

Subject: U.S. Sugar Stories Dec. 2 to Dec. 4**SFWMD**

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Total Clips: 20

Headline	Date	Outlet	Reporter
 District hasn't made case for this U.S. Sugar deal	12/04/2008	Palm Beach Post - Online	
 Catbird seat? The 'rocking chair'	12/04/2008	Palm Beach Post - Online	Engelhardt, Joel
 Palm Beach County endorses plan for inland port	12/04/2008	Sun Sentinel - Online	Andy Reid
The Glades is still waiting	12/03/2008	Palm Beach Post	
 Everglades deal even sweeter	12/03/2008	Orlando Sentinel - Online	
EVERGLADES U.S. Sugar deal is 'bad business,' water managers told	12/03/2008	Miami Herald	Morgan, Curtis
COMPETITORS OPPOSE PLAN FOR U.S. SUGAR TO SELL LAND	12/03/2008	Sun Sentinel	
 Palm Beach County again endorses 'inland port'	12/03/2008	Palm Beach Post - Online	Sorentrue, Jennifer
 U.S. Sugar deal in Florida opposed	12/03/2008	United Press International (UPI)	
Competing Growers Offer Plan to Lease US Sugar Land	12/02/2008	Sun Sentinel - West Palm Beach Bureau	Reid, Andy
 Inland Port Idea for Glades Gets Support, Questions at Lawmakers' Meeting	12/02/2008	Palm Beach Post	George Bennett
US Sugar Deal Questioned	12/02/2008	WPEC-TV	Weber, Chuck
Investment group sweetens bid for U.S. Sugar	12/02/2008	Sun-Sentinel	Andy Reid
 Land deal a bailout for troubled U.S. Sugar?	12/02/2008	Palm Beach Post - Online	PAUL QUINLAN

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|---|--|------------|---|---------------|
|  | Be sweeter to the taxpayers | 12/02/2008 | Palm Beach Post - Online | |
|  | U.S. Sugar bid goes to board | 12/02/2008 | News-Press | |
| | RIVAL BIDDER SWEETENS OFFER TO BUY U.S. SUGAR | 12/02/2008 | Sun Sentinel | |
|  | Opposition mounts against U.S. Sugar deal | 12/02/2008 | South Florida Business Journal - Online | |
|  | Small farmers oppose state deal with U.S. Sugar | 12/02/2008 | Miami Herald - Online | CURTIS MORGAN |
|  | Slow down \$1.34 billion sugar deal, critics urge as clock ticks toward deadline | 12/02/2008 | Palm Beach Post - Online | PAUL QUINLAN |

District hasn't made case for this U.S. Sugar deal

12/04/2008

Palm Beach Post - Online

[Return to Top](#)

Mike Collins, one of eight South Florida Water Management District governing board members who will decide whether the public should pay \$1.34 billion for U.S. Sugar's land, had the best question during Tuesday's seven-hour discussion of the proposal: 'Why this deal? I can't put the pieces together. They don't add up.' The answer has been that the district would trade unneeded U.S. Sugar land with other growers, notably Florida Crystals. But there are no talks going on with Florida Crystals. How can the district approve a \$1.34 billion deal the success of which depends on negotiations that aren't taking place? Near the end of the meeting, sugar grower Fritz Stein - a former water district board member - compared this proposal to the 1994 agreement to clean up water going to the Everglades. As Mr. Stein noted correctly, back then there was a plan, a source of money, a timeline and 'buy-in' from the Legislature, which had to approve the Everglades Forever Act. In 2008, there's only one specific: \$1.34 billion for 182,500 acres.

But according to the Sugar Cane Growers Cooperative of Florida, that would be less than one-fourth the current market lease price. Small sugar grower after small sugar grower complained to the board that the lease terms would give U.S. Sugar an unfair advantage. That price also would shortchange the public, which could expect only about \$54 million in lease payments over the six years. Why is the lease price so favorable to U.S. Sugar? What is the district's response to the offer by the growers' cooperative to lease the land for \$150 per acre?

None of these questions was satisfactorily answered Tuesday. Not all of them even were asked aggressively. Yet the district board faces a deadline in 12 days to approve a sale that would tie up the district's money for decades.

The promise, of course, is that purchase of land once considered unavailable would allow water to flow south from Lake Okeechobee to the Everglades before the system was drained to accommodate people and farming. Nathaniel Reed, also a former district board member and one of Florida's leading conservationists, put it simply: 'Get the land.' Board Vice Chairman Shannon Estenoz said of the U.S. Sugar land, 'It's what's for sale.' In fact, the question is why this land is for sale. More and more, it appears that U.S. Sugar is selling out of necessity. The company has been losing money and faces a lawsuit by current and former employees. Why, then, should a sale of necessity become a windfall for the seller? The state may need the land, but the public needs answers.

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Catbird seat? The 'rocking chair'

12/04/2008

Palm Beach Post - Online

Engelhardt, Joel

[Return to](#)
[Top](#)

Since plans to buy U.S. Sugar were announced in June, South Florida Water Management District Director Carol Wehle has said that the path to restore the Everglades would not go through the sugar mill owned by the other sugar conglomerate, Florida Crystals.

That became evident in a map presented Tuesday by Ms. Wehle's agency. It shows a wide swath of U.S. Sugar land on the southern border of Lake Okeechobee. But only a small portion of that land, part of the district's \$1.34-billion buyout of U.S. Sugar, would be used for a giant reservoir to help restore the Everglades. The reservoir design, dubbed the 'rocking chair' by district staff, is narrow at the top, like the back of a rocker. Farther south, it widens greatly to form the seat bottom. Why isn't it wide all the way down? Refer to Ms. Wehle's comment: Such a design would put the Okeelanta sugar mill, owned by U.S. Sugar rival Florida Crystals, under water.

District staff said that it would take two to three years to develop a restoration plan. But they've already placed a strict limit on brainstorming. The Florida Crystals mill and a huge swath around it are off-limits.

Florida Crystals is taking advantage of that gift. On Wednesday,

Palm Beach County commissioners agreed to consider changing the land use on 319 acres next to the mill so that the company can compete for a warehouse district called an inland port. The proposal depends on Florida Crystals winning a site selection competition but would be just a first step toward setting aside up to 3,000 acres for an inland port.

The inland port holds the promise of jobs. To Palm Beach commissioners, those jobs should be in Palm Beach County, not Martin or Hendry, which also may pursue them. But there's no guarantee that an inland port would work. And the competition hasn't even begun. The changes initiated Wednesday simply give Florida Crystals a better chance to be selected.

