

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: **March 23, 2010** Consent Regular
 Ordinance Public Hearing

Department: **Facilities Development & Operations**

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

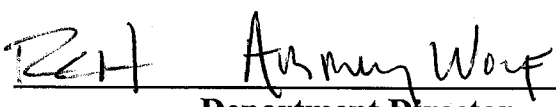
- A) approve** a Termination Agreement with Mecca Farms, Inc. of the 215-acre Amestoy property in the Ag Reserve (R-2006-0906); and
- B) adopt** a Resolution authorizing the Termination of the Mecca Farms, Inc. Lease Agreement.

Summary: This Termination Agreement formalizes the Board's direction of January 12, 2010 to terminate the Lease Agreement effective as of June 1, 2007 to coincide with Mecca Farms' cessation of farming operations in May of 2007. **(PREM) District 5 (HJF)**

Background and Justification: The County acquired this 215-acre property in June 2004, subject to a lease with Mecca Farms. The County issued an RFP in June 2005, Mecca Farms submitted a proposal to lease the property for \$1,723/acre and on May 16, 2006 the Board approved the Lease Agreement with Mecca. New regulations in association with the Everglades Forever Act were being drafted that were expected to restrict drainage discharges into the Arthur R. Marshal Wildlife Refuge after 2014. The Amestoy property historically discharges directly into the Wildlife Refuge. The regulations as adopted immediately prohibited discharges into the Wildlife Refuge and did not allow a phasing out of discharges over time as expected by Mecca. On July 21, 2009, the Board agreed to terminate the Lease with Mecca Farms effective as of September 1, 2007, with the payment of rent for June, July and August. Staff attempted to obtain the rent payment of \$122,838.98. On January 12, 2010 Board direction was requested as Mecca argued that; (i) they should not be required to pay rent for property they could not farm, (ii) that the new regulations immediately prohibiting discharges into the Wildlife Refuge was a material change that could not reasonably be foreseen and (iii) they are experiencing the same economic pressures as other farmers. The Board agreed and revised the effective date of termination to June 1, 2007.

Attachments:

- 1. Location Map
- 2. Termination Agreement
- 3. Resolution
- 4. January 12, 2010, Agenda Item
- 5. July 21, 2009, Agenda Item

Recommended By:  3/3/10
 Department Director **Date**

Approved By:  3/16/10
 County Administrator **Date**

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2010	2011	2012	2013	2014
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u>(see below)</u>	=====	=====	=====	=====
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included in Current Budget: Yes No

Budget Account No: Fund _____ Dept _____ Unit _____ Object _____
 Program _____


B. Recommended Sources of Funds/Summary of Fiscal Impact:

Revenues from the Ag Reserve Leases are allocated to Maintenance of Environmentally Sensitive Lands. The forgiveness of Mecca's rental payment of June, July, and August results in a revenue reduction of \$122,838.98.

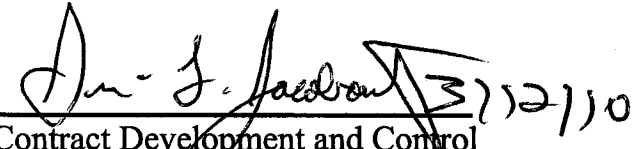
C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development Comments:

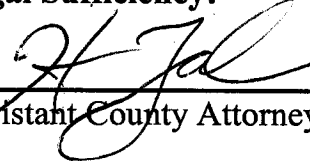


 OEMB
 MD
 3/11/2010
 3/12/10



 Contract Development and Control
 This termination of Lease Agreement complies with our review requirements

B. Legal Sufficiency:



 Assistant County Attorney
 3/15/10

C. Other Department Review:

 Department Director

This summary is not to be used as a basis for payment.

