

STA – 1W Expansion Agreement:
SFWMD, New Hope Sugar Company /
Closter Farms, Inc. (“Florida Crystals”)
and Gladeview Holdings, LC (“Knight”)

SFWMD Governing Board Meeting

January 9, 2014

*Richard Bassell, Administrator, Real Estate
Management Section*

*Temperince Morgan, Director, Office of
Everglades Policy and Coordination*



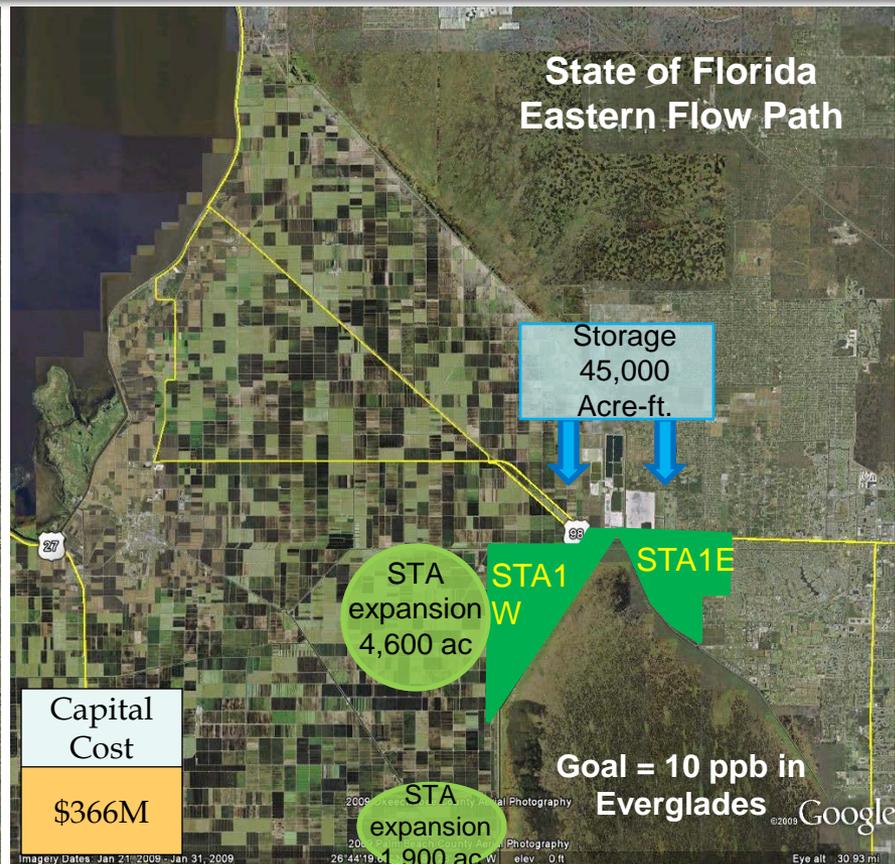
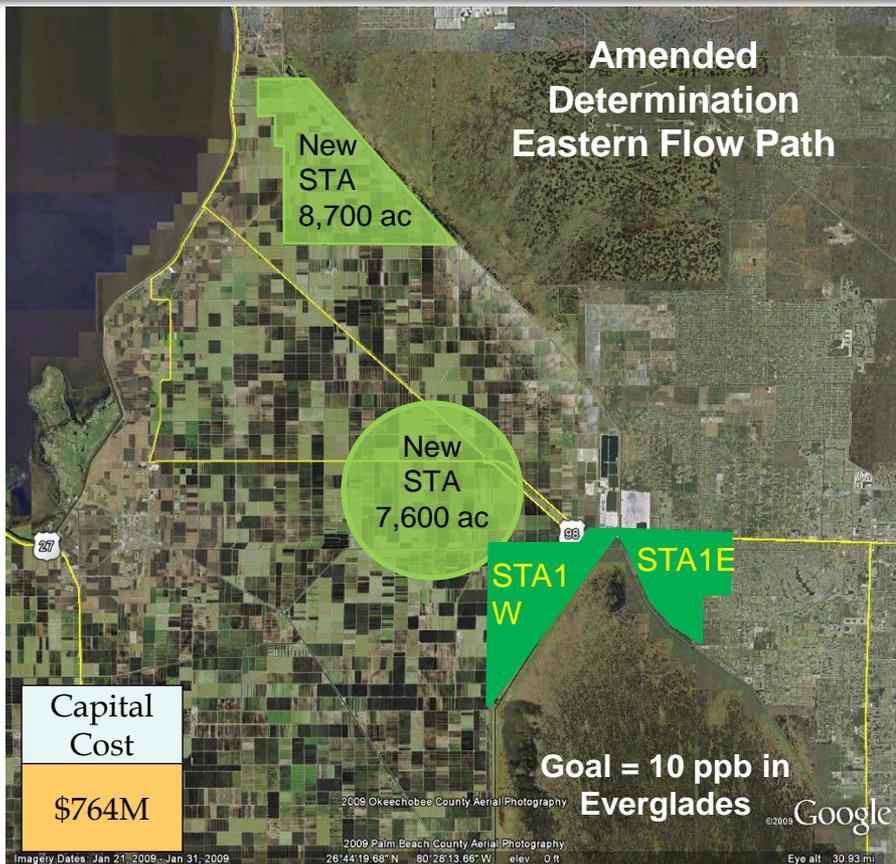


