



North Carolina Coastal Federation

Working Together for a Healthy Coast

November 15, 2013

Dee Dee Fauser, Freedom of Information Act Officer
U.S. Army Corps of Engineers
Office of Counsel
69 Darlington Avenue
Wilmington, NC 28403

Re: Freedom of Information Act Request

Dear Ms. Fauser:

Under the Freedom of Information Act (5 U.S.C. Section 552), I request the following documents:

All documents related to the actual or potential conversion of wetlands on the Hoffmann Forest as described in the attached document: *80,000 Acres of Forestry, Agriculture and Transitional Land: Hoffmann Forest LLC*. This document states that:

“As of February 2013, 5,502 acres in the Forest have been clear cut and/or been prepped for reforestation. These areas could be easily converted to agricultural uses without having to go through the Corps of Engineers. The Corps of Engineers for North Carolina has a great working relationship with the Forest. The Corps office uses the Hoffman Forest to demonstrate property wetland management practices for new Corps’ employees.”

In particular, I request copies of any permits issued by your agency or documents, notes, records of phone conversations, or any of evidence of any other affirmative authorizations that were issued since 1972 that permitted the digging of ditches on this property and the conversion of wetlands to uplands. In addition, I request any documents that describe jurisdictional determinations made by your agency that found that sections of the forest are not submit to wetland regulation under Section 404 of the federal Clean Water Act. In specific, please provide any information that your agency has in its files that relate to the 5,502 acres that have recently been clearcut that would allowed the conversion of this forest land to agricultural uses without a permit from your agency.

I would be happy to receive this information in an electronic format either via email, from an FTP site, or on CD or DVD.

As a representative of a non-profit conservation group (N.C. Coastal Federation) as well as of our online news service called *Coastal Review Online* (the federation is a member of the N.C. Press Association), I am gathering information on this project that is of current interest to the public because it involves potential conversion of wetlands to farm land and other development uses in a manner that will not only destroy the wetlands, but which will have major water quality impacts on downstream estuaries and fish habitats.



Please take note of the Office of Management and Budget guidelines published March 27, 1987 (52 FR 10012) that include electronic publications such as *Coastal Review Online* as representatives of the news media. Please also remember that the U.S. Court of Appeals for the District of Columbia has determined that even a nonprofit clearinghouse of information can qualify as a representative of the news media, See *National Security Archive v. U.S. Department of Defense*, 279 U.S. App. D.C. 308 (D.C. 1989).

I am requesting a waiver of all fees under 5 U.S.C. Section 552(a)(4)(A)(iii). The information I seek is in the public interest because it will contribute significantly to public understanding of the operations or activities of the government and is not primarily in my commercial interest. I believe I meet the criteria for a fee waiver recognized by the U.S. Justice Department - in its policy guidance of April 1987 - and by the federal courts, See *Project on Military Procurement v. Department of the Navy*, 710 F. Supp. 362 363, 365 (D.C.D. 1989).

My request concerns the operations or activities of government because as stated in the attached email jurisdictional and permit decision are being made that could potentially affect nearly 4,500 acres of land with hydric soils. The land is situated where drainage from this property will have potentially serious consequences for coastal water quality and fisheries productivity.

Also, the information sought has informative value, or potential for contribution to public understanding. Please note the decision in *Elizabeth Eudey v. Central Intelligence Agency*, 478 F. Supp. 1175 1176 (D.C.D. 1979) (even a single document has the potential for contributing to public understanding). I plan to disseminate this information to the public at large in the following manner: news articles in *Coastal Review Online*, sharing copies with other non-profit conservation groups and interested public, and letters to public officials and decision-makers. We will also use the information to comment directly to the Corps of Engineers on this project. The release of this information will have a significant impact on public understanding because there has currently been no public notice or public discussion of this proposal to convert potential wetlands to farmland.

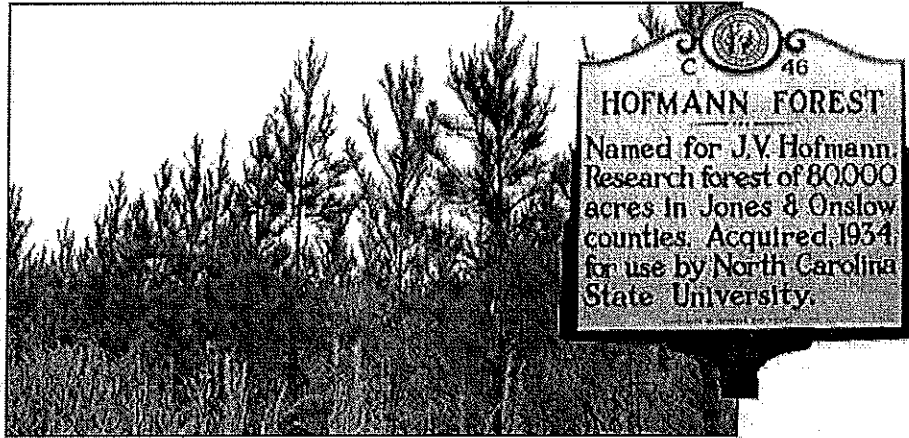
In your deliberations, please take note of the following cases: *Campbell v. U.S. Department of Justice*, 334 U.S. App. D.C. (1998)(administrative and seemingly repetitious information is not exempt from fee-waiver consideration); *Project on Military Procurement* (agencies cannot reject a fee waiver based on the assumption that the information sought is covered by a FOIA exemption; and *Landmark Legal Foundation v. Internal Revenue Service*, 1998 U.S. Dist. LEXIS 21722 (D.C.D. 1998)(the fact that the information will soon be turned over to a public body does not exempt the material from fee-waiver consideration).

I look forward to your response within the 20 working days, as outlined by the statute.

Thank you in advance,

Todd Miller
Executive Director

Hofmann Forest



Hofmann Forest LLC is a privately held entity selected to steward the Hofmann Forest for future generations. Select private participation is available in ownership, management and operations stewarding this legacy property.

80,000 Acres of Forestry,
Agriculture and Transitional Land

Hofmann Forest LLC - a privately held company

80,000 Acres - Hofmann Forest

Hofmann Forest has operated as a forest and research facility owned by the North Carolina State University Natural Resources Foundation (the "Foundation"), since the Foundation's inception in 1934. These exceptional 80,000 acres were managed off and on by private industry prior to 1986. Since the late 1980's the Hofmann Forest has been managed by the Foundation. Highest and best uses of the Hofmann Forest take into consideration continued sustainable tree harvesting, agricultural timber to farmland conversion, commercial and residential development, mineral exploration and a potential Department of Defense Rights of Use contract. All of these aspects combined create an unmatched long term investment opportunity with an immediate short term income stream.

FOREST OVERVIEW

- Hofmann Forest consists of 79,036 (123.5 sq. miles) contiguous acres. It is 20 miles wide and 15 miles across at its widest points.
- There are 400 miles of interior roads, most of which have been graveled. There is also over 1,200 miles of ditching in the Hofmann Forest, of which has been reviewed by the Corps of Engineers.
- Hofmann Forest has been owned by the Foundation since the Forest was purchased in 1934. Hofmann Forest was managed by private industry until 1986 when Champion International (now a part of International Paper) terminated its lease. Since that time, the Forest has been managed by the Foundation.
- The Forest was historically referred to as the White Oak Pocosin. "Pocosin" is an Algonquin Indian word for "swamp on a hill," a phrase which aptly describes the character of this unique wetland forest.
- The headwaters for three rivers lie within Hofmann Forest. The water from the northern end of the Forest flows into the Trent River, the headwaters of the White Oak River begin on the eastern side of the Forest and the New River begins on the southwestern part of the Forest.

TIMBER

- Hofmann Forest is currently being managed as a sustainable forest on a 20-year cycle.
- As of February 2013, Hofmann Forest had nearly 54,000 acres of plantation pine. The Forest Director of Operations is adding roughly 1,000 acres to that amount annually by eliminating natural stands of pine, as well as converting areas of the Big Open, which is 13,931 acres of non-operational pine in the heart of the Pocosin.
- The value of just the timber on the Forest was estimated at \$117,000,000 by the Director of Operations a few years ago. That amount was based on the 20-year model of a working sustainable forest that he has implemented.
- For the past two years, the Forest has harvested 1,500 acres of plantation sawtimber, 1,000 acres of natural sawtimber and thinned 4,000 acres of plantation pine. This has resulted in \$4,000,000 to \$5,000,000 in annual revenue.
- In the past 6 years, the Forest has planted more trees than in the previous 15 years. This is all part of setting the Forest up on a 20-year sustainable cycle.

AGRICULTURE CONVERSION

With today's global grain shortage, the type of virgin organic soil found in the Hofmann Forest is at a premium. After reserving roughly 9,000 acres for development, the Forest would theoretically have 70,000 acres to convert to agricultural uses. Due to numerous mitigating factors, such as wetland areas, one could conceivably convert 50,000 to 60,000 acres to agricultural land.

