

MEMORANDUM

TO: Governing Board Members

FROM: Tommy B. Strowd, Director
Operations, Maintenance and Construction Division

DATE: November 15, 2012

SUBJECT: Recommend that the Governing Board approve Lease Agreement 4600002770 (7,086 acres); Polk County; Project – Kissimmee River – Pool A

Background:

The District entered into a five year Lease Agreement, No. C-13133, with Alec Fulford for approximately 7,086 acres in Polk County commencing on June 26, 2002 (the "Original Lease"). The Original Lease was extended for another 5 years to June 25, 2012. Mr. Fulford is now deceased and his widow, Mrs. Mary Fulford, was the successor to Mr. Fulford. The Original Lease was subsequently assigned to the current Lessee, CAF, LLC.

Request for bid 6000000538 for a new agricultural lease with a ten-year term for the subject lands was issued September 13, 2012. Responsive bids were due October 19, 2012. The winning bid was submitted by 5L Cattle in the annual amount of \$42,150 (\$50,400 gross minimum bid less annual work-in-kind credit of \$8,250 for roller chopping services). However, the current Lessee, CAF, LLC, exercised its right of first refusal pursuant to the District's current leasing policy by agreeing to pay 10% over the highest bid, resulting in a final net bid of \$46,365. Therefore, CAF, LLC is the proposed Lessee for the new ten-year term agricultural lease with contract number 4600002770 (the "New Lease").

There is one Special Provision in the New Lease. The Lessee shall construct additional perimeter fencing on the property, with respect to which the Lessee will be granted a fencing credit of \$38,500, which will be deducted from the annual rent due for the first year of the New Lease.

How this helps meet the District's 10-year Strategic Plan:

Approval of this item is consistent with the District's commitment to develop and manage appropriate resource based recreation in support of the District's 10-Year Strategic Plan. The land will be open on a limited basis to public use to provide resource based recreational opportunities compatible with the long term management of the property. The Original Lease was recommended as both a way to assist in the stewardship and maintenance of the subject lands by utilizing beef cattle as a tool in the maintenance of grass pastures and native range and to provide revenue for the maintenance and management of other District land.

Funding Source:

This item does not require the expenditure of District funds. This new lease will bring in \$425,150.00 of net revenue to the District.

Governing Board Members
November 15, 2012
Page Two

This Board item impacts what areas of the District, both resource areas and geography:

The lands for this lease are located in Polk County and are managed by the Land Management Section of the Land Resources Bureau within the Operations, Maintenance and Construction Division.

What concerns could this Board item raise?

There are no concerns regarding this Board item.

Why should the Governing Board approve this item?

This new lease would generate revenue for the District.