

Subject: U.S. Sugar Stories for Nov. 27 to Dec. 1**SFWMD**

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US Sugar Oks \$1.3 Billion Sale of Land for Everglades Restoration

11/27/2008

Associated Press (AP) - West Palm Beach Bureau
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WEST PALM BEACH - U.S. Sugar Corp., the nation's largest producer of cane sugar, has agreed to sell its nearly 300 square miles of farmland to the state of Florida for Everglades restoration.

The deal must still be approved by the boards of U.S. Sugar and the South Florida Water Management District.

Under the proposal, the state would buy 180,000 acres from U.S. Sugar for \$1.34 billion. U.S. Sugar would keep its mill, railroad lines and citrus processing plant, along with the 7,000 acres the properties are on.

U.S. Sugar would be allowed to lease back the farmland at \$50 per acre annually for seven years before turning it over to the state.

Officials hope to use the land to help clean water and restore natural flow to the Everglades, long polluted by farming and development.

Michael Sole, head of Florida's Department of Environmental Protection, called the deal "one of the most important opportunities to protect the Everglades ecosystem."

While it remains unclear how much land will go toward restoration, Sole said it will be a "significant amount." Some of it will stay in agriculture.

U.S. Sugar's board was set to vote on the contract on Dec. 8. The water board then has until Dec. 16 to sign the contract or the deal is void. The deal also falls through if the district cannot secure financing by September 2009, when the money is due.

The proposal to buy the land was first announced in June by Gov. Charlie Crist, who called it "as monumental as the creation of our nation's first national park."

The initial announcement called for the state to pay \$1.75 billion for all of U.S. Sugar's land and assets. The new deal would be just for the company's land, leaving it the option to stay in business with its mill and other properties after the seven-year deadline.

The haste to approve the deal was prompted, in part, by a Tennessee-based farming company's informal offer to shareholders last week to buy U.S. Sugar for \$300 per share -- or nearly \$600 million.

A spokesman for The Lawrence Group said Tuesday that a formal offer was being prepared. The company claims its offer is a better deal for U.S. Sugar shareholders because they would get their money now instead of having to wait until 2016 when the lease for the land expires.

It would be the third bid by Lawrence to acquire U.S. Sugar. Previous bids were rejected by U.S. Sugar's board without employee shareholder knowledge, prompting a lawsuit against the company.

Under the potential offer from Lawrence, much of the land would likely remain in agriculture, leaving less for Everglades restoration, though the company has not said how much.

Many in surrounding communities, including U.S. Sugar employees, have worried that the retirement of farmland and the closure could mean economic disaster for the local economy. The company employs about 1,700 workers.

U.S. Sugar Vice President Robert Coker said he was optimistic his board would approve the state deal.

Employee shareholders, meanwhile, had a wait-and-see attitude. "Right now it's just confusion," said Greg Thompson, head of the sugar union.

Under the proposed state deal, U.S. Sugar would pay the water district \$21.5 million for cleaning up contaminants on the land. The state can also take up 13,000 acres within the first year for restoration projects and for local governments, and up to 30,000 acres in the sixth year.

Hopeful in Big Sugar land deal

11/29/2008

Daytona Beach News-Journal, The

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But awaiting assurance of benefits to Everglades and taxpayers

While some environmental groups are hailing the pending state purchase of massive tracts of U.S. Sugar farmland to help restore natural water flow in the Everglades, it is too soon to label this a sweet deal for Florida.

Certainly, it is promising. But until the public has had a chance to review the final agreement, scheduled for approval Dec. 8, too many questions remain whose answers could as readily turn up hollow cane at a bitter price.

