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Historic sugar land buy gets OK

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By PAUL QUINLAN

Palm Beach Post Staff Reporter

Tuesday, December 16, 2008

Congratulations, South Florida taxpayers: You are buying a swath of canefields south of Lake Okeechobee nearly the size of New York City.

Supporting Gov. Charlie Crist's ambitious but costly plan for Everglades restoration, water managers agreed in a 4-3 vote Tuesday to buy nearly all of U.S. Sugar Corp.'s farmland for \$1.34 billion in what amounts to the priciest conservation land purchase in Florida history.

But they did it with a caveat: Water managers added a clause they said would let them back out if the state's dire financial climate threatens to cripple their ability to fulfill their obligations of water management and flood control.

U.S. Sugar applauded the vote and said it welcomes the change, calling it "non-material" to the contract that the company's board signed off on earlier this month.

In a statement, Crist called the vote by the board of the South Florida Water Management District "the most important step in the history of true Everglades restoration." "Today's action is a result of the courage and tenacity of so many, and I thank God for the vision and leadership of those who brought us to this moment," Crist said.

The purchase is a step toward the long-sought dream of Everglades advocates: restoring the Everglades' historic, flowing connection to Lake Okeechobee.

The bad news for taxpayers: Nearly all board members agreed that the state is overpaying the struggling sugar company -- by some estimates, as much as \$400 million. U.S. Sugar also had reason to celebrate a provision that allows it to lease back land from the state at a fraction of the market rate and keep farming for seven years, a clause that competitors derided as an unfair government subsidy.

What's more, construction of the reservoirs and filter marshes that will make up the actual restoration likely will cost billions more and may be a decade or more on the horizon.

But proponents and the board's majority agreed that the risks of passing up the historic land deal on Tuesday, the contract's deadline for approval, were too great.

The long-term benefits, they say, will be priceless: a healthy Everglades, abundant drinking water and an end to the algae blooms and fish kills that result from having to empty Lake O down estuaries running to the coasts.

During two days of debate, an eclectic parade of speakers -- including a pastor, two busloads of Clewiston High School students, environmentalists and competitors of U.S. Sugar -- addressed the board with everything from tears to threats to demands.

Waving a 2-foot, taxidermied snook in the air Tuesday, Karl Wickstrom of the Rivers Coalition said undoing the "huge damage" wreaked on marine life in the estuaries demands restoration.

"Scientists agree: There's a critical need to flow the water south," said Wickstrom, founder of Florida Sportsman magazine. Some state lawmakers had urged the board to reject or postpone the deal, hinting at the consequences if the water managers went forward.

The deal's leading critic on the board, Islamorada fishing guide Mike Collins, said it's misleading to promise so many ecological benefits from buying U.S. Sugar's land.

"This land acquisition in and of itself does none of the these," said Collins, the only board member whom Crist did not appoint. "It gives us the opportunity somewhere down the line, if all the other things line up, to accomplish these goals. But it's going to require a whole bunch of other things to line up."

Tuesday's vote came nearly six months after Crist announced the deal, calling the proposed purchase as "monumental as the creation of our nation's first national park."

But numerous obstacles threatened to scuttle the purchase and added high drama to Tuesday's all-day debate. They include a global financial crisis that has hit Florida especially hard, a looming \$2.3 billion state budget deficit and projections that the purchase could lead to a 2010 budget deficit for the district of as much as \$88 million -- about a fifth of its "core" expenditures.

Critics said the district would max out its credit card to pay a bill that could tally \$2.9 billion to \$3.4 billion, including interest payments, over the next three decades.

But district board Chairman Eric Buermann likened the U.S. Sugar contract, for all its flaws, to previous monumental land deals such as the Louisiana Purchase and the U.S. acquisition of Alaska.

"This is the one opportunity, maybe, that we have," said Buermann, a Miami lawyer. "This is our moment in time and our moment in history. ... Do we want to acquire the land or not?" "Vote with your courage," he told his colleagues. "We may only know from history whether we're right or wrong." Board member Shannon Estenoz, a steady advocate for the deal, moved to insert the financial opt-out clause as she called for the final vote.

"I think over the next four months, we need to be able to slowly and carefully and with the input of the legislature decide whether this is affordable," she said.

Estenoz joined Buermann in voting yes, along with Stuart environmental consultant Melissa Meeker and Walt Disney executive Jerry Montgomery.

Collins, Patrick Rooney Jr. of West Palm Beach and Charles Dauray of Lee County voted no. Paul Huck, a Coral Gables lawyer, had recused himself and did not attend Tuesday's meeting.

Adding to critics' concerns were fears from Glades residents that their agricultural economy would collapse as one of the region's largest employers divests itself of its farmland.

Deborah Van Sickle, senior vice president of First Bank in Clewiston, choked back tears as she warned of the "economic Hiroshima" that would result from the loss of U.S. Sugar's 1,700 jobs and resulting ripple effects.

She repeated a question from her customers: "How can the government tax us and use these same tax dollars to destroy our lives?" The deal must still clear several hurdles before the money changes hands.

The district must obtain financing, despite shuddering credit markets and a court challenge from rival sugar grower Florida Crystals Corp.

"We think all you're going to accomplish with this is to buy this land for \$1.34 billion and lease it back to U.S. Sugar to farm forever, because you don't have the financial capability to do anything with it," Florida Crystals attorney Gabriel Nieto told the board.

Meanwhile, U.S. Sugar has a 60-day window to entertain other offers. It must still defend itself against a buyout attempt by The Lawrence Group, a Nashville-based father-son team that is aggressively courting shareholders with a \$300-per-share bid.

\$1.3 Billion US Sugar Buyout Approved Amid Skepticism of Everglades Deal

12/17/2008

Associated Press

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WEST PALM BEACH - Regional water officials on Tuesday further committed Florida to a \$1.3 billion buyout of U.S. Sugar Corp. for an ambitious plan to restore the Everglades.

The South Florida Water Management District agonized over the proposal, negotiated last summer by Republican Gov. Charlie Crist's administration and handed over to the district with a Tuesday expiration date. U.S. Sugar officials had indicated that if the board made any changes to their proposal, the state would lose its long-sought ability to clean up the land.

In the end, the water district approved a deal to buy nearly 300 square miles, more than the state needs and at a price much higher than it can afford.

"This is not a perfect deal, but rarely do you ever find a perfect deal," said Eric Buermann, water district chairman.

The agreement is not automatically binding because an extra financial escape clause for the state was added, but U.S. Sugar signaled Tuesday that it saw the amendment as a minor adjustment.

The deal is subject to financing, and the water district has until

September to line up bond funding. Even its most ardent supporters acknowledged that would be difficult, given the current economic and credit crisis.

The bond process is already being challenged by U.S. Sugar competitors as a sweetheart deal amounting to corporate welfare. The contract requires the state to lease much of the land immediately back to the company for seven years at \$50 an acre -- well below market price.

The deal could 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.

"This land acquisition is the most important step in the history of true Everglades restoration," Crist said in a statement. "Today's action is a result of the courage and tenacity of so many."

Local lawmakers have expressed concern about making the deal while the state was in an economic crisis and cutting services.

Critics of the deal have said the state is overpaying for the land, some of which is among the world's most fertile and some of which has comparatively no value.

Additionally, though the deal would buy out U.S. Sugar, it would stunt the economic growth of local communities that depend on jobs in the industry. Schoolchildren, local bank presidents and others from towns on the southern end of Lake Okeechobee traveled to West Palm Beach in droves to participate in two days worth of testimony leading up to the vote.

