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Editor's note: A major New York Times story this week put before a national audience Gov. Charlie Crist's plan to save the Everglades by buying out U.S. Sugar, a deal the governor once said was "as monumental as the creation of the nation's first national park, Yellowstone." The piece raises questions already familiar to Florida readers about who actually benefits from the land buy as well as the involvement of George LeMieux, the governor's former chief of staff whom Crist appointed to the U.S. Senate seat he himself is seeking. Here we publish some key excerpts of the New York Times' article (click on the full version at links.tampabay.com) with annotated comments from St. Petersburg Times staff writers Alex Leary and Craig Pittman.

Standing amid the marshes at the Loxahatchee National Wildlife Refuge in June 2008, Gov. Charlie Crist said, "I can envision no better gift to the Everglades, the people of Florida and the people of America — as well as our planet — than to place in public ownership this missing link that represents the key to true restoration." Nearly two years later, the governor's ambitious plan to reclaim the River of Grass is instead on track to rescue the fortunes of U.S. Sugar. U.S. Sugar dictated many of the terms of the deal as state officials repeatedly made decisions against the immediate needs of the Everglades and the interests of taxpayers, an examination of thousands of state e-mail messages and records and more than 60 interviews showed.

Documents and interviews suggest that the price tag and terms of the deal could set back Everglades restoration for years, or even decades.

Negotiations favored U.S. Sugar from the start, when the state accepted two outside firms' appraisals of the company's land that used figures from the height of the real estate market, according to documents.

When a "fairness opinion" commissioned by the state found that those appraisals had overvalued the land by $400 million, Florida officials orchestrated a public relations campaign to discredit the findings, internal e-mail showed. Appraisers from the Florida Department of Environmental Protection, which was required to sign off on the deal, were also cut out of the process after raising concerns, e-mail messages showed.

More than a dozen projects under way as part of a 10-year-old federal and district restoration effort have been suspended or canceled in anticipation of the cost of the U.S. Sugar deal. Among them is a massive reservoir in western Palm Beach County that was seen as a major step toward restoration of the Everglades. In total, $1.3 billion had already been spent on the projects, according to an internal water district document.

Former Gov. Jeb Bush, who initiated most of that work, said in an interview that he was "deeply disappointed" with the decision by Crist, his successor and a fellow Republican, calling the move to halt the projects a setback for restoration.

To replace projects that were under way for a possibility of a project decades from now is not a good trade," Bush said. "On a net basis, this appears to me there has been a replacement of science-based environmental policy for photo-op environmental policy.”

Leary: Jeb Bush has becoming increasingly willing to criticize his successor's decisions on a variety of fronts, and this is a big one. People in the Bush camp have seen Crist as short on detail and long on publicity-grabbing. And by providing an on-the-record quote, Bush himself conveys that point. The politics extends to the GOP U.S. Senate primary, where Crist faces Bush protege Marco Rubio. Crist has pointed to the Everglades deal as a hallmark of his term, but Rubio quickly pounced on Bush's quotes as an example that a proven conservative does not agree. Officially, Bush still remains neutral in the race, but comments like this only help Rubio.

The sale, scheduled to close March 31, amounts to a lifeline for U.S. Sugar, which entered negotiations at a time of profound weakness; it was facing a costly shareholder lawsuit, sinking profit margins and increased foreign competition. The deal would enable it to wipe nearly all the debt from its books.

U.S. Sugar had an unusually powerful advocate in Gunster, a West Palm Beach law firm that had represented it since 1990. Gunster's chairman, George LeMieux, was Crist's chief of staff when the deal was conceived. LeMieux, who began working at the law firm in 1994, returned to it in January 2008 as the deal was being renegotiated.

LeMieux said in an interview that he had recused himself from the U.S. Sugar negotiations while he was chief of staff, to avoid a conflict of interest. He said he had never discussed the deal with Crist, which was "awkward as heck,” given
how close they are.

Back at the law firm, LeMieux sent an e-mail message on Dec. 18, 2008, to its compensation committee, saying "I should not be compensated" for the firm's U.S. Sugar representation, according to a copy of the message. H. William Perry, Gunster's managing partner, said the firm complied. LeMieux said that he had only "management type discussions" about the case as chairman.

Rick J. Burgess, a Gunster partner, said he spoke to LeMieux on occasion about the deal, using him "as a sounding board."

LeMieux played a similar role for Kirk Fordham, who runs the powerful Everglades Foundation. Fordham said he spoke two or three times with LeMieux when he was at the law firm for updates about the negotiations.

Leary: LeMieux has faced questions before about possible business conflicts since he left Crist's office, and his ties to the U.S. Sugar deal were scrutinized by Florida newspapers. He denied any role. A more nuanced version emerges in this New York Times piece, however, and that could put more scrutiny on LeMieux, who was appointed by Crist to the U.S. Senate in September after Mel Martinez resigned.

On Route 27 heading out of Palm Beach, towering piles of rocks extend for more than a mile on the site of what was to become the largest man-made reservoir on the planet. The reservoir was a vital piece of the $7.8 billion restoration project put together by President Bill Clinton in 2000. Under the plan, reservoirs, marshes and hundreds of wells would collect, clean and deliver rainwater to the Everglades, where an array of plants and animals are threatened with extinction.

Environmentalists had long sought to restore the historic flow way, or waterway, from Lake Okeechobee south through the Glades and into Florida Bay, a dream that had been hampered by more than a century of piping, dredging and development. The flow way required land owned by U.S. Sugar and its chief competitor, Florida Crystals, both of which refused to sell for years.

