

Subject: U.S. Sugar Stories for Dec. 16

SFWMD

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EDITORIAL: Scuttle sugar deal

12/16/2008
News Herald, The

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December 16, 2008 08:00:00 AM

Today is the deadline for Florida to agree to buy 180,000 acres from U.S. Sugar for \$1.34 billion in order to restore a portion of the Everglades. The company has given the South Florida Water Management District a take-it-or-leave-it offer that has gotten less appealing the more that is known about it.

The government should make like Olympic gold medalist Usain Bolt and sprint away as fast as possible.

The initial plan to acquire land to improve the Everglades had appeal. It involved the water management district purchasing all of U.S. Sugar and liquidating the company, thus removing a major industrial presence in a fragile ecosystem. The firm's owners would be justly compensated for their assets while the government would be able to accomplish its environmental goals without imposing mandates and regulations that infringed on private property rights and added to the company's cost of doing business.

However, the deal evolved over several months to where U.S. Sugar would sell fewer acres and continue operations. The added complexity has raised some troubling questions, the most important being: How much is the land really worth?

Since the deal in principle was announced last month, independent appraisals of the 180,000 acres indicate the government will be paying \$300 million too much for the land. U.S. Sugar says it is offering a fair price and is already looking for

other buyers - which sounds an awful lot like "Hey, I've got another couple coming to look at the car in an hour ..."

It's not hard to see why the company would want to close the sale immediately. It forecast a loss of \$4.5 million for this year and is carrying \$600 million in debt. Not only would the deal infuse it with much-needed cash to pay off its debt, under the terms it could lease back much of the land at a much lower price and continue farming it for several years. That's a sweet arrangement that amounts to a government entity bailing out a struggling company. It also would give U.S. Sugar a competitive advantage among other area growers.

Furthermore, one member of the water management district's board contends that most of the tracts for sale aren't needed and are in the wrong place to facilitate Everglades restoration. The district could be buying 140,000 acres it doesn't really need.

Much of the pollution that harms the River of Grass pours into Lake Okeechobee from the north, whereas U.S. Sugar's land is south of the lake. Finally, the government likely will need another 65,000 acres to complete the link from Okeechobee to the Everglades, and that land is owned by U.S. Sugar's chief rival, Florida Crystals. That would necessitate another costly land purchase.

Approving this deal could set a bad precedent for Florida environmental policy. Water management officials should vote "no," call U.S. Sugar's bluff and see if they can negotiate better terms for public dollars.

We Think: Florida Needs to Restore the Everglades - But At A Fair Price

12/16/2008

Orlando Sentinel

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EDITORIAL

We think: Florida needs to restore the Everglades - but at a fair price

December 16, 2008

The state surely could use the 181,000 acres U.S. Sugar is willing to sell it to help restore the Everglades.

And U.S. Sugar, struggling under a harsh market and tougher state regulations, couldn't help but benefit by unloading them.

But taxpayers and credit markets can't be expected to support the deal at any price -- and certainly not the price the South Florida Water Management District, acting as purchasing agent for the state, is considering signing off on today.

That price is \$1.34 billion -- a sum that's \$300 million to \$400 million more than appraisers say the land is worth.

Naturally, Big Sugar's sweet on it. So much so it publicly has said

that if the state balks today -- the deadline for approving the deal -- it walks.

More important than the company's threat of walking, however, is whether the deal they've forged floats. And Michael Phelps, it's not.

We'd like to see the two sides make a deal as much as anyone. The state would build reservoirs and marshes on U.S. Sugar's land just south of Lake Okeechobee that could store and clean water before sending it south to the Everglades. That eventually could help reduce the cost of the restoration project, begun in 2000, by making it unnecessary to drill hundreds of pricey wells for storing fresh water. It could help rejuvenate dozens of imperiled species.

But the deal's listing, and ultimatums from U.S. Sugar won't right it.

Financial managers reviewing it note there's not a worse time for governments to pay an inflated price for land. Agree to the \$1.34 billion, they say, and good luck finding a lender willing to bankroll the purchase. The state's seeking to borrow the money through bonds and pay off the debt with property taxes collected from 16 counties, including Orange and Osceola.

Who among taxpayers in those counties, meanwhile, would want to pay the conglomerate that caused much of the pollution choking the River of Grass hundreds of millions of dollars more than its land is worth? Too many of them, by contrast, are struggling to pay what the food and clothing they need at Publix and Target are worth.

Nevertheless, the water-management district and Big Sugar still can make a deal. They can agree to extend the deadline. The state can work to get a fairer price from U.S. Sugar on the lease-back portion of the deal, an unbelievable giveaway that allows the company to continue to work the land for seven years at one-quarter the going rate. And the company, by agreeing to a fairer market price, could enhance its tarnished Florida legacy.

U.S. Sugar happens to be entertaining another deal for its land. An outfit managing farmland in the South and Midwest, The Lawrence Group, is pitching the company \$500 million, or \$300 per share, and offering to take on up to \$600 million in Big Sugar's debt and liabilities.

But agreeing to knock about \$300 million off the purchase price with the state, bringing it more in line with the land's appraised value, would net U.S. Sugar a comparable amount.

And it would do what has eluded too many other efforts to restore the Everglades: forcefully push it forward.

Everglades coalition pushes sugar land deal

12/16/2008

Sun Sentinel - Online

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Environmental groups in Florida and beyond are pushing for state purchase of 181,000 acres of U.S. Sugar land to help restore the Everglades.

The Everglades Coalition reflecting the views of most national and state environmentalists urged the South Florida Water Management District to approve the land deal at its meetings today and Tuesday.

Acquiring the land south of Lake Okeechobee would help restoration officials store water and remove pollutants before it flows into Everglades National Park, said Sara Fain, national co-chairwoman of the coalition.

While pushing the state to complete the land deal, the coalition wants Congress to begin funding half the construction costs for multi-billion-dollar restoration projects.

Only with a strong federal-state partnership can we truly achieve our goals, she said.

Florida members of Congress generally support the land deal, though some are pressing state officials to help farming communities in that area absorb the potential loss of a major employer.

The coalition plans to discuss the implications of the purchase at its annual conference in Miami on Jan. 8 to 11.

The coalition is an alliance of 51 local, state and national conservation and environmental organizations representing 6 million members. More information can be found at www.evergladescoalition.org.

Hopes sour for Florida's bid to buy U. S. Sugar

12/16/2008

Sun Sentinel - Online

Andy Reid

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The financial forecast darkened Monday for the state's bid to buy farmland for Everglades restoration, just as a rival bidder stepped up its efforts on the eve of today's contract deadline.

The South Florida Water Management District is expected to decide today whether to approve the \$1.34 billion deal proposed by Gov. Charlie Crist to buy 180,000 acres from U.S. Sugar Corp. to build reservoirs and treatment areas to restore water flows from Lake Okeechobee to what remains of the Everglades.

By the financing the deal for 30 years, taxpayers would end up paying as much as \$3.4 billion due to mounting interest, the agency estimated Monday.