STA-1W Land Exchange - Background

- STA-1W expansion is critical to compliance with water quality standard/WQBEL, permits and federal / state consent orders binding upon the District
- District began negotiating with landowners in Sept. 2012. Discussions were tabled until July 2013 when third party legal challenges of certain TIITF lease extensions in the EAA were resolved
- In October 2013, Governing Board reviewed and approved non-binding letter of intent for proposed acquisition and exchange transaction
- District, Florida Crystals and Knight have now worked out all remaining terms in Land Exchange Agreement being considered today



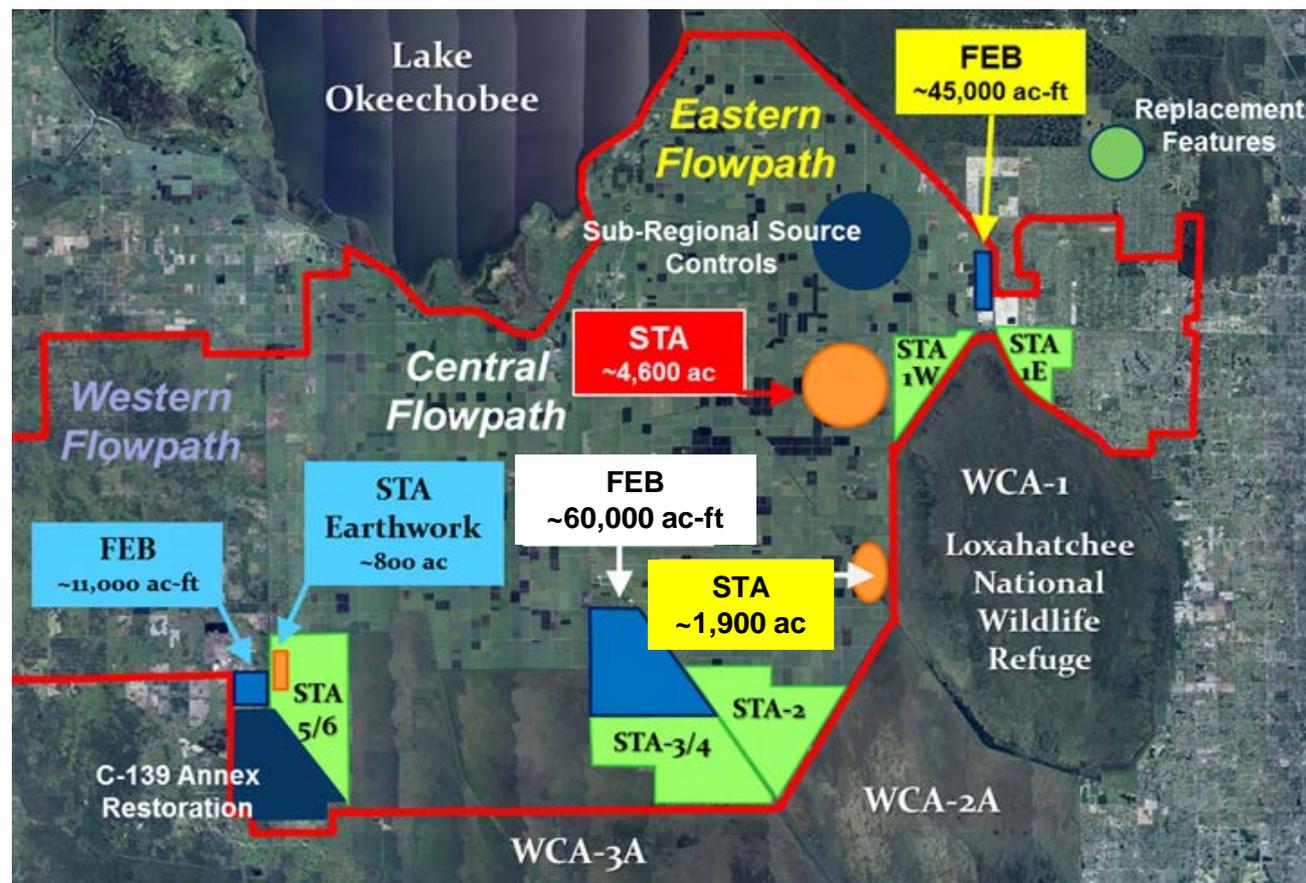
Background



Restoration Strategies Eastern Flow Path Configuration represents a \$398 million dollars savings when compared to the EPA Amended Determination

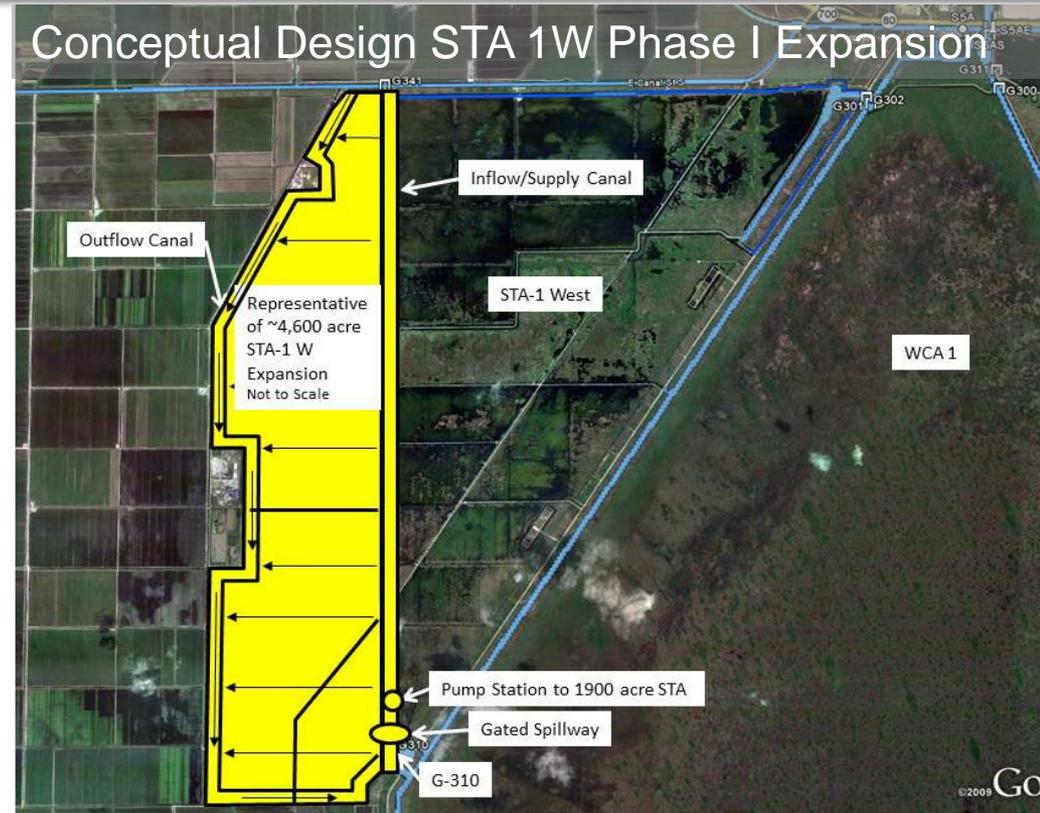
Background

- STA-1W Expansion:
 - 6,500 acres total
 - Phase I: ~4,600 acres
 - Phase II: ~1,900 acres
- District will acquire ~4,604 acres from willing sellers for STA-1W Phase I Expansion
- Appraisals were conducted in May and July of 2013 for the transaction



