

Sugar Cane Growers**Cooperative of Florida**

POST OFFICE BOX 666

33430-0666

BELLE GLADE, FLORIDA

December 2, 2008

South Florida Water Management District Governing Board
3301 Gun Club Road
West Palm Beach, FL 33406

Dear Governing Board Member:

On behalf of the 47 grower-members of Sugar Cane Growers Cooperative of Florida based in Belle Glade, I would like to share our concerns about the proposed purchase/sale agreement between you and U.S. Sugar Corp. (USSC). This proposed acquisition will impact the very viability of the Cooperative and ask that you give due consideration to the economic and social consequences involved with your deliberations today.

The Cooperative was formed in 1960 and ground its first crop in 1962. Our members grow sugarcane on some 60,000 acres in Palm Beach County. Many of our farmer-members are second and third generation farm families who hope to leave the farm to the next generation. Many started out farming winter vegetables and moved to sugar production since it provides economic stability to their business operation. Many still farm a variety of crops, but sugar production remains the stabilizing force in the Glades. The cane supply from our grower-members is the lifeblood of the Cooperative. Without the cane supply, the sugar mill cannot operate, and without the sugar mill, the growers have no place to process their crop and receive economic returns on the sugarcane and raw sugar. Our grower-members also benefit and receive dividends by being vertically integrated through the joint ownership of American Sugar Refining, Inc. who own and operate six sugar refineries in North America and markets its products through Domino Foods Inc.

The Cooperative employs about 600 people and hundreds more are employed by the farmers who make up the Cooperative. Additionally, Belle Glade's economy is agriculture dependent with the community's economic well-being dependent upon the direct and indirect jobs associated with farming. We are the ones that support the many charitable causes including the community schools, hospital and other health care and community needs. Just as Clewiston has been dependent on the viability of USSC, Belle Glade is dependent on the farmers who make up the Cooperative. All told, the agricultural industry in the Glades has a \$2 billion economic impact on the region.

Although historically sugar farming as a whole has gotten a bad rap from environmentalists, you all know that farmers have a deep commitment to environmental stewardship and Everglades restoration. Just look at the track record:

- On-farm Best Management Practices (BMPs) resulting in a 50% reduction of phosphorus leaving the farming region.
- BMPs to protect the soil from oxidation.
- Pumping practices that result in better water management and water quality.
- Sugarcane remains the most environmentally sound crop grown in the EAA using less fertilizer, pesticides and water than any other use.
- Plus, over 100,000 acres of land has already been taken out of production for water quality and storage projects.
- And let's not forget who has stepped up to the plate and paid the agricultural privilege tax of \$25 per acre for more than a decade to help pay for the Everglades Construction Project. Couple that with the work being done jointly between the SFWMD and EAA/Environmental Protection District through additional self-taxation to optimize Stormwater Treatment Areas' operations among other projects.

This all illustrates the concrete steps taken on behalf of sugar farmers to be part of a sustainable South Florida supporting the protection of the natural and built environments.

Further, we have supported the development of the Comprehensive Everglades Restoration Plan. We have supported the development of the Northern Everglades Plan. We have supported efforts to keep funding for alternative water supply projects intact. We understand that in order to continue farming in this ecologically sensitive region we must be good stewards of the land and environment.

It is our desire for the Governing Board to reach a win-win-win for the people of Florida, where the environment wins, those who till the soil win, and where the taxpayers within the 16 counties who make up the SFWMD win. We believe that it is in everyone's best interest to protect the environment and the economy, especially in these difficult economic times.

We echo concerns that have been voiced by media throughout the state – and the expert Fairness Opinion letter that the District commissioned at significant taxpayer expense – that the deal that is before you today is not a good deal for the District. It represents government intervention in private that will create unfair competition. The deal- as currently constructed- would imperil the very livelihoods of the small and medium-sized farmers who make up the Cooperative by turning USSC into a super competitor especially given the diminutive lease-back rates and USSC's ability to pay off its reported hefty debt. The people we represent should not become the unintended consequence of a lofty environmental goal executed by a bad business deal.

December 2, 2008

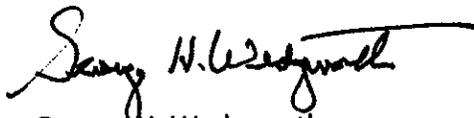
The specifics of this \$1.34 Billion deal were made public just one week ago, We ask that you provide an open and transparent process so everyone can bid on the leases or be able to purchase surplus lands at fair market value for agricultural purposes. That way it assures the taxpayers in the 16 counties who are being asked to pay for this deal receive fair market value for the leases and surplus lands offsetting the debt the District would have to take on to make this transaction. According to the Anderson & Carr appraisal that was used to establish the proposed purchase price of the land, leases were appraised at \$220 per acre per year, as opposed to the \$50 price U.S. Sugar would pay under this contract.

The Cooperative stands ready to enter into discussions/negotiations to lease lands from the District at \$150 per acre, triple the amount proposed in the lease agreement with U.S. Sugar. These discussions should take place prior to finalizing and committing to this deal that contemplates leasing all the land back to one company virtually forever more.

We ask that the Board fully consider what you must give up in environmental restoration, water supply and flood control projects in order to pay \$1.34 billion for the land plus interest. How does this acquisition lead to faster, quicker or better Everglades restoration? What's the plan? Where will the funding come from to actually pay for a project, once one is designed? How does this square with CERP? Has Congress or the Legislature weighed in? Are they willing to step up and help with their checkbooks?

There is no justifiable urgency that requires you to rush this matter. There is nothing to be lost and much to be gained by including everyone in this discussion. By considering everyone's interest in the region – not just the interests of one company – it is certain that the state will achieve a better deal for the environment, for the economy, for our communities and for the taxpayers.

Sincerely,



George H. Wedgworth
President & CEO

GHW:BJM:slr

cc: Carol Wehle, Executive Director, SFWMD