

REAL ESTATE EXECUTIVE SUMMARY

PROJECT: Everglades Agricultural Area (“EAA”)
PURPOSE: Lease Renewals
CONTRACT NOS: OT050802 (New Hope Sugar Company)
4600001039 (Okeelanta Corporation)

TRACTS: D710E-003 (New Hope)
D7-100-152 (Okeelanta)

REQUEST: Approval of amendments to Lease Agreement (Contract OT050802) with New Hope Sugar Company and Lease Agreement (Contract 4600001039) with Okeelanta Corporation, both subsidiaries of Florida Crystals, to extend the lease term by two years from March 31, 2011 to March 31, 2013 as to Contract No. OT050802, and by five years from March 31, 2011 to March 31, 2016, as to Contract No. 4600001039, and to adjust the rent.

BACKGROUND: The District has been leasing certain lands to New Hope Sugar Company (Contract OT050802) and Okeelanta Corporation (Contract 4600001039) since 2006 and 2007, respectively, for sugar cane farming. A 950 acre parcel located in Palm Beach County is within the lands leased under the Contract OT050802 is identified as Parcel 2 of Tract V6-100-004 on the attached map. A 763.44 acres parcel also located in Palm Beach County is leased under Contract 4600001039 is identified as Tract D7-100-152 on the attached map. Both parcels are located within the general footprint of the EAA lands acquired by the District in the March 1999 Talisman Sugar Corporation (“Talisman”) acquisition and exchange transaction.

Both leases are due to expire March 31, 2011. Staff has determined that it is in the District’s interest to extend the lease term two (2) years as to Contract No. OT050802 and five (5) years, with the District’s right to terminate after three (3) years, as to Contract No. 4600001039. A short term lease extension is consistent with Project implementation limitations. Because this is a short term lease extension, it is desirable to maintain the current tenant on the property and not practical to attract prospective tenants considering the substantial investment in planting and cultivation required of a new tenant.

The District’s lease renewal policy (Section 140-10 (2) Policies and Procedures) allows existing leases to be renewed without a competitive bid process if the renewal is at a market rent subject to annual adjustments based on an agricultural commodity index. In this instance, during the first and second year of the renewal term, the rent for both leases is subject to adjustment based on the producer price index for raw cane sugar and then in the third year of the renewal term, if applicable, rent is based on a market rent determination. This is consistent with the rent determination process for all other Talisman leases/reservations as discussed in the next paragraph.

In connection with the Talisman transaction, virtually all of the lands acquired by the District were and have been continuously leased by various sugar farming entities. Those leases contain certain lease terms and formulas for determining rent rates for the sugar cane lands owned by the District. The original rent rate formula was established based on the District's ability to terminate those leases on a short term basis of less than three (3) years. Upon the commencement of Contract OT050802 and Contract 4600001039, the lease terms and rent rates were made consistent with the District's other sugar cane lands leased pursuant to the Talisman leases/reservations. That rate is calculated based on a three year rent cycle. The rent for year one is fair rent value base rate that is then adjusted in year two and year three based on the U.S. Department of Labor Producer Price Index (PPI) for raw cane sugar. The rent in year four is then again determined on the fair rent value with PPI adjustments in the fifth and sixth years of the lease term, and so on. The current rent for the period April 2010 – March 2011 is based on the fair market rent in the amount of \$61.23 per planted acre. Rent for the period April 2011 – March 2012 (the second year of the three year rent cycle) will be adjusted based on the PPI, and so on.

RECOMMENDATION: That the Governing Board of the South Florida Water Management District approve amendments to Contract OT050802 with New Hope Sugar Company, and Contract 4600001039 with Okeelanta Corporation to extend the term by two years from March 31, 2011 to March 31, 2013, as to Contract OT050802, and by five years from March 31, 2011 to March 31, 2016 as to Contract No. 4600001039, and adjust the rent.

Prepared by: _____
Bruce Hall
Sr. Real Estate Specialist
Real Estate Department
Date _____

Reviewed by: _____
Ruth P. Clements
Director
Real Estate Department
Date _____

Approved by: _____
Kenneth G. Ammon, P.E.
Deputy Executive Director
Everglades Restoration and Capital Projects
Date _____

Conflict Check: See attached

Conflict Checks Attachment to Executive Summary

Okeelanta Corporation
B and B Sugar Corporation
Belle Glade, Inc.
Connecticut Sugar Corporation
GLC Farms Inc.
Hawthorn Sugar Corp.
King Sugar Corporation
New Hope Sugar Company
New Hope Sugar Coop
S.D. Sugar Corp.
South Florida Industries, Inc.
Stofin Co, Inc.
Florida Crystals Corporation
Fanjul Corp.

Fanjul, Alfonso, Jr.
Fanjul de Azqueta, Lillian
Fanjul, Jose F.
Fanjul, Alexander L.
Fanjul, Andres B.
BrandyTrust Crystals, LLC
Flor-Ag Corp.
Aljemar, Inc.
Acquino, Mary Pease
Alis & Co.
Atwell & Co.
Azqueta, Alexander Aleco
Azqueta, Alfonso
Azqueta, Jesus Jesse
Azqueta, Lillian Milagrosa
Azqueta, Norberto
Blomqvist, Erik J.
Boardman, Dixon
Brewster, Michelle G.
Carey, Heidi K.
Carson, Donald W.
Cascade Development Corp.
Choate, Arthur B.
Cloverdale Corporation
Cudd & Co.
Delapalme, Alexandra M
Dillon, C. Douglas and Dillon, Dorothy
Donaldson, Isabel Grace
Donaldson, Maria Christine
Donaldson, Victoria B.
Elkins, Jacob S.

European Electrical Inversions Corporation S.A.
Eweson, Dorothy D.
Fanjul de Fernandez, Lillian Maria
Fanjul Pfeifler, Nicolas
Fanjul Ryan, Maria Cristina
Fanjul, Alexander Nicholas
Fanjul, Andres A.
Fanjul, Carissa
Fanjul, Emilia Helena
Fanjul, José and Lourdes
Fanjul, Jose F., III
Fanjul, Jose, Jr.
Fanjul, Lourdes Emilia
Fanjul, Margaret S.
Fanjul, Oliver R.
Fernandez, Luis J.
Flo-Sun Voting Trust, Brandywine Trust Company, Trustee
Gatlirsburg Limited
Grobe, Ruth H.
Hallowell, Lewis Hunter
Hallowell, Priscilla P.
Hallowell, Serena
Hamilton, Amanda R.
Hare & Co.
Harrison, Henry F. DuPont
Harrison, Jr., Alfred C.
Hernandez, Oscar and Lynn B.
Huwiler, Lila K.
Kirkland, David
Kirkland, Lila W.
Knotfloat & Co.
Knott, James, Jr.
Lowerline, Inc.
Maldonado, Marta R. de
Miller, Linda Bartlett
Miller, Penelope P.
Miller, Whitney M.
Naulitia Limited
Parkinson, Glenn Walser
Parkinson, James T., III
Parkinson, James T., IV
Patterson, Arthur C.
Patterson, Jr. Michael E.
Pettit, Louise P.
Pratt, Alison S.
Pratt, Laurence H.
Preston, III, Lewis T.
Preston, William B.
Recio Family Limited Partnership

Ross, Catherine, F.
Ruton Enterprises, Inc.
Starr, Richard J.
Starr, Susan Ellis
Toub, Allegra Fullforth
Toub, Christopher Preston
Toub, Electra P.
TRF, LLLP
Woolsey Corporation
Woolvant Holdings, Inc.