Preliminary Investigation of Available Acreage for Project Winter

Economics Research Associates

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PRELIMINARY INVESTIGATION OF AVAILABLE ACREAGE FOR PROJECT WINTER

Prepared for WALT DISNEY PRODUCTIONS

ORLANDO SITE

FILE 1677

1-16-64

ERA 1021
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INTRODUCTION

The management of Walt Disney Productions has expressed interest in determining the availability and price of large acreages in the central Florida area. More specifically, the client has shown an interest in the area between and around Orlando and Ocala. Before proceeding with any internal planning studies, it has been deemed advisable to conduct a detailed field investigation of available ranch land in the general area mentioned above. To accomplish this, Economics Research Associates was requested to conduct such a field survey.

The primary objectives of this survey were: (1) to evaluate in greater detail the location advantages offered by Ocala versus Orlando; (2) to review the present status of the Florida Interstate Highway System and what effect the new freeway system is having on tourist travel; (3) to investigate possible locations within the major geographic region described earlier which would be suitable for Project Winter; (4) to obtain data on properties currently available for sale and those that might be potential acquisitions; and (5) to determine present land values for these large acreages.

This study was conducted on a confidential basis, and neither the identity of the client nor of E.R.A. has been made known to any person or persons in the study area. This study was conducted under the administrative direction of Harrison A. Price, President of Economics Research Associates. William S. Lund served as project leader and conducted all field surveys.
Section I

ECONOMIC ENVIRONMENT OF THE CENTRAL FLORIDA AREA

The study area for this project was centered around Orlando and extended northeastward toward Ocala, Florida.

In November of 1961, E. R. A. submitted a report which evaluated various parts of the State of Florida for recreation. The prime purpose of that study was to determine the optimum location in the State of Florida for establishment of a major recreation and tourist attraction. At the time of the study, the consensus was that the Ocala area was the optimum geographic location for such a project because of the large number of out-of-state visitors (3.97 million) that passed through or near the city annually. Although the north-south Miami Turnpike (often referred to as the Sunshine Parkway) was partially completed or under construction between Miami and Wildwood and in final planning phases for other sections north of Ocala, it was the considered opinion of the E. R. A. staff and the State Division of Highways that Ocala would remain the dominant area for tourist by-pass traffic (see Figures 1 and 2).

Since that time, however, the new Tampa-Orlando freeway system has opened, as has the Miami Turnpike from Orlando south to Miami. In January of 1964, the turnpike extension from Orlando to Wildwood will open. By 1965, the highway will be completed from Wildwood north to an area just west of Jacksonville. Also by 1965, the Orlando to Daytona freeway system will be completed, which is an extension of the Tampa to Orlando freeway system. It is already becoming evident that Orlando is receiving a much greater volume of tourist visitors and by-pass traffic than was anticipated 2 1/2 years ago. With the opening of the Wildwood to Orlando segment of the Miami turnpike system, it now appears that Orlando will have an exposure to an almost equal number of out-of-state visitors as Ocala does now. Thus, the Orlando area must now be considered to have equal attraction as far as the volume of out-of-state tourists and by-pass traffic is concerned.
Figure 1

GEOGRAPHICAL LOCATION MAP OF ORLANDO, FLORIDA
Figure 2

MAJOR HIGHWAY SYSTEMS IN FLORIDA
Assuming that these two communities will have comparable tourist attraction potentials by 1965 when the freeway systems in the area are virtually completed, the Orlando area offers greater potentials for the development of Project Winter than does the Ocala area. The primary reasoning behind this conclusion is that Orlando has a large, growing, and healthy economic base to help sustain any project such as Project Winter. Thus, primary emphasis has been given to evaluating major landholdings in and around the Orlando area. The Ocala area was visited and data were also obtained on the availability of large parcels of land in that area. Before entering into a discussion on specific parcels of land that were studied, a brief review of the economic environment of the two localities is presented.

Ocala, the county seat of Marion County, is located in central Florida where the state is only 115 miles in width. Although the incorporated city itself has only about 15,000 residents, the county had in excess of 56,500 residents as of January, 1963. Over 200,000 residents live within 50 miles of the community of Ocala. The city has no major industrial base from which to draw; the area gains most of its economic support from transient tourists passing through the area, as well as from agriculture. This area is at the principal highway juncture in the State of Florida and in previous years has had as a consequence the greatest tourist exposure from motoring visitors when compared with other locations within the state.

Orlando, Florida, serves as a county seat for Orange County (see Figure 1). As of January, 1963, the city of Orlando had approximately 100,000 residents, and the county contained in excess of 297,000 residents. Projections indicate that the county's population will increase to 365,000 by 1970 and 470,000 by 1975. The following tabulation shows past and projected population growth trends in Orlando and Orange County from 1940 to 1975:
<table>
<thead>
<tr>
<th>Year</th>
<th>Orlando</th>
<th>Orange County</th>
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<td>36,700</td>
<td>70,100</td>
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<tr>
<td>1950</td>
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<td>263,500</td>
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<tr>
<td>1961</td>
<td>93,400</td>
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<tr>
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<td>95,200</td>
<td>290,400</td>
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<tr>
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<td>297,000</td>
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<td>115,000</td>
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<tr>
<td>1970</td>
<td>128,000</td>
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<tr>
<td>1975</td>
<td>140,000</td>
<td>470,000</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of the Census and Greater Orlando Chamber of Commerce.

Figure 3 shows the urban area of Orlando as it existed in 1945 and 1955 and projects the area that it is expected to encompass by 1970. Although intensive urbanization will not have taken place by 1970 throughout the entire area as described in the figure, considerable land reclamation and residential development are forecast for the area. Several of the major land parcels considered in this report are either within or in proximity to the projected 1970 Orlando urban area.

The Orlando area has, from all indications, a strong employment base. As of January, 1963, an estimated 122,420 persons were employed within Orange County. Of this total, 19,600 were employed in manufacturing; 270,900 were in wholesale and retail trade; 27,100 were self-employed or unpaid family and domestic workers; 6,000 were in finance, insurance, and real estate; 11,300 were in government service; 7,900 were in contract construction; 4,800 were in transportation, communications, and public utilities; and the remaining 14,000 were employed in service industries and miscellaneous categories.

This employment distribution is quite sound when compared with many other metropolitan areas of comparable size. The employment base has shown a steady growth rate during the past four or five years. Assuming past trends are indicative of future happenings, it appears reasonable to assume that Orange County, and Orlando in particular, can expect a steady population and economic growth in foreseeable years.
Figure 3

ORLANDO METROPOLITAN AREA GROWTH TRENDS, 1945 - 1970

LEGEND

ORLANDO GROWTH AREA 1945
ORLANDO GROWTH AREA 1965
PROJECTION FOR 1970
HIGHWAYS MAJOR SECONDARY

Orlando also serves as the primary air terminus for central Florida. The only two airports in Florida having more passenger traffic than Orlando are Miami International Airport and Tampa International Airport. Negotiations are presently under way to have McCoy Air Force Base turned over exclusively for the use of the commercial air carriers serving metropolitan Orlando. At the present time, only commercial carriers providing jet service to Orlando use McCoy Air Force Base. All other commercial flights are scheduled through Herndan Airport. Thus, Orlando will not only be at one of the central intersections of the interstate and state freeway and expressway system, but also will be the hub for commercial airline service to central Florida.

The highway and expressway system serving metropolitan Orlando is quite well developed at the present time, and within the next two years will show even greater improvements. Figure 4 illustrates the existing and proposed highway system for this area. As will be discussed in the final section of this report, a number of parcels investigated are either contiguous to or relatively close to one or more of the major freeway or expressway systems serving this area. All freeway systems, with the exception of the Miami Turnpike, are toll-free expressways. The freeway system in and around Orlando is developed to a greater degree than for any other major city in Florida. Because of this fact, Orlando should increase in importance as a by-pass center for tourists traveling to other areas of the state.

Another important factor to be considered when evaluating Orlando for Project Winter is the climatic conditions of the area. Table I compares the average temperature by month for 1961 and 1962 and the rainfall figures for the years 1960, 1961, and 1962. It should be noted that the rainy months for the Orlando area are between June and September. Although the rainfall total for these months is high, the rain comes during short intervals of time in heavy thunder showers. As a consequence, the showers last for only a short period of time and do not disrupt business to any significant extent. The winter months have climate and temperatures very comparable to that found in Southern California. The summer months differ considerably from Southern California, in that the humidity in central Florida remains quite high through most of the summer.
Figure 4

PRINCIPAL HIGHWAY SYSTEMS IN THE ORLANDO METROPOLITAN AREA

LEGEND
- Properties for Sale
- Not for Sale
- Lakes, rivers, & waterfronts
- Highways major
- Secondary
- Proposed

SOURCE: ECONOMICS RESEARCH ASSOCIATES.
Table I

MONTHLY CLIMATE CONDITIONS IN METROPOLITAN ORLANDO

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<tr>
<td></td>
<td>Daily Max.</td>
<td>Daily Min.</td>
<td>Monthly</td>
<td></td>
</tr>
<tr>
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<td>66.9°</td>
<td>46.4°</td>
<td>56.9°</td>
<td>72.3°</td>
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<tr>
<td>February</td>
<td>76.3</td>
<td>53.1</td>
<td>64.7</td>
<td>80.5</td>
</tr>
<tr>
<td>March</td>
<td>82.4</td>
<td>58.7</td>
<td>70.6</td>
<td>74.5°</td>
</tr>
<tr>
<td>April</td>
<td>81.5</td>
<td>57.3</td>
<td>69.4</td>
<td>82.1</td>
</tr>
<tr>
<td>May</td>
<td>88.6</td>
<td>65.4</td>
<td>77.0</td>
<td>91.7</td>
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<td>June</td>
<td>91.3</td>
<td>69.9</td>
<td>80.6</td>
<td>91.3</td>
</tr>
<tr>
<td>July</td>
<td>94.4</td>
<td>72.1</td>
<td>83.3</td>
<td>94.3</td>
</tr>
<tr>
<td>August</td>
<td>92.6</td>
<td>73.1</td>
<td>82.9</td>
<td>92.0</td>
</tr>
<tr>
<td>September</td>
<td>90.6</td>
<td>71.6</td>
<td>81.1</td>
<td>90.1</td>
</tr>
<tr>
<td>October</td>
<td>83.4</td>
<td>63.8</td>
<td>73.6</td>
<td>84.9</td>
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<tr>
<td>November</td>
<td>79.9</td>
<td>58.8</td>
<td>69.4</td>
<td>73.0</td>
</tr>
<tr>
<td>December</td>
<td>74.6</td>
<td>53.1</td>
<td>63.7</td>
<td>68.7</td>
</tr>
</tbody>
</table>

Source: Greater Orlando Chamber of Commerce, and Economics Research Associates.
Section II

EVALUATION OF MAJOR LANDHOLDINGS IN EAST CENTRAL FLORIDA

This section of the report provides an analysis and evaluation of selected major landholdings in Ocala and the greater Orlando area. Because primary attention was directed to the greater Orlando area, only a brief discussion of large land parcels in the Ocala area is presented.

Ocala

During the recent trip to Ocala, a number of large parcels of land were viewed. It is possible to acquire ranches of anywhere from 1,000 to 2,000 acres, on up to 20,000 to 25,000 acres of unimproved land within a 15- to 20-mile radius of Ocala. Much of this land, however, is quite uninteresting from a topographic setting and, in addition, many of the parcels that are available are not in proximity to any major highway or freeway systems. Drainage in this area becomes a very critical factor when evaluating any of the properties. Those properties that are available typically range in price $100 to $300 per acre with some good cattle grazing and farming ranches priced for as high as $500 per acre. Excellent purchase terms can be obtained on nearly any large acreages available in the Ocala area. Detailed maps and property locations for available acreages in Ocala were not obtained because of the shift in emphasis for a prospective location for Project Winter. If it is considered appropriate, maps showing specific acreages and details of same can be obtained on short notice.