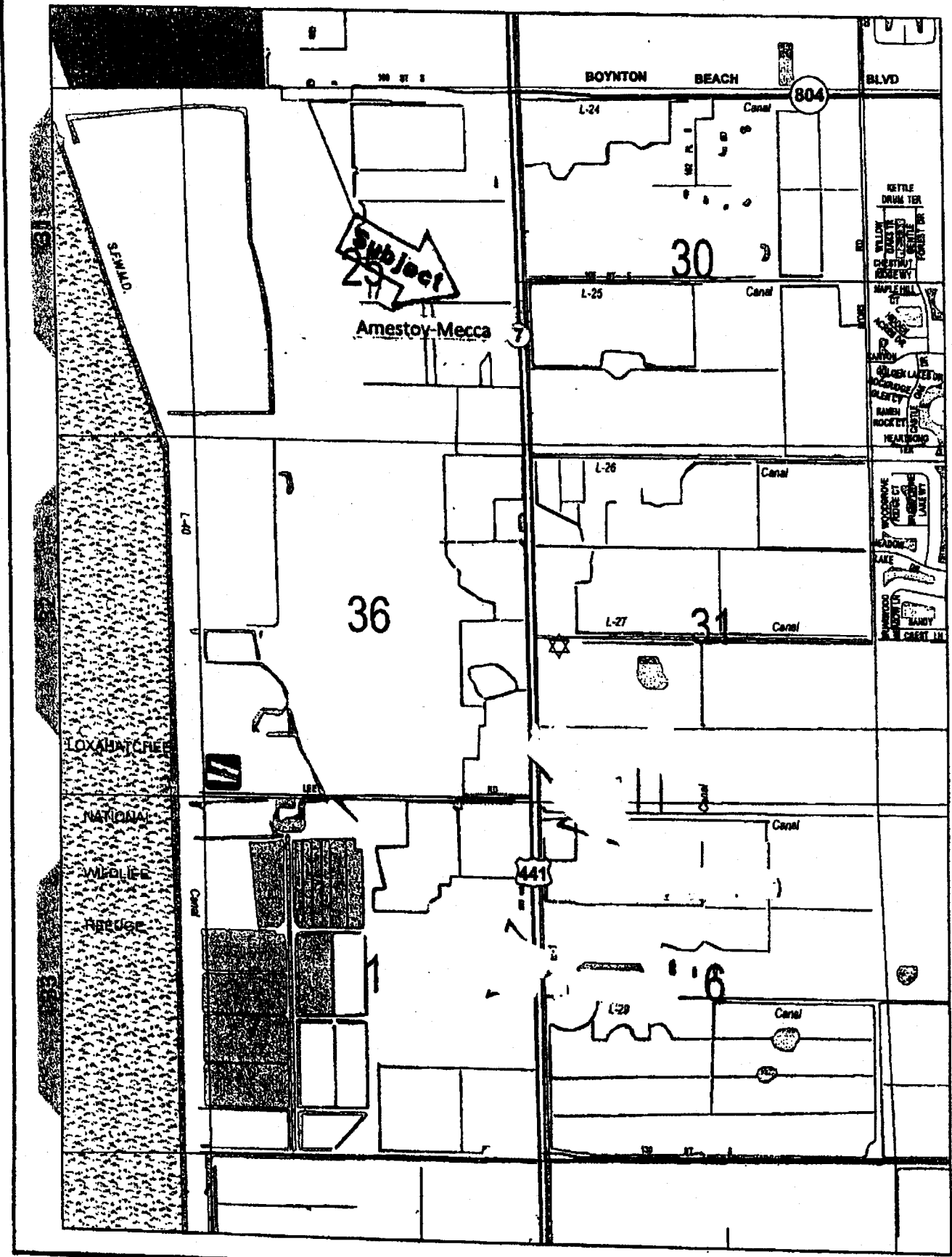
101

R41

R42

L

K



T45

T

T46

101

Amestoy-Mecca

LOCATION MAP

ATTACHMENT # 1



TERMINATION OF LEASE AGREEMENT

THIS IS A TERMINATION OF LEASE AGREEMENT made and entered into on _____, by and between **PALM BEACH COUNTY**, a political subdivision of the State of Florida, hereinafter referred to as "County" and **MECCA FARMS, INC.**, a Florida corporation, hereinafter referred to as "Tenant".

WITNESSETH:

WHEREAS, County and Tenant entered into that certain Lease Agreement dated May 16, 2006 (R2006-0906) (the "Lease") relating to the real property legally described in Exhibit "A" attached hereto; and

WHEREAS, the parties have agreed to terminate the Lease.

NOW, THEREFORE, in consideration of TEN AND NO/100'S DOLLARS, in lawful money in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The foregoing recitals are true and correct and incorporated herein by reference.
2. County and Tenant agree that the Lease is terminated, canceled, and extinguished, and Tenant is released from all further obligation thereunder, and Tenant hereby releases, relinquishes, and quit claims to County all right, title and interest of Tenant in and to the real property described in the Lease, all improvements thereto, and any items of personalty located upon such property.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, Tenant has executed this instrument on the date set forth below and County upon the date first above written.

