

August 31, 2011

The Honorable Rick Scott
Governor of Florida
The Capitol
400 South Monroe Street
Tallahassee, FL 32399-0001

The Honorable Jennifer Carroll
Lt. Governor of Florida
The Capitol
400 South Monroe Street
Tallahassee, FL 32399-6536

The Honorable Adam Putnam
Commissioner of Agriculture
The Capitol
400 South Monroe Street
Tallahassee, FL 32399-0810

The Honorable Pam Bondi
Attorney General of Florida
The Capitol
400 South Monroe Street
Tallahassee, FL 32399-1050

The Honorable Mike Haridopolos
President, The Florida Senate
420 Senate Office Building
404 South Monroe Street
Tallahassee, FL 32399

The Honorable Dean Cannon
Speaker, Florida House of Representatives
513 The Capitol
402 South Monroe Street
Tallahassee, FL 32399-1300

The Honorable Jeff Atwater
Chief Financial Officer of Florida
The Capitol
400 South Monroe Street
Tallahassee, FL 32399-0300

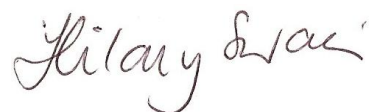
Mr. Nick Wiley
Executive Director
Florida Fish and Wildlife Conservation Commission
620 South Meridian Street
Tallahassee, FL 32399-1600

Dear Governor Scott, Lt. Governor Carroll, Commissioner Putnam, Attorney General Bondi, President Haridopolos, Speaker Cannon, CFO Atwater, and Mr. Wiley:

Please find enclosed for your review, the Babcock Ranch Report for Calendar Year 2010.

If you have any questions or need any other information, feel free to contact me.

Sincerely,



Hilary Swain, Chairperson BRI

Babcock Ranch Inc. Annual Report for Calendar Year 2010

We are pleased to present this report on the operations, activities and accomplishments for Babcock Ranch, Inc. (BRI) for the fiscal year 2010. This report is a requirement of Florida Statute Ch. 259.1053.

Babcock Ranch, Inc. members for 2010 included:

Dr. Hilary Swain – Board of Trustees appointee (Chair); Appointed as Chair.
R.Z. “Sandy” Safley – Board of Trustees appointee (Vice-Chair)
Manley Fuller – Board of Trustees appointee (Treasurer)
Dr. Bill Hammond – Kitson and Partners, LLC appointee
Dr. William H. Wilcox – Charlotte County appointee
Erick Lindblad – Lee County appointee
James Bryan – Department of Agriculture and Consumer Services Division of Forestry (DOACS/DOF) appointee
Dr. George Tanner – Florida Fish and Wildlife Conservation Commission (FWC) appointee

No replacement appointment for Mr. Cary Lightsey (Resigned in 2008) – Board of Trustees appointee has not yet been made.

During 2010, management activities at Babcock Ranch Preserve (BRP) were the responsibility of the partnership between Babcock Ranch Management, LLC (BRM), the Board of Trustees, Florida Fish and Wildlife Conservation Commission (FWC), the Florida Division of Forestry (DOF), Lee County, Florida, Charlotte County, and Babcock Ranch, Inc. (BRI). BRM is the Manager of BRP (BRP Manager) for the duration of the Management Agreement. Babcock Ranch Inc. is an advisor to the BRP Manager during the term of the Management Agreement and assumes management of BRP (becomes the BRP Manager) when the Management Agreement terminates. During 2010, Florida Fish and Wildlife Conservation Commission and the Florida Division of Forestry were Lead Managing Agencies acting in a technical advisory role to the BRP Manager, and the Lee County portion of BRP.

Babcock Ranch Management, LLC (Manager) provided the Babcock Ranch Preserve 2010 Business/Operational Plan, a detailed report of its operations and activities for 2010, to Babcock Ranch Inc. and to the Department of Environmental Protection under a separate cover. Babcock Ranch Inc. is pleased with progress and activities at the Ranch and supports the approach with current financial constraints. Babcock Ranch Inc. reviewed the 2009 BRP audits, which was also reviewed by the Department of Environmental Protection.

During calendar year 2010, Babcock Ranch Inc. held three public meetings and three teleconferences (with opportunity for the public to listen in) of its Board of Directors. All were noticed meetings.