The system of wells and reservoirs was a way to circumvent that need.

Pittman: The 333 wells, which would store 1 billion gallons of water in bubbles in the aquifer, were the most expensive part of the restoration project, and required using a technology that had not been tested at such a scale, raising questions about whether the restoration plan would even work. The reservoirs, which would in part be made from what was left of mining quarries, also relied on an untested technology to make sure the porous karst sides did not leak. A natural flow way would be less expensive to operate in the long run, engineers acknowledged.

In 2007 U.S. Sugar's debt soared to more than $500 million, former executives said, as operational problems and competitive pressures mounted. The company was in its second year of drought and further hampered by a recent water district restriction limiting a method of irrigation that sugar growers relied on during the dry seasons.

On Nov. 15, 2007, two U.S. Sugar lobbyists met in the governor's office with Crist and Eric Eikenberg, the deputy chief of staff under LeMieux.

The lobbyists, J.M. Stipanovich and Brian Ballard, had supported Crist's campaign for governor, and Ballard was one of its major fundraisers. U.S. Sugar was still reeling from the government's decision to limit irrigation.

"It was a visit to open his eyes, to open his ears to the idea that a lot of these decisions were affecting their livelihood," Malcolm S. Wade Jr., a senior vice president at U.S. Sugar, said in an interview.

At the meeting, the governor announced that the state might be interested in buying U.S. Sugar. Crist said in an interview that he could not remember "the particulars" of when or how the idea had originated.

Wade said that the company had been taken by surprise. "It caught everyone out of the blue," he said.

Pittman: Two years ago Crist told the St. Petersburg Times that the key to making the buyout happen was a federal lawsuit filed by Earthjustice and other environmental groups, challenging the sugar company's practice of backpumping farm runoff containing phosphorous, pesticides and other chemicals into the lake. A judge agreed that the backpumping — which triggered massive algae blooms and compromised drinking water quality for small towns such as Pahokee and South Bay — violated the Clean Water Act, and state water officials voted to no longer allow the practice. Sugar executives viewed the vote as financially devastating, and that's why they approached Crist to ask him to overturn the state decision. Instead, he proposed buying them out.
On June 24, 2008, with Florida already experiencing a recession and property values sinking, Shannon A. Estenoz, a member of the water district's advisory board who had been on the board of the Everglades Foundation, stood beside the governor at the edge of the Everglades as he unveiled the $1.75 billion deal. Politically, the timing was perfect. Crist was on the short list of potential running mates for Sen. John McCain, the presumptive Republican nominee for president.

The growing financial crisis in the summer of 2008 was rapidly changing the scope of the deal. On Nov. 11, 2008, Crist announced a smaller, $1.34 billion purchase of just over 180,000 acres of U.S. Sugar's land, but this time not including its other assets.

At a news conference, Crist called the new deal “miraculous.”

For U.S. Sugar, at least, it looked that way. David Guest, an environmental lawyer and vocal supporter of the full buyout plan, said that the state's lead negotiator, Michael W. Sole, secretary of Florida's Environmental Protection Department, had given away far too much to U.S. Sugar.

“He got scammed,” Guest said. “Everyone gasped in disbelief when he came back with what he did.”

Sole said in an interview that he got the best deal he could.

Pittman: State officials have publicly acknowledged from the start that they do not need all of U.S. Sugar's property for Everglades restoration. Instead they have promised to swap some parcels — such as the citrus land — for land that lies directly in the path of the Everglades flow way they would like to build.

Appraisers for the Florida Department of Environmental Protection had questioned the methods of two outside appraisal firms used by the water district. According to internal e-mail, Thomas Porter, one of the department's appraisers, would not give his requisite approval by the deadline. In response, U.S. Sugar's lawyers at Gunster persuaded the water district to change the contract so the department's sign-off was no longer required, records showed. Several days after Crist's November news conference, the water district learned that the firm it had hired to render the fairness opinion — an analysis of the entire deal — had also concluded that the land was worth far less.

The firm, Duff & Phelps, based in Manhattan, estimated the U.S. Sugar property was worth $930 million, about $400 million less than what the district would be paying.

Officials who had commissioned the Duff & Phelps report were now scrambling to minimize its impact. Internal e-mail messages showed that the district's scripted response for reporters was sent to Eric Eikenberg, Crist's deputy chief of staff, as well as several prominent environmentalists. Robert E. Coker, a U.S. Sugar vice president, was blunt, characterizing Duff & Phelps publicly as “Huey, Dewey and Louie.” He argued that Florida was paying bargain-basement prices, saying “the state is getting the Hope Diamond at cubic zirconia prices.”

LEARY: Wait a minute. LeMieux knew enough to provide a keynote address? That only emboldened critics of Crist, who portrayed it as a sweetheart deal for special interests, lobbyists and lawyers. A spokesman for LeMieux told the St. Petersburg Times, “The senator went to great lengths to put a wall between him and the transaction. He played no role in the agreement. Anything he discussed about it at that conference was available in the public domain.”
An article in Sunday's New York Times describing the still-evolving purchase of U.S. Sugar Corp. lands for Everglades restoration surprised us in how it mischaracterized the justification, need and feasibility of such an important purchase.

