



April 10, 2019

Via Email (DBartlett@sfwmd.gov)

Mr. Drew Bartlett
Executive Director
South Florida Water Management District
3301 Gun Club Road
West Palm Beach, Florida 33406

Dear Mr. Bartlett:

Congratulations on your appointment as executive director of the South Florida Water Management District (SFWMD).

As a landowner and stakeholder in South Florida, Florida Crystals shares the same goal as the State of Florida and your agency to preserve and protect Florida's waterways and environment.

Florida Crystals made a firm commitment 25 years ago to the public-private partnership that has resulted in remarkable success achieving one of the world's largest and most ambitious environmental restoration efforts, and we remain as resolute today to the success of Everglades restoration.

We have a documented track record as proponents of science-based restoration plans, including the Everglades Forever Act, the Comprehensive Everglades Restoration Plan, the Central Everglades Planning Project and Everglades Restoration Strategies. We supported them and advocated for their passage.

We have also worked closely with the SFWMD to transition tracts of our privately owned farmland as well as leased land to the agency in a timely manner to construct restoration projects, including the A-1 FEB and the current STA-1W expansion.

It was in this same spirit and with the knowledge and expertise of how our public-private partnership has worked in the past that we negotiated a transitional lease for land in the EAA reservoir site. The terms of the lease executed in November 2018 show it was designed to accelerate the project by giving the SFWMD early access to 560 acres of land, allowing the agency to begin site work and transportation of aggregate at any time.

The lease was also written to ensure that land will be available as needed and without delay for the EAA reservoir's construction. Florida Crystals is fully committed to ensuring

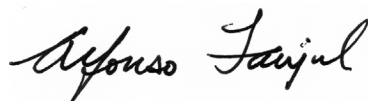
the same timely and cooperative transition of the 16,158 acres of leased land for the EAA reservoir as was achieved with the A-1 FEB and the STA-1W expansion. To this end, we have cooperated with every request by the SFWMD and U.S. Army Corps of Engineers to access and use land we are currently farming to perform geological investigations as part of the EAA reservoir's design work, including allowing the excavation of multiple test pits within our active farming operations.

Furthermore, to be clear, as we have communicated to the current administration as well as to the prior administration, you have our commitment that, if construction of the reservoir is accelerated, we will transition land covered by this lease as needed by the SFWMD for construction of the EAA reservoir project.

As we approach the 25th anniversary of the Everglades Forever Act, we commend the professionals of the SFWMD for their accomplishments in making the bold vision set by the State of Florida for the Everglades a reality.

We look forward to working with you and your staff as you continue to implement Everglades restoration projects.

Sincerely,



Alfonso Fanjul
Chief Executive Officer,
Chairman of the Board



J. Pepe Fanjul
President, Chief Operating Officer,
Vice Chairman of the Board

cc: Governor Ron DeSantis, Governor of Florida
(GovernorRon.DeSantis@eog.myflorida.gov)
Secretary Noah Valenstein, Florida Department of Environmental Protection
(noah.valenstein@dep.state.fl.us)
Mr. Chauncey Goss, South Florida Water Management District Governing Board
(cgoss@sfwmd.gov)
Mr. Scott Wagner, South Florida Water Management District Governing Board
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Ms. Jacqui Thurlow-Lippisch, South Florida Water Management District Governing Board
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April 29, 2019

Via Email (DBartlett@sfwmd.gov)

Mr. Drew Bartlett
Executive Director
South Florida Water Management District
3301 Gun Club Road
West Palm Beach, Florida 33406

Dear Mr. Bartlett:

I believe that the discussion at the April 11, 2019 South Florida Water Management District (SFWMD) Governing Board meeting regarding the transitional lease entered into last November between the SFWMD and Florida Crystals Corporation did not fully address the facts surrounding the transaction. I would like to offer additional information that may clarify questions that were asked.

Why was this lease entered into?

The Florida Legislature directed the SFWMD to do so. Beginning as far back as the 2017 legislative session, during Senate Bill 10's (SB 10) consideration, there had been discussions about how and when this land would transition to an environmental project.

Over the past 25 years, more than 100,000 acres of farmland in the Everglades Agricultural Area (EAA) have been taken out of production and transitioned into Everglades restoration projects. The Glades communities, south of Lake Okeechobee, have suffered acutely from the loss of jobs and economic activity that disappeared alongside that land. The elected officials who created and passed SB 10 felt that building the EAA reservoir was an important task; however, protecting jobs and the local economy was important to them as well.