When the blockbuster deal was proposed in June, the district trumpeted its ability to borrow the money without raising taxes and without cutting back on its other efforts to manage South Florida's water supply. In the six months since, however, a growing national economic crisis led to projected drops in state tax revenues. That could leave the district between \$9.7 million and \$35 million short what it needs to pay off yearly land deal debts and carry out its core operations, the agency revealed. That could trigger cutting spending on district operations by more than 20 percent.

The Lawrence Group, which manages farmland in the South and Midwest, made a direct appeal Monday to the district to step aside.

The Nashville, Tenn.-based group can keep U.S. Sugar's mill and farming operations going, protecting agricultural jobs in the Glades, Gaylon Lawrence Jr. said. The group would also sell part of the land to the state for Everglades restoration, he told the district board. 'I remember once going to a dance with one girl and leaving with another,' district board member Charles Dauray told Lawrence. 'Well, I would love to be your partner,' Lawrence responded.

U.S. Sugar maintains that The Lawrence Group has yet to make a binding offer. The company will not renegotiate a new deal with the state if the district fails to approve the contract today, U.S. Sugar Senior Vice President Robert Coker said. 'There is no delay,' Coker said. But a parade of Glades community representatives from high school students to business leaders called for the district to put the brakes on a deal. 'U.S. Sugar because of greed and a few dollars is willing to throw a whole community under the bus,' said Chris Shupe, president of Olde Cypress Community Bank in Clewiston. 'The governor is AWOL. & There is no economic plan.' Andy Reid can be reached at abreid@SunSentinel.com or 561-228-5504.

Sugar deal at risk of failure

12/16/2008

Sarasota Herald-Tribune - Online

KATE SPINNER

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WEST PALM BEACH

For the first time since Gov. Charlie Crist announced his ambitious Everglades restoration strategy six months ago, the plan's fate looks uncertain at best.

Disgruntled state lawmakers and a bleak financial climate are undermining the momentum that as recently as a month ago made Crist's proposed deal to buy 181,000 acres of U.S. Sugar land for \$1.34 billion seem inevitable.

Increased opposition from sugar industry-dependent workers, worries over delays in environmental improvements and heightened concern over incurring debt have created formidable obstacles to the plan.

The South Florida water managers representing taxpayers in the 16 counties who will pay for the acquisition face a deadline to approve the deal today. U.S. Sugar has said that it will not renegotiate a pact worked out over the last six months.

But during five hours of presentations and public comment Monday, the South Florida Water Management District's board members expressed deep concerns about declining property taxes, a grim economic forecast and unknown costs for removing contaminants from the sugar lands. 'This is a very perilous time, and there are a lot of changes that we've gone through,' said Charles Dauray, a board member who represents the Big Cypress Basin on the Southwest Florida coast. 'And I strongly suspect that there are going to be a lot more changes in the next six months. If I had my druthers I'd like not to be considering going in for \$1.3 billion into the debt market in the near future.' Crist's bid to buy U.S. Sugar's land holdings had been hailed as the 'missing link' in the multibillion-dollar state and federal plan to restore the ailing Everglades, a world-renowned ecosystem that reaches from north of Lake Okeechobee to Florida's southern tip.

Proponents said it would reconnect severed water flows and help purify water flowing into the heart of the Glades.

District experts had projected a 5 percent growth in the agency's tax roll in forecasting its ability to borrow money last fiscal year. But severe reductions as a result of state tax reforms and a weakening economy negated the projection. Now, officials estimate that tax income will drop and not rebound until 2015.

Taxes typically pay 55 to 60 percent of the district's operations, as well as land acquisition.

State funding, a staple for the district's land purchases, is equally doubtful as Florida grapples with a \$5.8 billion budget shortfall.

Additionally, by the time the debt on the sugar purchase is paid off in 30 years, the deal is expected to cost \$3.2 billion under the district's most likely scenario, which relies on annual state funding. The worst-case scenario, without state funding, is projected to cost \$3.4 billion.

Several Florida lawmakers, who do not have a direct role in approving the Everglades plan, have expressed anger over the deal's speed and high price. Rep. Trudi Williams, R-Fort Myers, a

former South Florida water governing board chairwoman, hinted that approval would create a tense relationship between the agency and the Legislature. 'I worry that if you approve this deal it will not only be a fiscal disaster for the district, but will cause concerned legislators to re-think appropriations to, partnerships with the governance of this and other water management districts,' Williams said in a letter to the governing board.

Mike Collins, a South Florida water board member since 1999, said he recalled days when the district and the Legislature were at odds. Getting money then for Everglades projects was virtually impossible, he said. 'Having the legislative leadership uncomfortable with the process is something that for me is a real problem,' Collins said. A chorus of opposition came from residents in Clewiston who have relied on U.S. Sugar for everything from paychecks to school buildings. Indicating they felt betrayed by the company, they voiced fears that the end of sugar meant the end of their livelihoods. They wanted assurance that the state would provide a sound economic transition plan, a promise made six months ago, but unfulfilled.

Most environmental groups still applaud the plan, believing the land would create large reservoirs and filter marshes to link the remaining Everglades to Lake Okeechobee. The disconnected system and a century of pollution have wreaked havoc on the River of Grass and coastal estuaries, including Charlotte Harbor.

But with an echo of doubt about the current proposal, one environmental advocate said U.S. Sugar is not the only contender in the Everglades. 'I obviously think we need the land,' said Cynthia Plockelman, an environmental advocate for Audubon Society of the Everglades, 'but I am not tied to one process.'

EVERGLADES Budget cuts put squeeze on sugar deal

12/16/2008

Miami Herald

Morgan, Curtis

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If water managers decide Tuesday to spend \$1.34 billion to buy U.S. Sugar's sprawling farm fields, it will require the fiscal equivalent of maxing out the credit card.

And, like a shopper who splurges for that special something, a grim economic forecast unveiled Monday suggests the South Florida Water Management District's governing board soon could be forced to cut back on other things to afford the sugar land.

The unanticipated budget cutting could run deep enough -- up to 22 percent and \$100 million a year -- to undermine what appeared to be shaky board support for the state's bid to convert a swath of Big Sugar land into Everglades restoration projects.

On the eve of a crucial board vote, Gov. Charlie Crist sent a letter to board members urging them to back what he called an "unprecedented" opportunity that would pay dividends from the Everglades to Florida Bay for centuries. "The historic nature of this moment cannot be lost," he wrote.

But the deal's number looked starkly more daunting Monday than in June when Crist proposed a blockbuster buyout of the state's largest sugar grower. Then, based on predictions of growing revenue, district money managers calculated that an even more expensive \$1.75 billion deal to acquire the entire company could be done without raising property taxes or cutting operations.

"Six months ago, people worked for Lehman Brothers. Six months ago, AIG was the largest insurance company in the world. Six months ago, Fannie Mae and Freddie Mac were on solid ground," said Charles Dauray, one of seven board members. "We've had incredible change, including this country going into hock for \$2 trillion."

Other key numbers also have changed.