The unanswered question is whether that land would be better used for restoration. It won't be up to restoration scientists. Just as they were told years ago to restore the Everglades without using any sugar land, they would begin this second chance with one option off the table.

Florida Crystals says moving its mill, or even swapping it for U.S. Sugar's mill in Clewiston, is a deal-killer. And the district still needs to make a deal with Florida Crystals. In fact, district officials said Tuesday, to accomplish the 'rocking chair' plan, they would need more non-U.S. Sugar land - 60,000 to 65,000 acres - than U.S. Sugar land - 40,000 to 45,000 acres. Most of those 65,000 acres are owned by Florida Crystals. It's astonishing that the district would spend \$1.34 billion to buy all of U.S. Sugar's land - 182,500 acres in Palm Beach and Hendry counties - to get 45,000 acres. Efforts to achieve even the restricted 'rocking chair' plan put Florida Crystals in the catbird seat.

In conceding the inland port to Florida Crystals, the water district could be realistically assessing costs: Even in a \$1.34-billion deal the prospect of moving a mill may be too costly to entertain. Or the district could have been cowed by Florida Crystals' lobbying might. Or perhaps the concession is the district's good-cop approach to win critical trade-offs later. If that's the case, the district is bumbling the routine. Florida Crystals Vice President Gaston Cantens told the district board Tuesday that the company's proposals have gone unanswered, and Crystals is angry that the district would give U.S. Sugar a lease at below-market rates to keep farming for seven years. If the district wants to talk about land swaps, Mr. Cantens said, 'Call us in seven years.' With \$1.34 billion at risk, seven years is too long to expect even the district to wait. Try as they might to pacify Florida Crystals, it hasn't been enough. Joel Engelhardt is an editorial writer for The Palm Beach Post. His e-mail address is joel_engelhardt@pbpost.com

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Palm Beach County endorses plan for inland port

12/04/2008

Sun Sentinel - Online

Andy Reid

[Return to
Top](#)

Despite concerns about creating barriers to Everglades restoration, Palm Beach County on Wednesday endorsed a plan to attract new industry to farmland rimming Lake Okeechobee.

The County Commission gave initial approval to designate 99,500 acres that includes South Bay, Belle Glade and Pahokee as the potential site for an industrial distribution center, referred to as an inland port.

The inland port would create a distribution hub for cargo to and from coastal ports that would be delivered via truck routes and rail lines crisscrossing Florida.

The plan comes as the state is finalizing a \$1.34 billion deal to buy 180,000 acres from U.S. Sugar Corp. that would be used to reconnect Lake Okeechobee to the Everglades. Lakeside cities worry they will lose agricultural jobs as farmland gets used for restoration. The plan is to try to create an industrial distribution center that could attract new businesses and jobs.

The proposal the County Commission allowed to move forward Wednesday still must come back to the board for a vote in April.

The county contends that the inland port would be outside the area targeted for Everglades restoration. The county made its 99,500-acre 'overlay' designation large enough to include potential sites for the inland port in all three lakeside communities. Once a site is chosen, the designated area could be shrunk to accommodate just the distribution center and spinoff businesses expected to cover a couple of hundred or a few thousand acres.

Florida Crystals, the state's other large sugar grower, submitted a plan for the inland port on 319 acres beside its Okeelanta sugar mill and power plant.

Environmentalists argue that the county's action was premature and creates another impediment to efforts to restore the Everglades. 'If you vote for this project, I don't think you can say with a straight face that you support restoration,' Lisa Interlandi, an attorney for the Everglades Law Center, told county commissioners Wednesday.

Everglades restoration should not mean creating an 'economic free zone' in Glades communities that need new jobs, Commissioner Mary McCarty said.

The South Florida Water Management District, charged with buying the land for Everglades restoration, has until Dec. 16 to approve a proposed contract with U.S. Sugar.

Andy Reid can be reached at abreid@SunSentinel.com or 561-228-5504.

The Glades is still waiting

12/03/2008

Palm Beach Post

[Return to
Top](#)

The Glades is still waiting
Click-2-Listen
Palm Beach Post Editorial

Wednesday, December 03, 2008

During Tuesday's discussion of the proposed \$1.34 billion U.S. Sugar land purchase, a speaker from the Glades communities asked the South Florida Water Management District board members: "Where is our representation?"

The answer was the empty chair on the dais between Pat Rooney and Paul Huck. The board has nine members, but there is one vacancy, created when Malcolm "Bubba" Wade Jr. had to resign. Mr. Wade left the board in June, one day after the water district announced a plan to buy U.S. Sugar, where Mr. Wade is a vice president. His resignation letter noted the possible appearance of conflict if he voted on a sale that would make him a lot of money. No kidding.

So, as the water district considers a deal that would help the Everglades but could decimate the Glades economy, the Glades must depend on the kindness of outsiders. Blame former Gov. Jeb Bush, who made the terrible decision in 2005 to put on the board someone who became a walking conflict of interest long before the proposed U.S. Sugar deal just because of where he works. Blame Gov. Crist, for not making the replacement a priority. He has a list of names, but hasn't made a choice to fill Mr. Wade's seat.

After hours spent on the numbers of the deal, speakers from the Glades asked the board to remember the people who would lose if hundreds of U.S. Sugar jobs go away. They deserve more than empty promises

Everglades deal even sweeter

12/03/2008

Orlando Sentinel - Online

[Return to
Top](#)

While apparently well-meaning and thoughtful, Mike Thomas in his Nov. 23 column in the Orlando Sentinel, ('Everglades sugar deal is too sweet, with bitter aftertaste'), has no clear understanding of the larger forces at work in the state's Everglades-restoration efforts.

The figure under discussion is roughly \$400 million less than the original deal called for, but that figure relates to the more than 180,000 acres under U.S. Sugar's control and the land's worth in its current use for sugar production. Duff & Phelps, the New York financial firm that is reviewing the acquisition, arrived at the lower figure for the land's value after the fact, but its letter is only one consideration.

Four appraisals have already been conducted. Also, there are numerous intangibles related to determining the value: environmental benefits, water storage and water-quality benefits, economic benefits of tourism and the high-paying construction jobs generated by the restoration.

For the first time, Florida holds the key to ridding the Everglades of its prime source of pollution and opening the door toward restoring the region to its natural state. Floridians have been waiting for decades to get to this point, and while Thomas will quibble over the price tag, scientific studies and opinions unanimously conclude the Everglades is at a critical tipping point.