The passing of SB 10 was not an easy task. There was tremendous heartache from the communities and farmers who knew that losing 60,000 acres of agricultural production, as initially proposed, would devastate the region. A great deal of discussion, negotiation, promises and commitments were made throughout the legislative process. One of them was the legislature's commitment that no farmland would be taken out of production until absolutely necessary for construction of the EAA reservoir. That commitment was specifically made during discussion of the bill on the Senate floor when the bill's sponsor stated: "We have no interest as a state in stopping agriculture from occurring on land that we currently own that is being leased to a user that uses it for agriculture until such time as we are ready to start shoveling. And so, any arrangements we would make with these

parties would be contingent on making sure there is no interruption of operations during that time period.”

During the 2018 legislative session, the Florida Legislature once again reiterated its commitment by prescribing that “the district shall execute, renegotiate, extend, or amend agreements, including reasonable notice and termination provisions, so that land does not sit fallow and provides the maximum public benefit. Any such agreements shall provide that agricultural operators shall be permitted to continue to farm on a field-by-field basis until such time as the agricultural operations are incompatible with site preparation, on-site investigation, or construction for an (EAA) reservoir project, as reasonably determined by the lessor” (Ch. 2018-10, §72, at 46-7, Laws of Fla. (2018)). In fact, the legislature felt so strongly about its position that the language was included in the “implementing bill,” which made the Everglades restoration funding conditioned on the SFWMD entering into the required agreements.

Legislators value the contributions of agriculture, which is one of the State’s leading economic engines and job providers. Agriculture is the backbone of Florida’s heartland, especially in the Glades communities.

Aside from the prescriptive legislative process, having a private landowner manage land until a project is ready to be constructed has been a longtime practice to ensure revenue and cost savings to the agency. The practice provides revenue to the SFWMD in the form of rent and the agricultural privilege tax as well as revenue to Palm Beach County in the form of real estate taxes. Also, maintaining the land, canals, berms, ditches and pumps is extremely expensive. Private lessees, like our company, pay those costs for the SFWMD until we no longer farm the land, thereby allowing the agency to invest those dollars elsewhere. Our management of the land also protects it from the infestation of invasive exotics that have slowed restoration on other parcels left dormant for too long.

Why did the SFWMD require early access to 560 acres already planted in sugarcane?

During lease negotiations, the SFWMD requested early access to 560 acres. The agency determined that this early access would give them a window of opportunity during the winter dry season to accelerate preparations necessary for the reservoir project. Specifically, they wanted to transfer rock from the adjacent A-1 FEB and begin preparations of the land for a quarry necessary to build the EAA reservoir’s perimeter walls. The November agreement included the SFWMD’s acquisition, and our early release, of 560 acres chosen by the SFWMD. Florida Crystals turned over the land even though we had recently incurred the cost of planting some of those fields in sugarcane.

Why transition land on a field-by-field basis?

As noted above, the lease term that requires the land to transition on a field-by-field basis was a direct instruction by the Florida Legislature in order to preserve economic activity on the site until all the land is needed for the reservoir.

SFWMD personnel who have experience with restoration projects in the EAA were very familiar and comfortable with the lease term, because transitioning land on a field-by-field basis is a proven process that has been used by the SFWMD in the past to provide a smooth and orderly transition of land for other restoration projects. In fact, the current lease is not the first transaction between the SFWMD and Florida Crystals to use this method of transition, and the previous similar agreements -- for land in the A-1 reservoir footprint and the STA1W expansion -- transitioned smoothly.

We feel confident that the current lease agreement was negotiated by both parties to satisfy the legislature's direction and to ensure another timely transition of land for the EAA reservoir. As our principals stated in their April 10 letter to you, we are committed to ensuring that this lease is not an obstacle to the construction of the EAA reservoir project.

Sincerely,



Gaston Cantens
Vice President

cc: Mr. Chauncey Goss, South Florida Water Management District Governing Board (cgoss@sfwmd.gov)
Mr. Scott Wagner, South Florida Water Management District Governing Board (swagner@sfwmd.gov)
Mr. Charlie Martinez, South Florida Water Management District Governing Board (cmartinez@sfwmd.gov)
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Mr. Ron Bergeron, South Florida Water Management District Governing Board (rbergeron@sfwmd.gov)