Greater Orlando Area

During the recent trip to Orlando, no less than 50 parcels of land were investigated as potential sites for Project Winter. However, because of certain limiting factors, only 25 parcels were evaluated in greater detail. Before discussing individual properties, mention should be made of some of the factors used in analyzing various acreages. Orlando and the surrounding environment are noted for
large citrus production. As such, considerable acreage is devoted to citrus use. Consistent with this, acreage prices for producing citrus vary between $4,000 and $6,000 per acre. Secondly, there are very few holdings of major size that have citrus production on them. Those citrus groves that encompass anywhere from 500 acres up to several thousand acres of producing groves are not for sale and probably could not be acquired for any reasonable sum. Thus, the only properties that might be available in the citrus growing areas would be in small parcels of land. Because of the established criterion that only somewhere between 3,000 and 12,000 acres of land would be considered, those areas that are dominated by citrus use were excluded from the survey. Thus, it would be very difficult and costly to assemble a major parcel of land in one unit within a reasonable distance of Orlando if a location to the north, northwest, or west were selected. The area to the west, northwest, and north of Orlando is characterized by large citrus groves, and is therefore excluded from further investigation.

The major urban growth for Orlando is occurring to the east, southeast, and south (see Figure 4). The primary cause of this direction of growth is the location of Cape Kennedy approximately 60 miles due east of Orlando. Indications are that employment at Cape Kennedy will continue to increase in future years, although perhaps not at the great rate it has experienced during the past few years. There are many large landholdings to the southwest, south, southeast, east, and northeast of Orlando. However, because of the improved highway system that exists to the south of the city, this area appears to be a preferable location for Project Winter, should adequate acreage be available.

Figure 5 graphically presents the relative location of the parcels of land surveyed. It will be noted that 10 of the parcels shown are not available for purchase. These parcels have been shown on the map to illustrate recent sales prices, as well as the magnitude of some of the major holdings. As will be noted, Cape Kennedy now encompasses 88,000 acres. It is not anticipated that this facility will increase its acreage requirements in the foreseeable future. Land prices in this area vary between $750 per acre up to $3,000 per acre for larger parcels of land. Instances existed where much higher sums were paid by the government during condemnation. To the southwest of Orlando lies the Mormon Church
Figure 5

LOCATION OF MAJOR LAND HOLDINGS FOR SALE OR RECENTLY PURCHASED IN EAST CENTRAL FLORIDA

LEGEND

PROPERTIES FOR SALE
LAKES, RIVERS, & WATERFRONTS
HIGHWAYS MAJOR
PROPOSED SOURCE: ECONOMICS RESEARCH ASSOCIATES.
holding, which encompasses over 300,000 acres. The reported acquisition price for this land varied between $100 and $300 per acre. The church is continuing to acquire lands contiguous to this major holding, but what plans it has for this property is not publicly known at this time. It should be noted that the church has offered the State of Florida 2,000 acres for the new university to be situated somewhere in the greater Orlando area. These are the only two large property holdings in an area of 50 to 60 miles from Orlando. However, numerous landholdings of 10,000 to 30,000 acres exist within a 50-mile radius of Orlando.

Before entering into a discussion on several selected properties that appear to have merit as potential locations for Project Winter, mention is called to Table II, which presents some comparative data on the various parcels surveyed. Table II shows a comparison of land values for major property holdings in the greater Orlando area. As will be noted from this table, property values in the area vary from $150 to $2,000 per acre. Not all properties surveyed here would meet the requirements for Project Winter. Those parcels that are available for acquisition are designated in Figure 5 and in Table II. The remainder of this section will deal in greater detail with the various parcels considered appropriate for Project Winter.

East Tohopekaliga Lake Properties

The properties bordering East Tohopekaliga Lake along the north shore appear to offer one of the best potential sites for Project Winter. The property is four miles due east of the Miami Turnpike connecting Orlando with Miami. The property is also just 11 miles due south from the central business district of Orlando. The largest drawback or liability facing this property is the fact that it is now controlled through multiple ownership. The total acreage considered at this time encompasses approximately 6,190 acres (see Figure 5). Parcels 13, 14, 15, and 16 comprise the properties in question.

There are nine major landowners controlling the property. In addition, there are several other landowners controlling approximately 300 acres. The two largest parcels contain 1,450 acres (Parcel 13) and 2,340 acres (Parcel 13). The 1,450-acre parcel has a firm asking price of $495 per acre, terms to be negotiated. The 2,340-acre parcel
Table II

COMPARATIVE LAND VALUES FOR MAJOR PROPERTY HOLDINGS IN EAST CENTRAL FLORIDA, 1963

<table>
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<td>150</td>
<td>2,400</td>
<td>X</td>
</tr>
</tbody>
</table>

n.a. = not available.
1/ Refer to Figure 5.
2/ Property went into escrow December 23, 1963, on a 60-day escrow.
3/ State park.
4/ Proposed site for new state university.
5/ Industrial park.

is being offered at $650 per acre with negotiable terms. Regarding the various smaller ownerships, Parcel 14 contains 640 acres and can be acquired for an average price of about $480 per acre. Parcel 15, which contains 1,000 acres, presents somewhat of a more difficult acquisition problem. About 800 acres can be acquired for approximately $2,000 per acre and is controlled by two families. The remaining 200 plus or minus acres must be acquired from several owners, and no data are available as to what the asking price would be. Parcel 16 contains approximately 760 acres. Of this total, 500 acres can be acquired for $1,500 per acre, and 160 acres for $750 per acre. The remaining 100 plus or minus acres are owned by two or more parties, and no listings are available on these parcels at this time. Thus, it can be seen that the greatest problem facing acquisition in this area is the problem of assembling a parcel of suitable size. If this package could be effectively assembled, Project Winter would have over five miles of lake frontage along the north shore of East Tohopekaliga Lake. This in itself would be a tremendous asset. It can be expected that between $5.0 and $5.5 million will be required to assemble the acreage described above.

Major Realty Property

Major Realty Company of Miami is one of the largest landholding organizations in the state, with major undeveloped properties throughout most of Florida. The property described in this report contains 2,960 acres and is located at the junction of the Orlando to Tampa freeway system and the Miami Turnpike between Orlando and Miami (see Figure 5, Parcel 6). This property has perhaps the best visual exposure of any in the greater Orlando area, as far as tourist travel is concerned. It has been listed for two years or more at $2,800 per acre. However, Major Realty is presently in serious financial difficulty, due to lack of working capital and an inability to meet current interest and principal obligations on this property as well as on other holdings. Although no firm price has been indicated on the property, reliable indications are that the property should be available for no more than $1,400 per acre, and it is possible that a firm offer of $1,000 per acre could secure the property if a substantial cash payment were made at the time of acquisition. At the present time, portions of this property have reverted to trust deed holders,
and Major Realty Company has an option to pick up the property from the trust deed holders with a penalty of 10 per cent over and above the mortgage value. A reported mortgage of $600,000 is outstanding on 453 acres, and an additional mortgage of $875,000 exists on the remaining acreage. On this basis encumbrances for the 2,960 acres total $1,475,000. During the next year, interest payments on these mortgages will be substantial. As a consequence, it is quite possible that a very favorable purchase price could be worked out with the present property and trust deed holders. Thus, this property should be acquired for somewhere between $2.9 and $4.1 million.

University Tract

This acreage consists of one main parcel containing approximately 4,550 acres and a second parcel of about 790 acres, for a total acreage involved of 5,340. Parcels numbered 7 and 8 represent these property holdings (see Figure 5). This acreage lies just north of a site being considered by the Florida State University system for a new university to serve the greater Orlando area. If this university is located on property adjoining to the south, this parcel undoubtedly will show a very rapid appreciation. The land has very good accessibility and lies approximately seven miles south of Orlando. From a topographic point of view, the property is quite uninteresting and has very few trees. There are a number of bogs, as on all properties in this area; however, drainage of the land should not be too difficult. The 4,550-acre parcel can probably be obtained for about $750 per acre, whereas the 790-acre parcel has an asking of $1,200 per acre. Thus, the total consideration for this property will amount to approximately $4.36 million with negotiable terms.

Highway Hub Tract

The Highway Hub Tract contains 6,000 acres and lies eight miles south of Orlando. This parcel will also be contiguous to the new university if it should locate in this area (see Figure 5, Parcel 10). The property has good highway accessibility and the same topographic features as the University Tract. If the university does decide to go into this area, it will probably condemn some of this acreage, possibly up to 1,000 acres. The property has as asking...
price of $1,650 per acre, or a total consideration of $9.9 million. The terms for this land are 25 per cent down and the balance paid in 10 equal annual payments, with 6 per cent interest on the outstanding balance payable quarterly. It is obvious from this valuation that the owner is anticipating the establishment of the university contiguous to and possibly including part of this property. The asking price appears to be out of line, based on other acreages in the area.

Lawson Ranch

The Lawson Ranch encompasses some 6,000 acres, approximately seven miles south of Orlando and due east of the Miami Turnpike. Access to the property can be gained from the turnpike at an interchange situated on the southwesterly corner of the property (see Parcel 12 on Figure 5). This property has an unusually large area covered by bogs and, as a consequence, draining of the property may prove to be somewhat of a problem. The property does have rail access and, as mentioned earlier, would have visual exposure from the Miami Turnpike. The asking price for this property is $445 per acre, or a total $2.67 million. The owner requests 20 per cent cash with the balance payable in 10 equal annual installments and 5 per cent interest.

Parcel 18

Parcel 18 on Figure 5 contains approximately 8,200 acres and is located eight miles southwest of Orlando. The property is served only by secondary county and state highways, although the highway going east and west through the center of the property is proposed for widening. When the improvement program is completed, this highway will serve as one of the major east-west arteries carrying traffic to and from Cape Kennedy and Orlando. The property is relatively flat and, as most of the property in this area, has a considerable portion of the land in bogs. The property is listed at $750 per acre, for a total consideration of $6.15 million. The down payment requirement and terms are negotiable.
Acorn River Ranch

This property is located in what is known as the center of the golden triangle of the Florida space program. The property is equidistant between Orlando, Titusville, and Sanford, and is 16 miles east of Orlando (see Figure 5, Parcel 29). The property is surprisingly free from heavy bog and, as a result, much of the land can continue to be economically used for agricultural and grazing purposes. The major disadvantage of this property is that it is not situated on any primary or secondary highway and would require the construction of a major highway for a distance of approximately six miles. The asking price for this property is $350 per acre, for a total of $1.8 million, terms to be negotiated.

Expressway Tract

The Expressway Tract consists of 12,440 acres and lies approximately 15 miles southwest of Orlando along the Orlando-Tampa Freeway (see Figure 5, Parcel 3). This property contains two small lakes and is contiguous to two other lakes. The property only recently went into escrow, and it will not be known until February 23, 1964, whether the prospective purchasers will go through their acquisition. This property probably has one of the best appreciation potentials of any major landholding in the Orlando area. Approximately 5,000 acres are in bogs and require extensive drainage. However, preliminary engineering studies have been completed on the property, and the estimates are that for about $1.25 million, nearly the entire acreage could be drained into two main drainage channels flowing south. If the escrow on this property should fall through for some reason, this would certainly be a parcel worthy of consideration.

There are an additional 1,300 acres of property (Bay Lake Tract) lying north of and contiguous to this property (see Parcel 2). Should the Expressway Tract become available and it was decided to acquire it, the additional 1,300 acres should probably be included in the purchase, since this land contains frontage on the other two lakes and effectively rounds out the northerly portion of the parcel. The reported sales price for the 12,440 acres was $150 per acre, or
$1.87 million. The asking price for the 1,300 acres is $300 per acre, for a total of $390,000. The 12,440-acre parcel has a $900,000 first trust deed on it, and the sellers were willing to take back a second trust deed in the amount of $300,000 to $400,000. The terms on the 1,300 acres would be open for negotiation.