To not move forward deliberately when circumstances are finally on our side is to squander one of the most epic acquisitions for public purpose in our nation's history.

THOM RUMBERGER
Chairman, Everglades Trust
Tallahassee

EVERGLADES U.S. Sugar deal is 'bad business,' water managers told

12/03/2008
Miami Herald
Morgan, Curtis

[Return to
Top](#)

Competing farmers, rural community leaders and even environmentalists urged water managers Tuesday not to rush into approving what some called a "sweetheart" \$1.34 billion bid to buy U.S. Sugar's fields for Everglades restoration.

The proposal drew a barrage of questions -- and few answers -- during the first of three meetings the South Florida Water Management District plans before a scheduled Dec. 16 vote.

Other farmers complained that generous lease terms would pump U.S. Sugar, already the state's largest grower, into a "super competitor" and imperil smaller operators.

"This is a bad business deal," said George Wedgworth, president of the Sugar Cane Growers Cooperative of Florida.

Environmentalists argued that it would keep much of the 300 square miles of land off-limits for restoration for too long -- at least seven years, potentially more.

"We support the acquisition," Thom Rumberger, an attorney for The Everglades Trust, said at the meeting held at the water district's West Palm Beach headquarters. "We don't necessarily support this deal."

And some dozen Glades residents pushed to postpone any decision until the state develops a plan to preserve or replace lost farm jobs.

"This could literally bring us to our knees," said Clewiston Mayor Mali Chamness. "If you don't have the answers, do not proceed."

Board members didn't indicate whether they would put off the vote, mandated by a take-it-or-leave-it deadline in the contract, but they also had many questions.

"I don't even know if it's a deal we can afford," said board member Mike Collins, an Islamorada fishing guide.

The district, supported by property taxes in the 16 counties it oversees, intends to bankroll the deal by floating bonds at a time when credit costs are increasing and tax revenues declining.

Still, board chair Eric Buermann, a Miami attorney, said the deal, proposed by Gov. Charlie Crist in June after months of secret talks with U.S. Sugar, presented a unique opportunity. The district intends to use the land, and possibly other tracts it may acquire with land swamps, to build reservoirs and pollution treatment marshes to help restore the flow of clean water to the Everglades.

"It's the only land we can acquire that is available on the planet for our purposes," said Buermann. "Location, location, location."

One major source of concern was a lease-back that would allow the company to continue farming much of its land at \$50 an acre for six years and for free for a seventh year. Going lease rates run about \$225 an acre.

In a letter to the district, the cooperative said its members would be willing to pay three times as much -- an offer it argued would help offset costs to taxpayers.

COMPETITORS OPPOSE PLAN FOR U.S. SUGAR TO SELL LAND

12/03/2008
Sun Sentinel

[Return to
Top](#)

U.S. Sugar Corp.'s proposed \$1.34 billion deal to sell the state land for Everglades restoration faces a serious new hurdle - the company's sugar cane-growing competitors came out against the plan Tuesday.

Florida Crystals and the Sugar Cane Growers Cooperative of Florida warned that the state's land deal with U.S. Sugar would give the company an unfair competitive advantage, paid for at taxpayers' expense.

Florida Crystals' opposition is a particular problem for the state, which, even after buying 180,000 acres from U.S. Sugar, could still be 65,000 acres short in its bid to assemble land needed to reconnect Lake Okeechobee to the Everglades.

Florida Crystals owns most of those 65,000 acres.

The state intends to swap U.S. Sugar land not needed for restoration with Florida Crystals to try to fill in the gap - a prospect made more difficult by Florida Crystals not supporting the state's plan.

"It creates a taxpayer-subsidized sugar company," Florida Crystals representative Gaston Cantens said. U.S. Sugar "can continue to run its business without having the expense of owning it."

The proposed deal, endorsed by Gov. Charlie Crist, calls for buying 180,000 acres from U.S. Sugar to help restore flows of water from Lake Okeechobee to the Everglades.

The deal calls for U.S. Sugar to lease the land for \$50 per acre per year for six years and in the seventh year for free. Typical sugar cane leases range from \$125 to \$325 per acre, according to financial advisers hired to review the deal.

If the state does buy U.S. Sugar land, it shouldn't include a cut-rate lease deal available only to U.S. Sugar, according to the Sugar Cane Growers Cooperative of Florida.

The cooperative, which represents small and medium-sized growers in Palm Beach County and operates a mill with 600 employees, said it would be willing to pay \$150 per acre for the land.

"The people we represent should not become the unintended consequence of a lofty environmental goal executed by a bad business deal," said George Wedgworth, the cooperative's president and CEO.

U.S. Sugar's board of directors plans to vote on the deal Monday. The South Florida Water Management District has until Dec. 16 to approve the deal.

Opposition from competitors was not surprising, U.S. Sugar Senior Vice President Robert Coker said. But negotiating a lower lease rate allowed the state to keep the total price of the deal lower, he said.

"You have to look at this contract as a whole," said Coker, who denied the deal gives his company an unfair advantage. "I'm confident [district board members] are going to recognize that they have got a great deal."

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Palm Beach County again endorses 'inland port'

12/03/2008

Palm Beach Post - Online

Sorentrue, Jennifer

[Return to Top](#)

WEST PALM BEACH commissioners today reiterated their support for a plan to develop an industrial complex on land south of Lake Okeechobee, despite environmentalists' concerns that the plan could interfere with Everglades restoration.

The commission voted 6-1, with Commissioner Karen Marcus dissenting, to begin the process of changing the county's long-term growth plan, which could allow the port to rise somewhere between the Glades cities and a 9,000-acre site that sugar company Florida Crystals owns.

The commission will hold two public hearings on the change next year. The state's Department of Community Affairs must also review it.

The decision marks the second time in the past couple of months that the commission has supported the inland port plan.

In September, after three hours of discussion, the commissioners agreed to have county planners start looking at growth-plan changes that would be needed to allow the inland port to rise along U.S. 27.

Without the September endorsement, commissioners feared the project might be lost to Martin or Hendry counties, and the Glades region would miss out on thousands of jobs the project is expected to bring. 'There is a school of thought that nothing should ever happen for any reason out in this area,' Commissioner Mary McCarty said this morning. She added: 'This could open up so many opportunities for the people in the Glades.'

This question is do we want to make a decision that Hendry County is really where this is going to happen, or are we going to do some limited economic development in ?' Commissioners said they would not move forward with the change if it interfered with the state's plan to restore the Everglades by buying farmland owned by U.S. Sugar Corp. South Florida water managers are still considering the details of the \$1.34 billion purchase.

