

T H E   C A B I N E T  
S T A T E   O F   F L O R I D A

---

Representing:

STATE BOARD OF ADMINISTRATION  
DIVISION OF BOND FINANCE  
FSC - OFFICE OF INSURANCE REGULATION  
DEPARTMENT OF REVENUE  
DEPARTMENT OF VETERANS AFFAIRS  
DEP POWER PLANT SITING BOARD  
BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before  
THE FLORIDA CABINET, Honorable Governor Bush presiding, in the  
Cabinet Meeting Room, LL-03, The Capitol, Tallahassee, Florida,  
on the 8th day of November, 2005, commencing at approximately  
9:30 a.m.

Reported by:

KRISTEN L. BENTLEY, RPR  
Certified Court Reporter

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APPEARANCES:

Representing the Florida Cabinet:

JEB BUSH  
Governor

CHARLES H. BRONSON  
Commissioner of Agriculture

CHARLIE CRIST  
Attorney General

TOM GALLAGHER  
Chief Financial Officer

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## I N D E X

STATE BOARD OF ADMINISTRATION  
(Presented by Coleman Stipanovich)

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(Presented by Ben Watkins)

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FINANCIAL SERVICES COMMISSION  
(Presented by David Foy)

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DEPARTMENT OF REVENUE  
(Presented by Dr. Jim Zingale)

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DEPARTMENT OF VETERANS' AFFAIRS  
(Presented by Rocky McPherson)

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PROCEEDINGS

THE GOVERNOR: The next cabinet meeting will be November 22nd, 2005. We have in front of us the 2006 cabinet calendar. Treasurer Gallagher mentioned to me, correctly so, I forgot the update on the United Way but we'll get right back to that. We also want to -- we are going to add additional clemency dates to deal with the backlog that exists for the restoration of civil rights. We will come back to you in two weeks with an amended schedule that would include which dates we could use. Perhaps the idea would be to do it during cabinet, a day that we have cabinet just to extend the day. Not every time of course, but enough times to deal with the backlog.

So is there a motion to --

CFO GALLAGHER: I'll move the schedule.

COMMISSIONER BRONSON: Second.

THE GOVERNOR: There's a motion and a second to approve the 2006 cabinet schedule. Without objection, it is approved and we'll get back with you in two weeks.

(Off-the-record discussion.)

THE GOVERNOR: All right. As I said, the next cabinet meeting will be Tuesday, November 22nd. The State Board of Administration. Mr. Stipanovich.

MR. STIPANOVICH: Thank you, Governor, members.  
Minutes.

1 THE GOVERNOR: Is there a motion?

2 CFO GALLAGHER: Motion on the minutes.

3 ATTORNEY GENERAL CRIST: Second.

4 THE GOVERNOR: There's a motion and a second.

5 Without objection, Item 1 passes.

6 MR. STIPANOVICH: Item No. 2 is a request for  
7 approval of fiscal determination of an amount not  
8 exceeding 12,090,000 tax exempt Florida Housing Finance  
9 Corporation multifamily mortgage revenue refunding bonds.

10 CFO GALLAGHER: Motion.

11 ATTORNEY GENERAL CRIST: Second.

12 THE GOVERNOR: There's a motion and a second.

13 Without objection, the item passes.

14 MR. STIPANOVICH: Item No. 3 is a request for  
15 approval of fiscal determination of an amount not  
16 exceeding 7,500,000 tax exempt Florida Housing Finance  
17 Corporation multifamily mortgage revenue bonds.

18 ATTORNEY GENERAL CRIST: Motion.

19 CFO GALLAGHER: Second.

20 THE GOVERNOR: There's a motion and a second.

21 Without objection, the motion passes.

22 MR. STIPANOVICH: Item No. 4 is a request for  
23 approval of fiscal sufficiency of an amount not exceeding  
24 273,500,000, state of Florida full faith and credit --

25 CFO GALLAGHER: Motion.

1           ATTORNEY GENERAL CRIST:   Second.

2           THE GOVERNOR:   There's a motion and a second.

3           Without objection, the item passes.

4           MR. STIPANOVICH:   Item No. 5 is a request for  
5           approval of fiscal sufficiency of an amount not exceeding  
6           116,300,000 State of Florida full faith and credit State  
7           Board of Education public education capital outlay bonds.

8           ATTORNEY GENERAL CRIST:   Motion.

9           CFO GALLAGHER:   Second.

10          THE GOVERNOR:   There's a motion and a second.

11          Without objection, the item passes.

12          MR. STIPANOVICH:   The last item on the agenda is a  
13          request for approval for the filing of notice for  
14          rulemaking having to do with one DB rule that is being  
15          amended, eight DC rules that are being amended, one new DC  
16          rule and this will allow us, if you approve us, to file  
17          for notice to implement the procedures for the DC program  
18          that's consistent with the legislation that was enacted in  
19          the 2005 legislation session.   The summary of their  
20          proposed rules are Attachment 6, Governor, members, and  
21          it's really pretty much a technical cleanup.

22          CFO GALLAGHER:   Motion.

23          ATTORNEY GENERAL CRIST:   Second.

24          THE GOVERNOR:   There's a motion and a second.

25          Without objection, the item passes.   Thank you, Coleman.

1 THE GOVERNOR: Division of Bond Finance.

2 CFO GALLAGHER: Motion on the minutes.

3 ATTORNEY GENERAL CRIST: Second.

4 THE GOVERNOR: There's a motion and a second on  
5 Item 1. Without objection, the motion passes.

6 Good morning, Ben, how you doing?

7 MR. WATKINS: Good morning, Governor, how are you?

8 THE GOVERNOR: Excellent.

9 MR. WATKINS: Item No. 2 is a resolution authorizing  
10 the competitive sale of up to \$116.3 million in PECO  
11 bonds.

12 THE GOVERNOR: Is there a motion?

13 CFO GALLAGHER: Motion.

14 ATTORNEY GENERAL CRIST: Second.

15 THE GOVERNOR: Motion and a second. Without  
16 objection, the item passes.

17 MR. WATKINS: Item No. 3 is a resolution authorizing  
18 the competitive sale of up to \$273.5 million in PECO  
19 bonds.

20 CFO GALLAGHER: Motion.

21 ATTORNEY GENERAL CRIST: Second.

22 THE GOVERNOR: There's a motion and a second on  
23 three. Without objection, the item passes.

24 MR. WATKINS: Item No. 4 is a report of award on the  
25 competitive sale of \$28,290,000 in university system



1           refunding --

2                   CFO GALLAGHER: Motion.

3                   ATTORNEY GENERAL CRIST: Second.

4                   THE GOVERNOR: There's a motion and a second.

5           Without objection, the item passes.

6                   MR. WATKINS: And Item No. 5 is a report of award on

7           the competitive sale of \$37,610,000 of University of

8           Florida housing refunding bonds.

9                   CFO GALLAGHER: Motion.

10                  ATTORNEY GENERAL CRIST: Second.

11                  THE GOVERNOR: There's a motion and a second.

12           Without objection, the item passes.

13                  Thank you, Ben.

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1 THE GOVERNOR: Financial Services Commission. Office  
2 of Insurance Regulation.

3 CFO GALLAGHER: Motion on the minutes.

4 ATTORNEY GENERAL CRIST: Second.

5 THE GOVERNOR: There's a motion and a second on  
6 Item 1. Without objection, the motion passes.

7 Good morning. You're not Butterbean.

8 MR. FOY: No, sir. Commissioner is in Washington  
9 actually speaking before the House, Insurance and Banking  
10 Committee on national catastrophe plan this morning.

11 THE GOVERNOR: Excellent. How was the convention out  
12 west as it relates to that?

13 MR. FOY: That's next week, November 15th and 16th.

14 THE GOVERNOR: Okay. We're looking for some  
15 specifics to be able to advocate. I think, as the  
16 treasurer said, there's some momentum now in Washington  
17 for something like this. It will be important for our  
18 state.

19 MR. FOY: We hope to bring that back to you,  
20 Governor, cabinet members and the Legislature.

21 THE GOVERNOR: Okay. We already have a motion on  
22 item one?

23 CFO GALLAGHER: It's done. We're on two.

24 THE GOVERNOR: Item 2.

25 MR. FOY: Item No. 2 is adoption of proposed new rule

1 changing the structure of the Office of Insurance  
2 Regulation.

3 CFO GALLAGHER: Motion on 2.

4 ATTORNEY GENERAL CRIST: Second.

5 THE GOVERNOR: There's a motion and a second.

6 Without objection, the item passes.

7 MR. FOY: Item No. 3 is adoption of amendments  
8 regarding definitions and rate filing procedures, is a  
9 technical amendment changing the definition of a stop loss  
10 amendment.

11 CFO GALLAGHER: Motion on 3.

12 ATTORNEY GENERAL CRIST: Second.

13 THE GOVERNOR: There's a motion and a second.

14 Without objection, the item passes. That's it.

15 MR. FOY: Thank you, Governor, members.

16 THE GOVERNOR: Get back to work.

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1 THE GOVERNOR: Department of Revenue.

2 CFO GALLAGHER: Motion on the minutes.

3 ATTORNEY GENERAL CRIST: Second.

4 THE GOVERNOR: There's a motion and a second.

5 Without objection, Item 1 passes. Good morning, Doctor,  
6 how are you?

7 DR. ZINGALE: Great.

8 THE GOVERNOR: How's the tax collecting business?

9 DR. ZINGALE: Great.

10 THE GOVERNOR: Overly great. Item 2.

11 DR. ZINGALE: This has been going quick and I will  
12 try to make it quick. We have four tough items on here.

13 THE GOVERNOR: Please present as thoroughly as you'd  
14 like.

15 DR. ZINGALE: The four items are the budget, the  
16 capital improvement plan, the long-range plan and the  
17 performance contract for myself and the Agency. I think  
18 it might move smoothest if I give, by program, a quick  
19 history of where we've been and link into performance and  
20 then where we're going and then that might make the budget  
21 issues and contract go quicker. With your permission. Is  
22 that okay?

23 THE GOVERNOR: Fine with me.

24 DR. ZINGALE: Okay. Let's start with general tax  
25 administration. In terms of the history and where we are

1 headed, let me get a few pages here laid out and off we  
2 will go. Okay. General tax administration. Thirty-six  
3 taxes. Historically has been going through a  
4 technological transformation. Over my tenure, 25 percent  
5 fewer FTE. Last three years, which is what I'm going to  
6 focus on, 10 percent fewer FTE. During that time  
7 framework, we've brought in \$5 billion with less people.  
8 Primarily do two things and we try to do it consistently.  
9 We try to help taxpayers be successful.

10 We do that with a fairly aggressive taxpayer  
11 education and assistance program. Things that have  
12 happened in the past, a very modern web site. Seminars  
13 that are free, 1-800 number call number system that is  
14 also free. Tremendous success in developing a working  
15 relationship with the business community who really wants  
16 to get their taxes paid correctly. On the other side, we  
17 deal with leveling the playing field. Need to get out  
18 there particularly in the sales tax and corporate income  
19 tax area and ensure that every taxpayer is paying their  
20 legal obligation.

21 There are some fairly dramatic changes in the history  
22 and the performance. If you would look at the last three  
23 years and then the previous nine years, over that  
24 nine-year period, we had averaged \$553 million in enforced  
25 compliance. A little more than a half a billion dollars

1 coming from our audit program, coming from our collection  
2 program. Three years ago with the aid of integrated tax  
3 administration and our Suntax computer system, we broke  
4 the first \$600 million level and went from an average of  
5 553 to \$665 million.

6 Last year -- two years ago, \$770 million. Last year,  
7 \$701 million. That's a \$479 million increase in enforced  
8 compliance in three years. Our budget is only 200. Okay?  
9 So you can get some sense that the return that we were  
10 getting on the Suntax system is paying dividends, not in  
11 terms of not only helping the taxpayer be successful, but  
12 also leveling the playing field. \$479 million increase on  
13 a 500 base is a dramatic increase.

14 With that coming up, we have, this year, UT coming on  
15 board, unemployment -- excuse me, insurance premium tax  
16 coming on board. Out year, UT. Two years, we'll be fully  
17 compliant with an integrated tax administration system,  
18 first one in the country. Things are going good on the  
19 tax side.

20 If you shift over to child support, we're kind of at  
21 a stage where major progress in the past since the  
22 Governor took office of 500 -- a 50 percent increase in  
23 collections, 400 children with paternity established. But  
24 we're certainly not anywhere where we want to be. With  
25 your help last year and the legislative help and the

1 Governor's recommendations, we passed landmark  
2 legislation. We've got 26 teams in place trying to get to  
3 the top five. To compliment those 26 teams we are rolling  
4 out cams one over the next three months. Cams one will  
5 dramatically change our back end computer system. We have  
6 laid out both to you individually and collectively to the  
7 Legislature, a very aggressive three-year plan to continue  
8 the progress of getting in the top five in the country.  
9 We're happy with the success we made. We're very proud  
10 with what's going in the current year.

11 THE GOVERNOR: General.

12 ATTORNEY GENERAL CRIST: Thank you, Governor. I want  
13 to thank Dr. Zingale for his great work in this area.  
14 Child support is one of the most important things we do to  
15 help our people. And the Department has done a tremendous  
16 job and thank you for your leadership very much.

17 DR. ZINGALE: Thank you for your all leadership. We  
18 hope we can get better. On the property tax side, again,  
19 some fairly dramatic numbers here. We all know we have a  
20 white hot economy going on in the state of Florida. It  
21 certainly translated itself into rising property tax  
22 rolls. If you would go back and look at the last 15 years  
23 in three-year -- in five-year blocks, from '90 to '94, the  
24 tax rolls grew in the property tax area by 4.6 percent.  
25 The next five years, 5.3 percent, not counting '05. The

1 prior five years, 11 percent. And the January 1, '05 tax  
2 roll, 20 percent. A traumatic increase over the last six  
3 years.

4 Our goal is too forward in terms of how we look at  
5 that. One, we regulate the trim process to ensure that  
6 every city, county, elected official that raises milages  
7 goes to the rollback rate and has to advertise legally any  
8 increase above that rollback rate. This year we only had  
9 four local taxing jurisdictions not in compliance with  
10 that that we had to go back and get them to come back into  
11 compliance.

12 In addition, our job is to make sure fortunately and  
13 unfortunately that the value that went up in property  
14 makes its way to the roll. We do that with a variety, as  
15 the Governor reminds me, of mind-numbing statistics. We  
16 have tried to do those mind-numbing statistics better  
17 every year. We have tripled the number of types of  
18 analysis that we're performing on those rolls. Where are  
19 we going in the future in this area? More consistency of  
20 our staff, better measures to ensure what we're doing.

21 So that's kind of a quick history of our three  
22 programs and where we're headed. And with that, the  
23 second item which is in Tab 2 is our budget request. It  
24 continues to follow the transformation that we've been  
25 doing in the last few years. Time is short. I'm going to



1           only highlight quickly some of the top ten issues that we  
2           have requested. Certainly our number one priority is to  
3           continue to fund the child support enforcement computer  
4           system cams one and cams two. We've got a \$22.2 million  
5           request in technology. The majority of that money is for  
6           next year's cam two, 15.6. There's another 5.1 million to  
7           finish off the rollout of cams one. That money is  
8           primarily coming from federal incentive dollars and  
9           federal matching dollars. There's no recurring general  
10          revenue in there.

11                 On the property tax area, this will be a difficult  
12          one. But we surveyed our tools that we have and if you  
13          would look at the Department of Revenue as basically only  
14          having three tools to bring a property appraiser into  
15          compliance, we can turn down a tax roll. That's kind of  
16          like the nuclear weapon. We don't like to use that one.  
17          We can send very directed letters of improvement that  
18          require a property appraiser to respond within a time  
19          framework. That's kind of slow. A third tool is we have  
20          a very modest performance contract, a procedural audit  
21          that we can come in and perform. If a property appraiser  
22          is having difficulty in a stratum, we would like to go in  
23          and be able to do a performance audit against standards  
24          and we'd like to outsource that. That is our first  
25          recurring GR issue, 447,000.

1           On the Suntax side, we have been gradually weaning  
2           ourselves from recurring general revenue as the project  
3           winds down and replacing it with nonrecurring revenue. We  
4           are also proposing that again this year. We probably have  
5           two-and-a-half years more of Suntax funding where each of  
6           those dollars is generating about a 5 to 6 rate of return  
7           on investment.

8           Quickly going on, annualization of hearing officers,  
9           you provided them last year. They didn't get funded for  
10          the full year. Those are annualized. A request we had  
11          last year for reconciliation contract nonrecurring, the  
12          Dade County demonstration project for their call centers  
13          so that their call center can link into cams one, and a  
14          few small other ones.

15          We complete our top ten with a \$2.3 million reduction  
16          in incentive trust funds with a new contract that has been  
17          negotiated with DeLoitte to replace Unisys. So, in  
18          general, you will see a budget that except for the big  
19          trust funded areas, primarily in the tax side that's in  
20          balance, we've been working with the Governor's budget  
21          staff and the house and senate to identify further cuts so  
22          that what we do need will be paid for out of cuts in the  
23          program. We are cognizant that there are down-the-road  
24          budget issues and we'll be working with everybody to make  
25          sure that the prudent and fiscally conservative cabinet

1 and Legislature has our support in balancing those  
2 activities. So with your permission, I'd like, if there  
3 aren't any questions, the budget --

4 THE GOVERNOR: Any questions? Is there a motion on  
5 Item 2?

6 ATTORNEY GENERAL CRIST: Motion.

7 CFO GALLAGHER: Second.

8 THE GOVERNOR: There's a motion and a second. All in  
9 favor say aye.

10 (Aye.)

11 THE GOVERNOR: I'm abstaining so I can submit my own  
12 darn budget to the Florida Legislature.

13 DR. ZINGALE: The third item --

14 THE GOVERNOR: Good presentation, Jim. You do  
15 fantastic work, by the way. Hard for me to say the tax  
16 collector does great work but you really do. You're a  
17 model for a lot of the agency heads and they respect you  
18 enormously for your incredible skills.

19 DR. ZINGALE: We do regulate business in a lot of  
20 places and we're kind of proud that with that increase in  
21 enforced compliance the business community still views us  
22 as a partner.

23 THE GOVERNOR: Not all of them. An occasional E-mail  
24 comes in that would say it any other way. But it's a lot  
25 better.

1 (Laughter.)

2 DR. ZINGALE: We have to do better than 51 percent.  
3 Capital improvement plan is the next item. Big document.  
4 Only two significant changes. One, we've been working  
5 with DMS on an accelerated basis. It won't affect next  
6 fiscal year but the out fiscal year, '07/'08, we expect to  
7 consolidate all of our facilities here in Tallahassee,  
8 primarily Tax World, which is in an 85-mile-an-hour  
9 facility. If a hurricane hit it, we'd be in one of those  
10 mobile homes out there. And we would like to move to  
11 Southwood.

12 THE GOVERNOR: There are no mobile homes. Wish I  
13 could find a few.

14 DR. ZINGALE: Move to Southwood and that's going on  
15 an accelerated schedule. DMS has been very helpful.

16 The other one is a multi agency project. AWE, DMS,  
17 Children and Family, looking to consolidate all of our  
18 data centers and move them to the shared resource  
19 facility. This may happen in '06/'07 so there won't be  
20 any budget implications for it. But we're trying very  
21 much to do this multi agency move and move all our  
22 facilities out to the shared resource center and we hope  
23 that that helps them with any funding issues that they  
24 have. So with your permission, I'd like to have that  
25 item, the capital improvement plan, adopted.

1 CFO GALLAGHER: Motion on three.

2 ATTORNEY GENERAL CRIST: Second.

3 THE GOVERNOR: There's a motion and a second.

4 Without objection, the motion passes.

5 DR. ZINGALE: The next item is our long-range program  
6 plan. It just kind of puts in place what I described on  
7 the front end so I would, with your permission, like that  
8 approved.

9 ATTORNEY GENERAL CRIST: Motion.

10 CFO GALLAGHER: Second.

11 THE GOVERNOR: Motion and a second. Without  
12 objection, the item passes.

13 DR. ZINGALE: The last is my performance contract.  
14 These are legislatively created measures. And as I  
15 mentioned last year, when the Legislature gives them to  
16 you, you just say thank you and take them. We've exceeded  
17 all of those measures except one which we were just  
18 slightly below. If you'd like an individual briefing on  
19 the plan, we have, back at the shop, we'd be glad to go  
20 over that with you individually. It's a lot more  
21 aggressive than what's here.

22 CFO GALLAGHER: I would like to do this.

23 DR. ZINGALE: Absolutely.

24 CFO GALLAGHER: You-all so far exceed what the  
25 Legislature set. I congratulate you on that. But I'd

1 like to give you a little challenge.

2 DR. ZINGALE: Okay.

3 CFO GALLAGHER: Instead of taking these little  
4 legislative ones, let's make your goal what you did this  
5 year.

6 DR. ZINGALE: (Laughter.) I see that too. Okay. We  
7 do have --

8 THE GOVERNOR: What's so funny about that, Jim?

9 (Laughter.)

10 DR. ZINGALE: We do have internal goals way beyond  
11 what you see there. And I'd love, if you do have time,  
12 you're very busy, to sit down and show you what we are  
13 striving for internally.

14 THE GOVERNOR: So the Legislature -- the  
15 Legislature's goals in stature are lower than what --

16 CFO GALLAGHER: Here's the thing. I mean, they ask  
17 for 80, they do 95. They ask for 70, they do 82. The  
18 only one where he's a half point down is in child support  
19 which they're working on a whole new program which will  
20 probably take care of that. And so just to give you a  
21 challenge, there is no challenge set here in the  
22 legislative goals. Let's get a challenge out here and  
23 take what you performed this year and that's your  
24 challenge for next year.

25 DR. ZINGALE: We will shoot on that for next year.

1 CFO GALLAGHER: Great.

2 DR. ZINGALE: Thank you very much.

3 THE GOVERNOR: He needs it approved. Is there a  
4 motion?

5 ATTORNEY GENERAL CRIST: Motion.

6 CFO GALLAGHER: I'll motion it.

7 THE GOVERNOR: There's a motion and a second. And I  
8 guess we're amending the performance contract to make the  
9 indicators be --

10 DR. ZINGALE: Anything you want.

11 THE GOVERNOR: There you have it -- the indicators  
12 the actual results for this fiscal year. Any objections?  
13 (No response.) The motion passes. Thank you.

14 DR. ZINGALE: Thank you very much.

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1 THE GOVERNOR: Department of Veterans' Affairs.

2 CFO GALLAGHER: Motion.

3 ATTORNEY GENERAL CRIST: Second.

4 THE GOVERNOR: There's a motion and a second.

5 Without objection, Item 1 passes.

6 MR. MCPHEARSON: Good morning, sir. Item 2 is our  
7 quarterly reports for the third and fourth quarter of the  
8 '04/'05 fiscal year. They're Attachment 2. Recommend  
9 acceptance.

10 CFO GALLAGHER: Motion.

11 ATTORNEY GENERAL CRIST: Second.

12 THE GOVERNOR: There is a motion and a second. The  
13 item is accepted.

14 MR. MCPHEARSON: Item 3, sir, is the Florida  
15 Department of Veterans' Affairs legislative budget  
16 request, a little bit shorter than Dr. Zingale's. But  
17 just a few slides for you, sir. To note primarily in your  
18 presentation are requested for a continuation budget of  
19 approximately \$51.5 million. We have asked for some  
20 slight growth in several areas, primarily in our homes  
21 program, very small additive amounts and some IT recurring  
22 fund increases. And I'd note that our operations in the  
23 Department are 81 percent trust fund operated.

24 Second item, second portion of that is just a little  
25 detail of the issues. Primarily what we'd ask for is some



1 inflation in operational increases in our nursing homes  
2 along with health care cost increases, two new vehicles in  
3 our homes, and IT budget increases. Minor, all totaling  
4 about a half a million dollars. We do have one  
5 contingency item, Senate Bill 1202 is legislation that has  
6 been several years in the making and it involved nursing  
7 home staffing. And if the final increment of that is  
8 enacted, it will be a requirement for about an additional  
9 million dollars in staffing that we would have to have to  
10 continue to operate the state minimums were that to pass  
11 in this next session.

12 And then our final note is in our capital improvement  
13 plan, with the Governor's support, we are proposing a  
14 renovation of our domiciliary home in Lake City. It's our  
15 oldest facility and I would note there that with the money  
16 that we asked for, both general revenue and what we have  
17 in our license plate trust fund, and a \$2 million, which  
18 is a two-thirds federal match, we can accomplish those  
19 renovations and we thank you for that support.

20 THE GOVERNOR: Is there a motion?

21 ATTORNEY GENERAL CRIST: Motion.

22 CFO GALLAGHER: Second.

23 THE GOVERNOR: There's a motion and a second. All in  
24 favor say aye.

25 (Aye.)

1 I abstain so that I can submit my budget to the  
2 Florida Legislature in January.

3 MR. MCPHEARSON: Thank you, sir. Item 4 is a short  
4 information briefing report on our state veterans' nursing  
5 home project. There are probably several slides in the  
6 presentation that I'd like to call your attention to. The  
7 first one is a lot of concern over the years about census  
8 in our nursing homes. The goal, state goal, in  
9 performance measures from the Legislature is 90 percent.  
10 I'd like to note that in '04 we finally did reach that in  
11 all of our homes and that our projections for '05 are that  
12 we should operate all of our nursing homes at  
13 approximately 95 percent. So we're going to --

14 THE GOVERNOR: Why has it been slow to ramp up to get  
15 to that level given the number of veterans that I would  
16 think are qualified?