Summary

In summary, it can be stated that of those properties available for acquisition at this time, the East Tohopekaliga Lake acreage appears to rank as number one. However, should the Expressway Tract become available, this property would probably merit equal consideration. The Major Realty property would probably be ranked as the third most desirable location, with the University Tract ranking fourth. Although some of these other tracts do not have the lake frontage of the East Tohopekaliga Lake and Expressway parcels, the topography and terrain are such that by use of draglines or other heavy equipment, it is possible to create artificial lakes for reportedly nominal investment costs. Thus, though some of these other parcels do not have existing lakes, it would be possible to develop man-made lakes and canals throughout the property.

Another factor of importance when considering this area is related to public utilities. All properties mentioned here would have to develop their own sewage disposal and water systems. However, should Project Winter proceed, it is possible that the local county government might provide bonds to help defray not only the sewage and water plant cost, but also possibly the primary access roads to the project. If the county could be shown that increased property taxes and increased sales taxes generated by additional tourist spending would be sufficient to cover or nearly cover annual amortization of improvement bonds, the chances of obtaining substantial local financial assistance might be greatly enhanced.

In conclusion, it can be stated that adequate large ranches for Project Winter do exist in the greater Orlando area. Although this study is believed to be quite exhaustive, there is the possibility that other large acreages might also be assembled in the area. However, the parcels outlined in this report represent the only large acreages in the study area that are available at this time or potentially available.
SUMMARY OF PROJECT FUTURE SEMINAR
Monday, June 14, 1965 - 10:00 A.M.
3 D Conference Room


Bob Foster opened the seminar stating that Project Future is an undertaking of the greatest magnitude this Company has ever considered. He stated the boundaries of the property involved are sufficiently broad to embrace any idea, and that our thinking during this seminar should be broad enough to lay the groundwork for incorporating all that Walt has thought of for this project.

Bob then stated that Disneyland had stimulated many requests for "other Disneylands" from all over the world. While we had never seriously considered another Disneyland as such, we had begun to think of another Disney-type development. Requirements were formulated which were accepted as the prerequisites for another Disney-type development. Many areas were investigated; these were finally reduced to two areas. One of these is in Florida.

All available properties in the state were reviewed. Investigation reduced the area to the central part of Florida, near Orlando. After economic and feasibility studies and recommendations, we applied a second set of standards: the property selected fulfills all the requirements of a prudent
real estate investment and meets the requirements of a Disney-type project.

27,400 acres were purchased at an average cost of $183.00 per acre. The property is eleven miles long and seven miles wide. It has one major lake, two lesser lakes, and frontage on two other lakes. We have exercised options on all of the major parcels. Other closings will occur next week when Mr. Helliwell returns to Miami.

Title to the parcels is held in the name of five corporations. The stock in these five corporations is held by a Delaware corporation, Compass East Corp.

Bob said there were many questions that needed answers, especially: what will Florida offer as incentives to bring a Disney-type development to that state? There are many problem areas we can anticipate, problems which have been faced by other industries, and problems that will be unusual to us. All of these will require careful analysis, finally reducing our decisions to matters which we will submit to the proper authorities in Florida as conditions necessary to proceed with this development.

ECONOMIC IMPACT AND MARKET ANALYSIS – BUZZ PRICE, E.R.A.

Price presented a report on the economic impact of Disneyland on Orange County, California and a market analysis on the Orlando area and the State of Florida, details of which
are contained in the E.R.A. Memorandum Report entitled, "PRELIMINARY PLANNING PARAMETERS FOR PROJECT X". To summarize: the projected economic impact of Project Future over a ten year period would be comparable to the ten year impact of Disneyland, as follows:

Disneyland ................ $ 944,000,000.
Project X .................. $ 987,000,000.

The potential audience for Project Future, according to the E.R.A. report, would be:

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Resident Market</td>
<td>648,000</td>
<td>855,000</td>
</tr>
<tr>
<td>From Tourist Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Projection II - low figure)</td>
<td>4,100,000</td>
<td>5,300,000</td>
</tr>
<tr>
<td>Total Attendance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Projection II - low figure)</td>
<td>4,748,000</td>
<td>6,155,000</td>
</tr>
</tbody>
</table>

Price emphasized the need for further detailed research into the tourist market in Florida.

WALT DISNEY

Walt began by emphasizing the need to know "what kind of project would do well" in Florida.

Walt suggested this kind of study, together with our experience at Disneyland, would provide the background to help determine:

(1) What kind of facilities are required
(2) Who we will cater to - the Disney audience
(3) How we can get the tourist to stop for an
extended period, and

(4) How big Project Future need be to start.

There would be, Walt said, a lot of things "like Disneyland"; but there would also be a lot new. He pointed to the World's Fair as an analogy, graphically showing the Disney appeal in the East, and especially the population centers of the East (also a major source of Florida's tourist market).

Walt expressed concern over the lack of permanent residents in the Orlando area, pointing out that other areas of the country are much better in this regard. Thus, the Florida market poses a different set of circumstances from Disneyland, which draws most heavily on a local-California audience.

In terms of the hotels/motels, Walt emphasized the basic requirement to hold the visitor . . . to keep them in the area for an extended period. While the theme park would be the catalyst, reasonable prices and complete facilities (from trailers to sleeping bag areas) must be provided. He pointed to the skiers as an analogy; they don't want to spend money for lodging, but they don't hesitate to spend money for the skiing facilities per se (ski lift, equipment, etc.).

Walt emphasized the need to control the area, so that it does not become the jungle of signs, lights and fly-by-night operations that have "fed" on Disneyland's audience. By keeping
standards high, we can maintain the **prestige** of the entire area. The Disney motel/hotel facilities, for example, would be priced competitively with anything else that might be built in the area . . . but would be **better** places to stay, in every way.

Walt talked in terms of making everything its own attraction and tourist draw . . . the lake, the motels/hotels, fishing or whatever other facilities. These would each **feed** the Theme Park . . . and by offering diverse recreation activities, we could keep people in the area for a longer period of time.

"We're ready to go!", Walt said -- ready to do the necessary analyzing and studies to determine the facilities required . . . then on to the imagineering and finally the engineering.

As to "duplicating" parts of Disneyland, Walt suggested the public would expect it (many people could go to this park who would never be able to get to Disneyland). And Disneyland attractions are proven, engineered and ready to go into this Park.

A major consideration, Walt emphasized, would be to plan more for **Rain** (we can enclose big enough areas so people can keep spending money even if it rains). Recalling the Houston Dome, Walt commented about how big an area could be enclosed, and suggested there would be far less maintenance under a roof.
The basic point Walt made here is that enclosing means this concept could be built anywhere . . . even closer to the prime population markets of the East and Midwest. And, therefore, there could even be more than two Disneylands.

As to industry in the Project Future complex, Walt suggested industrial plants -- with strong restriction -- could be built along the road into and out of the Theme Park area . . . thus giving industry a tremendous Billboard exposure. (For comparison, see the land values along the Santa Ana freeway.)

Thus, Walt talked in terms of these basic areas:

(1) The Theme Park
(2) The motel/residential areas
(3) The industrial complex
(4) Other recreational facilities - the lake, golf, etc.

PAUL HELLIWELL - POLITICAL CLIMATE AND ATTITUDES

Helliwell stated that -- with its "old constitution" -- the governor of Florida is not as powerful as those in other states. For example, the governor can't succeed himself - but members of the Cabinet can succeed themselves. So they, in effect, become as powerful as the governor.

(In the instance of the present governor only -- Haydon Burns may succeed himself, because of a constitutional change. Burns may run in 1966, for a four year term.)

Because of this circumstance, Project Future could be a political asset in Florida.
Helliwell stated the two key figures in Florida government are:

(1) The Governor - now Haydon Burns
(2) The State Treasurer - now Broward Williams.

Our relationships with both, he said, are excellent.

In the political context of Florida, it is important to note that the counties are, in several respects, really more important than the state. For example, the counties control tax structures; there is no state ad valorem tax.

Helliwell feels we can get positive action now in every instance except matters that must come before the state legislature. That session of the legislature, he said, would be the 1967 session.

Helliwell does not anticipate any "real problems" - either current or long-term -- that cannot be solved.

In terms of the specific individuals:

(1) The Governor (Burns) is the former mayor of Jacksonville and a specialist in industrial problems.
(2) State Treasurer - Williams - is "the ablest politician in Florida".

Right now, as Helliwell sees it, we

(1) Need very little legislation
(2) Think we can get what we want from the counties.

Helliwell stressed the basic need to consider setting up a municipality "so that we can control our own destiny".
ROY HAWKINS - INCENTIVES TO INDUSTRY - FLORIDA STYLE

Hawkins stressed Florida's willingness to cooperate with industry interested in moving into the state - the State Development Commission "wants to cooperate" with industry.

Discussing what Florida has done for other business, Hawkins cited these examples:

(1) Pratt-Whitney -- got what it wanted in terms of lands, roads and seclusion.

(2) General Electric (Daytona area) - had requests in regards to utilities; Florida cooperated, and GE moved in.

(3) Aerojet - same experience, in terms of cooperation in obtaining land, flood control measures, building a canal.

In terms of the Orlando area, Hawkins said that they want industry to move into all of Florida; and the Orlando area is particularly receptive and cooperative.

Hawkins feels that the lower Reedy Creek area could be developed into a beautiful, natural attraction.

Basically, he feels the "potential is unlimited" in this area of the state. And, he pointed out, so many people in Florida have "idle time" to participate in the activities that Project Future may encompass.

INFLUENCE OF CAPE AREA

Bob Foster and Roy Hawkins spoke about the potential
influence of the Cape development as a tourist attraction. Hawkins said that current estimates peg annual attendance in the Cape area at 3.7 million by 1970.

Bob Foster detailed the roads between Orlando and the Cape, calling State Road 50 "antiquated". However, the right of way for the Beeline Highway has been acquired, leading from the Orlando area to the Cape . . . a distance of fifty miles.
SUMMARY OF PROJECT FUTURE SEMINAR

Monday, June 14, 1965 - 1:45 P.M.
3 D Conference Room

Present: Same persons in attendance as the morning session, except Walt Disney, Mickey Clark, Buzz Price, Linda Fisher, Larry Kelly and Bob Shedlock.

The initial afternoon session was devoted to a point-by-point run through of the outline (contained in the Blue Book) by Bob Foster. Bob pointed out major areas which will require discussion, analysis, and basic decisions during the course of the week-long seminar.

Additionally, Ted Crowell related broad, preliminary capacities for accommodations, Theme Park and other facilities for Project Future, and compared these preliminary figures to Disneyland and Orange County statistics. This information is contained in the Blue Book. As Buzz Price stressed this morning, Crowell emphasized that this information is preliminary; detailed research into the Florida market is required.

PRESENTATION TO OFFICIALS

Roy Disney expressed the opinion that we could begin discussions on a confidential basis with

(1) The Governor of Florida
(2) The State Treasurer
(3) Martin Anderson; (4) Dyle; and (5) Cody.
A discussion followed about the form of a presentation with Card Walker suggesting a film presentation (Card suggested this presentation embrace the "Disney" image as well as Disneyland's economic impact on the Orange County, California, area). Roy Hawkins felt that this would be an effective method of presenting our story, especially at the county level.
SUMMARY OF PROJECT FUTURE SEMINAR
Thursday, June 17, 1965 - 10:00 A.M.
2 E Conference Room

Present: Roy Disney, Donn Tatum, Clark Beise, George Bagnall, Ralstone Irvine, Paul Helliwell, Roy Hawkins, Joe Fowler, Mel Melton, General Potter, Larry Tryon, Dick Morrow, John Baity, George Sullivan, Bob Foster, Paul Bauer and Ted Crowell.

Before starting through the agenda, Bob suggested we go back and pick up two matters from the previous day:

1. In connection with the formation of a municipality or a special district Paul Helliwell stated that properties which would be owned by those entities would be removed from the public tax rolls.

2. With regard to freeways, and particularly federal I-4 Bob inquired whether the contact for special concessions should be developed by us. Roy Hawkins answered no, that we should go through the Governor so that the state would make the request.

