



Reviving
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Everglades Land Acquisition Project

Governing Board
December 16, 2008



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Proposed Purchase Contract & Lease Agreement

Ruth Clements

Director, Land Acquisition

Everglades Land Acquisition Project Proposed Purchase Agreement



- Minimum of 180,000 acres of land with improvements, including water conveyance infrastructure
- \$1.34 billion purchase price (Certificates of Participation)
- Seller to deliver executed agreement by December 15; Buyer has until December 16 to accept and execute

Proposed Purchase Agreement Closing



- Property sale and purchase shall occur 90 days after validation of Certificates of Participation
- Agreement may be terminated if:
 - Validation not issued on or before July 10, 2009
 - Closing has not occurred by September 25, 2009

Proposed Purchase Agreement Special Clauses



- District inspection period continues through January 15, 2009; District may terminate without penalty if inspection matters are unacceptable
- District has right of first refusal to purchase sugar mill/refinery and railroad for one year after Closing
- Under “Go Shop” provision, U.S. Sugar may entertain other offers for the land up until bond validation

Proposed Purchase Agreement Environmental Provisions



- U.S. Sugar responsible for clean-up of pollutants to achieve commercial standards
 - Total cost to correct issues estimated at \$16.5 million
 - U.S. Sugar will pay \$21.5; 130% estimated corrective costs
- U.S. Sugar responsible for any undiscovered contaminations found within 10 years of closing
- District is responsible for remediation to achieve ecological standards
- \$10 million held in “evergreen” escrow fund for undiscovered environmental impacts

Everglades Land Acquisition Project Lease Agreement



- U.S. Sugar will continue historical agricultural operations
- Seven year Lease
- Expires June 30, 2016
- Rent of \$50 per acre for first six years
- No cost for year seven

Everglades Land Acquisition Project Lease Agreement

- U.S. Sugar required to:
 - Pay all property taxes and assessments
 - Control exotic and invasive plants
 - Implement Best Management Practices
- District may continue to lease land after seven years if not yet needed for restoration
- U.S. Sugar provided right to match other lease offers

Lease Agreement Release of Lands



- Allows for release of first 10,000 acres to the District with appropriate notice
 - In 2,000-acre parcels of contiguous land
- Additional 30,000 acres may be released in year six, on or after December 30, 2015
 - In 10,000-acre or more parcels of contiguous lands
- Allows for release of up to 3,000 acres in connection with transfers to municipalities or other governmental entities

Proposed Purchase & Lease Agreement Schedules & Exhibits



- Approved by U.S. Sugar Board December 8, 2008
- Minor revisions provided by U.S. Sugar December 12, 2008
- Available in hard copy and on website



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Questions

A white egret is captured in mid-flight, its wings fully extended, against a background of lush green grass. The bird's long neck is curved forward, and its yellow beak is pointed. The overall scene is bright and natural.

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Everglades Land Acquisition Project

Carol Wehle
Executive Director

Everglades Land Acquisition Project Timeline

- **June 24, 2008:** Non-binding Statement of Principles witnessed by Governor Crist.
- **June 30, 2008:** District Governing Board ratifies Statement of Principles and authorizes staff to begin negotiations and due diligence.
- **July 2008:** Staff begins negotiating contract; due diligence initiated.

Everglades Land Acquisition Project Timeline

- **August – October 2008:** Governing Board receives monthly updates on acquisition, including process, project goals, due diligence efforts and financing issues. Public comment received.
- **November – December 2008:** Due diligence results presented to Governing Board. Public discussion continues.
- **December 2008:** Negotiations conclude; draft purchase contract and lease agreement presented to Board and public for review.



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Due Diligence

Everglades Land Acquisition Project Due Diligence



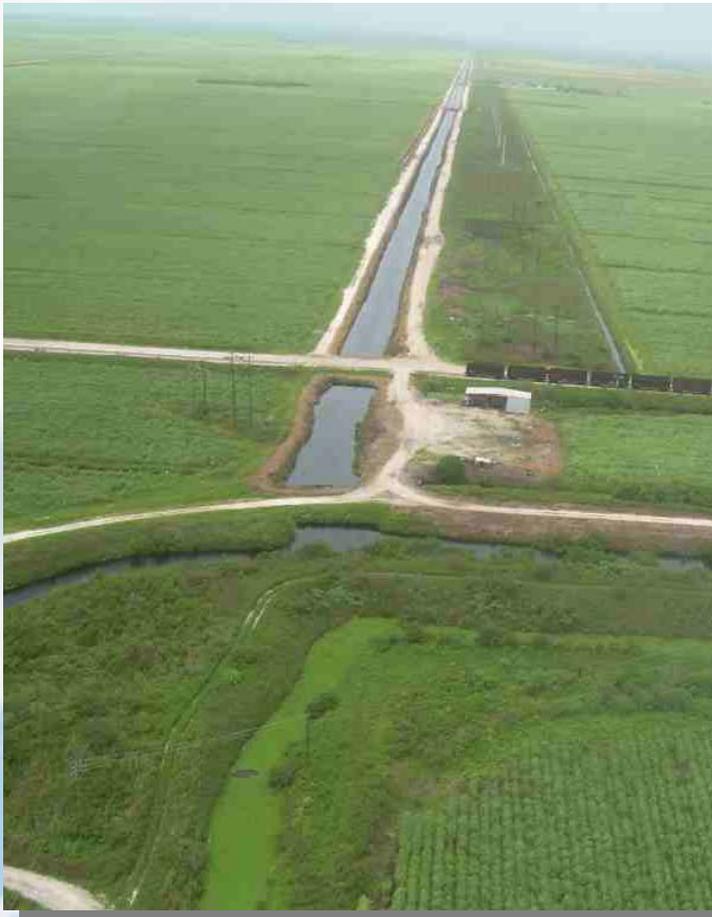
- Included:
 - Four independent appraisals
 - Land surveys and title work
 - Engineering assessments of all assets
 - Environmental assessment of 187,000 acres of land
 - Independent “Fairness Opinion”

