



GEORGIA LANDOWNER SUMMIT

DEC. 17, 2021 – JEKYLL ISLAND, GA



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ASSOCIATIONS OF GEORGIA



GEORGIA LANDOWNER SUMMIT

PART 2: INCREASING THE FINANCIAL RETURNS ON YOUR TIMBERLAND



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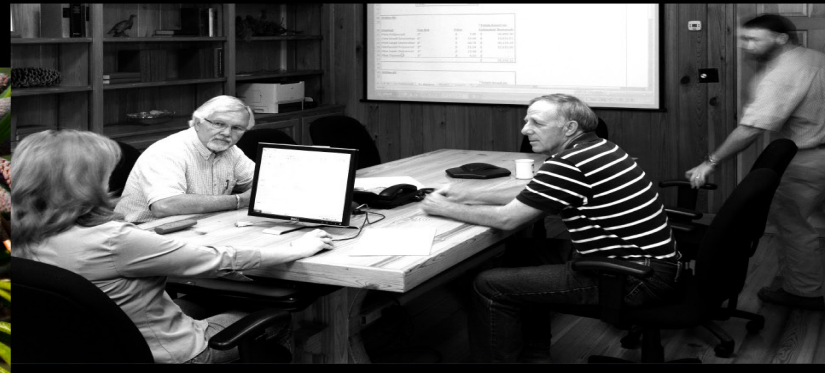
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F&W
SINCE 1962

NON-TIMBER INCOME FOR TIMBERLAND OWNERS

Chad Hancock, RF, ACF
F&W Forestry Services, Inc.





AGENDA

- About F&W
- Overview Non-Timber Income Opportunities
- Traditional Opportunities
- Developing and Future Opportunities
- Contracts and Insurance
- Rules and Regulations
- Discussion

F&W FORESTRY SERVICES, INC.

NORTH AMERICA



HEADQUARTERS IN
ALBANY, GA

26	19	129
states/ province	offices	employees

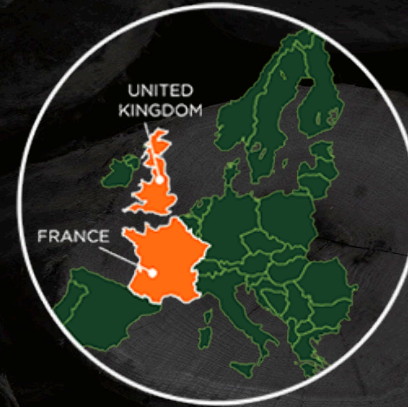
SOUTH AMERICA



HEADQUARTERS IN
MVD, UY

2	11
countries	employees

EUROPE



HEADQUARTERS IN
SAINT-PARDOUX-LE-VIEUX, FR,
INVERNESS, SC AND EXETER, EN

9	90+
offices	employees



TRADITIONAL AND DEVELOPING NON-TIMBER INCOME OPPORTUNITIES

Traditional

- Recreational
 - Hunting
 - Fishing
- Pines straw
- Saw Palmetto Berry
- Agriculture
- Firewood/Apiary
- Cell Phone Tower

Developing

- Solar
- Carbon
- Bird watching
- Camping
- Cycling
- ATV/UTV riding
- Organic gardening
- Native plant harvest
- Water Rights

Other opportunities may exist that are not listed.



OBSERVATIONS ON NON-TIMBER INCOME OPPORTUNITIES

- Most opportunities provide low to moderate income
- Income used to service:
 - Ad valorem tax burden
 - Minor Property Improvements
- Payments are many times cash transactions – consult tax professional for accounting and tax reporting
- Exception is pinestraw leases – discussed later



TRADITIONAL OPPORTUNITIES - RECREATIONAL LEASES

- Hunting
 - Generally based on local market price
 - Price determined by:
 - physiographic location
 - location to metropolitan areas
 - quantity and quality of game species
 - amenities on property
 - Statewide ranges from \$4/acre to over \$30/acre
 - Can be all inclusive or separated by game species – deer, turkey, quail, etc.
- Fishing
 - Rates based on timeframe of use
 - Annual
 - Seasonal
 - Daily
 - Fishery size and species