LAND DEVELOPMENT

Excess Land

It was pointed out that decisions in this regard are not of an urgent nature but some discussion followed concerning sales
subject to reverter. Paul Helliwell said that a reversion is possible under Florida law but not practical because it destroys marketability. It is possible and practical to incorporate various restrictions by way of conditions which can be helpful although restrictive conditions give rise to possible actions by third parties for damages or injunctive relief.

Plot Zones, etc.

The subject of agricultural tax treatment for buffer zones was again reviewed and the tax and other benefits to be derived therefrom. At the present time all of the land is classified as agricultural and this need not be changed until the moment we are ready to make actual use of it.

Engineering

No discussion seemed appropriate at this point other than to recognize much engineering work is necessary.

Natural Resources

The property has substantial cypress even though a considerable amount of it has been cut in the past and further there are valuable stumps throughout the property. It was pointed out we should allocate a portion of the value to the timber in order to have a basis for claiming deductions when it is removed. The cypress has value for cattle fencing and crating but Roy Hawkins does not know what the overall value might be. In any event it was pointed out it would not be wise to cut trees for these types of uses until we know more
definitely what part of the property is to be cleared for our primary purpose. Roy Hawkins suggested that it might be desirable to survey the property from the point of view of evaluating the timber.

**Improvements**

Bob stated that there are two houses located on the property and several orange groves for which values should be established for depreciation purposes. Roy Hawkins said last year's return on oranges was good, amounting to approximately $5 a tree and this year looks to be good also, but the value will vary depending on the market from year to year. He also stated that experience indicates that the depreciation rate will run between 3% and 5%. It was also pointed out we are entitled to the Bronson fruit this year but not Goldstein's. The citrus can be marketed through a company such as Minute Maid where they will take over the entire operation or we can do it ourselves.

Larry Tryon suggested that since we intend to make commercial use of the hammock portion of the Bronson property we might be able to claim annual deductions for depreciation with respect to the value of the timber located thereon. In this regard it was suggested that we check with the people who manage Cypress Gardens to see what their experience has been. It was also indicated that it might be possible to assign a portion of our cost to fencing so that depreciation thereof would be possible.
Minerals

If there are substantial quantities of marl, sand and rock on the property, it may be advisable to have those deposits appraised and create a separate mining corporation which will realize income against which depletion of the deposits may be taken.

It is unlikely there is any oil located on the property. The Sun Oil Company report we have seen is not encouraging although elsewhere in the state drilling at greater depths has had some success (approximately 300 barrels a day). This area is to the south of us some 150 miles. We do desire access to the geological information on file with the state, specifically reports that have been filed with the state by private companies. Roy Hawkins indicated that it would be possible for him to check with respect to the availability of phosphate on the property. He also advised there is valuable muck which is good for top dressing which may in places run 10 to 12 feet deep.

It was pointed out that fire breaks should be cut which would also serve as access roads. Roy Hawkins suggested the advisability of clearing the palmettoes, which have no useful purpose but to the contrary interfere with drainage, grass growth and other beneficial uses. He recommends that one or more people be employed on a full time basis to clear the palmettoes. He said that this type of help could be obtained for $300 to $400 per month if given use of the house on the lower portion of the property as a residence. Roy expressed the view that it should be possible to treat most of the costs as deductions for tax purposes.
Utilities

This subject has been discussed at prior meetings and the only additional thought injected was that there would be no problem in getting permits to drill water for commercial purposes.

Municipal Services

This, again, has been discussed previously and was reviewed briefly. It is a subject that needs to be discussed with the local authorities, particularly relating to fire, police and trash.

Pest control, which had not been mentioned much before, was recognized as a potentially serious problem for this type of operation. Although a special district could be formed for control and abatement, Paul does not think it is necessary or even desirable, and it is probably feasible to handle it directly because it can all be expensed anyway. Roy Hawkins advised that when the water control has been accomplished, 75% of the mosquito and sand nit problem should be solved. There will undoubtedly always be some problem in this area but it should be controllable. It will probably be necessary to acquire fog machines. General Potter suggested that we check with Dick Pope as to how he handles this. Roy Hawkins undertook to discuss the mosquito and pest problems with the Martin people and others experienced in their eradication. It was observed that professionals can be engaged to catch snakes and a permit can be received from the state to move alligators.
TAX CONSIDERATIONS

John Baity pointed out that the principal federal income tax consideration would be to obtain a tax benefit from the losses and investment credits which would be generated by the project in the initial years before it becomes income producing. He mentioned that in order to obtain such a tax benefit it would be necessary to offset those losses or credits against Productions' income or taxes pursuant to the three year carryback and five year carryforward provisions of the Internal Revenue Code. John suggested that such an offset could be obtained by operating the project as a division of Productions, by filing consolidated returns or by not filing consolidated returns and liquidating a subsidiary within the permissible carryover period.

On the carryover-carryback problems, John pointed out that consideration should be given to whether the full tax benefit can be realized within the permissible carryover period, especially if accelerated depreciation is to be used. Accordingly, before depreciation policies are determined it would appear advisable to study carefully and provide a sufficient safety margin for the absorption of the losses which will be generated. He mentioned that if it appears that it will not be possible to utilize losses within the period then careful attention will have to be given to the absorption of those losses by sale-and-lease-back or other methods. The depreciation problem is fairly acute in view of the experience at Disneyland where a
A composite 10 year life is used on a double declining balance method. Also, consideration will have to be given to depreciation policies with respect to special purpose use of residential property.

John mentioned that from a tax standpoint it would clearly be advisable to conduct the project as a division, although he recognized that there might be varied corporate objections in not so doing, such as limited liability and avoiding NLRB jurisdiction.

John also indicated that problems concerning reallocation of costs, prices, etc. between related companies to reflect arm's-length situations could be effectively avoided by the use of a division as distinguished from the use of separate subsidiaries. He pointed out that regulations will require arm's length-pricing even though consolidated returns are filed (which is not presently the case), and numerous other adjustments.

John expressed the view that Walt's participation could be worked out just as well on a divisional basis as on a subsidiary basis. In fact, John pointed out that if a subsidiary is used many questions could arise from the creation of a minority interest such as compensation for the use of tax losses of the subsidiary against the income of Productions. He advised that it would be desirable that early consideration be given to the extent and method of Walt's participation so that numerous tax and corporate problems can be resolved.
John recommended that from a tax standpoint the agricultural properties be owned and operated directly by Productions and pointed out that the soil and water conservation expense would be deductible to the extent of 25% of farming income, subject to a perpetual carry forward of such expenses and that most other farming expenses should be deductible thereby facilitating the general improvement and development of the property at a reduced cost. He also recommended that the hotels and motels be directly owned by Productions rather than separately incorporated, indicating that Productions would be free at any time to incorporate those properties should it have compelling reasons for so doing.

In connection with any possible sale of any portion of the property John cautioned that a prior review should be given to the effect of such a sale upon the ordinary income versus capital gains treatment of a later sale of any other portion of the property; that is, we should consider if the first sale might result in the entity becoming a dealer in real property with respect to any subsequent sale. It might, however, be possible to place part of the property into a corporation which would hold it for dealer (ordinary income) purposes and to have the rest held by a corporation which would hold the land for investment. This indicates that no dispositions should be made of any portion of the property without a careful consideration of its effect on the project's capital gain-ordinary income status (even perhaps in the case of anticipated sales to employees for voter qualification purposes).
There followed a review of questions previously discussed in these minutes with respect to the deductibility of property taxes assessed by special districts and municipalities and the tax and economic advantages of operating our own utility services.
## TRANSPORTATION TIMES FROM ORLANDO

<table>
<thead>
<tr>
<th>City</th>
<th>Air Passenger and Freight</th>
<th>Motor Freight</th>
<th>Rail Freight</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATLANTA</td>
<td>1 hour</td>
<td>1 day</td>
<td>2 days</td>
</tr>
<tr>
<td>CAPE KENNEDY</td>
<td>Same day</td>
<td>Same day</td>
<td>Same day</td>
</tr>
<tr>
<td>DALLAS</td>
<td>2 3/4 hours</td>
<td>3 days</td>
<td>4 days</td>
</tr>
<tr>
<td>DETROIT</td>
<td>2 hours</td>
<td>3 days</td>
<td>4 days</td>
</tr>
<tr>
<td>HOUSTON</td>
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<td>4 days</td>
</tr>
<tr>
<td>HUNTSMVILLE, ALA.</td>
<td>3 3/4 hours</td>
<td>3 days</td>
<td>4 days</td>
</tr>
<tr>
<td>KANSAS CITY</td>
<td>5 1/2 hour</td>
<td>7 days</td>
<td>7 days</td>
</tr>
<tr>
<td>JACKSONVILLE</td>
<td>Same day</td>
<td>Same day</td>
<td>Same day</td>
</tr>
<tr>
<td>LOS ANGELES</td>
<td>2 hours</td>
<td>2 days</td>
<td>3 days</td>
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**Source:** Orlando/Orange County Industrial Board
SUMMARY OF PROJECT FUTURE SEMINAR

Tuesday, June 15, 1965 - 10:00 A.M.

2 E Conference Room

Present: Roy Disney, Donn Tatum, Ralstone Irvine, Paul Helliwell, Roy Hawkins, General Potter, Mel Melton, Joe Fowler, Larry Tryon, George Sullivan, John Baity, George Bagnall, Dick Morrow, Paul Bauer, Ted Crowell and Bob Foster.

Property Taxes

Bob Foster opened the meeting with a statement that we had invested $183 per acre in our Florida project as compared with approximately $3,500 per acre at Disneyland. Property in Anaheim is now selling at $97,000 per acre. This increase in property values is to be expected in Florida, and this seminar will deal with certain problems we will be facing in connection with the project.

Paul Helliwell described property taxes in Florida and the basis for assessment thereof. He pointed out that a property tax is imposed on all real property within the State of Florida. The tax is required by a recent decision to be based upon an assessment representing the fair market value of the property, giving attention to the following seven factors:

1. The present cash value of the property.
2. Its present use and the highest and best use to which it might be put in the near future.
3. Its location, size or quantity.
4. Its cost.
5. The present replacement value of its improvements.
6. The condition of the property.
7. The income it yields.
The tax is assessed and collected by county and municipal authorities, and not by state authorities. The assessment date for the tax is January 1 of each year, although the tax payment cannot be made until the following November.

Mr. Helliwell pointed out that in 1964 Orange County had used an assessment percentage of 54% of fair market value on real and personal property (which will have to be increased to 100% in view of the above decision) and Osceola used a 100% valuation. The effective rate of tax in Orange and Osceola counties was approximately 1.5% on the basis of a 100% valuation for 1964. Mr. Helliwell pointed out, however, that it could be expected that the rate will decline if the valuation figure is increased to 100%, and that it would be realistic to look for an overall tax rate of approximately 1%.

Larry Tryon pointed out that it might be desirable to try to persuade the assessor, in determining fair market value, to give effect to composite depreciation on the Theme Park should we decide to use such. Mr. Helliwell mentioned that such an idea might be possible, or alternatively, it might be possible just to agree upon a standard annual valuation for a period of years.

Mr. Helliwell pointed out that Florida law provides for the separate assessment of land which is used for agricultural purposes (i.e., farming, pasturage, timber, groves, etc.). He
expressed the view that to the extent our land would be so used the property tax would be based on a figure approximating our cost for such land, and that the county authorities could not consider other potential uses of the property in valuing the property.

Mr. Helliwell mentioned that property which was partially constructed was valued as unimproved land until such time as it had reached a state of substantial completion. He indicated that substantial completion meant approximately 75% completed on January 1, and that this test would probably be applied to each separate improvement. He also indicated that if the Theme Park, for example, is completed in 1967 but could not be effectively used until a later year, the local authorities would probably not assess it as improved property until the period of actual use commenced.