The scientific community is in agreement that, in order to meet the goal of restoring the Everglades, a key component and first step is converting thousands of acres of agricultural lands into areas that can store and clean water flowing into the Everglades. The added benefits of protecting South Florida water supplies and improving the health of the St. Lucie and Caloosahatchee Rivers are similarly critical.

No party has presented an alternative option that is more cost-effective than land acquisition — it is simply the best means of solving the critical water challenges facing the Everglades. The alternative of storing billions of gallons of water underground is both more costly and very energy-intensive. With a willing seller ready for the first time to negotiate a major sale, the reality of substantial land purchases within the Everglades Agricultural Area is a once-in-a-lifetime opportunity that simply cannot be passed up. Failing to act now can only mean even higher costs later.

Economic realities are important in good times and bad. Although the initial proposal was to purchase more than 180,000 acres, that has by necessity been scaled back to about half that amount, with an option to purchase more tracts when the economy recovers and finances improve. The reduced 73,000-acre acquisition, however, still provides the core benefits needed to make this part of Everglades restoration a success.

Finances are always a consideration, and that is why the South Florida Water Management District is carefully reviewing its budget to make certain that this important acquisition can take place while other Everglades restoration projects continue. Given the dynamic and long-term restoration process involved with this unprecedented ecosystem, it is not surprising that adjustments have been made in the past and will continue into the future.

Critics of the effort to purchase U.S. Sugar lands have a vested interest at stake.

Opponents realize that, if the sale can't be blocked, then the opportunity to profit from the public's "free" water supplies here will be lost to them forever. Greed cannot be allowed to thwart what is clearly in the Everglades and public's best interest.

Everglades restoration has made great progress in the last few years, and momentum has increased with the federal government honoring its cost-sharing pledges. The bridging of the Tamiami Trail is under way to restore vital water flows into Everglades National Park, and the Kissimmee River restoration is now producing measurable results that exceed expectations for wildlife recovery and public recreation.

This momentum can only be sustained by taking advantage of the U.S. Sugar land acquisition. It is the best cost option that helps fulfill the adopted Year 2000 Comprehensive Everglades Restoration Plan.
Florida environmentalists are worried that a Monday New York Times article could derail a $536 million deal to purchase 73,000 acres from U.S. Sugar as part of the effort to rescue the Everglades.

It would be better for the deal to be derailed if taxpayers are being fleeced. But that is not at all clear, despite the Times’ effort to put the proposal in the worst possible light.

The acquisition has been heralded as essential to saving the Everglades. It will take polluting sugar fields out of production and provide land where water can be filtered and stored before it flows into the Everglades.

Gov. Charlie Crist considers the complex deal one of his major accomplishments. But the Times depicted it as a giveaway to U.S. Sugar that would actually delay Everglades restoration.

The newspaper describes how the construction of a reservoir included in the original cleanup plan had been suspended to allow the land acquisition.

Former Gov. Jeb Bush told the Times, "To replace projects that were under way for the possibility of a project decades from now is not a good trade."

The story's underlying theme seems to be the deal is a scam and the 16-county South Florida Water Management District, which will finance the restoration, should back away. The district is to decide today whether to extend the contract with U.S. Sugar. It is scheduled to expire March 31.

As we have said since the deal was first proposed, the transaction deserves rigorous and continued scrutiny.

But the district should extend the contract, which still would allow the state to walk away from the agreement if something is amiss.

The Times article airs many of the same objections of Florida Crystals and other sugar companies that have opposed the acquisition from the start.

But the reality is this: U.S. Sugar's agreement, whatever its shortcomings, does offer a rare opportunity to undertake a far more effective restoration effort than would be possible otherwise.

As Eric Draper, director of Florida Audubon, says, "The unassailable fact is that to save the Everglades you must have land in the Everglades Agricultural Area. You can't save the Everglades without it. And until now the sugar industry has not been willing to sell land."

It's clear that U.S. Sugar got a good asking price for the land. Perhaps it is excessive, but some appraisers found it reasonable. Moreover, an appraisal means nothing if the owner is unwilling to sell.

There are a number of proposed projects in the Everglades Agricultural Area, including an inland port, that could increase land prices and make the state's purchase price seem far more attractive.

If the state had insisted on a lower price, it might have lost the chance for comprehensive restoration altogether.

Defenders of the deal point out that stopping work on the reservoir made good sense. The facility was designed before the U.S. Sugar deal, which will allow construction of a far more extensive water-filtering system.

To plunge ahead with the reservoir would have shown bureaucratic indifference to the need for change and could have proved costly.

Supporters also say any delays that result from the acquisition are more than justified by the improvement the additional acreage will bring to the restoration plan.

It's true that not all of the U.S. Sugar land being purchased is necessary for restoration. But some may be traded later to other sugar companies for more important tracts - something critics ignore.

The project will create thousands of construction jobs, help clean Florida Bay, provide an adequate water supply for South Florida and save the Everglades. All are worthy goals.

No deal is perfect, and this one, no doubt, has flaws. State regulators and taxpayers should continue to vet and debate it. But they also should consider the prospects for the Everglades if the deal is scrapped.
Long road from and to Tally

03/10/2010
Tampa Tribune - Online
Steve Otto
sotto@tampatrib.com sotto@tampatrib.com

It was early, and there was plenty of parking when the candidate pulled her white Ford Explorer up in front of the Tropicana in Ybor City on an unusually cold March morning.

March is a tough time to be a candidate for anything, with voting long months away.

It's spring and time for baseball and March Madness and hopefully a tax refund.