17 MR. MCPHEARSON: We do have waiting lists in some of  
18 our homes, sir. But we have a couple of issues. One is  
19 the renovations in Lake City have about 35 beds out of  
20 service.

21 THE GOVERNOR: Put aside Lake City because that makes  
22 sense.

23 MR. MCPHEARSON: And then Port Charlotte, we also  
24 have 20 beds there that are a VA outpatient clinic. The  
25 VA clinic in Port Charlotte was destroyed in Hurricane

1 Charlie and we gave them a 20-bed wing of our home to  
2 operate a nursing -- excuse me, an outpatient medical  
3 clinic in. So until that comes off, that's an additional  
4 20 beds available. And we have a waiting list to fill  
5 those.

6 THE GOVERNOR: So if you take those two extenuating  
7 circumstances, your --

8 MR. MCPHEARSON: Yes, sir, we will exceed 90 percent.  
9 And this year, we'll approach 95.

10 THE GOVERNOR: Thank you.

11 MR. MCPHEARSON: And the other issue that we get an  
12 awful lot of questions on is cost of care. I've noted in  
13 the slides that our average daily cost of care and monthly  
14 cost of care is the same as the industry wide. But in  
15 Florida, the requirement from the Legislature is to pay,  
16 for veterans to pay, based on their income. So  
17 essentially while we -- I have one slide that talks to how  
18 our homes revenue is generated. And I would note that VA  
19 per diem is a good portion of our cost of care and that  
20 state general revenue is 18 percent. And that's high this  
21 year due to getting those two new homes operating. That  
22 will come down to about 11 percent. And the VA per diem  
23 will go up to about 30 percent next year.

24 And then, finally, we've added some new slides that  
25 talk to the branches of military service that are in our

1 facilities, new data that we've collected and the major  
2 conflicts that the various veterans who are residents in  
3 our facilities served in. And I note that World War II is  
4 over half of our residence population, World War II  
5 veterans are currently in our homes. And we're beginning  
6 to see Vietnam War veterans in our homes as well, more  
7 than 14 percent.

8 With that report, sir, the only other item that's  
9 significant is to talk a little bit about the next state  
10 veterans' nursing home slated for northeast Florida.  
11 There was legislative money to start that process last  
12 year. We have started the site selection process. Two  
13 counties have indicated that they will compete for that.  
14 They are Duval and St. Johns. The applications, the full  
15 applications in accordance with the criteria that the  
16 cabinet approved in February, are due to us November the  
17 14th. We will thereafter form a site selection committee.  
18 And then based on analysis and comparison of the  
19 submissions from the two counties, bring a recommendation  
20 to the Governor and the cabinet in late January for siting  
21 of that facility.

22 THE GOVERNOR: Clay County didn't --

23 MR. MCPHEARSON: No, sir, they did not indicate that  
24 they intend to participate. And then, sir, that concludes  
25 that information session. And our final item, Item 5, is

1 another information session where we'd like to present --

2 THE GOVERNOR: Let's get an acceptance for Item 4  
3 before we move to Item 5.

4 MR. MCPHEARSON: It was just an information brief,  
5 sir.

6 THE GOVERNOR: Let's just accept it anyway to be  
7 sure.

8 There's a motion and a second to accept. Without  
9 objection, it's accepted.

10 MR. MCPHEARSON: Thank you, sir.

11 THE GOVERNOR: I'm a real, you know, stickler for  
12 details.

13 MR. MCPHEARSON: I understand.

14 Another information for acceptance is our proposal of  
15 our new Veterans and Benefits Guide. This particular  
16 guide has been reorganized, updated, simplified, and it's  
17 a much better layout. We're going to produce about 40,000  
18 of these and we're trying to open up distribution much  
19 wider than we have in the past. Certainly we always use  
20 them with the veterans' organizations but now we'll also  
21 be going to county veterans service organizations, AWI  
22 one-stops, Department of Elder Affairs, DCF locations, and  
23 DOC facilities. We can produce this publication for about  
24 15 cents a copy through Pride. And it's an improvement  
25 over where we were and we'd propose acceptance of that

1 item.

2 ATTORNEY GENERAL CRIST: Motion.

3 CFO GALLAGHER: Second.

4 THE GOVERNOR: There's a motion and a second. The  
5 item is accepted. Thank you, Rocky.

6 MR. MCPHEARSON: Thank you, sir.

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1 THE GOVERNOR: Siting Board.

2 Bringing out the water.

3 MS. CASTILLE: Yes, sir. Good morning, Governor,  
4 members of the cabinet.

5 ATTORNEY GENERAL CRIST: Motion.

6 CFO GALLAGHER: Second.

7 THE GOVERNOR: There's a motion and a second.

8 Without objection, Item 1 passes.

9 MS. CASTILLE: Item 2 is Florida Power & Light  
10 Company land use order for the West County Energy Center.  
11 This is the certification application for a three combined  
12 cycle 1100 megawatt powered, of natural gas fired,  
13 combined cycle generating unit.

14 ATTORNEY GENERAL CRIST: Motion.

15 CFO GALLAGHER: Second.

16 THE GOVERNOR: There's a motion and a second.

17 Without objection, the item passes.

18 MS. CASTILLE: That concludes the Siting agenda.

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1 THE GOVERNOR: Board of Trustees. Here we go.

2 MS. CASTILLE: Item 1 is the annual land management  
3 review team findings. The law requires the Board of  
4 Trustees, through the Department of Environmental  
5 Protection staff, to conduct land management reviews of  
6 conservation, preservation and recreation lands to ensure  
7 that the lands are being managed for the purposes for  
8 which they were purchased. And the managers have a joint  
9 team that they go around and evaluate the sites.  
10 Twenty-three sites were reviewed this year and 15 sites  
11 were excellent on management practices. Fifteen sites  
12 were excellent on law enforcement. And we're working on  
13 the others who were only adequate to get up to that  
14 excellent opportunity.

15 THE GOVERNOR: Is there a motion?

16 ATTORNEY GENERAL CRIST: Motion.

17 THE GOVERNOR: Is there a second, Commissioner?

18 COMMISSIONER BRONSON: Second.

19 THE GOVERNOR: Motion and a second. Without  
20 objection, the report is accepted.

21 MS. CASTILLE: Thank you.

22 THE GOVERNOR: Item 2.

23 MS. CASTILLE: Item 2, this is an Anita Vargas  
24 purchase agreement for the Florida Keys ecosystem. This  
25 purchase agreement will allow us to acquire 1.5 acres for



1           \$468,000.00 which is 100 percent of appraised value within  
2           the Florida Keys ecosystem. The property has 13 ROGO  
3           allocations at \$36,000 per unit associated with it. This  
4           would bring us to a total of \$27 million in acquisitions  
5           in the Keys for 681.85 acres at a cost, including closing  
6           costs, of approximately \$39,000 an acre in Florida Keys.

7           CFO GALLAGHER: Motion.

8           ATTORNEY GENERAL CRIST: Second.

9           THE GOVERNOR: There's a motion and a second.

10          Without objection, the item passes.

11          MS. CASTILLE: Item 3. Hamilton Harbor Marina  
12          recommended consolidated intent. This is a consideration  
13          of an application in Collier County for a 20-year  
14          sovereignty submerged lands private easement containing  
15          67,330 square feet or 1.55 acres for a navigation channel  
16          within Naples Bay. This particular issue has been in  
17          court for approximately 17 years. From the time that the  
18          Department first approved an easement in 1986 it has been  
19          challenged.

20          Now it was a much larger project and had a much  
21          greater impact to the sovereign submerged lands and to the  
22          mangrove forest along the area here. But what we're doing  
23          in this consolidation is providing 116 acres of  
24          conservation easement which will protect 9 miles of  
25          mangrove shoreline along Naples Bay.

1           Would you like any further detail?

2           THE GOVERNOR: I don't think so.

3           CFO GALLAGHER: Motion.

4           ATTORNEY GENERAL CRIST: Second.

5           THE GOVERNOR: There's a motion and a second.

6           Without objection, the item passes.

7           MS. CASTILLE: Item 4, this is a request for a  
8           private easement by Mr. Bruce Kendeigh. This is the  
9           consideration across State owned private uplands -- State  
10          owned uplands, not private -- for the construction of a  
11          single family dock to reach a tidal tributary of the  
12          Tolomato River within the Guana Matanzas Tolomato National  
13          Estuarine Research Reserve.

14          CFO GALLAGHER: I move we approve the easement to  
15          allow Mr. Kendeigh to reconstruct his dock recognizing his  
16          hardship and unique circumstances of his request.

17          COMMISSIONER BRONSON: Second.

18          THE GOVERNOR: There's a motion and a second. Do we  
19          have the applicant here?

20          MS. CASTILLE: We do. I think Mr. Kendeigh is here.

21          THE GOVERNOR: Would you like to make a presentation  
22          first, Colleen, or would you like the applicant to speak?

23          MS. CASTILLE: I just want to suggest that what we  
24          probably need to do in this area, because it's an area of  
25          significant growth, there are already numerous homes in

1 the area who find themselves in the same -- in a similar  
2 situation as Mr. Kendeigh, save for the fact Mr. Kendeigh  
3 had a previous structure. But I know that people here  
4 have bought very expensive homes that they would like to  
5 have access to, but what we find in this, Governor, these  
6 are one of these patent lands where the State has  
7 ownership of the uplands. And so what we're doing is  
8 allowing people to cross the State owned uplands. And  
9 ownership is our most effective type of protection.

10 THE GOVERNOR: Well, let's hear from the applicant  
11 and then -- just want to make sure if this motion passes  
12 that this does not create a precedent which I assume is  
13 the point of your --

14 MS. KENDEIGH: We have just gotten to this point --

15 THE GOVERNOR: Good morning first of all.

16 MS. KENDEIGH: Good morning, Governor and cabinet.

17 THE GOVERNOR: Who are you?

18 MS. KENDEIGH: I'm Marilyn Kendeigh.

19 MR. KENDEIGH: And Bruce Kendeigh.

20 THE GOVERNOR: How are you-all doing?

21 MS. KENDEIGH: We apologize -- we're fine -- for  
22 having brought this to this point.

23 CFO GALLAGHER: That's what we're here for.

24 THE GOVERNOR: Don't apologize. Look at all the  
25 other people in the room doing the same thing.

1 (Laughter.)

2 MS. KENDEIGH: We would like to rebuild a dock --

3 THE GOVERNOR: In fact, you ought to stick around  
4 after yours is finished and see a real show.

5 (Laughter.)

6 MS. KENDEIGH: We're looking forward to that. We  
7 would like to build -- rebuild an existing dock that was  
8 there when we bought this property. We bought it thinking  
9 we could reach that tidal creek. Our intent was to be  
10 able to take our children, grandchildren, cane pole  
11 fishing. We can see the water but we can't get to it.  
12 We'd just like a small easement, 4 feet wide, to reach  
13 that tidal.

14 THE GOVERNOR: So you have a dock that you thought  
15 you owned.

16 MS. KENDEIGH: We'd like to rebuild what was there.  
17 The storm came and tore up a lot of what was there so we  
18 have to rebuild.

19 THE GOVERNOR: Did you know that you owned it? Did  
20 you think you owed it when you bought the property?

21 MS. KENDEIGH: We thought we could get access to it.  
22 No, we didn't think we owned the marsh but we thought we  
23 could cross it.

24 THE GOVERNOR: What I'm saying is, you thought you  
25 had an easement already with the dock.

1 MS. KENDEIGH: Right. Yes.

2 MR. KENDEIGH: The dock was already there before we  
3 ever cleared the property.

4 THE GOVERNOR: How did someone -- did someone get a  
5 dock approved?

6 MS. KENDEIGH: I don't know whether it was approved  
7 or not, it was already there.

8 (Off-the-record comment.)

9 THE GOVERNOR: I know. I'm using the Socratic  
10 method, Treasurer.

11 MS. KENDEIGH: I know there are a lot of them  
12 everywhere that are not approved.

13 THE GOVERNOR: So you had your dock damaged?

14 MS. KENDEIGH: Had the dock damaged, yes, sir.

15 THE GOVERNOR: And how long have you been trying to  
16 get this done?

17 MS. KENDEIGH: Over two years.

18 THE GOVERNOR: How has it been?

19 MS. KENDEIGH: Not pleasant.

20 MR. KENDEIGH: Today is the 25th month anniversary.  
21 Today, the 8th.

22 THE GOVERNOR: And so why is this different than --  
23 why would your neighbors -- you can see how we might be  
24 concerned about taking what is a beautiful -- these are  
25 beautiful properties for people to say, Well, if my

1 neighbor gets a dock, I want one too.

2 MS. KENDEIGH: Well, we have a neighbor who already  
3 has an illegal dock.

4 MR. KENDEIGH: We requested a permit 25 months ago  
5 for legal permission to cross the creek.

6 THE GOVERNOR: Your neighbor -- the other dock is  
7 illegal that's on this picture?

8 MS. KENDEIGH: Yes, sir.

9 THE GOVERNOR: Yeah, General.

10 ATTORNEY GENERAL CRIST: Just curious. How many  
11 others are in a similar situation to you?

12 MS. KENDEIGH: I don't know of anybody else that's  
13 requested a dock other than us. There are only like eight  
14 sites behind us that could have a dock. We're the end of  
15 where a dock would be feasible. There is no water beyond  
16 us. We're the end of the creek.

17 ATTORNEY GENERAL CRIST: The Treasurer has expressed  
18 concern about setting a precedent which gave me the  
19 impression that maybe there might be others.

20 THE GOVERNOR: Around the rest -- other places in the  
21 state, I assume.

22 CFO GALLAGHER: The only precedence this would do is  
23 if someone was in a similar situation that had a dock, it  
24 got blown away, they could say, well, you know, this  
25 precedent was set by this particular item. Although I

1 look at this as a hardship and I also think that getting  
2 yanked around for two years isn't a good idea.

3 ATTORNEY GENERAL CRIST: Motion.

4 THE GOVERNOR: All right. Why don't we ask Colleen  
5 if she's sensing where we are in the cabinet here. Would  
6 you like to make an appeal or would you surrender  
7 peacefully?

8 MS. CASTILLE: Surrender peacefully. But I would  
9 like to ask you to direct the Department to establish a  
10 policy for the aquatic preserves in situations like this.  
11 We have Nocatee that is being developed in this very same  
12 area that has a lot of shoreline and will bring in  
13 hundreds of houses in this similar situation. And I know  
14 people want access to these waterways. So we think the  
15 best way to do this is to provide -- is to provide a  
16 situation for multi-family docks in limited locations that  
17 are less impactful to the environment because it ends up  
18 that people who bound our national estuarine research  
19 reserves end up as our biggest fans and we want to  
20 continue that. And hopefully we can work things out with  
21 Mr. Kendeigh and Ms. Kendeigh to have them become one of  
22 biggest fans as well.

23 THE GOVERNOR: All right. It'll take a little time  
24 for that.

25 MS. CASTILLE: I think so.

1 MS. KENDEIGH: Some healing time.

2 CFO GALLAGHER: Not on this issue, but when you're  
3 coming up with these great ideas of having a community  
4 dock, you ought to talk to the person whose land is going  
5 to be the one that accesses it. And, two, you need -- you  
6 can't like have somebody's private property and make your  
7 mind up that that's the person that's going to have a  
8 community dock. Because now everybody traipsing across  
9 their land, they have a liability problem on it.

10 MS. CASTILLE: They do.

11 CFO GALLAGHER: And so these things have to be  
12 thought out a little bit more.

13 MS. CASTILLE: And Nocatee has not been built yet so  
14 we're hoping to actually get to them before they sell all  
15 of their lots.

16 CFO GALLAGHER: So the owner can work it out for  
17 everybody and own the land and let it be a community deal.

18 THE GOVERNOR: And as far as I'm concerned, I'm going  
19 to vote yes for this. But I'm voting yes because of the  
20 hardship and the fact that I don't believe this creates a  
21 precedent. So we're throwing all your neighbors under the  
22 bus, but --

23 (Laughter.)

24 MS. KENDEIGH: Thank you. Let them work 25 months to  
25 do it.



1 THE GOVERNOR: Invite them over to use your dock. So  
2 there is a motion. Is there a second?

3 ATTORNEY GENERAL CRIST: Second.

4 THE GOVERNOR: There's a motion and a second. Any  
5 other discussion? Without objection, the item passes.  
6 Thank you very much. I'm sorry for the frustrating  
7 moments but --

8 MS. CASTILLE: Item 5.

9 THE GOVERNOR: Okay. Babcock Ranch. So how many  
10 speakers do we have?

11 MS. CASTILLE: We have a lot.

12 THE GOVERNOR: Just to pace ourselves here.

13 CFO GALLAGHER: Is everybody in here here for  
14 Babcock? Everybody doesn't want to speak, I hope. We'll  
15 be here a long time.

16 THE GOVERNOR: Do we know how many speakers we have?

17 MS. CASTILLE: We have about 20.

18 THE GOVERNOR: Okay. I would ask everybody to be as  
19 brief as possible after the secretary makes her  
20 presentation so that we can get to the question and answer  
21 portion of this.

22 Secretary Castille.

23 MS. CASTILLE: Yes, sir. Governor, members of the  
24 cabinet, I want to take a moment to talk a little bit  
25 about Florida and our culture and our history which,

1 Commissioner Bronson, chime in any time you'd like to  
2 help. According to Carl Sharp who is Florida's official  
3 cowboy poet, he talks of stories much like Patrick Smith  
4 in A Land Remembered of acres and acres and miles of miles  
5 of prairie and wetlands and open pasture where our  
6 historic ancestors have brought cattle across the center  
7 of the state into our ports to be able to take them around  
8 to different parts of the country, to Cuba, to other  
9 countries.

10 Florida was actually the last state in the union to  
11 have a fence law that began to fence off these parcels of  
12 property. What we're trying to do in this historic area  
13 is to recreate a pathway from Estero Bay, Gulf of Mexico  
14 to Lake Okeechobee. And in this parcel, we have the  
15 Babcock Ranch parcel which actually provides about --  
16 closes a gap of 65 miles in the landscape connection from  
17 Lake Okeechobee to Estero Bay. The natural habitat of  
18 this particular piece of property is -- includes Florida  
19 panther, black bear, red cockaded woodpeckers, wood stork,  
20 scrub jay and at least 16 other threatened and endangered  
21 species.

22 There are opportunities that we have never seen on a  
23 piece -- on one parcel of property that is so expansive.  
24 This is the largest acquisition in the State's history  
25 that we have brought to the Board of Trustees. There are

1 opportunities for public recreational uses including  
2 camping, picnicking, birding, nature appreciation, hiking,  
3 horseback riding, hunting, biking, just generally getting  
4 back into the history of what Florida used to look like.  
5 The Babcock Ranch is such a farm, it is such a ranch. It  
6 has -- it has been this way since Mr. EV Babcock purchased  
7 it in the early 1900s.

8 There is a growing demand for land in southwest  
9 Florida. There's a growing demand for recreational  
10 opportunities. Southwest Florida, for both permitting on  
11 the Water Management District basis and for DEP, is the  
12 highest growth area of our state. There are almost half  
13 again as many permits are applied for in this region as  
14 any other region in the state. There is a purchase and  
15 sale agreement -- well, let me step back a moment and talk  
16 a little bit more about the environmental protection that  
17 we would be including here and I'd like to call up Ken  
18 Haddad and Jim Beever who can give us a little bit more  
19 detail on the property. Ken.

20 MR. HADDAD: Governor, cabinet members. Pleasure to  
21 be here today. I want to quickly -- I'm going to  
22 introduce Jim Beever who is going to give you an overview  
23 of the region and the property. I wanted to quickly give  
24 you an FWC perspective on our thinking on this property.  
25 We know it's a complex and very out-of-the-box type of

1 deal. I think everybody has seen that. We also believe  
2 it has both positive and negative aspects for virtually  
3 everyone concerned about the purchase. But from our  
4 perspective, we see it as an unbelievable opportunity that  
5 we must really try to capitalize on and it would be very  
6 unlikely that we'd either have the same type of chance  
7 against from either a seller or buyer's perspective.

8 You're going to hear about how the land is blessed  
9 with about every aspect of Florida's natural environment  
10 that exists in Florida. I guess a point I just want to  
11 make from our perspective, as we look critically at the  
12 purchase, which we should, but we're trying to not lose  
13 sight of the future in the unique opportunity that is in  
14 front of us. And if I look or we as an Agency look 30  
15 years out instead of focusing right on the present, we can  
16 only conclude we've got to try to find a way to close this  
17 deal and that's our perspective on it. I want to  
18 introduce and we're here to help this process in any way  
19 as I think most everyone knows. I'd like to introduce Jim  
20 Beever from our division of habitat and species  
21 conservation. He's from southwest Florida, knows the  
22 ranch, and he's going to give a perspective of how this  
23 fits into the environment of Florida.

24 THE GOVERNOR: All right. Good morning, sir.

25 MR. BEEVER: Good morning. The Babcock Ranch sits in

1 a unique biogeographic position in southwest Florida. It  
2 can provide a link between the Charlotte Harbor ecosystems  
3 and the lands that the State have already acquired there.  
4 The Charlotte Harbor buffer preserve, the Cowpen  
5 flatwoods, the Cecil Webb Management area, over to the  
6 Fisheating Creek and then down southward through the  
7 panther ecoscape to the Big Cypress. So a black bear  
8 could literally walk from the shore of the Charlotte  
9 Harbor to Lake Okeechobee down into the Big Cypress and  
10 even over into the Everglades.

11 Through a series of planning efforts over in this  
12 landscape scale, which we've done with the coastal  
13 conservation corridor plan, you see the lower map here was  
14 done in coordination with the Nature Conservancy, we've  
15 been able to identify these type of landscape scale  
16 connections. Looking at geographic information system  
17 maps from the Department of Environmental Protection,  
18 South Florida Water Management District, the Babcock Ranch  
19 outlined in black here shows the greenways corridor system  
20 formed by Telegraph Creek Swamp and the landscape scale  
21 connections from east to west of the upland systems across  
22 the property.

23 There is a high level of biodiversity on this  
24 property. More than 20 types of habitats, 23 confirmed  
25 listed species and three other potential listed species

1 which would take extra surveys to do. On the ground here,  
2 this is one of the truly unique places where uplands and  
3 wetlands intersect each other providing a high level of  
4 ecotones which is one of the areas of highest species  
5 occurrence. And what's unique about this is they occur in  
6 juxtaposition to each other over an elevational gradient.  
7 This is just a table of the former map. In terms of land  
8 use, it's been principally ranching and some other  
9 forestry activities. And I was asked to analyze the  
10 property by the Commission and others to look at those  
11 portions which were the most critical to be acquired. And  
12 they basically fall in these series of categories. In the  
13 center, there is the Telegraph Creek Swamp. To the west  
14 is the West Stream connection to the wildlife management  
15 area.

16 THE GOVERNOR: Can you describe that? It's hard for  
17 us to see this on our little screen here.

18 MR. BEEVER: And I'm not sure how I can do a pointer  
19 for you.

20 THE GOVERNOR: First thing you described, is that to  
21 the left of that light green?

22 MR. BEEVER: It is the large -- thank you very much.  
23 This central region here is the Telegraph Creek Swamp  
24 system which moves from the northwest to the south. And  
25 this is one of the largest remaining cypress swamps in

1 southwest Florida. To the east are the eastern flatwoods  
2 Jack Creek system which is a wonderful pine flatwood  
3 system with many red cockaded woodpeckers and listed  
4 species which connects over to Fisheating Creek.

5 On the west is the western connection to the Babcock  
6 web wildlife management area, also a high diversity of  
7 upland plant habitats and wetland communities. The  
8 southeastern flatwoods located in the southeastern portion  
9 of the site also provide important wildlife habitat.  
10 These lighter green areas are areas suitable for  
11 ecotourism opportunities or associated park activities.  
12 The yellow location is the southern scrub. This is where  
13 principally you will find the scrub jays, gopher tortoises  
14 and other species which like the dry habitat.

15 There are two remaining zones. This northeastern  
16 zone which is principally an area of sod activity and the  
17 area most suitable for development on the property, the  
18 one that was least needed to be acquired, the southwestern  
19 zone which has existing rock mining activities and high  
20 intensities of extractive land uses. And so that was my  
21 analysis that I put together for the Commission in terms  
22 of what the critical areas were to be acquired in the  
23 green colors along with the yellow color.

24 THE GOVERNOR: So the properties that would be  
25 developed for residential uses are the properties best

1 suited for that?

2 MR. BEEVER: Yes. And so concluding my presentation,  
3 I'd like to thank the Charlotte Harbor National Estuary  
4 program and Carol Newcomb Jones who has been the  
5 coordinator with the preservation partnership who assisted  
6 me in putting together this partnership.