DATES:

Meetings: February 9th, April 13th, August 20th
Teleconferences: October 14th, November 18th, December 16th.

In the fall of 2010, BRM reported they would extend their management of the Ranch for another five years. BRM also requested some wording changes to update the Management Agreement and bring it into agreement with the Management Plan. Babcock Ranch Inc. reviewed the suggested revisions for the Management Agreement working with Kitson and Partners and taking public input. These recommended changes were supported by Babcock Ranch Inc.

BRI prepared a financial report for calendar year 2010 (see attached). Activities were primarily expenses for meetings.

Babcock Ranch Inc. continues to operate on very limited funds and will need to work with DOF and FWC in 2011 to seek additional funds for travel expenses in order to meet legislative requirements, continue meeting, and for planning for the eventuality of a transfer of management responsibilities to Babcock Ranch Inc. in the future. Babcock Ranch Inc. received a pledge of \$20,000 from Kitson and Partners to help offset some of the administrative costs over the next few years. These funds will be distributed in increments of \$5,000 per quarter, as needed. None of these funds were received in calendar 2010.

With limited funds and no state support for administrative staff, this has necessitated the support of Babcock Ranch Inc. members and their personal staff (primarily Archbold Biological Station and Florida Wildlife Federation) to maintain the organization in conjunction with help from BR Management in 2010.

Continuous and positive public input at the BRI Board meetings indicates that Babcock Ranch is recognized as a significant leader and role model in areas of conservation, wildlife management, and agriculture. Representatives from the Audubon Society, Eco-Voice, Quail Forever and the National Wild Turkey Federation attended BRI Board meetings throughout 2010, providing information on potential programs to generate income that would benefit both Babcock Ranch and the organization. The equestrian community would like to see progress on access for their interests – Babcock Ranch LLC is investigating liability and insurance implications, but there are ongoing challenges without sovereign lands immunity.

A state Land Management Review was organized by State Lands, DEP, and conducted during 2010 at Babcock Ranch. The results and report were very favorable.

Three new committees were formed during 2010: Executive Committee, which first met in June, Development Advisory Committee, which first met in August, and Legislative Advisory Committee which met with the Executive Committee in June.

Arnie Sarlo from Kitson and Partners LLC resigned (announced at August, 2010 meeting) and Steve Smith took over the position of ranch manager at Babcock Ranch. BR Inc. recommended Arnie for all his hard work and communications with BR Inc. since inception.

At the end of 2010, Babcock Ranch Inc. membership has several positions that require reappointments. The current members include (see chart below):

BOARD OF DIRECTORS

Hilary Swain, Ph.D. - Chair
Manley Fuller - Treasurer
William Hammond, Ph.D.

George Tanner, Ph.D.
William H. Wilcox, Ph.D.
Liz Donley

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Member/ Position	Email	1 st Year Appointed	Appointed By:	Term Length	Reappointed / Resigned	Expertise (as written in the original legislation)
Hilary Swain/ Chairman	hswain@archbold-station.org	2006	BOT <i>Governor Jeb Bush</i>	4 years		Sustainable management of forest lands for commodity purposes.
R.Z. "Sandy" Safley/ Vice-Chair	rsafley@penningtonlaw.com	2006	BOT <i>CFO Gallagher</i>	4 years		Financial management, budget and program analysis and small business operations.
Manley Fuller, III/ Treasurer	wildfed@gmail.com	2006	BOT <i>AG Crist</i>	4 years		Management of game and nongame wildlife and fish populations, including hunting, fishing, and other recreational activities.
Cary Lightsey/ Resigned (the replacement will serve rest of term)		2006	BOT <i>Comm. Bronson</i>	4 years	Resigned 2008	Domesticated livestock management, production, and marketing, including range management and livestock business management.
James Bryan	jbryan@lykes.com	2006	DOACS/DOF	2 years	Resigned 2011	Agricultural operations or forestry management.
Bill Hammond	naturalcontext@gmail.com	2006	Kitson & Partners	2 years	11/09/2010	Activities and management of the Babcock Ranch on the date of acquisition of the ranch by the state. Shall serve on the board of directors only until the termination of or expiration of the management agreement attached as Exhibit "E"...
Liz Donley		2011	Lee County	4 years	2011	Must be a resident of Lee County and who shall have experience in land conservation and management. Appointee shall serve as a member of the board of directors so long as the county participates in the state land management plan.
Bill Wilcox	bill.wilcox3030@gmail.com	2006	Charlotte County	2 years	11/25/2008	Must be a resident of Charlotte County and who shall be active in an organization concerned with the activities of the ranch.
George Tanner	tannerg@ufl.edu	2006	FWC	2 years	05/19/2009	Hunting; fishing; nongame species management; or wildlife habitat management, restoration, and conservation.