But Paula Dockery has little time for that. She wants to be the next governor of Florida, and right now she is No. 3 in an already nasty two-dog race.

That's why she made the drive down from Tallahassee the night before. She began in Lakeland, drove to Ybor for coffee, headed back to Lakeland to be seen at a Detroit Tigers game for a few innings, and then was off to Volusia County to meet with a Republican club there before coming back to Plant City for the strawberry festival.

The primary battle

Her first priority will be the Republican primary, where she will have to take out the better-known current Florida attorney general, Bill McCollum, and then come back with enough strength to face the current state chief financial officer, Alex Sink.

She is what the word underdog is all about.

But she has a few things going for her. McCollum and Sink are engaged in a campaign to destroy each other. Dockery only has to smile as the mud flies in two directions.

McCollum, her first challenger, looks like the insurance guy who tells you that you aren't covered.

Dockery is smart and well-spoken. She has that ability to simplify complex issues into sound bytes. She didn't become a force in the Florida Legislature and majority whip by sitting there. She has put together a strong resume of working for Florida's environment, transparency in government and, more recently, calling out backroom deals that state officials try to make - in particular the SunRail agreement with CSX that critics maintain was a bad deal for taxpayers.

A sweet deal

Dockery is a leading voice questioning Gov. Charlie Crist's push to buy land in the Everglades. Dockery asserts acquiring the land will do nothing for Everglades' restoration and everything for the property's current owner, U.S. Sugar.

Although she is married to multimillionaire C.C, "Doc" Dockery, the Lakeland businessman who spent millions of his own dollars to launch the high-speed rail project 30 years ago, she says financing will be the big thing.

“Right now I'm just beating bushes from the Panhandle to the Keys, talking to anyone who will listen,” which explained why she was in Ybor City and a tad unhappy she had to settle for Cuban toast and coffee instead of breakfast with a busy day ahead.

She might be a long shot, but right now she's the one talking about issues and proposing solutions. Somewhere down the line that's going to pay off.

Keyword: Otto Graphs, for more of Steve Otto's musings.
Letter: Water management officials should extend contract to purchase land from U.S. Sugar Corp.

03/10/2010
TCPalm.com
Laurie Odlum

As a Floridian, a long-time resident of South Florida — from Broward to Palm Beach and now Martin — and lover of our state's natural wonders, I believe we have an opportunity that comes along once in a lifetime (or even once in many lifetimes) to restore and protect the Everglades. The opportunity is the state's purchase of 73,000 acres of land from the U.S. Sugar Corp., including acreage in the Everglades Agricultural Area south of Lake Okeechobee.

An important vote this week will or will not keep this opportunity alive. I, for one, urge the governing board of the South Florida Water Management District to vote in favor of extending the contract to purchase this land. By extending the contract, the district will be giving the court time to decide upon the funding mechanism for the purchase.

Successful restoration of the Everglades depends on storing, treating and conveying clean, fresh water from Lake Okeechobee south through the EAA, into Everglades National Park and Florida Bay. The more natural flow of water will replenish parched wetlands, revive natural plant communities and heal habitat that is so important to struggling bird and wildlife populations.

This state acquisition is the best opportunity we have to secure acres of land to store, treat and move water south. The governing board should not miss this once-in-a-lifetime opportunity. By acquiring this land, the state will be protecting Florida's natural systems and wildlife, as well as our freshwater resources, for many lifetimes to come.

president, Audubon of Martin County

Florida $650 Million Land Bond Faces Financial, Legal Challenge

03/09/2010
Bloomberg News
Jerry Hart

By Jerry Hart

March 9 (Bloomberg) -- Florida's plan to borrow $650 million to buy private land for Everglades restoration faces political and legal hurdles amid warnings that water managers can't afford it.

The South Florida Water Management District, which runs efforts to reclaim farmland and restore water flow to 1.4 million acres (566,788 hectares) of wetlands, will meet tomorrow on extending the deadline for an agreement to buy 72,500 acres from U.S. Sugar Corp. It must do so to accommodate an April 7 Florida Supreme Court hearing on challenges to the sale.

The hearings come as state lawmakers seek to bridge a $3.2 billion projected revenue gap for next fiscal year and after a financial adviser urged the district to reconsider its plans. Debt service for the land purchase would add to deficits of as much as $110 million in each of the next two budget years and could affect the district's credit rating, the adviser said.

"We recommend that the district review its debt coverage and debt ratio policies," Public Financial Management Inc., the Philadelphia-based adviser, said in a letter to the district on Feb. 17. "These policy changes will be carefully reviewed by the credit rating agencies."

Conditions that led to an AA+ rating from Standard & Poor's, its second-highest grade, on debt sold by the district in 2006 for land purchases have changed, the adviser's letter said. The $546.1 million of bonds, called certificates of participation, are backed by a portion of property taxes in 16 counties from Orlando in the state's center, south to the Florida Keys.

'Muted' Growth

"Taxable assessed values have declined and may drop further," the adviser's letter said. "Future growth in taxable
value will likely be muted,” limiting the water district’s ability to absorb debt.

Water managers won’t have to decide on borrowing plans again until the state Supreme Court rules on the U.S. Sugar bond sale, said Eric Buermann, chairman of the district’s governing board. The extension of the land agreement is for six months, and the Supreme Court could take as much as a year to issue a final ruling, he said in an interview. The local economy may improve in that time, he said.

