Exhibit 2

Cargill Salt

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FEB 25 2003
SAN FRANCISCO BAY CONSERVATION
& DEVELOPMENT COMMISSION

Ms. Andrea M. Gaut
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San Francisco Bay Conservation
and Development Commission
50 California Street, Suite 2600
San Francisco, CA 94111

SUBJECT: Portion of Pond 10, Redwood City; Proposed Westpoint Marina Project
Permit File No. 2-02
Cargill Salt File: 311.001:1

Dear Ms. Gaut:

I am responding to your letter of October 11, 2002 regarding Mr. Mark Sanders' Westpoint Marina Project. Before responding to your specific questions, it might be appropriate to address some general topics.

Only in response to the difficulty Mr. Sanders has experienced to date in moving his project through to a hearing before the Commission, Cargill has expressed a willingness to Mr. Sanders to allow sufficient, but minimal additional acres of Pond 10 to be included in the Marina area. This addition is solely for the purpose of increasing potential open Bay water in the proposed basin to an approximate 50% ratio of water/land. As you know this percentage is the one Mr. Travis suggested as one that might meet the Bay Plan policies on "substantial open water". The details of the revised Marina design are the responsibility of Mr. Sanders and his design consultants. No change of use is planned unless and until a BCDC permit for the marina were issued.

I am sure staff is aware of the major sale and donation of Cargill's salt lands in Napa and the South Bay. This sale, grant of Cargill's reserved rights, and donation will transfer almost 16,500 acres of salt ponds in the San Francisco Bay to wildlife agencies for Bay enhancement purposes. The less than 50 or so acres of Pond 10 involved in Mr. Sanders' Westpoint Marina is dwarfed by the scale and magnitude of the pending transaction which will lead to most of this acreage being returned to a variety of wetland habitats. Apparently staff is very concerned about whatever precedents may be set by approval of the Sanders' project. It is true that the federal government decided not to include Cargill's Redwood City properties in the transaction, primarily because of its very high, appraised value. As a result of the public's decision not to purchase this area, Cargill will retain about 1,400 acres of salt

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making lands in Redwood City. At this time we have no specific plans for these lands. They are currently being operated in support of solar salt operations in Newark. Mr. Sanders should not be penalized because Cargill's plans at Redwood City are not yet definitive. As a practical matter, a comparatively small project, such as the proposed Sanders' project, that expands bay waters into a portion of Pond 10, provides public access and fills a critical recreational need, can be accommodated within future planning efforts for our remaining Redwood City properties. Many of the questions in your October 11 letter are best addressed in the context of Cargill's future Redwood City plans.

As I turn to your specific questions, I need to first point out that the use of that portion of Pond 10 involved in the Westpoint Marina project has not changed; its use won't change until a different use is approved by BCDC. Only title to the property has changed. I will try to provide the information that you request, but we do not believe that there is any requirement for us to do so because we have not taken any action requiring BCDC review or permit. We understand any change made will be pursuant to a BCDC permit issued to Mr. Sanders for his marina project.

1. Salt Pond policy number one states that *"[a]s long as is economically feasible, the salt ponds should be maintained in salt production and the wetlands should be maintained in their present use. Property tax policy should assure that rising property taxes do not force conversion of the ponds and other wetlands to urban development. In addition, the integrity of the salt production system should be respected (i.e., public agencies should not take for other projects any pond or portion of a pond that is a vital part of the production system)."*

Please explain why this portion of Pond 10 is no longer needed for the salt production process. Mr. Sanders has previously explained to us, the proposed project site was used as a concrete slag pile and it was also used to precipitate salt out of bittern liquids. However, Cargill's bittern process has been modernized, so it requires less land for bittern purposes. Can you give us documentation of this new bittern process? In addition, if the bittern process has been modernized, is it possible that the entire Pond 10 is available for purchase? On the other hand, we understand that Cargill intends to remove all of the Redwood City ponds from production. Could you explain how these ponds can be abandoned without affecting the economic viability of the system (or whether such abandonment is actually needed to maintain the economic viability of the system)? In addition, could you explain how the Redwood City ponds fit into the proposed consolidation of the system and sale of surplus ponds to the federal and state governments?