- As of February 2013, 5,502 acres in the Forest have been clear cut and/or been prepped for reforestation. These areas could be easily converted to agricultural uses without having to go through the Corps of Engineers. The Corps of Engineers for North Carolina has a great working relationship with the Forest. The Corps office uses the Hofmann Forest to demonstrate proper wetland management practices to new Corps' employees.
- The price for organic farmland in the area is \$5,500 - \$6,500 per acre.

80,000 Acres - Hofmann Forest

DEPARTMENT OF DEFENSE

The DOD has been talking to the Foundation for nearly 10 years about buying the development rights for part of this property (roughly 70,000 acres) to expand their field and air to ground training operations. Camp Lejeune, which is located 8 miles from the forest, is the largest Marine Corps base on the east coast and the second largest in the nation. It consists of 157,400 acres (246 square miles) with nearly 14 miles of coastline.

- The DOD has been in preliminary talks with us since March regarding securing an easement on the property. Throughout this time, the DOD has made it very clear that this is a very high priority nationally and they would like to expedite the situation as quickly as possible.
- The DOD has already suggested a monetary amount to the university to gauge their reaction. While we feel it would be premature to release that figure due to the DOD never having made a formal offer, we feel certain that the easement could total nearly a third of the offering price.
- The Department of Defense currently has four alternatives for how they would like to use the forest. It ranges from doing nothing all the way to using the existing Deppe Airstrip, building another Airstrip in the northern part of the property, setting up five tactical landing zones (TLZ), as well as two training sites and a staging area. Most of these landing zones would be used by helicopters and MV-22 Osprey, with the northern airstrip to also be used by C-130 planes. The total acreage of all of these areas would only encompass 687 acres.
- The Department of Defense will take whatever is not developed and/or the buyer doesn't want to put into an easement. Potentially, you could put almost 70,000 acres in conservation and DOD easements, which would still allow 9,000 acres available for development.
- Another reason the Department of Defense is interested in the property is because they currently have an estimated 20,000 acres on Camp Lejeune that they aren't able to use because it is protected due to the red-cockaded woodpecker. At their current pace, there will be only 9,000 acres available for training at Camp Lejeune once they harbor every red-cockaded woodpecker. The base would be able to use the Hofmann as part of the Safe Harbor Program developed by U.S. Fish and Wildlife Services that allows you to transfer the birds from their base to the Hofmann. This would greatly open up Camp Lejeune to be used as it once was. The Hofmann would be a great asset to the Safe Harbor Program because the Big Open consists of mostly pond pine, which is one of the two trees of choice for the red-cockaded woodpecker. One advantage to implementing the Safe Harbor Program is it would be perceived as a great act of conservation by the community.
- Additionally, and most likely, the Department of Defense needs the property as they have nowhere else to expand. They obviously can't grow to the east due to the ocean, they can't move south because of the towns of Sneads Ferry and Topsail Beach, they can't move west because of the city of Jacksonville and they can't move north because of the towns of Swansboro and Emerald Isle, as well as the Croatan National Forest. Currently, Camp Lejeune is 157,440 acres so this property would grow the base by about 50% of its current size.

COMMERCIAL DEVELOPMENT

There are approximately 10,000 acres that are readily available for commercial development. Jacksonville, NC is one of the fastest growing cities in the United States. The military base is expanding and the need for housing and other essentials will drive demand. The approximately 10,000 acres of land could be converted from timberland and have a potential value of \$10,000.00 per acre.



80,000 Acres - Hofmann Forest

U.S. HWY. 17 INFORMATION

HWY. 17 COMMERCIAL OPPORTUNITY

- Hofmann Forest has 3.5 miles of road frontage along both sides of U.S. Hwy. 17 with no controlled access and seven crossovers along the stretch.
- The 5,000 acre area around U.S. Hwy. 17 is commonly referred to as "Block 10."
- There is potential to add numerous commercial ventures and housing in Block 10.
- The Foundation has already designed a development concept for the portion of Block 10 south of U.S. Hwy. 17. It was done in conjunction with Weyerhaeuser and includes Weyerhaeuser's land-locked parcel, surrounded by Hofmann Forest that Weyerhaeuser wants to develop.

RESIDENTIAL DEVELOPMENT

- There is a growing need for additional housing in the Jacksonville area at the current time. Unlike the rest of the nation, the "housing crisis" never really struck Jacksonville. Many in the area have called Jacksonville "recession-resilient." Not exactly "recession-proof," but you get the idea.
- Since 2000, the population growth for Jacksonville has been 8.57%. In 2007, the USMC announced a five-year plan to increase the number of active-duty Marines to 202,000 by 2011. This added approximately 9,900 active duty troops to Camp Lejeune over that period. That growth includes 11,000 dependents, including nearly 3,500 school-age children.
- 60% of Jacksonville's citizens are renters so housing developments, specifically townhomes, could be a hot commodity.
- In 2012, Onslow County, which is the jurisdiction for all of Block 10, issued 1,917 residential building permits, which equates to 5.25 per day. In 2011, they issued 1,911 so the demand for new housing has been sustained over the past few years.
- The population of Onslow County was estimated at 184,228 in 2011. It is estimated to rise to 198,069 by 2015, 214,312 by 2020 and 230,535 by 2025.
- A housing community currently being built on the southwestern portion of Block 10 is called Carolina Plantations. You can read more about the Carolina Plantation complex at www.askforterr.com. This housing developer has previously purchased 100 acre plots for roughly \$1,000,000 without sewer or any other improvements.
- This same developer is trying to get access to the Weyerhaeuser land locked parcel and is trying to get permission to install sewer lines across Hofmann Forest in order to make this happen. Weyerhaeuser wants to do a development similar to Carolina Plantations, but on a much larger scale if a sewer easement is allowed across the Forest.

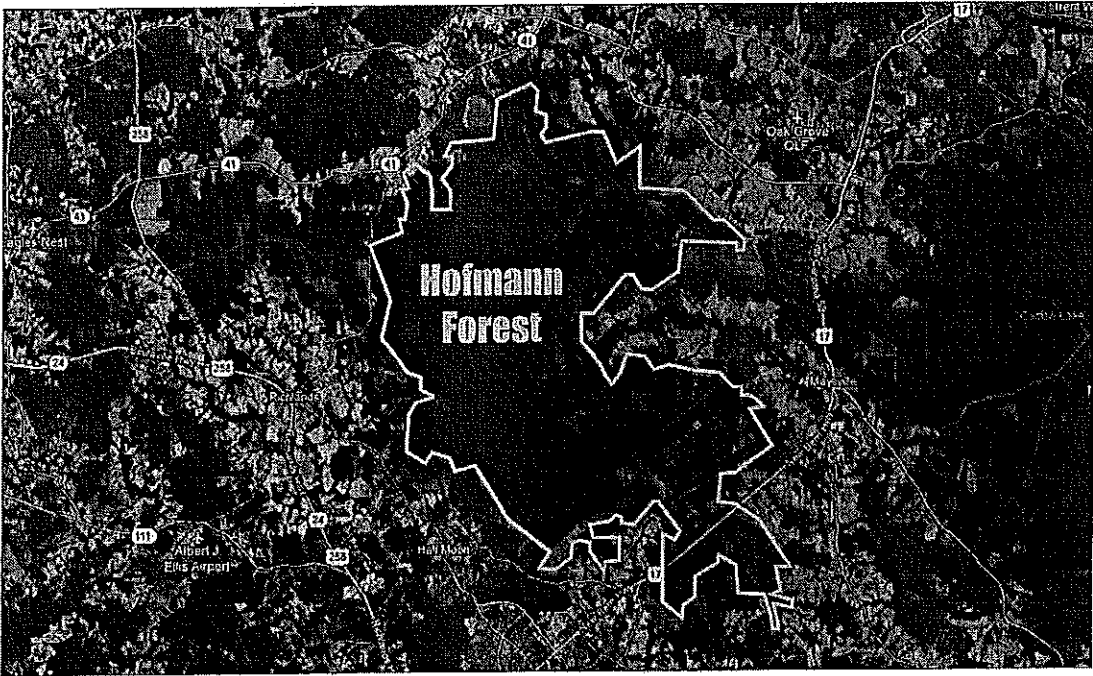
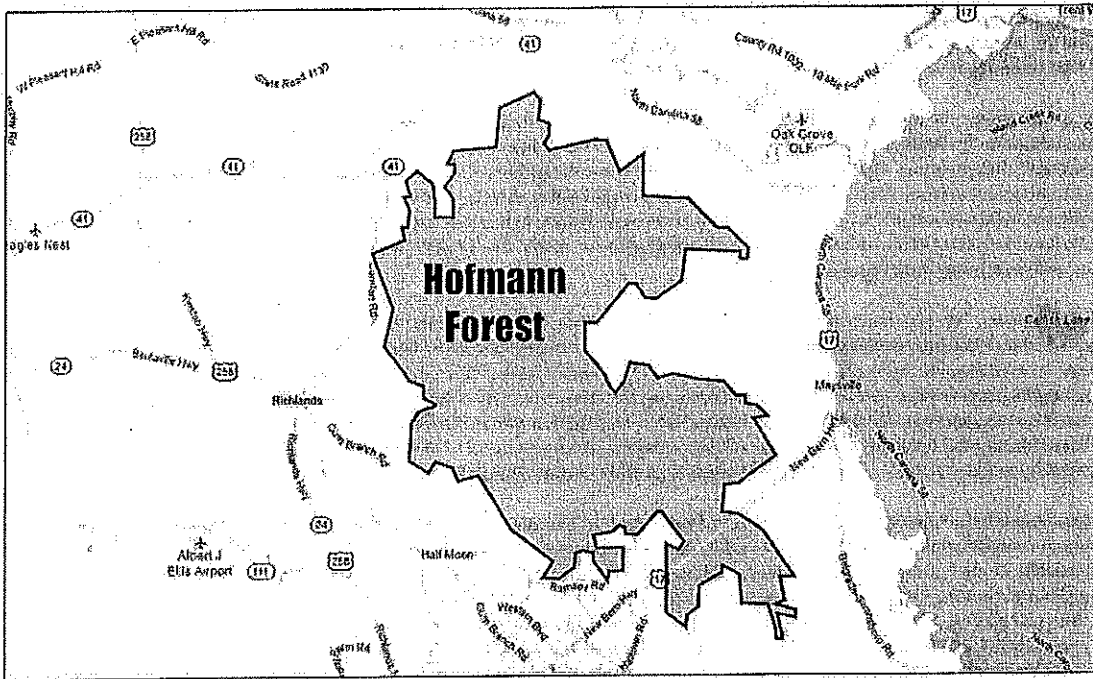
COUNTY PARK