"If you take the farming out of that community, they don't have anything left," board member Patrick J. Rooney Jr. said.

Besides protecting the Everglades from sugar-farming pollution, the purchase provides valuable water-storage area in a part of the state where population growth and development have soared. The area provides drinking water for 7.5 million people but was designed for 2 million people, making it prone to flooding and drought.

Florida Attaches Condition to Big Cropland Purchase

12/17/2008

Wall Street Journal - Atlanta Bureau
Prada, Paulo

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Officials in Florida voted to keep alive a state plan to purchase \$1.34 billion worth of environmentally sensitive cropland from U.S. Sugar Corp., but only with the condition that the deal can be canceled if the final cost to taxpayers rises too high.

The South Florida Water Management District voted on Tuesday to amend the deal with U.S. Sugar to allow the agency to abandon the purchase plan if financing for its purchase of 180,000 acres from the company proves too costly. The plan is part of an effort spearheaded by Gov. Charlie Crist to purchase the cropland from the country's biggest grower of sugar cane, and use it for the restoration of Everglades wetlands.

The amendment reflects growing concern among agency directors that the purchase could be too expensive to finance amid current economic conditions. Rivals of U.S. Sugar and local opponents of the plan, who fear it will hurt the area's agriculture-based economy, in recent weeks have increasingly spoken out against what they see as a government bailout of a company that in recent years has begun to lose money. Under the terms of the proposed agreement, U.S. Sugar could continue to farm the land for the next seven years, but then it could choose to go out of business.

Privately held U.S. Sugar, which doesn't disclose its finances, in a statement called Monday's vote a success. The company must now approve the amendment proposed by the state and consider any rival offers for the company during the next 60 days.

One suitor, a Tennessee-based farming company known as the Lawrence Group, has already proposed an outright takeover of U.S. Sugar for about \$1.3 billion. U.S. Sugar directors, however, thus far have refused to discuss the proposal.

"We believe this deal serves the best strategic, long-term objectives of the company and its stockholders," U.S. Sugar said in a statement Tuesday.

If economic conditions worsen and derail the existing agreement, the state could consider a scaled-back land acquisition that could also involve other parties, according to people familiar with the situation. The water agency, which is responsible for water supply, water quality, flood control, and environmental restoration in 16 south Florida counties, has the authority to issue bonds, the instruments through which the project would be financed.

THE EVERGLADES U.S. Sugar land deal is approved -- with an escape clause

12/17/2008
Miami Herald
Morgan, Curtis

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Water managers on Tuesday narrowly approved the \$1.34 billion acquisition of U.S. Sugar's sprawling fields -- but added a crucial "out" clause that buys time to see if they have enough money to complete the deal.

The land buy could revive and dramatically reshape troubled Everglades restoration, but even its staunchest supporter on the South Florida Water Management District acknowledged the state's deepening financial crisis still could undermine it.

"When push comes to shove, I'm not sure we can afford this deal," governing board vice chair Shannon Estenoz, an environmental activist from Plantation, said after the 4-3 vote.

Gov. Charlie Crist, who brokered the deal with U.S. Sugar nearly a year ago and championed it in the face of growing opposition from state lawmakers and U.S. Sugar's chief rival, Florida Crystals, called the purchase "the most important step in the history of true Everglades restoration."

The governor personally pushed the deal, with aides saying he even called board members during his honeymoon. Still, until the vote demanded by a now-or-never deadline set by U.S. Sugar, it was a tossup whether a divided board would take the step.

Members struggled with an array of concerns: plummeting property tax revenues that will mean slashing budgets; a rushed deadline on a complex deal; and mounting criticism from legislators, rival growers and Glades communities, all arguing that U.S. Sugar was getting a sweetheart deal with high costs and risks to taxpayers.

Charles Dauray urged rejecting the deal and driving a harder bargain with the company, putting it in poker terms.

"If I had a magic wand and if I were king, here's what I would do," said Dauray, a foundation president from Southwest Florida. "I'd walk. I'd call their bluff."

In the end, four members -- Estenoz, Melissa Meeker, Eric Buermann and Jerry Montgomery -- supported Crist's appeal to seize a "historic opportunity." Three -- Dauray, Mike Collins and Patrick Rooney Jr. -- voted no. All but one, Collins, an Islamorada fishing guide, were appointed by Crist.

Collins argued that the agency's own appraisals suggested the state was overpaying by \$300 million, and its economic forecasts showed the bond debt to bankroll the buy would cut into core programs, other land buys and ongoing Everglades restoration projects.

"You couldn't have picked a worst time to do this," he said.

But environmentalists argued that approval would put a prize they have sought for decades within grasp. They see the nearly 300 square miles of farmland and citrus groves as the key to solving Florida's most expensive and frustrating environmental issues in one fell swoop.

The deal is expected to provide the massive acreage needed to store and clean polluted water that fouls the Everglades and flows from Lake Okeechobee into sensitive river estuaries on both

coasts.

Tom Van Lent, a senior scientist for The Everglades Foundation, told the board that the problems facing the shrunken, struggling natural systems aren't going away or getting any cheaper to fix.

'A `no' vote just saddles future governing boards with monumental and practically unsolvable problems," he said.

But even supporters acknowledge the deal comes at a considerable trade-off: The reservoirs and pollution cleanup marshes needed to restore the system won't be built for years, perhaps decades. U.S. Sugar will continue farming most of the land for seven years, and the district's leaders acknowledge there may not be money to build the needed projects that could top \$4 billion -- at least without state or federal help.

At Estenoz's behest, the board made one change, adding language that would let the district back out to protect the agency from bankrupting its budget and gutting "core operations" if state revenues plummet.

"We didn't have a big enough escape hatch," she said.

That also will give the district time, she said, to review hard budget numbers and consult with state lawmakers who have criticized the deal and who meet next month in special session to deal with a \$2 billion revenue shortfall.

There are other potential deal-breakers before a Sept. 25, 2009, closing deadline. The board must decide on two mining permits and secure bonds in a tight credit market.

Though U.S. Sugar had warned the deal was non-negotiable, the amendment wasn't much of a risk, preserving a contract that stands to ease the business challenges facing the company. U.S. Sugar lost money last year, is saddled with more than \$600 million in debt from the construction of a new sugar mill in Clewiston and is fighting an ongoing takeover bid by The Lawrence Group, a Tennessee-based concern that says it can cut a cheaper Everglades deal with the state.

Robert Coker, a U.S. Sugar vice president, called the change "nonmaterial" in a statement and lauded what he called a good deal for the company's shareholders, the Everglades and Florida.

Critics, including Florida Crystals, which is owned by the politically influential Fanjul family, and a coalition of small growers intend to fight the deal. They contend it is less about saving the Everglades than bailing out U.S. Sugar, saying the purchase price is inflated and the company would emerge with a competitive advantage. Terms call for U.S. Sugar to lease most of its land back on the cheap -- \$50 an acre, a fourth of going market rates, and for free in the final year.

"This is not about sugar rivals; it's about a bad deal," said Gabriel Nieto, a Florida Crystals attorney.

Glades-area residents and leaders also appealed to delay or reject the deal, saying removing so much acreage from production would undermine rural economies and accusing the Crist administration of renegeing on pledges to develop a transition

plan.

In a letter sent to board members on the eve of the vote, Crist did pledge support for a job-rich shipping hub sought by Clewiston and other Glades towns.

Miami Herald Tallahassee bureau chief Mary Ellen Klas contributed to this report.

