the Estate of James Gerard for \$2,100,000.00 on July 2, 1999. This purchase price is somewhat lower than could have been obtained in an open market sale. We do not consider this sale to be an arms-length-sale.

The land was then re-sold to James and Nancy Dougherty, with a conservation easement as a part of the deed. The Dougherty's made a donation to The Nature Conservancy, in addition to the reported purchase price of \$500,000.00, for a total fund transfer of \$2,100,000.00 for the property.

The easement essentially provides James and Nancy Dougherty 4.6 acres for their use. The remaining 3.9 acres are to remain as non-buildable buffer areas along the perimeter of the property on Smith Cove and along the South facing shoreline and bluffs associated with the property.



cc: Gerard Siller
Sharon Kast
Paul Mobius
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James Messer