“When we sit down to look at the affordability, I want the very latest figures,” he said. “This is a changing economy and six or nine months is a very long time. We may see the trends start to come back in a positive way.”

‘Fiscally Irresponsible’

State Senator Paula Dockery, a Republican candidate for governor who opposes the U.S. Sugar deal, released the adviser’s letter. She characterized borrowing for the U.S. Sugar land as “fiscally irresponsible” given the state’s budget gap. S&P classifies Florida’s credit outlook as “negative” because housing prices have collapsed and unemployment of 11.8 percent in December topped the national average at 10 percent.

“Continuing to pursue this purchase is not just fiscally irresponsible, it is nothing short of reckless,” Dockery wrote to Buermann on March 5.

The land deal was scaled back twice since Governor Charlie Crist, a first-term Republican who’s running for the U.S. Senate, announced plans in June 2008 to buy 187,000 acres from U.S. Sugar for $1.75 billion. What he called one of the largest public land purchases for environmental purposes was reduced to 180,000 acres for $1.34 billion in November 2008 and to 72,500 acres for $536 million in April 2009.

The water district’s plan to borrow $2.2 billion even as the purchase was reduced was blocked in August by Palm Beach County Circuit Judge Donald Hafele, who limited the amount to $650 million.

Sugar Competitor

Challenging the bond sale before the state Supreme Court will be affiliates of closely held Florida Crystals Corp., a sugar producer based in West Palm Beach.

“There is no public project established for the proceeds,” said Gaston Cantens, vice president of Florida Crystals. “It’s just a land acquisition, which is distinguished from a construction project, which is what COPs were intended for,” he said, referring to certificates of participation.

The agreement would allow U.S. Sugar to farm the 72,500 acres under a seven-year lease that may be extended. The water district would have a 10-year option to buy another 107,500 acres.

Florida Crystals’ opposition is delaying the project, which should receive an expedited ruling from the court because of its public importance, said Judy Sanchez, U.S. Sugar’s director of communications in Clewiston, Florida.

“The delays have been primarily caused by one of our business rivals filing suit,” she said. “All the litigation expense and time delays can be placed at their door.”

Indian Opposition

The Miccosukee Tribe of Indians of Florida will also argue before the court, saying the district’s borrowing doesn’t achieve a public purpose and that it’s financially unable to meet the transaction’s terms.

The district “has no funds or bonding capacity to later purchase the option lands,” according to the tribe’s legal brief.

The New York Times and the Miami Herald, in articles on March 7 and 8, said Crist favored U.S. Sugar in the land purchase and that appraisals overstated the property’s value. Sterling Ivey, Crist’s spokesman in Tallahassee, the state capital, didn’t respond to a request for comment.

The state had to act when the land became available because its location fits with plans to restore water flow from Lake Okeechobee south into the Everglades, Buermann said.

“It’s not as if we could comparison-shop,” he said. “If we were getting into the sugar business, we could look at land in Hawaii. To use normal commercial terms isn’t really the standard.”

To contact the reporter on this story: Jerry Hart in Miami at jhart@bloomberg.net.
Florida $650 Million Land Bond Faces Financial, Legal Challenge
03/09/2010
BusinessWeek - Online
Jerry Hart
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"Taxable assessed values have declined and may drop further," the adviser's letter said. "Future growth in taxable value will likely be muted," limiting the water district's ability to absorb debt.

Water managers won't have to decide on borrowing plans again until the state Supreme Court rules on the U.S. Sugar bond sale, said Eric Buermann, chairman of the district's governing board. The extension of the land agreement is for six months, and the Supreme Court could take as much as a year to issue a final ruling, he said in an interview. The local economy may improve in that time, he said.

"When we sit down to look at the affordability, I want the very latest figures," he said. "This is a changing economy and six or nine months is a very long time. We may see the trends start to come back in a positive way."

'Fiscally Irresponsible'

State Senator Paula Dockery, a Republican candidate for governor who opposes the U.S. Sugar deal, released the adviser's letter. She characterized borrowing for the U.S. Sugar land as "fiscally irresponsible" given the state's budget gap. S&P classifies Florida's credit outlook as "negative" because housing prices have collapsed and unemployment of 11.8 percent in December topped the national average at 10 percent.

"Continuing to pursue this purchase is not just fiscally irresponsible, it is nothing short of reckless," Dockery wrote to Buermann on March 5.

The land deal was scaled back twice since Governor Charlie Crist, a first-term Republican who's running for the U.S. Senate, announced plans in June 2008 to buy 187,000 acres from U.S. Sugar for $1.75 billion. What he called one of the largest public land purchases for environmental purposes was reduced to 180,000 acres for $1.34 billion in November 2008 and to 72,500 acres for $536 million in April 2009.

The water district's plan to borrow $2.2 billion even as the purchase was reduced was blocked in August by Palm Beach County Circuit Judge Donald Hafele, who limited the amount to $650 million.
Sugar Competitor

Challenging the bond sale before the state Supreme Court will be affiliates of closely held Florida Crystals Corp., a sugar producer based in West Palm Beach.

“There is no public project established for the proceeds,” said Gaston Cantens, vice president of Florida Crystals. “It's just a land acquisition, which is distinguished from a construction project, which is what COPs were intended for,” he said, referring to certificates of participation.

The agreement would allow U.S. Sugar to farm the 72,500 acres under a seven-year lease that may be extended. The water district would have a 10-year option to buy another 107,500 acres.