There followed a discussion of the means by which our property tax status would be determined. Mr. Irvine pointed out that from 1930 to 1948 there had been a constitutional provision which authorized the state to grant relief from such taxes. Mr. Hawkins stated that he felt it unlikely that we would be able to secure the reinsertion of a similar provision in the constitution. Even if that were possible, he indicated that it would have to be submitted to the people in the form of a referendum, and that could not be done until November of 1968. At this point Mr. Helliwell distributed a statement of policy issued by the Florida Development Commission,
a copy of which is attached.

Mr. Helliwell stated that in his opinion it would not be possible to obtain any guarantee or pact with the county authorities which would be legally binding. He stated that rather this problem must be dealt with on a local basis.

Mr. Foster pointed out the usefulness of attempting to set forth in a letter form of agreement the bases to be used for making a valuation of the property during the initial years, even though such would not be legally binding. In this letter agreement it might be possible to set forth the emphasis which will be given to the particular valuation factors over the initial five to ten year period of operations.

Mr. Helliwell suggested that it might be possible to get a ruling from the Attorney General and/or from the County Attorney stating that the proposed bases for valuation of our property would not be improper. He pointed out that such an opinion would be binding until such time as there was a change in the statute or actual litigation. It was agreed that a series of meetings with local officials would be quite important.

Mr. Helliwell pointed out that it would be impossible to form our own county.

Mr. Helliwell stated that he felt there was no need to be concerned about our property involuntarily being included in a special tax assessment district. He said it is possible to obtain separate assessments with respect to land and improvements.
Mr. Helliwell pointed out that it is probably proper for the county to agree to remit to a municipality a portion of the taxes which it collects, but this may take special legislation. The law already authorizes a rebate for road and bridge purposes.

Mr. Hawkins related an experience he had had with the tax assessor, and mentioned that it should be possible for us to take our plans to the assessor before commencing construction and receive a letter agreement from him as to the valuation of the anticipated improvements. He also suggested it might be possible to avoid property tax on our private roads if we were willing to agree to make those roads available to the public officials for services only (e.g., fire protection, police protection, trash removal, etc.), not the general public.

Mr. Helliwell expressed the view that if we were to construct a monorail or other transportation facilities through a portion of the property, which property would be left in its natural state, there would be no change in its status as unimproved property for purposes of valuation.

Personal Property

In connection with personal property taxes, Mr. Helliwell pointed out that the essential basis for valuation was the same as in the case of real property. However, he noted that in connection with personal property more attention was given to
the depreciated basis of the property in determining value. All tangible personal property of a corporation is subject to tax unless it is held or used exclusively for recreation, scientific, municipal, educational, literary or charitable purposes. He pointed out that in connection with inventories, it is customary to use balance sheet figures on January 1. He mentioned that the present legislature has passed a constitutional amendment, subject to ratification in 1966, which would permit the counties in their discretion to eliminate or reduce the tax as applied to inventories.

In connection with railroad cars which would move between the counties, he stated that the special statutory rules requiring proration would probably apply. He stated that the situs of other personal property was a matter of proof, and that it would be advisable normally to keep that property in the county where the tax rate is lower, if otherwise practical.

Mr. Helliwell stated that motor vehicles are not subject to the personal property tax.

**Inclusion In Special Tax Assessment Districts**

On the question of the possible involuntary inclusion of the property in special tax assessment districts, Mr. Helliwell pointed out that there are only two types of such districts, drainage-flood control and school. He doubts whether we should
be too concerned with this problem, although it is one which should be checked. He stated that the maximum school tax was limited to ten mills, and that there was always the possibility of a county-wide bond issue.

State and Local Taxes

Regarding state taxes, it was pointed out that the project would be subject to the following: initial tax, filing fees, franchise tax, intangibles tax, business license tax, alcoholic beverage tax, documentary stamp tax and sales (including admissions) and use tax. It was pointed out that on the county and municipal levels the project could be subject to property taxes (discussed above), licenses taxes, public utility taxes and certain special taxes which the state grants permission to impose.

Florida has a 3% sales and use tax. The Florida use tax law provides for the maximum tax of $5,000 on any single sale or assessment of use tax if the transaction to which it is applied qualifies as a single transaction. One qualification is the transaction be completed within six months. Paul Helliwell pointed out there is a prima facie rule that if property is purchased and kept outside the state for ninety days before being brought into the state, it is not subject to the tax. The following problems were raised:

1. If property is manufactured by Productions or a subsidiary in California and then transferred to the project,
will the California sales tax apply in addition to the Florida use tax?

2. Is the Florida use tax applicable to property which is manufactured by the taxpayer?

3. If the answer to 2 is affirmative, would the result be the same if Project X employees manufactured the property in California?

4. If the property is manufactured by Productions and transferred to a Project X corporation as a contribution to capital, will the tax still apply?

5. To what extent do the answers to the foregoing questions suggest that it would be better to operate Projekt X as a division rather than as a separate corporation?

It was mentioned that it might be possible to obtain rulings from the Florida authorities in connection with certain of the above questions. It was also mentioned that it might be possible to obtain legislative action during the 1967 session in Florida, and Controller's or Attorney General's rulings in certain areas prior to that date.

The assessment date for the intangible property tax is also January 1. Mr. Helliwell stated that patents and copyrights are not subject to the intangibles tax, and that the same would probably be true of trademarks and trade names, including the right to use Mr. Disney's name. A ruling is probably desirable.

Mr. Irvine pointed out that it would be likely that the name of the area as well as other items in connection with the
project would acquire secondary meanings, and might be claimed to be subject to the tax on the basis that they arose from a business conducted in Florida. Mr. Helliwell recommended that an opinion be secured from the Attorney General on these questions. Also, it was pointed out that there was a question whether intangibles owned by a non-Florida corporation are subject to the tax. The tax would definitely not apply to the stock of a Florida corporation which would be owned by Productions, so long as the shares are physically located outside of Florida and Productions is not qualified to do business therein.

Mr. Irvine pointed out that it is questionable whether you can register as a trademark or tradename the name of a geographical location even if it can be shown that such a name has a definite secondary meaning. He recommended that the opinion of the Attorney General be obtained on this point.

Accounts receivable are deemed intangibles to the extent that they are due on January 1 of any year. Accordingly, it would not be advisable to have rentals or similar payments due on January 1.

Mr. Helliwell suggested that careful study be given to the documentary stamp tax on conveyances of real estate (thirty cents per one hundred dollars) and also to the documentary stamp tax of fifteen cents per one hundred dollars in connection with any transfer of property or stock which might be made. He also recommended that a request be made for legislation which would permit the payment of a lump sum in lieu of all special
license fees in connection with the project. This legislation would have to be passed by the state legislature, and would probably only be applicable to our type of project. In the absence of such legislation, the project could be subjected to numerous license taxes. For example, a state license fee of five dollars applies to each recreational device, and both the county and the city may each impose an additional tax of fifty percent thereof on such devices, thereby effectively doubling the amount of the tax. Similar concessions would be applicable to the room tax on hotels and motels, and to the annual tax on public eating places.

It was pointed out that the state grants various cities the right by charter to impose special taxes such as cigarette taxes, and it would be possible to secure such powers for any municipality which would be formed. Mr. Helliwell stated that the state could authorize the cities to impose any tax not prohibited by the Florida constitution.

General Potter raised the problem of annexation of the property, and Mr. Helliwell stated again that in order to be annexed to a municipality the property must be contiguous, and that the word "contiguous" precludes the "corridor-balloon" method of annexation. He stated that he felt there was almost no possibility of annexation by the city of Orlando or by any other city.
SUMMARY OF PROJECT FUTURE SEMINAR

Tuesday, June 15, 1965 - 1:45 P.M.

2 E Conference Room

In addition to those present at the morning session, Card Walker attended the afternoon session. Mr. Bagnall was not present at the afternoon session.

Bob Foster opened the meeting by reviewing the summary of the meeting on Monday.

DRAINAGE AND FLOOD CONTROL DISTRICT

Bob outlined the two major natural drainage flows into Kissimmee River and Lake Okeechobee. Roy Hawkins said it is possible to form a sub-district. However, it was pointed out that any system of drainage and flood control must be approved by the Corps of Engineers as a logical link in the overall system, and must be recommended by the county or flood control engineer. The flood control plan would be prepared by an independent engineer.

Helliwell and Hawkins emphasized the importance of initially submitting definitive plans of diversion, impounding, etc., systems which would take account of anticipated development of the property. They did indicate that changes in plans could be incorporated by modifying the plan in subsequent years but every effort should be made to avoid radical changes in the future.
In answer to Bob's general inquiry as to the advantages of our proceeding by way of a drainage district as distinguished from our making our own water and drainage improvements, Paul Helliwell stated that the greatest advantage was the freedom from tort liability resulting from actions of a district, as an instrumentality of the state. Other advantages are (a) the funding and taxation of the construction through the issue of tax-exempt bonds; (b) lack of objection by individual property owners once the plan is approved; and (c) control of the board of supervisors by gearing landowner votes to the number of acres owned.

Possible problems and disadvantages of creating such a district were also pointed out. The improvements made by the sub-district may create areas which will be used by the project, with the possible result that there may be a question under Florida law whether the financing bonds will be issued for a valid public purpose and, accordingly, it may be advisable to conduct validation proceedings with respect thereto. Also, since such a sub-district can only finance the improvements by special assessment against the property which is benefited, it may be doubtful whether the property taxes which would be paid by the project would be deductible for federal income tax purposes except to the
extent allocated to interest and maintenance charges. In that case the balance of such payments would have to be capitalized as part of the cost of the land. (It was pointed out that the foregoing question of deductibility differs from the case where a municipality raises money by a general assessment, in which case the property taxes are usually deductible in their entirety.)

Paul Helliwell stated that there should be no difficulty in the sub-district's leasing the use of the waterways to the project so long as that was accomplished at an arm's-length rental. He indicated that in this regard no public bid would be required. Roy Disney pointed out that this would seem to be similar to the concessions frequently granted at national parks. Larry Tryon pointed out that the effect of such rentals should be to reduce the amount of money necessary to amortize the bonds and that since such rentals would be deductible for federal income tax purposes the net result should be that a substantial portion of the payments made by the project should be deductible even if the entire portion of the property taxes was not deductible (as discussed above).

However, Paul Helliwell made the point that if a portion of the property is impounded primarily for special purposes (e.g., duck hunting, pleasure boating) Larry's
point may not be fully applicable since the Corps of Engineers may not approve such improvements as being for public purposes so that we may have to dig our own lakes to obtain a greater degree of control of the property and, if so, would not be leasing them from the district.

Roy Hawkins pointed out that drainage district bonds customarily bear an interest rate of 3.8% to 4.5% and are readily marketable.

Irvine stressed the need for thorough research of the right of the project to limit public access to and use of facilities which would be created or serviced by the sub-district. It was generally agreed that this is a vital question that needs further research. Paul Helliwell did refer to a recent Florida decision involving a landowner who dredged a channel through a mud flat from open seas into a cove which he owned. He was successful in litigation to prevent the public from using this man-made channel on the theory that his making private property navigable did not create any public rights. The ramifications of this opinion are not yet clearly understood and further research is necessary.

**WATERWAYS AND LAKES**

The next subject of discussion was the right of control over natural lakes entirely or partially within
the property. With respect to Bay Lake, located entirely within the property, Paul Helliwell pointed out that it was not a meandered lake (i.e., a surveyed lake) but urged not only that nothing be done to establish a channel with Lake Mabel but, quite the contrary, steps should be taken to further isolate the two. It was then pointed out that some connection with Lake Mabel would probably be necessary in order to regulate water levels and this seems practical provided that it is handled by dikes and culverts not susceptible to navigation. Paul stated that even though Bay Lake is not meandered, we may wish to consider obtaining a ruling from the Internal Improvement Fund, of which the Attorney General is counsel, to the effect that it is not a navigable lake (as appears to be the case).