Deppe Park in Hofmann Forest is a 372.71 acre county park along U.S. Hwy. 17 that is being leased to Onslow County. The original plan for Deppe Park was to build a sports complex with multiple fields on the property, but the county has just built a small park on the property and has no intention to expand at the current time. Deppe Park offers a picnic pavilion, tot-lot play area, walking trail, parking lot, restrooms, horseshoe pit and volleyball court. There is a great opportunity to expand Deppe Park to become a greater amenity for potential commercial development. The current lease on the park expires on December 31, 2032.

Side note: The Director of Operations for the Forest sits on the Onslow County Parks and Recreation Board. Timber is excluded from the lease of Deppe Park, so the Hofmann Forest could still theoretically harvest the timber off Deppe Park. The Forest Director of Operations indicated that he could possibly get Onslow County to donate at least 200 acres of Deppe Park back to Hofmann Forest if desired. He actually set this entire proposal up at one point and the Foundation declined the offer.

80,000 Acres - Hofmann Forest

GOOGLE AERIAL MAPS



80,000 Acres - Hofmann Forest

EMPLOYEE OVERVIEW

Seven employees work full-time at Hofmann Forest. Hofmann Forest is managed by the Director of Operations, Ashley Faircloth, who has six employees: Operations Forester; Operations Business Administrator; Operations Forestation Supervisor; Operations Environmental Technician; Operations Mechanic and Operations Road Maintenance Technician/Hunt Club Administrator. We feel as if Ashley is irreplaceable, at least for the immediate future. He has been told that it is his job to figure out which of the six employees will be retained. Below are job descriptions outlining the duties for each of the seven employees.

Director of Operations - manages all forestry and non-forestry activities on the lands owned by the Foundation and the NC State Endowment Fund. In addition to the Hofmann Forest, the Director also manages Goodwin Forest (1,319 acres), Hosley Forest (265 acres), Taylor Forest (118 acres) and Timaca Forest (102 acres), but will relinquish those duties once the sale of the Hofmann Forest is complete. Management includes the direct supervision of six employees and oversees management of all independent contractors working on the forest. The Director is responsible and held accountable for the management activities and reports to the Foundation periodically and when requested. Maintenance of positive local and state public relations is part of the management duties. The Director should coordinate and manage non-silvicultural activities, such as farming, hunting and recreation.

Operations Forester - has the daily duties related to timber marketing, post thin audits, timber security program enforcement, GIS/GPS mapping and data recording, environmental compliance, forest health and protection and supports the Director and Operations Forestation Supervisor in executing the forest management plan for the Hofmann Forest. This job focuses on mid-rotation operations that include thinning, logging supervision, timber product marketing and interface with wood suppliers and their respective loggers. In addition, the Operations Forester supervises all harvesting operations and, in conjunction with the Operations Forestation Supervisor, manages all activities of the Forest during the Director's absence. He will also monitor timber markets in the mill basins that include the Hofmann Forest and conduct timber market cruising and timber stand inventories as directed by management.

Operations Forestation Supervisor - has the duties of early rotation management, all aspects of forestation and water management. Daily duties require coordination and supervision for all forestation contractors and water management contractors. Included in this position is the responsibility of bid notices on prescriptions, seedling ordering, drainage pipe ordering and installation, water control management and inputting all data into the GIS/GPS land management model. This position is the controller of the GIS/GPS land management classification model. The position also supports the Director and Operations Forester in their duties to execute the forest management plan, and, in conjunction with the Operations Forester, manages all activities of the forest during the Director's absence. The Operations Forestation Supervisor will maintain all cost analysis of forestation to be available to key Foundation members and College of Natural Resources Educators as approved by the Director. He is also to coordinate and execute all regeneration surveys and boundary line maintenance.

Operations Mechanic - performs all routine maintenance of Foundation-owned equipment, USDA equipment and other equipment under the supervision and care of the Foundation. This position will perform necessary repairs and/or contract such repairs to keep equipment operable. In addition, the Mechanic ensures that all equipment in the field is being maintained properly whether being used by an employee of the Foundation or contractors. The order and cleanliness of the shop is a direct responsibility of this position. All repairs, parts, labor, fuel, safety equipment and other items under the care of the Mechanic will be documented following management guidelines and reported to the Operations Business Administrator and Director. He assists in the monitoring of the equipment management budget and the execution of the overall forest management plan. [Side note: This position is currently open]

Operations Business Administrator - is responsible for all aspects of record retention, accounting, human resources, insurance compliance, asset management, accounts receivable, accounts payable, stumpage reconciliation, business contracts and safety coordinator. This position helps the Director develop policies, procedures and protocols related to safety, employees, visitors and other required items. The Business Administrator coordinates and helps with the accounting input, accounting documentation and accounting processes with the North Carolina Endowment Fund Accounting Group. He also manages and maintains the office complex, as well as manages and plans all tour groups, meeting and visitors to the forest.

Operations Environmental Technician - samples, documents, monitors and records the environmental conditions found on the Hofmann Forest related to water quality and weather periodically. The guidelines and approach to sampling and recording were created by Dr. Glenn Catts and Dr. Catts is the recipient of the data. In addition, this position helps Dr. Catts with the monitoring and maintenance of the mitigation bank found on the Forest. Assisting with the maintenance and weather recording of the RAWs site is assigned to this job description. This job does not require the entire time available monthly, therefore, this position allows the Foundation to utilize this employee in other operational areas, such as mowing and road grading.

Operations Road Maintenance Technician/Hunt Club Administrator - includes all aspects of maintenance of the internal road network of the Hofmann Forest, including any improvements to those roads. In addition, this position is responsible in assisting the Director and Business Administrator with the management of hunt clubs and hunting on the Hofmann Forest. He also documents annual game harvest records and reports any requested data to the North Carolina Wildlife Service. He also maintains property gates, locks and security fences, as well as assisting with any animal research when necessary.

80,000 Acres - Hofmann Forest

HOFMANN FOREST - PAYROLL & BENEFITS

PAYROLL

<u>Title</u>	<u>Wages</u>	<u>Annualized</u>
Director of Operations	\$125,000.00	salary \$ 125,000
Operations Forester	\$70,000.00	salary \$ 70,000
Operations Business Administrator	\$21.63	hourly \$ 44,990
Operations Forestation Supervisor	\$65,000.00	salary \$ 65,000
Operations Environmental Technician	\$20.76	hourly \$ 43,180
Operations Mechanic	\$22.56	hourly \$ 46,925
Operations Road Maintenance Technician/ Hunt Club Administrator	\$18.26	hourly \$ 37,980
TOTAL ANNUALIZED SALARY		\$ 433,075

BENEFITS

	<u>2012 Annual</u>
401K (Matching up to 4% of employee contributions)	\$ 12,829
Health Insurance - BCBS Company Paid	\$ 62,650
Employee Paid - family	\$ (10,385)
Net Company Cost	\$52,265
Health Savings Accounts - Company contributions	\$ 19,322
Dental Coverage - Coverage at employee expense	\$ -
Life Insurance - All Employees	\$ 2,100
TOTAL BENEFITS	\$ 86,516

80,000 Acres - Hofmann Forest

EXECUTIVE SUMMARY

The Hofmann Forest is one of the most unique properties in the nation, especially on the east coast, due to the contiguous size of the Forest and the sheer number of higher and better uses that it offers. In this memorandum, seven different higher and better uses for the property have been identified. The flexibility of the Hofmann Forest allows the buyer the option of going in several different revenue-producing directions, all while making a substantial return on your investment.