Due Diligence Valuations



- All assets:
 - \$1.725 billion (\$925 million for land)
 - \$1.923 billion (\$1.1 billion for land)
- Land only:
 - \$1.3 billion and \$1.37 billion
- Land only - encumbered with lease:
 - \$1 billion; \$175 per acre
 - \$1.095 billion; \$200 per acre
- Fairness Opinion:
 - \$1.27 - \$1.33 billion (\$930 million for land)

Due Diligence Engineering & Environmental Assessments



- Engineering assessments
 - Overall condition of assets fairly typical of South Florida agriculture operation
- Environmental assessment of 187,000 acres of land
 - 95% of acreage meets commercial criteria; approximately 52% of acreage meets ecological criteria



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Timelines

Contract, Budget & Financing Timelines

- **December 16, 2008** – Offer execution deadline
- **January 2009** - Speaker and President convene special session to address the estimated \$2 billion-plus shortfall in the current fiscal year's budget
- January 5–16, 2008 – Special session convened
- **January 15, 2009** – Inspection period termination date
- **January 31, 2009** – Notice of assumed leases
- **February 2009** – Governor submits proposed budget for FY 2009-2010
- **February 15, 2009** – End of “Go-Shop” solicitation period

Contract, Budget & Financing Timelines

- **March 2009** – Florida Legislature begins its 60 day legislative session
- **Late April 2009/Early May 2009** – Final FY 2009-2011 Budget adoption
- **May 2009** - Florida Legislature ends its 60 day legislative session.
- **May - June 2009** - Governor approves budget with any line item vetoes within 15 days of receipt from the Legislature

COP Validation Process:

- *Validation date – end of U.S. Sugar’s unsolicited offer period*
- *Validation +45 days – Sellers Board of Directors and shareholder approval*
- *Validation +90 days - Closing*

Contract, Budget & Financing Timelines

- **June 1, 2009** – Preliminary taxroll value estimates
- **June 9 & 10** – Preliminary budget presentation to Board
- **July 1, 2009** – Certified taxroll values
- **July 15, 2009** – Governing Board approval of proposed millage rates

COP Validation Process:

- *Validation date – end of U.S. Sugar's unsolicited offer period*
- *Validation +45 days – Sellers Board of Directors and shareholder approval*
- *Validation +90 days - Closing*

Contract, Budget & Financing Timelines

- **July 10, 2009** – Outside validation date
- **August 1, 2009** – District budget submitted to Governor, Legislature and DEP
- **September 2009** – Governing Board budget adoption
- **September 25, 2009** – Outside closing date

COP Validation Process:

- *Validation date – end of U.S. Sugar's unsolicited offer period*
- *Validation +45 days – Sellers Board of Directors and shareholder approval*
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Public Input

Everglades Land Acquisition Project Public Input

Since June 24, 2008

Community/Government Meetings
261

Governing Board Meetings
10 Governing Board meetings
~40 hours of presentations
~100 public comments