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Florida Water Board, Voting 4 to 3, Approves U.S. Sugar Deal in the Everglades

12/17/2008

New York Times

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Florida's water managers agreed to buy nearly 300 square miles of land from United States Sugar on Tuesday, approving a \$1.34 billion deal that could reshape the Everglades, the sugar business and several small towns that have relied on agriculture for decades.

The decision by the board of the South Florida Water Management District, by a vote of 4 to 3, with one abstention, moves the state closer to completing its largest and most expensive environmental acquisition. But supporters and opponents said economic uncertainties could keep the deal from closing.

Board members were so concerned about the worsening financial picture that they added an amendment to the contract that says its debt burden from the purchase must not "adversely affect" the district's core operations, like flood control.

"What we did today was put the district in the strongest possible position," said Shannon A. Estenoz, who voted yes. "We provided ourselves a large enough escape hatch, if you will."

United States Sugar said in a statement that the change was a "nonmaterial modification" and did not need approval from its board. But the acquisition still faces obstacles.

Tuesday's vote begins a 60-day auction period, in which competing offers -- one has been made, by a family-owned farming company called the Lawrence Group -- must be considered by United States Sugar's shareholders.

Florida Crystals, a politically powerful competitor that owns strategically located land for restoration, has also sued to stop a state court from approving the state's contract.

"There's still a lot of work to do," said Michael W. Sole, secretary of Florida's Department of Environmental Protection. "Discussions and negotiations with other parties are going to be very real and very hard."

Several board members said their main concern was financing. The most pessimistic district estimates show the deal costing \$3.4 billion over 30 years, when the costs of borrowing are included, an expense that could require a 22 percent cut to its budget.

Michael Collins, the board's most vocal critic of the purchase, said the cost would kill projects already approved and financed, including an effort to help Florida Bay by turning already acquired farmland west of Miami into wetlands.

"That project's gone," Mr. Collins said. "A lot of projects are gone."

Even supporters of the deal acknowledged that the district ran the risk of spending beyond its means.

"The simple answer is that the district can't afford to do this on our own," said Jerry Montgomery, a board member and senior vice president for Walt Disney Parks and Resorts, who voted yes.

Mr. Montgomery said he hoped the Obama administration would see the state's purchase as a vital part of its plans for green jobs.

Ms. Estenoz said all Florida residents would benefit from the additional water storage, which would make flooding and droughts less severe. Eric Buermann, the board's chairman, compared the acquisition to the purchase of Louisiana and Alaska.

"This is not as large as Alaska, but in the history of Florida it is almost as big," Mr. Buermann said before the vote.

Environmentalists generally agreed. "No one in the state would have bet that we'd be able to advance a monumental land acquisition of this scale," said Kirk Fordham, chief executive of the Everglades Foundation. "This allows us to move forward with restoration in a less expensive and more natural way."

Getting to that point could take at least a decade. In announcing the plan six months ago, Gov. Charlie Crist said the acquisition was as important as the creation of Yellowstone National Park because it offered a chance to restore the original "flow-way" between Lake Okeechobee and the Everglades. In a statement Tuesday night, Mr. Crist said, "This land acquisition is the most important step in the history of true Everglades restoration."

But the contract approved Tuesday does not include plans or financing for transforming the land. State officials acknowledged that the shape of their effort could not yet be determined because it depended in part on land swaps with other sugar growers and money from Congress.

"It will take six years to make a good plan," said Paul N. Gray, an ecologist with Audubon of Florida.

During that time, United States Sugar will continue to farm, leasing back its land for \$50 an acre, a discount of about \$200 off the market rate that has led some critics to call the deal a corporate bailout.

The state can seize control after seven years.

What happens at that point remains unknown. Governor Crist has said he will create an economic redevelopment plan for the areas

most affected by the purchase, and especially the 1,700 employees of United States Sugar. But residents and local politicians said their needs had been pushed aside or ignored.

In Clewiston, a town created by United States Sugar in the 1930s, few residents voiced approval of the sale. Like many others, Lori Williams, who was serving customers at the Common Grounds coffee shop downtown, said she worried about the company and the town's businesses.

Her husband, James, has been employed by United States Sugar for three decades, Ms. Williams said. And even though she could receive a large payout from the sale, she said it would not be enough to offset the extinction of his daily routine, of the life he loved.

"My husband has been there since he was 17 years old," she said. "It's all he knows."

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Everglades deal OK'd after daylong debate

12/17/2008

News Press - Online

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A gamble to spend \$1.34 billion on Everglades restoration got narrow approval Tuesday by state water managers who still could face financial issues and conflicts with nearby farmers.

The debate lasted about eight hours and included input from more than 20 members of the public, a majority of them opposed to the deal, before the South Florida Water Management District governing board finally voted 4-3 to buy 180,000 acres from U.S. Sugar Corp.

The deal, which includes allowing U.S. Sugar to operate for seven more years, has come under scrutiny because the state is facing a \$2.3 billion budget shortfall, and, even after acquiring the land, there is much more work to do.

State officials face the challenge of reviving the economy of inland Florida, especially Clewiston, a town that will lose 1,700 jobs when U.S. Sugar closes.

And water managers likely have to swap part of the land with Florida Crystals, the sugar company that owns 32,000 acres impeding the natural path of water from Lake Okeechobee to Everglades National Park. Florida Crystals has filed a legal challenge against the deal, arguing the district is using taxing power to bail out a private company - U.S. Sugar Corp. "When you have this kind of deal, it's not perfect," said Eric Buermann, chairman of the water management district governing board, who supported the deal. "But I think (Gov. Charlie Crist) is right. It's a visionary move." "When Thomas Jefferson made the Louisiana Purchase, he was soundly criticized in the press." The sugar

purchase is intended to not only restore the Everglades, but prevent pollution in the Caloosahatchee and St. Lucie rivers. After the 2004 and 2005 hurricane seasons, fresh water from the lake was sent down both rivers, carrying pollutants that caused algal blooms that chased people from beaches in Lee and Martin counties.

Those beaches are major attractions for tourism. In Lee, tourism generates \$2 billion annually.

The Everglades are a tourist attraction, too. The park averages more than a million visitors a year. "The people of Florida are desperate for you to exhibit leadership," Kirk Fordham, chief executive officer of the Everglades Foundation, told the governing board. "If you don't acquire the necessary land soon, the ecosystem that provides Floridians with their water supply will collapse soon." A financial collapse was a concern, too.

Water managers are borrowing to pay for the land. They will know by September if they are financially strong enough to borrow \$1.34 billion. And to protect themselves, a clause was added that allows them to void the deal if the economy worsens to the point the sugar purchase hinders the day-to-day operation of the water district, which is responsible for water management in 16 counties from Orlando to the Keys.

The deal already was scaled back from its original \$1.75 billion and 187,000 acres because of money concerns, especially when interest to borrow the money could cost taxpayers another \$1.5 billion. "If we buy this 180,000 acres, and we don't have dance partners, if Florida Crystals doesn't come to the floor, we're going to have all this debt for 15 years that we can't pay off," said governing board member Charles Dauray, who voted no.

Residents, business people and officials from Clewiston, the Hendry County town of 15,000 that has been synonymous with U. S. Sugar for almost eight decades, were happy with Dauray's vote. Before the decision, they told the governing board approving the purchase without an economic transition plan would be devastating. "The loss of 1,700 jobs will annihilate our community, creating an economic Hiroshima," Deborah Van Sickle, chief credit officer for First Bank of Clewiston, said as she cried at the podium.