As originally announced in June by Gov. Charlie Crist, the deal would entail the state buying 187,000 acres (encompassing nearly half the sugar cane fields in the Everglades Agricultural Area south of Lake Okeechobee) for \$1.75 billion and perhaps negotiating land swaps with other sugar growers in the area to effect the best water sheet flow through the River of Grass. U.S. Sugar would lease back the land for six years while it phased out its business and then pay to help with cleanup of agricultural pollutants. Now, the company says it wants to stay in business by partnering with an Illinois firm to build a plant in Clewiston to process sugar cane for 100 million gallons of ethanol per year. That 'green energy' initiative brightens the sugar company's previously dim business prospects and could prevent an unemployment nightmare for a local population almost entirely dependent on Big Sugar and for which the state thus far has offered little promise of livelihood after the land buy. The ethanol plan also means the sugar company would hang onto assets -- a

rail line, citrus processing plant and sugar mill -- previously included in the land sale. Taxpayers would save about \$350 million off the initial price, welcome news to a Legislature strapped for cash.

Still, taxpayers deserve to know what their \$1.4 billion outlay would accomplish toward restoring the Everglades, how the state intends to manage the land and hydrology, and whether the huge purchase will jeopardize other projects critical to the restoration. For that matter, they should be assured the state will pay no more than fair market value for the land.

This is particularly important in light of several factors continuing to disrupt the restoration. For instance, Florida Crystals, another sugar company, is seeking an inland port in the path of water that would flow across the U.S. Sugar land. That could threaten any simple land swap with the state. Palm Beach County has been pushing for rock mines in the water's path.

Meanwhile, an environmental coalition sued to prevent discharges of dirty lake water and farm runoff into coastal rivers and estuaries. Certainly, the practice should stop, but where would that water be diverted if the state doesn't acquire the sugar land?

Staring down an additional \$2.14 billion general revenue shortfall, the state can't afford to get this deal wrong. Taxpayers can get behind it if Crist can assure them of a fair price and reasonably good outcomes for the Everglades' long-term vitality. They need answers and sufficient time to scrutinize a final agreement before the state commits to it.

Working together can restore Everglades

11/29/2008

Florida Keys Keynoter

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To the editor: Re: Officials concede little progress on Everglades Restoration [The Reporter, Nov. 21]. This identifies some of the challenges of trying to implement the worlds most ambitious ecological restoration project. The time has come to round the corner, learn from our mistakes and think big.

A key shortcoming of the Comprehensive Everglades Restoration Plan, passed by Congress in 2000, was not requiring enough land for water storage and treatment, and instead depending on untested technology. Now we have an opportunity to re-invigorate this process and move restoration forward. Gov. Charlie Crist's announcement to purchase almost 300 square miles of land in the Everglades Agricultural Area from U.S. Sugar is monumental.

Such an opportunity is rare. With this deal, we can store, clean and deliver water south to more effectively re-hydrate Everglades National Park and Florida Bay, and restore these critical areas for wildlife habitat and the enjoyment of visitors.

The state also committed to moving forward with Phase One of

the C-111 Spreader Canal project, to help redirect water flows through Taylor Slough and into central Florida Bay. The additional water flows from the sugar land acquisition will only improve this project.

Working together, we can leave a legacy for our children and grandchildren by saving one of the great special places in the world Americas Everglades.

Sara Fain, National Parks Conservation Association

In Your Corner Growing sour on Sugar deal

11/29/2008

Jupiter Courier

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Martin County Taxpayers Association, Don Pickard, president

STORY TOOLS

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Normally your taxpayers association comments only on local issues. However, there are occasions when we monitor happenings at the state or national levels that directly affect our local economy. If they appear under-reported, or perhaps misunderstood, we are even more inclined to weigh in.

We believe the continuing saga of the states pending purchase of the assets of U.S. Sugar to facilitate Everglades restoration fits those criteria.

We were skeptical in June when it was first announced the state of Florida would purchase the assets of U.S. Sugar. It seemed a dream come true for those who have had to endure years of pollution from the unnatural release of water from Lake Okeechobee. What a great opportunity for Martin County to begin the long process of cleaning up our estuarine environment, increase tourism and perhaps revive our dwindling marine industry. Our initial doubt disappeared as it began to sound like a sweet deal.