7 THE GOVERNOR: Thank you, sir.

8 All right, Secretary. Onward.

9 MS. CASTILLE: Okay. The purchase price for the  
10 property is \$350 million for 73,476.5 acres and the  
11 funding is split as follows. Florida Fish and Wildlife  
12 Conservation Commission will pay \$10 million. Lee County  
13 will contribute \$40 million based on a vote for -- on  
14 November 15th we're anticipating. The Board of Trustees  
15 will pay the balance, \$300 million. That balance will  
16 be -- we're recommending a payment of \$100 million that  
17 we're requesting in our budget for general revenue to be  
18 appropriated to us July 1st, 2006. And then we propose to  
19 take \$62.5 million for four years from Florida Forever  
20 which are the four final years of Florida Forever. Keep  
21 in mind that for the next four years there is a total of  
22 \$1.2 billion in funding for Florida Forever for land  
23 acquisition across all state agencies in addition to  
24 \$100 million a year from -- for Everglades acquisition as  
25 well.



1 Let me give you a little bit of an aerial overview.

2 THE GOVERNOR: Not taking Everglades funding, are we?

3 MS. CASTILLE: No, sir, not at all. We're holding  
4 that sacrosanct.

5 THE GOVERNOR: The South Florida Water Management  
6 (inaudible) --

7 MS. CASTILLE: No, they are fine. So before you is  
8 the Babcock acquisition. It has been cut into several  
9 different parcels. Parcel No. 6 on the lower left-hand  
10 side in the parcel that Mr. Kitson and partners will  
11 retain for future development. I'm going to take you on  
12 an aerial tour of the Babcock Ranch.

13 This is from a northern -- a northern viewpoint. So  
14 think about it. I think all of you have at least at one  
15 time been in a Water Management District helicopter. So  
16 think of Mike flying you across the area here. You'll be  
17 very safe. Mike is the best pilot. So we're coming into  
18 Telegraph Swamp from the northern end, that northwestern  
19 corner that Mr. Beever showed you.

20 CFO GALLAGHER: Colleen?

21 MS. CASTILLE: Yes.

22 CFO GALLAGHER: If you'll use the mouse instead of  
23 your pen on the screen, we'll get to see it too.

24 MS. CASTILLE: Sorry. That will work much better.  
25 (Laughter.) So we're coming in over the swamp here and

1 you can see that there are a lot of hardwoods. There's a  
2 little bit of pasture here. But for the most part, it's  
3 still in its natural pristine state.

4 You keep flying south, a little bit towards the  
5 center of the property, you'll see the ranch headquarters  
6 where most of the intense activity of the ranch management  
7 is taking place. Keep going a little more into the center  
8 and this is where the lodge exists, sleeping quarters and  
9 full kitchen for the ecotourism activities that currently  
10 exist within the ranch.

11 CFO GALLAGHER: Is this still Telegraph one or  
12 Babcock.

13 MS. CASTILLE: It's still in Telegraphs one. This is  
14 the northern boundary of the ranch, County Road 34 -- 74,  
15 with Division of Forestry facility is in the foreground.  
16 Again, this is the eastern boundary of the ranch area  
17 where most of the hunting occurs. You'll see on the  
18 eastern boundary where a lot of the uplands exist,  
19 Mr. Beever pointed out. And this is coming in from the  
20 southern boundary about, a little bit further south, where  
21 you see on the big sign it says, "transition acreage". So  
22 this is coming in on the west side of the ranch and it's  
23 northwest of the Lee County part.

24 This is the proposed location of the Lee County  
25 purchase within the boundary of Lee County for their

1           \$40 million. It's not the whole section, but we haven't  
2 mapped that out yet and we'll map that out when the vote  
3 comes with the County. And this is the conservation  
4 easement to the west. If you'll look on the large map,  
5 you'll see a red boundary area, it's called Curry Lake and  
6 that will be part of our acquisition. But you'll notice  
7 there is some sod activity here. And so what we'll do is  
8 we'll keep this natural area as an ecosystem link between  
9 the Curry Lake which connects to the Babcock web area on  
10 the -- to the west of the current Babcock property and  
11 then we'll connect into Telegraph Swamp and then we'll  
12 have that complete connection across the way. This is a  
13 conservation easement that's donated to us by Kitson and  
14 Partners.

15           This is the water control structure. There are two  
16 water control structures on the property. This is the  
17 north one near the headquarters that we showed you down in  
18 this area. And then this is the southern one which is  
19 called the Water Bird Road structure. There's an existing  
20 road that has openings throughout so that the swamp can  
21 continue to flow on a southerly basis. So let's talk a  
22 little bit about the purpose for this acquisition.

23           In the CARL acquisition, the Acquisition and  
24 Recreation Council, we have -- the purpose for purchasing  
25 the property is to support and protect the old growth

1 forest and the mesic pine flat woods that include the  
2 Babcock ranch. Additionally what we're asking you to do  
3 is approve an amendment to the purpose for the acquisition  
4 to have it eventually be managed by a non-profit  
5 consisting of an appointed board of directors with a range  
6 of multi recreational uses as outlined in the purpose for  
7 the State acquisition.

8 The closing date we're proposing for the contract  
9 will be on or before July 31st. What will have to happen  
10 between now and then, assuming that the Board of Trustees  
11 approves it, it will have to go to the Board of Lee County  
12 Commission and the Board of the Charlotte County  
13 Commission as well as with the Department of Community  
14 Affairs. And Kitson Partners. There is an interlocal  
15 agreement that is to be entered into. That interlocal  
16 agreement will approve an overlay for -- well, no, the  
17 overlay is not until February. But it recommends an  
18 overlay that will allow densities to be increased on this  
19 southwest portion of -- up to 19,500 units.

20 The overlay itself, which is to be approved in  
21 February, will link to a rural land stewardship area  
22 agreement that will be -- that will then extinguish the  
23 former overlay that had been voted on. But it will take  
24 some time to do rural stewardship which under the law  
25 creates additional credits for densities. Credits can

1 otherwise be known as densities. And then the densities  
2 will then be transferred from this property to the Kitson  
3 property. And I'll deal with that in a little bit more  
4 detail in a moment.

5 We would propose to close this property in a phased  
6 approach, 100 million on or before July 31st, 2006 and  
7 then each year thereafter we would pay 62.5 million until  
8 the very last section where we would true up all of the  
9 values after the rural land stewardship amendments are  
10 made to the property. What rural land stewardship will do  
11 is it will create credits and we just don't know how many  
12 credits. The concept in the law is the credits -- more  
13 credits are assigned to more environmentally sensitive  
14 properties. So the properties will be -- the credits will  
15 be transferred to a receiving area which would be this  
16 southwest area that Mr. Kitson is proposing to develop.

17 And then we'll true up the price. And the contract  
18 is structured that we will pay -- that either we will pay  
19 the lesser of the value if the value is affected, i.e.,  
20 lowered. Or Mr. Kitson can offer us additional properties  
21 to meet the 6250 -- or the final 6250 -- 62 million that  
22 is slated for the fourth year.

23 This agreement is contingent on the following  
24 conditions. The seller and Babcock Corporation have  
25 merged. The purchaser, number two, that the purchaser

1 shall have obtained funding from the Florida Legislature  
2 for both Florida Forever and the \$100 million in general  
3 revenue. So if either of those two things don't happen,  
4 then the deal cannot close. The third item, the seller,  
5 Charlotte and Lee Counties, and the Florida DCA will have  
6 addressed various development issues for the retained  
7 property. And that's those overlays I've talked to you  
8 about. And then fourthly Charlotte County will have  
9 adopted certain overlay amendment to its comprehensive  
10 plan.

11 THE GOVERNOR: Treasurer?

12 CFO GALLAGHER: What does address development issues  
13 mean?

14 MS. CASTILLE: Well, there is a number of development  
15 issues and that's the densities that are associated with  
16 it; making sure that all of the commitments for utilities,  
17 all of the concurrency issues that have to be addressed,  
18 all of the approvals that have to be adopted on the local  
19 level.

20 CFO GALLAGHER: And so if anything doesn't go the way  
21 one of the three parties wants it to go, or four parties  
22 here, I guess you got DCA in there too, the deal doesn't  
23 work?

24 MS. CASTILLE: Then the deal doesn't work. On these  
25 issues, I'd like to ask Mr. Kitson to come up and talk

1 about what are issues for him that will move us away from  
2 the closing table.

3 CFO GALLAGHER: See, that, to me, is very subjective  
4 and maybe it's not meant to be. But, you know, I think  
5 there needs to be --

6 MS. CASTILLE: Well, there are details that are laid  
7 out in the contract that are in more detail.

8 CFO GALLAGHER: That are very objective details?

9 MS. CASTILLE: Yes, sir.

10 CFO GALLAGHER: Okay.

11 MS. CASTILLE: What we have -- the deal that we have  
12 before us today is considerably different than what we had  
13 last year. When we proposed -- when even myself and a  
14 number of folks on our team were negotiating last year  
15 directly with the Babcock family, we came to the table  
16 with our own investment partners. We came to the table  
17 with someone who would continue to manage the property and  
18 to keep the corporation intact for a minimum of ten years  
19 which is the requirement under corporate acquisitions.

20 And so for us, we were in the driver's seat at that  
21 point in time. We approached the family and said we'd pay  
22 \$455 million which was generally just what we've been able  
23 to get under the appraisal. So we were just paying for  
24 the land and we would get all of the assets of the  
25 corporation as well. We are not in the driver's seat in

1 this one. We are bringing a significant amount of money  
2 to the table but for the deal to work, it's got to work  
3 for Mr. Kitson as well. So we are taking into account  
4 some of those issues that Mr. Kitson is reliant upon in  
5 the contract because if he can't close, then we can't  
6 close either and that puts the Babcocks back in the  
7 ownership role and the future of what they would like to  
8 do with the project.

9 But what I'm proposing to you is an acquisition that  
10 will preserve 80 percent of the property in perpetuity,  
11 80 percent of the property. It's a significant amount of  
12 money. But on average, the price that we're paying in  
13 this deal is \$4750 per acre which is significantly less  
14 than the appraised value for the property, 390 and  
15 394 million. 89 percent of appraised value.

16 THE GOVERNOR: Let's make sure that the appraiser is  
17 warming up in the bullpen.

18 MS. CASTILLE: He is. Mr. Holden is here.

19 THE GOVERNOR: Where is he?

20 MR. HOLDEN: In the bullpen.

21 THE GOVERNOR: I'm keeping my eye on you.

22 (Laughter.)

23 MS. CASTILLE: The Lee County Commission will vote on  
24 the 15th on both the purchase and sale agreement and the  
25 management agreement and the Florida Wildlife Commission



1 is scheduled to vote on the purchase agreement on  
2 November 30th. The seller reserves the right to utilize  
3 the rural stewardship program, as I talked about, and the  
4 reduction, if the rural land stewardship program causes a  
5 reduction in value, then the seller has those two options,  
6 that he may accept the reduced price or provide the Board  
7 of Trustees with acreage to bring the acquisition price  
8 back in line with the updated appraised value.

9 But nowhere do we pay more money for any additional  
10 value even four years into the future. The purchase  
11 agreement provides for the establishment of an easement  
12 area for a nonmotorized recreational trail between what  
13 will eventually be the state property and the private  
14 development along a corridor that's been mutually agreed  
15 upon in that southwest area.

16 The seller is donating a conservation easement from  
17 Curry Lake to Telegraph Swamp and there is an agreement to  
18 allow mitigation on this property. It allows the  
19 purchaser to use the lands that are destined for State  
20 ownership to restore those lands and to receive mitigation  
21 credits for the restoration. But the work is to be  
22 done -- completed prior to the State taking ownership of  
23 any of that property.

24 Water facilities. There is a -- there is an existing  
25 Town and Country Utility that has a Public Service

1 Commission certificate. Town and Country Utilities  
2 Company currently has the exclusive water service for  
3 Babcock Ranch property and there are currently 31 potable  
4 wells and about 420 agricultural wells which are scattered  
5 around the entire 91,000 acres. Under the purchase  
6 agreement, Town and Country will be providing the current  
7 water needs for Babcock Ranch and the future needs when  
8 the public facilities are added, including cabins,  
9 campgrounds, showers, public bathrooms, et cetera, at no  
10 cost to the State.

11 The State can also choose to seek its own consumptive  
12 use permit and add additional wells for its own use if it  
13 chooses. The seller is acknowledging in the contract, in  
14 expanded language that we included and sent to you  
15 yesterday, that there is no guarantee that it will receive  
16 any consumptive use permits. The purchase agreement  
17 provides that the utility will use its best efforts to use  
18 the existing wells and roads for locating commercial wells  
19 and pipes. And the owner will retain fee ownership of the  
20 proposed commercial well sites which are 10 by 100 square  
21 feet along the access easements and the locations will be  
22 established before the takedown of each parcel.

23 As each parcel is taken down and the new well sites  
24 are designated, the existing lease will be lifted from  
25 that piece of property for all wells not reserved by Town

1 and Country. And so it will come to the State in fee  
2 simple.

3 There will be a maximum of 75 wells on the State  
4 owned property reserved for Town and Country and no wells  
5 within Telegraph Swamp wetland or any other significant  
6 natural areas. The only pipes across Telegraph Swamp will  
7 be located immediately adjacent to the two water control  
8 structures which I showed you earlier. For all new  
9 locations, Kitson and Partners will exchange land on an  
10 acre-for-acre basis at closing. If and when the wells are  
11 permitted, permanently abandoned, the seller will cap,  
12 remove equipment, fences, et cetera and donate the land to  
13 the Board of Trustees.

14 There is an exclusive right in the contract which the  
15 Board of Trustees agrees not to compete with Town and  
16 Country in the sale of water or to lease any of its  
17 property to an entity that would then sink a well and do  
18 the same. Kitson and Partners will be assessed a water  
19 facility easement fee of 20 cents per thousand gallons.  
20 Some folks have suggested that there may be -- have a  
21 concern with that and so we have an additional proposal  
22 for you on a per easement basis if -- based on the  
23 testimony that some people will bring to the podium on  
24 that, on charging for those easements.

25 THE GOVERNOR: What is it?

1 MS. CASTILLE: It is \$24,000 per easement on an  
2 annual basis.

3 THE GOVERNOR: Instead of?

4 MS. CASTILLE: Instead of the 20 cents per thousand  
5 gallons which is currently a price that Babcock charges or  
6 has the right to charge Town and Country Realty for water  
7 off of the property. The water facility easement fee is  
8 similar to a commercial easement fee that the Board  
9 charges for use of any of your land. In this case, since  
10 the water is owned by the public and there's not a  
11 commercial market for it, which is the way staff usually  
12 evaluates an amount to charge a commercial entity, the  
13 staff is recommending that you use the fee currently paid  
14 by Babcock or the alternative that I have just expressed  
15 to you.

16 There are a number of items on flood and water  
17 control structures, on drainage on the property owners'  
18 association as well. But if you have any questions on  
19 that, I'd be happy to answer any questions. Additionally,  
20 there is an automatic increase for the water facility  
21 easement fee on an annual -- each time the utility  
22 receives an increase in rates, in what they can charge in  
23 rates, the Board of Trustees' fee will go up by the same  
24 percentage.

25 THE GOVERNOR: All right.

1 MS. CASTILLE: And that's the contract.

2 THE GOVERNOR: Okay. So should we ask Mr. Kitson to  
3 speak?

4 MS. CASTILLE: Okay.

5 CFO GALLAGHER: If we could, I know there is water  
6 issues involved and I'm wondering if we should have the  
7 Water Management District talk about that either right  
8 before him or right after so we can have those issues  
9 brought forth. He may want to talk about them too.

10 THE GOVERNOR: Syd, you may want to raise the  
11 microphone up, you're a tall guy. Good morning.

12 MR. KITSON: Good morning, Governor and cabinet. A  
13 pleasure to be here. We have a unique opportunity for  
14 both preservation and creating a new community and I'm  
15 equally excited about doing both of these. Preserving  
16 over 74,000 acres, that's 115 square miles, and creating a  
17 self-sustaining community that will provide a variety of  
18 housing, jobs, and education in a unique environment. Our  
19 vision for Babcock Ranch is founded on our belief that  
20 preservation and responsible growth can go hand in hand.  
21 I'd just like to spend two seconds on how we got here.

22 As you know, the State purchase of the ranch really  
23 was never possible. And the reason is, during the  
24 negotiation with the family, they discovered that they had  
25 a significant tax problem that the company was in a C corp

1 and was subject to corporate taxes of almost 40 percent.  
2 The IRS notified the family during that process when they  
3 were negotiating with the State and learned they would  
4 have a significant, really huge tax liability. So the 43  
5 shareholders were very upset and concerned about that  
6 outcome. It was at this point that they decided to go in  
7 a different direction. And, of course, as you can  
8 imagine, when the deal didn't happen in April, they were  
9 inundated with offers from developers, investors really  
10 from all over the world. The thing that's interesting is  
11 that we were not the highest bidder. Kitson and Partners  
12 was not the highest bidder but we had a shared vision with  
13 the family and that was to preserve as much of the ranch  
14 as possible. And I think the family deserves a lot of  
15 credit for doing that.

16 We agreed to pay a price that is higher than what the  
17 State offered. And we also agreed to pay the corporate  
18 taxes. And in addition to that, we agreed to certain  
19 guarantees and negative covenants to make this all work.  
20 It was a rather detailed and expensive contract to put  
21 together. But it is important to understand that the  
22 ranch at this point is going to be sold. The family has  
23 stated that it's not going to sell to the public sector  
24 and it will be sold to the private sector. I think the  
25 path that we have chosen is not the easy path and

1 certainly not the most profitable but we think that it's  
2 the right path. You know, the Babcock family has done an  
3 absolutely tremendous job in operating the various  
4 businesses. That includes the eco tours, the cattle  
5 ranching, hunting, a lodge, sod farm, a mining operation,  
6 timber operations. They do a great job of keeping the  
7 exotics off the land.

8 The employees live on the ranch and it's much more  
9 than a job to them. They are just deeply committed to  
10 what goes on there. Arnie Sarlo and his group are just  
11 doing an absolutely phenomenal job. And we have committed  
12 to continue that great stewardship and continue to use the  
13 employees for that purpose. So along with the State, we  
14 have created what we think is a very unique private/public  
15 partnership to manage the ranch. Kitson and Partners will  
16 manage the ranch for up to ten years, then turn it over to  
17 the State, to the nonprofit.

18 Also, the new community that we are proposing for the  
19 ranch, we will charge the homeowners a monthly fee that  
20 will be used for the benefit of the ranch to ensure that  
21 the ranch will be financially self-sustaining for now and  
22 into the future.

23 So what are the resources that make the Babcock deal  
24 work? Well, first is the purchase of the 74,000 acres by  
25 the State. And next are the mining operations and the

1 water rights. When we buy the stock from the Babcock  
2 family, the Town and Country Utility will be part of that  
3 purchase price. Not only are we paying for the utility  
4 but the utility is important for several other reasons.

5 First, it is needed for the financial viability of  
6 the project and it is part of the reason that we're able  
7 to sell the 74,000 acres to the State below appraised  
8 value and significantly below what we paid for it.

9 Second, we need to control our ability to provide water to  
10 our new community and to control the permitting process  
11 and the construction of the facility. And then, finally,  
12 to fulfill our commitment to the County to provide them  
13 with potable water and to eventually sell them the  
14 utility.

15 Now at the cabinet meeting, cabinet aides meeting, I  
16 was asked about the value of Town and Country Utility and  
17 I wish I could change that response. But you can't pull  
18 words out once they are recorded. My response was that it  
19 was worth anywhere from 50 to \$200 million. However, I  
20 should have continued to explain how that value is  
21 achieved.

22 First, the value that I stated includes both the  
23 water utility and the sewer utility. Second, we will have  
24 to apply and receive a consumptive use permit for potable  
25 water, which we do not have. And, finally, we have to



1 spend up to \$200 million to build the facilities. So,  
2 currently, without the consumptive use permit and without  
3 the facilities, the utility has very little value.

4 The final piece is to allow Kitson and Partners to  
5 create a self-sustaining community of 19,500 homes, up to  
6 6 million square feet of office and retail space on 17,800  
7 acres. And I want to just spend two minutes on this. We  
8 want to create a place where people can live, learn, work  
9 and play. And what makes this so unique and really a once  
10 in a many lifetime opportunity is we truly have a clean  
11 sheet of paper. We can do it right from the beginning.  
12 We'd start right from scratch and do the right things for  
13 this community from the beginning. We can develop it in  
14 an environmentally responsible way. We plan on putting  
15 greenways through the property where you can literally  
16 walk out your front door and walk ten miles right up to  
17 the Caloosahatchee River or into the ranch itself. And I  
18 would ask if anybody knows of any place where you can  
19 actually do that -- my wife and I love to hike but it's  
20 always crossing roads and going through streets and having  
21 cars go by your ears and, here, we have a chance to do it  
22 differently.

23 Education. I've already met with the Board of  
24 Education and the superintendent of schools and we  
25 focussed on the placement of the schools, where they're

1 going to go. Most developers when they come in look for  
2 the property that is probably the least valuable on the  
3 land to place their schools. What we propose to do is to  
4 put the high school and the middle school right in the  
5 middle of the community so it becomes a focal point. And  
6 then to have the downtown right next door to it. So, as  
7 everybody knows in the high schools and middle schools,  
8 that's where all the events are, the football games, where  
9 you can literally go from the football game over to your  
10 downtown and you really have a sense of place for not only  
11 for the students but for the families. And Florida Gulf  
12 Coast University is working with us on an education and  
13 research center.

14 Also, we want to include green development. Right  
15 now, the commercial buildings are economically profitable  
16 to make them green buildings. That's something that we're  
17 going to incorporate into the community and we're working  
18 on that on our residential side also because we believe  
19 strongly that that's something that can work. We have the  
20 technology. There's fiber right outside our door which is  
21 amazing. Right on 31 we can wire the entire community and  
22 we plan on making it wireless. Also, housing. Workforce  
23 housing. There is very little workforce housing in  
24 southwest Florida and it's getting worse because the  
25 property values are going up.

1 Right now, it's very difficult to get teachers and  
2 other service-oriented jobs a place to live because there  
3 is no workforce housing and we're committing to providing  
4 that housing on Babcock Ranch along with all other price  
5 ranges. There will be high-end homes and everything in  
6 between.

7 CFO GALLAGHER: Two questions.

8 MR. KITSON: Yes.

9 CFO GALLAGHER: How many units and how much are they  
10 going to cost?

11 MR. KITSON: Right now, as far as number of units,  
12 we're working that out in the interlocal agreement with  
13 the counties. I don't want to say too few and I don't  
14 want to say too many. I want them to help us in  
15 determining that number of units and we're very flexible  
16 on what that number will be. And as far as the pricing is  
17 concerned, again, working with them because what we want  
18 to do is actually offer the teachers the opportunity, with  
19 the schools, to give them housing based upon what their  
20 salaries could be. So if they're 125, 150,000, whatever  
21 that price range needs to be, is what we're going to work  
22 out with the counties. So we're really working in a  
23 collaborative effort which I'll explain in just a moment.

24 And also, jobs. We have an opportunity to provide  
25 jobs. We have 6 million square feet of office and retail

1 space. And right now, the unemployment rate in that area  
2 is 3.8 percent which you would think is terrific. But I  
3 think if you asked anybody in southwest Florida, they'll  
4 tell you that those jobs are not necessarily high-paying  
5 jobs. What we're going to do is we've already started  
6 working with the workforce group. In trying to attract  
7 businesses, they need two things. One is housing and two  
8 is an educated workforce. So we're working with their  
9 educators, Florida Gulf Coast University and Edison  
10 College and the high schools to educate and coordinate  
11 with them in how they educate our students so that when we  
12 attract these companies, there is an educated workforce  
13 for them to be a part of.

14 And then finally and something that I think I've been  
15 talking about for the last several months, that is to  
16 design the community so that it is resilient in the event  
17 of a hurricane. I think there is something we can do.  
18 This is 20 to 30 -- actually, 35 feet above sea level.  
19 We've already talked to Florida Gulf Coast University to  
20 look at the type of technologies that we can put in place  
21 to make this a reality. We'd like to make it so  
22 homeowners can actually buy insurance. And I think there  
23 are a lot of initiatives and things that we can do to  
24 really create a safe community.

25 Why did everybody laugh at that one? Oh, welcome to

1 Florida. We have been building a consensus with the local  
2 leaders and environmental groups and we have widespread  
3 support for this vision. And one of the things that we've  
4 done is we've agreed to have the community involved in the  
5 planning process through a series of shrets (sic) that  
6 we're going to put into place over the next couple of  
7 months and that will include the educators,  
8 environmentalists, planners, architects, builders and  
9 others.

10 One of the questions I got asked is: Let me see your  
11 plan. What is it that you're proposing here. Kind of do  
12 a Donald Trump and lay out the grand scheme. What I said  
13 is I'd rather bring all the community leaders, get them  
14 involved, really do something, as I said before, because  
15 we have a clean sheet of paper here, is to do it right,  
16 get their expertise involved and really to design a  
17 community that we all can be proud of. And that's  
18 something that will be done over the next two to three  
19 months.

20 To make this work, all the pieces must fit together.  
21 The State purchase of the 74,000 acres, the mining  
22 operation and the water utility and the development rights  
23 for a sustainable community. All three must work together  
24 for this all to happen.