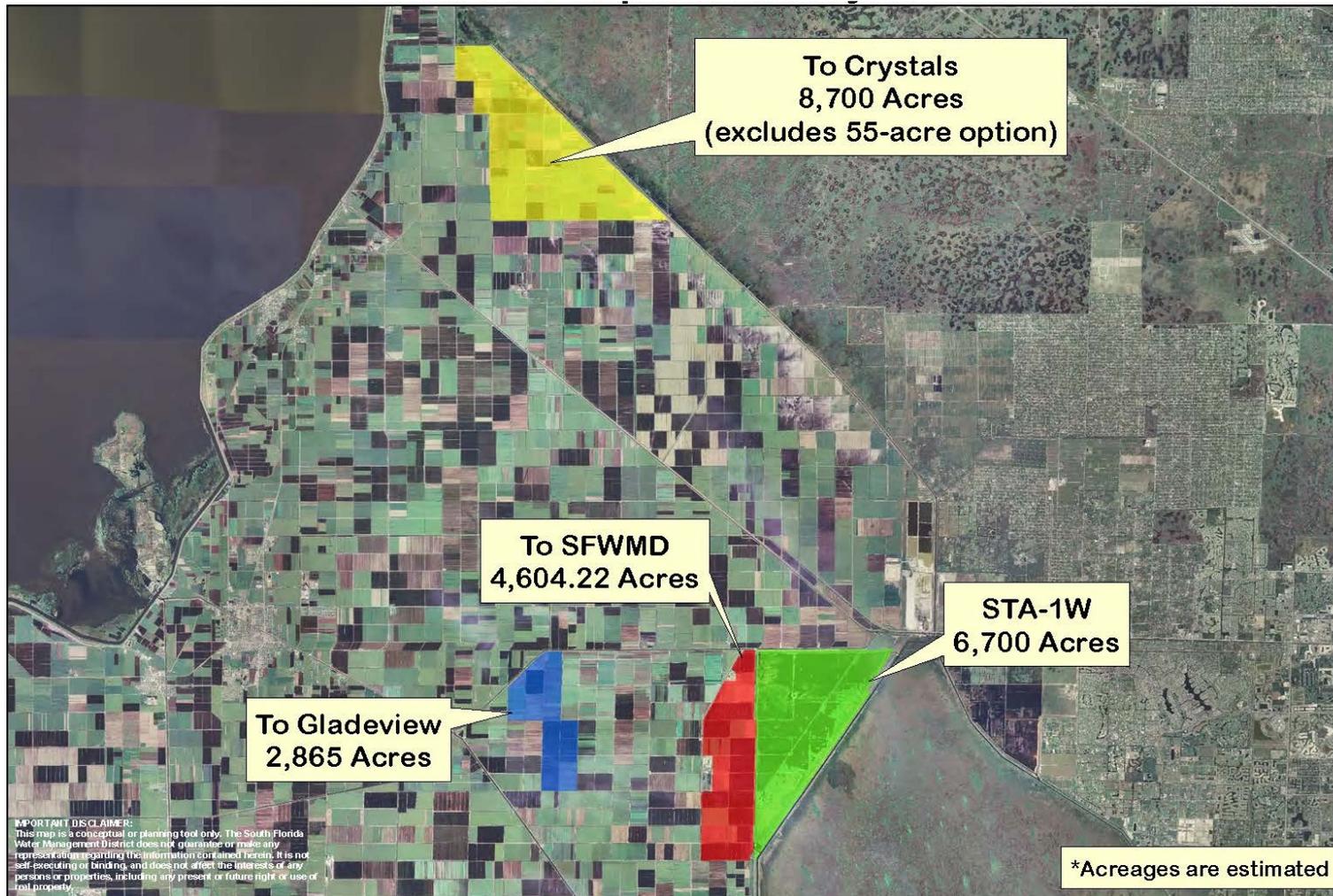
Project Benefits

- Provides the optimal acreage necessary to allow the District to stay on schedule and meet upcoming consent order milestones
- Provides cost savings of ~\$32M by utilizing lands adjacent to the existing STA-1W
 - Increased conveyance capacity of existing canals
 - Additional easement/real estate acquisition for canal widening
- Provides the highest level of certainty that the District will meet the Water Quality Based Effluent Limit (WQBEL) as required by the EFA and NPDES permits and consent orders





Exchange Summary





Agreement Key Terms

Land Transfers:

SFWMD

- Receives fee title to 4,604.22 acres adjoining STA-1W (“Expansion Lands”) from subs of Florida Crystals and Knight

Florida Crystals

- Receives fee title to 8,700 acres from SFWMD subject to existing US Sugar Lease
- Receives option to acquire additional 55 acres (“Excluded Parcels”) from District

Knight

- Receives 2,865 acres offsite from Florida Crystals in return for conveying 2,600 acres within Expansion Lands to SFWMD

Addl. Consideration:

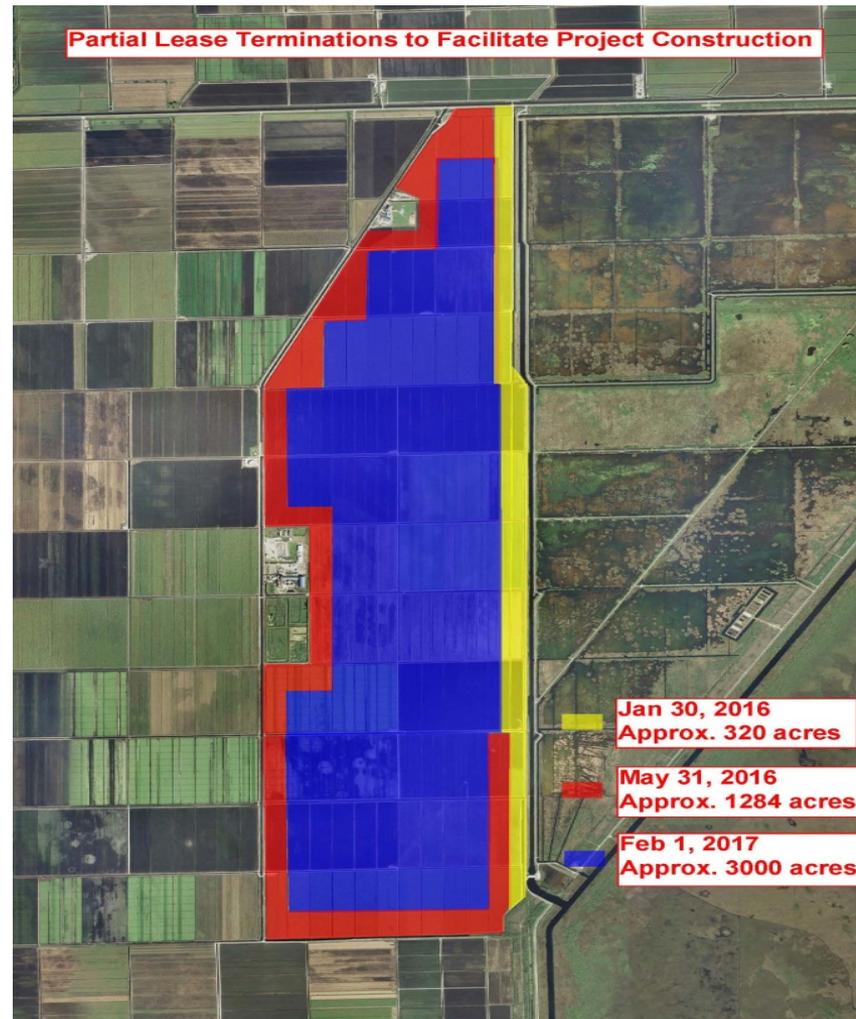
- District to provide cash consideration to Knight in the amount of \$5,978,474
- Florida Crystals subs to provide cash consideration to District in the amount of \$450,000

** acreages are approximate

Key Terms (cont'd)

Expansion Lands Leaseback:

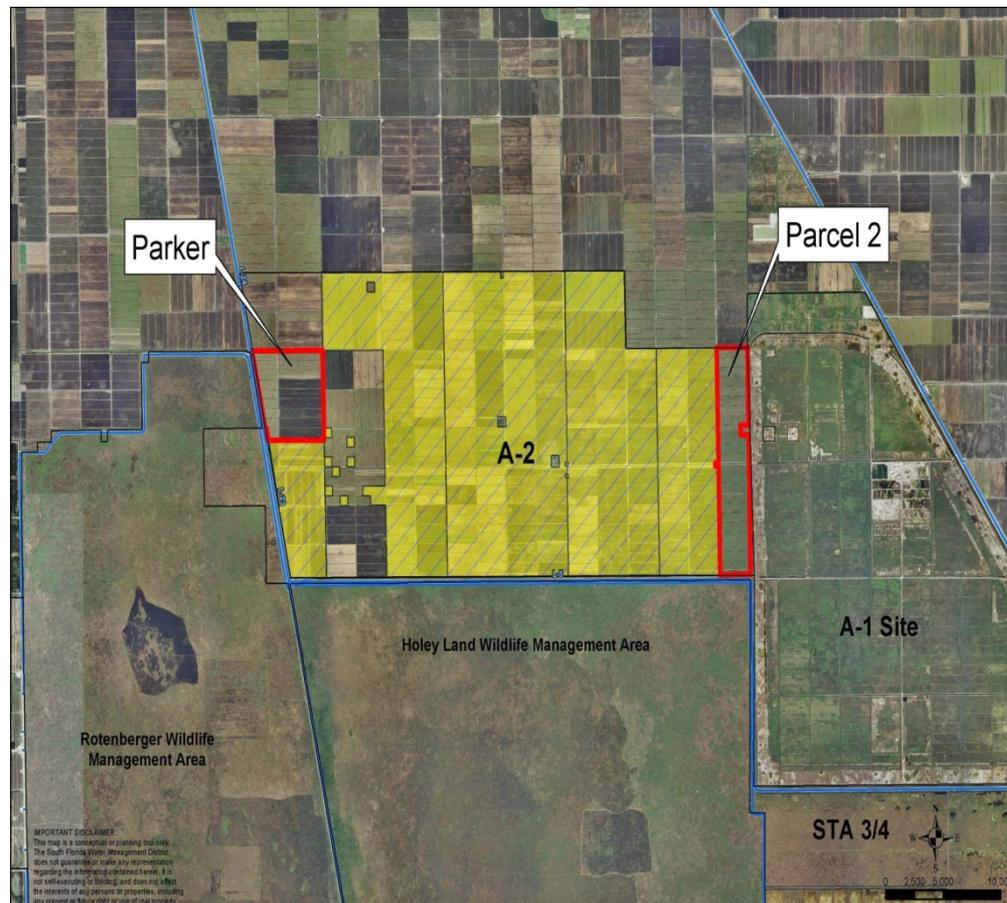
- Florida Crystals receives Lease for Expansion Lands from Closing Date through Feb. 2017
 - Partial Lease terminations coordinated to facilitate project construction schedule
- Annual rent paid to SFWMD \$150/acre from Closing until March 2016
 - Rent from March 2016 – Feb. 2017 waived to offset Lessee's onsite water management costs and uncertainties re: adjoining project construction activities



Key Terms (cont'd)

Offsite Lease Extensions:

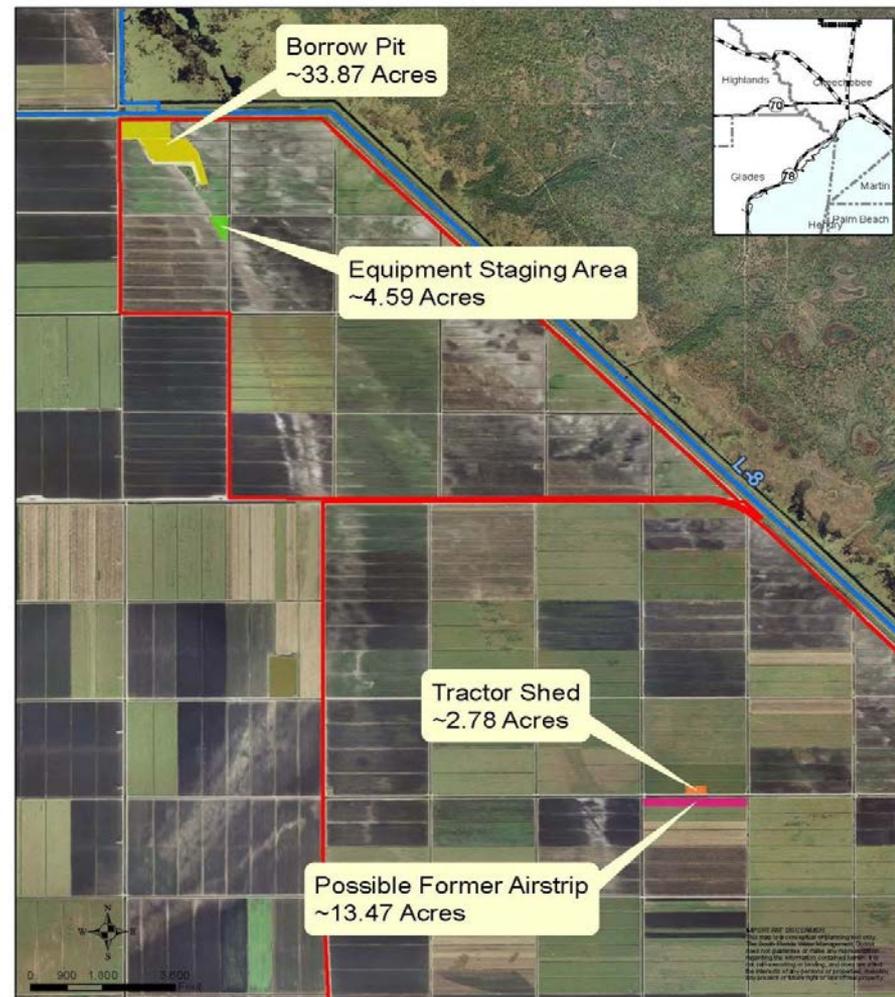
- Florida Crystals receives extensions of leases on Parker and Parcel 2 sites contiguous to A-2 through March 2019 (expiration of A-2 lease)
 - Parcel 2 Lease expires March 2015, Parker Lease expires March 2016.
 - With extensions, Leases will marginally exceed 10 year lease term
 - Rental rate will remain unchanged