There was even another option on the table, from the Lawrence Group, a Tennessee farming group that offered to pay \$300 a share for U.S. Sugar's assets and sell back part of the land to the state. Water managers dismissed the offer because of a lack of specifics. But the majority of them did not want to risk losing the land forever by voting no. "Buying all of (U.S. Sugar's) land gives us the opportunity to do land swaps," said governing board member Melissa Meeker, who voted yes. "If we go to the Lawrence Group and acquire a little bit of land, or to Florida Crystals and acquire a little bit of land, we don't have that leverage. We don't have that bargaining power."

UPDATE 2-Florida approves \$1.34 bln U.S. Sugar deal

12/17/2008

Thomson Reuters (Financial)

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By Jim Loney

MIAMI, Dec 16 (Reuters) - A Florida regional water board on Tuesday approved a \$1.34 billion agreement to buy more than 180,000 acres of land from U.S. Sugar Corp, a deal meant to help restore Florida's fragile Everglades wetland.

But the South Florida Water Management District's 4-3 vote did not mean the landmark deal was done. The board of directors added an amendment to include "one more financial safeguard for the district," district spokesman Randy Smith said.

"That puts it back in U.S. Sugar Corporation's court," he said.

The state of Florida first announced in June that it had struck a \$1.75 billion deal to buy all of U.S. Sugar Corp, one of the nation's largest privately held agriculture firms.

But in November state officials said they had scaled back the agreement and would buy only 181,000 acres of land which are considered critical to the restoration of the Everglades.

The deal would allow U.S. Sugar to keep its sugar mill, refinery, citrus processing facilities, railroads, office buildings, equipment and more than 5,000 acres of land.

The company would lease back the land for \$50 an acre and continue to grow sugar on it for about six years.

U.S. Sugar's board approved the contract on Dec. 8 but the water board's amendment meant the company would have to re-approve the deal.

There was no immediate comment from the company.

Some officials and groups have criticized the deal, saying the state was paying too much for the land and not getting enough in rent payments.

A rival bidder also came forward. The Lawrence Group, a Tennessee-based farming company, said it wanted to buy U.S. Sugar outright for \$300 per share.

The water district has said it would sell \$1.34 billion of certificates of participation, instruments similar to bonds, to finance the deal.

Florida's sugar industry has been under fire from environmentalists for decades for dumping fertilizer-tainted water into the Everglades, a slow-moving river as little as six inches (15 cm) deep and a vast sawgrass prairie studded with marshes, pine forests and mangrove islands.

The Everglades Foundation applauded Tuesday's vote to approve

the deal.

"We remain optimistic that U.S. Sugar will favorably receive the South Florida Water Management District Governing Board's counteroffer to acquire critical acreage for comprehensive Everglades restoration," foundation chief executive Kirk Fordham said.

Also known as the "River of Grass," the Everglades is the largest subtropical wilderness in the United States and home to rare and endangered species like the American crocodile and the Florida panther.

The purchase of the land was expected to revive a multibillion-dollar plan to turn farm fields back into marshes and waterways that would help cleanse polluted Everglades water and carry it from Lake Okeechobee to the southern coast and Florida Bay.
(Editing by Christian Wiessner)

BOARD OKS SUGAR DEAL BUT LEAVES WIGGLE ROOM

12/17/2008
Sun Sentinel

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The largest public land buy in state history survived grim financial forecasts Tuesday when South Florida water managers narrowly passed a counteroffer that includes more taxpayer protections in the \$1.34 billion deal.

Soon after, U.S. Sugar Corp. agreed to accept the changes, saying the "nonmaterial" amendment should not derail the sale of 180,000 acres for Everglades restoration.

Gov. Charlie Crist in June proposed the blockbuster deal to acquire land to build a series of reservoirs and water treatment areas to reconnect Lake Okeechobee water flows to what remains of the Everglades.

The South Florida Water Management District, which leads Everglades restoration, faced a Tuesday deadline to approve the contract.

The amended deal, approved by a 4-3 vote of the district's board, allows the agency to back out of the contract before the proposed September closing deadline if economic projections expected this summer show the long-term cost requires deep cuts to the district's core flood control and water operations.

"We have put the water management district at the table while carving out a big enough escape valve if we find that this deal is unaffordable," board member Shannon Estenoz said. "It buys time."

The district plans to borrow the money for the deal, expected to exceed \$3 billion factoring in long-term interest payments. Taxpayers from Orlando to the Keys would pay off the debt.

The district must secure financing before the deal can move forward.

In addition, the contract allows U.S. Sugar to shop for a better offer for two months. The company would have to pay the district a \$40 million "breakup" fee if it opts to go with another buyer.

Even with the amended deal, the proposed cost remains too high and won't leave the district enough money to build the reservoirs and treatment areas needed to restore the Everglades, board member Michael Collins said.

Two appraisals and a financial opinion prepared for the district by outside consultants show the deal may be priced about \$300 million more than the land is worth.

The deal allows U.S. Sugar to keep its sugar mill, citrus plant and other assets it could use to stay in business. U.S. Sugar also gets to lease back the land for seven years, paying \$50 per acre per year for six years and nothing in year seven. That's well below the \$125 to \$325 per acre range estimated for agricultural land in the area.

The pricey land deal comes as the district braces for a drop in state tax revenues, because of the growing national economic crisis. Estimates released Monday show that could trigger cutting spending on district operations by more than 20 percent.

"You couldn't have picked a worse time to do this ... I don't think we could have gotten a worse deal," said Collins, who voted against the deal.

Crist appoints the district board, which oversees South Florida's water supply. When board members appeared to be wavering on the transaction the governor proposed, he sent a letter on the eve of the vote urging them to approve a deal that he put on par with the preservation of Yellowstone National Park.

The board flip-flopped through Tuesday's discussion, wavering over whether the district could afford the purchase as a parade of pro and con speakers from the packed meeting room weighed in. Frustration mounted just after 4 p.m. when board members couldn't reach consensus. After a 10-minute recess, they returned and cobbled together the amended deal.

Glades residents and community leaders for months have argued that the deal threatens agricultural jobs vital to their towns by sacrificing farmland for restoration.

Carl Berner, of Clewiston, worries the state's deal with U.S. Sugar threatens the future of his third-generation petroleum distribution company that supplies farmers. "It's about the people of the community. What are we going to do?" said Berner, 53.

Hurdles remain for the deal. U.S. Sugar's chief competitor, Florida Crystals, has filed a court challenge to the district's financing for the deal.

Also despite Tuesday's contract approval, The Lawrence Group plans to continue pursuing its bid to buy out U.S. Sugar. The Lawrence Group manages farmland in the South and Midwest and contends it could preserve farming jobs in the Glades while selling

the state a portion of the U.S. Sugar land that could be used for Everglades restoration.

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Behind the scenes

Take a look at the history of the sugar cane industry in South Florida through an interactive photo gallery and video report.

SunSentinel.com/sugar

PHOTO: MAP: Locates U.S. Sugar Corp.'s 187,000 acres of land. Sources: U.S. Sugar Corp., South Florida Water Management District. Kwency Norman, Sun Sentinel

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Glades deal is approved, with an out

12/17/2008

Sarasota Herald-Tribune - Online

Kate Spinner

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WEST PALM BEACH - Gov. Charlie Crist's \$1.34 billion landmark Everglades restoration plan, touted as the answer to decades of environmental abuse of the unparalleled ecosystem, barely survived Tuesday.

Hours after it appeared a souring economy had killed the deal, South Florida water managers revived it, voting 4-3 to approve the purchase of 180,000 acres of agricultural land owned by America's largest sugar cane grower.

But in a critical change, the South Florida Water Management District amended the purchase deal to allow the 16-county agency to back out if the financial picture worsens.