25 THE GOVERNOR: Syd, I'm sorry, I didn't think the

1 consumptive use permit was part of --

2 MR. KITSON: That's correct.

3 THE GOVERNOR: It's not a contingency in the  
4 contract, right?

5 MR. KITSON: That's correct, Governor.

6 THE GOVERNOR: You're buying the land --

7 MR. KITSON: We are taking the risk on the  
8 consumptive use permit.

9 THE GOVERNOR: And when is your closing?

10 MR. KITSON: July 31st.

11 THE GOVERNOR: Same as -- so we will have a simul --

12 MR. KITSON: No, it will not be simultaneous. Our  
13 closing will be earlier than that with the family.

14 THE GOVERNOR: You have a date?

15 MR. KITSON: Not set. Depends on a few things that  
16 are going to happen over the next few weeks.

17 THE GOVERNOR: So you don't have, you have a -- do  
18 you have a binding contract?

19 MR. KITSON: It will be -- yes, we have a binding  
20 contract. We're talking about mid spring will be the  
21 closing date.

22 THE GOVERNOR: And you have money at risk right now?

23 MR. KITSON: Yes.

24 THE GOVERNOR: You have a binding contract?

25 MR. KITSON: Yes.

1 THE GOVERNOR: And you have money at risk?

2 MR. KITSON: Yes.

3 THE GOVERNOR: And the consumptive use permit has  
4 nothing to do with it?

5 MR. KITSON: That's correct.

6 ATTORNEY GENERAL CRIST: If I might. What did you  
7 say about Mr. Trump?

8 MR. KITSON: I have more hair than him.

9 (Laughter.)

10 ATTORNEY GENERAL CRIST: I just didn't hear what you  
11 said.

12 MR. KITSON: Yeah, I know. I was just saying  
13 generally what he likes to do is roll out a plan that is  
14 already in place and what I'm proposing to do is to have  
15 that plan designed with the community.

16 ATTORNEY GENERAL CRIST: And you want the taxpayers  
17 to help you do it?

18 MR. KITSON: Not the tax -- well, the community  
19 leaders to help me do it.

20 ATTORNEY GENERAL CRIST: They do.

21 MR. KITSON: Well, yeah, absolutely.

22 ATTORNEY GENERAL CRIST: He does a lot of good  
23 things.

24 MR. KITSON: No, he does a lot of great things, a lot  
25 of great things. Am I in trouble with him? I meant that

1 in a really, really good way, just so you know.

2 (Laughter.)

3 Just to finish up, the property values continue to  
4 rise at an alarming rate and it's really making it  
5 difficult for public acquisition. Higher land prices are  
6 shutting the door on workforce housing and even mid-priced  
7 homes and making it difficult to create sustainable  
8 communities. Babcock Ranch offers a rare opportunity to  
9 create a true private/public partnership where  
10 preservation and sustainable growth will provide a win/win  
11 for all stakeholders. The result will be a proud legacy  
12 for state leaders, local leaders, Kitson and Partners,  
13 residents and future generations. I believe this is the  
14 last opportunity to preserve Babcock Ranch and I believe  
15 without a question from the bottom of my heart that this  
16 is the right thing to do and I'm very, very proud to be a  
17 part of it. Thanks.

18 THE GOVERNOR: Thank you, Syd.

19 Secretary?

20 MS. CASTILLE: Yes, sir.

21 THE GOVERNOR: You want to go through the order?

22 MS. CASTILLE: I do, sir. I would like to ask  
23 Mr. Brian Prestley if he will come up and speak first  
24 because he's got a flight to catch.

25 THE GOVERNOR: I would ask everybody to be as brief



1 as possible so that we can get to the questions.

2 MR. PRESTLEY: Governor, cabinet. My name is Brian  
3 Prestley. I'm the chairman of the Enterprise Charlotte  
4 Foundation. I'm an investment advisor by trade and I own  
5 a ranch about 7 miles away. So before the appraiser even  
6 gets here, I will tell you that's an incredible price that  
7 the State is getting. There is nothing selling for  
8 one-third of that. I mean three times that.

9 THE GOVERNOR: You got 72,000 acres?

10 MR. PRESTLEY: No, but I'm saying it is an awesome  
11 deal and I don't feel it could happen again. From our  
12 point of view, it's a total win/win, first of all  
13 environmentally. You're getting 74,000 acres but that's  
14 actually not the environmental part. The environmental  
15 part will be in excess of 80,000 acres because the State  
16 is going to own 74. But Syd will also be doing green  
17 belts and paths and things like that. It is very  
18 difficult for us to understand the environmental  
19 objections when this is a win beyond anything they could  
20 ever afford to achieve on a tax point of view, National  
21 Association of Home Builders did some independent work.

22 We're looking at a net tax contribution, net tax  
23 contribution of over \$300 million. That would do every  
24 deferred comp infrastructure project in Charlotte County.  
25 In education, the self-sustaining aspect of it, talking

1 about the building of the schools, are awesome.  
2 Otherwise, who's paying for it, Syd is paying for this in  
3 this deal. The FGCU facility will further the  
4 environmental programs and environmental engineering  
5 programs at the university. You'll hear Dr. Burns talk  
6 about that.

7 Job growth, you're talking probably 20,000 jobs in an  
8 area that was hit with four and a half hurricanes, you  
9 know. It's a major deal there. And it also creates an  
10 enlightened model for development. As he said, there is a  
11 huge fiberoptic bundle down 31, just amazingly large. And  
12 an 8-inch gas line. So there is infrastructure right  
13 there. It's very close to downtown Fort Myers and it will  
14 be a net win/win deal. It's Florida's Louisiana purchase.  
15 You have the opportunity to change the character of  
16 Florida forever because you're never going to put this big  
17 a piece back together again. Thank you.

18 THE GOVERNOR: Thank you.

19 MS. CASTILLE: Thank you, Brian.

20 THE GOVERNOR: I'll take the purchase price of the  
21 Louisiana purchase then. Maybe on a present value basis  
22 it's more, who knows.

23 MS. CASTILLE: And Senator Bennett.

24 THE GOVERNOR: Welcome, Senator.

25 SENATOR BENNETT: Governor, members of the cabinet,

1 appreciate it. You know, this opportunity, as everybody  
2 has told you before, it just doesn't come down the road  
3 anymore and this is going to be the last chance that we've  
4 got to really protect a true piece of Florida that we all  
5 want to do. When we did the growth management bill last  
6 year, we were very concerned about sustainable  
7 communities. We were concerned about affordable housing.  
8 We were also concerned about how we were going to leave a  
9 legacy for your children, your grandchildren and their  
10 grandchildren and for everybody down the line. And I  
11 often talked about preserving pieces of Florida that  
12 forever and ever would be off the scope and off the radar  
13 screen for any kind of development.

14 But a creative deal is going to take some creative  
15 financing. And as I know you-all are working through the  
16 water problem, I know it's been very, very contentious.  
17 I'm hoping that through the legislative process this year  
18 we can also look for a creative way to help offset the  
19 cost. I know a lot of environmentalists are concerned  
20 that we're going to be taking money from Florida Forever.  
21 We're going to be taking money from other projects. But,  
22 you know, we might have a chance to look at something  
23 creative during the Legislative process this year. For  
24 example, a State owned mitigation bank where a developer  
25 from Sarasota County, instead of trying to mitigate and

1 save a quarter acre pond behind my development over there,  
2 may be able to buy into this. Where a developer from Lee  
3 County -- I know of a developer down in Lee County right  
4 now who's looking for land for panther mitigation. And if  
5 we could turn right back around and where we're buying it  
6 for \$4700 an acre, we may be able to sell it to the  
7 developer for three or four times that money.

8 But I think to do that, we're going to have to look  
9 at some creative financing terms this year in order to  
10 sell it. Because as we try to go through the  
11 environmental groups that are arguing about that money and  
12 as we try to go through the groups that are arguing to try  
13 to save more money for education and more money for  
14 Medicaid, we've got to figure out how we're going to  
15 replace that \$100 million out of GR and address it. I  
16 believe if we would look at some creative methods and  
17 really take our hats off, we would find there is a way to  
18 preserve this.

19 And I do have to say that when you look at all the  
20 job benefits and the affordable housing and the entire  
21 package that is going to come, even if we couldn't come up  
22 with that, I would ask this cabinet and our Legislature to  
23 really give this a hard look because this is something  
24 we've got to preserve for everybody. You-all have got a  
25 tough job ahead of you and I really appreciate the time.

1           THE GOVERNOR: Thank you, Senator. While you're here  
2 because I know you may have to go back. I wanted to ask  
3 Secretary Castille a question regarding the Legislature,  
4 if I could. The contract has a specific -- I think we  
5 have a couple of other members from the House as well that  
6 want to speak, but the contract calls for \$100 million out  
7 of -- I don't know if it specifies general revenue,  
8 probably doesn't have to do that, cash. And then a phased  
9 purchase of 62 and a half million for four years. What  
10 would happen if the Legislature decided because they  
11 wanted to, they have the right to do whatever they please  
12 in this regard, what would happen if they wanted to put  
13 more money up or if they wanted to bond or if they wanted  
14 to do this or that? Does that change the contract itself?  
15 Is there some flexibility in the contract or does that  
16 open up other clauses in the contract for renegotiation?

17           MS. CASTILLE: We can -- if the Legislature  
18 appropriates the entire amount, in any fashion whatsoever,  
19 Mr. Kitson is willing to close with the whole deal all at  
20 once.

21           THE GOVERNOR: I mean, the contract calls for that.  
22 It's not a question of whether he wants to.

23           MS. CASTILLE: Yes.

24           THE GOVERNOR: The point being that this -- a real  
25 estate contract is a real estate contract. If not, it's

1 just kind of work in progress and there's a lot of moving  
2 parts here. I'm asking: Does this keep a binding  
3 contract going if we make changes because -- you know,  
4 revenue estimating conference comes next week or week  
5 after, we may get a big slug of nonrecurring money. There  
6 could be -- many things could happen between now and the  
7 end of the session. So any change in the structure of the  
8 payment of this contract does not change the underlying  
9 contract itself.

10 MS. CASTILLE: It does not. The language of the  
11 contract states that the closing on the phases shall be on  
12 or before the specific dates that --

13 THE GOVERNOR: So we would take down -- if we wanted  
14 to put more money up, we would take based on the  
15 appraised -- the amount in the contract, we would just  
16 take more of it. And who determines which part is taken?

17 MS. CASTILLE: Oh, we decide that together.

18 THE GOVERNOR: We? How do we do it together? So  
19 then it is open-ended.

20 CFO GALLAGHER: We have sessions that are set per  
21 year and we have to do the first one first.

22 MS. CASTILLE: Right.

23 THE GOVERNOR: This is an unusual contract. When  
24 you're not buying a -- this is not a -- if we can  
25 accelerate it and it's still open to suggestion on who

1 gets to pick, it's not iron clad. That's all I'm asking.  
2 There's a lot of uncertainties.

3 Syd, has this been thought through? Because, you  
4 know, we're going to make our recommendation but the  
5 Legislature will have the ultimate say and they'll have  
6 the ultimate facts.

7 SENATOR BENNETT: Well, I don't necessarily always  
8 agree with that, Governor. If I remember correctly, last  
9 year you vetoed a couple of things I had the ultimate say  
10 on.

11 THE GOVERNOR: And I'm going to do it again next  
12 year. Put you on notice, I'll do it again.

13 (Laughter.)

14 MR. KITSON: The takedowns are on the map and if we  
15 wanted to accelerate that, we could. So if there was  
16 first or second or third or fourth take down, we can  
17 accelerate those in any fashion.

18 CFO GALLAGHER: "We" is who?

19 MR. KITSON: Between the two parties.

20 CFO GALLAGHER: But how about if the State wanted to  
21 accelerate it. Do you have to go along with that?

22 MR. KITSON: Yeah, we do. I believe we do under --

23 CFO GALLAGHER: Doesn't say.

24 MR. KITSON: Ernie?

25 THE GOVERNOR: Mr. Cox, good morning.

1 MR. COX: Governor, members of the cabinet. Ernie  
2 Cox. I represent Kitson and Partners. Happy to be with  
3 you. The contract provides, chief financial officer, that  
4 there is a certain number of acres purchased in each take  
5 down. And that number of acres is set and it has an on or  
6 before date. So, for instance, on or before the first  
7 take down, July 31, \$100 million at \$5,000 an acre, it's  
8 20,000 acres. The second take down is 12,500 acres. The  
9 third take down is 12,500 acres. And the contract  
10 specifically provides that 90 days prior to the first take  
11 down we have to specifically identify on the map, once  
12 we've got the survey completed, and this is just like any  
13 contract contingent upon survey, the survey is due to be  
14 completed by December 31 of 2005. We will then use the  
15 survey to specifically identify which sections are in take  
16 down one and take down two. But the way we worked it,  
17 Governor, is there is an absolute binding contract to buy  
18 20,000 acres in take down one. To buy 12,500 acres in  
19 take down number two.

20 THE GOVERNOR: What happens if we get one and a half  
21 takedowns? In other words, if the Legislature, instead of  
22 putting up 100, decides that 150 or -- I mean, I could see  
23 if the Legislature decides and the Governor agrees that  
24 there is \$300 million of bonding, I should probably add  
25 that too (laughter) then it's all taken down, it's not a



1 problem.

2 But if it's not all the same take down, not the same  
3 phase-in, the question is who picks the, what property is  
4 taken down and if there is not an agreement, how is it  
5 resolved? One of the problems with the structure, in my  
6 opinion, relates to our -- the inability for us to write a  
7 \$350 million check or whatever it is. So instead of  
8 taking purchase money mortgage back, we are taking down  
9 pieces of property. The last thing we want is to get  
10 halfway into this and not be able to fulfill the ultimate  
11 vision which is the purchase of 72,000 acres. And so any  
12 contingencies along the way I'm worried about.

13 MR. COX: Understood. And, Governor, what I could  
14 say is we've worked it so there are on or before dates and  
15 that was based upon DEP's estimate of what funding might  
16 be available absent the Legislature deciding to do  
17 something special.

18 THE GOVERNOR: Well, again, that was our best  
19 estimate but it certainly has a very good chance of  
20 changing, maybe for the better.

21 MR. COX: Governor, from our perspective, there's no  
22 interest in this contract for the takedowns. And so the  
23 amount of money for the last take down is the same as the  
24 amount of money for the first take down. I can commit to  
25 you, and I believe Syd will as well, that if there is

1 money available, we'll sell the land. And as much money  
2 is available of the 74,000 acres, we'll sell it as soon as  
3 that money is available.

4 THE GOVERNOR: I guess my worry is, since you get  
5 your part first, you know, once we get past the first  
6 phase of this, are we going to be in a position where all  
7 of a sudden it gets more difficult? I don't know.

8 CFO GALLAGHER: Here's the way I've seen this is the  
9 phases sort of work that they will release to us acreage  
10 that is least environmentally sensitive, then a little  
11 more environmentally sensitive, and then the most  
12 environmentally sensitive to keep our, you know, our  
13 appetite going.

14 THE GOVERNOR: I know. That was smartly negotiated.  
15 That's exactly right. So I'm not getting a definitive.  
16 I'm getting a kind of a "we'll work with you".

17 MS. CASTILLE: Well, Governor, there are four  
18 contingencies in the contract which I outlined earlier.  
19 All of those contingencies will actually be completed  
20 before we go to the very first closing. Once we go to the  
21 first closing, then the contract compels the seller to  
22 sell the property. And whether it's one and a half phases  
23 or two phases, Mr. Kitson wants to sell the property. I  
24 mean, he cannot afford to do the deal without our money.

25 THE GOVERNOR: Stuff happens. Things change. The

1 more binding the contract is, the more you think about  
2 these -- all of the contingencies that would happen. The  
3 better it is, the easier it's going to be to convince the  
4 Legislature to go forward. The easier it is for our  
5 partners locally to understand what the rules of  
6 engagement are.

7 MR. KITSON: I'll commit on the record that we would  
8 do that. And if there is an adjustment that needs to be  
9 made, we'll do that.

10 THE GOVERNOR: Okay. Representatives? I see two at  
11 least. Represent Kreegle, welcome.

12 SENATOR BENNETT: Governor, I can assure you we will  
13 do everything we need to do to work with the Governor's  
14 office to make this thing happen.

15 THE GOVERNOR: Thank you, Senator. Thanks for your  
16 support.

17 REPRESENTATIVE KREEGLE: Let me adjust these.  
18 They're vertically challenged. Good morning, Governor and  
19 cabinet members. You've had a lot of details this morning  
20 so I'll be brief and I won't give you details. I'll give  
21 you some overview because I believe I have a unique  
22 perspective on this ranch. I've hunted it and hiked it  
23 and walked every square inch of it over the last 25 years.  
24 I actually had the opportunity to meet many family members  
25 and I was Fred Babcock's medical doctor for several years

1 prior to his death. I don't think that was the cause of  
2 his death.

3 (Laughter.)

4 And now I find myself in the unique position that the  
5 entire ranch is in my district. You know, in a lot of the  
6 press debate we hear a lot about the pristine wilderness  
7 of the Babcock Ranch. And it is true, there are pristine  
8 wilderness areas there. But as any of you who've flown  
9 over have noted, it's not completely pristine. It  
10 contains a lot of wilderness areas but it contains many  
11 other areas which have been used because it was, for  
12 almost 100 years, a working ranch. And the area which  
13 Mr. Kitson wants to develop has been logged out, bedded,  
14 swaled, it's been extensively used for sod farming,  
15 vegetable farming, and in recent years, has been  
16 extensively mined for gravel and shell. And I think this  
17 deal really does the ideal thing, it preserves for the  
18 State and the people the environmentally sensitive areas  
19 and parts which really are wilderness and gives up for  
20 development that area which is certainly not  
21 environmentally sensitive at all.

22 I notice a sticking point here is apparently going to  
23 be the \$100 million in general revenue funds. And I'd  
24 just like to make a brief comment on that. It's a lot of  
25 money, granted. It is -- but in perspective, last year in

1 the House of Representatives we voted, with the addition  
2 of a floor amendment, to give more than \$100 million to  
3 the Miami Marlins to build a new stadium. Now, the Senate  
4 didn't agree but had that gone through as a bill, we would  
5 have put \$112 million into about 25 acres which when it's  
6 all said and done, people still would not have owned.  
7 Still would have been in private hands essentially. For  
8 this \$100 million in general revenue funds, we're getting  
9 an area almost as big as Rhode Island and the people are  
10 going to own it forever. So with that being said, thank  
11 you very much.

12 THE GOVERNOR: Thank you. Rhode Island without the  
13 two senators.

14 (Laughter.)

15 Representative, good morning.

16 REPRESENTATIVE DAVIS: Thank you. Representative  
17 Mike Davis. I have eastern Collier County. And,  
18 Governor, you and I flew over it just recently looking at  
19 some hurricane damage and we appreciate all of your  
20 attention in southwest Florida.

21 I'm known in southwest Florida as the guy that keeps  
22 pushing and coercing everyone into this regional thinking  
23 of our five-county area. And that's why I come to speak  
24 to you today. Because if Babcock Ranch is not important  
25 to the region, then I'm not really sure what is. My

1 district, which is a lot of eastern Collier County, which  
2 is the Big Cypress, the Everglades, directly benefits what  
3 happens to this land. So I certainly have a very deep  
4 concern that it be preserved. I think from a regional  
5 perspective while I haven't polled each of the individual  
6 senators and House members, I think you'll find that there  
7 is general support in our area for this purchase as is  
8 there from local government.

9 My two colleagues that preceded me, my two good  
10 friends, I think have touched on most of the issues so I  
11 don't want to be repetitive. But I would just say to  
12 you-all today because you've got the power to make this go  
13 forward, that I've looked at this hard, I've had concerns.  
14 I'm very familiar with the rural land stewardship program  
15 having put a lot of it in statute the last two years. But  
16 I just say to you today that the orange is worth the  
17 squeeze in this case and encourage you to go forward with  
18 a positive vote. Thank you.

19 THE GOVERNOR: Thank you, Representative.

20 MS. CASTILLE: In continuing with the elected  
21 officials, we have two more elected officials on the local  
22 level. We have Commissioner Matt DeBoer from Charlotte  
23 County and we have Commissioner Bob Janes from Lee County.

24 THE GOVERNOR: Commissioner DeBoer, welcome. Raise  
25 the mike up.

1           COMMISSIONER DeBOER: Good morning. I was going to  
2 say how many years have you been here and you haven't  
3 raised the podiums up for us normal size people.

4           THE GOVERNOR: You still have to raise it up.

5           COMMISSIONER DeBOER: I want to thank you for the  
6 opportunity to be here this morning and talk to you about  
7 this. And for the record, my name is Matt DeBoer,  
8 Charlotte County Board of County Commissioners. I'd like  
9 to commend your staff. The effort they have put into this  
10 has been nothing short of herculean. Most people don't  
11 realize that we've had three -- this is our third bite at  
12 this apple and we were not successful the first two times.  
13 So the effort they've put into this and to be here to  
14 bring this forward today, they deserve a lot of applause  
15 for that.

16           Like anybody else, we wish that there was enough  
17 money to do 100 percent of this purchase. But what we did  
18 is we got together with some private people and we  
19 understood the financial limitations and also the  
20 implications of buying corporations and buying corporate  
21 stocks and the tax liabilities. I'm sure Mr. Kitson would  
22 lose some more hair if I say this in public, but what  
23 you've already learned about me is I say things in public  
24 just for the heck of it sometimes but this time not.

25           I believe that the outright purchase of this ranch is

1           somewhere between 730 million and \$780 million. And I  
2           don't think there's any way that we can do that based on  
3           our limitations financially and also our inability to buy  
4           corporate stock and pay tax liabilities. And for that  
5           reason, I have moved from that idea of doing a 100 percent  
6           purchase to where we are today. I think the partnerships  
7           that are brought to the table are extremely unique and  
8           something that we should model in the future. Bringing  
9           Florida Gulf Coast University into this process to be part  
10          of the management to also have their bio pharmaceutical  
11          programs, their environmental engineering programs, hotel  
12          management programs, to have those on site is extremely  
13          unique and a phenomenal opportunity. I think that  
14          creating a not-for-profit organization that's going to  
15          oversee this and become basically a self-sustaining,  
16          self-funding long-term management structure for the ranch  
17          is something that also is very unique and hopefully a  
18          model for the future.

19                 For Charlotte County, I believe a long-term economic  
20          impact is a very positive one for Charlotte County. I  
21          believe at the rate of -- the amount of revenue, Charlotte  
22          County tax revenue, that we're going to receive are going  
23          to far exceed the demand that we're going to have as far  
24          as services.

25                 THE GOVERNOR: Commissioner, you brought up a little



1 bit of a sore subject and I thought about this because I  
2 do appreciate Charlotte County a whole lot, having gotten  
3 to know you-all up close and personal, more than I ever  
4 did before last year. But given the fact that there is  
5 going to be a significant economic benefit of this very  
6 unique development, why isn't Charlotte County stepping up  
7 in some fashion to be a partner financially in this?

8 THE WITNESS: The biggest reason that we have is that  
9 we are still recovering from the devastation of Hurricane  
10 Charley.

11 THE GOVERNOR: What about a forward commitment?

12 COMMISSIONER DeBOER: We would be willing to make  
13 some kind of commitment like that. One of the things that  
14 we had to do because of the hurricane last year, we did  
15 have an initiative we were going to put on the ballot to  
16 try to have a least a half a mill put aside of taxes for  
17 environmental purchases. I would like to see that back  
18 once we get past the hurricane. It wasn't a time to ask  
19 people to vote for --

20 THE GOVERNOR: No, and I'm not suggesting that. We  
21 have the -- Lee County has a land purchasing program and  
22 they've made a commitment as I understand or we'll hear  
23 about it perhaps. And the economic benefits of this will,  
24 in terms of tax revenues for local government, will go  
25 more towards Charlotte than Lee because Lee is buying the

1 land, right?

2 COMMISSIONER DeBOER: And I would be happy to sponsor  
3 that referendum coming forward. But, also, in the  
4 four-party agreement Charlotte County is going to be asked  
5 to fund the transportation impacts that are going to occur  
6 in Lee County. We are asked to share 100 percent of our  
7 impact fee revenues. Also to share some of the ad valorem  
8 revenues that we are going to receive off this.

9 THE GOVERNOR: Okay. I didn't know that.

10 COMMISSIONER DeBOER: Yes, sir. Well, this is so  
11 complicated and we have all these different agreements  
12 that are threaded together and I wish I could keep up with  
13 all of them right now, but I can't. They seem to change  
14 hour by hour.

15 THE GOVERNOR: That helps me a little bit.

16 COMMISSIONER DeBOER: Yes, sir. One of the things  
17 that comes up quite often is the utility. I know that I  
18 talked to Commissioner Bronson about this and a number of  
19 our legislators too. Mr. Kitson has agreed that the  
20 utility will be sold to the public. I think that solves  
21 some of the problems that, in fact, having a public  
22 utility would be a lot better than skirting all of the  
23 problems we had with western water laws where we actually  
24 had turned our water resources into a private market  
25 commodity. So I think that would be very appropriate to

1 start.