In order to maximize your return on investment, one would need to work the markets. A prime example of working the markets is the timber on the property. Although the Forest has the ability to haul its timber to over five different mills, one would need to work the market to ensure the price of timber is not driven down due to excess supply.

Although seven different highest and best uses for the property have been mentioned, the four main uses are timber, agricultural conversion, development and the selling of development rights. The timber on the property was valued at \$117,000,000 a few years ago by the Director of Operations and that figure has slowly risen in the past few years due to the conversion of natural stands of timber into plantation timber. The Department of Defense has already approached the Foundation and offered them a price for the development rights to roughly 70,000 acres for a 50 year lease. While it might be premature to release that figure, we can say that the value of a conservation easement with the DOD could easily equal a third of the offering price. Due to the length of prior negotiations and due diligence already completed by the DOD, monies for these development rights could be available by the 2016 fiscal year, which begins on Oct. 1, 2015 for the government. These two revenue streams alone would make up almost 90 percent of the offering price.

For agricultural conversion, it is believed that the value of this organic virgin farmland is \$5,500 to \$6,500 per acre. The rough cost of converting timberland to farmland is about \$2,000 per acre if you are outsourcing it, but this cost would be offset by the timber that is harvested off of the property. If the buyer were to convert just 40,000 acres into farmland a net value of at least \$160,000,000 from that land could be seen. For the development aspect, the buyer could sell 5,000 acres along the Hwy. 17 corridor in a timely fashion for \$10,000 per acre, which would be \$50,000,000.

There are plenty of opportunities to generate significant revenue over time and this doesn't take into account the \$23,000,000 worth of mitigation credits that are currently on the property.

Hofmann Forest LLC is a privately held entity selected to steward the Hofmann Forest for future generations. Select private participation is available in ownership, management and operations stewarding this legacy property.

80,000 Acres - Hofmann Forest

HOFMANN FOREST - BUILDINGS, EQUIPMENT & CONTRACTS

BUILDINGS AND IMPROVEMENTS

Office Building		
Carelaker House		
Foundation Building		
Lab		
Oil House		
Shop		
Tower Sites		
Office Complex Land	15 Acres	
Rock Roads	64 miles rocked	
Dirt Woods Road	287 miles	
Airstrip - Grassed	4,350 feet	
Agricultural Fields	1,625 acres	
Existing Mitigation Bank	388 acres	318 credits balance
New Mitigation Bank	124 acres	Under Construction

VEHICLES AND EQUIPMENT OWNED BY FOUNDATION/ENDOWMENT

TRUCKS

VIN	Model/Make	YEAR	ID#	Driver
1FTSWZ1B78EA60112	Ford F-250	2008	HO1	Fire Truck
1FTPX14V47NA57692	Ford F-150	2007	HO2	
1FTPX14V48FB26411	Ford F-150	2008	HO4	Lee
1FTPX14V58FB10430	Ford F-150	2008	HO5	Kenny
1FTNF21F6YEA28308	Ford F-250	2000	HO6	
1FTPX14V58FC33404	Ford F-150	2008	HO7	Joe J
1GB3KZCG7BF119382	Chev-3500	2011	HO8	Joe H
1FTFW13F1CKD31819	Ford F-150	2012	HO9	Ashley
1M1AA18Y33WV151532	Mack Truck	2003	HU1	
1FTFW1EFXDKD61647	Ford F-150	2013	H10	John
4DFCC1624AN100117	Trailer	2010	UT2	
1K9UT64153GM149007	Trailer	1997	TT2	

HEAVY EQUIPMENT

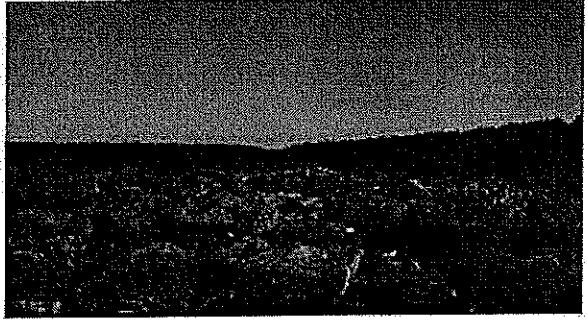
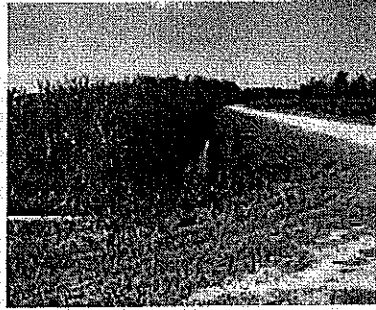
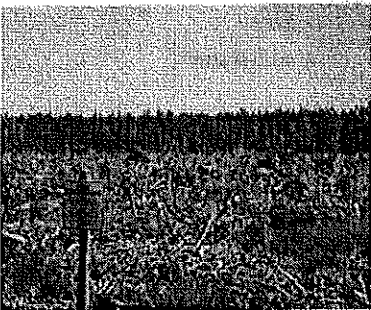
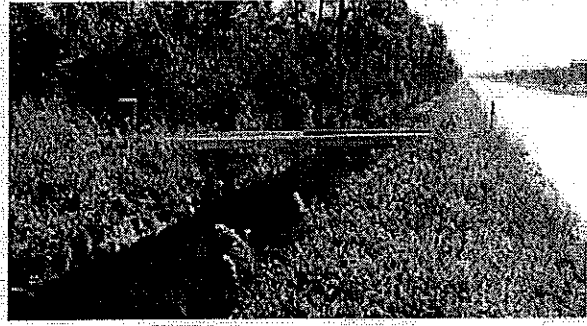
SERIAL#	TYPE	MAKE	MODEL	ID#	DISCRPTION
12-28078	BATWING MOWER	BUSH HOG	2615-L1	BW1	15' BATWING MOWER
1000	BEDDING PLOW	MARDEN	DBWFWB4L	BP1	PLOW BOUGHT FROM HI TECH
8187991		ROME	(blank)	BP4	OLD PLOW BEHIND POND
15054050864		SAVANNAH	150 MAGNUM	BP2	GREEN BEDDING PLOW
1503Y070944		SAVANNAH	150 MAGNUM	BP3	NEW SAVANNAH BEDDING PLOW
12-00278	BOX BLADE	BUSH HOG	SBX-940	BB1	7' BOX BLADE
1P0HS10EJCP017744	BUSH HOG	JOHN DEERE	(blank)	BH4	10' BUSH HOG MOWER
B3120	CRAWLER TRACTOR	KOMATSU	D-61PX-12	HX4	KOMATSU BULL DOZER
NONE	EQUIPMENT BRIDGE	UNKNOWN	HOMEMADE	BD1	GREEN BRIDGE
S092048	FARM TRACTOR	MASSEY FERGUSON	5485	FT1	FARM TRACTOR W/BOOM MOWER
122-04	FIRE PLOW	UNKNOWN	FP33	FP1	OLD FIRE PLOW
NONE	KG BLADE	ROME	UNKNOWN	KG1	BLADE ON HX4
62053	SEED DRILL	JOHN DEERE	F88	SD1	FOOD PLOT SEED DRILL
F791732	TAG-A-LONG TRAILER	HERCULES	TRAILER	LB3	GO-TRACK TRAILER
NONE	TILLER	BALTIC	BALTIMATIO	RT1	6' ROTOR TILLER

