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Babcock buy looked doomed from start

DEP courted 9 groups to help in land deal

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TALLAHASSEE - From the start, Babcock Ranch was a conservation endeavor unlike any Florida had attempted.

It would have committed more taxpayer funding to buy land than any single purchase in the 15-year history of the state's conservation programs.

Yet even before a \$455 million offer was rejected last week, signs were abundant the deal was doomed.

The state's Department of Environmental Protection courted nine development companies and nonprofit groups in an effort to cobble together enough money to buy the sprawling 91,000-acre ranch in Charlotte and Lee counties.

One by one, either the

Babcock family or the state ruled out each company over an inability to assume the potential corporate income tax liability associated with purchasing Babcock Florida Co.'s stock, according to state records requested by Gannett News Service.

Three prominent national conservation groups - the Nature Conservancy, the Conservation Fund, and the National Fish and Wildlife Foundation - were unable to assume the tax burden individually.

And in a March 28 letter to Eva Armstrong, director of State lands, Babcock attorney Toby Brigham wrote that Babcock representatives had held private meetings with the two firms the state had settled on - Evergreen Investment Partnership and Land South Holdings - and failed to reach a deal for Babcock's stock. Brigham said shareholders have insisted that a third party could never pursue a pre-arranged sale to buy the stock then sell the land to the state.

Even so, the state pressed on with an April 5 bid that Gov. Jeb Bush said would stretch Florida's conservation dollars "about as far as we can go."

Babcock rejected both options April 12, reiterating that the company or buyer would be liable for as much as \$181 million in corporate income taxes on the deal if the Internal Revenue Service viewed the multiyear land swap as a single transaction.

Armstrong declined to comment Monday, and representatives from Evergreen and Land South did not return messages.

A DEP spokeswoman said agency heads went forward with the April 5 offer because they were hopeful the Babcock family would reconsider.

Florida was limited in the cash it had to swing the purchase, and in the formula it has to follow to spend tax dollars - including a year or longer to get appraisals completed and finalize negotiations.

Florida's bid to buy Babcock Ranch depended on a \$150 million contribution from Land South Holdings, a Mulberry-based firm, in exchange for 28,892 acres on four tracts in Charlotte County - more than 12,000 acres of which would have been developable.

Land South would have provided \$55 million up front for the purchase, reserving \$100 million for taxes and the carrying costs associated with spreading the land purchase out over five years.

DEP would have leaned on Lee County for \$81 million, asked the Florida Legislature for another \$100 million in general tax revenues, and drained \$199 million from the Florida Forever conservation program.

Lee County Commissioner Bob Janes said the state never communicated how much money it was banking on from the county.

"They could have worked with us a lot closer than they did," Janes said.

The state offer also depended on a second investment firm, Evergreen Investment Partners Inc., to serve as the middleman to purchase the Babcock Florida Co. stock and assets.

Evergreen, a newly formed joint venture between investment attorneys in Florida and New York, would then sell the state 62,469 acres of the ranch in separate transactions over five years, state records show.

According to a memorandum from Armstrong on the deal, Land South's two partners, Brian Philpot and Robert Harper, were Central Florida real-estate brokers whose single biggest previous land deal had been for \$45 million.

Evergreen would have owned the various businesses on the ranch, including mining, sod farm, agricultural

and hunting businesses.

Land South was intent on getting the maximum development rights on its share of the land.

Half the 28,892 acres Land South would receive over five years would come with conservation easements preventing development. The remaining 12,000 acres were zoned for one housing unit per 10 acres, and the state was considering transferring its development rights off the rest of the ranch to Land South, giving the firm the ability to build about 7,400 homes on the 12,000 acres, according to previously confidential state records.

In early March, DEP appraisers put the value of the 5,200 units the state would give Land South at \$131 million.

DEP appraiser Thomas Porter, in a March 1 e-mail to Armstrong, cautioned that Charlotte County would probably have to approve the transfer of development rights to Land South and warned of a "public outcry" over the deal "if the state purchases for conservation/recreation and then turns around and sells TDRs to a private party for development."

Charlotte County Commissioner Adam Cummings said Monday that Armstrong told him last month that no transfer of development rights would take place in the deal.

"If they were counting on transferring development rights, they contradicted that in their verbal statements made," Cummings said.

BABCOCK PLAYERS

Land South Holdings, a Mulberry-based firm, would have paid \$150 million in exchange for 28,892 acres, more than 12,000 acres of which would have been developable.

Evergreen Investment Partners Inc., would have purchased the Babcock Florida Co. stock and assets, then sold the state 62,469 acres over five years.

Lee County would have been asked for \$81 million

The Florida Legislature would have given \$100 million in general tax revenues

Florida Forever conservation program would have given \$199 million

MAP NOT AVAILABLE

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In-depth: Documenting the twists and turns of the would-be land deal

See it: Map of the variety of areas and ecosystems in the ranch's boundaries

Download it: Babcock family's letter declining state's purchase offer

See from above: Aerial video and photo galleries show the land and the animals that inhabit it

Readers' forum: Is it worth buying?