2 THE GOVERNOR: Is that a binding commitment? Is that  
3 part of our contract? Is that --

4 COMMISSIONER DeBOER: Right now, that language is in  
5 the four-party agreement, right, Mr. Kitson?

6 MR. KITSON: Yes, it is.

7 THE GOVERNOR: How about our contract?

8 MR. KITSON: They are --

9 (Inaudible.)

10 (Off-the-record comment.)

11 THE GOVERNOR: I'm sorry, Syd. I didn't hear the  
12 Secretary mention that as part of the deal. It's a fairly  
13 significant fact.

14 MR. KITSON: Yeah, it is. It's going to be part of  
15 the interlocal agreement and these agreements are  
16 basically contingent upon each other happening. One can't  
17 happen without the other.

18 THE GOVERNOR: What else is in the interlocal  
19 agreement that would have an impact on our purchase?

20 MR. KITSON: I think probably the most important  
21 thing is the fact that both deals are contingent on each  
22 other. In other words, if, in fact, Charlotte County  
23 approved the interim overlay comp plan and the State does  
24 not go forward with the purchase, then that interim  
25 overlay goes away and vice versa. So what happens is all

1 the parties are tied together which I think is the right  
2 thing to do. Because for Charlotte County, one of the  
3 motivating factors for them to do this is the fact that  
4 they're going to preserve all this land. So if that land  
5 is not going to be preserved, they're not going to want to  
6 go forward with the interim overlay. So I think that's  
7 probably one of the big features of it. And as the  
8 commissioner was talking about, the water and how that  
9 water -- not only how we're going to be allocating it but  
10 that we're going to sell it to them.

11 THE GOVERNOR: When?

12 MR. KITSON: 15 years.

13 THE GOVERNOR: You're selling the utility?

14 MR. KITSON: And the sewer, correct.

15 COMMISSIONER BRONSON: Governor, and I'm going to  
16 wait until -- I think we kind of half agreed to hear all  
17 aspects and ask questions.

18 THE GOVERNOR: My bad.

19 COMMISSIONER BRONSON: No, but there still are some  
20 issues involving a couple of things that I have not asked  
21 that I definitely want to get some answers to as you might  
22 imagine and that is one of them, how this contractual  
23 agreement is going to be and who gets a chance to bid on  
24 the water utility and so forth. And I still got a lot of  
25 questions of the Water Management District to tie some

1 loose ends here to make sure all this is going to come  
2 together.

3 THE GOVERNOR: We're going to stay here until we get  
4 all our questions answered.

5 COMMISSIONER DeBOER: I'll go ahead and wrap up  
6 because I understand the probability of success is  
7 inversely proportionate to how long I speak.

8 (Laughter.)

9 THE GOVERNOR: No, the inverse relationship is  
10 heightened intelligence, Matt.

11 COMMISSIONER DeBOER: Thank you. There a lot of  
12 development questions that were asked here. And the  
13 County understands that we have some heavy lifting that we  
14 have to do on our side of this to make sure that all the  
15 assurances are met in providing that the goals,  
16 objectives, and policies of the State and County  
17 government in the rural land stewardship program and in  
18 our DRI processes, that those things are all met. And at  
19 the same time, we have to make sure in the four-party  
20 agreement there are some assurances in here, that we  
21 create that value of the 19,500 units of development in  
22 order to offset some of the costs in this thing to make  
23 the deal work. And this four-party agreement is going to  
24 tie us into those approvals. I would ask your support of  
25 this. I understand it's a big step. Hopefully it will be

1 a successful one and I'll stand by for any questions.

2 Thank you.

3 THE GOVERNOR: Thank you, Commissioner.

4 MS. CASTILLE: Commissioner Bob Janes from Lee  
5 County.

6 THE GOVERNOR: Good morning, Commissioner.

7 COMMISSIONER JANES: Good morning, Governor. Good  
8 morning, Governor and members of the cabinet. It's a  
9 pleasure for me to be here. I just wanted to indicate to  
10 you first off that I am county commissioner from Lee  
11 County. I am also -- my county board is appointed  
12 designated liaison, appointed designated liaison, on the  
13 Babcock situation. So I'm part and parcel of the whole  
14 discussion that's been going on.

15 I want to tell you first off that what I'm intending  
16 to do today is to just identify a few of the concerns that  
17 Lee County has with the Babcock acquisition at the present  
18 time. It does not mean that they can't be corrected or  
19 that they can't be improved. It's just that there are  
20 concerns. Now they are also not all of the concerns. If  
21 I were going to list and identify all of our concerns, my  
22 two-hour presentation would extend to four hours and I  
23 don't think you want to hear that. I thought I heard a  
24 ripple of laughter but I could be wrong.

25 THE GOVERNOR: That was a groan, I think.

1           COMMISSIONER JANES: I just also want to tell you too  
2           that what I'm speaking about to you today is something our  
3           board has not formally acted upon. We are waiting until  
4           the meeting of November 15th to begin to look at this  
5           problem to have their staff make its presentation of what  
6           some of the issues are.

7           What I'm going to present to you today are six or  
8           seven issues that our staff has already identified. Now  
9           these are issues that should not be a surprise to  
10          Mr. Kitson or to DEP or to anybody because I understand  
11          that our designee which is staff designee, Wayne Daltry,  
12          has communicated this several times. So they're not  
13          formal at the present time but they will be because the  
14          staff will be asking us to support them. Let me just  
15          indicate what they are.

16          Point one. Lee County supports the acquisition,  
17          preservation, conservation and management of as much land  
18          as is possible in one of southwest Florida's most  
19          outstanding areas of natural resources and wildlife  
20          habitat which we know is Babcock Ranch. Number two, Lee  
21          County supports the purchase of a 5000 acreage within Lee  
22          County's boundaries for \$40 million. We also reserve the  
23          right to negotiate with the seller on any property not  
24          sold to the State. We preserve -- we want to preserve  
25          that right.

1 Thirdly, Lee County does not support using the  
2 four-party interlocal agreement. However, we have no  
3 problems allowing the buyer to consent to an application  
4 for a comp plan amendment as long as it does not commit  
5 Lee County to make the sale go through if it does not  
6 fail.

7 THE GOVERNOR: Can you explain that?

8 COMMISSIONER JANES: Yes, I can. In other words,  
9 what we're saying is if the deal doesn't go through, the  
10 comp plan amendments are not approved, that ends it as far  
11 as we're concerned, that's it. We're not pledged to  
12 commit us to go through with a project if they can't get  
13 the comp plan amendments through the normal process, the  
14 regional planning council and things like that. Should be  
15 nothing --

16 THE GOVERNOR: And the four-party agreement does  
17 allow them to --

18 COMMISSIONER JANES: Well, they won't allow it. It  
19 goes beyond that, Governor. It also talks about  
20 developing the rural landship steward program which are  
21 also not in favor of. As a matter of fact, that's the  
22 fifth point, is that no rural land stewardship program is  
23 going to take place on Lee County properties.

24 THE GOVERNOR: Will -- I'm sorry?

25 COMMISSIONER JANES: We do not support the use of the



1 rural land stewardship program in Lee County, the purchase  
2 of land, the Babcock Ranch that's in Lee County.

3 THE GOVERNOR: Is the agreement have that in it?

4 COMMISSIONER JANES: I believe it does. I don't  
5 know. We've not seen the agreement. We're going to be  
6 looking at it as it comes up. But anyway, we do not  
7 support it. I know that's what they want to encourage it.  
8 I understand, it looks like an attorney is coming up here  
9 to speak. Looks like what they want to talk about is if  
10 they're willing to go through the DRI process and not use  
11 a rural land stewardship program. And also No. 6, no  
12 wells on properties that the Lee County Board buys. No  
13 wells.

14 MR. KITSON: We agreed to those.

15 COMMISSIONER JANES: I know. I said, these are no  
16 surprises to you and shouldn't be to anybody here. And  
17 Lee County is not consenting to the agreement overturning  
18 the results of our county's challenge of the original Town  
19 and Country franchise. And the result of this is then,  
20 because we don't agree, that we may provide utility  
21 service to the ranch if we are better positioned to do so.  
22 Those are just some of the points that we feel are  
23 important that ought to bear consideration and careful and  
24 detailed thought.

25 Frankly, we're concerned that a critical piece of

1 Florida is hanging in the balance but the acquisition deal  
2 being proposed by Kitson and Partners in the state needs  
3 to be done right for the citizens of Florida, Lee County  
4 and Charlotte County. And what happens to the Babcock  
5 Ranch will have a tremendous effect on southwest Florida  
6 and the state itself and for future generations but we are  
7 gravely concerned that we must do this right. It's a  
8 complex, exceedingly complex, problem and we feel that  
9 we're being rushed through to a decision and there's  
10 really no need to be rushed through for a decision. It's  
11 complex, we need to get the answers to the questions, and  
12 hopefully we will. We have to have them before we'll be  
13 able to take any action on it. Thank you.

14 THE GOVERNOR: Thank you, Commissioner.

15 MS. CASTILLE: I'd like to get Ernie Cox up here to  
16 address the interlocal agreement. The interlocal  
17 agreement drafts have been available for more than a month  
18 and a number of people have them and have read them and  
19 gone over them. So, Ernie.

20 MR. COX: Governor, just briefly. Each of the points  
21 that Commissioner Janes has mentioned have been ably  
22 negotiated by the county attorney David Owen and, in fact,  
23 as late as yesterday, there was a revision being made to  
24 the interlocal agreement draft that incorporate those  
25 issues based upon David's negotiation. There is a meeting

1 scheduled for tomorrow with the Lee County attorneys, the  
2 Lee County staff, the Charlotte County attorneys, the  
3 Charlotte County staff to finalize a draft. Be meeting  
4 with Heidi Hughes later today, Department of Community  
5 Affairs, and it will be presented for discussion and  
6 hopefully a vote by the Lee County Commission at a public  
7 hearing next Tuesday, the 15th. It will then be presented  
8 to the Charlotte County Board for a vote on the 22nd.

9 THE GOVERNOR: Mr. Cox, could you explain to me one  
10 more time, I'm a little slow on this, the relationship  
11 between the four-party interlocal agreement and the  
12 purchase contract and how they interrelate?

13 MR. COX: Yes, Governor, I can. We have two  
14 different issues. The first is the purchase of the  
15 property and the retained rights and that is a Board of  
16 Trustees Internal Improvement Trust Fund role. On the  
17 other side, we have local planning decisions that would  
18 need to be made in a timetable. No local planning  
19 decisions have been made. But in order to have a format  
20 and a schedule, we've created an interparty local  
21 agreement that talks about how the governments will  
22 consider the applications that have been presented.  
23 Understand, the government cannot contract to agree to  
24 conference plan amendments.

25 So what we've done, Governor, is we have two

1 different -- actually, three different governmental  
2 entities that have to vote on this at public meetings.  
3 And so what we have done is we have made each of the  
4 agreements contingent upon the other, meaning if the  
5 Governor and cabinet approve today, we'll go forward. And  
6 if the local governments approve the interlocal agreement,  
7 we'll go forward. If the local governments don't approve  
8 the interlocal agreement, then the whole thing falls part.

9 THE GOVERNOR: Well, let's take it to the next step  
10 after that which is that Lee County and Charlotte County  
11 land use decisions have to be made. So there is a DRI in  
12 Lee County as I understand it. And this overlay process  
13 which would be in Charlotte County. So when does -- let's  
14 say that Lee County says we're not going to give you the  
15 density that you need to justify the price that you're  
16 paying to the Babcock folks. Does Kitson and Company say,  
17 Sorry, deal is off?

18 MR. COX: That's the final step and the final  
19 contingency, Governor. The final contingency, and based  
20 upon this, we have two local governments with boards.  
21 What we have done is in the context, and this is part of  
22 the negotiation between what Lee County might provide and  
23 what Charlotte County. Lee County is willing to provide  
24 \$40 million for the purchase. Charlotte County said, We  
25 don't have money, but we would be willing to have an

1 expedited process to look at interim overlay amendments in  
2 the comprehensive plan and zoning code. We're not going  
3 to give you DRI approval because there's just not enough  
4 time. But they have expedited the review of a  
5 comprehensive plan amendment, Governor, which is scheduled  
6 for transmittal hearing on December the 14th. We have  
7 worked through a schedule with them and the Department of  
8 Community Affairs such that by March of 2006 that  
9 contingency would either be satisfied if they approve it  
10 at public hearings or that contingency would not be  
11 satisfied, in which case it would not go forward. It is  
12 not contingent on Lee County at all from a governmental  
13 approval perspective.

14 THE GOVERNOR: So their DRI process -- you'll close  
15 on the property even if you don't get what you need. And  
16 as it relates to Charlotte County, you've gotten a  
17 commitment that you can get entitled, 18,000 units,  
18 whatever it is, by March? I want to hire you. Maybe you  
19 could work for Scripps.

20 (Laughter.)

21 Sore subject. Take it back. I recall that remark.  
22 Is that really --

23 MR. COX: Basically what we've done, Governor, it's  
24 not to get a DRI approved in Charlotte County because that  
25 will take more time. But the comprehensive plan and

1 zoning, there's a timetable that we believe can be met.  
2 The commitment is to consider it within that timetable.  
3 But obviously the decision will not be made until they've  
4 had the full public hearing. But the timetable commitment  
5 has been made. And so we're kind of, as I explained to  
6 Syd earlier, we're in the first playoff game of a  
7 four-month single elimination playoff system and we have  
8 to win all of our games.

9 THE GOVERNOR: That's a good analogy. Commissioner,  
10 you wanted to add something?

11 COMMISSIONER DeBOER: Yes, I just want to again  
12 reinforce that we have not agreed to anything at the  
13 present time, nothing.

14 THE GOVERNOR: I understand. Just wanted to make  
15 sure that everybody else understands. You need a formal  
16 approval through your county commission.

17 COMMISSIONER DeBOER: Yes, sir.

18 THE GOVERNOR: We understand. Thank you for that  
19 explanation.

20 MS. CASTILLE: We have two more, a senator and  
21 representative who have joined us as well. Senator Burt  
22 Saunders and Representative Machek.

23 THE GOVERNOR: Senator, welcome.

24 SENATOR SAUNDERS: Thank you very much, Governor and  
25 cabinet members. I really appreciate the opportunity to

1 be here. I'm just going to say a couple of quick things.  
2 First of all, this obviously is a very, very complex  
3 transaction. I've been kind of involved in this from a  
4 legislative standpoint for a little over a year. I filed  
5 a bill last year that would have helped generate money for  
6 the Babcock acquisition and I've got a bill this year to  
7 do the same thing. So there is a vehicle there, assuming  
8 that this moves forward. But what I really wanted to do  
9 today is congratulate the Governor and cabinet for your  
10 foresight in protecting areas in the state of Florida that  
11 are critical for the future generations of Floridians and  
12 this is one of those pieces of property. So I  
13 congratulate you for your foresight and vision.

14 I also want to congratulate and commend our staff.  
15 When I say "our staff", I'm talking about the staff of the  
16 Department of Environmental Protection and the other  
17 agencies that have been involved in this because this  
18 really has been a very difficult and very complex issue  
19 and I'm proud to say that they've been able to bring it to  
20 this point. And so I think they need to be publicly  
21 commended for everything that they've done in that regard  
22 and I'm looking for proceeding with this. Hopefully this  
23 will be a successful acquisition and hopefully we'll be  
24 able to preserve a very significant piece of property for  
25 future generations of Floridians. Governor and cabinet, I

1 thank you for that.

2 THE GOVERNOR: Thank you, Senator. Thank you for  
3 being here.

4 Representative, would you like to speak?

5 REPRESENTATIVE MACHEK: Thank you, Governor and  
6 cabinet. You know, they quit making land a long time ago  
7 and it's an opportunity to preserve some of that which is  
8 still in its natural state. So I'm totally in favor of  
9 this purchase if we can get it worked out. My problem  
10 with the whole thing is the management. I notice that  
11 every operation on that ranch is cattle, timber, sod,  
12 nursery, apiary and others but yet the Department of  
13 Agriculture who oversees all those functions in the state  
14 of Florida are not at the table to be in charge of a lot  
15 of this. And it's kind of hard to believe that Fish and  
16 Wildlife and others, which they're good, they're great  
17 people and they do a great job but I didn't know they were  
18 in the cattle business or in the sod business or things  
19 like that and I'm just concerned that we may let a  
20 function of the Department of Agriculture get away from us  
21 on a project of this size and I didn't know if somewhere  
22 along the line DEP would be considering giving the  
23 Department of Agriculture the role that they deserve in  
24 the purchase of this property and that's my main concern  
25 and I'd like to have that aired out a little bit if we



1 could.

2 THE GOVERNOR: Representative, Commissioner Bronson  
3 has been holding back and that's one of his questions. So  
4 it will be discussed.

5 REPRESENTATIVE MACHEK: Good. I was hoping I'd bring  
6 him out.

7 COMMISSIONER BRONSON: You didn't have to bring me  
8 out. I've been sitting on the fence --

9 MS. CASTILLE: Do you want to talk about that now?

10 THE GOVERNOR: No, let's get some speakers going.  
11 Whenever the commissioner wants to speak about it, he has  
12 every right to just take the microphone.

13 MS. CASTILLE: Okay. I want to let people know that  
14 Mr. Jack Peoples is here to answer any questions. He's  
15 representing the Babcock family. And if you remember,  
16 Governor, he and Wade Hopping were the ones who came to  
17 visit you approximately five years ago to start working on  
18 a very similar project.

19 THE GOVERNOR: Welcome, Mr. Peoples.

20 MS. CASTILLE: And we have a couple of our water  
21 management district board members here, the chairman,  
22 Mr. Kevin McCarty is here. And I'd like -- is Kevin in  
23 the room? And I'd like him to come up and say a few words  
24 and also Mike Collins.

25 THE GOVERNOR: They don't have to speak if they don't

1 want to.

2 MS. CASTILLE: Okay. They don't have to speak if  
3 they don't want to.

4 THE GOVERNOR: Carol, would you like to speak? I  
5 mean, you've been nodding your head once in awhile and  
6 shaking it a few times. I'm just curious to know,  
7 anything here that relates to your responsibilities that  
8 you'd like to, on the record, state?

9 MS. WHELE: Yes. For the record, my name is Carol  
10 Whele, the executive director of the South Florida Water  
11 Management District and I do have two of my board members  
12 here today. And I especially want to make sure that I  
13 accurately reflect the dialog and the concerns of the  
14 governing board as expressed at the South Florida Water  
15 Management District governing board meeting last  
16 Wednesday.

17 THE GOVERNOR: Okay.

18 MS. WHELE: And Colleen did come down. Secretary  
19 Castille gave a very thorough presentation on this  
20 acquisition and we really appreciated her coming down and  
21 sharing all of that information with the governing board.  
22 I think there are a lot of misperceptions that she had the  
23 opportunity to correct but there were still some issues  
24 outstanding that the governing board wanted me to express  
25 to you-all in terms of water.

1 First, I'd like to say we are very excited about the  
2 opportunity to put this land in the public trust. The  
3 South Florida Water Management District spends 100 percent  
4 of its money these days on buying land for projects for  
5 Everglades restoration and Kissimmee restoration and  
6 haven't, for awhile, been in a position to do these  
7 wonderful preservation acquisitions such as the other  
8 water management districts and what a great opportunity  
9 this is.

10 I wanted to share with you what the actual permits  
11 were on this property and what some of the concerns are of  
12 the South Florida governing board. First, in 1979, and  
13 renewed in 1988, there is a permit that was issued to the  
14 Babcock Florida Corporation. There is 66.58 MGD, that's  
15 million gallons per day that's been issued for the  
16 purposes of pasture on a little over 14,000 acres,  
17 7.19 million gallons a day that was issued on 4,615 acres  
18 for the purposes of small vegetables.

19 This permit is a total of 73.7 million gallons a day.  
20 All of the permits in the South Florida Water Management  
21 District are in the process of being renewed. The new  
22 rules of the South Florida Water Management District have  
23 the renewal based on actual usage, not previous permitted  
24 usage. As of today, the actual usage that has been  
25 demonstrated to us, but we're still in the process of

1 negotiating on this permit, is somewhere between 20 and  
2 30 million gallons a day, all for the purposes of  
3 agricultural usage. As of today, there is no permit that  
4 has been issued specifically to the utility. So the  
5 utility has no permit. And if you remember, the permit is  
6 for agricultural uses.

7 There are three different scenarios that are being  
8 contemplated here today in terms of future water use. A  
9 consumptive use permit is very different than the actual  
10 water use permit for agriculture. We calculate the  
11 withdrawal on a very different basis because we do assume  
12 that some of that water goes back into the aquifer. It's  
13 not a usage that is removed from the property. The three  
14 scenarios that we have will be a consumptive use permit  
15 that will be required for the purposes of providing water  
16 to the actual residents on this property. That will be a  
17 straightforward consumptive use permit and we will  
18 consider all normal considerations in the process of  
19 issuing that consumptive use permit to the utility. And  
20 I'll talk about some of the resource issues that we have  
21 to consider after I do this.

22 The second scenario will be a consumptive use permit  
23 that will be looked at very differently than the  
24 consumptive use permit for the residences on the site of  
25 this property. If water is contemplated being brought

1 from the Babcock Ranch, be it a public or private utility,  
2 that water, if it goes from the Babcock Ranch to be used  
3 in other areas of Charlotte County, what we have are two  
4 different water management districts. Now this is not an  
5 interdistrict transfer because in the interdistrict  
6 transfer language in the state statute there is an  
7 exemption when you're transferring within two water  
8 management districts in the same county. But there is a  
9 higher public interest test that the applicant will have  
10 to meet for the purposes of bringing water from the South  
11 Florida Water Management District into the Southwest  
12 Florida Water Management District and the public interest  
13 test will be a policy consideration of the governing board  
14 of the South Florida Water Management District.

15 The third scenario is if there is any kind of an  
16 arrangement that is made to bring water to Lee County.  
17 Now, Lee County and Charlotte County, the Babcock area,  
18 are both in the same water management district. But  
19 transferring from one county to the other will be a  
20 consideration of local sources first. And before that  
21 transfer would be allowed, there would have to be due  
22 diligence made on the part of Lee County to show that Lee  
23 County did not have the wherewithal to provide water  
24 resources within its own county before it was able to  
25 bring water from Charlotte County.

1           The resource issues are going to be probably  
2           intuitive for the very reason that we're buying the  
3           Babcock Ranch or contemplating buying the Babcock Ranch,  
4           those same resources that we want to protect are resources  
5           that we want to protect during the consumptive use  
6           permitting process. And what we're going to ask the  
7           applicant to do is due diligence in making sure that any  
8           withdrawal, both the quantity and the pumpage rate of the  
9           withdrawal allowed from this property will do no harm to  
10          users outside this property. And we do have a lot of  
11          agricultural uses outside of this property that rely on  
12          consumptive use as well as making sure that we don't have  
13          any negative impact to the wetlands that are on site and  
14          we also have to make sure that we take into consideration  
15          the flows coming off this property.

16                 For those of you that aren't aware, a minimum flow  
17                 and level has been established for the Caloosahatchee  
18                 River. The Caloosahatchee River during the summer months,  
19                 as Lee County knows very well, we have some very serious  
20                 issues in not having enough flow into the Caloosahatchee  
21                 River. So we'd also have to make sure that the  
22                 consumptive use permit does no harm to the minimum flow  
23                 and level of the Caloosahatchee River.

24                 I'm not going to comment on the withdraw that we  
25                 think will come off this property. It's extremely

1 inappropriate to do so because we are the permitting  
2 agency and it will definitely be done on a fact basis.  
3 But these are issues that will have to be addressed in the  
4 permitting.

5 The other thing I wanted you to know is that the  
6 governing board of the South Florida Water Management  
7 District definitely prefers the \$24,000 or the land lease  
8 as opposed to the fee per thousand. We just feel that  
9 that is a precedent that we would rather not establish and  
10 would encourage you to look at the lease as opposed to the  
11 fee for water.

12 The other is a public policy issue that I wanted to  
13 share with you. When details of the Babcock negotiations  
14 became public over the last two weeks, the South Florida  
15 Water Management District has received several phone calls  
16 from large property owners. The question they have asked  
17 that we have not answered specifically to them is, If I go  
18 to the Public Service Commission and get a certificate for  
19 a utility and I get a consumptive use permit, can I sell  
20 my water too. And that is, I believe, a public policy  
21 issue that transcends the South Florida Water Management  
22 District. I believe it's an issue that we are in a  
23 position today that if a large agricultural landowner did  
24 want to go to the Public Service Commission and get a  
25 utility certificate and had a consumptive use permit, is

1 that the way that we want to be providing water to the  
2 cities and to the counties in this state. Above my pay  
3 grade, but I do think it is a public policy question that  
4 needs to be discussed and debated and deliberated on  
5 because this is a trend, I think, that will continue in  
6 the future. And with that, I'm available for any  
7 questions you may have.

8 THE GOVERNOR: Carol, the property -- first of all,  
9 your consumptive use process, and you're absolutely  
10 correct not to prejudge how that process goes, has nothing  
11 to do with this contract. It is not contingent --

12 MS. WHELE: Well, what we have --

13 THE GOVERNOR: You don't have to favorably, in the  
14 minds of the seller of this property to us, you don't have  
15 to favorably --

16 MS. WHELE: It is our understanding from  
17 conversations that we've had with Charlotte County, that  
18 there may be some kind of an arrangement that is being  
19 negotiated in exchange for a certain quantity of water  
20 that is tied up with the comp plan amendment changes and  
21 the density increases. And I just -- so if those two  
22 agreements are linked, then the answer is --

23 THE GOVERNOR: That's a separate link. I'm talking  
24 about the link between your process and the purchase of  
25 this property.