WITNESS:

TENANT:

MECCA FARMS, INC., a Florida corporation

Valerie Tarplee
Witness Signature

By: Thomas Mecca
Thomas Mecca, Vice-President

Valerie Tarplee
Print Witness Name

(SEAL)

Louis Catalano
Witness Signature

Date: 3-1-2010

Louis Catalano
Print Witness Name

ATTEST:

COUNTY:

SHARON R. BOCK
CLERK & COMPTROLLER

PALM BEACH COUNTY, a political subdivision of the State of Florida

By: _____
Deputy Clerk

By: _____
Burt Aaronson, Chair

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

APPROVED AS TO TERMS AND CONDITIONS

By: _____
Assistant County Attorney

Audrey Wolf
Audrey Wolf, Director
Facilities Development & Operations

EXHIBIT "A"

Page 1 of 4

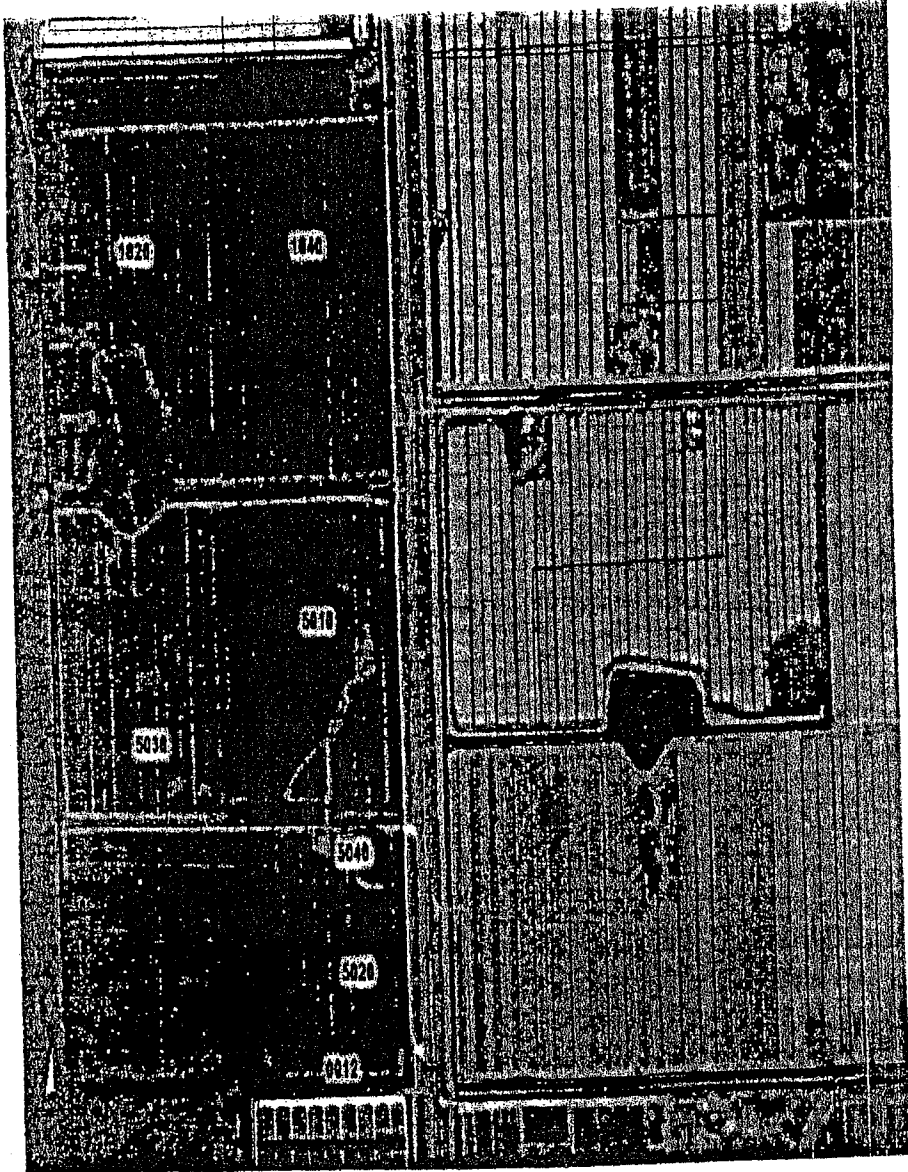


Exhibit "A"

Page 2 of 4

Real Property lying in Palm Beach County, Florida:

Parcel A

Section 25, Township 45 South, Range 41 East, the Southwest quarter of the Northeast quarter (LESS the North 145 feet) and the North 290 feet of the West half of the Southeast quarter
Parcel Control Number: 00-41-45-25-00-000-1020

Parcel B

Section 25, Township 45 South, Range 41 East, the Southeast quarter of the Northeast quarter (LESS the North 145 feet and the Easterly 248.93 feet for State Road 7 Right of Way) and the North 290 feet of the East half of the Southeast quarter (LESS the Easterly 248.93 feet for State Road 7 Right-of-Way)
Parcel Control Number: 00-41-45-25-00-000-1040