Florida Crystals' opposition is delaying the project, which should receive an expedited ruling from the court because of its public importance, said Judy Sanchez, U.S. Sugar's director of communications in Clewiston, Florida.

"The delays have been primarily caused by one of our business rivals filing suit,” she said. “All the litigation expense and time delays can be placed at their door.”

Indian Opposition

The Miccosukee Tribe of Indians of Florida will also argue before the court, saying the district’s borrowing doesn't achieve a public purpose and that it's financially unable to meet the transaction's terms.

The district "has no funds or bonding capacity to later purchase the option lands,” according to the tribe's legal brief.

The New York Times and the Miami Herald, in articles on March 7 and 8, said Crist favored U.S. Sugar in the land purchase and that appraisals overstated the property's value. Sterling Ivey, Crist's spokesman in Tallahassee, the state capital, didn't respond to a request for comment.

The state had to act when the land became available because its location fits with plans to restore water flow from Lake Okeechobee south into the Everglades, Buermann said.

"It's not as if we could comparison-shop,” he said. "If we were getting into the sugar business, we could look at land in Hawaii. To use normal commercial terms isn't really the standard.”

--Editors: Pete Young, Mark Tannenbaum

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It was the blockbuster environmental deal of a lifetime: Florida Governor Charlie Crist announced in 2008 that the state was going to buy 180,000 acres of wetlands from United States Sugar Corporation. The purchase would effectively close U.S. Sugar's doors for good and restore a critical drainage pathway for water flowing out of Lake Okeechobee and into Florida's sprawling, threatened Everglades.

But according to a brilliant piece of investigative journalism in the New York Times on Monday, the deal had begun to unravel even before Crist announced it to the public for the first time in June 2008. The governor painted in grand, dramatic strokes of rhetoric, saying the purchase was to be "as monumental as the creation of our first national park, Yellowstone ... [and] represents, if we're successful, and I believe we will be, the largest conservation purchase in the history of the state of Florida."

What Crist neglected to mention was that the $1.75 billion purchase was going to funnel money away from ongoing restoration projects in the Everglades, and threatened to leave the South Florida Water Management District without a dime to fix up U.S. Sugar's land -- land that had for decades been polluted and altered to suit the needs of industrial agriculture. Dexter Lehtinen, a lawyer for the native American Miccosukee Tribe said, "This is a death warrant for the Everglades. It sucks away all the money devoted to projects now in the pipeline."

Such dissenting opinions were marginalized. The deal moved forward. By November of 2008, the financial crisis was in full swing and real estate prices plummeted. The deal was downsized to $1.34 billion, but that still left Florida taxpayers shelling out $7,000 an acre for land that was maybe worth $4,000.

It might've been worth it -- overpaying for land that would drive a major industrial interest out of a sensitive environmental habitat isn't necessarily a bad thing.

But then last April, Crist downsized the project again, announcing the state would purchase just 72,800 acres for $536 million. Suddenly U.S. Sugar found themselves sitting pretty -- they could offload only their least desirable land to the state, raise money to pay off corporate debt, and then get back to business as usual.

The sprawling NYT story paints a picture that makes U.S. Sugar and Crist look like they were in this together, with Crist trying to score political points and the company's leadership simply trying to wriggle out of a financial quagmire they'd been in for years.

Does it all add up to the biggest environmental swindle of the decade? Could be, and it could be a knife in the back of environmental groups and citizens who had thought their governor was crusading to save Florida's most precious natural treasure.

But before judgment is passed, consider that even in its much-reduced form, Crist's now "semi-sweet" deal to buy U.S. Sugar's land is still the largest land purchase ever for the Everglades. It makes you wonder whether he has a point when he argues:

...critics of the deal would come up with "all kinds of reasons not to do something."

"But what are they doing to try and preserve the Everglades, other than complain about it?" he said. "What are they doing in a productive way to move forward and preserve this national treasure that exists nowhere else on the face of the earth? Nothing but complain. I rest my case."

Florida Everglades restoration now a bailout for U.S. Sugar
03/09/2010
Grist Magazine
Tom Laskawy
Cypress trees in the Everglades. Photo: National Park Service

The New York Times published a monster investigative piece Monday on the disaster that is the Everglades Restoration Project. In some ways, it distills much of what's wrong with both corporate and government culture in this country. Fun fact: the key beneficiary of the restoration plan will not be the Everglades, any of your favorite charismatic mega-faunae that live therein, nor certainly Floridians.

The big winner in the deal will be American oligopolist extraordinaire U.S. Sugar. The deal as originally proposed would have bought out U.S. Sugar's land in the Everglades to the tune of $1.75 billion. The recession has seen the deal downsized but still involves handing over $536 million to the company for land at inflated prices -- especially handy given that the recipient is on the verge of bankruptcy.

This shouldn't be surprising. As the NYT observes:

United States Sugar dictated many of the terms of the deal as state officials repeatedly made decisions against the immediate needs of the Everglades and the interests of taxpayers, an examination of thousands of state e-mail messages and records and more than 60 interviews showed.

"... I won't lie to you -- it's a damn good price for that land," said the [U.S. Sugar] executive, who spoke on the condition of anonymity because he had signed a nondisclosure agreement. "But it's not as good a deal for the Everglades. If the district doesn't have any money after this purchase, then they won't be able to do any restoration projects. It could be a disaster in the making."