Factoring in a lease that will let the company continue to farm the land at \$50 an acre for seven years, or about a quarter of market rates, two new appraisals put the value of U.S. Sugar's 180,000 acres at about \$1 billion -- roughly \$300 million less than before. Rising interest rates could add hundreds of millions in bond costs and push the price over 30 years to as much as \$3.4 billion.

APPRAISALS

Board member Shannon Estenoz, an environmental activist from Plantation, cautioned that appraisals didn't fully reflect the value of a deal that could go a long way toward resolving water-storage and pollution problems that have damaged the Glades, rivers, estuaries and bays across South Florida.

"This isn't just a purely business decision," she said.

Still, the economic climate is likely to play a big role in the decision.

In three scenarios, the water management report forecast spending cuts of 2 to 22 percent over the next two years. The most likely one showed revenues falling by nearly 9 percent and the agency's spending power plunging by nearly 20 percent, or \$88 million, by 2010.

If that happened, district financial experts said, the land buy would trigger subsequent cutbacks in "core operations," which include an array of work from Everglades research to the purchase of flood-control equipment.

The dire forecast underlined warnings from critics, who argue the state is rushing into a bad deal that they say will cost the state too much and cost rural communities jobs. U.S. Sugar has set a Tuesday deadline for the board to approve the deal.

Business leaders from Clewiston, supported by high schoolers bused in for the Monday hearing in the district's West Palm Beach headquarters, urged the board to reject the deal or postpone the vote and try to coax U.S. Sugar back to the bargaining table.

CHEAPER DEAL

Gaylon Lawrence Jr., one of the owners of a Tennessee-based agricultural concern that is trying to buy U.S. Sugar, told the board the state could cut a better, cheaper deal with his company.

"You've got an all-or-nothing deal here," he said. "It's not fair to the community. It's not fair to the Everglades."

On Tuesday, Rep. Denise Grimsley, R-Lake Placid, plans to take the extraordinary step of speaking against the deal via a recorded video message.

Crist, in his letter, pledged to support a so-called "inland port," a trucking storage and shipping hub sought by Glades-area communities and businesses, including U.S. Sugar rival Florida Crystals, which is fighting the land deal.

BENEFITS

Mark Kraus, senior vice president of the Everglades Foundation, urged the board to consider the broader benefits the land buy will eventually provide.

"I've heard repeatedly, this costs too much," he said. "I'd ask you to consider this: What is the water supply worth? What is a restored Everglades worth?"

Miami Herald staff writers Mary Ellen Klas and Marc Caputo contributed to this story.

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Let state's sugar deal proceed

12/16/2008
Miami Herald

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As we approach the final vote regarding the South Florida Water Management District's contract to purchase 180,000 acres of U.S. Sugar's land, those who do not want this deal to occur are trying to cloud the issues. In no way does this signal a corporate buyout of U.S. Sugar. Simply put, the state is buying land for Everglades restoration.

Independent, professional real-estate appraisals conducted for the SFWMD set the fair-market value of the purchase. Paying fair-market value for real estate is hardly a "bailout." U.S. Sugar will continue to operate within its communities and be a partner in developing economic opportunities. This agreement is an opportunity to effect real, meaningful restoration of the Everglades. Gov. Charlie Crist's bold vision and this historic acquisition will finally provide a real chance to preserve a national treasure for future generations.

U.S. Sugar has built a company that is the pillar of the agriculture community. Crist presented us with an opportunity to be part of something grander and more historic than we dreamed. We would not be doing this if we didn't believe that it was a fair deal for our shareholders. More important, this is a tremendous opportunity for Florida and its people to save the Everglades. After many months of negotiations, it is time to move forward with the decision to implement this bold initiative.

ROBERT COKER, senior vice president, U.S. Sugar Corp.,
Clewiston

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U.S. Sugar land buy should be deferred

12/16/2008
Miami Herald

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Support for the now-revised deal struck by Gov. Charlie Crist to purchase 181,000 acres of U.S. Sugar's farmland to restore water flow to the Everglades is hardly universal in the groups with a stake in the outcome. That ambivalence certainly is palpable at the South Florida Water Management District, whose seven-member board is supposed to vote today to accept or reject the deal.

Restoring Everglades

The reasons for such mixed feelings -- and that includes this Editorial Board -- is the agreement negotiated by Gov. Crist and U. S. Sugar. It is too sweet by half to the company. We have supported the purchase for the sake of Everglades restoration, but as more information has come to light about the deal our reservations have grown. Even though the company says that today is a do-or-die deadline for the District to decide on the purchase, the board ought to put off a final vote and renegotiate the terms.

** First, the \$1.3 billion purchase price is too high. The land has been independently appraised at \$930 million. It is the residents of South Florida who must pay for this deal, and they deserve a fairer price. What's more, there are legitimate concerns that the District will put off or drop other projects in order to pay for this land.

** The agreement allows U.S. Sugar to lease and farm the land for seven years at a rate of \$50 per acre. That is one-fourth of the going lease rate for comparable farmland -- too cheap. If the lease provision becomes part of the final agreement, the leasing price must be increased.

** The District would be buying far more land from U.S. Sugar than is needed for restoring sheet flow to the Glades. And in order to complete the sheet-flow project, the District would still have to obtain thousands of acres from Florida Crystals, which is not happy with the U.S. Sugar arrangement, particularly the seven-year lease. Today, there is no time frame for when the additional land will be obtained. Environmentally, it would be great to take so many acres out of sugar production, but it may not make sense for the District to become owner of all this land.

** When he announced the agreement in June, Gov. Crist promised a task force to devise ways to help the farming communities dependent on U.S. Sugar. To date there is no task force. Clewiston and other towns in the area need solutions, and no deal should be accepted until it includes tangible help for these communities.

Protect public funds

The District's board has the responsibility of restoring the Everglades. But the board is equally responsible for protecting South Florida taxpayers in how it decides to spend their money. Before the District buys any U.S. Sugar land, it should renegotiate the agreement.

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Everglades Plan Under Fire as Vote Nears

12/16/2008
New York Times
CAVE, DAMIEN

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State water managers on Monday began their final review of a proposed \$1.34 billion deal in which Florida would buy 181,000 acres of land to help restore the Everglades. But with a vote expected Tuesday, criticism was already flowing like the swiftest of rivers.

At a public hearing, high school students, a banker, a pastor, a rival bidder for the land and a wide array of other people said the state's arrangement to acquire the vast swath from the United States Sugar Corporation should be rejected.

"You've got an all-or-nothing deal here," said the other bidder, Gaylon Lawrence Jr., whose company, the Lawrence Group, would buy United States Sugar and then resell part of its land to the state. "It's not fair to the community. It's not fair to the Everglades."

The criticism voiced at the hearing, before the board of the South Florida Water Management District, is just the latest complication for a deal that was at first highly praised but has become highly questioned in the six months since Gov. Charlie Crist first announced it.

Florida has struggled for decades with how to balance competing demands for water, but given the current national fright over the economy, and with a deal this large, the scrutiny has become especially intense. In the last week alone, state lawmakers, other sugar companies and some environmentalists have all declared that the plan's benefits may not justify its costs.