Not long after the original announcement came the reality that this purchase alone would not be the cure-all initially suggested. We were told that even with this proposed connection the flow-way discharges to the St. Lucie River could only be reduced, not eliminated. Still, we were encouraged. Next we learned the reported price of \$1.75 billion was really \$2.25 billion, and the 187,000 acres of agricultural land being purchased did not fully complete the connection of Lake Okeechobee to the Everglades.

In fact, there has to be a follow-up deal with another sugar company before that happens.

Then it was announced the deal was for all of U.S. Sugars assets. This meant buying a sugar refinery, orange juice plant and even a small railroad. We thought that was asking a lot but, OK, the state could always sell off the assets it didnt need. We were beginning to question what the state had gotten us into when more issues surfaced. What were we really going to buy? What were we really paying? No one would say because the negotiations were private and discussions apparently not newsworthy. Also, examination of economic impacts of this deal revealed that the Glades communities would suffer the direct loss of thousands of jobs. How would this problem be accounted for?

Because of the recent economic crisis, the credit market severely tightened. We were told the purchase could still be accomplished by selling bonds, but the interest rates were going to be high, requiring even more tax money to finance the deal. Still, with the hope for clean water in our rivers and ocean, we said, let it be. This is a state issue and a once-in-a-lifetime opportunity.

The two required appraisals and environmental impact study were then released. The appraisers were far apart on the value of individual items within the purchase, but strangely close to agreement on the total price. The environmental study revealed that about half of the property being purchased was contaminated, and taxpayers were going to have to pay a huge price for the clean-up. To soften that blow, U.S. Sugar announced we did not have to buy the juice plant, refinery or railroad, and the company would lease back other property for an undisclosed rental rate.

As this is written we have become aware of yet another major development. The Lawrence Group out of Nashville, Tenn., has made an offer to buy U.S. Sugar. Apparently the Lawrence Group would like to continue agriculture operations and sell only the amount of land necessary for Everglades restoration.

Given the latest changes, the announcement that a contract would be finalized by Dec. 16 brings the whole deal into question. It appears an artificial deadline is being set to achieve an agreement before the implications of these developments are fully understood.

We strongly suggest that finalization of any contract be delayed until the full extent of taxpayer commitment has been clearly documented and publicized.

admin@mctaxpayers.org

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Sugar deal invests in South Florida's future

11/30/2008
Miami Herald

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The revised land-purchasing deal between the South Florida Water Management District and U.S. Sugar is more generous to the private partner than is generally advisable in a taxfinanced agreement.

U.S. Sugar has negotiated a take-it or leave-it contract that the water-management board can only accept or reject without alterations. For a firm \$1.34 billion, the district will buy 180,000 acres of farmland. For its part, U.S. Sugar will continue to farm the land for another seven years, paying rent for only six. The rent is \$50 per acre, coming to just over \$9 million a year. The company also will pay \$21.5 million for environmental remediation. The ultimate costs of cleaning up the land have yet to be determined.

Both parties benefit

However, the revised deal is much better than the one originally negotiated between the company and Gov. Charlie Crist. For \$1.75 billion the district would have bought all of U.S. Sugar's assets -- the land, a railroad, sugar factory, refinery and a citrus processing facility. The district only needed the land -- not the railroad and sugar mill -- which will be an important addition to the Everglades clean-up plan.

The reality is, as sweet a deal as U.S. Sugar will get if this contract is approved, the long-term benefits to the Everglades ecosystem and South Florida's water supply matter more. If the district refused this sale, years from now we would be looking back in regret at a terrible, costly mistake.

Much of the land will be used to store and treat the phosphorus-laden water from the Everglades Agricultural Area that is too polluted to be sent to the Everglades. When Lake Okeechobee is too high, water is released into the St. Lucie and Caloosahatchee estuaries. The effects -- algae blooms, fish kills and the stench of rotting seagrass on beaches -- are devastating to the two coasts.

In a column for this newspaper, Audubon of Florida Executive Director David Anderson spelled out some of the benefits of purchasing the farmland:

- ** Improvements in the delivery of cleaner water in the Everglades.
- ** Prevention of thousands of tons of phosphorus from entering the Everglades.
- ** Elimination of back pumping water into Lake Okeechobee.
- ** Increasing water storage to reduce harmful freshwater discharges from Lake Okeechobee to coastal rivers and estuaries.