It was pointed out that as long as a lake is not meandered and is not navigable the property owner has the right to do anything he wishes, including filling in the lake. With respect to lakes which are located only partially within the property, Paul pointed out that the project could develop and limit access to the shoreline but could not keep boats from coming up to the shoreline. It follows that any man-made lake wholly within the bounds of private property would remain for all purposes within the absolute control of the landowner, assuming that it is not connected to a navigable waterway.
In connection with zoning Paul Helliwell pointed out that Orange County has an overall planning and zoning ordinance and that the property is presently zoned thereunder for agricultural purposes. He pointed out that Osceola County has no such ordinance and is not expected to have one prior to the commencement of our project. He indicated that it would be necessary for us to rely upon county ordinances until at least such time as we could establish a municipality (which could not be until the Legislature meets in 1967, i.e., for a two-year period).

Paul stated that proper county zoning is something that we will definitely want to request and in this regard he pointed out that a 1951 statute specifically authorizes county boards to participate jointly by compacts in the performance of their functions. General Potter recommended that in order to determine the scope of this provision we inquire as to how it originated. Bob Foster suggested that we consider the usefulness of this provision in obtaining not only zoning agreements but also agreements with respect to police, fire, and possibly even with respect to taxes. Once a municipality is created it will have primary zoning jurisdiction over its area.
Paul Helliwell recommended against the creation of a regional planning commission, which requires state legislation, chiefly for the reason that it does not have effective enforcement powers.

Paul pointed out that so long as there are individual property owners on the land which is surrounded by the project they will have a right to request variances from whatever zoning may be applicable but this cannot be done without a hearing before the zoning jurisdiction, to which the project would have the right to object and, if necessary, take an appeal. Florida courts strongly disapprove of spot zoning and in more recent years the courts seem to be less inclined to recognize so-called hardship exceptions.

NAME PROTECTION

In connection with the protection of the name of the project or municipality in which it is located, Paul Helliwell suggested exploring the possibility of obtaining special state legislation to assist in the protection of the name. Donn Tatum suggested that it might be desirable to establish the municipality with a name having no particular significance, such as the City of Anaheim, where Disneyland is located, recognizing that the name of the attraction or park is easier to protect than the geographic name of a municipality.
In addition to those present at the morning session, Card Walker and Buzz Price attended the afternoon session.

John continued a review of federal tax considerations by pointing out that if the residential property is owned the rental income therefrom will be ordinary income and we will be entitled to deduct against that income expenses for depreciation, property taxes, interest on improvement loans and operating expenses. He mentioned that the problem of depreciation might be a significant one if we intend to make modifications on the property at frequent intervals and that accordingly there may be some problem with the service in determining the period of useful lives. Once the residential properties are constructed it will probably be necessary to provide schools, hospitals, parks and churches. Presumably most of these improvements will be undertaken by the municipality and financed through municipal obligations thereby reducing the costs to Productions. He stated that there should be no significant concern with the federal excise taxes in view of the general elimination of those taxes by Congress. For example, after January 1, 1966 the only significant federal excise taxes will be on automobiles, 6%; telephone services, 3%; air
transportation, 5%; diesel fuel, 7¢; gasoline, 4¢; cigarettes and alcohol. The federal diesel fuel and gasoline tax would not be applicable to non-highway uses.

FINANCING

Bob outlined that the property has been acquired by five Florida corporations: Reedy Creek Ranch, Inc., Bay Lake Properties, Inc., Tomahawk Properties, Inc., Ayefour Corporation and Latin American Development and Management Corporation. All of the stock of each of the foregoing corporations is owned by Compass East Corporation, a Delaware corporation. Each of the foregoing corporations has an authorized capitalization of $25,000 consisting of 25,000 shares of $1 par value, is on a fiscal year ending September 30. Aside from an initial capital contribution to each of the Florida corporations of $1,250, the balance of the purchase price of the land which they have acquired has been advanced by Compass East Corporation, which has in turn borrowed the money from Productions. No notes have yet been drawn nor have financial records other than cash accounts been prepared. The practice has been for Reedy Creek Ranch, Inc. to pay all of the expenses (for which it is entitled to reimbursement) and that corporation also owns the Bronson home and surrounding property.

John questioned whether there was any compelling reason for retaining the separate existence of the six corporations beyond the date on which a public announcement would be made.
Bob explained that in addition to the security necessary during the acquisition of the property there was a desire to avoid a full public disclosure of the extent of our holdings. Therefore, the division of the property into the various corporations does serve some purpose; although it has become apparent that speculators who watch the recordings of land purchases have regarded our corporations and even third party corporations as being parties to the same land acquisition. John replied that it would be necessary to state the extent of our holdings in any reports to the SEC and to stockholders. It was agreed that when the reason for so doing ceases to exist, consideration be given to liquidating the corporations.

It has been pointed out that the initial costs for completing the Theme Park, roadways, drainage, and hotels will be in excess of $100,000,000. John pointed out it would probably be impossible to raise that entire amount through equity financing since the result would be a serious dilution of the stockholders' equity with a resulting decrease in the amount of money which could be raised for the additional issue. He recommended against a separate issue of the stock of a subsidiary since that would tend to create a substantial minority interest in the project which would give rise to many corporate problems. He pointed out that it would, of course, be possible and perhaps desirable ultimately to accomplish financing in part through equity financing and in part through debt. In connection with
any public financing it would be necessary for Productions to make a complete disclosure of its plans and programs and also of any possible drawbacks with respect thereto in connection with a complete S-1 Securities Act registration. Regarding private debt financing, John pointed out that Prudential Life Insurance Company has shown interest in our general type of project as witnessed by loans which it has made in Florida to General Development Corporation. He suggested that we explore the possibility of similar private financing by one or more insurance companies in connection with our project, pointing out, however, that participating companies might ask to participate in the project via stocks or warrants.

From a corporate standpoint John felt that one of the most important aspects would be the ability of Productions to finance all or a substantial portion of the project in a manner whereby it would not have to guarantee the financing with its own assets.

Irvine pointed out he felt that it would be difficult for Productions not to have to give a guarantee except to the extent that reliable long-term leases can be obtained with respect to attractions in the park or with respect to hotels, motels, etc. The extent to which Productions will be required to guarantee the project will probably depend upon its demonstrated success and even if an initial guarantee is required it may be
possible to secure a release from that guarantee once such success has been demonstrated.

Roy Disney pointed out that the problem of outside financing would have to be approached on a very gradual basis and it should not be necessary to resort to such for several years. He felt that the need for Productions' having to guarantee the financing could be greatly alleviated by entering into long term leases of the hotels and motels and of various attractions at the Theme Park with clauses which would give us the right to recapture those properties after a period of years.

PUBLIC ANNOUNCEMENT

Irvine pointed out that at such time as there ceases to exist the necessity for secrecy, Productions must make a public disclosure of the project. With respect to the duration of such period of secrecy he stated that Productions would have to rely upon the opinion of Paul Helliwell. Paul stated that in his opinion it is definitely in the best interests of Productions not to make a public disclosure before it has prepared a list of its needs and received appropriate commitments from the Governor and other public officials. He stated that if a public announcement were made prior to that time it would be detrimental to the Company and its stockholders in that the financial success of the project would be jeopardized.
since there is a danger that it would then become part of a political grab bag. He stated that he would render a written opinion to Productions on this point. Paul mentioned that the list of demands should be prepared and submitted to the Governor as soon as possible and in any event by November, 1965, and that thereafter a period of up to two weeks might be required in order to permit the officials to determine if they can make the necessary commitments. The group agreed that the lists of needs could not be prepared, reviewed by all concerned and finalized until late October or early November.

Roy Hawkins and Paul Helliwell indicated that the target date for the announcement should be in November or December and that the announcement must be made on a Wednesday so as to ensure proper publication in the local Kissimmee paper. They stated that our list of demands should be given to a group comprised of Governor Haydon Burns, Treasurer Broward Williams, Mr. Campbell, Chairman of the State Development Commission, and Messrs. Dyle, Anderson and Cody.

In view of the schedule suggested by Roy Hawkins and Paul Helliwell, Bob Foster suggested that September 1 be made the deadline for initial submission of the requests which are to be made so that ample time will be allowed for review and comment thereon. September 1 would likewise be the date for completing investigation and study of the problem areas requiring further study. It was recognized that it probably
would not be possible to describe in any detail the plans for the project at the time the announcement is made. At the same time as the specifications are being prepared, Paul emphasized the desirability of continuing with the preparation of the visual presentation which would be made to the Governor and other officials describing the Disneyland-Anaheim story and the nature of Productions' business.

Paul Helliwell identified the various Florida officials and administrative agencies involved in the matters we propose submitting for assistance. A chart of the various agencies is in the Blue Book under the tab, "Political Climates and Attitudes". He mentioned that all of these officials must run for reelection in May of 1966 and a vote in the Democratic primary should be tantamount to an election. The next session of the state legislature commences in April of 1967.

Paul stated that we would be dealing with the following Ex-Officio Boards: Trustees of the Internal Improvement Fund, Securities Commission, Soil Conservation Board, Board of Drainage Commission, State Geologist, Central and Southern Florida Flood Control District, and Florida Railway and Public Utilities Commission; and with the following executive officials or general administrative boards: Hotel and Restaurant Commission, Florida Development Commission, State Road Department, Beverage Department, Game and Fresh Water Fish Commission, Turnpike Authority, and Board of Forestry.

General Potter pointed out that Irving Muskat, head of
Inter-Ama (a publicly financed corporation which has been created to display the culture of Latin American countries and which has received federal financial assistance as well), has been soliciting long term commitments from various corporations with which we may also be interested in doing business. Roy Disney pointed out that nothing could be done about this until following the time of our announcement but that the problem should be kept in mind.

Buzz Price indicated that our tourist research data is incomplete with respect to coverage of the following: repeat visitation, duration of visits, time spent enroute versus time spent at destination, choice of destination, mobility within the state of persons arriving there by air, recreational interests, ownership of second homes, special opportunities such as trailer parks or conventions, and land use in the local area of Orlando (e.g., type, size, cost, movements). Card Walker pointed out that Walt's staff should be very interested in the type of additional statistical data which should be obtained, and may have various ideas of additional information which would be helpful to them.
SUMMARY OF PROJECT FUTURE SEMINAR

Wednesday, June 16, 1965 - 10:00 A.M.

2E Conference Room

Present were: Bob Foster, Larry Tryon, Roy Hawkins, George Bagnall, Paul Helliwell, Ralstone Irvine, John Baity, Donn Tatum, Roy Disney, Dick Morrow, General Potter, Card Walker, Ted Crowell, Paul Bauer.

DRAINAGE

Bob Foster asked if we should obtain a detailed drainage study, taking into account the considerable expense that would be involved and the fact that we do not now know exactly how the land would be used, or what could be done by way of forming a drainage district. Donn Tatum commented that we should authorize a thorough drainage study in order to get the basics out of the way at the present time with a view to adapting this at such later point when we know more definitely the details of the development. Donn observed that such a study would enhance the value of our investment whether we do or do not proceed with the contemplated development.

Roy Disney pointed out that the plan should conform to the basic drainage system for the entire area and
emphasized the importance of knowing how to handle the relationship between Mabel and Bay Lakes.

Roy Hawkins pointed out that it would take at least nine months to commence execution of the drainage plan. The steps would consist of the following: an engineering survey resulting in a drainage plan, approval of the plan by the Corps of Engineers and the Central Southern Florida Flood Control District as being consistent with their overall plans, publication of a feasibility report, approval of the county authorities, a hearing, and finally a three to four month validation proceeding. After these steps are completed construction can commence.

Bob asked whether it would be necessary to discuss drainage district matters with the proper governmental authorities, including drainage problems with our other needs for governmental assistance. Paul said it was not necessary since we are entitled to this as a matter of right but that we would want to inform the Governor of our plans. There are three bodies to deal with and from which we would need approval:

(1) Central Southern Florida Flood Control District;
(2) County Commissioners; and
(3) Corps of Engineers.