Babcock Ranch Inc. is still waiting for a replacement appointment for Mr. Cary Lightsey (Resigned in 2008) – This Board of Trustees appointee has not yet been made.

James Bryan has resigned in 2011.

Babcock Ranch, Inc

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Register: 1000 · Checking/Savings:1001 · SunTrust Bank - Operating

From 01/01/2010 through 12/31/2010

Sorted by: Date, Type, Number/Ref

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
01/12/2010	1044	Florida Dept of Envir...	5000 · General And Ad...		0.60	X		2,341.18
01/31/2010			4000 · Contributions - ...	Interest		X	0.20	2,341.38
01/31/2010			5000 · General And Ad...	Service Charge	15.00	X		2,326.38
02/28/2010			4000 · Contributions - ...	Interest		X	0.18	2,326.56
02/28/2010			5000 · General And Ad...	Service Charge	15.00	X		2,311.56
03/31/2010			4000 · Contributions - ...	Interest		X	0.20	2,311.76
03/31/2010			5000 · General And Ad...	Service Charge	15.00	X		2,296.76
04/07/2010	1045	Florida Dept of State	5000 · General And Ad...		61.25	X		2,235.51
04/09/2010	1046	Florida Dept of Envir...	5000 · General And Ad...		0.58	X		2,234.93
04/27/2010	1047	Archbold Biological ...	5000 · General And Ad...		78.61	X		2,156.32
04/27/2010	1048	Babcock Ranch Man...	5000 · General And Ad...		211.65	X		1,944.67
04/30/2010			4000 · Contributions - ...	Interest		X	0.19	1,944.86
04/30/2010			5000 · General And Ad...	Service Charge	15.00	X		1,929.86
05/31/2010			4000 · Contributions - ...	Interest		X	0.17	1,930.03
05/31/2010			5000 · General And Ad...	Service Charge	15.00	X		1,915.03
06/07/2010	1049	Florida Dept of Envir...	5000 · General And Ad...		0.36	X		1,914.67
06/23/2010	1050	Hillary Swain	5000 · General And Ad...		14.85	X		1,899.82
06/30/2010			4000 · Contributions - ...	Interest		X	0.16	1,899.98
06/30/2010			5000 · General And Ad...	Service Charge	15.00	X		1,884.98
07/31/2010			4000 · Contributions - ...	Interest		X	0.16	1,885.14

Babcock Ranch, Inc

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Register: 1000 · Checking/Savings:1001 · SunTrust Bank - Operating

From 01/01/2010 through 12/31/2010

Sorted by: Date, Type, Number/Ref

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
07/31/2010			5000 · General And Ad...	Service Charge	15.00	X		1,870.14
08/31/2010			4000 · Contributions - ...	Interest		X	0.16	1,870.30
08/31/2010			5000 · General And Ad...	Service Charge	15.00	X		1,855.30
09/30/2010			4000 · Contributions - ...	Interest		X	0.15	1,855.45
09/30/2010			5000 · General And Ad...	Service Charge	15.00	X		1,840.45
10/07/2010	1051	Florida Dept of Envir...	5000 · General And Ad...		0.63	X		1,839.82
10/31/2010			4000 · Contributions - ...	Interest		X	0.16	1,839.98
10/31/2010			5000 · General And Ad...	Service Charge	15.00	X		1,824.98
11/30/2010			4000 · Contributions - ...	Interest		X	0.15	1,825.13
11/30/2010			5000 · General And Ad...	Service Charge	15.00	X		1,810.13
12/13/2010	1052	Florida Dept of State	5000 · General And Ad...	VOID:		X		1,810.13
12/28/2010	1053	Florida Dept of State	5000 · General And Ad...		99.23			1,710.90
12/31/2010			4000 · Contributions - ...	Interest		X	0.16	1,711.06
12/31/2010			5000 · General And Ad...	Service Charge	15.00	X		1,696.06