Parcel C

Section 25, Township 45 South, Range 41 East, the East half of the Southeast quarter (LESS the North 290 feet, the South 600 feet of the Easterly 900 feet, the North 330 feet of the South 930 feet of the Easterly 923.58 feet and the Easterly 263.58 feet for State Road 7 Right-of Way)
Parcel Control Number: 00-41-45-25-00-000-5010

Parcel D

Section 25, Township 45 South, Range 41 East, the South 600 feet of the Easterly 900 feet of the Southeast quarter (LESS the Easterly 263.58 feet for State Road 7 Right-of-Way)
Parcel Control Number: 00-41-45-25-00-000-5020

Parcel E

Section 25, Township 45 South, Range 41 East, the West half of the Southeast quarter (LESS the North 290 feet)
Parcel Control Number: 00-41-45-25-00-000-5030

Parcel F

Section 25, Township 45 South, Range 41 East, the North 330 feet of the South 930 feet of the Easterly 923.58 feet of the Southeast quarter (LESS the Easterly 263.58 feet for State Road 7 Right-of-Way)
Parcel Control Number: 00-41-45-25-00-000-5040

Parcel G

A portion of that strip of land located between the North line of the Northeast quarter of Section 36, Township 45 South, Range 41 East, as surveyed by the State of Florida in 1912, and the North section line of the Northeast quarter of Section 36, Township 45 South, Range 41 East, as surveyed by the Federal Government in 1872, more particularly described as follows:

Exhibit "A"

Page 3 of 4

The North 130 feet more or less of Tract 1 and the North 130 feet more or less of the East 165 feet more or less of Tract 2 of Block 61, Palm Beach Farms Company Plat No. 3, according to the plat thereof as recorded in Plat Book 2, Page 45, Public Records of Palm Beach County, Florida.

Together with the 25 foot tract of land lying to the North of Tract 1 and to the North of the East 165 feet more or less of Tract 2 of Block 61, Palm Beach Farms Company Plat No. 3, according to the plat thereof as recorded in Plat Book 2, Page 45, Public Records of Palm Beach County, Florida.

LESS the Right of Way of State Road 7 as now laid out and in use and as shown in Road Plat Book 1, Page 38; Road Plat Book 1, Page 43 and Road Plat Book 7, Page 21 and instruments recorded in Deed Book 648, Page 190 and O.R. Book 10511, Page 215, Public Records of Palm Beach County, Florida.

Remainder Parcel

A parcel of land in Section 36, Township 45 South, Range 41 East, Palm Beach County, Florida, being a part of Tract 2, Block 61, Palm Beach Farms Company Plat No. 3, as recorded in Plat Book 2, Pages 45 through 54, Public Records of Palm Beach County, Florida, said parcel being between the North line of said Section 36 according to the Federal Survey of 1872 and the North line of Section 36 according to the State Survey of 1912, said parcel being more particularly described as follows:

Commencing at the Northeast corner of said Section 36 according to the Federal Survey of 1872; thence North $89^{\circ} 56' 29''$ West, (State Plane Grid Bearing Datum), along the North line of said Section 36 according to the 1872 Survey, 103.08 feet to the West Right of Way line of State Road No. 7 (U.S. 441) as shown in Road Plat Book 1, Page 38, Public Records of Palm Beach County, Florida; thence continue North $89^{\circ} 56' 29''$ West along said North line of the 1872 survey, 747.67 feet to the Point of Beginning and the Northeast corner of the parcel described herein, said point being on a line that is 165 feet West of and parallel with the East line of said Tract 2; thence continue North $89^{\circ} 56' 29''$ West along said North line, 343.63 feet; thence South $2^{\circ} 35' 58''$ West, a distance of 152.16 feet to the North line of said Section 36 according to the State Survey of 1912; thence North $89^{\circ} 35' 58''$ East, along the said North line of the 1912 Survey, a distance of 352.12 feet to a line that is 165 feet West of and parallel with the East line of said Tract 2; thence North $00^{\circ} 36' 28''$ West along said parallel line, 149.20 feet to the Point of Beginning.
(Property Control Number: 00-42-43-27-05-061-0012)

Amestoy Gap Parcel

A parcel of land lying between the existing State Road 7 Right-of-Way Parcels 114 and 115, recorded in O.R. Book 10511, Page 215 and the East 248.93 feet of the Southeast quarter of the Northeast quarter (LESS the North 145.00 feet) and the East 248.98 feet of the North 290.00 feet of the East half of the Southeast quarter and the East 263.58 feet of the East half of the Southeast quarter (LESS the North 290.00 feet), All in Section 25, Township 45 South, Range 41 East, Palm Beach County, Florida being more particularly described as follows:

Commencing at the Southeast corner of Section 25, Township 45 South, Range 41 East, Palm Beach County position based on the survey by the Federal Government in 1872: thence North $89^{\circ} 56' 31''$ West along the South line of said Section 25, a distance of 263.52 feet to said existing West Right-of-Way line of State Road 7 according to Parcels 114 and 115, recorded in O.R. Book 10511, Page 215 and the Point of Beginning; thence continue North $89^{\circ} 56' 31''$ West along said Section line, a distance of 0.13 feet to said

Exhibit "A"

Page 4 of 4

West line of the East 263.58 feet of the East half of the Southeast quarter of said Section 25; thence North 01° 18' 43" West along said line lying 263.58 feet West of and parallel

with the East line of said Section 25, a distance of 2411.73 feet to the South line of the North 290.00 feet of the East half of the Southeast quarter of said Section 25; thence North 89° 31' 58" East along said line lying 290.00 feet South of and parallel with the North line of the Southeast quarter of said Section 25, a distance of 14.65 feet to the West line of the East 248.93 feet of the North 290.00 feet of the East half of the Southeast quarter of said Section 25; thence North 01° 18' 43" West along said line lying 248.93 feet West of and parallel with the East line of said Section 25, a distance of 1495.96 feet to the South line of the North 145.00 feet of the Southeast quarter of the Northeast quarter of said Section 25; thence North 89° 16' 12" East along said line lying 145.00 feet South of and parallel with the North 145.00 feet of the Southeast quarter of the Northeast quarter of said Section 25, a distance of 9.04 feet to said existing West Right-of-Way line of State Road 7 according to Parcels 114 and 115 recorded in O.R. Book 10511, Page 215, thence South 00° 58' 00" East along said existing Right-of-Way line, a distance of 3907.46 feet to said South line of the East half of the Southeast quarter of said Section 25 and the Point of Beginning.

RESOLUTION NO. 2010-_____

RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, APPROVING THE RETROACTIVE TERMINATION OF THE COUNTY'S LEASE OF LAND TO MECCA FARMS, INC., AND FORGIVING BACK RENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Mecca Farms, Inc., a Florida corporation ("Tenant"), pursuant to a Lease Agreement dated May 16, 2006 (R2006-0906), leases 215 acres of farm land in the Ag Reserve from County;

WHEREAS, Tenant has made application to the Board of County Commissioners of Palm Beach County requesting that Palm Beach County retroactively terminate the Lease effective as of June 1, 2007, and forgive any back rent that may have been due;

WHEREAS, Tenant ceased farming operations in May, 2007, after the enactment of new drainage regulations by the South Florida Water Management District prevented Tenant from using its existing drainage system, and implementation of a replacement system would have been cost-prohibitive in light of Tenant's rental rate;

WHEREAS, Tenant did not make its rent payments after it ceased farming operations, and a dispute ensued as to whether Tenant was obligated to continue to pay rent to County under the terms of the Lease;

WHEREAS, in 2009, County and Tenant agreed to a settlement of the dispute whereby Tenant would pay rent through to September 1, 2007, and the County would terminate the Lease as of that date;

WHEREAS, subsequent to that agreement, Tenant requested that because of the current adverse economic conditions, the Board reconsider the agreement reached previously and change the Lease termination date to June 1, 2007, with no rent due to County;

WHEREAS, the Board of County Commissioners of Palm Beach County hereby finds that because County is unlikely to collect any funds from Tenant without pursuing the matter in a court of law, the result of which pursuit is not guaranteed, and because the land is not

being used while the dispute is ongoing, it is in County's best interests to agree to the June 1, 2007, termination of the Lease Agreement with Tenant and forgive any rent that may be due, thereby ending the cost to County of pursuing resolution of the matter and making it possible for County to proceed with finding a new tenant for the land.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:

Section 1. Recitals

The foregoing recitals are true and correct and incorporated herein by reference.

Section 2. Authorization to Lease Real Property

The Board of County Commissioners of Palm Beach County shall retroactively terminate the Lease Agreement with Mecca Farms, Inc., a Florida corporation, and forgive any rent that may be due from Mecca Farms, Inc., pursuant to the Termination of Lease Agreement attached hereto and incorporated herein by reference, in connection with the lease of 215 acres of farm land in the Ag Reserve as identified in such Lease Agreement.

Section 3. Conflict with Federal or State Law or County Charter

Any statutory or Charter provisions in conflict with this Resolution shall prevail.