1 MS. WHELE: Absolutely. Those are independent.

2 THE GOVERNOR: And, secondly, there is water  
3 irrespective of what happens in that interlocal four-party  
4 agreement. The structure, as you see it, of this deal  
5 protects the water on the 72,000 acres.

6 MS. WHELE: The new language as proposed by the  
7 Department of Environmental Protection, we feel, is very  
8 protective of the consumptive use permitting process and  
9 we feel that there would be more protection afforded to  
10 the resource if you entered into the fee in terms of a  
11 lease as opposed to the 20 cents per thousand gallons.

12 THE GOVERNOR: Okay. That doesn't quite answer my  
13 question. Maybe Colleen can answer it.

14 MS. CASTILLE: There's absolutely no link between the  
15 consumptive use permit process and the contract --

16 THE GOVERNOR: No, I got that. That part, I got  
17 clear. It's the second part which relates to the fact  
18 that assume for a moment that the utility does get a  
19 consumptive use permit for a lot of water and there is a  
20 minimum -- is there adequate protections to make sure that  
21 the water resource for the 72,000 acres stays on the  
22 property so as to protect it? I mean, we're buying  
23 something because it's got a lot of water on it. We're  
24 not buying it to mine it to sell it to water-hungry  
25 coastal southwest Florida.

1 MS. WHELE: The consumptive use permitting process of  
2 the South Florida Water Management District allows no harm  
3 to the resource in the process of allowing withdrawals.  
4 So, yes, the resource will take precedent and it will be  
5 protected.

6 THE GOVERNOR: Thank you. Treasurer.

7 CFO GALLAGHER: Here's -- if we had some land that's  
8 State-owned, which we have a lot of, and somebody wanted  
9 to get water from it and for some reason we, as the State  
10 trustee, said okay, what would be the process? They'd  
11 have to come -- let's say it's in your district.

12 MS. WHELE: They would have to do due diligence in  
13 providing the technical information and they would have to  
14 submit a request for a consumptive use permit from the  
15 Water Management District regardless of which district it  
16 was in.

17 MS. CASTILLE: And they'd have to come to the Board  
18 of Trustees to seek a change in the management plan for  
19 the property.

20 CFO GALLAGHER: Right. And would we charge them for  
21 that? Would we charge them for a well site? Would we  
22 charge them for so much water? What would we do?

23 MS. WHELE: That's the public policy question that  
24 you're deliberating on today.

25 MS. CASTILLE: I'd like everybody to bring their

1 concerns to the table and then at the end, I'd like to  
2 deal with everybody's concerns all at once on water, on  
3 management, on the future of the consumptive use  
4 permitting and on the interdistrict transfers --

5 CFO GALLAGHER: That isn't going to work because I'm  
6 going to forget what I asked you by then.

7 MS. CASTILLE: Okay.

8 CFO GALLAGHER: What would we do?

9 MS. CASTILLE: I have to agree with Carol. That's  
10 the process that we're here today. What I'm bringing you  
11 today is the only option that we have for buying the  
12 Babcock Ranch. I don't want this to be a precedent. It  
13 is not the first time that we have water being taken off  
14 of State property. We have two State parks that have  
15 existing wells in them. One, Jonathan Dickinson State  
16 Park. And, two, Bald Point State Park. Bald Point  
17 provides water to the Alligator Point water resources and  
18 the Jonathan Dickinson provides to the city of Jupiter --  
19 Tequesta.

20 CFO GALLAGHER: All right. And what is the deal on  
21 those?

22 MS. CASTILLE: And we charge nothing for that.

23 CFO GALLAGHER: Okay. So they can come in and get it  
24 for nothing.

25 MS. CASTILLE: It was existing when we purchased the

1 property.

2 CFO GALLAGHER: And the end users, City of Tequesta,  
3 charges their users what it costs them to get it to them,  
4 I would gather.

5 MS. CASTILLE: All the appropriate costs that are  
6 allowed to be charged and --

7 CFO GALLAGHER: Is it a private water company or is  
8 it a city water company?

9 MS. CASTILLE: City for Tequesta and private for  
10 Alligator Point.

11 CFO GALLAGHER: Let's look at Alligator Point then.  
12 It's a private company that takes water from the Bald  
13 Point State Park, pumps it over to the users and charges  
14 them and makes a profit out of it.

15 MS. CASTILLE: Yes.

16 CFO GALLAGHER: And pays the State --

17 MS. CASTILLE: Nothing.

18 CFO GALLAGHER: Zip. How long -- weren't those  
19 already there when the State bought them?

20 MS. CASTILLE: Yes.

21 CFO GALLAGHER: Okay. So that's why we made that  
22 agreement, to let them continue pumping?

23 MS. CASTILLE: Correct. But what we're doing is  
24 Mr. Kitson has every intention of deciding where these  
25 wells are and holding back the property for -- on

1 ownership where the wells are going to be. So he's buying  
2 the property between the time we purchase -- between now  
3 and the time that we purchase the property. So even  
4 though the time frame is shortened, he is still going to  
5 be the owner of record for a period of time and will only  
6 sell to us that land with an exception for those well  
7 areas.

8 THE GOVERNOR: Commissioner?

9 COMMISSIONER BRONSON: I think the idea of just  
10 waiting until the end is starting to fade here. There's  
11 too many questions coming up. My big point on water was I  
12 do not want to get into a prolonged battle over water  
13 rights issues, western water law, all the things that  
14 everybody fears on water rights issues and especially  
15 since we have a system set up in the state of Florida.  
16 The one concern I had is if you're going to keep an  
17 agricultural and other use application which is already --  
18 and I don't know how far into the -- you give a 20-year  
19 permit for that use, how far into the 20-year permitting  
20 they are.

21 MS. WHELE: We're in renewal.

22 COMMISSIONER BRONSON: You're in renewal now.

23 MS. WHELE: So it will be at the beginning. But  
24 remember, it's for agricultural use.

25 COMMISSIONER BRONSON: Right. And there is competing

1 use. I don't care how anybody wants to cut this thing.  
2 And when you've got a deeper well next to your neighbor  
3 and you pump a lot more than your neighbor does, your  
4 neighbor, sooner or later, is going to be shooting sand  
5 out of those because that happens all over the state and  
6 has happened before, especially in dry times. So I know  
7 the water issues have to be worked out to be able -- and  
8 especially for the kind of commitment that Mr. Kitson has  
9 on this developable property that he has and what's going  
10 to happen to the rest of the state-owned property in the  
11 process. But I don't want us to get off into a water  
12 situation where we're going to spend years in court  
13 fighting over water law and that concerns me that we've  
14 got this worked out from that situation. And I happen to  
15 believe that how you cut up all this chopped liver before  
16 you get to the end result which everybody would love to  
17 save 74,000 acres of Florida. I want to make sure we have  
18 a fiduciary responsibility to do it the right way and I'm  
19 very concerned about it, that we do it the right way. And  
20 the water policy issues with the water management district  
21 crossing lines, local sources first which I fought for in  
22 the Senate, all those things are going to be met. And  
23 that's the only way to make sure that there is some type  
24 of protection here and selling water at 20 cents a gallon  
25 anywhere is not the way, in my opinion, to do this simply

1 because now we get closer to western water law to some  
2 degree. And, I think, as I remember, and I'm not an  
3 attorney, there's probably about 50 sitting out there.  
4 But the point is, I think under Florida law, as I  
5 remember, the water is free. It's the delivery of the  
6 water that you pay for. So we don't want to get into a  
7 per gallon anywhere situation and then you have bidders.  
8 And, of course, Miami and certain areas can outbid other  
9 areas because they have more people. And we just don't  
10 want to do that. So I want to make sure that we're  
11 correct here on our water policy issues and the way the  
12 law is written that we're not going to transcend any  
13 potential problems for water.

14 THE GOVERNOR: I think the change to the easement  
15 idea is a reflection of that, Commissioner.

16 COMMISSIONER BRONSON: And I haven't seen anything  
17 written down on paper. I mean, I hope we're going to see  
18 something that says all of this is written down and ready  
19 to be signed in agreement simply because as much as I  
20 believe that everybody here means well, it's how it's  
21 worded in the end as we all know and whether it's signed  
22 off on. And we're being asked to, up front, for the good  
23 of nature and wildlife and so forth to put a lot of money  
24 out there to buy 74,000 acres for the State, that we're  
25 not caught holding the bag. And I don't think anybody

1 really intends for us to do that, but Mr. Kitson is a very  
2 good negotiator and from what I can see, he negotiated a  
3 pretty good deal from his standpoint. I'm not too sure  
4 yet that it's a real good deal for us but that's what I'm  
5 trying to get at.

6 MS. WHELE: Commissioner Bronson, the reason I went  
7 through the three scenarios is because I believe in the  
8 contract it does say that the utility has the right in its  
9 order to sell water to Charlotte County, Lee County, and  
10 there's a list of five. And I just wanted to share with  
11 you that other than providing water to the actual  
12 development, that there were policy considerations selling  
13 to Charlotte County. Local sources first was the policy  
14 consideration, selling to Lee, because it was in the  
15 contract and I just --

16 COMMISSIONER BRONSON: Well, that was my point,  
17 Governor, is I saw things in there that says all this is  
18 going to take place and I don't think there's any kind of  
19 permitting that I can see from the water management  
20 district that says that's allowable yet.

21 MS. CASTILLE: It's all based on water management  
22 district decisions. Can I make a short presentation on  
23 water and bring all the issues out on the table about  
24 water?

25 CFO GALLAGHER: Yeah, but I want to also just make



1 public, it's something that's bothering me, because I  
2 think you-all ought to at least hear it. If we're willing  
3 to buy the 74,000 acres and there is a value in the water  
4 there, I understand the part Mr. Kitson keeps and he keeps  
5 the wells he has and has a water company and all, that's  
6 fine. But now we have a huge area and we have possibly  
7 some municipalities or others that need the water. I just  
8 think that the delivery of that water that's coming from  
9 the land that we're spending \$300 million for, ought to be  
10 some kind of a public nonprofit delivery system. Instead  
11 of all of a sudden building up in a huge worth of  
12 something that we're basically, in my opinion, paying for.

13 MS. CASTILLE: Well, water delivery in the state of  
14 Florida is done by two entities. It's done by public  
15 water facilities and it's done very limitedly by  
16 private -- generally not-for-profit companies. But as we  
17 all know, there is some profit involved in a  
18 not-for-profit company. Mr. Kitson has said that after he  
19 goes through, he's got all the funding lined up to  
20 support, depending on if he gets a consumptive use permit,  
21 to support the development of a water and sewer facility.  
22 So he's got it all lined up. All ready to go. All ready  
23 to construct. And typically what happens with a private  
24 industry is they do that very same thing and then they  
25 sell it to a local government. You know, makes it -- they

1 put the capital cost up front and then the cost of the --  
2 and then the sale of the facility is done on a public  
3 basis.

4 CFO GALLAGHER: And I understand that. But I feel  
5 like we're given the resource and obviously he's putting  
6 capital in, I don't have any problem with that, obviously.  
7 And then using the resource that we have just, in my  
8 opinion bought, that's what's making this -- there's two  
9 things in it, one, the amount of capital put in to make  
10 the resource available by pumping it and the other is the  
11 resource itself. And what I'm trying to do here is if  
12 we're going to put all this money up and he's going to put  
13 the money up for the capital obviously, they need a return  
14 on their capital, I understand that. What I'm concerned  
15 about is the cost of water down the road goes way, way up,  
16 which because of the value of the water, the price of the  
17 entity that we sort of funded goes above and beyond the  
18 cost and a reasonable profit there in setting up the  
19 facility.

20 MS. CASTILLE: That's not how the Public Service  
21 Commission approves its rates. And I have John Williams  
22 here from the Public Service Commission who can tell you  
23 about the rate structure, the rate structure that's  
24 approved already for the utility, \$2.47 per 1,000 gallons  
25 and 50 cents per 1,000 gallons for raw water. The other

1 one is to potable water and raw water. And then very  
2 similar to the utilities, to the electric utilities, there  
3 is an allowable profit that's built in there. And, John,  
4 if you want to come up and explain that.

5 MR. WILLIAMS: Hello, I'm John Williams on the staff  
6 of the Florida Public Service Commission. The applicant,  
7 Babcock Ranch, came to the PSC in 1999 and applied for a  
8 certificate of authorization to provide water service in  
9 Charlotte and Lee County. A part of the application  
10 process is they noticed both Charlotte and Lee Counties,  
11 the DEP, the water management districts. Initially  
12 Charlotte and Lee County both objected to the application  
13 and it was scheduled to go to hearing. Eventually, a  
14 settlement agreement was reached with both Lee County and  
15 Charlotte where they withdrew their objections to this  
16 entity getting the certificate to operate.

17 Basically what it is is it is a license to provide  
18 water for compensation. They still have to go to the  
19 water management district for consumptive use permits.  
20 They have to go to DEP to get the health and safety  
21 factors considered on potable water issues. But the piece  
22 we do at the PSC is basically approving the charges  
23 because it's a private entity. Therefore, state law has  
24 that it should be regulated since it's a monopoly  
25 provision of service.

1           Their service area was their entire property. What  
2           they said in 1999 was they were currently providing  
3           service both to agricultural entities as well as to  
4           certain facilities on their property and that they plan to  
5           develop property in the future. So in this application  
6           were approved both agricultural rates for wells to provide  
7           agriculture and potable water rates for treated water  
8           served to communities that were to be built on the  
9           properties in the future. And they got a bulk rate  
10          approved for sale at their boundaries that they -- a part  
11          of the settlement agreements with Lee and Charlotte  
12          Counties was at some point in the future they may sell  
13          water, bulk water, nontreated water at their boundaries.

14                 And the rate, we did approve 20 cents per thousand  
15                 gallons as a royalty fee because the parent company,  
16                 Babcock Ranch, was going to own the land where the wells  
17                 were. And we came up with that rate was based on what was  
18                 the value of the property that was going to be used for  
19                 well facilities and what was a fair return on that  
20                 property. And we did approve a calculation in the rates.  
21                 Built into the rates we approved was to provide a normal  
22                 return as if the utility bought the land in 1999 and got  
23                 to earn a return, a fair return on that investment through  
24                 the life of the utility.

25                 CFO GALLAGHER: And so we're all sitting around

1 worried about somebody charging 20 cents per 1,000 gallons  
2 when they already got a deal to charge 20 cents per  
3 1,000 gallons. So what's the water management district  
4 have to say about that?

5 MS. WHELE: We understand the Public Service  
6 Commission, in negotiating these rates with private  
7 utilities, allow for a royalty fee to be charged. The  
8 issue that the water management district has is the use of  
9 public dollars to buy public land for a public purpose and  
10 then charging for the value of water. They are charging a  
11 royalty based on investment. In the state of Florida,  
12 water belongs to the citizens of the state of Florida.  
13 And I think that even the Legislature and the cabinet for  
14 years have defended the right that water isn't to be  
15 charged for. What you charge for is the treatment, the  
16 distribution, the delivery of water. You don't charge for  
17 the water itself.

18 CFO GALLAGHER: What are they doing?

19 MS. WHELE: They are charging a royalty based on --

20 MR. WILLIAMS: The value of the land where the well  
21 is.

22 MS. WHELE: And they do it per thousand. But they're  
23 not charging for the water. It's a rate for the value of  
24 the land that they calculated and maybe it was unfortunate  
25 that they attached the 20 cents per 1,000 gallon but it

1 was not for the water, it was for the land.

2 CFO GALLAGHER: So the bottom line is the land is  
3 worth what you at the water management district say it's  
4 worth. Because if you let them put 200,000 gallons out a  
5 minute, boy, that's worth a lot. You only tell them they  
6 can put out 500 gallons a week, then it's not worth very  
7 much. So how are you doing what the land is worth?

8 MS. WHELE: You're absolutely right and I think we're  
9 talking about two different issues. The value of the land  
10 is the value of the land. And the ability to take water  
11 off of that land is a separate water supply water use  
12 issue that usually does not attach to the value of the  
13 land.

14 CFO GALLAGHER: See, this is what I think some of us  
15 up here are having a problem with in regards to -- I mean,  
16 I like the idea he's going to develop it nicely. I think  
17 it's great that we're going to take some of this land and  
18 preserve it. It's just, you know, this isn't the  
19 beginning of water wars. We've had them since the --  
20 well, before I was around. Yeah, that long. And it's  
21 going to get worse, not better. So this is a really, to  
22 me, a very, very important issue to get solidified before  
23 we move ahead and maybe in a different way than you-all  
24 are you solidifying it.

25 THE GOVERNOR: Can I make a suggestion? May I

1 suggest that we take a five-minute break for the court  
2 reporter and the Governor?

3 (Brief recess.)

4 THE GOVERNOR: Could I have everybody's attention,  
5 please? Thank you. Colleen?

6 MS. CASTILLE: Yes, sir.

7 THE GOVERNOR: You want to continue?

8 MS. CASTILLE: I do. I imagine that we -- do we want  
9 to keep talking about water where we took the break or do  
10 we want to take speakers?

11 CFO GALLAGHER: Well, I had a chance to have a little  
12 discussion about some of the things that I think were  
13 causing all the water discussion. And I think  
14 Mr. Kitson's or his utility expert might want to present  
15 to us what they think might take care of people sitting up  
16 here is the water problem.

17 MR. SUNDSTROM: Governor and cabinet, my name is Bill  
18 Sundstrom. I'm representing Mr. Kitson for water utility  
19 issues. We've reached an understanding which we'll be  
20 glad to build into the contract to address --

21 THE GOVERNOR: Well, you haven't reached -- tell us  
22 what you're proposing. There's no understanding here.

23 MR. SUNDSTROM: Governor, I'm sorry. We've reached  
24 an understanding among ourselves how we would address --

25 THE GOVERNOR: Okay. That's fine.

1 MR. SUNDSTROM: Excuse me very much. How we'd  
2 address Mr. Gallagher's concern. And that is as we would  
3 bifurcate the valuation of the utility, that's the value  
4 of the assets that are on or crossing state land that  
5 would be sold at the time the utility is sold at cost.

6 MR. KITSON: So let me be more specific. So for the  
7 water utility and the utilities on our retained  
8 properties, they will be our responsibility to build and  
9 when we sell them, we'll sell them to the public but at  
10 whatever price that can be agreed to. For that on the  
11 State land and then water that is delivered to the  
12 counties or for any other public use, it would be then  
13 sold to the public at cost.

14 THE GOVERNOR: Sold at cost.

15 MR. KITSON: So we would take the responsibility  
16 still of putting in the infrastructure but it would be at  
17 cost.

18 COMMISSIONER BRONSON: Governor, could I make a  
19 comment on this?

20 THE GOVERNOR: Yes.

21 COMMISSIONER BRONSON: This is one of my sticking  
22 points, I guess. I was confused on which of the wells  
23 that are on the property that you're going to be able to  
24 keep and build on and the infrastructure of the facility  
25 would be on, is the way I understood it. But I was under



1 the understanding that the majority of the water and the  
2 piped water would come off of the State land that the  
3 State would purchase fee simple, which in all other  
4 purchases the water under it and everything else, all the  
5 resources that are there, belong to the State at the time  
6 of that fee simple purchase and that's where I was having  
7 a problem.

8 If you were going to pump water out of a well, that's  
9 kind of like saying, Well, you know, we'll put up an oil  
10 well in Alaska and pump it about 30 miles across the line  
11 into Russia and pump all their oil out from under them.  
12 I'm a little concerned about how that water is going to  
13 transfer from state land through this process and then the  
14 whole aspect of selling the water that's actually coming  
15 off of state land through that system. And that's what  
16 had me concerned.

17 MR. KITSON: Yeah, I think that solves that problem  
18 because we're literally, for our development, we don't  
19 need to use State land for our development. We put the  
20 wells right on our own property. And the 75 wells that  
21 we've been proposing on the State land essentially will be  
22 used for sources outside, the commitments we've made to  
23 the counties.

24 THE GOVERNOR: But if it's at your cost, what's the  
25 advantage of investing 100 million bucks to build all this

1 infrastructure then you're transferring it to Charlotte  
2 and Lee, I guess.

3 MR. KITSON: That's a great question. And the reason  
4 is is because it was an important part of the deal for the  
5 counties, particularly Charlotte County.

6 THE GOVERNOR: Why don't we look at doing this. This  
7 is a horrible way to negotiate an incredibly complex real  
8 estate deal, by the way. Four guys, you know, in a public  
9 gathering. The public part is good but this is complex  
10 and we need to be very careful we don't make commitments  
11 that haven't been thought through completely.

12 But if you have -- why not if you have enough water  
13 on the 18,000 acres or whatever the amount is that you  
14 want to keep to build your beautiful development, why not  
15 be done with it? Allow us to deal with the water issues  
16 on the rest of the property?

17 MR. KITSON: Well, I think that would be a problem  
18 for Charlotte County. I think part of the deal with  
19 Charlotte County has been, and they stated from day one  
20 how important this water was to them. And not so much Lee  
21 County, I can't really -- that's been a little less clear.  
22 But on the Charlotte County side, they said from day one  
23 that this has been an important part of what they've done.  
24 We have this utility that we've paid for as part of our  
25 purchase price and therefore we've committed from the

1 beginning to supply them with that water. Now separating  
2 this out now and eventually selling them that utility I  
3 think could probably flow pretty well because they would  
4 ultimately, whether it be Charlotte County, Lee County, or  
5 them together, however that would work, they would have  
6 those rights.

7 THE GOVERNOR: Well, it seems like, you know, there  
8 is -- the big elephant in the room here is the water deal  
9 that you've struck has value that you're using to make  
10 this whole thing work and everybody --

11 MR. KITSON: Right.

12 THE GOVERNOR: And when you said you made a mistake  
13 when you said what the value was, I think you were honest.  
14 I think you were being accurate. Whether it's the  
15 transmission of water that has value or the water itself,  
16 I'll leave that for the legal people and all that. Water  
17 has value, come on. Call it -- even the transmission for  
18 a gallon of it, there is value. And you're using that  
19 value to make this deal work.

20 MR. KITSON: And I only get 60 percent of it too.  
21 And remember that. So a part of everything we do, we have  
22 to look at what we actually get. Because of the C corp,  
23 we only get 60 percent of the revenues.

24 CFO GALLAGHER: Well, let me try to look at this in a  
25 different way. I don't think any of us up here have a

1 problem with the land that you retain, that you have a  
2 water company on and that you pump for the use that you  
3 get a consumptive use from the water management district  
4 and that's all well and good. I don't think any of us  
5 have a problem with it, that's how you do a development.

6 Now we talk about the water that other counties think  
7 they may need down the road and they're holding you up for  
8 it maybe. I won't say they're doing it for sure but it  
9 sounds like it. I'll speak for this member of the  
10 cabinet. If there was a need for water by a county or a  
11 city and they could not get it somewhere else, I believe  
12 that they could come to us and we would probably allow  
13 them to take the water because that's -- I mean, it's  
14 public land and it's just going to flow somewhere else if  
15 they didn't get to use something. So I wouldn't have a  
16 problem with doing that. They'd have the responsibility,  
17 obviously, of paying for it, getting it there, and all the  
18 other stuff. We wouldn't pay anything. Might not even  
19 charge them anything. I don't know, we may.

20 But that was a small land lease for if they ran  
21 across it or something probably. So those being said, if  
22 you were the one that was going to facilitate that for  
23 them, you know, that would be okay too because somebody is  
24 going to have to do it. I think the issue we're having  
25 here is that nobody has shown us the necessity of taking

1 water off of there for those counties at this point.  
2 There may be a point where it's needed but pretty much  
3 today, nobody really thinks it is. So -- and I don't mind  
4 you making the deal when they need it that you'll put it  
5 in for them, that's okay too. But I think we're  
6 uncomfortable with basically giving away the water that we  
7 sort of are buying, especially when you don't need it for  
8 what you're doing.

9 So what I would suggest at this point is I think  
10 you're getting close to what makes some sense. The  
11 Governor is right. This is not easy. It is complicated.  
12 We have counties that are involved in it too. And I would  
13 like the rest of the deal, you know, you're getting real  
14 specific in some of the stuff. We're not as wishy washy  
15 as when we started. There's more specifics to get done.  
16 And I would suggest that we get these specifics done along  
17 with the water and with the counties recognizing you're  
18 going to get water from us if you show you have a need.  
19 And I don't even mind that being in there. But we're  
20 certainly not going to just pump water off there when  
21 there is no need.

22 MR. KITSON: I think -- and I can't speak for the  
23 counties, obviously. But I think if they knew that  
24 commitment was there, that same commitment that I was  
25 giving to them was there, that that would solve their

1 problem.

2 THE GOVERNOR: Well, let's try to work on that in the  
3 next couple of weeks in this infamous four-party  
4 interlocal agreement.