Mr. Crist in particular has come under fire for what critics see as a giveaway to United States Sugar, a struggling private company. Twenty-five members of the Florida Legislature from Miami-Dade County, including several of his fellow Republicans, said in a letter to the board last week that the acquisition "appears to be nothing more than a corporate bailout."

The company's main competitor, Florida Crystals, filed suit in state court on Dec. 11 making essentially the same argument. The suit says the contract being considered is illegal because it would transfer taxpayer dollars to United States Sugar with "no significant corresponding public benefit."

Erik Eikenberg, the governor's chief of staff, said the argument was shortsighted. "This vision is bold," Mr. Eikenberg said. "It will allow the state of Florida to move back in the direction of true Everglades restoration."

But even a number of environmentalists have begun to look warily at some elements of the plan, especially its lease arrangement: production by United States Sugar would not halt until after seven years, during which it would lease back the land from the state at \$50 an acre -- as much as \$200 less than the market rate, according to industry estimates.

Drew Martin, the Everglades chairman of the Sierra Club of Florida, said the discount undermined restoration in two ways: first, by making the deal more expensive, cutting into money that could otherwise be used for hydrology projects; and second, by giving the company an incentive to keep farming as long as possible.

"The feeling is that the deal could be better," Mr. Martin said, though adding, "We don't want to lose the deal because of that."

At Monday's session, the district's board seemed at least partly divided. Michael Collins, the only one of the eight members not appointed by Mr. Crist, repeatedly questioned the cost, as did Charles J. Dauray.

"Six months ago, people worked for Lehman Brothers," Mr. Dauray said, adding: "This is a very perilous time. If I had my druthers, I'd like not to be considering going for \$1.34 billion into the debt markets."

Other members urged that the acquisition be seen not simply as a business decision. "It's a policy decision, it's a value decision," said Shannon A. Estenoz, the board's vice chairwoman. "There are a lot of dimensions to this."

Several environmentalists also tried to steer the debate toward Everglades restoration, expressing frustration that the discussion had become centered on short-term economics. Similarly the governor, in a letter to the board on Monday, said that "your decision will have an impact not just for the next seven years but for the next 700 and beyond."

But the great concern over a lack of financial certainty was undeniable. For instance, the district estimates that the purchase of the land would force it to cut its operational budget by anywhere from a manageable 2 percent to a backbreaking 22 percent. Estimates of the total cost of the purchase, including that of the necessary borrowing, range from \$2.9 billion to \$3.4 billion.

The potential for such expense seems to have raised doubts among some environmentalists. Cynthia H. Plockelman, an advocate with the Audubon Society of the Everglades, said that she strongly supported the idea of buying land from United States Sugar but that "I am not tied in to one process for what we need."

Standing at a lectern before the board, she said, "I will understand if you decide to junk the whole thing and start over."

Mr. Lawrence, the rival bidder, said he was hoping for exactly that. "What we offer is an alternative," he said. Ms. Estenoz and others asked for details: How much land would you be willing to sell for Everglades restoration? How much do you need to run the mill?

Mr. Lawrence declined to give a number or even a range. In an interview afterward, he said he did not want to overcommit, giving up more land than absolutely necessary.

Under the contract, Tuesday is the deadline for the board to act on the deal, and at least some members seemed willing to consider scrapping it.

"I remember going to a dance with one girl and leaving with another," Mr. Dauray said. "We may be undergoing that occasion again."

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Don't Buy US Sugar Land, Clewiston Students Tell Water Managers as Vote Looms

12/15/2008
Palm Beach Post
Quinlan, Paul

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Two busloads of Clewiston High School students today urged water managers to reject the state's proposed \$1.34 billion land deal with U.S. Sugar Corp., calling it a threat to their schooling and their region's economic future.

"The sugar mill is a foundation that our community rests upon," said Chelsey Brown, the school's senior class president, speaking on behalf of the 56 students standing behind her. "Think of how many lives are being affected and ruined by this."

U.S. Sugar deal

The students packed the suburban West Palm Beach headquarters of the South Florida Water Management District. The agency's board this afternoon began two days of debate leading up to an expected vote Tuesday on Gov. Charlie Crist's landmark, 180,000-acre land deal aimed at helping restore the Everglades.

Water managers so far have shown no signs of backing off from the internationally watched transaction, even as state lawmakers, members of Congress, business leaders and environmental groups lined up on all sides.

But some on the district's board expressed concern today about the amount of opposition they're hearing from state legislators, whom the water managers may need to rely on someday for money to aid the restoration.

"Having the legislature uncomfortable with the process is something that for me is a real problem," said board member Mike Collins, an Islamorada fishing guide who is the panel's most outspoken skeptic about the deal. He's also only district board member whom Crist did not appoint.

Environmentalists say the deal offers a rare, historic chance to reclaim land that stands in the way of reestablishing the historic flowing connection between Lake Okeechobee and the central Everglades.

"If we do not take this opportunity now, there is no assurance we will ever have the land we need to store and clean water to send south into Everglades National Park," said Sara Fain, national co-chairwoman of the Everglades Coalition. The alliance of 51 local, state and national environmental organizations came out today in support of the deal.

But the proposed purchase has inspired fears and consternation in the Glades, especially U.S. Sugar's home city of Clewiston, where

residents and business leaders fear the economic calamity that could follow the loss of the company's roughly 7,000 jobs.

"It means everything to me," said Ethan Owens, 16, who works part time as a welder for U.S. Sugar, during a hallway interview at the district headquarters. "My dad worked there 22 years. It's where we get our money from. It's our livelihood."

But increasingly, class president Brown told the board members, residents are doubting U.S. Sugar's intentions.

"The U.S. Sugar Corp. has been our town's longest caretaker," she said. "Now it feels as if the caretaker no longer cares."

Critics say the devil lurks in the deal's timing and details:

A state budget deficit of \$2.3 billion looms.

Appraisals and outside financial analyses suggest the district may be overpaying U.S. Sugar by as much as \$400 million.

Provisions would allow U.S. Sugar to lease back the land at a fraction of the market rate and keep operating for seven years.

Republican state Rep. Trudi Williams of Lee County - a former chairwoman of the water district - called the contract a potential "fiscal disaster" for the district and urged that it be renegotiated..

The district plans to finance the purchase through a bond issue to be repaid by taxpayers within the 16-county district.

Williams wrote: "Many of my colleagues in the legislature are understandably outraged at a time when people are losing jobs and losing homes, and when government is having to lay off teachers and law enforcement officers, an un-elected board can commit to such a costly land purchase with no plan for the ultimate end use and with terms that seem to be unfair to taxpayers, smaller farmers and long-needed restoration priorities."

State Sen. Mike Bennett, R-Bradenton and chairman of the Senate Community Affairs Committee, called for delaying the vote until February, when the committee could meet to vet the purchase.

But far outweighing the proposal's costs are its potential economic benefits, say proponents.

Benefits to the ecosystem, the region's water supply and reduction of harmful discharges of dirty water from Lake Okeechobee into the St. Lucie and Caloosahatchee estuaries are estimated at \$69 billion over 40 years, according to the Arthur R. Marshall Foundation. The frequent dumping of Lake O water into the rivers has devastated marine life and triggered algae blooms that at times have devastated fishing and tourism.