Section 4. Effective Date

The provisions of this Resolution shall be effective immediately upon adoption hereof.

The foregoing resolution was offered by Commissioner _____ who moved its adoption. The Motion was seconded by Commissioner _____, and upon being put to a vote, the vote was as follows:

COMMISSIONER BURT AARONSON, CHAIR
COMMISSIONER KAREN T. MARCUS, VICE CHAIR
COMMISSIONER JOHN F. KOONS
COMMISSIONER SHELLEY VANA
COMMISSIONER STEVEN L. ABRAMS
COMMISSIONER JESS R. SANTAMARIA
COMMISSIONER PRISCILLA A. TAYLOR

The Chair thereupon declared the resolution duly passed and adopted this _____
day of _____, 2010.

PALM BEACH COUNTY, a
political subdivision of the State of Florida
BOARD OF COUNTY COMMISSIONERS

SHARON R. BOCK
CLERK & COMPTROLLER

By: _____
Deputy Clerk

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY

By: _____
Assistant County Attorney

APPROVED AS TO TERMS
AND CONDITIONS

By: Ret Army Wolf
Department Director

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2010	2011	2012	2013	2014
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u>(see below)</u>	_____	_____	_____	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included in Current Budget: Yes _____ No _____

Budget Account No: Fund _____ Dept _____ Unit _____ Object _____
 Program _____

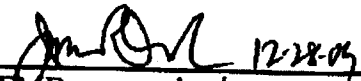

B. Recommended Sources of Funds/Summary of Fiscal Impact:

Revenues from the Ag Reserve Leases are allocated to Maintenance of Environmentally Sensitive Lands. The forgiveness of Mecca's final rental payment would result in an additional revenue reduction of \$122,838.98.

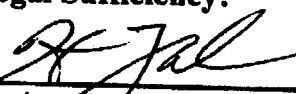
C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development Comments:

 12/28/09
 OFMB 88 12/23/09 10M 12/22/09 Contract Development and Control
 12/28/09

B. Legal Sufficiency:

 12/30/09
 Assistant County Attorney

C. Other Department Review:

 Department Director

This summary is not to be used as a basis for payment.

Background and Policy Issues, continued

Mecca argues that they should not be required to pay rent for property they could not farm. They also argue that the new regulations immediately prohibiting discharges into the Wildlife Refuge was a material change that could not reasonably be foreseen. As such, there is a dispute as to whether rent was due. According to an opinion of the Attorney General's Office, the County cannot forgive a contractual obligation unless there is a dispute as to whether the contractual obligation is valid.

Mecca Farms had previously agreed to pay rent through September 2007, and the Board approved termination of the Lease as of that date. Subsequent to Board approval of the termination, Staff has attempted to collect rent for June, July and August of 2007, which prompted this request for reconsideration. Staff had initially proposed that the rent be stopped in June of 2007, coinciding with Mecca's cessation of farming operations in May. Due to questions raised by the County Attorney's Office regarding the timing of Mecca's notice to the County and the County's legal ability to forgive past due rent, a compromise whereby Mecca would pay through September of 2007 was proposed by Staff and approved by the Board. Although Mecca Farms had previously agreed to this proposal, they are experiencing the same economic pressures as other farmers and are seeking further relief.

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

BA/V7-0

R.2009-1214

Meeting Date: July 21, 2009 Consent Regular
 Ordinance Public Hearing

Department: Facilities Development & Operations

I. EXECUTIVE BRIEF

Motion and Title: Staff:

A) requests Board direction: regarding a request for rent reductions by our tenants leasing agricultural property in the Ag Reserve; and

B) recommends a motion to approve: the termination of the Lease with Mecca Farms, Inc., of the 215-acre Amestoy Farm effective as of September 1, 2007.

Summary: The farmers and nurserymen who lease property from the County are requesting reductions in the rent they pay the County. The Board requested that this matter be brought back for further consideration. While it is difficult to quantify the net financial impact of changing market conditions upon the farmers, costs have clearly gone up by roughly 30%, row crop revenues appear to have remained relatively stable and nursery revenues have decreased substantially. Recent appraisal data indicates that rents for row crop land have decreased to \$500/net acre (\$350/gross acre). In February, the Board approved a reduction in rent under the Pero/McMurrain Lease to \$500/gross acre. Bowman and Bedner are asking for a 30% reduction in rent under their leases to \$450/acre. Pero is seeking a reduction to \$500/gross acre for the York Farm Lease. The nursery operators, Floral Acres and K&M, are seeking reductions of 50%. Currently, Floral Acres pays \$1,318/acre and K&M pays \$1,800/acre. Nurseries have been hit hard by the economic downturn and reduction in development. Unfortunately, there is not much specific data upon which to base a decision on rents other than the recent appraisal of row crop land rents, which in the case of Pero represented a 62% reduction. The farmers have not shared detailed information on their operating performance, but Staff has reviewed summary data showing that their profits have decreased substantially, with the nurseries actually operating at a loss. Options available to the Board are to cancel and rebid all Ag Leases, adopt a new rental rate for all Ag Leases, or adopt the rates requested by the farmers. Staff would recommend that if the Board is inclined to support a rent reduction without rebidding, that a uniform rate of \$500/gross acre for row crops and \$1,000/acre for nurseries be established, and the rents be revisited every 2-3 years, such that in the event market conditions improve, the rents will be increased. Rents from the Leases are allocated to maintenance of Environmentally Sensitive Lands. The total reduction in annual revenue proposed by the farmers would be \$1,369,426.