Letters and E-mails
114

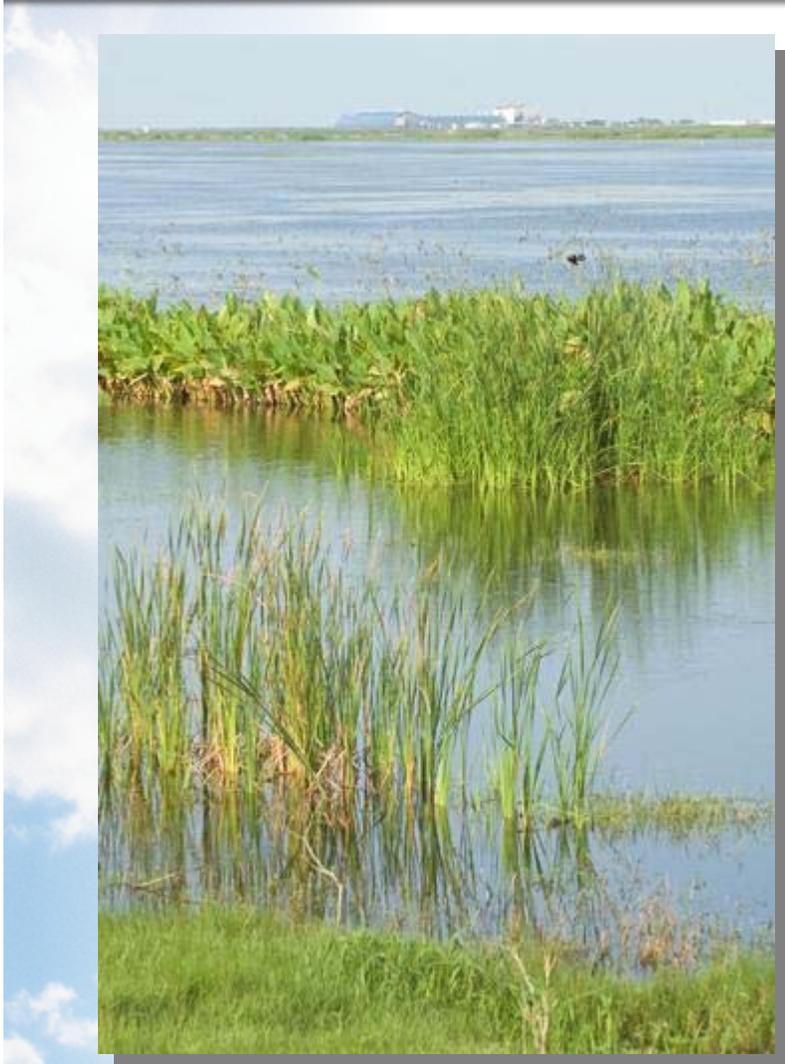
Resolutions
43 (33 in support; 10 economic concerns)

Stakeholder Comments
Elected officials, Tribes, communities, government agencies & associations, environmental, agriculture interests, residents, businesses



Everglades Land Acquisition Project

Public Input



Summary of Comments in Support

- Bold and visionary action
- Once-in-a-lifetime opportunity
- Achieves restoration goals
- No other current solutions
- Demonstrates commitment to federal partnership
- Significant environmental returns
- Opportunity for economic development; self-sufficiency in Glades
- Long-term positives for the Everglades outweigh drawbacks

Everglades Land Acquisition Project

Public Input



Summary of Comments of Concern

- Timeline for Board decision
- Cost to the taxpayers
- Lease terms
- Funding availability
- Restoration project planning
- Impact on other restoration initiatives
- Opportunity for Legislative review
- Local economic impacts
- Transparency, participation and representation



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Benefits of the Acquisition

Everglades Land Acquisition Project Environmental Benefits



- **Increases the ability to deliver cleaner water to the Everglades**
 - Significantly reduces the need for backpumping to Lake Okeechobee
 - Flood control & drought management
 - Improves the quality of water flowing into the estuaries

Economic Values Northern Estuaries and Florida Bay

Indian River Lagoon	Annual Value (2007)
• Entire Estuary	\$3,726,000,000
• Martin and St. Lucie Counties	\$915,000,000

Source Data: Indian River Lagoon Economic Assessment and Analysis Update, IRL National Estuary Program (2008)

Charlotte Harbor National Estuary	Annual Value (1998)
• Entire Estuary	\$1,800,000,000

Source Data: Estimated Economic Value of Resources, Charlotte Harbor National Estuary Program (1998)

Florida Bay	Destination Spending (2003)
• Entire Estuary	\$1,670,000,000

Source Data: NOAA Coastal and Oceans Economic Study (2003)

Everglades Land Acquisition Project Environmental Benefits

- **Increases the availability of water storage**
 - Significantly reduces the potential for harmful discharges from Lake Okeechobee to south Florida's coastal rivers and estuaries
 - Manages the lake within the desirable ecological range
 - Provides water to help meet the environmental needs of the Everglades and Florida Bay



Everglades Land Acquisition Project Other Benefits



- **Reduces dependence on uncertain technologies in Comprehensive Everglades Restoration Plan**
 - Aquifer Storage and Recovery
- **Relieves some pressures on the Herbert Hoover Dike while the federal government undertakes repairs**



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Discussion





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**Acquisition Agreement –
Proposed Revisions**

Purchase Agreement Proposed Revisions

Additional Conditions Precedent to Closing Add to subsection 7.a.xviii:

BUYER, in its sole and absolute discretion, is satisfied that the amount of debt and debt service necessary to finance this transaction shall not adversely affect the capacity of BUYER to continue to fulfill its statutory, contractual, and other legal obligations and mandates based on its historical and projected operations.

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