Environmentalists urged commissioners to wait until the sugar deal is finalized before moving forward with the growth plan change. They said it is still unclear what pieces of land may be needed for the restoration project. 'If you vote for this project, I don't think you can say with a straight face that you support Everglades restoration,' said Lisa Interlandi, an attorney with the Everglades Law Center. 'Come back after a contract is signed.' Ultimately, it will be up to the Port of Palm Beach to decide where the complex should be built. Advocates envision the project as a landlocked hub of warehouses and related businesses, collecting and distributing goods from coastal ports throughout South and Central Florida.

Commissioners have not endorsed a specific site for the inland port.

But sugar company Florida Crystals plans to ask the commission next year to change the land-use designation on roughly 319 acres it owns south of Lake Okeechobee. The change could allow the port facility to rise there.

U.S. Sugar deal in Florida opposed

12/03/2008

United Press International (UPI)

[Return to
Top](#)

TALLAHASSEE, Fla., Dec. 3 (UPI) -- Florida Crystals and a Florida growers' cooperative said the state's offer to buy 180,000 acres from U.S. Sugar Corp. gives the company an unfair advantage.

The company and the Florida Sugar Cane Growers Cooperative of Florida said they opposed the \$1.34 billion deal, the South Florida Sun-Sentinel reported Wednesday.

The deal 'creates a taxpayer subsidized sugar company,' Florida Crystals spokesperson Gaston Cantens said.

Florida agreeing to rent the land back to U.S. Sugar for seven years for \$50 an acre, although rent for sugar cane fields can run as high as \$325 an acre, the newspaper said.

The deal has been heralded as an environmental coup, able to connect the Lake Okeechobee watershed to the Everglades. But, the environmental link between the two systems still falls 65,000 acres short with the land needed to link the areas mostly owned by Florida Crystals, the newspaper said.

The growers group offered to lease the land for \$150 per acre.

U.S. Sugar Senior Vice President Robert Coker said, 'You have to look at this contract as a whole.'

The company's board of directors plans to vote on the deal Monday. The South Florida Water Management District must also vote to accept the deal.

Competing Growers Offer Plan to Lease US Sugar Land

12/02/2008

Sun Sentinel - West Palm Beach Bureau

Reid, Andy

[Return to Top](#)

Warning that taxpayers and farmers will suffer from the state's proposed \$1.34 billion deal with U.S. Sugar Corp., a group of small- and medium-sized growers today offered a competing bid to lease U.S. Sugar's cane fields not used for Everglades restoration.

The state now plans to buy 180,000 acres from U.S. Sugar to help restore flows of water from Lake Okeechobee to the Everglades. U.S. Sugar would get to keep its sugar mill, rail lines and other assets it needs to stay in business, while also leasing back land for at least seven years to continue growing cane.

The Sugar Cane Growers Cooperative of Florida opposes the deal, arguing that it would lead to "unfair competition" by allowing U.S. Sugar to use taxpayer dollars to pay off its debts while also getting to lease back land below market rates.

The cooperative would be willing pay three times the lease amount proposed for U.S. Sugar, Vice President Barbara Miedema said.

"We want (the state) to have an open process," Miedema said. "It's a closed deal. Open it up for the highest bidder."

The deal calls for U.S. Sugar to lease its land back for \$50 per acre per year for six years and in the seventh year it would lease the land for free. Typical sugar cane leases range from \$125 to \$325 per acre, according to financial advisors hired by the South Florida Water Management District to review the deal.

If the state goes ahead with buying U.S. Sugar land, the cooperative wants the chance to lease some of that property and would be willing to pay \$150 per acre, President and CEO George Wedgworth said. The cooperative in the past asked for as much as 15,000 acres of the U.S. Sugar land, but wants the chance to negotiate for more, Miedema said.

Otherwise the cooperative, with members farming 60,000 acres in Palm Beach County and a mill that employs 600, contends that the deal between the state and U.S. Sugar threatens to create a "super competitor" that "would imperil" their livelihoods.

"The people we represent should not become the unintended consequence of a lofty environmental goal executed by a bad business deal," Wedgworth said in a letter the water management district, which is negotiating and paying for the Everglades restoration deal.

The state plans to use U.S. Sugar land to create a series of reservoirs and water treatment areas that reconnect flows of water from Lake Okeechobee to the remaining Everglades.

The district plans to borrow most of the money to pay for the land deal, with taxpayers in the 16-county region from Orlando to the Keys paying off the debt over 30 years.

After five months of negotiations, the state and U.S. Sugar last week reached a proposed contract for the \$1.34 billion deal. The district has until Dec. 16 to approve the contract.

The district board is discussing the proposal this afternoon.

Also in the mix for the U.S. Sugar land is the The Lawrence Group, which manages farmland in the South and Midwest. The group in November emerged as a rival buyer for U.S. Sugar.

The Lawrence Group contends it would still sell land to the state needed for Everglades restoration, but would keep the rest of the U.S. Sugar property in agricultural production and take over operating U.S. Sugar's mill, citrus plant and other assets.

The Lawrence Group had two previous bids to buy U.S. Sugar rejected and U.S. Sugar maintains that the group's latest offer lacks specifics needed for serious consideration.

Andy Reid can be reached at abreid@SunSentinel.com or 561-228-5504.

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Inland Port Idea for Glades Gets Support, Questions at Lawmakers' Meeting

12/02/2008
Palm Beach Post
George Bennett

[Return to
Top](#)

BELLE GLADE — Members of Palm Beach County's legislative delegation sounded supportive while raising a few questions today about a proposed industrial and commercial "inland port" in the Glades area.

The inland port, promoted by the Port of Palm Beach, would include warehouses and distribution centers with highway and railroad links to seaports on Florida's east and west coasts.

It's touted as a job-creating engine for the Glades, which could see massive job losses if the state completes a proposed buyout of U.S. Sugar's farmland for Everglades restoration. Port of Palm Beach Executive Director Manuel Almira said the inland port could eventually create 25,000 jobs in the region.

Environmentalists fear the massive project would interfere with Everglades restoration efforts.

Officials haven't selected a specific site for the project. Sugar giant Florida Crystals Corp. wants to put it on 9,000 acres of company-owned farmland at its Okeelanta site along U.S. Route 27 south of South Bay - smack in the middle of a potential path for restoration efforts between Lake Okeechobee and the Everglades.