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Accrual Basis

Babcock Ranch, Inc
Profit & Loss
January through December 2010

	<u>Jan - Dec 10</u>
Income	
4000 · Contributions - Unrestricted	
4002 · Interest Income	2.04
Total 4000 · Contributions - Unrestricted	<u>2.04</u>
Total Income	2.04
Expense	
5000 · General And Administrative	
5002 · Travel Expenses	78.61
5004 · Interest Payment	2.17
5005 · Bank Charges	180.00
5010 · Administrative Expenses	160.48
5011 · Miscellaneous Expenses	226.50
Total 5000 · General And Administrative	<u>647.76</u>
Total Expense	<u>647.76</u>
Net Income	<u><u>-645.72</u></u>

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Accrual Basis

Babcock Ranch, Inc
Profit & Loss Detail
January through December 2010

Type	Date	Num	Name	Memo	Amount
Income					
4000 · Contributions - Unrestricted					
4002 · Interest Income					
Deposit	1/31/2010			Interest	0.20
Deposit	2/28/2010			Interest	0.18
Deposit	3/31/2010			Interest	0.20
Deposit	4/30/2010			Interest	0.19
Deposit	5/31/2010			Interest	0.17
Deposit	6/30/2010			Interest	0.16
Deposit	7/31/2010			Interest	0.16
Deposit	8/31/2010			Interest	0.16
Deposit	9/30/2010			Interest	0.15
Deposit	10/31/2010			Interest	0.16
Deposit	11/30/2010			Interest	0.15
Deposit	12/31/2010			Interest	0.16
Total 4002 · Interest Income					2.04
Total 4000 · Contributions - Unrestricted					2.04
Total Income					2.04
Expense					
5000 · General And Administrative					
5002 · Travel Expenses					
Check	4/27/2010	1047	Archbold Biological Station	Hilary Swain Expenses	78.61
Total 5002 · Travel Expenses					78.61
5004 · Interest Payment					
Check	1/12/2010	1044	Florida Dept of Environmental Protec...		0.60
Check	4/9/2010	1046	Florida Dept of Environmental Protec...		0.58
Check	6/7/2010	1049	Florida Dept of Environmental Protec...		0.36
Check	10/7/2010	1051	Florida Dept of Environmental Protec...		0.63
Total 5004 · Interest Payment					2.17
5005 · Bank Charges					
Check	1/31/2010			Service Charge	15.00
Check	2/28/2010			Service Charge	15.00
Check	3/31/2010			Service Charge	15.00
Check	4/30/2010			Service Charge	15.00
Check	5/31/2010			Service Charge	15.00
Check	6/30/2010			Service Charge	15.00
Check	7/31/2010			Service Charge	15.00
Check	8/31/2010			Service Charge	15.00
Check	9/30/2010			Service Charge	15.00
Check	10/31/2010			Service Charge	15.00
Check	11/30/2010			Service Charge	15.00
Check	12/31/2010			Service Charge	15.00
Total 5005 · Bank Charges					180.00
5010 · Administrative Expenses					
Check	4/7/2010	1045	Florida Dept of State		61.25
Check	12/13/2010	1052	Florida Dept of State	VOID:	0.00
Check	12/28/2010	1053	Florida Dept of State		99.23
Total 5010 · Administrative Expenses					160.48
5011 · Miscellaneous Expenses					
Check	4/27/2010	1048	Babcock Ranch Managemenmt	Food Costs - Board ...	211.65
Check	6/23/2010	1050	Hillary Swain	Reimbursement	14.85
Total 5011 · Miscellaneous Expenses					226.50
Total 5000 · General And Administrative					647.76
Total Expense					647.76
Net Income					-645.72

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Accrual Basis

Babcock Ranch, Inc
Balance Sheet
As of December 31, 2010

	<u>Dec 31, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Checking/Savings	
1001 · SunTrust Bank - Operating	1,696.06
Total 1000 · Checking/Savings	<u>1,696.06</u>
Total Checking/Savings	<u>1,696.06</u>
Total Current Assets	<u>1,696.06</u>
TOTAL ASSETS	<u>1,696.06</u>
LIABILITIES & EQUITY	
Equity	
3900 · Retained Earnings	2,341.78
Net Income	<u>-645.72</u>
Total Equity	<u>1,696.06</u>
TOTAL LIABILITIES & EQUITY	<u>1,696.06</u>