(continued on page 3)

Attachments:

1. Location Maps (4)
2. Rent Schedule
3. February 3, 2009 Agenda Item approving Pero rent reduction
4. February 20, 2009 memorandum to the Board regarding Ag Rents

Recommended By:  7-8-09
Department Director Date

Approved By:  7-13-09
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2009	2010	2011	2012	2013
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u> X </u>	_____	_____	_____	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____
Is Item Included in Current Budget:	Yes _____	No _____			
Budget Account No:	Fund _____	Dept _____	Unit _____	Object _____	
	Program _____				

B. Recommended Sources of Funds/Summary of Fiscal Impact:

X Revenues from the Ag Reserve Leases are allocated to Maintenance of Environmentally Sensitive Lands. If the Board decides to reduce the rents to the levels requested by the farmers/nurserymen, this will result in a revenue reduction of \$1,369,426 per year.

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development Comments:

[Signature] 7/18/09

 OFMB
(NO) 7/16/09 SA 7/16/09

[Signature] 7/18/09

 Contract Development and Control
G. Jan 7/18/09

B. Legal Sufficiency:

[Signature] 7/10/09

 Assistant County Attorney

C. Other Department Review:

 Department Director

This summary is not to be used as a basis for payment.

Summary – continued:

Mecca Farms is asking to be let out of their Lease of the 215-acre Amestoy property. This Lease runs through 2011 and the rent was \$1,723/acre. Shortly after entering into the Lease in 2006, Mecca Farms attempted to obtain permits for water use and drainage, but due to recent changes in regulations, discovered that they would be unable to obtain permits for drainage without a total redesign of the drainage system. In August of 2007, Mecca Farms notified the County that they would be unable to obtain required permits and stopped paying rent. Staff supports Mecca Farms' request to be released from the Lease effective as of September 1, 2007, in that it will enable the County to lease the property to another farmer, although it is likely that the rent will be much lower. (PREM) District 5/Countywide (HJF)

Background and Policy Issues: Each of the Leases is discussed in detail below.

Bowman

This 938-acre property was acquired in 2001. The purchase price was 18.89% below appraised value. A condition of the transaction was that the property be leased to Bowman Growers for 11 years (2013) at \$550/acre, with increases based upon appraisals, but not to exceed increases in the CPI. Rent is currently \$641/acre.

In 2007, the Lease was amended to provide Bowman Growers 12 additional 1-year options to extend the term of the lease through 2023, with rent being adjusted in 2013 and every 3-5 years thereafter to the then current fair market value as determined by appraisal. This extension was negotiated in exchange for Bowman Growers agreeing to release 40 acres of the property to SWA for a transfer facility. Bowman Growers received \$430,800 (\$1,795/acre/year) from SWA as compensation for the loss of the ability to farm the 40 acres for the remaining 6 years under the lease.

Bedner

This 261-acre property was acquired in 2001 for 7.5% below appraised value. A condition of the transaction was that the property be leased back to the Bedners for 10 years (2013) at \$550/acre/year, with increases based upon appraisals but not to exceed increases in the CPI. Rent is currently \$659/acre.

In 2007, the Lease was amended to grant the Bedners 12 additional options to extend the term through 2023, with rent being adjusted in 2011 and every 3-5 years thereafter to the then current fair market value.

Pero/McMurrain

The County initially took title to the property in 2000 subject to a lease with Pero. The Lease was extended in 2005 and the rent was increased to the then current market rate of \$1,200/acre. Rent was subsequently increased to \$1,311, until in February of this year it was reduced to \$500/acre based upon an appraisal and the term was extended thru 2012.

