

QUESTIONS and ANSWERS*June 2008***What is being announced?**

A proposed real estate transaction of historic proportions between the South Florida Water Management District and United States Sugar Corporation to bring up to 187,000 acres of agricultural land into public ownership to help revive, restore and preserve America's Everglades. The two parties signed a "Statement of Principles," which provides the necessary framework to move forward with negotiating a final purchase agreement.

When will negotiations begin on the contract?

Negotiations will begin July 1, after the Governing Board's ratification of the Statement of Principles at its June 30 Governing Board meeting.

Where is the land located?

The bulk of the lands are located in the farming region known as the Everglades Agricultural Area, just south of Lake Okeechobee, in Palm Beach, Hendry and Glades counties. A smaller parcel of approximately 80 acres is located in Gilchrist County.

How does this benefit the environment?

The environmental benefits offered by the land purchase include:

- Providing an opportunity to reestablish an historic connection between Lake Okeechobee and the remnant southern Everglades ecosystem through a massive, managed system of water storage and water quality treatment.
- Allowing for the delivery of cleaner water to the Everglades during dry times and greater water storage to protect the natural system during wet years.
- Reducing the potential for harmful freshwater discharges from Lake Okeechobee to the St. Lucie and Caloosahatchee rivers and estuaries through additional available storage.
- Preventing thousands of tons of phosphorus from entering the Everglades every year.
- Eliminating the need for backpumping water into Lake Okeechobee from the Everglades Agricultural Area to augment regional water supply needs.
- Providing additional water storage alternatives and relieving some pressures on the Herbert Hoover Dike while the federal government undertakes repairs.

What other benefits does this provide?

The agreement between United States Sugar Corporation and the District will not only serve to protect and restore the Everglades and coastal estuaries, it may also sustain remaining agriculture in the region by using the land to eliminate environmental concerns through additional storage and treatment; enhancing the availability of water supply; and offering potential opportunities for green energy production in the Everglades Agricultural Area.

How did this agreement come about?

Vast tracts of land in the Everglades Agricultural Area have long been considered the “missing piece” of real estate needed to protect Florida’s coastal estuaries and to revive the Everglades. The concept of acquiring land within the Everglades Agricultural Area was raised by Governor Crist, who directed the Department of Environmental Protection and the South Florida Water Management District to explore the potential for negotiating a land purchase with United States Sugar Corporation.

How was the purchase price determined?

A final acquisition price has not yet been established. The \$1.75 billion amount included in the Statement of Principles is a sound estimate based on the District’s extensive knowledge of the Everglades Agricultural Area lands and recent appraisals of the land and assets made by United States Sugar Corporation. The acquisition and final purchase price is subject to independent appraisals, which will be performed by highly qualified appraisers hired by the District.

How will the District pay for the land and assets?

Subject to independent appraisals and approval by the District’s Governing Board, water managers will use cash and certificates of participation to finance the acquisition. The acquisition will be possible without raising taxes or requiring new funding. Through sound financial management, the District has dedicated environmental funds available for investing in land and construction needed for restoration. That means the funding source is based on a reallocation of District revenue already identified for Everglades restoration.

When will the District take ownership of the land and assets?

As currently proposed, United States Sugar Corporation will retain use and possession of the lands and facilities for a period of six years, unless extended by mutual agreement. Upon termination of the use and possession agreement, all lands and assets will be turned over to the District.

How long will farming operations continue on the land?

In accordance with the Statement of Principles, United States Sugar Corporation will retain the right to farm and manage the land consistent with its previous business practices over the next six years. This transition period allows United States Sugar Corporation to continue business operations and fulfill its long-term existing obligations. This is a common and cost-effective land stewardship tool employed by the District to help manage lands until project construction.

What is the condition of the land?

Most of the land has been actively farmed for 50-75 years. During the transition period, United States Sugar Corporation will be obligated to continue implementing best management practice requirements to prevent or reduce pollution at its source. As a

condition of turning over the land and assets to the District following the six-year transition period, United States Sugar Corporation is responsible for the environmental remediation of any pollutants.

How is the District proposing to use the land?

Detailed plans for the land will be developed over the coming months at the direction of the District’s Governing Board and in coordination with restoration partners and interested groups. Initial concepts for the land, however, call for constructing a managed system of water storage and water quality treatment to reestablish an historic connection from Lake Okeechobee to the remnant Everglades. This concept requires the consolidation of strategically located agricultural land into large tracts.

The District will be evaluating the full potential of the land and options will be presented to the Governing Board for consideration and public discussion. Plans to use the land will be deliberative and thorough with full consideration given to the new flexibility and opportunities now available to ensure that the environment receives the maximum benefits possible.