Meanwhile, the Florida Commission on Ethics ruled Wednesday that district board member Shannon Estenoz faces no conflict of interest in voting on the land deal, even though her husband is an environmental lawyer who has sued Palm Beach County to try to block rock mining on U.S. Sugar land and other rural tracts.

Estenoz's husband, Richard Grosso, is executive director of the

not-for-profit Everglades Law Center. He's a salaried employee and does not stand to gain financially regardless of the outcome, the commission wrote.

Estenoz, a longtime environmental activist from Broward County, is also a former chairwoman of the Everglades Coalition.

District board member Paul Huck already has recused himself because of his firm's involvement in a lawsuit against U.S. Sugar.

Meanwhile, the nine-person water board still has a vacancy because of the resignation in June of member Malcolm "Bubba" Wade Jr., a U.S. Sugar senior vice president who had been the board's only representative from the Glades. Wade resigned to avoid "the appearance of a conflict," he wrote to Crist the day the deal was announced.

Glades Plan Pricey, Ineffective

12/15/2008

St. Petersburg Times

Mike Collins

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Glades plan pricey, ineffective
By Mike Collins, Special to the Times

When Gov. Charlie Crist unveiled a historic agreement to buy out the nation's largest sugarcane producer and resume the flow of water from Lake Okeechobee to the Florida Bay, I applauded like everyone else who wanted to believe it was our last and best chance to save the precious Everglades.

As one of seven sitting directors of the South Florida Water Management District — and the only one not appointed by Crist, who must approve the deal — I was eager to cast my vote in favor of an affordable, comprehensive plan that would bring new life to the River of Grass.

Unfortunately, the more we learn about the deal the stickier the details. To use a food metaphor, the onion that appeared so appetizing last summer has turned rotten as layer upon layer is peeled away. At its core, the proposed \$1.34-billion buyout of 181,000 acres of farmland owned by U.S. Sugar Corp. smells like another risky government bailout of a company in dire financial straits.

Crist deserves credit for launching a bold and innovative approach to rescue the Everglades. The program aims to jump-start a revival effort that has stalled in recent years because of a slew of unfunded federal mandates and broken promises. A joint federal-state partnership valued at \$8-billion has not lived up to expectations, in part because the federal government has reneged on its pledge to pay half the bills.

That leaves us with the Crist-U.S. Sugar deal to pump water through the Everglades' mangrove-lined creeks. Standing in the way, however, are all those pesky details:

The water district would pay \$1.34-billion for land valued by an independent appraisal firm at about \$930-million. That makes no sense, particularly when real estate values are plunging all over the nation and Florida is among the hardest hit states.

It turns out that only a small percentage of U.S. Sugar land is actually needed to restore the water flow. So why in a time of escalating government deficits — and Florida's own \$2.3-billion deficit — is a state water agency using depleted taxpayer funds to finance a \$1.34-billion deal?

Completion of the flow-way will require tens of thousands of acres owned by other sugar growers. Yet no one has initiated any serious negotiations to acquire the additional lands. Even worse, the water district admitted it hasn't even developed a plan to construct the flow-way.

If the district were to acquire the land as it needed it, it could buy 35,000 of the proposed 105,000 acres for water projects every seven years (the time frame to design and build a project). The land costs, including a 3 percent annual increase in value, would be about \$612-million. It would not be hard for the district to come up with cash to cover those costs. Throw in all of the financing and debt costs of the existing proposal and the total price tag will exceed \$3.4-billion. Where will we get the money to pay for any other programs? Commitments to local governments, court-ordered or statutorily required programs will simply die. My take is we are not going to have any money left to do anything else.

The revised deal announced last month allows U.S. Sugar to lease its farmland back from the state at \$50 per acre — at least four times below the market rate. The proposed lease runs six years with a seventh year at no cost. Very little of the land will be available before that time. In reality, if the history of similar farmland acquisitions is any guide, it could be decades before anything is built on the land.

U.S. Sugar desperately needs an economic rescue. A closely held financial report shows that U.S. Sugar is saddled with about \$700-million in debt and is projected to lose money this year.

Neither U.S. Sugar nor the governor's office appears remotely interested in an intriguing offer by a Nashville company to acquire U.S. Sugar for \$300 per share. A sale to Lawrence Group could lead to a slimmed-down proposal that would save the state hundreds of millions of dollars to restore the Everglades and would maintain jobs for 10,700 people who rely on the sugar industry for employment.

I still can't figure out why the governor and U.S. Sugar set a deadline for today to vote this deal up or down. It makes no sense to approve the largest land purchase in Florida history at a time when the nation's and Florida's economies are teetering. The only possible vote, given the current financial situation, is down.

The destruction of the Everglades took generations and its restoration will take generations more. Approving this proposal will ensure very little gets done during the generation we are responsible for.

Mike Collins is a member of the board of the South Florida Water Management District.

Everglades restoration leaving bitter taste in "America's Sweetest Town"

12/15/2008

Chicago Tribune

Richard Fausset

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Updated: 4:15 p.m.

4:15 PM CST, December 15, 2008

CLEWISTON, Fla. - The mayor of the place that bills itself as "America's Sweetest Town" has learned to love the stench that wafts from the United States Sugar Corporation's gigantic mill near the mucky banks of Lake Okeechobee.

"To us," said Clewiston Mayor Mali Chamness, "it smells like money."

For decades, sugar has been the main economic driver of this isolated farming city of 6,800. Today, however, locals fear the industry, and its attendant smells, will dissipate for good if Gov. Charlie Crist succeeds in converting the surrounding cane fields into an ambitious restoration project for the Florida Everglades.

If the state buys the land -- and sugar production disappears -- Chamness wonders if Clewiston will disappear along with it. "We can't survive without the land," she said.

But a bitter small-town mayor is the least of the problems plaguing the \$1.3 billion project.

When Crist announced the plan in June it was met with much fanfare, and widely seen as a legacy-defining gambit for the popular Republican governor. In recent months, however, critics and complications have emerged that may threaten the plan's chances of approval by a state water board, which is slated to vote on it Tuesday.

Particularly problematic is the economic mess beyond Clewiston's borders: the global financial meltdown has struck Florida particularly hard, saddling the state with a \$5.8 billion budget shortfall. Last week, a number of state legislators questioned the wisdom of borrowing the money to fund an 181,000-acre land deal during such uncertain times.

Rep. Juan Zapata, a Miami Republican, noted that as much as \$4 billion in extra funding will be needed to convert the land for restoration purposes. But he said no plan exists for raising the funds.

"I'm not questioning its environmental value," Zapata said. "But there are a lot of moving parts here, and there are a lot of

unintended consequences we might not foresee."

The doubt has spread to the board of the South Florida Water Management District, the agency that must evaluate and approve the deal for the state.

In an interview Friday, board chairman Eric Buermann said he had not yet decided how he would vote. He was torn, he said, between Florida's depressing fiscal realities and the rare chance to reclaim such a large and essential swath of the state's troubled ecosystem.

