



# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

January 7, 2009

Sent via Express Mail and Fax (863) 902-2120

Ed Almeida, Esq.  
United States Sugar Corporation  
111 Ponce de Leon Avenue  
Clewiston, Florida 33440

Dear Mr. Almeida:

**Subject: Due Diligence Information Request**

Thank you for forwarding the additional due diligence materials in your letter dated December 29, 2008. We are in the process of reviewing the information you recently provided and also need the information described below.

The Agreement for Sale and Purchase dated December 23, 2008 (the "Agreement") by and among United States Sugar Corporation, a Delaware corporation, SBG Farms, Inc., a Florida corporation and Southern Gardens Groves Corporation, a Florida corporation (collectively, the "Seller") and the South Florida Water Management District (the "District") contemplates that the District must be satisfied with all due diligence and that the drafting of certain items, including the Best Management Practices, the Railroad Relocation Agreement and certain easements and agreements, will be completed on or before January 15, 2009. Please note that the Governing Board of the District is scheduled to meet on Monday, January 12, 2009 at which time the status of the due diligence and the above-referenced agreements will be presented to the Board for its consideration. Accordingly, it is imperative that we complete our review of the due diligence materials and complete, to the extent possible, the negotiation and drafting of the additional documents by Friday, January 9, 2009.

Notwithstanding the foregoing, given the complexities of drafting (i) the Railroad Relocation Agreement and Related Agreements and Easements referenced in Schedule 19(b) to the Agreement and (ii) the easements referenced in Section 11.a.xii of the Agreement, the District hereby requests an extension of the Inspection Period Termination Date as to these matters only until March 14, 2009. The District requests that the Seller acknowledge below that the foregoing matters shall be deemed Inspection Matters from and after January 15, 2009 through and including March 14, 2009.

All capitalized terms not defined herein shall have the meaning ascribed to such term in

the Agreement.

1. Please provide copies of the extensions for the leases that expired on December 31, 2008.
2. In order to clarify your comments regarding the claims, please confirm that there have been no claims in the last five (5) years arising out of incidents that occurred on the Premises or which involve personnel engaged in the agricultural operations. If the answer to either of these questions is in the affirmative, please provide copies of the claims and any memoranda or analyses relating to these claims.
3. **Litigation:**
  - a. Schedule of litigation includes 6 matters involving employees and vehicles. Please advise whether these incidents occurred on the Premises or involved employees engaged in the agricultural operations. If the answer to either of the above is affirmative, please forward copies of any memoranda or analysis relating to these complaints.
  - b. Item (f) in your letter dated December 29, 2008 identifies a 15 gallon fuel spill on October 26, 2008 at the bulk fuel tank area in Area 3, Runyon Farm. Please provide all documentation concerning the spill, including, but not limited to, documentation about sampling to identify the extent of contamination and performance of the remediation.
  - c. Schedule of litigation includes wrongful termination claim by former employees alleging that their employment was terminated as a result of their exposure of alleged safety violations in the operation of a welding machine. Please advise whether the incident occurred on the Premises or involved employees engaged in the agricultural operations. If the answer to either of the above is in the affirmative, please forward copies of any memoranda or analysis relating to this claim.
  - d. Schedule of litigation includes a case filed by United States Sugar Corporation against Entoleter, Limited Liability Company relating to certain air pollution control equipment engineered, sold and installed by Entoleter. Please advise where this equipment was installed.

- e. Schedule of litigation includes cases relating to accidents not involving employees or company vehicles. Please provide information as to the nature of these accidents and where they occurred.
  - f. Schedule of litigation includes worker compensation claims. Please provide information as to the basis for such claims and advise whether any of these claims involved employees engaged in the agricultural operations.
  - g. Please provide updated litigation Schedule to the Agreement that includes the Florida Rock complaint.
4. Pursuant to Schedule 12.a.ix of the Agreement, please provide copies of all determinations (and documents and information relating thereto) regarding the status of any portion of the Premises as Prior Converted Cropland pursuant to the National Food Security Act Manual for the implementation of the Food Security Act of 1985 or the Clean Water Act that Seller has received or possesses.
5. Please provide documents sufficient to show the operating condition of the railroad tracks, railbeds, ties and ballast owned and/or operated by South Central Florida Express (SCFE) or United States Sugar Corporation (USSC), including, without limitation: the Federal Railroad Administration (FRA) class of the track; information about the weight, age, and condition of the railroad tracks; railroad tie condition; number of functional ties per segment of track; all slow orders issued by either SCFE or USSC; the most recent timetable and operating bulletin for any portion of the subject track; and the most recent timetables in effect on either railroad (whether internally or externally published). Also, please provide all documentation concerning: sampling to identify contamination on or under the foregoing railroad tracks, railbeds, ties and ballast (including, but not limited to, sampling of the soil and groundwater under them); and remediation of any identified contamination.

Thank you for your prompt cooperation in this matter.

Sincerely,



Sheryl Wood  
General Counsel

SGW/mbh

ACKNOWLEDGED AND AGREED TO BY SELLER THAT THE INSPECTION PERIOD TERMINATION DATE IS EXTENDED FROM JANUARY 15, 2009 THROUGH AND INCLUDING MARCH 14, 2009 WITH RESPECT TO THE RAILROAD RELOCATION AGREEMENT AND RELATED AGREEMENTS AND EASEMENTS REFERENCED IN SCHEDULE 19(B) TO THE AGREEMENT AND THE EASEMENTS REFERENCED IN SECTION 11.A.XII OF THE AGREEMENT.

SELLER:

UNITED STATES SUGAR CORPORATION,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

SBG FARMS, INC., a Florida corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

SOUTHERN GARDENS GROVES CORPORATION,  
a Florida corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

cc: Rick Burgess, Esq., Gunster Yoakley & Stewart, P.A. (via electronic mail)  
Robert Hackelman, Esq., Gunster Yoakley & Stewart, P.A. . (via electronic mail)  
Carlyn Kowalsky . SFWMD  
Tom W. Olliff . SFWMD  
William E. Sudow, Esq., Sidley Austin LLP . (via electronic mail)  
Malcolm S. Wade, Jr. . (via electronic mail)  
Carol A. Wehle . SFWMD