RESPONSE:

Pond 10 has never been an economically viable part of our salt making operations. Historically it has served a variety of low level purposes. Most recently, it has been used as a desalting pond. Previously it was used for a concrete slag pile, which is not an integral part of salt making. It has also been used for Bittern liquids which were deposited there to allow more salt to precipitate out of the liquid. The remaining liquid, now a more concentrated bittern was then delivered to bittern ponds for storage prior to shipment to customers. Bay waters were then pumped into Pond 10 to dissolve the precipitated salts. Those dissolved salts were then sent back into concentrator ponds to resume the salt making process. The portion of Pond 10 affected by Mr. Sanders' project is relatively high in elevation, compared to the rest of the system. This makes it inefficient for salt making. In summary, it has not served as an important part of salt making operations ever. The amount of area to be withdrawn is so small, the loss would have virtually no impact of the amount of salt that we can process.

Cargill's bittern product line is continually being improved so as to expand bittern sales. We have always considered the use of ponds for bittern storage as inefficient. Besides the obvious economic value of bittern sales, the program also provides a means of reducing storage volumes. Bittern has long been a saleable product, but until recently, production exceeded demand. That has changed over the last few years. As a result of the increased demand, we now have a pilot plant for low sulfate bittern in Newark. The plant has been in production for two years and is now producing a commercial grade bittern that has allowed our sales force to penetrate new markets. Based upon this modest, but important success, we hope to construct a permanent facility to meet what we think will be a growing market. There will most likely be an interim step between the pilot plant and the permanent facility and Redwood City's shipping facilities will be a factor in deciding where the next step in the process will occur.

As staff is aware, salt production goals are closely tied to the salt market. As with any commodity the profitability of production is dependent on a large number of factors. Cargill lost its major customers for the salt harvested in Redwood City. With no new customers, the Redwood City plant was no longer viable as a major salt harvesting facility. We decided to change operations to concentrate salt making in Newark. However, the Redwood City crystallizers and ponds have not been abandoned. We continue to maintain and utilize these ponds and would amplify such use if and when

salt demand increases in a way that makes such action more profitable in the future. We have also improved our Newark operations, a continual process for successful commodity producers. Newark has long been integrated with the Redwood City facilities so brines and other liquids can be transported back and forth between the two sites. Practically, Redwood City ponds can operate to service the Newark harvesting area. Also, we have purposely retained the ability to ship bittern from Cargill's former docks in Redwood City (now owned by Abbott Laboratories) and bittern shipments continue from there as before. The crystallized salt and brines in Redwood City will be processed in Newark. Obviously we cannot predict what future market conditions in salt may bring so we cannot know how long it will be profitable to utilize Redwood City facilities for salt making purposes.

You also asked: "...how the Redwood City ponds fit into the proposed consolidation of the system and sale of surplus ponds to the federal and state governments?... The Redwood City plant site does not fit into the sale, but there would be no sale if the plant site were included because the cost would be too high. The Redwood City Plant site was removed from the major sale to lower the cost of the purchase to the public. This decision was reached after a number of discussions with public agencies, including senior staff at BCDC. That decision represented a consensus among agencies that the purchase price for the Redwood City plant site was not an appropriate use of very limited public funds for resource properties.

2. Salt Pond policy number two states that, *"[i]f despite these provisions, the owner of the salt ponds or the owner of any managed wetland desires to withdraw any of the ponds or marshes from their present uses, the public should make every effort to buy these lands, breach the existing dikes, and reopen these areas to the Bay. This type of purchase should have a high priority for any public funds available, because opening ponds and managed wetlands to the Bay represents man's last substantial opportunity to enlarge the Bay rather than shrink it. (In some cases, if salt ponds are opened to the Bay, new dikes will have to be built on the landward side of the ponds to provide the flood control protection now being provided by the salt pond dikes.)."*

Please provide information on when Mr. Sanders purchased this property, whether Cargill informed the public that the property was available for purchase, and whether only this portion of the pond or the entire Pond 10 was offered for sale.

RESPONSE:

All of the Redwood City ponds were available for public purchase during the last approximately five years. They were included in the original area to be purchased by the State of California and the federal government. As you know both the State and federal government declined to purchase these ponds.