Legally, the change amounts to a counteroffer to the contract terms worked out over months by negotiators for the state and U. S. Sugar.

It came after two days of discussions centering on whether the district and its taxpayers could afford the high price.

Even with the change, the deal is far from final. Staunch proponents of the purchase, uncertain about U.S. Sugar's next step, were not celebrating Tuesday night, though Crist, who had staked his reputation on the deal, was. 'This land acquisition is the most important step in the history of true Everglades restoration,' he said in a statement issued by his press office. 'Today's action is a result of the courage and tenacity of so many, and I thank God for the vision and leadership of those who brought us to this moment.' U.S. Sugar executives, in a prepared statement, called the counteroffer an acceptable 'non-material modification.' But rules dictated by its corporate stockholders require the company to shop around for a better offer over the

next 60 days.

Also, the district's board will need to get financing for the purchase, a steep challenge in a tight credit market and declining tax revenues.

The district and U.S. Sugar still have two more agreements to negotiate. One would require the company to use better environmental practices to reduce pollution while it continues cane production. The other concerns a lease for a mine on U.S. Sugar property that the district opposes.

Shannon Estenoz, a governing board member and firm supporter of the deal, said she was confident the board would overcome the remaining obstacles. 'As long as we can store 1 million acre-feet of water, I'm less concerned with how the deal gets done,' Estenoz said after the meeting.

The 1 million acre-feet -- almost 326 billion gallons -- is the amount of water that needs to be stored in reservoirs or treatment marshes to make Everglades restoration work.

Before South Florida's ditching and draining projects that began a century ago, Lake Okeechobee almost continuously overflowed its banks to create an enormous sawgrass wetland stretching to the state's southern tip. Agriculture -- mainly sugar cane production -- severed that link and erased natural water storage in South Florida.

Now, water is held in Lake Okeechobee, which acts like a giant reservoir ringed by a earthen dam. When the lake fills with rain, water is released to canals that lead to estuaries on the east and west coasts.

Everglades restoration aims to direct that water back south, requiring vast storage capacity. Crist's proposal is the only Everglades restoration plan calling for acquiring enough land for that storage.

For most of Monday and Tuesday, the deal's fate looked grim. Since Crist announced the plan in June, the economy has tanked, credit markets have frozen and property values have deteriorated.

Criticism, including some from state legislators, also mounted.

Board members considered the price \$300 million too high. They worried about the 10,000 jobs tied to U.S. Sugar's operation and feared the cost would jeopardize the district's ability to fund critical daily operations for water supply, flood control and the environment.

After the board's meeting Monday, Crist sent a letter assuring members that the state would build an economic plan for U.S. Sugar's hometown Clewiston and reiterated the importance of the land acquisition to the Everglades' future.

He also sent Department of Environmental Protection Secretary Michael Sole to address concerns. Still, by late Tuesday afternoon the board appeared daunted by the cost and unlikely to approve the deal. 'Even the pessimistic version of yesterday is not even accurate because it's not bad enough,' said governing board

member Michael Collins, referring to projections that the district would see tax revenues drop for two years without rebounding until 2016.

Charles Dauray, a board member from Southwest Florida, said the cost would 'cannibalize' money from Everglades projects in the works that are important to the estuaries, including Charlotte Harbor on the west coast.

Saving the deal was a proposal by board member Jerry Montgomery to allow the district an out if agency revenues fall sharply or if the district later has to cut its budget to the detriment of daily operations. 'I do believe fundamentally that the simple answer is that the district cannot afford to do it on its own,' Montgomery said. 'What I think would be a mistake is to walk away.' Montgomery hopes that other sugar growers in the region, including Florida Crystals, will buy U.S. Sugar acreage that the district does not need. He also plans to call on the federal government to fulfill its promise to pay half the cost of Everglades restoration.

The latest restoration plan, originally approved by the federal government in 2000, is now estimated to cost \$11 billion. 'These are hard economic times,' Sole said after Tuesday's vote.

Six months ago, the original \$1.75 billion deal seemed feasible. Today, the \$1.34 billion for about 7,000 acres less is not going to be easy to afford, he acknowledged.

The deadline for closing on the deal is next Sept. 25. 'We may only know from history whether we were right or wrong, but I hope we maintain the vision,' said district chairman Eric Buerman.

Statement by Everglades Foundation

12/16/2008

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CBS Marketwatch

Statement by: Kirk Fordham, Chief Executive Officer, Everglades Foundation Regarding the South Florida Water Management District Governing Board U.S. Sugar Deal Vote

WEST PALM BEACH, Fla., Dec 16, 2008 (BUSINESS WIRE) -- The following is a statement by Kirk Fordham, Chief Executive Officer, Everglades Foundation: "The Everglades Foundation heartily applauds the South Florida Water Management District Governing Board for its decisive action on behalf of America's Everglades restoration. The board clearly understands the critical importance of the land purchase and its long-term benefits capable of protecting one of the nation's environmental treasures. Equally important is Florida's economic well-being, which becomes increasingly more important as restoration progresses with its huge economic benefits.

"We remain optimistic that U.S. Sugar will favorably receive the South Florida Water Management District Governing Board's counter offer to acquire critical acreage for comprehensive

Everglades restoration.

"The Governing Board's vote to purchase more than 180,000 acres marks one of the most significant milestones in the nearly 20-year effort toward restoring America's Everglades to a more natural state. Thanks to Governor Charlie Crist's bold vision, this decision means the way is finally clear for sweeping, dramatic improvements in water quality throughout the Everglades watershed from Lake Okeechobee to Florida Bay.

"We congratulate the South Florida Water Management District Governing Board for its stewardship of America's most sensitive environmental region and for ensuring the economic future of the millions who live and work within it."

Everglades Sugar-Land Purchase Approved

12/16/2008

Miami Herald

Curtis Morgan

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Water managers on Tuesday narrowly approved a \$1.34 billion deal to buy a sprawling swath of sugar fields -- a landmark purchase with promise to dramatically reshape Everglades restoration and surrounding farming communities.

A deeply divided South Florida Water Management District's governing board voted 4-3 to accept the controversial deal with the U.S. Sugar Corp., supporting Gov. Charlie Crist's appeal to seize a ``historic opportunity."

The approval came despite an array of questions, topped by concerns about the state's deepening financial crisis and widening criticism from legislators, rival growers and Glades communities that the price tag and economic risks were too high.

The board made one change that could potentially put the deal in doubt -- adding an "out" clause intended to protect the agency from bankrupting its budget if state revenues plummet.

"If we counter, we could lose it," said board member Shannon Estenoz, an environmental activist from Plantation. "I am personally willing to take the risk of adding in the financial `out' language."

U.S. Sugar executives have insisted over the last month that the deal was a one-time, one-shot, non-negotiable offer. But the board's counter-offer left intact a contract that stands to resolve many of its business problems.

Mike Sole, secretary of the Florida Department of Environmental Protection and the state's chief negotiator, acknowledged the budget concerns but told the board, ``Can we afford not to do this?"

For environmentalists, the move puts a long-sought prize within grasp: 300 square miles of fields and citrus groves some liken to "the holy grail." Supporters say the land could go a long way toward resolving a slew of Florida's most expensive and frustrating environmental problems in one fell swoop -- at least when, or if, the state can find \$4 billion or so needed to build the massive reservoirs and marshes envisioned.

The decision was a political win for Crist, who had brokered the deal with the U.S. Sugar Corp. and championed it against a growing alliance of powerful opposition, including state lawmakers and U.S. Sugar's chief rival, Florida Crystals.