"The vision is wonderful, and it's something we've all dreamed about," he said. "But since the governor first conceived of this and asked us to analyze it, the economy has taken an earthshaking turn. . . . We don't want our legacy to be that we bankrupted our agency."

The water district, which represents 16 counties in South Florida, would finance the deal through "certificates of participation," which are similar to bonds. The borrowed money would be repaid over time from property tax revenue.

District officials had previously asserted that it wouldn't have to raise taxes to pay for the project. But Buermann said Friday that he could not make that promise, given the instability in Florida's real estate market.

The fate of the plan could affect the future political prospects of Crist, who is often mentioned as a Republican presidential candidate in 2012 or beyond. In announcing the buyout, Crist said it was "in the tradition of the great conservationist Teddy Roosevelt." Some see the move as a way for Crist -- an abortion opponent and gun-rights advocate -- to reclaim the mantle of environmentalism for the GOP, and perhaps redefine a struggling national party.

"This would be a way, if he could pull it off, to maintain his base of support and steal the issue from the Democrats," said Michael Martinez, a political scientist at the University of Florida.

Crist, who was married Friday in St. Petersburg, could not be reached for comment. But many environmentalists continue to cheer the plan.

U.S. Sugar's vast land holdings lie in the flat, mineral-rich muckland between freshwater Lake Okeechobee, to the north, and the protected but threatened wetlands to the south. The water district hopes to store large amounts of water on the property, and build artificial filtering marshes that would clean the southward-flowing water of phosphorus, a mineral in fertilizer, that has proven detrimental to the habitats of birds, alligators and other wildlife.

"It's absolutely vital," said E. Thom Rumberger, head of the Everglades Trust, said of the deal. "Everything that's ever been done in the Everglades has always been limited because we couldn't intrude into the agriculture."

The state Sugar Growers Cooperative, meanwhile, has also blasted the deal. The group is worried that the buyout will stifle competition because it would allow U.S. Sugar to lease the land

back at below-market rates for seven years before it is turned over for conservation purposes.

Yet another potential complication: A large Tennessee farming concern has expressed its intention to purchase U.S. Sugar. The company, the Lawrence Group, hopes to buy the private sugar company for \$300 per share.

According to Buermann, the water district chair, the Lawrence Group has stated its intention to work out a restoration project with the state. But Buermann noted that there was no guarantee a workable deal could be reached with the new company.

Judy Sanchez, a U.S. Sugar spokeswoman, said it was likely that the mill will stay open. Because the deal allows the company to keep growing sugar cane for a number of years, she was optimistic that the company -- and the town -- would have time to adjust.

"We've got seven years to figure out what we're going to do," she said.

Officials have begun talking about how this little city can survive if the cane fields disappear. Perhaps Clewiston could attract a distribution center.

They've talked about promoting ecotourism, too. But Chamness doubted anyone would need help finding the wildlife that remain here in abundance. "No one has to pay anybody to see a gator or a bird in this community," she said. "They're everywhere."

Florida Farm Bureau opposes U.S. Sugar Corp. land sale

12/15/2008

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Florida Farm Bureau opposes U.S. Sugar Corp. land sale

Florida Farm Bureau President John L. Hoblick issued the following statement on Friday, Dec. 12.

At its meeting on Dec. 10, the board of directors of the Florida Farm Bureau Federation (FFBF), the state's largest general interest agricultural organization, declared its opposition to the acquisition of U.S. Sugar Corp. lands by the South Florida Water Management District. The Federation firmly supports the rights of private property owners to acquire, use and sell property but opposes the unnecessary acquisition of more land by government.

The Federation is also concerned that the proposed purchase would drain funding and focus away from implementation of the Comprehensive Everglades Restoration Plan and other initiatives in which much time and funding have been invested. The purchase of U.S. Sugar's land would likely cause thousands of acres of productive agricultural land to be removed from local tax

rolls, leaving local communities struggling to make up for the loss of ad valorem tax revenues and endangering their future. Further, the plan for the SFWMD to purchase U.S. Sugar's land, then to lease it back to the company over a seven-year period at a bargain rate would create unfair competitive advantages over other South Florida agricultural producers.

Fate of U.S. Sugar Sale Still Uncertain

12/15/2008

Okeechobee News

Gawda, Pete

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12/14/08

Fate of U.S. Sugar sale still uncertain

By Pete Gawda

Okeechobee News The fate of 180,000 acres currently belonging to U.S. Sugar could be decided on Tuesday, Dec. 16. Or, maybe not.

South Florida Water Management District (SFWMD) has proposed purchasing the property and using it to filter the water entering the Everglades. The proposal currently on the table offers 180,000 acres to SFWMD for \$1.34 billion. This offer is scaled back from the original offer announced last summer. That offer of 182,500 acres included a sugar refinery, a citrus processing plant and other buildings and equipment. The original suggested price tag for the larger purchase was \$1.75 billion.

Under the terms of the proposal, U.S. Sugar can lease the land back for a seven year period. The rental fee would be \$50 an acre per year for the first six years, the seventh year would be free. However, during those seven years, SFWMD has the right to reclaim various amounts of land at various specific times.

At the Monday, Dec. 15, meeting of the SFWMD Board of Governors in West Palm Beach, public discussion of the purchase will be held along with the reception of final environmental and engineering reports on the property. The following day the board of governors is scheduled to vote on acceptance of the purchase. Even though U.S. Sugar approved the terms on Dec. 8, approval by SFWMD may not indicate the land will come into state possession.

A letter dated Dec. 10, from Robert H. Buker, Jr., President and C.E.O. of U.S. Sugar, to employees and stockholders explains the company's position.

"This transaction does not constitute a sale of the entire company, and your stock ownership and our operations would continue after the closing of the transaction," he stated.

The letter further states that while the company believes the transaction offered is the best that is currently available "your board of directors and management insisted on preserving the right to seek a better offer for the shareholders."

If SFWMD approves the agreement on Dec. 16, U.S. Sugar will begin a 60-day process of looking for a better deal. U.S. Sugar is a Delaware corporation and this is in accordance with Delaware law.

The Lawrence Group, a Nashville based company which is one of the country's largest owners of farmland, made a widely publicized "nonbinding expression of interest" and offered to pay \$300 a share for U.S. Sugar stock.

"The Lawrence Group's expression of interest is not a formal or definitive offer," Mr. Buker wrote. He noted that the \$300 per share price is subject to a lot of conditions and added that the company has contacted the Lawrence Group to clarify the offer. He went on to say that a number of other potential purchasers have been identified.

Along with their offer, the Lawrence Group sent a \$27 million check which, according to Mr. Buker, was to be deposited only if U.S. Sugar abandoned the transaction with SFWMD. Mr. Buker said the check was returned and that no one would be required to pay in order to participate in the process.