For the past 15 years, many restoration advocates have called for a "flow way" between the Miami and North New River canals - the same corridor that includes the Florida Crystals site. Federal and state restoration managers haven't endorsed any specific flow proposals.

The inland port idea was endorsed by Palm Beach County commissioners on a 5-2 vote in September.

Only eight of Palm Beach County's 17 state lawmakers attended today's meeting at Belle Glade City Hall, so there was not a quorum to vote on an inland port resolution. The resolution is expected to come before the delegation for a vote in January.

State Rep. Mary Brandenburg, D-West Palm Beach, asked whether the inland port would interfere with a possible Everglades flow way.

"If you're going from the east coast of Florida to the west coast of Florida, unless you go (north) of the lake, you're going to be crossing that flow way someplace," Brandenburg said.

State Sen. Ted Deutch, D-Boca Raton, told Almira the Port of Palm Beach needs to be active in the discussions about balancing the environmental and economic goals in the region.

"I understand the goal of creating this flow way and the importance of restoring the Everglades and the lake. I also understand, particularly right now of all times, the importance of creating thousands of jobs. ... There should be some greater coordination going on," Deutch said.

Pahokee Mayor Wayne Whitaker said his city, Belle Glade and South Bay are enthusiastic about the inland port proposal.

"It's going to be a team effort and the whole tri-cities and western Palm Beach County is dedicated," Whitaker told legislators. "We

will work hand in hand with the Port of Palm Beach."

US Sugar Deal Questioned

12/02/2008

WPEC-TV

Weber, Chuck

[Return to
Top](#)

The massive land deal to save the Everglades was under the microscope on Tuesday. The board of the South Florida Water Management District scrutinized the \$1.3 billion deal to buy U. S. Sugar Corporation's land. At least one board member said he didn't know if the agency could afford the purchase, while competing sugar growers called the plan unfair.

The revised U. S. Sugar deal, for land only, was announced last month and assembled in just weeks. Board member Mike Collins said he has yet to see district revenue projections, to determine if buying the 180,000 acres-- almost all of it in Western Palm Beach County-- is feasible.

Collins said he supports the idea of purchasing the land. But he said he feared it would be years before the Water District had enough money to build the reservoirs and water treatment marshes necessary to improve water quality and quantity in the Everglades.

Water District staff released maps of a couple of possible scenarios for where those reservoirs and marshes would be placed. One concept requires acquiring land from other growers, possibly

During the public comment portion of the meeting, smaller sugar growers from Western Palm Beach County voiced their concerns.

"It creates a very very unfair competitive situation in the sugar industry," said John Hundley, a grower and former water district board member. He and other farming interests are upset over the part of the plan calling for U. S. Sugar to lease back its land.

The idea is to keep the company operating and employing people for at least seven years. But the lease is exclusive and way below market value.

That's unfair to other growers, said Hundley. He pointed out leasing the land at market rate would enable the district to recover more of the cost of buying the land. "I believe the district board has a fiduciary responsibility to the taxpayers to get the best deal," said Hundley.

Also at Tuesday's hearing, experts on the sugar industry told water managers without the land, the U. S. Sugar mill would not survive. Many hold out hope the mill could process imported sugar or other crops.

Environmentalist Cynthia Plockelman, while adamant about making sure the needs of the Everglades are met, said keeping a

healthy job base in the Glades communities is also essential. "Agriculture can't go away," said Plockelman. "Agriculture is going to be critical to our economy."

Water board members told staff to come up with more information on preserving jobs and the specifics of the deal before the board meets again on December 15 and 16. Under the deal with U. S. Sugar, the Water District board has until the 16th to sign the contract.

Investment group sweetens bid for U. S. Sugar

12/02/2008
Sun-Sentinel
Andy Reid

[Return to
Top](#)

Investment group sweetens bid for U.S. Sugar

By Andy Reid | South Florida Sun-Sentinel
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An investment group competing with the state to buy sugar cane fields standing in the way of Everglades restoration sweetened its bid to U.S. Sugar Corp. over the weekend with a \$27.5 million check.

The Lawrence Group, which manages farmland in the South and Midwest, in November emerged as a rival buyer for more than 180,000 acres the state intends to purchase and use to reconnect Lake Okeechobee to the Everglades.

On Saturday, The Lawrence Group submitted its formal proposal to U.S. Sugar and included the down payment on a \$50 million deposit that U.S. Sugar could keep if it drops its proposed deal with the state.

However, U.S. Sugar contends that the latest proposal from The Lawrence Group still lacks specifics and so far fails to derail a deal with the state.

After five months of closed door negotiations, the state and U.S. Sugar last week agreed to a proposed contract that would pay the sugar giant \$1.34 billion and allow the state to acquire land to build reservoirs and water treatment areas to restore water flows to the remaining Everglades.

The South Florida Water Management District, charged with buying the land for the state, has until Dec. 16 to approve the deal. The district's board meets tomorrow to discuss the deal.

Unlike the state's deal that would pay U.S. Sugar a lump sum that could be used to pay off company debts and then reimburse shareholders, The Lawrence Group proposes to buyout shareholders and then take on all the company's debts and

liabilities.

The Lawrence Group would pay \$300 per share, for more than \$500 million, and take on U.S. Sugar's debts and other liabilities up to \$600 million. The group proposes to close on the deal in early 2009.

The group maintains that it would sell the state land needed for Everglades restoration, but keep the rest of the property in agricultural production.

"There is no question that our formal offer and commitment to operate U.S. Sugar for years to come will save jobs and avoid the devastation of local Glades economies, home values and tax bases that would likely occur under U.S. Sugar management's proposal," Gaylon Lawrence, Jr. wrote in a statement the company released today.

The Nashville, Tenn.-based group had two previous offers for U.S. Sugar rejected and this time made its pitch directly to company stockholders.

Under the proposed deal with the state, U.S. Sugar would keep its sugar mill, citrus plant and other assets needed to stay in business. U.S. Sugar would lease its land back from the state for seven years, paying \$50 per acre per year for the first six years. Beyond seven years, the company could pursue a new lease deal for land not needed for Everglades restoration.

The district plans to borrow most of the money to pay for the deal, with taxpayers in the 16-county region from Orlando to the Keys paying off the debt over 30 years.

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Land deal a bailout for troubled U.S. Sugar?

