U.S. Sugar News for February 24

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EDITORIAL Senator Muddies Everglades
02/24/2009
Tampa Tribune
Feb. 24--Bradenton Sen. Mike Bennett has come up with a slippery way to kill Everglades restoration. He's demanding the state's plan to purchase 180,000 acres in the Everglades from U.S. Sugar be put to a vote by affected taxpayers.

He knows that is impossible.

The $1.35 billion purchase is being conducted by the South Florida Water Management District. It will issue bonds that will be covered by property taxes the district already levies. No tax increase is planned.

There is no procedure for voting in the district, which is drawn according to hydrological, not political, borders. It covers all or parts of 16 counties. There is no state law guiding elections in the district, so Bennett knows his proposal would be the death of the Everglades purchase and restoration.

The district has used the same bonding mechanism to cover much of the Everglades restoration work. So should his plan be adopted, it would eliminate any chances of saving the River of Grass.

There is no question the largest land acquisition in the state's history, which was orchestrated by Gov. Charlie Crist, deserves scrutiny.

Lawmakers are free to do so. They can, if they feel it is a bad deal for taxpayers, kill the plan.

But Bennett's approach appears designed to mask his true intentions. He pretends to be acting on behalf of voters while seeking to kill the acquisition, a goal being vigorously pursued by special interests that also want the land. They've marshaled their lobbyist troops in Tallahassee.

Bennett owns property in Clewiston, a sugar industry stronghold that expects to lose jobs when U.S. Sugar closes shop. The proposed deal will allow the company to lease back the land and operate seven years after the transaction.

Supporters of the acquisition stress the restoration work itself will create thousands of jobs and the ecotourism that will result from a revived Everglades will generate many new businesses and jobs.

The U.S. Sugar property sits between Lake Okeechobee and Everglades National Park. It will be used to build and hold massive reservoirs that will filter polluted water before it flows on to the Everglades and Florida Bay. Cleaning up the Okeechobee connections is essential to rescuing the Everglades.

The land purchase also will enable the district to halt the flow of polluted agricultural water that is now channeled to estuaries on both coasts.

As with any major transaction, there are risks. Some critics say the state is paying too much.

But other appraisers have said the deal is responsible, particularly since it offers the state the opportunity to buy all the land necessary to ensure the survival of the Everglades and a future...
healthy water supply for South Florida.

Nathaniel Reed, the longtime Everglades champion, says, "This land purchase is the single most important investment in Florida's history. Never again will the state have this opportunity to purchase the land necessary to restore the River of Grass and protect the quality of water to South Florida."

Crist has staked his reputation and legacy as governor on the deal.

Without Bennett's interference, the outlook for the Everglades would be brighter than it has been for years.

Washington remains committed to partnering with the state in the restoration work, which will cost about $10 billion over 20 years. The recently passed stimulus plan provides extra money to the U.S. Army Corps of Engineers that the state can seek for the restoration.

But Bennett's posturing muddies the natural wonder's prospects. If the Bradenton politician wants to kill the purchase and future restoration, he should have the courage to say so openly in the Legislature. Otherwise he should butt out.

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**In sugar land, it's economy vs. environment**

02/24/2009
Sarasota Herald-Tribune - Online
Kate Spinner

OKEELANTA - A classic clash between economic and environmental interests is brewing over Everglades restoration, as Florida Crystals attacks Gov. Charlie Crist's ambitious plans to buy out its rival and return thousands of acres of sugarcane fields to sawgrass. Painting itself 'green,' as an environmentally friendly version of its former self, Florida Crystals wants to expand its industrial footprint in the rural area once home to the small outpost community of Okeelanta. It is branching into alternative energy and organic sugar production and wants to build warehouses and rail yards on 3,200 acres to ship goods nationwide.

While Florida Crystals' plans could boost the region's economy and help the country wean itself off oil, they could also undermine Crist's efforts to restore the Everglades.

If Florida Crystals' plans are realized, Okeelanta, wiped out years ago by a hurricane and decades of sugarcane production, could rise again from the rich Everglades muck, reinvigorated as an industrial hub with highways, railroads and shipping.

But Crist wants to spend $1.34 billion for 180,000 acres of land from a rival of Florida Crystals -- U.S. Sugar. He would swap
much of U.S. Sugar's land with Florida Crystals to help restore historic water flows between Lake Okeechobee and the remaining Everglades.