While environmental groups such as the Audubon Society of Florida applaud the proposed purchase of the U.S. Sugar land by SFWMD, the Florida Farm Bureau has weighed in against it. On Dec. 10, Florida Farm Bureau President John L. Hoblick issued a statement that his board of directors had declared their opposition to the purchase. The organization opposes what it calls unnecessary acquisition of more land by government and is concerned that the proposed purchase would draw attention and funding away from implementation of the Comprehensive Everglades Restoration plan. The organization also expressed concern about the loss of ad valorem tax money to local governments when thousands of acres of privately owned lands are taken off the tax rolls. They also stated that the provision to lease the land back to U.S. Sugar at a bargain rate would create unfair competitive advantages over other south Florida agricultural producers.

Post your opinions in the Public Issues Forum at www.newszap.com. Reporter Pete Gawda can be reached at pgawda@newszap.com.

Everglades deadline looms

12/15/2008

Orlando Sentinel

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WEST PALM BEACH -- The South Florida Water Management District faces a Tuesday deadline to decide whether to pay \$1.34 billion to U.S. Sugar Corp. for a vast farming tract needed for an ambitious plan to restore the Everglades.

District approval is required to realize the turnover of some 180,000 acres of land -- or about 285 square miles. It would amount to the most expensive conservation-land purchase in state history, the cornerstone of environmental efforts to restore natural water flow to the Everglades after decades of overdevelopment and farming.

The wetlands once covered more than 6,250 square miles but have shrunk by half, replaced with homes and farms and a 2,000-mile grid of drainage canals. In the process, the Everglades has lost 90 percent of its wading birds. Other creatures are reported at risk, too, including 68 species that are considered threatened or endangered.

While Gov. Charlie Crist basked in the praise of environmentalists when the first proposal for a land deal with U.S. Sugar was announced in June, and again after a scaled-back pitch last month, opponents are growing louder.

Among them is former U.S. Sen. Bob Graham, who like others, questions whether the state is paying too much -- potentially burying itself in debt and eventually crippling the deal altogether.

Graham wonders why the federal government isn't helping in the purchase despite an 8-year-old agreement to split Everglades restoration costs evenly between Tallahassee and Washington.

"I haven't heard any compelling argument why we should pay significantly more than the market price," Graham said.

Nat Reed, a Hobe Sound environmentalist, offered one reason: U.S. Sugar might back out.

Executives at U.S. Sugar, the nation's largest producer of cane sugar, say they will not return to the negotiating table if the contract is rejected Tuesday.

"The board would be taking a chance that Sugar would walk and that this great opportunity would be lost," said Reed, a former water manager who was assistant interior secretary under Presidents Richard Nixon and Gerald Ford. "It's a really tough call."

Under the contract, U.S. Sugar could continue to farm for seven years, leasing the land back for a total of \$54 million, a quarter of typical market value.

Competitors, including Florida Crystals and the Sugar Cane Growers Cooperative of Florida, call the proposed contract terms a sweetheart deal that would give U.S. Sugar an unfair edge.

But U.S. Sugar Senior Vice President Robert Coker scoffs at such criticism.

He said opponents are overlooking the fact that his company's land sits in the heart of the priceless Everglades.

"If you want to restore sheet flow [of water] from Lake Okeechobee to the Everglades, you've got to use U.S. Sugar land," he said.

Water managers want the land to construct a network of marsh treatment areas and reservoirs to clean and store water before sending it south into the Everglades.

Regardless of the proposed deal, some 300,000 acres in the Everglades, or about 500 square miles, will remain in agriculture production by other companies.

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Water managers get conflicting advice on sugar deal

12/15/2008

Palm Beach Post - Online

PAUL QUINLAN

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The state's deepening financial gloom cast a shadow Monday on the state's proposed \$1.34 billion purchase of U.S. Sugar's farmland, leaving water managers with a tough decision as they're set to vote on the deal today.

Financial experts warned Gov. Charlie Crist's water managers Monday that the deal's costs would invite years of severe budget deficits for their agency, which is in charge of overseeing the region's drinking water and flood control - along with the planet's biggest environmental restoration project.

Crist heightened the drama Monday by making a rare public appeal to his appointees on the board of the South Florida Water Management District, urging them not to miss a 'historic opportunity' for 'giving this wonderful gift of Everglades restoration to the people of Florida.' 'Your decision will have an impact not just for seven years but for the next 700 years and beyond,' Crist wrote. But district employees warned the board that buying U.S. Sugar's 180,000 acres would make the agency's immediate future much more difficult: It would saddle the district with a deficit in 2010 of more than \$88 million, about one-fifth of the agency's 'core' expenditures for the year.

Those numbers left the eight board members - all but one of them Crist appointees - facing a dilemma: Either approve the governor's monumental land deal or protect the district's financial health. Taxpayers in the district's 16-county region would finance the purchase.

The bursting of Florida's real estate bubble has combined with the unfurling global financial crisis to drastically alter the mathematics of the U.S. Sugar deal that Crist, then a potential vice presidential contender, unveiled nearly six months ago. 'Six months ago people worked for Lehman Brothers,' said Crist-appointed board member Charles Dauray. 'Six months ago AIG was the largest insurance company in the world. ... If I had my druthers, I'd like

not to be considering going 1 billion, 340 million more into the debt markets in the near future.' District employees said payments on the debt would run between \$130 million and \$149 million annually and ultimately would cost between \$2.9 billion and \$3.4 billion altogether over 30 years.

That could force the district to increase its debt limit once again, employees warned the board. The board raised that limit just two months ago to make room for the U.S. Sugar deal.

As state legislative leaders called for a special session to grapple with their own looming \$2.3 billion budget deficit, more lawmakers weighed in against the U.S. Sugar deal.

In letters, state Sen. Mike Bennett, R-Bradenton, called for delaying the vote until February, when a legislative committee could vet it. Republican state Rep. Trudi Williams of Lee County - a former chairwoman of the district - predicted a 'fiscal disaster' if it's approved and said her fellow lawmakers were 'understandably outraged' over the timing. 'Having the legislature uncomfortable with the process is something that for me is a real problem,' said Mike Collins, the board's only remaining member appointed by former Gov. Jeb Bush.

U.S. Sugar executives have pledged not to return to the bargaining table if the contract is voted down.

Monday also brought impassioned pleas from Glades residents, including nearly 60 Clewiston High School students, who showed up at district headquarters to oppose the deal. They fear the loss of so much farmland to the state would destroy Clewiston, U.S. Sugar's headquarters, and the surrounding economies.

Meanwhile, Gaylon Lawrence Jr. of The Lawrence Group, which is bidding to buy out U.S. Sugar, showed up to reassure the board that he offers a third way: His company could buy U.S. Sugar and sell the district the land it needs. 'I remember once going to a dance with one girl and leaving with another,' Dauray said, to big laughs from the audience. 'We may be undergoing that.' Responded Lawrence: 'Well, I'd love to be your partner.' Staff writer Dara Kam contributed to this story.

Water managers begin debate on \$1.34 billion U.S. Sugar deal

12/15/2008

Palm Beach Post - Online

PAUL QUINLAN

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The first of two days' debate over Gov. Charlie Crist's \$1.34 billion plan to buy nearly all of U.S. Sugar Corp. farmland for Everglades restoration began this afternoon, as lawmakers and environmental groups lined up for and against the deal.