General Potter pointed out the advantage of getting on the Corps' so-called preference list with regard to the overall
Roy Hawkins pointed out that the cost of clearing property to make a lake could amount to approximately 25¢ to 30¢ per cubic yard, assuming that it would be necessary to remove the soil for a considerable distance. If, however, the soil is placed in the immediate vicinity of the lake by a dragline, the estimated cost would be approximately 12¢; if it was necessary to move the soil several hundred yards by bulldozer, the additional cost would be approximately 5¢. A certain amount of the soil should be subject to being removed by pump.

MUNICIPAL CORPORATIONS

Donn Tatum pointed out that there is considerable apprehension with respect to creating a municipal corporation due to the fact that it might result in our losing effective control of the property.

Paul Helliwell advised that there are two methods to form a municipal corporation, (1) under the general law (which should not be used) and (2) by special act of the state legislature. Under the special act procedure the state adopts for the municipality a charter which is specifically prepared for the desired purpose and which prevails over all general laws except where specifically made subject to general laws. If a change in the charter
subsequently becomes necessary it is generally necessary to go back to the legislature except in those situations where provision is made for a public referendum. The charter will set forth the type of municipal government and administration desired — i.e., City Manager, Mayor, Council or whatever. Other important features to be included in the charter are annexation rights and restrictions and proprietary activities of the municipality. It was strongly emphasized that the careful preparation of the charter is essential. If a municipality is not formed the controls which would otherwise be granted to it would be vested in the county (over which we would have no control). The municipality would also be entitled to various county and state tax refunds.

Paul feels that we should not pioneer the area of incorporating a municipality which would cross county lines. Irvine pointed out the necessity of avoiding incorporation of areas which include any of the "outs". Roy Disney suggested that we eliminate entirely the Hamrick property with a view possibly to annexing this piecemeal as the "outs" are acquired. Irvine said that it may also be desirable to exclude residential areas from the municipality in order to safeguard against loss of control. Paul stated that it would be possible to create more than one municipality.
With respect to the subject of excluding the public, Paul Helliwell said that the property can be developed to let the public in for only certain areas such as the city hall and the police and fire facilities. Discussion of placing a toll gate ensued but there was some question as to whether it would be possible to charge a toll on the main road leading to the entire city and still receive public funds. Paul felt that it would probably be necessary to permit free access to some portions of the city.

Further advantages of a controlled municipality are that it has a power of eminent domain for public purposes (as do the various special districts). Paul said that it is possible to limit the voting rights to landowners or to impose other reasonable qualifications in so far as municipal elections are concerned. He cited 14 So. 383, 157 So.2d 868, and 115 So.2d 715. This is one of the important elements of the charter, because if property within the municipality is not sold to outsiders the city government can be controlled by selling only to employees with a right to repurchase the land if employment is terminated.

It may be desirable to have more than one municipality within each of the counties. It would seem quite necessary that at least two would be desired in the county wherein the park is located, one which would embrace the park area and the other the residential area. A municipality has the
right to levy real estate, occupancy and various other taxes and is entitled to certain refunds, particularly from gasoline taxes and from the sale of cigarettes (3¢ a package) and from county real property taxes for street, road and bridge purposes. There is also a 4¢ per gallon refund on gasoline used in connection with a public-service transportation system. In response to Donn's question, Paul felt that it was probably proper for a municipality to contract with a county for services such as fire and police protection.

A discussion of testing the validity of the incorporation of the city brought out that it would require about six months to complete such a test, going through the Circuit Court (trial), Court of Appeals, and certiorari to the Supreme Court. Who would bring this suit and how it could be handled is something for further consideration.

There remains an area of uncertainty as to the deductibility of property taxes if a single entity or group of controlled entities owns all of the property assessed (see Tuesday's notes).

The procedure of incorporation is that the charter should be prepared not later than December of 1966. It would be advertised in the county for 30 days, is then submitted to the Orange (and/or Osceola, as the case may be)
County delegation and, if approved, would go on the local calendar where it would be processed through the legislature without a hearing. We would want a commitment at the county level for one or more municipalities in each of the counties. The reason for any reluctance in approving this is that to the extent that taxes are refunded to the city, the county's revenue sources are reduced. The problem of commitments was discussed. It was pointed out that the new reapportionment will result in an entirely new legislature in 1967 so the continued identity of the county delegations is uncertain. However, the county officials themselves are very stable and there are unlikely to be radical changes in the future barring unforeseen circumstances.

Although the section has not been interpreted, it is felt likely that the same section permitting counties to contract for dual county activities could be applicable at the lower municipal level so that two or a group of municipalities might contract with each other in a uniform manner.

It was pointed out that the rights in ownership and use of land are not changed merely by the land being within the limits of a municipality.

In the event municipalities are formed, revenues of the municipalities are city funds independent of funds of the principal landowner and all dealings between the
principal landowner and the municipality should be arm's-length transactions.

It was noted that the formation of a municipality would involve some unavoidable duplication of costs since certain services it is required to furnish would otherwise at least be an obligation of the county, and there would be no reduction in county taxes (except to the extent of refunds) to offset the additional services furnished by the municipalities themselves.

SEWAGE DISPOSAL SYSTEM

Cesspools are not practical in major development. Orange County has quite rigid requirements although Osceola County does not. As a practical matter, financing is impossible without an adequate sewage system. Sewage service can be handled by the municipality, by a public utility corporation or even privately. Tax considerations in this regard will be considered at the Thursday session. Municipalities have the power to impose a 10% tax on public utility services and proceeds therefrom can be used or pledged for financing sewage system improvements without voter approval. Sewage and water utility companies within a municipality are not subject to regulation by the public utilities commission. Otherwise, they are subject to control by the county authorities if handled through a
private corporation. It was pointed out that the sewage utility can lease or buy the land which it uses and that the utility lines may be in the form of easements; however, all drainage areas must be dedicated. Utility companies are readily salable, assuming that there is a decent market potential. The market is available even though they may be operating at a current loss, if the future looks sufficiently promising.

POWER

The question of negotiating for rates was discussed. Paul stated that this would be a subject of discussion with Florida Power Corporation. They have a sliding scale based on quantity but Roy Hawkins does not know of their ever having made any special deals outside their rate schedules. It might be possible for us to generate or otherwise furnish our own power but there are more problems if we want to resell at retail. Paul pointed out that we might be able to buy at wholesale and then sell at retail but he wants to check on this. In order to do so we would have to furnish the distribution facilities. Roy Hawkins said he did not feel that this was practical in view of the substantial costs involved.

The possibility of developing atomic energy and possibly tying in with General Electric or similar advanced
developments in conjunction with American Telephone and Telegraph were discussed. Paul and Roy Hawkins felt that these matters required considerable further thought and analysis. They pointed out the tremendous strength of the Florida Public Utilities Commission and the problems of the existing franchise rights of Florida Power, Southern Bell Telephone Company, and Houston Gas. They were of the impression that nothing in this area should be done without full cooperation of the established franchise holders but were generally optimistic of their interest in using this as a vehicle for further planning.

The allied question of transportation was raised next. It was pointed out that if a system is established even if entirely within private property it would have to be regulated through the public utilities commission, this being particularly true if we cross public streets and highways. It was felt in general as to utilities that it is not necessary to go into detail at an early date, that first we need to know what it is that we will want to do in this area and then to contact the appropriate authorities.

AIRPORT

Airports are controlled by the Florida Development Commission and an airport can be publically financed by bonds which are retired by charges for use of the facilities.
Also, it can be done privately but there are a number of problems in this regard, making it somewhat less attractive. Roy Hawkins suggested that it might be better initially to endeavor to have the Kissimmee airport improved until our own activities in this area are of sufficient magnitude to justify developing any major facility of our own. It was pointed out that more is necessary than the land for the strip itself in that the approaches may disrupt the use of land for substantial distances around the airport. Donn Tatum pointed out that we may well have need of a substantial facility if we get into the area of packaged vacations with charter flights of jet aircraft.

Determining the status, management and other details and information concerning the Kissimmee airport is an area for further investigation.

BANKING

On the subject of banking, Paul Helliwell stated that there is no branch banking in Florida therefore separate facilities must be created if needed; no problem is anticipated in obtaining a commitment from the state comptroller that, subject to FDIC approval, a state charter would be granted for the conduct of the banking business in the area of the project. Once such a charter is granted it is unlikely that any other state chartered bank would come
into the area; however, there is no guarantee against a bank coming into the area under a national banking charter. As a practical matter no banks could be chartered within the project because a site would not be available.

**INSURANCE**

With respect to the creation of an insurance company, Irvine pointed out that this was recommended largely as a matter of reducing insurance costs. Helliwell indicated that he had personally been very active in this area and that the creation of a multiple line Florida insurance company would result in the saving of a tax of $2\frac{1}{2}\%$ on premiums and also the earning of insurance commissions of approximately 25% to 40% of premiums paid. He indicated that the company could not handle life insurance except through a contractual arrangement with a life company, but could handle all other types, including health, accident, and hospitalization. He stated that it would be possible to contract to obtain the management for such a company and that it should be possible to operate it on an overhead of 5% of total premiums. He estimated that the activity should be profitable, especially if ultimately expanded to include insurance of our California operations. He indicated that the capital requirements should be in the neighborhood of $750,000 in capital and in surplus but that
that amount could be invested or loaned by the insurance company. He indicated that no additional capital would be required until the annual premium level would exceed approximately $2,500,000. He estimated the company should be profitable if an annual premium level of $1,000,000 could be established. The state treasurer is the official who is concerned with granting a permit for such a business, and Paul expects that there should be no substantial problem in obtaining such a permit.
SUMMARY OF PROJECT FUTURE SEMINAR

Wednesday, June 16, 1965 - 1:45 P.M.

2 E Conference Room

Present: Same parties as morning session, except George Bagnall.

BUSINESS LICENSES

Paul Helliwell suggested the possibility of securing legislation at the state level for an omnibus license which would cover all activities within the property.

LIQUOR LICENSES

Liquor licenses are covered by state statute and are administered under the State Beverage Department. Regardless of other limitations, a municipality has a measure of control within its own area, and this is an important factor. Florida has a local option law and both Orange and Osceola Counties are "wet". It is not felt there is any likelihood of a change because of the strong tourist influence in these two counties. In certain counties licenses are granted on the basis of population, but notwithstanding such limitations each municipality is entitled to three licenses which it may pass out in accordance with its own desires. We should give consideration to asking the counties to adopt certain regulations relative to distance requirements and/or population requirements if they do not presently exist in a satisfactory form. Under COP 4 a license
is more or less automatic to a large restaurant serving liquor incidental to the service of meals. Again, however, the municipality has some power to overrule on the basis of either outlawing all liquor in the city or on the basis of distance requirements. This is one area in which it would be appropriate and advisable to seek assured cooperation from the state.

PERMITS AND LICENSES – AMUSEMENTS, ETC.

It was acknowledged that special legislation may be necessary in this area, and further study should be given to it.

ARCHITECTS, ENGINEERS, ETC.

Florida has reciprocity with architects so a duly licensed California architect can practice in Florida. This is not true in the case of engineers where no reciprocity exists with California. Paul suggested that we would probably want to work through a Florida firm anyway to take advantage of their knowledge of conditions in that state.

TWO COUNTY SITUATION

Bob Foster indicated that on the basis of earlier discussions the performance of fire and police protection and other governmental services by the two counties and assurance of cooperation between them would depend to some extent upon agreements which we would be able to effect with them and upon
any valid compacts which they would be able to make with each other with us as the party concerned and benefited. Such would also be applicable to matters of licensing and possibly taxation. The problem remaining here is in complying with two sets of ordinances which may be inconsistent.

Regarding building codes, Roy Hawkins pointed out that it would be important carefully to examine the present Orange County code to make sure that it would accommodate the types of materials and techniques which we might employ and so that it might also be changed to permit easy modification in the event of unanticipated changes in materials or techniques. General Potter gave an example of the unique use of plastics for walls and roofs at the World's Fair and of voltage requirements in connection with fountains.