Supporters describe Crist's plan as the 'missing link' in the fitful, multibillion-dollar Everglades restoration saga. But Okeelanta lies in one corner of that link where water could again flow from Lake Okeechobee to Florida's southern tip.

Florida Crystals' supporters, including influential state Sen. Mike Bennett, R-Bradenton, say Crist's strategy would burden taxpayers, unfairly benefit U.S. Sugar and stymie economic development in the rural 'Glades region.

The conflict between Florida Crystals' vision and Crist's will play out during the upcoming legislative session, as Bennett and other lawmakers seek to block the U.S. Sugar buyout.

Meanwhile Everglades advocates oppose industrial expansion where restoration might occur, particularly Florida Crystals' plan to build a freight-yard with the Port of Palm Beach. 'A proposal like that has the potential to seriously impact restoration,' said Lisa Interlandi, a land-use attorney and regional director of Everglades Law Center. 'You want to avoid things that would be in the potential path of restoration.' When Crist pitched his Everglades restoration idea last summer, it sent shockwaves through the environmental, political and agricultural world. The scale, cost and boldness caught everyone off guard.

The central element is simple: create a chain of reservoirs and marshes to reconnect the Everglades with Lake Okeechobee and clean its polluted water. Sugar farms polluted Everglades water, severed the link with the lake and shunted water instead to Florida's east and west coasts, including into Charlotte Harbor.

Despite 20 years and billions spent, state and federal restoration efforts fell short because they mostly avoided agriculture south of the lake. Crist's plan, though costly, is widely viewed as the ultimate cure for the unique Everglades system, where an inch of elevation change means the difference between sawgrasses, cypress swamps and oak hammocks.

Relying heavily on taxpayers in the South Florida Water Management District to pay the cost, Crist would buy the loose ring of U.S. Sugar's land south of Lake Okeechobee. To restore the linear flow south, U.S. Sugar land would have to be swapped for Florida Crystals' holdings.

But Florida Crystals' opposition has only intensified. The company views the buy as unjust and a potential conflict with the firm's plan to diversify.

Florida Crystals already powers its sugar mill and 60,000 homes with an electric plant -- the biggest of its kind in North America -- that burns yard and farm waste.

Florida Crystals also has two experiments underway, to produce ethanol fuel from bagasse, a sugar processing byproduct. One is a $20 million demonstration plant, awaiting construction in partnership with the University of Florida. The other is a pilot plant to reduce the cost of producing the fuel, in conjunction with Florida International University. 'The company is interested in
becoming a renewable energy company as well as a sugar company,' said Stephen Clarke, Florida Crystals' director of research and development. 'The holy grail of renewable energy is clean, liquid transportation fuel.' U.S. Sugar, while planning to sell its land to the state, also has joined the fuel competition. It is considering a deal with an Illinois company that would produce 100 million gallons of fuel annually.

But if cellulosic ethanol is 'the holy grail' of renewable fuel, water is the holy grail of Everglades restoration -- and the two may not be compatible.

Ethanol production would require using water from the Everglades or Lake Okeechobee. And it could foster more demand for sugarcane production, complicating the restoration effort.

Florida Crystals is also angling hard for an inland port, a land-locked shipping transport center, in partnership with the Port of Palm Beach, Florida's fourth-busiest port. With no firm location identified, Crist and others have supported the port as a way to promote economic development to offset the loss of jobs from the U.S. Sugar land buy.

The Port of Palm Beach estimates the freight-yard would create 25,000 jobs. But if it is built on Florida Crystals' land, it could interfere with the flowway restoration. 'Depending on what land is purchased, there are sites where we might want to build that South Florida Water Management District puts underwater in their plans,' said Carl Baker, who spoke for the Port of Palm Beach at a recent conference in Miami.

Also a potential deal-killer is Florida Crystals' lawsuit claiming the state's U.S. Sugar buyout would give its competitor an unfair advantage by allowing it to lease back land at a below-market rate.

And there is opposition in the Legislature, fueled in part by Florida Crystals. 'We know that they have created a legislative minefield,' said Eric Draper, policy director for Audubon of Florida. 'But we don't know where the mines are hitting yet.' Bennett, critical of the deal's cost and impact on the economy, introduced a bill last week that would require South Florida Water Management District voters to approve borrowing for the U.S. Sugar buyout.