** Sustainability of agriculture and green-energy technology.

What's more, the added land will help to replenish the Biscayne Aquifer, stabilizing South Florida's water supply in times of drought. Once it no longer is farmed, the land will sustain more Everglades wildlife. It provides new options for water managers who these days manage a system that is more a series of reservoirs than a contiguous slow flowing shallow river.

Daunting cost, worthy goal

The costs -- for acquisition and for the eventual environmental cleanup -- are daunting, especially considering the current recession in which even solvent public institutions are having trouble getting financing. The district will have to sell bonds. It will have to go to Wall Street and talk about the long-term investment in the Everglades and how this land-buy enhances the \$11.8 billion federal-state replumbing plan known as the Comprehensive Everglades Restoration Plan. Of how it is a major investment in South Florida's basic infrastructure: its water supply. Of how it is not a perfect plan, but one that is necessary for Florida's future.

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U.S. Sugar deal Plenty of money, but few answers

12/01/2008

Palm Beach Post - Online

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On Tuesday, the South Florida Water Management District Governing Board will discuss a deal that Chairman Eric Buermann says would 'max out our credit card.' But it's unclear if the shopping spree is a good deal for the public.

The proposal is the purchase of Clewiston-based U.S. Sugar's roughly 180,000 acres, which the district would use to restore the Everglades. Terms of the contract were announced last week. Property owners in the 16 counties that make up the district would pay \$1.34 billion, financed with bonds that are more expensive because they don't require voter approval. U.S. Sugar could farm the land for seven years. The company and the district would have to approve the contract by Dec. 16.

Given the cost, the public should know everything about the deal and how the district would use the land. Instead, there's a lot the public doesn't know, including: If the district could supply that answer or come close, it would be much easier to evaluate the U.S. Sugar deal. But Mr. Sole and Mr. Buermann acknowledge that there won't be a plan for possibly two years. So they want the public to spend \$1.34 billion without knowing how the money will be spent.

Mr. Buermann compares Everglades restoration to 'the moon mission.' 'We know it's going to be done. It's misleading to talk

about specific details.' But a plan would reassure the public that the deal makes sense at this price.

U.S. Sugar knows that the district needs the land. Underground storage, envisioned as a key component of Everglades restoration, probably won't work. District Director Carol Wehle estimated that the U.S. Sugar deal would provide two-thirds of the storage capacity of underground wells. 'It isn't the silver bullet,' she said, 'but it's a big bullet.' U.S. Sugar also faces a lawsuit from employees who charge that the company passed on earlier buyout offers that would have increased the value of their stock. The sale seems well-timed for U.S. Sugar. The company just received a third buyout offer from The Lawrence Group, which claims that it would sell land for restoration at a much lower cost. There's great potential in this deal. At this point, though, public confidence in the deal is far from the max.

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*HTML not allowed in comments. Your e-mail address is required.

Terms of U.S. Sugar deal up for vote

11/27/2008

St. Petersburg Times - Online

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Negotiators have finally agreed to the terms of a state buyout of U.S. Sugar, state officials announced Tuesday.

Now the decision whether to sign the \$1.34-billion contract rests with the company's board and the state agency in charge of Everglades restoration, both of which are scheduled to make a decision within two weeks or else. 'The vote is yay or nay there's no sending it back,' said Eric Buermann, chairman of the South Florida Water Management District, the agency buying the land.

However, he said he hopes that if the contract fails to pass by the Dec. 16 deadline in the contract, there will be a chance to renegotiate.

Sugar executives, in a statement, said they 'look forward to being in successful partnership' with the state. But a Tennessee company that is vying with the state for the sugar land, the Lawrence Group, said it will continue pursuing its own buyout plans. 'We believe our offer provides shareholders with much more value than they would ultimately receive by selling all of the land to the state, while at the same time, preserving critical jobs in communities surrounding Lake Okeechobee,' the Lawrence Group's spokesman, Todd Templin, said in a written statement.