5 MR. KITSON: Okay.

6 THE GOVERNOR: I mean, because that would --

7 CFO GALLAGHER: I move that we hold this up until the  
8 November 22nd meeting, get all these details worked out,  
9 bring it back to us.

10 THE GOVERNOR: General?

11 MR. KITSON: Rather than do that because I truly do  
12 have an issue internally on a delay. If we could  
13 specifically talk about what it is we're agreeing to do  
14 and then have that four-party agreement -- I think that's  
15 a great idea because that is a place where it could be --  
16 from here, I could take it right to the four-party  
17 agreement which is going to be voted on a week from today  
18 and then -- in Lee County. And then two weeks from today  
19 in Charlotte County. I'm going to know in two weeks  
20 whether this all works.

21 But I think it can be fairly simple, if we're  
22 agreeing that through that agreement if they want water,  
23 if they're going to be coming through the state to make  
24 that happen and they're willing to agree to that, I think  
25 that's something that we could, on the record, state and

1 amend a contract to reflect that.

2 CFO GALLAGHER: Well, I know it might not fit you  
3 internally. But I think for me, I can only speak for  
4 myself, go get those four-party agreements done, bring  
5 them back and then we'll agree to buy the property. I  
6 mean, I'm real uncomfortable doing it the other way  
7 around.

8 THE GOVERNOR: Yes, General.

9 ATTORNEY GENERAL CRIST: I think where we are is, you  
10 know, the conservationist in all of us wants to do this in  
11 order to preserve Florida Forever. But I think the  
12 competing strong interest as well is we have a trustee  
13 obligation to make sure that when we go forward and make  
14 one of these acquisitions we do it in the best interest of  
15 the people and that's the difficulty, I think, that you're  
16 sensing with the cabinet today is we want to make sure we  
17 do what's right while we conserve Florida for future  
18 generations and we're just not sure we're there, I think,  
19 is the sense of it.

20 COMMISSIONER BRONSON: About the water issue, which  
21 is very important to me, as you know, but there are some  
22 other issues here that I was concerned about in this  
23 management plan issue and I think you heard the  
24 representative, he hit it on the head. All he did was  
25 look at the list and saw what was there. And we haven't

1 even heard from the ranch manager that's here about the  
2 cattle and the acreage and so forth. But you've got  
3 thousands and thousands of acres of agricultural property  
4 where timber and cattle, nursery, sod, all these things  
5 that fall under the Department of Agriculture oversight  
6 and I don't think I remember anybody from my office being  
7 at the table to discuss all this stuff. And while I think  
8 the Fish and Wildlife Commission does an exemplary job of  
9 protecting Florida's wildlife and natural resources from  
10 that standpoint, I think there needs to be some discussion  
11 here about those management issues, we manage timber, we  
12 manage, we look -- oversight of cattle and all these other  
13 issues out there and especially since people are using the  
14 Department of Agriculture's best management practices all  
15 over the state for the production of cattle and other  
16 commodities, I think we need to talk about this management  
17 component on the rest of this as we go into this  
18 discussion about the water.

19 CFO GALLAGHER: Every ten years?

20 COMMISSIONER BRONSON: For ten years, that's my  
21 understanding. They've got it the first ten years and  
22 then it's turned over to this -- and I saw this board and  
23 I'm not sure who this board is going to be.

24 THE GOVERNOR: Let's let Colleen explain it to you.

25 MS. CASTILLE: The management -- hold on, let me get



1 my paper. The management of the ranch will continue with  
2 a management agreement that's an interim management  
3 agreement with the Babcock Ranch and Kitson -- as Kitson  
4 owns it. We are -- it's a 5-year period, two 5-year  
5 periods of time. And in the interim, we have about an  
6 18-month process where all of us -- all of the agencies  
7 will get together with the public, with -- it's a public  
8 process on deciding how the land should be managed. But  
9 the contract will -- and then the contract will be amended  
10 with Kitson and Partners to reflect the management plan  
11 that's been decided upon and that we would bring back to  
12 this board.

13 CFO GALLAGHER: Aren't we going to decide as the  
14 trustees of the Internal Improvement Trust Fund who's  
15 going to manage it?

16 MS. CASTILLE: Yes. We have a group of agencies that  
17 are getting together to decide what the management plan  
18 shall be and will be a recommendation to you.

19 CFO GALLAGHER: They're getting together not to  
20 decide but to recommend.

21 MS. CASTILLE: To recommend, yes.

22 CFO GALLAGHER: And is agriculture included in that?

23 THE GOVERNOR: Absolutely.

24 MS. CASTILLE: Yes, they are. And they have been  
25 involved in our discussions in the past six months.

1 COMMISSIONER BRONSON: That's not what this says.

2 MS. CASTILLE: Chuck Aller and Mike Long have been  
3 involved in discussions with us.

4 COMMISSIONER BRONSON: But the paper I've got here  
5 says Fish and Wildlife Conservation Commission is the lead  
6 managing agency.

7 MS. ARMSTRONG: Yes, sir, they are the lead agency.

8 COMMISSIONER BRONSON: On agricultural land and  
9 including the wildlife lands?

10 MS. ARMSTRONG: Yes, and let me give you a little  
11 background. Because when the Babcock family first  
12 appeared at DEP when Secretary Struhs was still here, the  
13 original plan was that we were going to convert -- the  
14 ranch wasn't going to be kept. At that point, we were  
15 going to turn it into a wildlife management area and do  
16 those kind of activities. And it's only been in the last  
17 three years since we've been down there a lot and the  
18 support has grown to maintain it as an active ranch. And  
19 so since that has occurred, we've come to you with a  
20 change in the management philosophy which is in the agenda  
21 item today and we started working with a lot of people at  
22 the local level and the state level to put together a plan  
23 to maintain it as an active ranch. And that's why you see  
24 the recommendation before you today to make use of not  
25 just your agency, but there are three state universities

1 that see this as an opportunity to use the ranch as a lab  
2 and go beyond normal ranching activities and public use  
3 activities out there on the ranch and so that's why we  
4 have this design and we've talked with Chuck Aller several  
5 times. We tried to get other cattle people involved in  
6 your division but we were told Chuck was the one to deal  
7 with so that's who we've talked to about it.

8 MS. CASTILLE: But Division of Forestry is the  
9 secondary manager in the plan.

10 MS. ARMSTRONG: Cooperating manager.

11 THE GOVERNOR: And there will be ten years to figure  
12 it out.

13 MS. ARMSTRONG: And, remember, this is not locked in.  
14 This is just at the beginning. This is a very complex  
15 piece of land to manage.

16 CFO GALLAGHER: Just so we understand one thing. The  
17 final decision on who manages this land and who runs this  
18 land is not part of this contract. It's done by this  
19 board.

20 MS. ARMSTRONG: Right. This is just the purchasing.

21 MS. CASTILLE: No, let me clarify that, Treasurer.

22 CFO GALLAGHER: Which we can change any time we want.

23 MS. CASTILLE: Let me clarify that, Treasurer. The  
24 contract says that Kitson and Partners, under the new  
25 ownership of the ranch, will be the manager of the land

1 for the next ten years.

2 CFO GALLAGHER: Find.

3 MS. CASTILLE: And that they will work with us to  
4 develop a management plan but there will be an interim  
5 management plan that they're going to continue to operate  
6 the ranch as they operate it today with additional  
7 hunting, I think that goes on it, public hunting. Then we  
8 will jointly, among all the agencies, develop a management  
9 plan that we will bring to the Board here for your  
10 approval.

11 MS. ARMSTRONG: And Fish and Wildlife is the  
12 designated managing agency. Because, remember, they're  
13 managing Fisheating Creek to the east, Babcock Cecil Webb  
14 to the west and it's being managed as a landscape piece of  
15 property that also connects to the panther ecoscape to the  
16 southeast. So they're managing all this property  
17 together. That is the key reason we're buying it. The  
18 ranch adds value to this acquisition.

19 CFO GALLAGHER: What's the part of the non-profit  
20 that gets established ten years from now?

21 MS. CASTILLE: That is the non-profit that we are  
22 proposing that gets set up at the end of the 10-year  
23 period to take ownership of the ranch. Because in the  
24 agreement, Mr. Kitson agrees to turn the ranch over, lock,  
25 stock and barrel and cattle over to the non-profit that we

1 would create.

2 CFO GALLAGHER: Well, let me ask you this.

3 MS. CASTILLE: Actually, it's to the State of Florida  
4 because --

5 CFO GALLAGHER: Comes out of the State of Florida is  
6 what it ought to come over to, the trustees. And if we  
7 want to put it out to lease to somebody or whatever, I  
8 think it ought to come to the trustees. And 10 years from  
9 now, whatever the trustees think they ought to do with it,  
10 they do.

11 MS. CASTILLE: And we can do that. We have not  
12 established what will be done in the 10-year --

13 CFO GALLAGHER: So instead of nonprofit, it ought to  
14 be turned over to the State of Florida and then we do what  
15 the next cabinet does.

16 MS. CASTILLE: The contract says State of Florida.

17 CFO GALLAGHER: Okay.

18 THE GOVERNOR: The Florida Legislature may have  
19 something to say about this too.

20 CFO GALLAGHER: Of course. I have that in my motion  
21 to bring it up, get the details worked out for the  
22 four-party agreement. Get some of these other things  
23 worked out and bring it back on the 22nd.

24 ATTORNEY GENERAL CRIST: Second.

25 MS. ARMSTRONG: Do you want to say anything?

1 THE GOVERNOR: Is there any discussion?

2 MS. CASTILLE: Mr. Kitson would like to speak. And  
3 there is also about another 15 speakers.

4 MR. KITSON: You know, I do believe that we can,  
5 right here, we can solve the water issue. I think we all  
6 agree that the management issues are going to be ongoing  
7 as far as how the -- some of the issues that we're just  
8 talking about now. And we'd like at least the chance to  
9 see if we can't come to an agreement on how this is going  
10 to work and one of the ideas is, to keep it very simple on  
11 the water side, is -- and this is why a vote would be very  
12 helpful today because then on the next two meetings I have  
13 with the counties, at least they're going to understand  
14 where we are and the position in this. And that is if we  
15 agree, Kitson and Partners agrees, that we will be  
16 responsible for the water on our property and leave it at  
17 that.

18 And then the counties can work with South Florida  
19 Water Management over the next several weeks to work out  
20 whatever concerns they have on their water issues. If we  
21 can agree to that and you can vote on that and I have a  
22 vote, then I know that over the next two weeks that we  
23 have a deal in place and it will make that a meaningful  
24 discussion with them.

25 THE GOVERNOR: My personal opinion is that I think

1 you have a general consensus that our hearts are in this,  
2 our minds are moving towards it. I'm more than happy to  
3 talk to the members of the County Commission, the chairman  
4 of the County Commission, to express what I think is the  
5 general feeling about the importance of doing this. But  
6 this is too complex to approve. I think we need to have  
7 an agreement that's ironed out. And, Mr. Kitson, I pledge  
8 to you that we will do what we can to be a catalyst for  
9 this four-party agreement to be done as quickly as  
10 possible.

11 If, in fact, Charlotte County says, Look, the only  
12 reason why we're interested in this is because we need  
13 lots of water, and that becomes apparent, then, first of  
14 all, Charlotte County has got some issues beyond this  
15 purchase that they need to work on with us. But we'll  
16 find that out in two weeks. I mean, you've spent a lot of  
17 time and a lot of money in chasing this deal. And I think  
18 it's important to get it right. There have been three or  
19 four additions to the contract that none of us saw this  
20 morning. I mean, everybody is working around the clock to  
21 get this done. I think a thoughtful way, given the size  
22 and scope of this transaction, is to know what we're  
23 buying when we commit to it.

24 CFO GALLAGHER: Let me try something that might work,  
25 Governor. I'd like to change my motion that says that I

1 move preliminary approval and hold final approval until  
2 the 22nd when we receive a contract to clarify.

3 THE GOVERNOR: It's not a binding commitment.

4 CFO GALLAGHER: But we preliminary approved it and we  
5 want to see details --

6 MR. KITSON: Well, certainly it's better than -- at  
7 least it shows the intent and that would certainly be  
8 acceptable till the 22nd.

9 COMMISSIONER BRONSON: I can second that motion  
10 because we still have to come back to this later on if it  
11 doesn't look like we feel comfortable with it.

12 ATTORNEY GENERAL CRIST: Certainly because it's not  
13 approval.

14 THE GOVERNOR: All right. There is a motion to --  
15 what did you call it?

16 CFO GALLAGHER: I'm saying preliminary approve it and  
17 final approval is going to be based on the issues being  
18 clarified in the contract for us for the 22nd of November.

19 THE GOVERNOR: And the four-party interlocal  
20 agreement.

21 CFO GALLAGHER: That's all part of the issues that  
22 have to be clarified.

23 THE GOVERNOR: All right. There is a motion.

24 COMMISSIONER BRONSON: Second.

25 THE GOVERNOR: And a second. Yes, Colleen?



1 MS. CASTILLE: We still have 11 speakers who would  
2 like to speak.

3 THE GOVERNOR: All right. We will hold this motion  
4 up to --

5 CFO GALLAGHER: Do they want to speak now? Give them  
6 a choice now or --

7 MS. CASTILLE: I think they would want to because if  
8 we're going to make amendments to the contract, you may  
9 want to consider what they have to say.

10 THE GOVERNOR: All right. If everybody could be  
11 brief, that's fair. You've all been very, very patient.

12 So we have a motion that's pending and a second but  
13 we're going to allow for 11 speakers. Whoever else wants  
14 to speak, at least I'll be here.

15 MS. CASTILLE: Betsy Roberts representing the Sierra  
16 Club.

17 THE GOVERNOR: Good afternoon.

18 MS. ROBERTS: Good afternoon. I guess it is on. You  
19 can hear me? I tend to have a quiet voice. Governor and  
20 cabinet, I thank you for the opportunity to speak to you  
21 today. Excuse me, I'm all choked up. I'm Betsy Roberts.  
22 I'm Florida chapter conservation chair and am speaking to  
23 you for our chapter and also for the public lands  
24 committee.

25 I'm a volunteer for this organization so I get no

1 money but I do work as a nurse and have worked -- you  
2 mentioned hurricanes, I worked very hard in the last few.  
3 Just got back from Louisiana where I was working with  
4 evacuees. On November 3rd, you should have received a  
5 letter provided with our position on this issue. My  
6 concern today is the 17,500 acres of real Florida that  
7 will be lost or altered with the sale of the Babcock  
8 Ranch. And although 7400 -- thousand acres, sorry, trying  
9 to decrease it, have the potential to be saved, this will  
10 still have an enormous impact on Charlotte County  
11 primarily but also on Lee County and on the surrounding  
12 region. Six million square feet of commercial along with  
13 50,000 new residents driving, going to school and work,  
14 playing golf and using water, will most definitely affect  
15 the area.

16 Other impacts will be on the endangered species in  
17 the vicinity, Florida panthers, bears, Sherman fox  
18 squirrels, scrub jays and gopher tortoises as all have  
19 been mentioned earlier, are just a few of the state list  
20 of species that will be affected.

21 From the previous discussion we've all heard and I  
22 know your major concerns is also the water and this has  
23 been our major concern too. Water is always a big issue  
24 in Florida and is a major concern with the sale. In its  
25 \*\*\*apparition to current water law, the State is agreeing

1 to give up public water by allowing Mr. Kitson to withdraw  
2 from approximately 75 parcels he would continue to own  
3 surrounded by State purchase of public lands. The well  
4 heads would be approximately 100 by 100 feet in size. The  
5 State would also allow Mr. Kitson to retain easements  
6 throughout the publicly purchased land for installation of  
7 pipelines to deliver the water from wells off site. Under  
8 the proposed agreement, Mr. Kitson can sell the public's  
9 water back to the public and operate his water business  
10 only because of the publicly owned water resources beneath  
11 land purchased with public funds. The fact that he would  
12 retain ownership of those 75 parcels is a distinction  
13 without a difference.

14 Acquiring Babcock Ranch with the water utilities  
15 spread out over public lands creates a very bad precedent.  
16 What environmental impacts will the loss of this 30 to  
17 50 million gallons per day of water cause to the  
18 environment and how much harm to the ecosystem will the  
19 loss of this water from Babcock wetlands cause? And most  
20 importantly, do we really need this city to save this  
21 land? If the rural stewardship land program is used as  
22 described in the contract and other communications, it  
23 would violate the intent and spirit of the state. We urge  
24 you to vote no on the sale of the Babcock Ranch and I  
25 appreciate your concern for the water as we obviously

1 have.

2 THE GOVERNOR: Thank you. Thank you very much.

3 MS. CASTILLE: Tom Reese.

4 THE GOVERNOR: Good afternoon.

5 MR. REESE: Good afternoon. I'm Thomas W. Reese.

6 I'm representing the Responsible Growth Management  
7 Coalition and the Greater Pine Island Civic Association.  
8 They're two organizations from Lee County which have been  
9 working for the last 17 years trying to get the Growth  
10 Management Act to work in Lee County. They had asked me  
11 to prepare an analysis of this particular sale and  
12 purchase agreement as well as the interlocal planning  
13 agreement. That I did and provided to your cabinet aides.  
14 In that analysis, I came up with a figure that the value  
15 to Kitson and his corporation is approximately \$1.1  
16 billion and in return we are getting land which is  
17 essentially -- we're paying full value for but getting  
18 with restrictions on water use which you've discussed as  
19 well as transfer of the development rights. And I came to  
20 that figure because I've been working in Collier County  
21 with their rural stewardship program which resulted from  
22 the administration commission back on June 22nd, 1999  
23 found the Collier plan not in compliance and ordered a  
24 three-year analysis and assessment. And out of that, they  
25 came up with a rural fringe amendment and a rural

1           stewardship. And in that program, they determined what  
2           transferred development rights for dwelling units is  
3           really worth. It came out and it is currently operating  
4           at roughly \$25,000 a unit. So when you figure that the  
5           applicant here with the permit application is asking for  
6           19,500 units for a new town with 6 million square feet of  
7           commercial, I came up with a figure that the dwelling  
8           units at \$25,000 a piece is worth \$487,000,000.

9           THE GOVERNOR: Did you discount it back given the  
10          fact it may take 20 years, 30 years?

11          MR. REESE: No, this is present day value. Same  
12          as -- that's how much is being purchased right now in  
13          Collier County. Developers are paying that for  
14          development rights. They are purchasing those. Those  
15          transactions are occurring. That sum was actually -- the  
16          Transfer Development Rights Program was prepared by  
17          Dr. James Nicholas, University of Florida. It was  
18          challenged and the challengers hired Dr. Fishkind to  
19          examine it and they came up and said that's basically the  
20          way it works. They pretty much agreed. Administrative  
21          law judge, Lawrence Johnston heard the testimony and  
22          entered a recommended order and DCA entered a final order  
23          saying that's the way it works in Collier County. So  
24          that's a pretty good figure at \$25,000 a unit. Now you  
25          get 6 million square feet of commercial. How much that's

1 worth, I put a figure of roughly \$50 a square foot, that's  
2 a ballpark figure. I'm not saying it's absolute but we're  
3 talking a couple hundred million dollars in commercial.

4 Now, put all that together, there was value for the  
5 water rights, that's being discussed here. But that's how  
6 I came up with the 1.1. I came up with the figure on what  
7 is the value actually of the ranch, 74,000 acres that  
8 you're proposing to buy. You're essentially getting a  
9 conservation easement because they are peeling off the  
10 development rights, they're transferring the development  
11 rights off those 74,000 acres and putting them over on the  
12 17,890 acres where they want their new town. They also  
13 had the water rights.

14 So I think roughly when you buy, as trustees, when  
15 you buy a conservation easement, you're paying roughly  
16 65 -- or those rights are worth about 65 percent. So  
17 really, the residency there is 35 percent. So I think  
18 it's only worth maybe \$132 million after you peel off the  
19 development rights and the water rights and they're asking  
20 you for \$350 million. That is a fee simple full-price  
21 appraisal. That's what I heard at the cabinet aides  
22 meeting, it was a fee simple, full-price assessment.

23 CFO GALLAGHER: Got a question, real quick. We're  
24 paying about 89 percent, wasn't it, of the full appraisal  
25 and we just took the water rights off of it. So now it

1 sounds like a better deal.

2 MR. REESE: It is a better deal. The development  
3 rights are still there and we haven't worked the water  
4 rights out but it looks like they're going to leave the  
5 water rights and not peel those off. So that would help.

6 CFO GALLAGHER: So at this point -- well, let me tell  
7 you the down side to this. You're not wanting us do this  
8 but at the same time, if not Mr. Kitson, somebody else can  
9 come along with us not involved and buy this from Babcock  
10 and develop it or they can do it themselves, they can go  
11 to Mr. Kitson, we're going to keep it in our family and  
12 we're going to contract you to build it, just give us a  
13 profit on it as we build it out so then we don't have  
14 anything.

15 MR. REESE: My clients and I are not suggesting that  
16 you just totally turn the deal down. The summary of the  
17 analysis is Mr. Kitson needs to sharpen his pencil. You  
18 need to cut a better deal. And that hopefully will happen  
19 in the next two weeks. I don't know whether two weeks is  
20 enough time to actually cut a better deal. But the rural  
21 stewardship program is based upon development rights  
22 having a value and if that's not entered into this  
23 calculation, I have a concern and my clients have a  
24 concern that that's going to affect other rural  
25 stewardship programs in other counties.

1           It's being proposed in Hendry County. It's being  
2           proposed in Glades County. If landowners see that  
3           Mr. Kitson can come in and not have to do an analysis for  
4           the development rights and can build a new town, it's  
5           going to discourage other landowners from doing what's  
6           currently occurred in Collier County. There, a large  
7           property owner came in and peeled off development rights  
8           and all sorts of rights off of 17,000 acres and gave it to  
9           Collier County, gave a conservation easement to Collier  
10          County and gave the same conservation easement jointly  
11          held by Department of Agriculture. There was no exchange  
12          of money for that. What they got was the right to build  
13          Ava Maria.

14                 Now would somebody do that again if they thought they  
15                 could get that town without peeling off conservation  
16                 easements free of charge? I think that's an important  
17                 policy decision. I'm not suggesting you vote this down.  
18                 I'm just considering -- asking you to consider all the  
19                 factors on what is the true value here and development  
20                 rights are very important and putting value on development  
21                 rights and getting conservation easements in return for  
22                 transfer of development rights is really the foundation of  
23                 the rural stewardship program.

24                 CFO GALLAGHER: Well, as you may have heard, there's  
25                 going to be quite a bit of conservation land in his



1 development plan on his land, not what we're buying.

2 MR. REESE: Correct. Just to repeat, I'm not  
3 suggesting -- you're making progress here today, very good  
4 progress. And I appreciate your time and effort.

5 THE GOVERNOR: Thank you, sir.

6 MR. REESE: One other item I wanted to stress. The  
7 contract does say the entire contract. It's very  
8 important you read Paragraph 23 because if it's not  
9 written in the contract, it doesn't exist. The contract  
10 supersedes anything else. You need it in writing in the  
11 contract.

12 THE GOVERNOR: Thank you. Thank you, sir. If I  
13 could ask the next nine speakers to be brief -- I can ask.  
14 I'm not sure anybody would listen.

15 MS. CASTILLE: If you could keep your comments to two  
16 to three minutes, it would be great. Is Janet Bowman  
17 here?

18 THE GOVERNOR: Senator Dockery, would you like to  
19 speak since you've been here? Welcome. Glad to have you  
20 here.

21 MS. CASTILLE: Dr. Burns.

22 THE GOVERNOR: Excuse me?

23 MS. CASTILLE: I'm sorry, Senator Dockery -- no?  
24 Janet Bowman.

25 MS. BOWMAN: I'm Janet Bowman. I'm the legal

1 director of 1000 Friends of Florida. We've been  
2 supportive of the State acquisition and protection of  
3 Babcock and we think it's a great opportunity.  
4 Personally, I'm a second generation southwest Floridian so  
5 it's something I get excited about. And I remember as a  
6 kid driving down to Ft. Myers to visit my grandmother and  
7 going by it.

8 During the public discussion and debate, there are a  
9 number of issues that we've raised with Mr. Kitson  
10 personally and he's been very receptive to listening to  
11 them. In the last day, there were four specific changes  
12 to the contract that we have sought. And I think three  
13 out of the four, which they're amenable to, but kind of  
14 the reception we got was, Well, we can't do that. We  
15 can't change the contract up or down today.

16 Well, obviously, it's not up or down today. So I  
17 wanted to briefly mention what those are. The first is  
18 with respect funding. The way the contract is drafted, it  
19 talks about having -- the Legislature appropriating  
20 adequate money for the various takedowns. It doesn't  
21 specifically require as a condition precedent that \$100  
22 million dollars is general revenue, okay? Obviously that  
23 would be nice but it doesn't specifically say that. So we  
24 have some concerns about Florida Forever money being  
25 drained and the idea of the possibility which the Governor

1 discussed. You know, if the Legislature came up with the  
2 full purchase price or bonded the full purchase price, I  
3 think it would be very desirable in the contract to have a  
4 specific requirement that the takedown is in a shorter  
5 period of time. Because the way it's structured now, if  
6 the parties agree, sure, that can happen but otherwise --

7 THE GOVERNOR: I think based on the conversation we  
8 had, there is a way to structure it so that it recognizes  
9 that the Legislature -- you know, there are 50 different  
10 options that they will have and so, therefore, the  
11 contract needs to reflect the takedown being symmetrical  
12 and we're committed to this. The only other issue I think  
13 maybe Syd outdid Eva on this was that the properties we're  
14 buying for our perspective are the least -- we're buying  
15 the least valuable first but that's to keep us in the  
16 game, I guess.