More than five months after Crist unveiled the blockbuster restoration initiative, South Florida water managers face a Tuesday deadline to vote on a contract to buy the 180,000 acres - once part of the Everglades, then drained during the last century and planted with citrus and sugar cane.

Environmentalists say the deal offers a rare, historic chance to reclaim land that stands in the way of reestablishing the historic flowing connection between Lake Okeechobee and the central Everglades.

But critics say the devil lurks in the timing and details:

The purchase has inspired fears and consternation in the Glades, especially U.S. Sugar's home city of Clewiston, where residents and business leaders fear the economic calamity that could follow the loss of the company's roughly 7,000 jobs.

Republican state Rep. Trudi Williams of Lee County - a former chairwoman of the South Florida Water Management District - called for scrapping the contract up for vote Tuesday. She called it a potential 'fiscal disaster' for the district and urged the deal be renegotiated..

The district plans to finance the purchase through a bond issue to be repaid by taxpayers within the 16-county district. Williams wrote: 'Many of my colleagues in the legislature are understandably outraged at a time when people are losing jobs and losing homes, and when government is having to lay off teachers and law enforcement officers, an un-elected board can commit to such a costly land purchase with no plan for the ultimate end use and with terms that seem to be unfair to taxpayers, smaller farmers and long-needed restoration priorities.' State Sen. Mike Bennett, R-Bradenton and chairman of the Senate Community Affairs Committee, called for delaying the vote until February, when the committee could meet to vet the purchase.

But far outweighing the proposal's costs are its potential economic benefits, say proponents.

Benefits to the ecosystem, the region's water supply and reduction of harmful discharges of dirty water from Lake Okeechobee into the St. Lucie and Caloosahatchee estuaries are estimated at \$69 billion over 40 years, according to the Arthur R. Marshall Foundation. The frequent dumping of Lake O water into the rivers has devastated marine life and triggered algae blooms that at times have devastated fishing and tourism.

Today, the Everglades Coalition, a group of 51 local, state and national environmental organizations, came out in support of the U.S. Sugar contract. 'If we do not take this opportunity now, there is no assurance we will ever have the land we need to store and clean water to send south into Everglades National Park,' said Sara Fain, the coalition's national co-chair.

Meanwhile, the Florida Commission on Ethics ruled Wednesday that district board member Shannon Estenoz faces no conflict of interest in voting on the land deal, even though her husband is an environmental lawyer who has sued Palm Beach County to try to block rock mining on U.S. Sugar land and other rural tracts. Estenoz's husband, Richard Grosso, is executive director of the not-for-profit Everglades Law Center. He's a salaried employee and does not stand to gain financially regardless of the outcome, the commission wrote.

Estenoz, a longtime environmental activist from Broward County, is also a former chairwoman of the Everglades Coalition.

District board member Paul Huck already has recused himself because of his firm's involvement in a lawsuit against U.S. Sugar.

Meanwhile, the nine-person water board still has a vacancy because of the resignation in June of member Malcolm 'Bubba' Wade Jr., a U.S. Sugar senior vice president who had been the board's only representative from the Glades. Wade resigned to avoid 'the appearance of a conflict,' he wrote to Crist the day the deal was announced.

Criticism of Everglades land buy grows

12/15/2008

Sarasota Herald-Tribune - Online

Kate Spinner

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WEST PALM BEACH - Dozens of business people, state legislators and some environmental advocates are urging the state to back off on an Everglades deal, which would require the \$1.34 billion purchase of U.S. Sugar.

Two Southwest Florida legislators have called on the South Florida Water Management District governing board to delay a vote on the land purchase, despite U.S. Sugar's insistence that it will walk away from the negotiating table if no deal is approved by Tuesday. 'The cold hard fact is that the anxious buyer never gets a good deal. And when the car salesman tells you that 'you have to act now,' the time honored truth is that you always get a better deal if you are willing to walk away from a bad one,' said Trudi Williams, a Republican state representative from Fort Myers and former chairman of the water district's governing board.

The governor-appointed board is the sole decider on spending the \$1.34 billion and taxpayers within the 16-county district would foot the bill.

Williams called the deal hasty and irresponsible because it would force the delay of Everglades restoration projects in the works that took a decade to get off the ground. She also echoed concerns over economic impacts on the state, raised last week by Sen. Mike Bennett, R-Bradenton, who criticized the rush to sign the deal without discussion at the Legislature.

Williams also hinted that the governing board, and other water district boards, would have a tough time in further partnerships with the Legislature if the deal is approved in its present form. 'I worry that if you approve this deal it will not only be a fiscal disaster for the district, but will cause concerned legislators to rethink appropriations to, partnerships with the governance of this and other water management districts,' Williams said. The mayor of Clewiston, the Sugarcane Growers Cooperative of Florida, the Florida Farm Bureau and Republican state representative Juan C. Zapata of Miami also are asking the governing board to delay a decision on the land buy.

Farm group U.S. Sugar is afraid of us

12/15/2008

South Florida Business Journal - Online

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The head of a Tennessee company trying to buy U.S. Sugar Corp. said Monday the sugar giant is afraid of its offer. I believe management [at U.S. Sugar] is afraid of us. Why are they afraid of us? Its a good question, Gaylon Lawrence Jr. of the Lawrence Group said during a public meeting Monday.

Lawrence was addressing the Governing Board for the South Florida Water Management District about the districts attempt to buy U.S. Sugars 180,000 acres of cane fields, citrus groves and other land holdings in Central Florida. A final vote on the \$1.34 billion proposal intended to help revive the Everglades is set for Tuesday.

Lawrence told the board that his company would work with the district to sell a smaller amount of land for Everglades restoration, if the Lawrence Group is successful in its bid to purchase U.S. Sugar in the near future.

Lawrence Group has floated an offer to buy the sugar giant for \$300 per share, but U.S. Sugar has said the offer is flawed and returned a check for \$27 million in earnest money.

Lawrence said Monday that the Tennessee agricultural company believes it can improve sugar production and yield in U.S. Sugar operations, while still selling thousands of acres to the water district. But Lawrence didnt promise anything to the water district. Also on Monday, Chris Shupe, president of Olde Cypress Bank in Clewiston, said he believes U.S. Sugar is trying to complete the land sale before revealing negative financial news this winter.

Robert Coker, spokesman for U.S. Sugar, said in a phone interview after the meeting that U.S. Sugar still doesnt consider the Lawrence Groups proposal a formal offer. We have repeatedly asked them to meet with our investment banker, and hope they will do that, Coker said. I also find it interesting that someone whos never farmed sugar cane thinks they can do it better than someone who has been doing it for 100 years. Coker said that U. S. Sugars finances have nothing to do with the offer to buy land, which must be done at a fair price.

Paul Dumars, chief financial officer for the water district, outlined a grim picture for financing the districts proposed land purchase. Even if the economy recovers slowly, he said debt service for the land purchase would cut into the districts operating budget over the years.

Several environmental groups said on Monday that the land purchase is vital to having a healthy Everglades in the future. But business people and schoolchildren from Clewiston told the board that buying out U.S. Sugars land could mean the death of their economy and the town.