12/02/2008

Palm Beach Post - Online

PAUL QUINLAN

[Return to
Top](#)

It's a euphemism no investor likes to see on the cover of a company's year-end report. 'CONFRONTING CHALLENGES,' reads U.S. Sugar Corp.'s 2007 report. The cover illustration might be called the Wall of Challenges, each brick labeled with a separate drag on the bottom line: weather, fuel, farm bill, water, disease, labor, foreign trade, technology, fertilizer costs. 'To say that 2007 was a challenging year is an understatement,' begins a message from CEO Robert Buker on Page 2. Further in, the numbers augur a grim 2008: a \$50 million drop in revenues, a profit margin gone negative, a \$4.5 million loss.

That was the bad news that U.S. Sugar's stockholders got in their mailboxes in April.

The good news came June 24. That's when Gov. Charlie Crist announced the state would buy the company for \$1.75 billion and use its 187,000-acre empire to repair the dying Everglades.

Five months later, South Florida water managers will meet today to discuss their proposed contract for a revised version of the deal: \$1.34 billion solely for U.S. Sugar's land. Water managers have until Dec. 16 to say yes.

Critics caution against rushing. They say the state is poised to pay top dollar for assets that belong to a struggling company. 'It's a bailout,' said Ellen Simms, who rose to corporate controller in her 21 years with U.S. Sugar before leaving in 2004.

Ultimately, she says, the land deal will lead to the end of the company, even though its executives insist they plan to stay in business. 'The company is in trouble,' Simms said. 'And this is a great way for upper management to get their big bonuses for selling the company and walking away.' U.S. Sugar's correspondence with shareholders, normally held in confidence because the company is not publicly traded, shows that hurricanes, drought, rising costs and mounting foreign competition have cut deeply into profits.

Meanwhile, U.S. Sugar's debts have soared, in part because of upgrades to its Clewiston mill.

These woes have come despite the company's efforts to downsize its workforce: a move that some say has diminished much of the goodwill U.S. Sugar had built during its 77 years. 'The kindness went out of the company,' Simms said. Senior Vice President Robert Coker declined to discuss the company's finances, saying they have no bearing on whether taxpayers are getting a fair price for the land. 'A Chevy is a Chevy,' said Coker, whether the seller is 'Warren Buffett or a guy living in a cardboard box.' Whatever its struggles, U.S. Sugar is an agricultural and engineering marvel.

At the start of the annual harvest, U.S. Sugar flips into 24-hour-a-day mode. Trains chug along 120 miles of track interlaced through the sugar fields, stopping only to load and unload the stalks.

The beating heart of it all is a hulking, stainless steel mill and refinery in Clewiston, where the sweet, thick smell of sugar hangs in the air. The mill can grind more cane in an hour than the company's original plant, built in 1929, could process in a day.

Much has changed since Charles Stewart Mott merged his family's wheel-making business with General Motors and sank the resulting fortune into the bankrupt Southern Sugar Co.

Its toughest years have come in the past two decades, people familiar with the company say.

One turning point came on Oct. 12, 1989, when more than 30 FBI agents burst into the company's Bryant Sugar Mill in Pahokee looking for pollution.

The raid led to guilty pleas to eight felony counts for improperly disposing of harmful chemicals. The company paid a \$3.75 million fine.

Other obstacles followed: a 20-year Everglades pollution lawsuit that pitted the federal government against the state, trapping growers in the middle; federal legislation that eroded the industry's protection from imports; an expensive though successful effort to defeat a penny-a-pound sugar tax in 1996.

Those battles took a toll on the company, Simms says. 'A lot of focus started being pulled away from doing the business of the company to dealing with the politics of the sugar industry itself,' she said. The changes called for more legally and politically savvy leadership than the company had in the past.

Gone were legendary U.S. Sugar leaders like John Buckner Boy, who retired in 1987 after 41 years.

Boy worked his way up from assistant superintendent of the starch house to serve 17 years as a company president who knew many employees by name and generously donated parks, youth centers, libraries and civic centers.

The new leadership included men like Robert Dolson, who went from the boardroom to CEO in 2000.

Taking the helm when imports had pushed sugar prices to the lowest levels in 30 years, Dolson oversaw a reorganization and downsizing of the company. The company cut 328 positions - about 20 percent of its current workforce - and began phasing out housing for farmworkers. What's more, Dolson was a known out-of-towner, Simms says. Although he kept a house in Clewiston, she adds, the CEO flew on most weekends to homes in St. Louis and Kiawah Island, S.C.

Meanwhile, a Tennessee company, The Lawrence Group, made a quiet offer to Dolson to buy U.S. Sugar for \$575 million in August 2005. He struck a deal in secret and took it to the board of directors.

Unwilling to sell, the board paid Dolson an unexpected \$10 million, and he retired to be replaced by Buker.

The squelched buyout happened largely unbeknownst to shareholders, according to a class-action lawsuit that several former employees filed against U.S. Sugar in January. The lawsuit alleges the company passed up two buyout offers that would have let the roughly 4,000 past and present employee-shareholders cash in their shares for about 50 percent more than what U.S. Sugar was paying at the time.

The reason? So the Mott family could boost its stake in the company on the cheap, according to the lawsuit.

The Lawrence Group is not giving up. Last month, it announced a new offer of \$300 per share. On Monday, it sent a \$27.5 million cashier's check to U.S. Sugar to highlight the 'seriousness' of its offer. Coker dismisses the letter and calls the check a publicity stunt. 'The only offer that our company has on the table is a negotiated contract with the (South Florida) Water Management District, and we are moving forward,' Coker said. Even without this legal fight, U.S. Sugar's financial struggles are legion, according to its annual reports.

Rising fuel, fertilizer and financing costs have combined to send U.S. Sugar's net income plummeting in recent years. For 2008, it was predicting a net loss. The company's liabilities, which hovered around \$200 per share in the early part of the decade, more than doubled to \$429 per share and are expected to rise to \$432 next year. Much of that stems from debt to pay for the new mill and refinery that the company built in 2006, Coker says. The company's debts may top \$800 million, based on numbers from financial reports and court filings. Coker won't discuss those numbers. Echoing statements from the water managers, he says the state's offer was based on appraisals of U.S. Sugar's land value. 'An asset has a fixed value in the marketplace,' he said.

Be sweeter to the taxpayers

12/02/2008

Palm Beach Post - Online

[Return to
Top](#)

Palm Beach County agreed in September to initiate a land-use change that would help Florida Crystals convert sugar cane fields into a warehouse district, but two developments make Wednesday's vote to formalize the move anything but a formality.

First, county commissioners learned that their decision to allow mining on U.S. Sugar land raised the cost of buying the company's 180,000 acres as much as \$300 million. Second, Bob Kanjian, who backed Florida Crystals, has been replaced on the commission by Shelley Vana. The proposal will test her willingness to balance needs of the environment against demands of sugar growers.