If the bill passes, it would kill the deal because there is no way for only district residents to vote.

Apathy and fear prevail among those who grew up surrounded by Everglades sawgrass and later worked jobs tied to farming and sugarcane.

Today, only Florida Crystals' hulking factories mark the ghost town of Okeelanta, where Hoch Cooper grew up. 'Okeelanta came into existence because of people selling this as farmland, and they'd get here and they'd see nothing but water and sawgrass,' said Cooper, 82, who retired from trucking years ago and now lives in Clewiston, U.S. Sugar's hometown.

He thinks Crist's plan will fail and Clewiston will grow. 'I think if it changes it'll change for better. It won't go backward,' Cooper said, welcoming any economic growth, including ethanol and shipping.
Neighbors Peggy and Hager Lowe worry about lost jobs if sugar fields become Everglades again. 'If they make a swamp out of it, what is there?' Peggy Lowe asked. But Interlandi, the Everglades Law Center attorney, is wary of the conflict between restoration of a world treasure and industry. 'Any development that is being done in this day and age in the Everglades area needs to be done right,' she said. 'You don't want to create the city of Okeelanta.'

Robert E. Coker: Everglades and U.S. Sugar Benefit From Land Deal with State
02/23/2009
Tallahassee Democrat -- Online

Robert E. Coker: Everglades and U.S. Sugar benefit from deal with state

Robert E. Coker • My View • February 23, 2009

U.S. Sugar was just as stunned as the public by Gov. Charlie Crist's bold proposal to acquire our company. We have farmed this land for nearly 80 years, and we have recently invested hundreds of millions of dollars in making our sugar manufacturing operations the most efficient in North America. Our citrus operations already were the best in the world.

However, the governor was serious, and our board members agreed to listen. Twenty years of fractious history of Everglades disputes may have prodded their interest. Over the many months of discussions and negotiations, our company committed to a major shift.

Gov. Crist's vision that U.S. Sugar's land could provide a lasting benefit for Everglades restoration and revitalize the landscape of South Florida appealed to our long-term interests in this area. This benefit is a more appealing legacy for so proud and historic a company than farming interspersed with rock mining, development, landfills or other activities needed to maximize land value. Our land will provide opportunities for water storage and treatment that should enable remaining agriculture in the area to be sustainable as well.

While U.S. Sugar moved forward negotiating with the South Florida Water Management District (SFWMD), competitors moved forward with a campaign to discredit the sale. First, they attacked the purchase price. This failed because the $1.34 billion price was set dead in the middle of the two most recent independent, government real estate appraisals that came in at $1.37 billion and $1.3 billion.

They then attacked the seven-year leaseback agreement, which allows the state to acquire the land now and still have it remain productive until the state is ready to construct restoration projects.
There are three important things wrong with our competitors' attacks on the $50-per-acre leaseback:

Those attacking the leaseback are the same competitor sugar farmers who had similar long-term state leases when the state purchased Talisman Sugar — no-cost leases that lasted for many years.

Florida Crystals still leases tens of thousands of acres of Talisman property today for $59 per acre. Plus, the SFWMD pays them millions more to keep the land free of exotic species.

Our lease requires we pay the lease on gross acres. Most other agricultural leases, including Florida Crystals' current lease, pay only on net crop acres.

Most important, if the state tried to lease all 180,000 acres of land in the Everglades Agricultural Area, there would be no market at all for much of the land. U.S. Sugar's lease rate takes into account the sheer scale of this deal and the cost of increased Best Management Practices. The district negotiated a fair deal, including the seven-year lease, which results in nearly $100 million in lease payments and cost avoidance.

Closer to home, we understand the anxiety toward the future expressed by our employees, growers and communities. While we don't have a magic wand to make everything better for everyone, we have done several things. Our current and former employees, who are also stockholders, will receive an estimated $365 per share from this sale. In addition, we have provided a severance of one to two years' pay for all employees who lose their jobs seven years from now as a result of this transaction.

Additionally, U.S. Sugar provided in the sale contract that the district can immediately transfer 3,000 acres not under cultivation to local municipalities/governments for economic development. Hundreds of acres could be transferred to local communities immediately. We have committed to encouraging the governor, the Legislature and state agencies to quickly develop a real economic transition plan for the local community.