The governor pushed the deal hard in the final days before the take-it-or-leave-it deadline set by U.S. Sugar, with aides saying Crist made phone calls to board members while on his honeymoon in Southwest Florida.

While the board approval was crucial to keeping the deal alive, it isn't done yet. There are hurdles and deadlines ahead, including board decisions on two mining permits on U.S. Sugar land, and a number of financial questions.

The agency must secure bonds to bankroll the deal in a shaky credit market with uncertain interest rates. Lawmakers, who meet next week in special session to deal with a \$2 billion shortfall in state revenue, also could cut agency funding. The district, which gets about half its budget from property taxes in 16 counties, also expects revenues to fall for the next several years.

The contract includes several "outs" that would allow the board to back out of the deal before a Sept. 25, 2009 closing if, when all the numbers come in, it proves too expensive for the agency to afford.

With the deal, environmentalists say the state gets a chance to reinvigorate the stalled restoration of the Everglades, quell years of bickering over pollution by "Big Sugar," dramatically reduce polluted water flowing down the St. Lucie and Caloosahatchee rivers and -- most critically -- get more much-needed clean water flowing into the struggling, shrunken River of Grass.

But those benefits come at a considerable trade-off: The projects needed to actually restore the system won't be built for years, perhaps decades. Under the deal, U.S. Sugar will continue farming most of the land for seven years, and the district engineers acknowledged there may not be money to build much else for a decade or more.

The proposal to buy U.S. Sugar's land, which will eventually be used for reservoirs and marshes to store and clean up water for the remnant marsh, drew international headlines when Crist announced it in June.

The nationwide economic crisis and dwindling property tax revenues threatened to undermine the deal. It also drew criticism from a rival company trying to buy U.S. Sugar.

Critics contend the deal less about saving the Everglades than bailing out U.S. Sugar, which lost money last year and was more than \$600 million in debt from the construction of a new, state-of-the-art mill in Clewiston.

Florida Crystals and small growers also argue the seven-year leaseback provision -- which will give U.S. Sugar almost all its land at \$50 an acre, a fourth of going market rates, and for free in the final year -- would hurt the growers' businesses and give U.S. Sugar a competitive advantage.

The Crist administration worked to shore up shaky board support over recent weeks. On the eve of the vote, Crist sent a letter to members, writing that "The historic nature of this moment cannot be lost" and throwing his support behind a so-called "in-land port," a job-rich shipping hub sought by Clewiston and other Glades towns.

Water District OKs Everglades Deal

12/16/2008

Ledger - Online, The

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Tuesday further committed the state of Florida to a \$1.34 billion buyout of U.S. Sugar Corp. for an ambitious plan to restore the Everglades. The South Florida Water Management District agonized over the proposal, negotiated last summer by Republican Gov. Charlie Crist's administration and set in its lap with a Tuesday expiration date. U.S. Sugar officials had indicated that if the board made any changes to their proposal, the state would lose its long-sought ability to clean up the land.

In the end, the water district approved a deal to buy nearly 300 square miles, more than the state needs and at a price much higher than it can afford. 'This is not a perfect deal, but rarely do you ever find a perfect deal,' said Eric Buermann, chairman of the water board.

It is not automatically binding because an extra financial escape clause for the state was added, but U.S. Sugar signaled Tuesday it saw the amendment as a minor adjustment.

The deal is subject to financing, and the water board has until September to line up bond funding. Even its most ardent supporters acknowledged that would be difficult, given the current economic and credit crisis.

The bond process is already being challenged by U.S. Sugar competitors as a sweetheart deal amounting to corporate welfare. The contract requires the state to lease much of the land immediately back to the company for seven years at \$50 an acre - well below market price.

The deal could 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. 'This land acquisition is the most important step in the history of true Everglades restoration,' Crist said. 'Today's action is a result of the courage and tenacity of so many.' Local lawmakers have expressed concern about making the deal while the state was in an economic crisis

and cutting services to citizens.

Critics of the deal have said the state is overpaying for the land, some of which is among the world's most fertile and some of which has comparatively no value.

Additionally, though the deal would buy out U.S. Sugar, it would stunt the economic growth of local communities that depend on jobs in the industry.

Schoolchildren, local bank presidents, and others from towns on the southern end of Lake Okeechobee traveled to West Palm Beach in droves to participate in two days worth of testimony leading up to the vote. 'If you take the farming out of that community, they don't have anything left,' said board member Patrick J. Rooney Jr.

Besides protecting the Everglades from sugar farming pollution, the purchase provides valuable water storage area for the state in an area where population growth and development have soared.

The area provides drinking water for 7.5 million people, but was designed for 2 million people, making it prone to flooding and drought.

Water managers review Florida-U.S. Sugar deal

12/16/2008

Miami Herald - Online

CURTIS MORGAN

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Water managers began their final review Tuesday morning before a crucial vote on the state's \$1.34 billion bid to buy U.S. Sugar's sprawling farm fields.

On the eve of a crucial and still-uncertain vote, Gov. Charlie Crist sent a letter to the South Florida Water Management District's governing board, 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 a grim economic forecast, along with growing opposition from state lawmakers and Glades-area communities, post significant hurdles to approval.

Because of a decline in property values and tax revenues, the board will face unanticipated budget cutting in coming years -- up to 22 percent and \$100 million a year. That could 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.

The deal's numbers looked starkly more daunting 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.

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 sobering 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.

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.

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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Water district expected to decide today on sugar deal

12/16/2008

Naples Daily News

Naples Daily News staff report Originally published

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After hearing more public speakers this morning, the South Florida Water Management District is set to vote later this afternoon on whether to approve a \$1.34 billion buyout of U.S. Sugar Corp.s land for Everglades restoration.

The speakers finished up before noon.

The district will take a lunch break and will begin its own discussions about the deal after it returns.

The governing board heard both opposition and support for the deal this morning.

Supporters said there's no time to waste in approving the deal because of environmental concerns, including the lack of water storage.

Opponents argued that it's a bad deal that will benefit U.S. Sugar and wipe out thousands of jobs when the grower stops farming

the land. 'It seems there is a deal to be had...But this is not the deal...', said Gaston Cantens, a vice president with Florida Crystals, a major competitor of U.S. Sugar's.

Florida Crystals on Friday filed a complaint in Palm Beach Circuit Court that alleges the bonds the water management district plans to use to finance the deal can't legally be tapped for the purchase because it would 'bail out a private company.'

'Today is a historic day,' Crist aide tells water managers as sugar vote nears

12/16/2008

Palm Beach Post - Online

PAUL QUINLAN

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After six months of debate, the day for deciding is here: Will South Florida taxpayers spend \$1.34 billion for U.S. Sugar Corp.'s 180,000-acre land empire?

Water managers are set to vote on the internationally watched deal this afternoon, after a final morning of debate by supporters and opponents.

Glades-area residents, leaders of rival farming companies and some political leaders condemned the proposed contract this morning as a fiscally reckless bailout for U.S. Sugar - one that could spell an 'economic Hiroshima' for the agricultural region.

But a phalanx of major environmental groups said acquiring the land is crucial for the fate of the Everglades, along with South Florida's water supply and future economic growth. 'Without question, today is a historic day,' said Michael Sole, secretary of the state Department of Environmental Protection, who traveled from Tallahassee to convey Gov. Charlie Crist's support for the deal.

The live video from the South Florida Water Management District's board meeting is available at www.sfwmd.gov.