Florida Crystals wants to convert at least 3,000 acres for an inland port, an industrial hub linked to South Florida's three seaports by rail. The inland port still is a pipe dream, but Florida Crystals lobbied hard to get consideration of the change that would help Florida Crystals but could cost taxpayers.

Commissioners dismissed environmental concerns in April, when they voted 4-2 to rezone 7,500 U.S. Sugar-owned acres for rock mining. Two months later, the South Florida Water Management District announced a proposal to buy U.S. Sugar's land. Based on the value of that mine and another 5,400-acre mine rezoned in 2006, appraisers said the approvals added a premium of about

\$300 million to the U.S. Sugar deal. If commissioners had rejected the rezoning, as Commissioners Karen Marcus and Jess Santamaria suggested, the \$1.34 billion buyout would be much less costly.

The water district also needs Florida Crystals land south of Lake Okeechobee for Everglades restoration. The proposed inland port site is south of the lake, next to the company's Okeelanta mill. The company argues that its mill isn't going anywhere, and that since the area already is industrial, converting cane fields there makes sense. But allowing Florida Crystals to enlarge its industrial base without determining the effect on restoration would repeat the mistake of prematurely allowing mining on U.S. Sugar land. It could restrict options for restoration and soak taxpayers.

Palm Beach County backed Florida Crystals' proposal in September, again with Commissioners Marcus and Santamaria the only dissenters. On Wednesday, the commission votes on whether to begin studies that would result in public hearings next year to change the land's use. With Commissioner Kanjian gone, Commissioner Vana holds the best hope for a vote that could swing a majority against the deal. Commissioner Jeff Koons, who prides himself on support for environmental protection, says he has received private assurances that the land would not be in the path of restoration. Private assurances mean nothing.

Today, the water district board discusses the U.S. Sugar deal. The debate will offer 300 million reasons why Palm Beach County should not become a repeat offender with Florida Crystals.

We'd like your thoughts on this story. I appreciate your willingness to share them. At PalmBeachPost.com, we want to avoid comments that are obscene, hateful, racist or otherwise inappropriate. If you post offensive comments, we will delete them as soon as we can. If you see such comments, please .
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U.S. Sugar bid goes to board

12/02/2008

News-Press

[Return to](#)
[Top](#)

The Lawrence Group on Saturday submitted a formal offer to the United States Sugar Corp. board of directors to acquire the company for \$300 per share in cash.

Lawrence Group announced on Nov. 19 it would make the offer.

The formal offer came four days after the state and U.S. Sugar agreed to a contract under which the state would pay \$1.34 billion for 180,000 acres of the company's farmland.

The contract needs support from the sugar company's board Dec. 8, and then the South Florida Water Management District governing board Dec. 16. The state would borrow money for the purchase.

The Lawrence Group would sell at least a portion of the land to the South Florida Water Management District, said Gaylon Lawrence Jr. 'The Lawrence Group is committed to sell to the SFWMD the land it wants and needs for Everglades restoration purposes at a far lower cost to the taxpayers than would have resulted in either of the two proposals from U.S. Sugar management,' Lawrence said. 'There is no question that our formal offer and commitment to operate U.S. Sugar for years to come will save jobs and avoid the devastation of local Glades economies, home values and tax bases that would likely occur under U.S. Sugar management's proposal.' Gov. Charlie Crist remained confident Monday that the state and U.S. Sugar will complete a deal by Dec. 16, said his spokesman, Sterling Ivey. 'The governor is interested in the South Florida Water Management District moving forward with its vote in two weeks,' Ivey said.

RIVAL BIDDER SWEETENS OFFER TO BUY U.S. SUGAR

12/02/2008
Sun Sentinel

[Return to
Top](#)

A rival bidder competing with the state to buy sugar cane fields standing in the way of Everglades restoration sweetened its bid for U.S. Sugar Corp. over the weekend, sending a \$27.5 million check to tempt company shareholders.

However, U.S. Sugar contends that the proposed down payment and accompanying buyout offer from The Lawrence Group lack specifics and so far fail to derail a deal with the state.

"It's got enough caveats in there and it is so full of holes, I call it the Swiss cheese letter," U.S. Sugar Senior Vice President Robert Coker said about the offer from The Lawrence Group, which had two previous bids to buy out U.S. Sugar rejected.

The Lawrence Group, which manages farmland in the South and Midwest, in November emerged as a rival buyer for more than 180,000 acres the state intends to purchase and use to help reconnect Lake Okeechobee to the Everglades.

After five months of closed-door negotiations, the state and U.S. Sugar last week agreed to a proposed contract that would pay the sugar giant \$1.34 billion and allow the state to acquire land to build reservoirs and water treatment areas to restore water flows to the remaining Everglades.

Unlike the proposal from The Lawrence Group, the state's deal allows U.S. Sugar to keep its sugar mill, citrus plant and other assets to stay in business.

The South Florida Water Management District, charged with buying the land for the state, has until Dec. 16 to approve the deal. The district's board meets today to discuss the contract.

On Saturday, The Lawrence Group submitted a new proposal to U.S. Sugar and included the \$27.5 million down payment on a \$50 million deposit that U.S. Sugar could keep if it drops its proposed deal with the state.

The Lawrence Group contends it would still sell land to the state needed for Everglades restoration, but would keep the rest of the U.S. Sugar property in agricultural production and take over operating U.S. Sugar's mill, citrus plant and other assets.

Gaylon Lawrence Jr., who heads the group with his father, maintains that he offers a better deal for taxpayers, U.S. Sugar shareholders and Glades communities dependent on agricultural jobs.

"There is no question that our formal offer and commitment to operate U.S. Sugar for years to come will save jobs and avoid the devastation of local Glades economies, home values and tax bases that would likely occur under U.S. Sugar management's proposal," Lawrence wrote in a statement released Monday.

Under the proposed deal with the state, U.S. Sugar would lease its land back from the state for seven years, paying \$50 per acre per year for the first six years. After seven years, U.S. Sugar could pursue a new lease deal for land not used for Everglades restoration.

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INFORMATIONAL BOX:

New proposal

The Lawrence Group submitted a new proposal that included the \$27.5 million down payment on a \$50 million deposit.
See it

Check out photos of the South Florida sugar industry at
SunSentinel.com/sugar

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Opposition mounts against U.S. Sugar deal

12/02/2008

South Florida Business Journal - Online

[Return to
Top](#)

A competing farmers cooperative fired its first volley against the deal during a workshop by the governing board for the South Florida Water Management District to discuss the acquisition.