The 60-page contract calls for the water district to pay U.S. Sugar \$1.34-billion at closing and, in exchange, get title to more than 180,000 acres of land but not the company's mill, railroad, buildings or other facilities, which were originally supposed to be

part of the buyout.

The water district will borrow the money and pay off the debt with money from a special property tax that applies only in its South Florida region.

In return, U.S. Sugar will lease that land back at \$50 an acre and continue farming it until the state needs it for restoring the flow of water from Lake Okeechobee south to Everglades National Park. The lease is for seven years but could be renewed.

At this point, no one knows how much land the state might need for its \$10-billion Everglades project, but state Department of Environmental Protection Secretary Mike Sole promised, 'A significant amount of the acreage will be used for restoration.' The lease-back is expected to bring in more than \$50-million in revenue for the state and save it another \$40-million in costs to hire someone else to manage the property, Sole said. U.S. Sugar has agreed to pay more than \$21-million to clean up any pollution left behind on its property.

Sole defended the price tag of \$1.34-billion for the sugar land. An opinion from the water district's New York financial adviser, Dunn & Phelps, said the land alone would be worth just \$930-million, but Sole pointed out that subsequent appraisals put the value of the land at the price in the contract.

EDITORIAL Restore The Everglades, But Double-Check Numbers

11/28/2008

Tampa Tribune

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Nov. 28--The ambitious proposal for Florida to buy U.S. Sugar land could finally ensure the survival of the Everglades, the hydrological heart of South Florida. So the importance of the proposal can hardly be overstated.

Nevertheless, that shouldn't blind state officials to the need to make sure the costs and terms are reasonable. The plan was developed in secrecy and final details have only recently been released.

Now the South Florida Water Management District, the agency that will acquire the land, is faced with a Dec. 16 deadline to approve the contract.

There should be no guesswork here. State officials must be confident taxpayers are paying fair market prices before committing to the deal.

No question, the proposal, which has been scaled back somewhat since Gov. Charlie Crist announced the plan last June, is compelling.

Under the plan, the state would pay \$1.34 billion for 180,000 acres of U.S. Sugar land north of the Everglades. Runoff from

agricultural operations on some of this land has steadily polluted the Everglades, Lake Okeechobee and coastal waters.

The state would use much of the property to build reservoirs that would store and filter water before it would be released.

But it's unclear exactly how much land would be needed for these filters. Some estimates put it at 100,000 acres.

So Hendry County Commissioner Kevin McCarthy asks a reasonable question: "Why are we buying 182,000 acres when you only need 100,000?"

Another question: Is the \$1.34 billion price tag appropriate? At least one appraisal put its value far lower, though state officials say other reviews have confirmed the negotiated price is fair.

Under the plan, the state would lease the agricultural land back to U.S. Sugar for at least seven years at \$50 an acre. The price seems low, but officials say it will save the state \$40 million in land management costs as well as bring in \$50 million in revenue.

All such details need to be carefully attended.

The revised deal is, without question, superior to what was floated in June, which would have required the state to buy all of U.S. Sugar's assets, including its mill, a railroad, buildings and other facilities.

Now the company will maintain those operations, which will cut about \$400 million off the price and preserve about 1,700 jobs, an important consideration for rural communities.

It's also important to realize the purchase requires no tax increases.

It will be funded by property taxes already levied by the South Florida Water Management District.

The state agency oversees water policies in 16 counties, whose citizens will directly benefit from the Everglades restoration. Beyond restoring the Everglades, Lake Okeechobee and estuaries on both coast, the project will safeguard the region's water supply.

The district is the lead Florida agency in the much-stalled state and federal \$8 billion project to restore a natural and clean water flow to the River of Grass. This acquisition could guarantee the success of that venture.

No transaction is perfect. U.S. Sugar, obviously, should be fairly compensated. And Florida must not squander the opportunity to finally save this unique and gravely threatened resource.

But state leaders also should make certain they don't rush into a deal that, in a few years, would be viewed as a rip-off.

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