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S U C C E S S S T O R I E S

ESTATE PLANNING

## Eagle Rock Ranch: Realizing the Family Legacy

PRESERVING CHERISHED MEMORIES FOR NOW, A LASTING LEGACY OF CENTRAL TEXAS RANGLAND FOR THE FUTURE

Eight-year-old Johanna Smith was enjoying another carefree ride around her family's 1,200-acre Wimberley ranch when her father made an unusual request.

"He told me to get off my horse, look at a one-by-one-foot area, and tell him how many different flowers and plants there were in that one square foot," Johanna remembers. "So I counted, and I said, 'There are about 15,' and he said, 'No, there are more than that.' And I said, 'Okay, 20,' and he said, 'No, count again.' And I said, 'Well, 25, maybe,' and he said, 'That's right – there are 25 plants and flowers in this one square foot. That's diversity for you. You have that on healthy land, but it's not always going to be that way.'"

His insight into the future fragmentation of Texas' rural land is likely one of the reasons C.B. Smith was a successful real-estate investor. He bought Eagle Rock Ranch in 1954, and for 16 years, held on to it, letting his daughter Johanna use it as her personal playground.



"I was an only child, so we used to bring a bunch of kids out, and we got to ride horseback all over the whole ranch," recalls Johanna. "We had such freedom. It was just the best time in my life. It wasn't until about 1970, when my father started putting in streets and sewer and electric, that I understood things were going to change – radically."

Today, of the ranch's original 1,200 acres, only 88 still belong to Johanna

Smith, hemmed in by a youth camp and a residential development. Johanna retired in 1992, and has lived in the ranch's main house – a refurbished 1930's dog-run-style home – ever since.

"About 950 feet of Cypress Creek runs through here," she says. "This is really the most beautiful part of the property."

So beautiful and so meaningful that Johanna decided to make sure the remaining land would stay just as it is, forever. At a friend's suggestion, Johanna began researching conservation

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easements in 1995. A conservation easement is an agreement between a landowner and a land trust – typically a nonprofit conservation group – where the landowner outlines exactly how the land can or cannot be used, in order to protect its natural or other special features. The landowner retains legal title to the property, but donates or sells the development rights to the land trust. In turn, the land trust makes sure the restrictions on the property are followed in perpetuity.

Working with her estate-planning attorney, Bill Cline, Jr., Johanna initially wrote up 17 land-use restrictions on her own and inserted them into her will – but was never quite satisfied with the result, despite repeated tweaking. Cline, recognizing the need for some highly specialized legal expertise, eventually suggested Johanna talk with Thomas Hall, a conservation attorney with Braun & Gresham.\* Johanna was dubious.

“I wasn’t real friendly at first, since I wasn’t sure why I needed him,” chuckles Johanna. “But I told him all about my restrictions. He listened patiently and finally said, ‘Well, you’re about a fourth of the way there.’”

Hall worked with Johanna for the next five months to complete her conservation easement with the Texas Land Conservancy, one of the state’s oldest and largest land trusts.

“Thomas was easy to work with, and so clear,” Johanna notes. “The first thing he did was give me a list of the costs.”

While there can be considerable costs – from attorney’s fees to

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an endowment for the land trust to fund its perpetual administration of the agreement – there are also tremendous tax benefits associated with conservation easements. The donation of a conservation easement is considered a charitable contribution and is deductible from federal income taxes, which can produce significant savings. And restricting development lowers the overall market value of the land, which can lower federal estate taxes and property taxes.

A specialist in all the intricacies of conservation law, Hall guided Johanna through the process, ensuring that the restrictions were faithfully tailored to her wishes, that she would realize the greatest financial advantages from the deal, and that her vision for the land will continue even after she’s gone.

“I’m so thankful we got Thomas involved,” effuses Cline. “Johanna was impressed with his work and his professionalism, and so was I. It turned out to be a happy mix.”

Indeed, the preservation of Eagle Rock Ranch seems to be a happy ending, but without the ending. With community developments popping up like urban-sprawl weeds throughout the Texas Hill Country, Johanna Smith has guaranteed an 88-acre legacy.

“My childhood and my best time with my parents were here,” Johanna underscores. “Someday, it’s going to be just a postage stamp inside loads of development. But I believe it deserves to be preserved.”

\*formerly Braun & Associates