ACTIVE CONTRACTS FOR TIMBER SALES - ACRES AND LOCATION

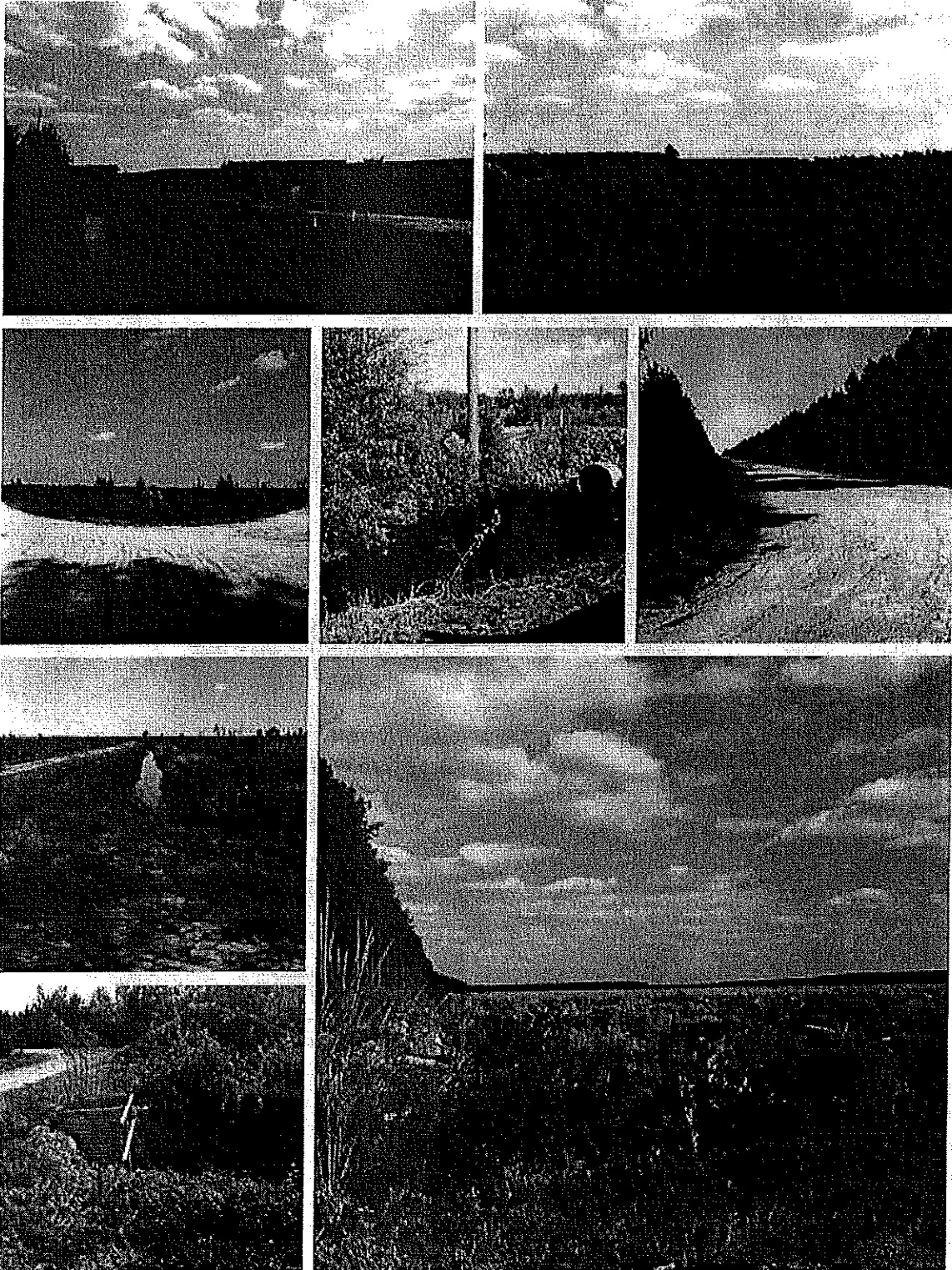
Contract #	Harvest Type	Acres	FMU	Status
818-20130118-PC	Plantation CC	55	610	Inactive
307-20120829-PC	Plantation CC	76	307	Inactive
208-20100907-NC	Natural CC	158	208	Inactive
404-20120607-NC	Natural CC	138	404	Inactive
209-20120919-NC	Natural CC	133	209	Inactive
309-20130130-NC	Natural CC	79	309	Active
909-20121003-1T	1st Thinning	30	909	Inactive
907-20130124-1T	1st Thinning	150	907	Active
012-20121219-3T	3rd Thinning	173	12	Inactive

NOTE: Most contracts probably will not be completed by 6/30/2013. Market conditions, weather, ground conditions, etc. will influence start/finish. Can terminate any contract with 30-day notice. Each contract on list is a unit sale.