Deborah Van Sickle, senior vice president of First Bank of Clewiston, choked back tears this morning as she repeated a question from her customers: 'How can the government tax us and use these same tax dollars to destroy our lives?' 'We're not trying to gain anything,' Van Sickle said. 'We're just trying to keep our homes, our jobs and our families intact.' Other opponents zeroed in on a controversial provision to lease land back to U.S. Sugar at below-market rates, and bemoaned Crist's failure to follow through on promises for an economic development plan for the Glades. And some said the mammoth purchase would mean even more delay for billions of dollars worth of the district's already stalled Everglades restoration projects. 'We think all you're going to accomplish with this is to buy this land for \$1.34 billion and lease it back to U.S. Sugar to farm forever, because you don't have the financial capability to do anything with it,' said

Gabriel Nieto, attorney for rival sugar grower Florida Crystals Corp. 'You're buying land to be a landlord to U.S. Sugar at subsidized prices.' But environmentalists said the purchase opens the way to a long-sought dream: acquiring the Everglades' long-lost connection to Lake Okeechobee. They said the winners would include not only nature but the region's drinking water supply, flood control efforts and future economic opportunities built on a restored River of Grass. 'This isn't just about snail kites and wood storks,' said Jacquie Weisblum, a lobbyist for the group Audubon of Florida. 'The really risky vote is a no vote,' Thomas Van Lent, a senior scientist for the Everglades Foundation, told the board. 'You can't afford not to do this deal. ... A no vote is for no future at all.' Some of the deal's supporters said other giant farming companies have their own motives for trying to squelch the purchase. Those include Florida Crystals, owned by the Fanjul family of Palm Beach, which last week filed court papers condemning the purchase as an illegal 'bail out' for financially troubled U.S. Sugar. 'There are a handful of politically connected companies who want to see this land acquisition killed,' Everglades Foundation CEO Kirk Fordham said. 'They want this land for themselves. It's that simple.' Today's decision comes in the face of mounting pressure from Glades residents, business leaders and rival growers who want the district to reject the deal, or at least delay it for more scrutiny.

It comes despite warnings from some state lawmakers who have hinted of political consequences for the unelected, tax-levying board, almost all of which was appointed by Crist.

And it comes in the teeth of a continuing economic free fall that has led to ever more dire predictions for the district's finances. The district's staff told the board Monday that the purchase 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. 'Every day we get worse news about how much we're going to have to operate on,' water district board member Mike Collins said this morning. 'It's worse today than it was yesterday.' Collins, an Islamorada fishing guide who is the deal's most outspoken skeptic on the board, also complained about the take-it-or-leave-it aspect of today's deadline. U.S. Sugar has vowed not to return to the negotiating table if the board fails to approve the deal today.

But Crist has championed the purchase as a key part of his ecological legacy. 'Your decision will have an impact not just for seven years but for the next 700 years and beyond,' Crist wrote to the eight board members Monday, in a letter his office made public that night.

Crist and environmentalists hailed the 180,000 acres rimming the southern edge of Lake Okeechobee as the 'holy grail' of restoration: farmland that once was part of the Everglades could now be used to restore the southward flow of water from Lake Okeechobee.

Supporters say restoring the flows would replenish the Everglades, enhance the region's water supply and relieve the burden on the eroded Herbert Hoover Dike that protects communities around Lake Okeechobee.

A major southern outlet for Lake O's excess also could sharply reduce the need for the harmful dumping of lake water into the St. Lucie and Caloosahatchee rivers, where the runoff has

frequently ravaged marine life and triggered toxic algae blooms.

Waving a 2-foot, taxidermied snook in the air, Karl Wickstrom of the Rivers Coalition said undoing the 'huge damage' wreaked on marine life in the estuaries demands restoration. 'Scientists agree: There's a critical need to flow the water south,' said Wickstrom, founder of Florida Sportsman magazine.

But critics say touting those benefits is deceptive, as the district would max out its credit card on the purchase, borrowing against an unprecedented 30 percent of its revenues to pay a bill that could after 30 years total \$2.9 billion and \$3.4 billion, including interest payments. 'This land acquisition in and of itself does none of the these,' Collins said of the supposed ecological and hydrological benefits. 'It gives us the opportunity somewhere down the line, if all the other things line up, to accomplish these goals. But it's going to require a whole bunch of other things to line up.' Even if the board votes yes today, the deal can close no sooner than early May - and most likely later, after Florida Crystals filed papers in Palm Beach County circuit court last week to challenge the district's ability to finance the purchase.

The district would borrow as much as \$2.2 billion on Wall Street by issuing certificates that are similar to bonds. Water managers would repay the bonds using the property tax money they collect in 16 South and Central Florida counties.

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Water district to vote on U.S. Sugar land buy

12/16/2008

South Florida Business Journal - Online

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South Florida Business Journal - by Paul Brinkmann

Related News

The governing board of the South Florida Water Management District is set to vote Tuesday afternoon on one of the largest public land acquisitions in Florida history.

Controversy over the state purchase of 180,000 acres from U.S. Sugar Corp. has grown in recent days, but environmentalists and Gov. Charlie Crist urged approval.

In a letter to the board, Crist called on the board to stay focused on long-term benefits of buying the land for Everglades restoration.

Your decision will have an impact not just for seven years, but for the next 700 years and beyond. This effort comes with my steadfast commitment to preserving the Everglades as one of the nations greatest natural treasures, Crist wrote.

Opposition has grown in recent weeks from Everglades communities, farm groups and sugar competitor Florida Crystals, which filed a formal court objection in the water districts bond validation process for the sale.

On Tuesday morning, the board took more public comment leading up to a vote in the afternoon.

We havent spent a lot of time talking about the vision and as to why we would do this in the first place the whole point of it and I think thats important we do that, board Chairman Eric Buermann said.

U.S. Sugars board on Dec. 8 approved the deal, which allows the company to lease the land over a period of seven years as it winds down farming operations.

U.S. Sugar said then that BMO Capital Markets has two months to shop the company and give other interested purchasers including the Nashville, Tenn.-based Lawrence Group, which has indicated interest in the sugar giant a chance to make a better offer.

On Monday, the head of the Lawrence Group said 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, the Lawrence Group's Gaylon Lawrence Jr. said during a public meeting Monday.

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

The Lawrence Group has floated an offer to buy the sugar giant for \$300 a 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 Nashville-based 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 did not 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.

U.S. Sugar spokesman Robert Coker said in a phone interview after the meeting that U.S. Sugar still does not 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, he 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 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, businesspeople and schoolchildren from Clewiston told the board that buying out U.S. Sugars land could mean the death of their economy and the town.

U.S. Sugar deal approved – with caveats

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South Florida Business Journal - Online

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After two days of debate, water managers on Tuesday agreed to go ahead with the landmark purchase of more than 180,000 acres of farmland from U.S. Sugar Corp. for Everglades restoration. But, the deal came with some modifications.

In a 4-3 vote, the board revised the contract to allow the district an out if it cannot arrange acceptable financing.

U.S. Sugar said after the vote it was a deal it could live with and that the changes were considered nonmaterial and within the scope of the negotiated contract.