TRADITIONAL OPPORTUNITIES - PINE STRAW LEASES

- Pricing based on several factors:
 - Straw yield
 - Field conditions – clean site
 - Location to resale markets
 - Field size
 - Straw harvest typically stops after 1st thinning
- Contract Length and Harvest Cycle
 - 1 year to up to 10 years
 - Usually two harvest per year – spring and fall
- Pricing structure and Payment Ranges :
 - Per bale - \$0.40/bale to \$1.00/bale
 - Per acre - \$100/acre to \$250/acre





TRADITIONAL OPPORTUNITIES - SAW PALMETTO BERRY LEASES

- Only in lower coastal plain regions
- Production dependent on established vegetation and past silvicultural activities
- Native production can vary depending on stocking level and management practices
- Saw Palmetto plantation establishment – expected to produce 4,000-5,000 pounds/acre at ages 3-4 at rates between \$0.50 and \$1.00 per pound





TRADITIONAL OPPORTUNITIES – AGRICULTURAL LEASES

- Dry Farmland – typically lower quality soils, field corners
 - Statewide lease rates range from \$20/acre to \$108/acre
- Irrigated Farmland – higher quality soils, large fields
 - Statewide lease rates range from \$120/acre to over \$250/acre
 - Consider cost of irrigation equipment maintenance and repairs





TRADITIONAL OPPORTUNITIES – FIREWOOD AND APIARY

- Firewood
 - Harvest of fallen or damaged trees
 - Single tree harvest
 - Payment
 - By the cord
 - By the truckload
- Apiary
 - Bees are natural pollinators
 - Dependent on local vegetation
 - Rates established for each site
 - Ranges from \$50/site to over \$800/site

*Apiary lease information, www.sjwmd.com/lands/apiary-lease





TRADITIONAL OPPORTUNITIES –CELL PHONE TOWERS

- Cell Phone Tower
 - Major conversion to a small portion of the property
 - Long term commitment
 - Significant income of over timber and agricultural production on limited acreage
 - A few factors to derive leases rates:
 - Location
 - Population density
 - Network needs
 - Topography
 - Zoning

DEVELOPING OPPORTUNITIES – SOLAR

- Solar
 - Major conversion of the property
 - Long term commitment
 - End of term property cleanup
 - Landscape use change - sacrifice timber/agriculture production
 - Significant income of over timber and agricultural production
 - Leases from \$400/acre to over \$900/acre per year – 30-year commitment





DEVELOPING OPPORTUNITIES – CARBON

- Numerous developing programs
 - Annual programs – 1 year
 - Accepts smaller size parcels
 - 1-year term obligation
 - Long-term programs – Unknown to over 100 years
 - Minimum acreage varies by company - 30 acres and up to 3,000 acres and up,
 - Term length - minimum of 20 years to over 100-year commitment

- Rates
 - Annual – NCX market - high of \$17/ Harvest Deferral Credit (HDC), now settling between \$5 to \$10/HDC
 - Low Risk/Low value
 - Long-term – dependent on number of credits and how the market views the perception the credits
 - Bigger Commitment/Higher Risk/Higher Value – give up optionality to harvest timber when desired



DEVELOPING OPPORTUNITIES – OTHER

- Birdwatching
- Camping
- Cycling
- ATV/UTV riding
- Organic Gardening
- Native Plant Harvest
 - Activities vary depending on location and property attributes
 - Income is location specific
 - Think outside the box



FUTURE OPPORTUNITIES – WATER

- Water rights may be an opportunity in the future as regulations and requirements around agriculture change



CONTRACT AND INSURANCE

- Landowners should always require a signed contract for all activities – leases and/or services
- Contracts protect all parties and set specific expectations for the activity
- Insurance should be required to indemnify the landowner and landowner's agent as additional insured's
- Insurance limits should match industry standard limits:
 - \$2,000,000 General Liability
 - \$1,000,000 Damage, Injury, and Auto
 - \$2,000,000 Excess Liability



RULES AND REGULATIONS

- Some states have laws relating to the harvest and sale of non-timber forest products
 - Georgia and Florida require a permit to harvest Saw Palmetto Berries
 - License required for Apiary production
- Laws and regulations of a specific operation
 - Regulations on Apiary – can't move bees without valid certificate



USE A CONSULTANT

- F&W manages many of these activities for our clients
- Find an office near you – www.fwforestry.net
- If not F&W, use a local consultant to protect your interest and keep you informed on the local markets



DISCUSSION





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