Key Terms (cont'd)

Environmental Cleanup:

- District will retain ownership and remediation responsibility for Excluded Parcels not acquired by Florida Crystals
- Each party will be responsible for any remediation disclosed in environmental audits for the lands they are acquiring





Key Terms (cont'd)

Closing Costs:

- Each party will pay closing costs (doc stamps, title ins. premium) associated with lands they are acquiring.
 - District is exempt re: doc stamps

Closing:

- Targeted for April or May 2014
- Subject to satisfaction of Conditions Precedent



Environmental Assessment- Non-Point Sources

- Phase I/II assessment of cultivated areas
 - Evaluating for conversion to STA (aquatic habitat)
 - Identified need to remediate for copper and toxaphene (co-located) on portions of site
 - Preliminary evaluation of remediation options indicate soil removal coupled with deep soil mixing is best option
 - Requires additional sampling and further coordination with U.S. Fish and Wildlife Service
 - Cost estimates will be refined based on sampling and FWS coordination, current cost estimates range from ~\$7.5M to \$23.3M
 - Total project costs anticipated to remain within original estimates



Questions?



Resolution 2014 - 0112

A RESOLUTION OF THE GOVERNING BOARD OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT TO APPROVE THE ACQUISITION OF FEE TITLE LAND INTERESTS CONTAINING 4,604.22 ACRES, MORE OR LESS, FOR THE STA-1W EXPANSION PROJECT, IN PALM BEACH COUNTY, ALONG WITH THE RECEIPT OF \$450,000, IN EXCHANGE FOR THE CONVEYANCE OF FEE TITLE LAND INTERESTS IN PALM BEACH COUNTY CONTAINING 8,700 ACRES, MORE OR LESS, AND THE OPTION TO REQUIRE THE DISTRICT TO CONVEY FEE TITLE LAND INTERESTS CONTAINING 55 ACRES, MORE OR LESS FOR NO ADDITIONAL CONSIDERATION, AND THE PAYMENT OF CASH CONSIDERATION IN THE AMOUNT OF \$5,978,474 AND ASSOCIATED COSTS FOR WHICH AD VALOREM FUNDS ARE BUDGETED; APPROVE DECLARING SURPLUS FOR EXCHANGE AND CONVEYANCE THE FEE TITLE LAND INTERESTS IN PALM BEACH COUNTY CONTAINING 8,755 ACRES, MORE OR LESS, ALL WITHOUT RESERVATION OF INTERESTS UNDER SECTION 270.11, FLORIDA STATUTES; APPROVE ENTERING INTO A LEASE AGREEMENT WITH RESPECT TO THE LANDS CONTAINING 4,604.22 ACRES, MORE OR LESS, IN PALM BEACH COUNTY; APPROVE LEASE EXTENSIONS; PROVIDING AN EFFECTIVE DATE.