I don't know if it's possible to connect this particular deal with the unique position the sugar industry holds in the U.S. It's pretty much the only industry that still enjoys stifling protectionist policies that keep domestic prices high. And while, as Marion Nestle points out, they're not high enough to dampen sugar consumption, they were high enough to contribute mightily to the wholesale takeover back in the '80s and '90s of processed food sweetening by high-fructose corn syrup. In fact, I think this is more about what happens when you combine consolidation, industrial agriculture, and a government utterly captured by corporate interests, blend and serve.

Anyway, the whole sad affair is worth some attention. I'm not sure what conclusions can be drawn from this report other than U.S. corporations continue to extract billions from taxpayers as easily as taking candy from a baby. In the end, Florida's Republican governor Charlie Crist seems to have been only too happy to have chucked over a bipartisan, more cost-effective plan in favor of a sweetheart deal that appears to be completely divorced from any sense of public good.

In a word: Ugh.
Restoration of the Picayune Strand to restore natural water flows is well under way today — the first official project of the Comprehensive Everglades Restoration Plan and one of the heretofore “missing pieces” of restoration. While celebrating, it should be noted that this restoration would not be happening if the land had never been acquired.

Many times during the 24 years that it took to track down and convince 17,000 landowners to sell, acquisition did seem to be an overwhelming, impractical, expensive task and — yes — it was controversial. It took more than $155 million and a lot of perseverance. The effort was worth every hour and every dollar.

On Thursday, the South Florida Water Management District Governing Board is being asked to reaffirm the worth of restoring other parts of the Everglades and to recommit to an agreement to buy 73,000 acres of land from U.S. Sugar. That commitment, too, is expensive — $536 million — and controversial, and the land to be acquired is another “missing piece” of restoration.

Make no mistake, that U.S. Sugar land is needed to store water for agricultural and urban uses during the dry season and, during the rainy season, to filter farm and urban runoff so it can be released south into the River of Grass where it is needed and to eliminate the destructive and polluting releases that are currently made west into the Caloosahatchee River and estuary. Restoration of habitat will benefit numerous species of Florida's native wildlife. The governing board should, indeed it must, reaffirm its commitment — if the long-term goals of Everglades restoration are to be achieved.

For two years opponents have attacked the deal relentlessly, but offered no alternatives. There has been no other “willing seller” step forward with a better deal or land swap. Initially the purchase agreement was a “buy it all” proposal, $1.75 billion for 187,000 acres, a railroad, refinery and citrus processing plant. Assets the water-management district did not need were to be resold to offset the expense of buying land that was and is needed.

Deservedly, Gov. Charlie Crist was praised for his expansive vision and bold initiative. He also deserves praise for, in the face of the national recession and Wall Street's disarray, responsibly changing the deal to acquire only those lands immediately needed and secure an option on the rest. That contract, which needs to be extended because of delays generated by opponents, also includes an escape clause if, in fact, the deal proves to be unaffordable. Ultimately, affordability depends on market conditions and terms when bonds are validated by the Florida Supreme Court.

The Florida Wildlife Federation and Defenders of Wildlife have long held their own long-range vision and commitment to landscape-scale restoration. Former federation executive director Johnny Jones and board member Arthur R. Marshall led the early efforts to empower the state not only to buy environmentally sensitive lands, but also to restore the Kissimmee River and Lake Okeechobee and to re-establish the flow of water that is the River of Grass. Defenders recognize this purchase as a critical component of ecosystem restoration which benefits both the economy and the environment, including endangered species. Defenders’ professional publications demonstrate the economic benefits of conservation lands.

We are now urging the governing board of the South Florida Water Management District to stay its course and extend the contract. We are confident of the multiple benefits to Southwest Florida and the rest of southern Florida.
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**Extend U.S. Sugar contract: Crucial decision on land sale this fall**

03/09/2010

Palm Beach Post - Online
It's tempting to urge the South Florida Water Management District Governing Board to abandon its purchase of U.S. Sugar land when the board considers a contract extension Thursday. Critics now cite Monday's New York Times story, which suggested that the deal is better for U.S. Sugar than the public. New financial projections are so bleak that the district's consultant questions whether the agency can afford the purchase.

But the Times' reporting adds little beyond what readers of The Palm Beach Post knew. And killing the deal at this point over an extension forced by a slow-moving court would be a mistake. Board Chairman Eric Buermann correctly told The Post, "The decision point is not now."

That's because the extension has been forced on the district by critics of the sale: Florida Crystals and the Miccosukee Tribe. They challenged the district's right to issue bonds for the land. They lost. They appealed to the Florida Supreme Court, which refused to grant a speedy hearing. Though the district faces a March 31 deadline to validate the bonds or extend the deadline, the court set arguments for April 7.

U.S. Sugar has said that it will agree to the extension. No surprise there. The Clewiston-based company would get $536 million for 73,000 acres, and could continue farming for as long as 20 years. The governing board is likely to agree as well, particularly since Gov. Crist just stacked the board with two members who support the sale.

The real deadline is November, when Gov. Crist leaves office. So let's get to the real issues.

In a letter to The Post on Monday, state Sen. Paula Dockery, a Republican candidate for governor, concluded erroneously that the deal "would do little to advance the important goal of Everglades restoration." Former Gov. Jeb Bush, who called the deal "photo-op environmental policy" in The New York Times story, also misses the crucial point. To make Everglades restoration work, the district needs land for water storage, since the original idea — underground storage — is not working. Mr. Bush did nothing to find an alternative to underground storage. Without the land, the district can't meet storage needs. With the land, there's a chance.