Without a public buyer for the Redwood City ponds, Cargill began examining other possible buyers with public purposes as part of their efforts. With regard specifically to the area of Pond 10 involved in the marina, Cargill's staff confirmed the general public interest in marinas with the Port of Redwood City, but that agency had no desire to expand their marina operations. The staff did, however, indicate informal support for the proposed marina. The final acreage footprint was based upon conceptual plans for the marina, which were then reviewed by Cargill's operations staff to ensure that Pond 10 would be able to continue to function as a multipurpose pond. At that time, Cargill refused to consider Mr. Sanders' requests for further expansion of the marina site, despite the acknowledged need for more marina spaces than the proposed marina provided at that time.

However, in order to fully assess this question, the time frame of various, related events must be reviewed. When Mr. Sanders first approached Cargill, Pond 10 was a multipurpose pond. It was however, larger than needed so we were able to offer the 35 acres that supported his original design. In the intervening years, a number of factors delayed Mr. Sanders' planning efforts. Most importantly, the City of Redwood City refused to take any action on the Westpoint Marina until the Pacific Shores project was approved. That resulted in a delay of many years for Mr. Sanders.

By the time that project was under construction, Cargill had begun to assess our operations and preliminary discussions were underway with key resource agencies, including senior BCDC staff. Cargill's entire Redwood City plant was originally part of the major transaction, now close to being final. So, again when Mr. Sanders approached us for more property, we again refused to consider that option since we had in effect, a "hand-shake" agreement with the State of California and the federal government that the Redwood City plant would be included in the major sale.

Now, in early 2003, this is a quick summary of the process: The public was aware of the proposed marina and the local public agency operating the Redwood City marina had no interest in the property. Subsequently, the property was offered to a joint federal-state partnership. Those two governmental bodies decided not to purchase the

property. Now, Mr. Sanders has been able pursue his goal of building a marina and Cargill will make some modest additional acreage available for purchase, in order to remove any possible objections to the project.

3. Salt Pond policy number 4 states that, *"[a]s soon as possible, recreational developments such as marinas and small parks should be built in appropriate areas outboard of the present salt ponds, or in sloughs; but these developments should in no way jeopardize the salt production system or be so located as to prevent opening of ponds to the Bay at any future time."*

Please explain how development of Pond 10 would not impact: (1) continued salt production; or (2) the opening of these ponds to the Bay, if possible. Please provide information on the intended use of the salt ponds located landward of Pond 10. Staff believes it may be important to understand the potential impacts of the sale and development of the entire salt pond area in Redwood City, rather than just Pond 10, to understand how development of this portion of Pond 10 may affect land uses and restoration potential of the remaining Redwood City ponds.

RESPONSE:

As explained above Pond 10 has never been an economically viable part of salt making so a portion of its withdrawal would have no impact on salt production. The biggest factor limiting salt production is the ability to sell salt. We produce enough salt to satisfy all current and foreseeable customers.

The salt pond policy that suggests marinas "should be built in appropriate areas outboard of the present salt ponds, or in sloughs," is now clearly dated and no longer reasonable. Sloughs encompass valuable mudflats. The very best, specific location for this marina in the Redwood City area is in Pond 10.

The Redwood City plant site is presently devoted to salt production, albeit in a reduced fashion. Eventually, the brines and crystallized salts in Redwood City will be harvested in Newark. These plans are not affected by the proposed marina and have proceeded independently of the Westpoint Marina project. Despite the change in ownership, Cargill and Mr. Sanders have cooperated with the use of Pond 10. The recently approved small berm effectively separates his property from the remainder of the plant site, but we have continued to accept dissolved salts as they are pumped over the berm. That joint use while Mr. Sanders finalized his permits was always contemplated.

Mr. Sanders' proposed marina will not impact the potential opening of the remaining salt ponds to the Bay. We have retained the right to drain through the marina and the remaining frontage along First Slough totals thousands of feet. That frontage provides excellent access to the Bay.

Cargill has no definitive plans for the ultimate use of the remaining 1,400 acres of the Redwood City plant site. We acknowledge the intense interest in this site by a number of individuals, organizations and agencies, and as previously stated have no plans at this time. Mr. Sanders has been penalized by forcing him to delay his project through the Pacific Shores approval process and should not be delayed again because of staff concerns about the remainder of our Redwood City lands. When and if we decide to change the use of the Redwood City ponds, we believe any new uses there could easily accommodate the marina.

If you have any questions, please give me a call at (510) 790-8156 or, alternatively, via email at: robert_douglass@cargill.com.

Very truly yours,

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Manager, Real Property

RCD:djm

Cc: Mr. Mark Sanders