The decision came six months after Crist announced the plan. At the time, he called the proposal as 'monumental as the creation of our nation's first national park.' After the vote, the governor praised the land acquisition calling it 'the most important step in the history of true Everglades restoration.' The Everglades Foundation also greeted the vote with enthusiasm. The governing

boards vote to purchase more than 180,000 acres marks one of the most significant milestones in the nearly 20-year effort toward restoring Americas Everglades to a more natural state,' Everglades Foundation CEO Kirk Fordham said in a written statement. 'Thanks to Gov. Charlie Crist's bold vision, this decision means the way is finally clear for sweeping, dramatic improvements in water quality throughout the Everglades watershed from Lake Okeechobee to Florida Bay.' 'I think the biggest risk to this deal over the next few months is the financial picture,' board member Shannon Estonez said. 'We truly cannot put the core missions of this district at risk by adopting this without that in here.' The \$1.34 billion deal is one of the largest environmental land purchases in U.S. history. Estonez said it was the best, if not the only, way to provide an additional 1 million acre feet of storage in the Everglades water system which has been a goal to restore the Everglades ecosystem and water supply for South Florida.

Governing board members also expressed concern about pending applications for rock mining operations in the midst of agriculture lands subject to the buyout.

Board member Mike Collins said he wonders where and when the district will get funding for restoring the land to its natural state the main goal of the land buy. 'I don't believe we want mines in the middle of these footprints no matter what,' board member Jerry Montgomery said.

Florida Department of Environmental Protection Secretary Mike Sole, who urged board members to vote for the proposal, said the mining concerns could be addressed outside of the contract with a statement that the governing board would not approve of any mining activities in the area.

In recent weeks, opposition to the purchase grew from Everglades communities, farm groups and sugar competitor Florida Crystals, which filed a formal court objection in the water districts bond validation process for the sale. Crist's administration was criticized during the final days of negotiation for failing to put forth an economic development plan for the area. On Monday, the governor wrote a letter to the district, saying he supported the development of an inland port in the area.

Sole said after the vote that it was 'unfortunate' the state didn't come up with a faster economic transition program. He said the reason for the delay in forming an economic plan was that the buyout program changed over the past few months. Originally the state planned to buy out the entire company, not just the land.

After the vote, dozens of Clewiston residents, who worried about what the sale might mean to their livelihood, quietly left. Many said they believe their town's economy will die, even though U.S. Sugar intends to keep operating its sugar processing mill there for the short term.

The company acknowledged the criticism by some who worried whether it delivered value to shareholders. 'Without a doubt, we would not be doing this if we didn't believe it was fair for our stockholders,' said Robert Coker, U.S. Sugar's senior vice president for public affairs. 'This is a tremendous opportunity for our state and her people, and the government would not be doing this if they did not feel it was fair to them.' During Tuesday's

meeting, governing board Chairman Eric Buermann recalled other historic land buys, including the \$7.2 million the U.S. paid Russia for Alaska in 1867, which, he noted, was called Seward's Folly until gold was discovered there. 'We're here at a momentous time,' Buermann said. 'This is our moment in time and our moment in history.'

Historic Everglades land deal gets go ahead, financial hurdles remain

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Sun Sentinel - Online

Andy Reid

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A \$1.34 billion state deal to buy farmland for Everglades restoration stayed alive today after South Florida water managers approved a counter offer intended to create more cost protections for taxpayers.

U.S. Sugar Corp. representatives said they consider the change a 'non-material amendment' that should not derail the sale of 180,000 acres to the South Florida Water Management District.

The district would use the land to help reconnect Lake Okeechobee water flows to what remains of the Everglades.

The amended deal, approved by a 4-3 vote, allows the district to back out before the proposed September closing if the financing costs end up requiring deep cuts to spending on the district's core operations. 'We have put the water management district at the table while carving out a big enough escape valve if we find that this deal is unaffordable,' board member Shannon Estenoz said. 'It buys time.' The district plans to borrow the money for the deal expected to exceed \$3 billion factoring in long-term interest payments. The agency still must secure that financing for the deal to move forward.

In addition, the contract allows U.S. Sugar to shop for a better deal for two months. The company would have to pay the district a \$40 million break-up fee if it opts to go with another buyer.

Even with the amended deal, the cost remains too high and won't leave the district with enough money to build long overdue Everglades restoration projects, Board Member Michael Collins warned. 'Do we just keep acquiring land and work our way up to Georgia?' asked Collins, who voted against the deal. 'You couldn't have picked a worse time to do this I don't think we could have gotten a worse deal.' Environmental groups hail the proposed land deal as a landmark opportunity, worth the price, to acquire land vital to protecting what remains of the Everglades.

But over two days of district board meetings, a parade of Glades community representatives -- from high school students to business leaders -- called for the district to kill the deal they say threatens agricultural jobs by sacrificing farmland for restoration.

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Crist tries to save Glades deal

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Andy Reid

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Gov. Charlie Crist and his top environmental lieutenant stepped in to try to save a \$1.34 billion Everglades land deal threatening to unravel today because of cost concerns.

The South Florida Water Management District's board today decides whether to approve the governor's plan to buy 180,000 acres from U.S. Sugar Corp. to help reconnect Lake Okeechobee water flows to what remains of the Everglades.

The financial outlook for the deal looked grim Monday when the district released estimates showing that paying for the land deal, at the same time that tax revenues dip due to the national economic crisis, could require deep budget cuts.

The governor responded on the eve of today's vote with a letter to the district board, which he appoints. Crist urged them to approve a deal that he compared to the preservation of Yellowstone National Park. 'The historic nature of this moment cannot be lost. I would urge that our focus remain on the long-term benefits of this acquisition,' Crist said. Likewise, the secretary of Florida's Department of Environmental Protection, Michael Sole, today told district board members that concerns about the long-term cost of borrowing money to buy the land could be addressed before the deadline to close on the deal with U.S. Sugar by Sept. 25.

However, Sole said the board had to meet today's deadline to approve the proposed contract to keep the deal alive. 'The decision today is the beginning,' said Sole, whose duties include overseeing the district. 'But without this decision today, it will be the end.' The district board plans to discuss the deal and vote this afternoon.

Supporters call the deal an unprecedented opportunity to recreate a 'missing link' in the Everglades River of Grass.

Opponents counter that sacrificing farmland for restoration would cost jobs relied on by Glades communities. They also warn that the cost of buying the land won't leave the district with enough money to build long overdue Everglades restoration projects.

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Florida, U.S. Sugar land deal on the line

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United Press International (UPI)

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The cost of a \$1.34 billion Florida land deal with U.S. Sugar Corp. could reach \$3.4 billion once interest on loans has been figured in, a state official said.

The South Florida Water Management District board was to vote on the deal that would tie in 180,000 acres of natural water flows between Lake Okeechobee and the Florida Everglades.

Since the deal was first discussed last summer the state's revenue projections have dropped and a rival bidder for the land, The Lawrence Group, has increased its lobbying efforts.

The Lawrence Group said it would sell land to the state for environmental restoration and keep sugar production going in the area, the South Florida Sun-Sentinel reported Tuesday.

The dialog between the group and a water board member has even gotten sultry.

"I remember once going to a dance with one girl and leaving with another," district board member Charles Dauray said to investor Gaylon Lawrence Jr.

"Well, I would love to be your partner," Lawrence said.

Gov. Charlie Crist appealed to the water board to see the deal to with U.S. Sugar to completion, The Miami Herald reported. "The historic nature of this moment cannot be lost," Crist wrote..

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Water board approves Everglades land purchase

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WEST PALM BEACH, Fla. -- The organization that controls water supplies for most of South Florida has approved a \$1.34 billion buyout plan to restore the Everglades.

The South Florida Water Management District voted Tuesday for the buyout of U.S. Sugar Corp. in what could be the most expensive conservation land purchase in Florida's history.

The vote is not automatically binding. The state was granted an extra financial escape clause and it's still subject to financing. U. S. Sugar must also approve it.

The plan is considered key to restoring natural water flow to the Everglades after decades of overdevelopment and farming.