The critics have a better argument when they claim that the sale will sap the district's ability to continue Everglades projects while performing its routine functions. A memo from The PFM Group, the district's consultant, expressed alarm over projected budget deficits of about $100 million a year for two years. District projections show a $65 million property tax decline this year and a $54 million decline next year.

Fortunately, the district can extend the contract without triggering a financial crisis, because the contract contains an out. With property values falling, The Post editorialized often that the original deal for the district to buy out U.S. Sugar was too generous and too expensive. When board members approved the deal — since cut in half — in December 2008, they added language allowing the district to cancel the contract without penalty if the cost jeopardizes core district functions. That issue is separate from the court case, and Mr. Buermann is right to insist that it be considered separately.

A tax increase across the district's 16 counties could raise about $150 million a year. But Gov. Crist, running for the Senate as a tax-cutter, has insisted that the district not raise taxes. The board should extend the contract Thursday, and base its final decision on the facts, not a campaign.
Palm Beach Post Staff Writer

It's hard to overestimate how personally important Gov. Charlie Crist considers the half-billion-dollar land deal he brokered with U.S. Sugar Corp. in the name of Everglades restoration.

In a nationally televised interview with Fox News on Monday night, he spoke of it as a way to "honor God's work" and again equated the proposed 73,000-acre deal to the purchase of the first national park.

"Our administration has been very focused on it, just like Teddy Roosevelt would have been," Crist told Fox host Greta Van Susteren.

Amid an increasingly vicious race against Marco Rubio for a seat in the U.S. Senate, a key component of Crist's political legacy now faces a critical vote Thursday before a much lesser-known political body: the governing board of the South Florida Water Management District.

The nine-member, Crist-appointed board must decide whether to extend the land deal's March 31 contract deadline. The vote amounts to the sort of legal housekeeping that would pass unnoticed for any other of the hundreds of land deals brokered by the water agency.

Not so this time, although proponents will try to steer two days of debate beginning today away from questions of cost. They argue that that analysis is premature, given the "out-clause" in the contract that allows the deal to be scuttled if it proves too expensive.

"The vote that's going to be taken is a vote for nothing more than extending the contract," said Thom Rumberger, chairman of the Everglades Trust. "It's a very simple vote."

A simple vote that could get complicated. In recent days, national news outlets long fixated on Crist's future in the national political arena have taken interest in what critics have been saying about Crist's Everglades restoration land deal: that U.S. Sugar — not the Everglades — stands to gain.

In a front-page story Monday, The New York Times examined the deal's price, lobbyist connections and the suspicious proximity throughout of now-U.S. Sen. George LeMieux, whom Crist labeled the "maestro" of his gubernatorial campaign.

LeMieux was serving as Crist's chief of staff at the time the deal was conceived and, months later, took the helm of the Gunster law firm, which represented U.S. Sugar throughout the negotiations. LeMieux has maintained he had no involvement in the deal, either as Crist's chief of staff or at Gunster.

Critics also have keyed in on Crist's Feb. 24 appointment — two weeks before Thursday's anticipated vote — of two board members who he said were selected, in part, on the basis of their support for the U.S. Sugar land purchase. As a memo circulated last week from one of the water agency's financial advisers, questioning whether the purchase remained affordable in today's languishing economy, critics blasted the governor's appointments and accused him of rigging this week's vote.

U.S. Sugar spokesman Robert Coker, asked Tuesday how he was doing, had a quick reply: "Rode hard and put up wet." He downplayed the rising cacophony as old news — a smear orchestrated by the Fanjuls, the influential Palm Beach family that owns competing sugar company Florida Crystals Corp.

All of this, in the context of the Crist-Rubio U.S. Senate race, served as a reminder that in the universe of Florida politics, Big Sugar — meaning U.S. Sugar and Florida Crystals — is at the center.

In this case the two agro giants have backed opposing candidates. Rubio, backed by Crystals, blasted the U.S. Sugar land deal on national television as a "massive, taxpayer-funded bailout" for the Crystals competitor.

"Charlie Crist's bailout plan will require higher taxes and increased debt and it does nothing for the Everglades," Rubio said.

Crist dismissed the criticism and pointed to the $14,000 or more in campaign contributions that Rubio received from Crystals executives. Meanwhile, campaign finance records show that U.S. Sugar executives, family members, attorneys and lobbyists have funneled at least $103,000 to Crist.

"It's a great deal, because it's a great deal politically for Charlie Crist and U.S. Sugar," said Dexter Lehtinen, attorney for the Miccosukee Tribe of Indians, which lives on a reservation in the Everglades and has vigorously argued that the
deal's massive expense will set back restoration for years. "It's a corrupt bargain — that's becoming very clear."

What vexes environmentalists is that, as the terms have changed, the need for the government to buy more land south of Lake Okeechobee has not. Crist twice downsized the deal from a $1.75 billion total buyout of U.S. Sugar to a land-only purchase one-third as large.

The latest science shows that old plans for fixing the Everglades not only rely on uncertain technologies to inject and store water deep underground but also fall far short of storing and cleaning the volume of water needed for Everglades restoration, said Tom Van Lent, senior scientist for the Everglades Foundation. For that, the government must buy more land in the sugar-dominated farming region, he said.

Setting aside the questions of whether the price was fair or the deal honest, "I don't see any other option to the acquisition," he said Tuesday. "It's not only a good idea, it's really the only option."