Paul Helliwell pointed out that since Osceola County does not presently have a building code or zoning ordinance we should be able to persuade that county to adopt a code which conforms to Orange County's. This is one matter for discussion with local authorities. Paul undertook to get copies of the Orange County and Southern Florida building codes. Paul also pointed out once a municipality is established on our property it would have jurisdiction to set its own standards, but prior to that period we will have to rely on county standards. Donn Tatum mentioned that these
codes be referred to John Wise for his review and comment.

Bob pointed out that the only method of securing commitments from the counties appears to be the documentation of our understandings and agreements, and that it does not appear possible to secure binding long-term commitments. This is an area requiring continued research.

INGRESS AND EGRESS BY OTHER PROPERTY OWNERS

Paul Helliwell stated that the present plotted roadways have not been accepted (as required by statute to complete dedication), and that the county commissioners have the discretion to abandon those roadways in accordance with prescribed statutory procedures. Once the roadways are abandoned it will be necessary to provide statutory access to the "outs" to our property. There is no evidence of any of the "outs" having established prescriptive rights of ingress and egress. In determining their statutory right-of-way over our land, the final determination would be made by the county commissioners. The "outs" would by statute be entitled to use such ingress and egress in connection with residential and agricultural use of the land but not for commercial uses.

SIGNS AND BILLBOARDS

Paul indicated that the Florida legislature passed legislation during its last session (which has not yet been published) which should be helpful to our placing directional
signs on the state roads and highways specifically official signs on state freeways. It was pointed out that such signs are in the state's interest and it is expected that the state would cooperate. In connection with the placement of signs on United States highways, Paul expressed doubt whether we would be successful beyond securing signs which would merely state the name of the municipality, and, as indicated in the summary of Tuesday's seminar, it is not likely that we would want to choose a name for the municipality which would use the word "Disney" in order to protect that name from falling into the public domain.

**PROTECTION OF NAME**

Irvine stated that there would be a great risk regarding protection of the Disney name should it be used as the name of the municipality. He recommended that every effort be made to secure legislation which would recite that the name such as that of the project be regarded as more than a geographic location and, therefore, is entitled to be registered as and given all of the protection of a registered trademark. Even if that would be possible, Irvine questioned whether the use of the name in connection with the town might jeopardize the use of the Disney name in other connections and recommended that this problem should be carefully researched. Regarding the use of the name in connection with the Theme Park, Irvine pointed out
that we will have to examine thoroughly the question of whether we can register the name. He pointed out that a great deal of money is involved in properly protecting the Disney name.

MISCELLANEOUS PROBLEMS

Paul Helliwell reiterated that there are no problems in connection with annexation of our property by Orlando, Kissimmee or special assessment districts. He stated that there are no industrial or public safety codes or regulations of general applicability, and that it is unlikely that there will be such for a considerable period of time. Bob pointed out that problems relating to other Florida statutes which may affect our type of business are being considered by Helmut Furth.

Regarding labor matters, Paul pointed out that Florida has a right-to-work law, does not have fair employment practices statutes, and still authorizes the use of injunctions in connection with labor matters. Irvine pointed out that the chances of the project being subjected to NLRB jurisdiction would be enhanced if the project were conducted through a division of Productions as distinct from being conducted through a subsidiary. Irvine stated that even if a subsidiary were used, NLRB jurisdiction would probably only be avoided for the first two or three years while the project is in the development stages, and even this is questionable considering the probable extent
of Productions' influence in the development.

ROADS

Ted Crowell reviewed the existing road facilities, capacities and recommended certain changes. Specifically, he recommended that we request a clover-leaf interchange at the intersection of I-4 and the Sunshine State Parkway. Roy Hawkins said it would be necessary to obtain the approval of the trustees and that it would be necessary to show that toll revenues would not be jeopardized.

Ted also recommended that we see whether permission could be granted to place an on-site clover-leaf from I-4. Paul Helliwell recommended that we ask for permission for this, but cautioned that if we wished to have the state pay for it and also construct a road leading north on our property we would be required to give the public access to that road (though we could impose tolls at various exits therefrom). Roy Hawkins estimated that it would cost us approximately $400,000 to construct the interchange ourselves. Ted also indicated that it would be desirable to increase Highway 530 to six lanes between the I-4 intersection and main entrance point to provide easy entry and access. It was pointed out that state highway 27 is presently being widened and should be sufficient. Ted also recommended that we give all possible support to the completion of the Beeline Freeway since that
would tend to facilitate the moving of traffic from Cape Kennedy to our project.

Roy Hawkins advised that we should prepare a master plat and plan of the changes which will be necessary so that it can be presented to the State Road Commissioner and other authorities. He particularly emphasized the need to stress the time within which we would like to have these changes completed and the relative priorities of the changes; that we anticipate all of our needs to avoid repeatedly approaching state and federal authorities; that the plat and supporting documents should be persuasive and professional; that material justifying the granting of the requests be provided to avoid any possible embarrassment of public officials.

The recommendations and statistical figures related by Ted are summarized by charts, tables and descriptions under the tab "Roads, Highways and Freeways". He recommended further and continued study of traffic and roadway needs.

Roy Hawkins stated the state does not permit billboards or other commercial uses on its right-of-way.

We should obtain the right to overpass I-4 with a monorail or other facility.

LAND DEVELOPMENT

The need for surveys and analysis of the land and soil was briefly mentioned. As to possible uses of the land, Roy
Hawkins discussed possible raising of citrus in certain areas. Although the property generally is in a cold area, certain new stock seems to be able to survive, although it is not yet known. There is some feeling that there has been too much citrus planted in the last few years, but Hawkins is not in full accord with this. The citrus serves more than one purpose. In addition to being profitable in its own right, there are certain tax advantages, and it also is useful for landscaping and beautification.

REFORESTING

The trees can be obtained from government sources. If slash pine is to be planted, it requires a stable water table and requires ten years from seedling to the point where it is ready for pulp mill. The cost can be expensed and there are a number of tax advantages in this business. For tax purposes the present timber should be appraised separately.

Other similar uses of the land such as for raising nursery and ornamental stock are possible, the costs of which can be expensed. Furthermore this business can be quite profitable. Such an activity is agricultural and enjoys the tax advantages of an agricultural use plus the added advantage of an agricultural activity to supply our own needs. Before pasture uses the land would have to be cleared. Roy Hawkins suggests that steps be taken to clear appropriate areas promptly -- that numerous benefits are derived, the appearance of the property is improved,
as is drainage, and much of the cost can be expensed.

CROPS

The land is not particularly good for farming, but is quite suitable for melons and possibly for shallow root farming to a limited extent. The advantage to be gained from this type of agricultural activity would be in getting the land cleared and the soil improved for our future use. A minimum period for tenants to engage in this type of activity in our behalf would be three years.

CONSERVATION AND WILD LIFE

Roy Hawkins discussed the previous uses of the land by hunters who have substantially cleared out the wild life, but with many conservation efforts being made, wild life should reproduce rapidly. He made particular reference to various types of fowl, specifically quail and turkeys, and deer and also referred to other wild life that may be found to a lesser extent such as armadillo, opossum, coons, wildcats, wild hogs, and some black bear and panthers in the everglades.
TAXES

REAL PROPERTY AND PERSONAL PROPERTY

Request from Osceola and Orange County's Tax Assessors through proper local contacts that they will acknowledge and apply the following principles when appraising our property for tax purposes:

1. Recognize our land purchase price, not inflated prices paid for surrounding property by others and disregard "out" prices as establishing a fair market value.

2. Continue to treat land used for agricultural purposes as agricultural, not potential commercial.

3. Evaluate improved property and improvements, not on basis of replacement cost of improvements, rather on yield or cost less extraordinary costs. (This formula must be developed by us before approaching authorities.)

4. Acknowledge a written statement of these concepts which will be based on a properly prepared statement of problem.

5. Establish the percentage of completion to be applied before treating property as improved - for tax purposes. (Concept: Improvement must be ready for use.)

6. Through appropriate authority, Orange and Osceola shall each acknowledge the other shall apply the foregoing concepts, i.e., the foregoing shall be embodied in an agreement covering cooperation between the two counties.

7. Obtain Attorney General and County Attorney's opinion on validity of the appraisal formula.
8. Agree to confer and establish a value of improvements based on plans and specs before starting construction.

9. Agree to establish which roadways, sewers, etc. are owned by tax assessment districts not privately owned, therefore not subject to county tax. Include in Attorney General and County Attorney's opinion.

STATE TAXES

1. USE TAX

Proper authority will obtain Attorney General's opinion on application of use tax - based upon hypothetical case we will prepare. Obtain a commitment to seek an exception to the use tax law for types of equipment manufactured by the user. "Manufactured by" to include items designed by the user or a/subsidiary company of the user.

2. INTANGIBLE TAX

Attorney General's opinion - based on State Comptroller's declaration - does not apply to use of name contract, license fees, royalty agreements, etc.

DRAINAGE

1. Drainage District. Authorization, as needed, to form a Drainage and Flood Control District. Assurance of cooperation.

2. Plan for leasing facilities from District for commercial use.

3. Restrict public access to facilities though constructed by District using public funds.
WATER WAYS

Obtain a commitment from trustees of Internal Improvement Fund that Bay Lake and other lakes are not within their jurisdiction. Document this commitment.

ZONING

1. Agreement to hold future development and not grant building permits until a master zone for the area is established.

2. Osceola and Orange Counties enter into appropriate agreement of cooperation which shall include provisions compatible relative to zoning, adopt the same zoning and permitted uses of our property and of surrounding property.

PROTECTION OF NAME

Assured cooperation in enacting appropriate legislation which shall be developed.

LICENSES, ETC.

1. Authorization for formation of bank.

2. Authorization for formation of Insurance company

3. Possibility dependent upon our decision, of City of Kissimmee agreeing to improve their airport facility to accommodate increased traffic.

4. Assure cooperation in enacting legislation setting up an "omnibus" business license for our type of development. (The specifics to be contained in such legislation to be prepared.)
5. Same as above for shows and entertainment activities.
6. Assurance will have cooperation of State Beverage Control Board relative to liquor license. Investigate Orange and Osceola County distance requirements between licensees.

TWO COUNTY SITUATION

Obtain commitment Osceola and Orange Counties will enter into appropriate agreement setting forth areas of cooperation in performance of governmental functions as they affect our development. If possible identify our development and provide for cooperation with newly formed municipalities.

Areas of cooperation should include:

- Taxation
- Zoning
- Fire Protection
- Police Protection
- Building Codes
- Business Licenses

INGRESS TO"OUTS"

Orange County to agree to abandonment of roadways plotted in Munger's Subdivision within the property.

SIGNS

Commitment to include name of development on official Freeway signs and highway distance and directional signs.
BUILDING CODES

Osceola and Orange County to amend building codes, if necessary, to permit use of new materials and techniques.

STATUTES AFFECTING OUR TYPE OF BUSINESS

Legislation changes or new legislation may be requested. Study must continue.

ROADWAYS (Additional study required)

1. New Facilities:
   a. Interchange at intersection of I-4 and Sunshine Turnpike.
   b. Off-On ramps on I-4 in Bronson property.

2. Modification of Existing Facilities
   a. Widen 530 to six lanes between I-4 and entrance to property.
   b. Remove stop signs at 530 - I-4 off ramps and increase off ramp to two lanes.
   c. Widen to four lanes 530 between I-4 and Sunshine Turnpike, and highway 27 and 545.

3. Complete Proposed Improvements.
   a. Completion of Bee Line Freeway by date of anticipated opening.

4. Consent to cross I-4 and 530 with monorail or other rail system and with an overpass for automobile traffic.
PUBLIC UTILITIES

Advise political influential that the cooperation of public utilities commission is essential, specifically with respect to:

Transportation Systems
Electricity
Gas
Water
Sewage Disposal Service

NATURAL RESOURCES

Cooperation from state geologists in determining exploration previously conducted on property.

PEST CONTROL

Cooperation of local agencies in abatement program.