It is also important to keep in mind that the land-only transaction allows U.S. Sugar to retain ownership of the sugar/citrus processing facilities and railroad operations, ensuring it continues operating well into the future. This secures jobs and economic activity for our communities. Our railroad runs throughout the farming area and can economically deliver cane to the Clewiston mill, making the mill and railroad valuable assets regardless of the land attached. The district's expert estimated our railroad gives us a 90-percent transportation edge over competitors. Likewise, most citrus-processing plants operate independently of grove ownership. More than 80 percent of the fruit currently processed at our Southern Gardens plant comes from independent growers, and we expect we could easily contract the remaining 20 percent.

While we have a signed contract, this is not a done deal. We made our case for this acquisition to our board and soon must apply for stockholder approval. In the meantime, the law requires that we try to obtain better offers for our company. Many other entities have expressed interest now that we are a willing seller.
Some have said they intend to make a better offer than the state. Should a superior offer emerge, we would accept it, provided the SFWMD would not match that offer. Finally, the district must secure funding for the acquisition.

That said, this acquisition is the biggest and best opportunity that will ever exist to bring 180,000 acres (nearly 300 square miles of historic Everglades) into public ownership at one time. Regardless of what people think of our motives, profits or problems, the fact is that many have had that same vision over the years, but Gov. Crist is making it happen.

Robert Coker

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"Breathtaking" Everglades mail assault
02/23/2009
Sarasota Herald-Tribune
Joe Follick

By Joe Follick

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How worried are environmentalists that the Legislature may scuttle Gov. Charlie Crist's $1.3 billion plan to buy U.S. Sugar and restore the Everglades?

Well, it's the middle of February and there are already campaign-style mail pieces seeking to pressure lawmakers.

We saw one mailed to a friend in Sebring, the heart of Sen. J.D. Alexander's district. It was paid for by the Everglades Trust and touts the deal as "breathtaking in its significance and scope" with many testimonials from environmental supporters as well as Crist.

"Governor Charlie Crist's bold vision to acquire 'the missing link' for Everglades restoration needs your help," the mail piece says. "In Tallahassee, competing Big Sugar interests are endangering what Gov. Crist terms 'an historic opportunity to protect a unique place.'"

"Without the U.S. Sugar land acquisition, there's virtually no way to prevent harmful lake water releases to our estuaries every 'wet' season, improve Lake Okeechobee and truly restore the Everglades."

The mailer ends with a plea to call Alexander and "ask him to support the River of Grass Acquisition."
Lawmakers are bit skittish about the price of the deal which could reduce other South Florida environmental projects. There is increasing concern the state is overpaying for the land as real estate values collapse.

Sen. Mike Bennett, R-Bradenton, has pushed for a voter referendum to approve the deal. And residents in Clewiston and other rural areas fear the loss of thousands of jobs and a generations-old way of agricultural life.

But this mail piece pooh-poohs those job losses, saying the program would “create more than 30,000 jobs for South Floridians,” according to Kirk Fordham, the CEO of the Everglades Foundation.
Florida Crystals joins the bidding for Glades acres
02/23/2009
Palm Beach Post - Online
PAUL QUINLAN and SUSAN SALISBURY

As the state strives to close on Gov. Charlie Crist's land deal with U.S. Sugar Corp., a competing bidder has emerged - the company's chief rival, Florida Crystals.

Florida Crystals officials toured their competitor's facilities last week, and the two companies signed a confidentiality agreement two weeks ago that would allow them to begin negotiating, executives confirmed Monday.

Monday marked the end of a 60-day period during which U.S. Sugar Corp. could solicit better offers than what Crist already has bid: $1.34 billion for almost all of the company's farmland, about 180,000 acres.

The South Florida Water Management District endorsed that price in December, voting 4-3 for what would be the state's most expensive conservation land purchase in history.

Those 60 days were enough for U.S. Sugar to reach out to 'several interested parties' with whom the company is in 'heavy, active negotiations,' said Robert Coker, a senior vice president. He declined to give names or describe the offers.

Early last month U.S. Sugar said it had 16 other suitors.

Florida Crystals, owned by the Fanjul family of Palm Beach, has fought Crist's deal with U.S. Sugar in court and among state lawmakers - all the while negotiating separately with both sides.