80,000 Acres - Hofmann Forest

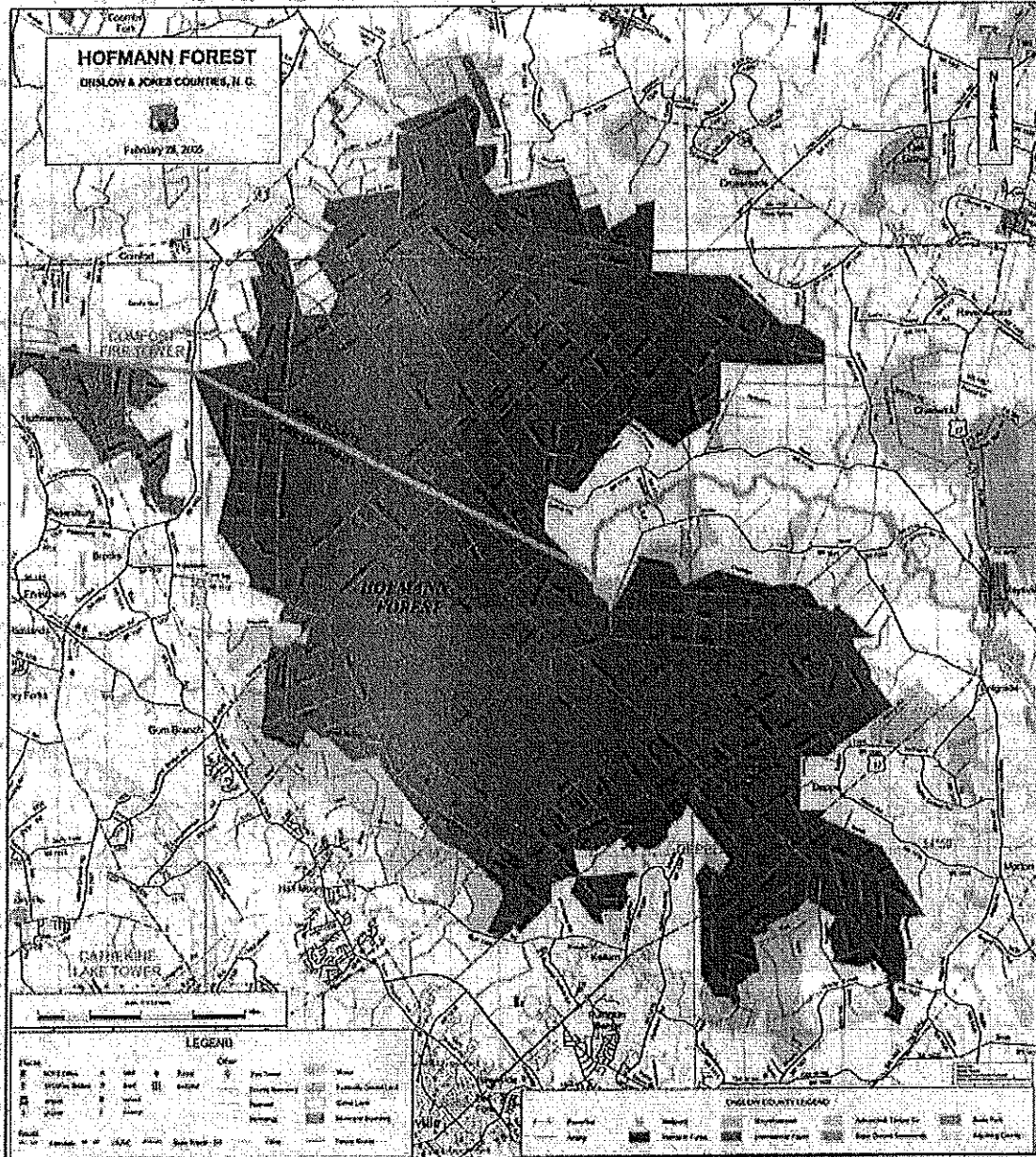


80,000 Acres - Hofmann Forest



80,000 Acres - Hofmann Forest

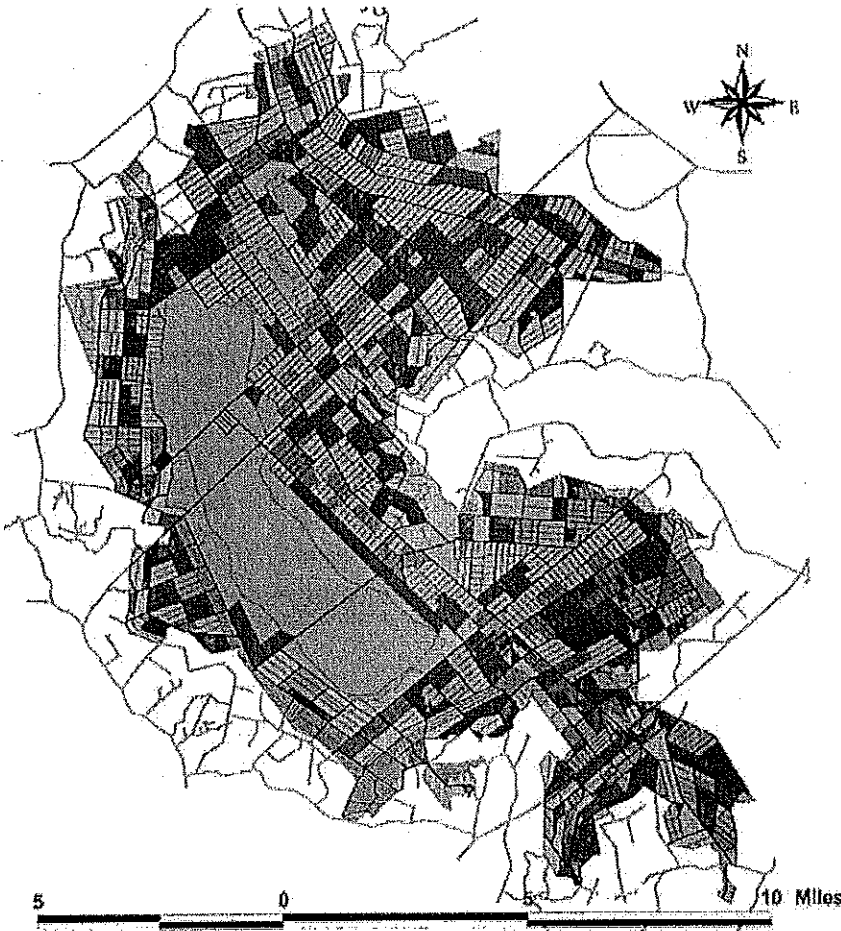
ONslow & JONES COUNTY ROAD MAP



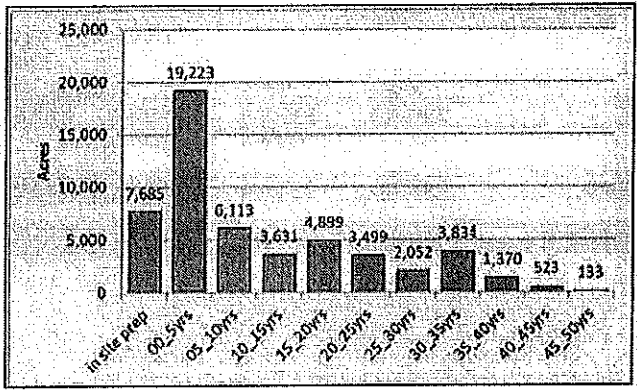
* Large scale maps available for download

80,000 Acres - Hofmann Forest

TIMBER AGE CLASS MODEL



- Bewell_classes.shp
- 00_5yrs_LI_440TPA
 - 00_5yrs_lob_435TPA
 - 00_5yrs_lob_494TPA
 - 00_5yrs_lob_538TPA
 - 05_10yrs_NT_lob_435TPA
 - 10_15yrs_NT_622TPA
 - 10_15yrs_T1_Y15
 - 15_20yrs_NT_NC
 - 15_20yrs_NT_YC
 - 15_20yrs_T1_NT5_NC
 - 15_20yrs_T1_NT5_YC
 - 15_20yrs_T1_Y15_NC_150TPA
 - 15_20yrs_T1_Y15_NC_200TPA
 - 15_20yrs_T1_Y15_YC_100TPA
 - 15_20yrs_T2_Y15_NC
 - 15_20yrs_T2_Y15_YC
 - 20_25yrs_T1_NT5_NC
 - 20_25yrs_T1_NT5_YC
 - 20_25yrs_T1_Y15_NC
 - 20_25yrs_T1_Y15_YC
 - 20_25yrs_T2_NT5_NC
 - 20_25yrs_T2_Y15_NC
 - 20_25yrs_T2_Y15_YC
 - 20_25yrs_T3_Y15_NC
 - 20_25yrs_T3_Y15_YC
 - 25_30yrs_T1_NT5_NC
 - 25_30yrs_T2_NT5_NC
 - 25_30yrs_T2_NT5_YC
 - 25_30yrs_T2_Y15_NC
 - 25_30yrs_T2_Y15_YC
 - 25_30yrs_T3_NT5_NC
 - 25_30yrs_T3_Y15_NC
 - 25_30yrs_T3_Y15_YC
 - 30_35yrs_T1_NT5_YC
 - 30_35yrs_T1_Y15_NC
 - 30_35yrs_T2_Y15_NC
 - 30_35yrs_T3_Y15_NC
 - 30_35yrs_T3_Y15_YC
 - 30_35yrs_T4_Y15_NC
 - 35_40yrs_T2_NT5_NC
 - 35_40yrs_T2_NT5_YC
 - 35_40yrs_T3_Y15_NC
 - 40_45yrs_NI
 - 40_45yrs_low
 - 45_50yrs
 - natural timber
 - non_plantation
 - site_prep
 - 2012_roads_4p83M.shp



Pine Plantation	
ageclass	acres
in site prep	7,685
00_5yrs	19,223
05_10yrs	6,113
10_15yrs	3,631
15_20yrs	4,899
20_25yrs	3,499
25_30yrs	2,052
30_35yrs	3,834
35_40yrs	1,370
40_45yrs	523
45_50yrs	133
Total	52,961

* Large scale maps available for download

80,000 Acres - Hofmann Forest

OPERATING STATEMENT RECEIPTS & EXPENDITURES

	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011
Hofmann Forest Receipts:					
Farm	\$ 68,208	\$ 79,779	\$ 133,623	\$ 85,371	\$ 104,515
Game Hunting	174,750	165,608	186,123	245,790	253,029
Miscellaneous	11,165	17,419	58,675	13,276	27,573
Mitigation Credits			351,167	266,416	324,497
Stumpage:					
Natural Harvest	1,809,864	1,408,397	1,026,442	447,756	601,606
Plantation Harvest	4,262,700	4,704,123	3,447,749	3,859,595	2,521,151
Thinnings	1,085,817	1,109,391	682,783	856,328	846,274
Total Hofmann Forest Receipts	7,412,504	7,484,717	5,886,562	5,774,532	4,678,645
Hofmann Forest Expenditures:					
Administrative:					
Supplies	31,551	14,648	11,654	12,941	12,746
Building Maintenance	19,160	28,108	18,908	19,076	31,215
Hofmann Forest Administration	263,674	602,120	686,679	545,440	550,605
Legal			325	2,500	10,463
Property/General Liability Insurance			17,870	9,815	18,129
Hofmann Technical Liaison			103,798	84,815	88,624
Development Office Salary Allocation			35,399	60,353	61,434
Hofmann General Administration				40,524	61,465
Treasurer's Division Support			19,000	19,000	19,000
Hofmann Forest Management Fees	175,320				
Subtotal	489,705	644,876	893,633	794,464	853,681
Operations:					
Boundary Maintenance	3,639	47,519	5,901	7,675	4,690
Regeneration	1,009,773	1,140,498	1,447,693	1,455,009	1,521,013
Water Management	167,527	504,701	255,967	202,127	150,957
Prescribed Burning	8,707				3,375
Fertilization	272,355	456,373			
Farm Maintenance		6,600			
Building Program	9,239				
Fire Protection	20,206	27,819	21,343	17,548	18,334
Equipment Maintenance	83,183	109,429	40,508	71,525	54,660
Equipment Purchases			34,794	1,724	93,390
Road Maintenance	733,852	979,771	581,694	344,256	360,214
New Roads					11,845
Wildlife Management Program	11,258		29,538	1,748	1,570
Contracted Forestry Services	26,044	63,350	41,140	26,180	11,235
Gates County Project	118				
Timber Stand Improvement			133,830	45,737	94,900
Fuel				57,293	61,393
Hofmann Mitigation	56,502	18,450	58	47,282	67,283
Subtotal	2,402,403	3,354,510	2,592,466	2,278,104	2,454,859
Equipment Purchases Capitalized		242,648	32,993		
Total Hofmann Forest Expenditures	2,892,108	4,242,034	3,519,092	3,072,568	3,308,540
Hofmann Forest Receipts less Expenditures	4,520,396	3,242,683	2,367,470	2,701,964	1,370,105

80,000 Acres - Hofmann Forest

FACTS ABOUT THE SURROUNDING AREA

- Since 2000, the population growth of Jacksonville is 8.57%
- The average age of citizens in Jacksonville is 22.4 years old due to the military population
- Roughly 70% of base personnel live in Jacksonville
- "One of the things that makes Jacksonville a great place to live is the economic stability that government military spending has brought to the local economy, especially over the last 10 years" - *PlaceofValue.com*
- Onslow County is the 11th most populated county in North Carolina (out of 100) and Jacksonville is the 13th largest city in the state
- In June of 2013, the U.S. Bureau of Economic Analysis named Jacksonville, NC as having the highest per capita income in North Carolina at \$42,210
- Jacksonville is 40 minutes from Wilmington, NC and 15 minutes to the ocean/intracoastal waterway
- From the edge of the forest to the edge of New Bern, NC is just 19 miles up U.S. Hwy. 17

MITIGATION

MITIGATION BANKS

- The original mitigation bank established on Hofmann Forest was 368 acres, which produced 388 non-riparian wetland credits. Currently 318,6196 credits remain, which they are selling for \$48,311 each. At the current market value, there are \$15,392,831 worth of credits remaining.
- Construction began on a new 237.32 acre mitigation bank in 2012 in conjunction with Weyerhaeuser Real Estate Development Co. The new mitigation bank will produce 26,507 stream credits, 87 non-riparian wetland credits and 84 riparian wetland credits. Of that total, the Hofmann Forest's portion is 4,884 stream credits, 87 non-riparian credits and 14.5 riparian credits. The value of this mitigation bank at the estimated current market value is \$6,956,651.
- There is potential to greatly expand the mitigation banks, if desired.
- The Foundation is currently selling non-riparian wetland credits for \$48,311; riparian credits for \$66,961 and stream credits for \$365. Some members of the Foundation have expressed that they believe they have undervalued these credits.