17 CFO GALLAGHER: And by the way, we did him the  
18 biggest favor in the world by closing on the 1st with all  
19 the cash.

20 MS. BOWMAN: Oh, sure, that that would be the best  
21 outcome for everyone involved but I do think there are  
22 reasons that it would be a good idea to specifically  
23 address in the contract.

24 THE GOVERNOR: I think we're going to do that.

25 MS. BOWMAN: The second is on the Rural Land

1 Stewardship Program. We've been supportive of the program  
2 in general. We gave Collier County an award for their use  
3 of the program. But we believe that there are some  
4 specific issues in the contract that just need to be  
5 nailed down. If it's used, there are some things we think  
6 should be in the contract.

7 First, that the Rural Land Stewardship Program can't  
8 be used to generate more credits than are necessary to  
9 authorize the number of units that Mr. Kitson is asking  
10 for from Charlotte County or Charlotte and/or Lee. That  
11 the credits can only be used in area six. That the  
12 credits can only be used in area six which is the area  
13 he's retaining for his development. And that if the  
14 credits are removed prior to the takedown, that the  
15 contract should provide for -- specifically provide for  
16 reappraisal. And that's just protection so that you-all  
17 know you're paying the appropriate amount for the piece.

18 On the water, obviously, you-all have had a great  
19 discussion about that and I appreciate your insight and  
20 your questions. One thing that we've pointed out as  
21 problematic is there is a provision in the contract, a  
22 noncompete clause. The State cannot compete with Town and  
23 Country Utilities or Mr. Kitson and specifically says, The  
24 purchaser shall not have the right to use or grant any  
25 third parties the right to use, remove, and/or pump water

1 from the surface or subsurface of the property for  
2 commercial use or otherwise.

3 Well, the commercial use, obviously that's an issue  
4 and that's been discussed. But the "or otherwise", I've  
5 had the concern of what if the State, for whatever reason,  
6 needed to use the water for some sort of public health or  
7 safety reason, they would be precluded by this paragraph  
8 from pumping the water off site from the Babcock Ranch.

9 THE GOVERNOR: Well, I think that's probably going to  
10 change now too.

11 MS. BOWMAN: Yeah, and it's going to change. But I  
12 wanted to specifically raise that because a discussion had  
13 been over valuing utility, where the pumping occurs, et  
14 cetera.

15 CFO GALLAGHER: That was in there because he was  
16 going to control the water. Now, once it's ours, that's  
17 going to come out of there because he's not going to  
18 have --

19 MS. BOWMAN: It certainly should come out of there.  
20 But I guess the point I would make is, you know, there are  
21 other potential uses other than commercial and that the  
22 State, in buying the resource, should be getting that.

23 CFO GALLAGHER: We're going to get it.

24 THE GOVERNOR: I think you got a better deal than  
25 even what you're proposing in your letter.

1 MS. BOWMAN: Anyway, so I appreciate your-all's  
2 questions and I appreciate all the time that your staff,  
3 both the cabinet aides and the DEP have given and I know  
4 everyone has put a lot of thought into this. Thanks.

5 THE GOVERNOR: Thank you.

6 MS. CASTILLE: Mr. Lane Stephens representing Nestle.

7 CFO GALLAGHER: And if it has anything to do with the  
8 word commercial, it's coming out of there so you don't  
9 have to talk about that.

10 MR. STEPHENS: I was not even going to speak to that.  
11 I didn't know it was on the list. But I was going to  
12 speak on behalf of another client. And so if you would  
13 indulge me just for about two minutes. Many of you know  
14 me as the lobbyist for Nestle but I also am executive  
15 director of Allied Sportsman's Association of Florida.  
16 This is an organization that represents probably 25 to  
17 35,000 sportsmen in the state and obviously we are very  
18 interested in this property and very interested in seeing  
19 hunters continue to have access to this in the future.

20 Commissioner Bronson, I look forward to working with  
21 you on the management plan issues with regards to your  
22 concerns or the concerns raised by Representative Machek.  
23 We have concerns about access issues, some things that  
24 were in the contract, there were some confusions about  
25 whether or not hunters will continue to be able to use

1 some of the swamp buggies and other types of things that  
2 they use currently on the property. It's our  
3 understanding they will continue to be able to use those  
4 in the future. So I wear several hats and I thank you for  
5 the opportunity to talk to you about hunters. Thanks.

6 THE GOVERNOR: Did you know that it takes 1.3 gallons  
7 of water to create one gallon of bottled water?

8 MR. STEPHENS: For Nestle it does. I do.

9 CFO GALLAGHER: Yet to make one gallon of soda it  
10 takes three gallons of water.

11 MR. STEPHENS: That's correct.

12 CFO GALLAGHER: And the most important is beer. It  
13 takes 42 gallons of water to make one gallon of beer.

14 MR. STEPHENS: We won't tell anybody else I represent  
15 Miller Brewing Company.

16 THE GOVERNOR: Just to prove we actually read the  
17 information people send in.

18 MS. CASTILLE: Vicky Tschinkel from the Nature  
19 Conservancy.

20 MS. TSCHINKEL: Hello. You know what? I just really  
21 hate it when everybody takes care of everything and then I  
22 don't get to say much so I thought I'd say something  
23 anyway.

24 MS. CASTILLE: She's transitioning into the  
25 supportive role.

1 MS. TSCHINKEL: Yes, I am. I'm rapidly transitioning  
2 into the supportive role. This has been a very  
3 difficult -- you cannot imagine what you haven't seen  
4 going on. I don't what you two said, but it probably  
5 wasn't very nice. (Laughter.) But I did want to point  
6 out one thing which is one of the things you're doing  
7 really, really right. It's something to underline. It's  
8 that you-all are not parties to the interlocal agreement.  
9 There's probably a reason for that that I don't  
10 understand. DCA is obviously. So a lot of things that  
11 you want to see happen in the interlocal agreement, you  
12 have no review -- no authority over. So by this delay and  
13 continuing to work on the interlocal agreement, a draft of  
14 which came out at 6:30 a.m., I think this morning, still,  
15 that really makes the timing a lot more sensible because  
16 you need to know what's going on in that agreement. And  
17 the only other thing, Governor, is the excitement that you  
18 have generated in this room about the potential for  
19 bonding for this program is incredible. I know you  
20 haven't said that, but you have mentioned it and that  
21 would be really great. So that's all I have to say.  
22 Thank you.

23 MS. CASTILLE: We have about eight more speakers.  
24 And let me call up Don Ross and Manley Fuller. If you can  
25 come up together, we can move people a little bit more



1 quickly.

2 MR. ROSS: I'm Don Ross. I'm a former commissioner  
3 of Charlotte County and in my life as a recovering  
4 politician, I run the company Earth Balance which is a  
5 restoration firm that serves the Southeast and it gives me  
6 the opportunity to see a lot of different kind of land.  
7 We work for the National Park Service, your park service,  
8 a lot of county parks. And I just want to tell you that  
9 this piece of property is an excellent piece of property  
10 not just because of its critical location but because of  
11 the way it's been managed for the last century. And so I  
12 just wanted to convey that to you and to give you one  
13 little vignette to back it up. Today, we're collecting  
14 seed on that property to restore land that is in less good  
15 condition. So we use the Babcock Ranch to collect seed  
16 and that's one of the revenue streams to the Babcock  
17 Ranch, is our seed collection for the restoration of other  
18 properties, either State owned or privately owned.

19 The second point I want to make that I don't think  
20 I've heard today is that this contract, even though it's  
21 complicated and involves a management plan and management  
22 partner, provides for the management and restoration of  
23 this property which is something you normally don't get  
24 when you buy property. You usually buy it and you run the  
25 previous owner off and you inherit the contingent

1 liability of restoration.

2 And in this management agreement, in this contract,  
3 you're not inheriting the contingent liability, you're  
4 basically running revenues back in from the operation of  
5 the ranch for its continued management and restoration.  
6 I'll be brief because I'm hungry as you are. Thank you.

7 THE GOVERNOR: Thanks.

8 MR. FULLER: Manley Fuller, Florida --

9 THE GOVERNOR: What are you reading, Manley?

10 MR. FULLER: Field Guide to Panama. I'm going there  
11 next week.

12 THE GOVERNOR: All right. Just curious. I always  
13 like to find a new good book. I noticed you were reading  
14 while we were deliberating.

15 MR. FULLER: The Florida Wildlife Federation, as do  
16 the people in this room, recognize the great quality of  
17 this property and the tremendous resource values that  
18 speaker after speaker have addressed. We have enjoyed the  
19 many discussions with Mr. Kitson and his representatives  
20 throughout the process. We appreciate the scrutiny that  
21 you-all have exhibited this morning in your role as  
22 trustees.

23 We think that another two weeks to work on this and  
24 refine this is a good thing to do. We are -- one of the  
25 things, Governor, that you alluded to as a possibility,

1 the bonding, the potential bonding or funding by the  
2 Legislature of this entire project. And I know how you  
3 said it. But that's really, from our perspective, would  
4 be a very significant thing if the Legislature could put  
5 that -- could put that package together because we have so  
6 many other very important projects around the state under  
7 the Forever Florida program that we've been concerned that  
8 that funding allocation in the current contract takes so  
9 much money away from Florida Forever that it would  
10 jeopardize other very important projects across our state.  
11 So we hope that the idea that was broached by you,  
12 Governor, are considered by the Legislature.

13 THE GOVERNOR: I'll let the treasurer speak first.  
14 Then I have a little shot at you.

15 CFO GALLAGHER: Listen, everybody wants to issue  
16 bonds because a great big bunch of money comes in when you  
17 issue the bonds. There's another little problem and maybe  
18 you could tell us. Where does the cash flow come to pay  
19 for the bonds?

20 MR. FULLER: Well, I think -- I'm certainly not an  
21 expert in that and I defer to your greater expertise in  
22 that. But I think it would be real estate, probably doc  
23 stamps.

24 THE GOVERNOR: And your point and it's a legitimate  
25 point, of the environment groups' concerns isn't

1           whether -- you know, you're not starting to attempt to  
2           dictate fiscal management of the budget so much as your  
3           concern of crowding out other worthy programs, correct?

4           MR. FULLER:   Yes, sir.

5           THE GOVERNOR:  For example, last couple years we've  
6           proposed, and I think the Legislature has gone along with,  
7           cash for Florida Forever.  You're not opposed to using  
8           cash for the same amount that was bonded?

9           MR. FULLER:  No, sir.

10          THE GOVERNOR:  So, you know, lighten up a little bit.  
11          Give us a break because maybe we can do all cash.  This  
12          economy is red hot right now and there is a lot of  
13          nonrecurring revenues.  Just recognize that there is --  
14          you know, what you want to have is make sure Florida  
15          Forever exists so we can buy in these important  
16          ecosystems.

17          MR. FULLER:  Yes, sir.

18          THE GOVERNOR:  I think there's a general agreement on  
19          that.  Don't give me hard time for being fiscally sound.  
20          You're for that, aren't you?  You're not for being  
21          fiscally unsound?

22          MR. FULLER:  No, sir, absolutely not.

23          THE GOVERNOR:  Just checking.

24          (Laughter.)

25          MR. FULLER:  My board of directors -- I have to meet

1 a budget and a CPA does my books. But your books are a  
2 lot bigger --

3 THE GOVERNOR: You mean, you can't borrow and use the  
4 taxpayers' debt service to pay for your ongoing --

5 MR. FULLER: No, we don't utilize taxpayer funds in  
6 our organization. But we're glad to work with you-all on  
7 this and look forward to coming back in a couple of weeks  
8 as these important issues are brought closer to conclusion  
9 or hopefully to a conclusion. Thank you.

10 THE GOVERNOR: Thank you, sir.

11 MS. CASTILLE: Andy McLeod from Trust for Public  
12 Lands.

13 MR. McLEOD: Governor and members of the cabinet, I  
14 heard your plea, Governor. Watch me be rapid. I am here  
15 solely to assert the interest of Florida Forever and its  
16 integrity. The Trust for Public Land has worked with a  
17 number of its statewide and national nonprofit  
18 environmental and conservation colleagues, some of whom  
19 you've heard from previously, some of whom you'll hear in  
20 a few moments, on Florida Forever and its long-term  
21 viability and its sufficient funding.

22 As we stated in a letter to you-all a month ago  
23 approximately, long before Babcock was announced, the  
24 Florida Forever program was already creaking under the  
25 weight of substantial need and substantially insufficient

1 funds to meet that need, a list of the \*\*\*Carl program at  
2 the Division of State Lands that amounts conservatively to  
3 \$3 billion. This is \$200 million of a remaining program  
4 amount over four years of \$420 million. And so it's just  
5 less than half of the remaining pot for four years.  
6 That's a substantial hit, we would argue, on the program.  
7 And we have tried to assert the interest of 67 counties in  
8 the context of a project being proposed in two counties.

9 That having been said, most recently we joined with  
10 the Audubon Society and the Florida Recreation and Parks  
11 Association in a letter to you-all just prior to this  
12 meeting today and I would read four short sentence  
13 fragments from that, it is to urge you, the cabinet, to  
14 consider the benefits of, one, funding the State's share  
15 of the Babcock Ranch purchase on a schedule earlier than  
16 that provided under the current contract. And, two,  
17 funding the State's share through special one-time or  
18 two-time funding. This could be achieved either by  
19 utilizing existing bond authority separate from the annual  
20 appropriations for Florida Forever or through the  
21 utilization of general revenue. Such an approach to the  
22 acquisition would provide greater simplicity to the  
23 transaction, increase its certainty to all parties and a  
24 potential reduced cost to the State.

25 Lastly, given the time and value of money to the

1 seller, Mr. Kitson, earlier payments may entice the  
2 seller, Mr. Kitson, to reduce the purchase price to the  
3 State. To answer your question, Commissioner Gallagher --  
4 (Laughter.)

5 THE GOVERNOR: I was just checking.

6 MR. McLEOD: I'll be leaving this room very quickly  
7 shortly after. To answer your question, Commissioner  
8 Gallagher, where does the money come from, where's the  
9 revenue stream. Well, arguably, doc stamps. There are  
10 two years of authorized but unused bonds for Florida  
11 Forever in the past that arguably could be used for this  
12 purpose. I'm not arguing prospectively that we take that  
13 money but rather looking at what might exist in the past.  
14 Eva, Colleen, and the Ben Watkins of the world can speak  
15 to those issues better than I can.

16 In conclusion, yes, perhaps your legacy will be the  
17 preservation of Babcock Ranch. We would urge you also to  
18 see that part of your proper legacy be as it is now, a  
19 healthy and robust well-funded Florida Forever program,  
20 and that you seek all of these creative and innovative  
21 ways to makes the deal happen. Appreciate your time very  
22 much.

23 THE GOVERNOR: Thank you.

24 MS. CASTILLE: Carol Newcomb Jones representing  
25 herself.

1 THE GOVERNOR: Good afternoon.

2 MS. NEWCOMB JONES: Hello. Well, I'm really  
3 disappointed you couldn't come up with a decision today  
4 but I understand it. But you blew my whole talk because I  
5 started off to say, We stand today. But I'll change it  
6 to, We stand in two weeks. And I'll make it brief. I'll  
7 just do my opening paragraph and my closing paragraph. So  
8 I'll cut out the middle section.

9 Well, we stand in two weeks at a historical moment  
10 for the State of Florida, its wilderness places, its  
11 heritage, and its citizenry. The challenge we face in two  
12 weeks in making an important decision about a large plank  
13 of earth, that being the Babcock Ranch, is not in what we  
14 know but in what we do. Much depends on our wisdom,  
15 foresight and maybe now it will be hindsight, rational  
16 dialog, cooperation, and the quality of our thinking to  
17 make good on this opportunity to preserved a significant  
18 piece of what is left of wild and old Florida.

19 And I'll skip this page. I'll skip this page. So I  
20 end with, In the next two weeks, every citizen of Florida  
21 should celebrate the successful public/private partnership  
22 that is taking hold in securing this ranch for its  
23 wildlife to carry on with the inherent right to live  
24 within and travel through intact, untouched ecosystems,  
25 securing the heritage of old Florida with its working



1 cracker cattle ranch, and securing the ranches means to  
2 provide an opportunity for its citizens and visitors to  
3 recreate in and have a piece of mind of that which is  
4 still breathing space, that there is still breathing space  
5 with large blocks of land still untouched.

6 And I'll just end, I decided I'll throw this in for  
7 what it's worth. I'll close with my favorite writer,  
8 Barbara Kingsolver, that's a good book you could read. By  
9 Barbary Kingsolver, People need wild places. Whether or  
10 not we think we do, we do. We need to be able to taste  
11 grace and know again that we desire it. We need to  
12 experience a landscape that is timeless, whose agenda  
13 moves at the pace of speciation and glaciers. To be  
14 surrounded by a singing mating howling commotion of other  
15 species and all of which love their lives as much as we do  
16 ours and none of which could possibly care less about us  
17 in our place. It reminds us that our plans are small and  
18 somewhat absurd. It reminds us why in those cases in  
19 which our plans might influence many future generations we  
20 ought to choose carefully, looking out on a clean plank of  
21 planet earth we can get shaken right down to the bone by  
22 the bronze-eyed possibility of lives that are not our own.  
23 Thank you.

24 THE GOVERNOR: Well done. Thank you. I hope no one  
25 else wants to speak after that.

1 (Laughter.)

2 MS. CASTILLE: I do have three other speakers,  
3 Governor. I have Eric Draper, Jim Handley from the  
4 Florida Cattleman's Association and I hope Arnie Sarlo who  
5 will be as eloquent as Carol who is the current ranch  
6 manager.

7 MR. DRAPER: Eric Draper. I will be quick. I will  
8 waive my time but I won't be here for your next meeting so  
9 I wanted to get on the record in support of this very good  
10 proposal.

11 I just want to say I think your staff has done a  
12 terrific job of putting this together. I've monitored it  
13 as it's gone along and it's been a very, very complicated  
14 proposal and I know they worked very hard, Eva and Colleen  
15 have. Governor, when you announced the Lake Okeechobee  
16 Estuary Recovery Program a few weeks ago, you talked  
17 about -- well, actually you may not have said this, but I  
18 know it was in the talking points.

19 (Laughter.)

20 THE GOVERNOR: In the script but not out of the  
21 mouth.

22 MR. DRAPER: You talked about using transferred  
23 development rights as a way to leverage conservation in  
24 Lake Okeechobee Basin and that is a really smart way to do  
25 this. And I think that's essentially what you're doing

1 here with the Rural Land Stewardship Program, is you've  
2 come up with a new tool and which came out of your growth  
3 management study commission a new way to leverage  
4 conservation at a discount to the State. I think you're  
5 getting a really good deal on this land at \$4700 an acre.  
6 We, Audubon, are very strongly supportive of continued  
7 ranching on this property. It produces about 5,000 cows a  
8 year. You're going to hear from Arnie, the ranch manager.  
9 He took me on a tour, great guy. Great place. You need  
10 to keep that ranching going. That's a good way to manage  
11 state land. I think myself that Kitson deserved a final  
12 vote today. I wished you had given that to him. There  
13 are pending deals that are behind his. I've been told by  
14 representatives of the family that they've got other cash  
15 offers just waiting for this one to fall apart. So I  
16 really hope that all the parties involved will continue to  
17 work to make sure that this definitely comes through and  
18 allow us, the environmental lobbying community, to get  
19 over to the Legislature and work hard to get them to  
20 appropriate the funds to finally do it because your  
21 decision won't be the final one, the Legislature still has  
22 to appropriate the money. Thank you very much.

23 THE GOVERNOR: Thank you.

24 MS. CASTILLE: Commissioner Janes wanted to say  
25 something before he left.

1 THE GOVERNOR: Very briefly, Commissioner.

2 COMMISSIONER JANES: Thank you very much.

3 THE GOVERNOR: Want to make sure you get your flight  
4 back home.

5 COMMISSIONER JANES: Indeed. I've got a meeting  
6 later on. I wanted to thank you for the interest and the  
7 attention that you've spent on this problem. Enormously  
8 complex. And I have to tell you as the only partner who  
9 is a partner with you in this project to the tune of  
10 \$40 million, we have great interest that it be done right.  
11 We want to spend our 40 million correctly and rightly.  
12 That's why I have absolutely no problem if instead of a  
13 preliminary approval you just wanted to delay the whole  
14 thing two weeks, it makes no difference to us. But we  
15 wanted to thank you for your interest and appreciate it.  
16 Thank you.

17 THE GOVERNOR: Thank you for coming up.

18 MS. CASTILLE: Mr. Jim Handley, Florida Cattleman's  
19 Association.

20 MR. HANDLEY: Thank you, Governor and cabinet. I  
21 appreciate the opportunity to speak. I'll be real brief.  
22 It's a beautiful piece of country. It's a tremendously  
23 well-managed ranch. The past management and current  
24 management are doing an outstanding job. They've been  
25 recognized for that. They've won awards for their

1 environmental stewardship and we applaud your efforts. I  
2 know there is a tremendous amount of detail that needs to  
3 go into it. We stand ready to support it. We think it's  
4 the right thing to do and we look forward to seeing it  
5 come together. Thank you.

6 THE GOVERNOR: Thank you, Mr. Handley.

7 MS. CASTILLE: And lastly, Mr. Arnie Sarlo who's the  
8 current ranch foreman at the Babcock Ranch.

9 THE GOVERNOR: Good afternoon.

10 MR. SARLO: Thank you, Governor and cabinet. Good  
11 afternoon. It's a pleasure to be here and I've had the  
12 pleasure of managing the Babcock Ranch and brought two  
13 fellow managers up here today, our cattle manager and our  
14 wildlife biologist. They're here with me. Came up out of  
15 the woods and left that paradise to come here. And just  
16 wanted to say, you know, this plan, we support it and we  
17 think it fits everybody. It's a win/win. It's got a lot  
18 of details to work out but a key thing that Kitson and  
19 Partners did that's never been done before and Mr. Don  
20 Ross stated it before so I'll be brief and not be  
21 repetitive, but you think about it, there is a lot of time  
22 and effort that went into that management plan and it  
23 needs tweaking. I understood that came about today and it  
24 will be tweaked. But when you've got a piece of land that  
25 big, been compared to bigger than cities in New York,

1           there's a lot of time and a lot of effort that goes into  
2           that. And we have to hustle to get that done, well, that  
3           provision has been put in there and I think they should  
4           commend Kitson and Partners for that. That's one of the  
5           most wonderful things we've seen but it's not free,  
6           nothing is free. So you've got that money already set and  
7           there is a plan there. So a good plan set aside to keep  
8           what -- you know, I've watched every agency come through  
9           there, every state agency, commissioners, anybody,  
10          environmental groups, and they all have one consensus,  
11          it's a beautiful place. That means more to us that live  
12          there than anybody. It's a beautiful place but it's going  
13          to take time and money and there's a plan put in place by  
14          these people and we support it. I mean, people think  
15          that's easy? It's not. It takes our employees a year to  
16          learn their way around so they don't get lost and people  
17          don't take that into consideration. And not everybody is  
18          as lucky as us. We got to stand out there and David has  
19          got to patch fences at 3:00 in the morning in waist-deep  
20          water and we're out there in alligator-infested swamps  
21          killing Melaleucas and exotics. That money comes from  
22          somewhere and that plan is put in place and we really  
23          support this deal and we wish everybody else would because  
24          it's a win/win for everybody. Thank you.

25                 THE GOVERNOR: Hope we will. Thank you very much.

1 MS. CASTILLE: Thank you, Governor, members of the  
2 cabinet.

3 THE GOVERNOR: We have a motion and a second. Is  
4 there any other discussion? All in favor.

5 CFO GALLAGHER: Colleen. One other thing. In the  
6 contract, you have spelled out who is going to manage it  
7 from the State. Why does that have to be in the contract,  
8 just that the State will manage it, that's really up to  
9 the trustees. Can we just leave it that way?

10 MS. CASTILLE: It's in the agenda item, it's not in  
11 the contract.

12 CFO GALLAGHER: Okay.

13 THE GOVERNOR: There's a motion and a second. Any  
14 other discussion? Without objection, the motion passes.  
15 We look forward to seeing you in a couple of weeks. Thank  
16 you everybody for coming.

17 (Thereupon, the proceedings concluded at 1:40 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA     )  
COUNTY OF LEON        )

I, KRISTEN L. BENTLEY, Court Reporter,  
certify that the foregoing proceedings were taken before me at  
the time and place therein designated; that my shorthand notes  
were thereafter translated under my supervision; and the  
foregoing pages numbered 1 through 175 are a true and correct  
record of the aforesaid proceedings.

I further certify that I am not a relative, employee,  
attorney or counsel of any of the parties, nor am I a relative  
or employee of any of the parties' attorney or counsel  
connected with the action, nor am I financially interested in  
the action.

DATED this 23rd day of November, 2005.

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KRISTEN L. BENTLEY, Court Reporter  
Notary Public  
850-878-2221