When will construction on the land begin?

Construction of any new water treatment and storage projects on the agricultural land would likely begin following the six year transition period.

How does this acquisition affect Everglades Restoration?

This acquisition represents one of the most important actions to protect and restore the Everglades ecosystem since the designation of Everglades National Park sixty years ago. It provides the “missing piece” of real estate that offers water managers the unprecedented opportunity to reestablish a part of an historic connection between Lake Okeechobee and the Everglades. The strategically located lands also provide water managers with the flexibility to store and treat water on a scale never before envisioned, which will enable the delivery of water necessary to sustain the Everglades and, at the same time, protect the St. Lucie and Caloosahatchee rivers and estuaries from harmful freshwater discharges.

How does this affect the State-federal Comprehensive Everglades Restoration Plan?

Water managers expect that using land for storage and treatment in the Everglades Agricultural Area will build upon and enhance the 30-year state-federal Comprehensive Everglades Restoration Plan (CERP). It is also recognized that the vast size and strategic location of the land may now present opportunities for additional storage and treatment not considered feasible or achievable when CERP was conceived. This could, in turn, lead to modifications of components contained in CERP.

How does this affect the District’s initiative to expedite key restoration projects?

In 2004, with federal funding for the Comprehensive Everglades Restoration Plan stalled, the District moved forward under its own initiative to expedite a suite of key

restoration projects identified as priorities by the US Congress. Today, acquiring prized and vast expanses of agricultural lands represents a once-in-a lifetime opportunity not previously anticipated.

To accomplish the acquisition, the District will redirect funds previously identified for the expedited projects. The District will be presenting to the Governing Board for consideration and public discussion options for the future use of the agricultural lands, funding considerations and the effect of the purchase on the schedule and completion of expedited projects.

It is anticipated, however, that funds may be available to achieve full or partial completion of specific and strategically important expedited projects. With planning and design complete on other projects, construction may be assumed by the US Army Corps of Engineers, as originally envisioned in the Comprehensive Everglades Restoration Plan. It is also anticipated that all construction completed to date on the Everglades Agricultural Area Reservoir can be incorporated into an expanded system of treatment and storage.

How does this affect the State of Florida's Northern Everglades program?

In 2007, Governor Crist signed legislation to expand the Lake Okeechobee Protection Act and safeguard and restore the northern Everglades system, including the Lake Okeechobee watershed as well as the Caloosahatchee and St. Lucie rivers and estuaries. By 2009, the law called for the development of technical plans to protect and improve the quality, quantity, timing and distribution of water north of Lake Okeechobee and augment restoration underway in the remnant Everglades south of the lake.

In accordance with the law, the District in November 2007 released its technical plan identifying the necessary projects for achieving water quality targets in Lake Okeechobee and increasing water storage north of the lake to achieve healthier lake levels and reduce harmful discharges to the coastal estuaries. Components of the multi-phase plan included building treatment wetlands to clean water flowing into the lake and creating between 900,000 and 1.3 million acre-feet of water storage north of the lake through a combination of above-ground reservoirs, underground storage and alternative water storage projects on public and private lands.

The acquisition of up to 187,000 acres in the Everglades Agricultural Area will likely provide a significant amount of the additional lands needed to achieve the water storage and treatment goals of the 2007 legislation.

How does acquisition impact other District priorities?

In light of this tremendous opportunity to build upon and expand the work that has already taken place towards restoration, the District will be working with the Governing Board over the next month to reevaluate its strategic priorities and the budget accordingly.

What does this acquisition mean to local communities?

Over the next six years, United States Sugar Corporation will continue to farm and manage the land, operate its business and fulfill its long-term existing obligations in accordance with the Statement of Principles.

Governor Crist has called upon the Governor's Office of Tourism, Trade and Economic Development and the Agency for Workforce Innovation to work with the United States Sugar Corporation, the South Florida Water Management District, local governments and area businesses on an economic transition plan for the area. In addition, real estate taxes and assessments will continue to be paid by United States Sugar Corporation during its occupancy, after which the District will assume the tax responsibility in accordance with Florida law.

It is anticipated that the acquisition may present new economic and environmental opportunities, including the possibility of green energy production and greater ecotourism.

What will the District do with the Corporation's assets?

Along with the land, the District will also take ownership of the company's assets, including 200 miles of railroad, a state-of-the-art sugar mill, sugar refinery and citrus processing plant. The detailed purchase agreement may include third party exchanges and/or acquisitions of portions of the lands and assets.

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