OTHER POTENTIAL REVENUE STREAMS

MINERAL DEVELOPMENT

A formal mineral exploration report has not been completed for the Hofmann Forest. However, the historical topography and geological formation of this area would suggest minerals and gas opportunities do potentially exist. Interested parties are advised to seek out third party geological professionals to confirm mineral exploration opportunities.

MINERAL EXCAVATION

- The Forest Director of Operations has stated that geologists from the university have identified a large area of marlstone suitable for mining towards the northern end of the Forest.
- Currently, the only supplier of crushed stone and gravel in North Carolina is Martin Marietta Materials. They are the second largest producer in the nation. They operate two quarries close to the Forest. One in Maysville is just southeast of the Forest on the eastern side of U.S. Hwy. 17 and another in Richlands just west of the Forest.
- If marlstone deposits exist in the Forest, it could be another great revenue stream because the Hofmann Forest would be the only competition for Marietta, especially being next to the city of Jacksonville and Camp Lejeune.

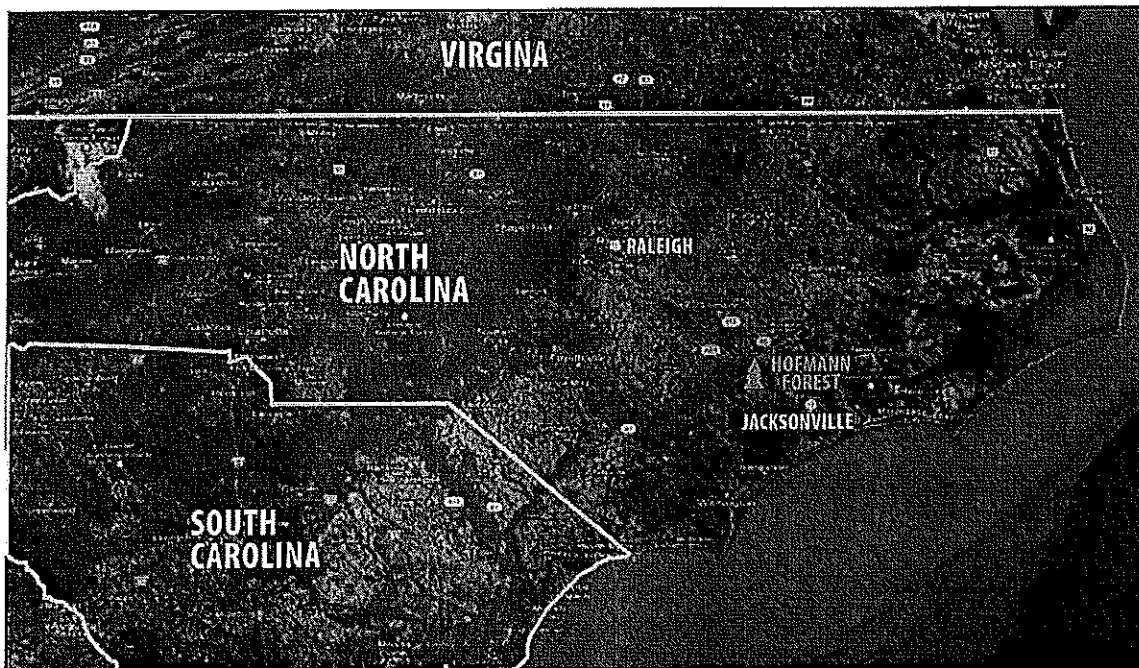
80,000 Acres - Hofmann Forest

OTHER POTENTIAL REVENUE STREAMS CONTINUED

DIRT MINING

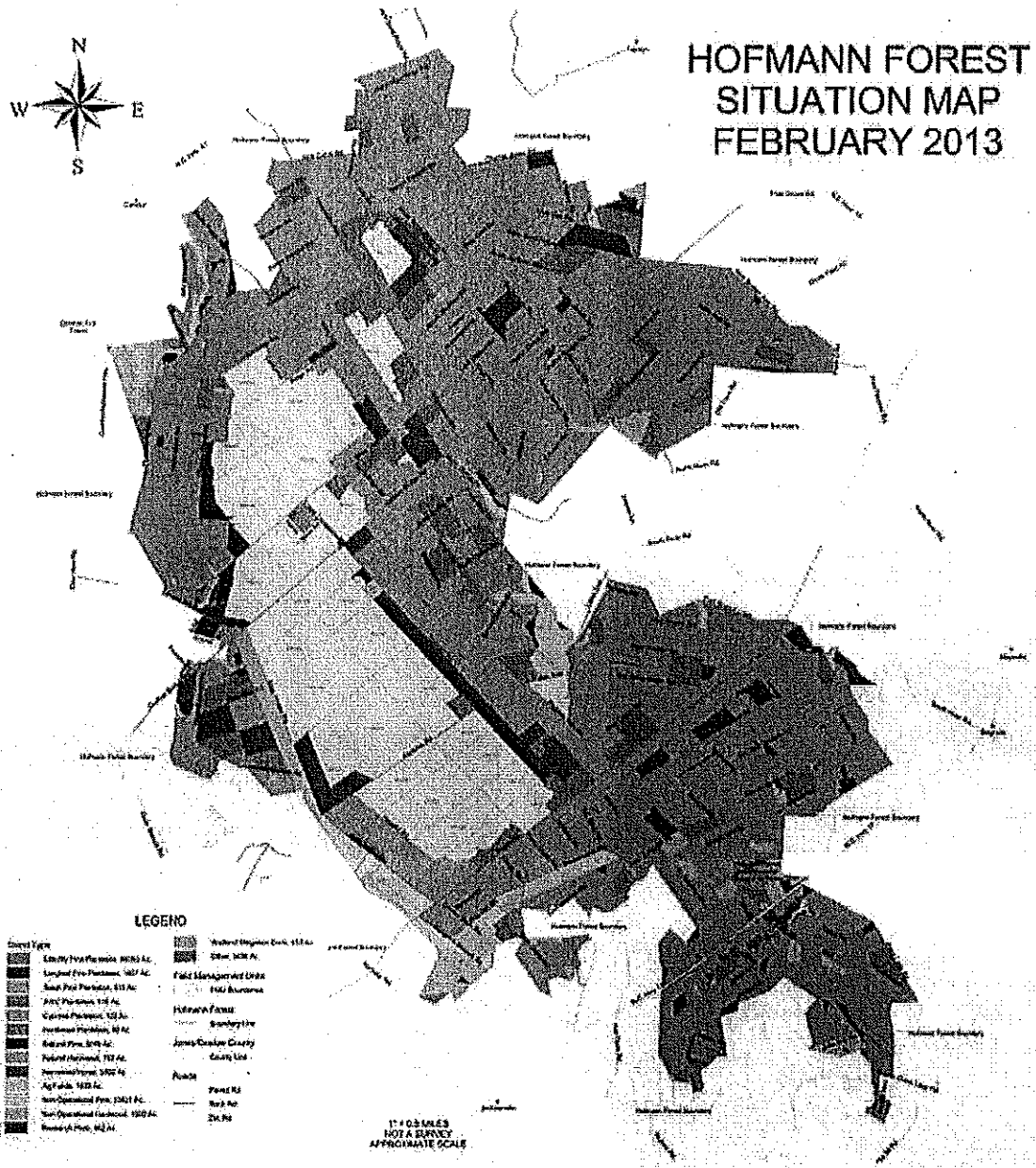
- The Forest Director of Operations believes there is good potential for dirt mining in the southwestern portion of the Forest. He says that there aren't many areas in the vicinity where people can dig dirt to be used by developers and the military.
- If nothing else, you can make the dirt pits into small ponds and/or lakes that would create an amenity for development.