The Sugar Cane Growers Cooperative of Florida drafted a letter opposing the buyout, stating it would turn U.S. Sugar into a super-competitor by allowing the company to lease back the land cheaply for seven years. The cooperative, which represents 47 grower members, is affiliated with U.S. Sugar competitor Florida Crystals.

The buyout proposal would allow U.S. Sugar to lease land from the state for \$50 an acre for seven years until efforts to restore the Everglades could get under way.

George Wedgworth, president and CEO of the cooperative, called the deal government intervention in private [business] that will create unfair competition. In a letter to the board, he wrote: The deal as currently constructed would imperil the very livelihoods of the small and medium-sized farmers who make up the cooperative by turning USSC into a super-competitor, especially given the diminutive lease-back rates and USSCs ability to pay off its reported hefty debt. Board members questioned the long-term viability of the sugar industry in Florida, and the impact of taking thousands of acres of cane fields out of production for Everglades restoration.

Although announced by Gov. Charlie Crist, the details of the deal ultimately have to be approved the water management districts governing board. U.S. Sugars new processing mill completed its first harvest last year. One board member asked what it could be used for after land is taken out of production.

A consultant, Nigel Williams of Shaffer & Associates International, joked in response: A museum? Williams was asked about a competing offer to acquire U.S. Sugar from the Lawrence Group of Tennessee, and whether the new processing mill would be viable after land around it was taken out of sugar production.

The Lawrence Group said Monday that it submitted a written offer to acquire all of U.S. Sugars outstanding shares for \$300 a share. The offer came with a deposit check for \$27.5 million in what the company calls earnest money, along with a promise for an upfront cash payment of up to \$50 million of the ultimate purchase price. The Lawrence Group offer would also include U.S. Sugars debt and liabilities. I have no idea what [the Lawrence Group] would do with a very complex and very large sugar production facility like this, Williams said. The board was expected to hear from experts Tuesday afternoon regarding the impact of the economic downturn on the water management district, land values, financing options and sugar operations.

Water managers have until Dec. 16 to sign off on the deal. U.S. Sugar is expected to vote on it next week.

Small farmers oppose state deal with U.S. Sugar

12/02/2008

Miami Herald - Online

CURTIS MORGAN

[Return to
Top](#)

Calling it a "bad business deal," a group of small farmers urged water managers Tuesday not to rush into approving the state's \$1.34 billion proposal to purchase nearly 300 square miles of fields from the U.S. Sugar Corp. for Everglades restoration.

The Sugar Cane Growers Cooperative of Florida, in a letter to the South Florida Water Management District's governing board, said the deal would give the company an unfair business advantage at the expense of other growers and taxpayers -- particularly a key provision that allows U.S. Sugar to lease back most of its lands for at least seven years at \$50 an acre.

"The deal -- as currently constructed -- would imperil the very livelihoods of the small and medium-sized companies who make up the cooperative by turning [U.S. Sugar] into a super competitor," wrote George Wedgworth, the group's president.

The cooperative, comprised of 47 small growers in the sprawling Everglades Agricultural Area southeast of Lake Okeechobee, said it would be willing to pay three times as much to lease the same land from the state -- an offer it argues would help offset the cost to taxpayers.

The district, which is supported by property taxes from 16 counties, plans to bankroll the purchase by issuing bonds.

The cooperative intended to present the letter to the district's governing board, which began what are expected to be three days of discussions this month about the landmark land deal. Under the terms of the contract, the governing board and the company's board of directors both must approve the deal by Dec. 16.

Slow down \$1.34 billion sugar deal, critics urge as clock ticks toward deadline

12/02/2008

Palm Beach Post - Online

PAUL QUINLAN

[Return to
Top](#)

Gov. Charlie Crist's blockbuster plan to repair the Everglades by buying U.S. Sugar Corp.'s farmlands for \$1.34 billion ran into a litany of sharp questions and criticism today - threatening to send all parties back to the negotiating table.

South Florida water managers raised numerous concerns about the price and the terms of a contract that carries an approval deadline of Dec. 16. 'We run the risk right now of bailing out a private corporation instead of doing Everglades restoration,' said South Florida Water Management District board member Michael Collins, an Islamorada fishing guide and the deal's fiercest critic at the agency.

The first public review of the proposed contract for the sweeping land purchase was marked by both fierce resistance and impassioned support of the landmark land deal - a more than seven-hour debate that included appeals from the likes of veteran Hobe Sound environmentalist Nat Reed and U.S. Sugar's powerful competitor, Florida Crystals Corp. 'The Everglades cannot be restored without a major land acquisition,' said Reed, a former district board member who served as assistant secretary of the interior under Presidents Nixon and Ford. 'Get the land.' But a throng of Glades-area farmers and leaders packed the district's meeting chambers in suburban West Palm Beach to warn that the deal threatens to destroy their local economy. 'It's a train to nowhere, and the devil's driving the train,' said Melanie McGahee, a Clewiston attorney.

Earlier in the day, a smaller sugar company warned that the deal would turn U.S. Sugar into a 'super competitor' that would imperil its rivals.

Terms that would allow U.S. Sugar to lease back much of its 180,000 acres from the state at \$50 per acre annually, while remaining in business for the next seven years, amount to 'government intervention' that would create 'unfair competition,' George Wedgworth said in a letter to state officials. He is president and CEO of the Sugar Cane Growers Cooperative of Florida, based in Belle Glade.

Wedgworth notes that the state's own appraiser valued such a lease at \$220 per acre annually. 'The people we represent should not become the unintended consequence of a lofty environmental goal executed by a bad business deal,' Wedgworth wrote. Formed in 1960, the 47-member co-op represents the third-largest sugar producer in the state after U.S. Sugar and Florida Crystals Corp.

Wedgworth asked the state to allow open bidding on both the leases and any surplus land that the state eventually hopes to resell. He also offered to begin negotiating for the same lease at three times the proposed rate, \$150 per acre annually.

U.S. Sugar has warned that the proposed contract, the result of five months of closed-door negotiations, will be scrapped unless the district's board votes to approve it by Dec. 16. U.S. Sugar's board is expected to vote on the contract Monday.

In June, Crist proposed buying out U.S. Sugar entirely for \$1.75 billion and using its land to restore the Everglades. In November, Crist announced the state would buy only the company's land for \$1.34 billion, which would allow U.S. Sugar to keep its

manufacturing works and remain in business indefinitely.