The state hopes to eventually swap some of the U.S. Sugar land with Florida Crystals to re-create some semblance of the historic Everglades' continuous, flowing pathway from Lake Okeechobee south. For now, Florida Crystals land blocks the way.

Florida Crystals has criticized the state's deal as an irresponsible use of taxpayer dollars that would serve only to unearth U.S. Sugar from a mountain of debt.

Florida Crystals says its interest in U.S. Sugar's assets depends on the still-undetermined details of the state's restoration plan: The more sugar cane acreage that the state opts to turn into Everglades-sustaining reservoirs and filter marshes, the less valuable U.S. Sugar's mill and refinery become. 'If the state does
what the Everglades Foundation wants and uses 135,000 acres for restoration, if that is the direction they go, then U.S. Sugar's assets in Clewiston are not worth anything,' said Gaston Cantens, a Florida Crystals vice president. 'If the district leaves enough land, then we will engage in serious discussions with U.S. Sugar about its mill and refinery.' Even after Monday's deadline, U.S. Sugar can continue to receive additional offers - but not solicit them - until a court approves bond financing for the deal. The state will have the right to match any offer.

Financing may not win court approval until this summer, if at all. Florida Crystals and the Miccosukee Indian tribe are among those mounting a legal challenge that's expected to send the case to the state Supreme Court. 'Florida Crystals is trying to apply pressure everywhere they can to jeopardize the deal and potentially increase their advantage, and they're pretty well-heeled,' said J. M. 'Mac' Stipanovich, a veteran Tallahassee lobbyist for U.S. Sugar.

Water managers said they had no firsthand knowledge of Florida Crystals' dealings with U.S. Sugar. 'It wouldn't surprise me,' said Shannon Estenoz, a Broward County environmentalist who sits on the water district's board. What Florida Crystals ultimately wants is 'the $64,000 question,' she said. Stipanovich said he was not privy to any details about Florida Crystals' offer, but suggested that such details may not yet exist. 'My guess is that they don't have to make any of those decisions right now,' he said. 'All they have to do is apply pressure, monitor events and try to get the greatest advantage they can. It's the American way. God bless them.'

Rival bidders for farmland targeted for Everglades restoration have turned the state's game of with U.S. Sugar Corp. into the Amazing Race.

First with the cash to the finish line might win. The contract approved in December calls for the South Florida Water Management District to pay U.S. Sugar $1.34 billion for 180,000 acres, but it gave the company until today to shop for a better offer. U.S. Sugar now has 'several' interested parties and will continue negotiating with those potential buyers to see whether a better offer emerges, said Senior Vice President Robert Coker.

That opening remains for U.S. Sugar because the district has yet to secure financing for what would be the largest public land buy in state history.

Also, the company will consider any unsolicited offers that come in until the district gets court approval for its bond financing,
Coker said.

If U.S. Sugar finds a better deal before the district shores up its financing and if the district won't up its offer, the company could pay a $40 million 'break-up' fee and walk away. 'We have been surprised by the level of activity,' Coker said about the bids. He would not discuss specifics about whom U.S. Sugar is negotiating with or what has been offered.

The state proposes using U.S. Sugar's land to build reservoirs and treatment areas to reconnect water flows from Lake Okeechobee to what remains of the Everglades.

Opponents question the cost and the threat to agricultural jobs from sacrificing farmland for restoration.

The district plans to borrow money to buy the land. Property taxes in the 16-county region from Orlando to the Keys would pay off a debt expected to grow to $3 billion with interest over 30 years. U.S. Sugar's other known suitors have included sugar producer Florida Crystals and The Lawrence Group, which manages farmland in the South and Midwest.

Florida Crystals has gone to court to oppose the district's financing plan. It also has jockeyed to buy U.S. Sugar's Clewiston mill and surrounding farmland.

Florida Crystals Vice President Gaston Cantens said the district could need as much as 40,000 acres of his company's land, in addition to the U.S. Sugar property, to re-create the connection between the lake and the Everglades. It would be better to scrap the current deal and work out a new arrangement, Cantens said.

A Feb. 6 court hearing failed to resolve the financing challenge, which was delayed until March 16. Whatever ruling emerges in March still could be appealed to the Florida Supreme Court.

The district contends it needs its financing approval by July to meet the September closing deadline. 'The district has a contract with U.S. Sugar and is moving forward,' spokesman Randy Smith said.