LOCATION MAP



80,000 Acres - Hofmann Forest

SITUATION MAP



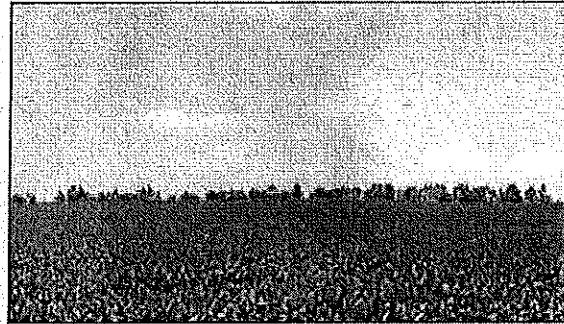
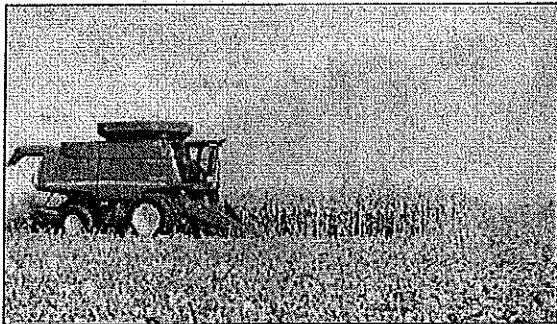
* Large scale maps available for download

80,000 Acres - Hofmann Forest

ACTUAL NET FARM INCOME

12 Months End 6/30	Income
2003	79,449
2004	37,656
2005	58,003
2006	60,221
2007	68,208
2008	79,779
2009	133,623
2010	85,371
2011	104,515
2012	100,509
Total	807,334

12/31/2012 (6 months) \$130,155



80,000 Acres - Hofmann Forest

PROJECTED IRRIGATED FARM INCOME

Projected Irrigated Figures	Year 1	Year 3	Year 5	Year 7	Year 10	
Total Tillable Acres	1,450	20,000	35,000	40,000	45,000	
Corn Base Acres	60%	870.0	12,000.0	21,000.0	24,000.0	27,000.0
Bean Base Acres	25%	362.50	5,000.00	8,750.00	10,000.00	11,250.00
Wheat Base Acres	15%	217.50	3,000.00	5,250.00	6,000.00	6,750.00
Corn Average Price Per Bushel	\$4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	
Beans Average Price Per Bushel	\$13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	
Wheat Average Price Per Bushel	\$6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	
	Irrigated Acres					
Average Bushel Per Acre Corn	220	220	220	220	220	
Average Bushels Per Acre Beans	70	70	70	70	70	
Average Bushels Per Acre Wheat	75	75	75	75	75	
Gross Farm Income	\$ 1,308,352.13	\$ 18,046,250.00	\$ 31,580,937.50	\$ 36,092,500.00	\$ 40,604,062.50	
Less Operating Expenses	\$ 628,039.50	\$ 9,023,125.00	\$ 16,737,896.88	\$ 19,850,875.00	\$ 23,550,356.25	
Net Farm Income Before Taxes	\$ 680,312.63	\$ 9,023,125.00	\$ 14,843,040.63	\$ 16,241,625.00	\$ 17,053,706.25	
Farmland Asset Value	\$ 6,500	\$ 9,425,000.00	\$ 130,000,000.00	\$ 227,500,000.00	\$ 260,000,000.00	

Note:

Does not take into consideration commodity price fluctuations.

Does not take into consideration cost of land conversion

Farm Operating Expense Ratio 48% increases to 58%

PROJECTED DRYLAND FARM INCOME

Projected Dryland Figures	Year 1	Year 3	Year 5	Year 7	Year 10	
Total Tillable Acres	1,450	20,000	35,000	40,000	45,000	
Corn Base Acres	60%	870.0	12,000.0	21,000.0	24,000.0	27,000.0
Bean Base Acres	25%	362.50	5,000.00	8,750.00	10,000.00	11,250.00
Wheat Base Acres	15%	217.50	3,000.00	5,250.00	6,000.00	6,750.00
Corn Average Price Per Bushel	\$4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	
Beans Average Price Per Bushel	\$13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	
Wheat Average Price Per Bushel	\$6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	
	Dryland Acres					
Average Bushel Per Acre Corn	150	150	150	150	150	
Average Bushels Per Acre Beans	50	50	50	50	50	
Average Bushels Per Acre Wheat	55	55	55	55	55	
Gross Farm Income	\$ 908,515.63	\$ 12,531,250.00	\$ 21,929,687.50	\$ 25,062,500.00	\$ 28,195,312.50	
Less Operating Expenses	\$ 436,027.50	\$ 6,265,625.00	\$ 11,622,734.38	\$ 13,784,375.00	\$ 16,353,281.25	
Net Farm Income Before Taxes	\$ 472,488.13	\$ 6,265,625.00	\$ 10,306,953.13	\$ 11,278,125.00	\$ 11,842,031.25	
Farmland Asset Value	\$ 6,500	\$ 9,425,000.00	\$ 130,000,000.00	\$ 227,500,000.00	\$ 260,000,000.00	

Note:

Does not take into consideration commodity price fluctuations.

Does not take into consideration cost of land conversion

Farm Operating Expense Ratio 48% increases to 58%

80,000 Acres - Hofmann Forest

HOPMANN FOREST U.S. HWY 17 DEVELOPMENT CONCEPT PLAN

Group	Land Use	Acreege	Proposed Density	Development Yield	Unit
A	Town Center	223			
	Commercial/Office	110	10,000	1,100,000	sf
	Stacked Flats	2 story on 1/2 of commercial	1/850 sf	647	units
	Town Homes	92	8	736	units
	Live/Work	30	6	180	units
	Town Square	4	-	-	
B	Mixed Use	236			
	Town Homes	25	8	200	units
	Live/Work	15	6	90	units
	Zero Lot Line	60	5	300	homes
	Office	100	10,000	1,000,000	sf
	Parks	36	-	-	
C	High Density, Single Family Detached	872			
	Developed area	698	4	2,792	homes
	Open Space	174	-	-	
D	Medium Density, Single Family Detached	779			
	Developed Area	619	3	1,857	homes
	Open Space	160	-	-	
E	Low Density Single Family Detached	1,335			
	Developed Area	1,068	2	2,136	homes
	Open Space	267	-	-	
F	Golf Community	735			
	Attached Golf Villas	50	8	400	homes
	Cluster Homes	100	5	500	homes
	Medium Density Single Family Detached	335	2	670	homes
	Golf Facilities	250	-	-	
G	Permanent Open Space	3,345	42% of site	-	
	Parkway Loop Road	475			
	69,000 sf @ 30' R/W				
	Planned Open Space in Developed Areas	717			

Total Acreage 8,717

Proposed Total Buildout	
Commercial Office (sf)	2,100,000
Stacked Flats (units)	647
Town Homes (units)	936
Live/Work (units)	270
Zero Lot Line Homes (units)	300
High Density S.F. Homes	2,792
Medium Density S.F. Homes	1,857
Low Density S.F. Homes	2,136
Golf Community Homes	1,570
Preserved Open Space Acres	3,345
Planned Open Space Acres	717
Parkway Loop Road Acres	475

80,000 Acres - Hofmann Forest

HOEMANN FOREST CONCEPT PLAN

Block	Area (Acres)	Planting Density (Trees/Acre)	Total Trees
a	100	1000	100,000
b	100	1000	100,000
c	100	1000	100,000
d	100	1000	100,000
e	100	1000	100,000
f	100	1000	100,000
g	100	1000	100,000
h	100	1000	100,000
i	100	1000	100,000
j	100	1000	100,000
k	100	1000	100,000
l	100	1000	100,000
m	100	1000	100,000
n	100	1000	100,000
o	100	1000	100,000
p	100	1000	100,000
q	100	1000	100,000
r	100	1000	100,000
s	100	1000	100,000
t	100	1000	100,000
u	100	1000	100,000
v	100	1000	100,000
w	100	1000	100,000
x	100	1000	100,000
y	100	1000	100,000
z	100	1000	100,000

Block	Area (Acres)	Planting Density (Trees/Acre)	Total Trees
a	100	1000	100,000
b	100	1000	100,000
c	100	1000	100,000
d	100	1000	100,000
e	100	1000	100,000
f	100	1000	100,000
g	100	1000	100,000
h	100	1000	100,000
i	100	1000	100,000
j	100	1000	100,000
k	100	1000	100,000
l	100	1000	100,000
m	100	1000	100,000
n	100	1000	100,000
o	100	1000	100,000
p	100	1000	100,000
q	100	1000	100,000
r	100	1000	100,000
s	100	1000	100,000
t	100	1000	100,000
u	100	1000	100,000
v	100	1000	100,000
w	100	1000	100,000
x	100	1000	100,000
y	100	1000	100,000
z	100	1000	100,000



* Large scale maps available for download