Pero/York

The County acquired this property in October 2000. At that time, the property was leased to DuBois Farms for \$216/acre. When the Lease expired in May 30, 2001, the County issued an RFP to lease the property for agricultural production. Pero submitted the winning proposal to lease the property for \$1,205/acre. Rent is currently \$1,481/acre.

Floral Acres

The County acquired this 37-acre parcel as part of its acquisition of the York Farm. An RFP was issued in May 2001 to lease the property for nursery use. Floral Acres submitted the winning proposal to lease the property for \$1,117/acre. Rent is currently \$1,318/acre. It should be noted that the property has a large lake which reduces the amount of useable land. Floral Acres grows potted plants such as poinsettias and lirioppe.

K&M

The County acquired this property in June 2008 from West Boynton Farms. At that time, the property was subject to the lease with K&M. The rent is currently \$1,800/acre. K&M grows landscape plants such as palm trees and container plants such as annuals and perennials.

Mecca/Amestoy

The County acquired this 215-acre property in June 2004, subject to a lease with Mecca Farms. The County issued an RFP in June 2005, and Mecca Farms submitted the winning proposal to lease the property for \$1,723/acre. The Lease did not contain any contingencies for obtaining permits as receipt of the revenue was required as part of the bond restructuring. At the time the RFP was issued, new regulations were being drafted that were expected to restrict drainage discharges into the Arthur R. Marshal Wildlife Refuge after 2014. This property had historically discharged into the Wildlife Refuge and all proposers were put on notice of this issue. The regulations as adopted immediately prohibited discharges into the Wildlife Refuge and did not allow a phasing out of discharges over time as expected by the Meccas. As a result, the Meccas were only able to farm for one year. The property slopes from the east to the Wildlife Refuge to the west. In addition, when State Road 7/441 was widened, the culverts under the road were set at the wrong elevation. In order to implement an adequate drainage system, several additional pumps would need to be installed at an estimated cost of \$250-\$350,000, or the entire property would need to be regraded. At the rent Mecca was paying, they could not bear this cost.

Staff spent substantial time exploring permitting options and working through legal issues associated with Mecca's request to be let out of their Lease obligations. Staff agrees that the only viable option for providing adequate drainage for farming operations is to regrade the property. The SFWMD will not issue permits for any drainage discharges into the Wildlife Refuge.

Mecca argues that they should not be required to pay rent for property they cannot farm. They also argue that the new regulations immediately prohibiting discharges into the Wildlife Refuge was a material change that could not reasonably be foreseen. As such, there is a dispute as to whether rent is due. According to an opinion of the Attorney General's Office, the County cannot forgive a contractual obligation unless there is a dispute as to whether the contractual obligation is valid.

From a business standpoint, Staff believes that the purpose of buying the property, preserving agricultural production in the County, is best served by settling the dispute, terminating the Lease with Mecca Farms and leasing the property to another farmer. Staff must point out that any new farmer will most likely propose to pay under market rent due to the drainage improvements which will be required to meet the new regulations.

Mecca Farms did not make the rent payment due in June of 2007. Mecca has agreed to pay the prorated rent for June, July and August of 2007 (through the effective date of termination).

**MINUTES OF ANNUAL BOARD OF DIRECTORS MEETING
MECCA FARMS, INC.
FEBRUARY 18, 2009**

The Annual Meeting of the Board of Directors of Mecca Farms, Inc. was held pursuant to notice on February 18, 2009 at 7965 Lantana Road, Lake Worth, FL, the corporate headquarters, at 3:30 p.m. Directors present were the Estate of Peter L. Mecca represented by Co-Personal Representative and Co-Trustee, Lori Schwab, Leonard Mecca, and Thomas J. Mecca, as well as Gary Smigiel, General Counsel of Mecca Farms, Inc. The meeting was called to order by Leonard P. Mecca.

The minutes of the prior meeting of the Board of Directors were read. Motion was made by Leonard P. Mecca to approve the minutes, seconded by Thomas J. Mecca, and passed unanimously.

Financial condition of the Company was discussed, including the fact that the major business of the Company at this time is operating the Packing House for outside growers, and to handle import produce for produce brokers.

A motion was made by Thomas J. Mecca, seconded by Leonard Mecca, that the actions of the officers and directors over the last year be approved. The motion was passed unanimously.

The President called for election of officers. Leonard Mecca made the following nominations: For President, Leonard Mecca for Vice-President, Thomas J. Mecca, Treasurer, Lori Schwab and Secretary, Gary Smigiel. The nomination was seconded by Leonard L. Mecca and passed unanimously.

There being no further new business, motion to adjourn the meeting was made by Leonard Mecca, seconded by Thomas J. Mecca and passed unanimously.



Gary Smigiel, Secretary

Date: 3-26-09