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Water managers want details from U. S. Sugar on land deal bonuses

03/13/2009

Sun Sentinel - West Palm Beach Bureau
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Gathering in the self-described sweetest town in the country failed to soothe sour feelings over the proposed \$1.34 billion land deal between the state and U.S. Sugar Corp.

South Florida water managers met in Clewiston, U.S. Sugar's home base, Wednesday and Thursday to try to deal with the financial hurdles in the way of plans to use 180,000 acres to restore water flows from Lake Okeechobee to the Everglades.

But meeting within view of U.S. Sugar's mill failed to bring the district and the sugar giant any closer to overcoming cost concerns threatening the deal Gov. Charlie Crist proposed in June.

The district's board raised more concerns Thursday about its ability to afford the deal.

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Recent stories on the U.S. Sugar deal

The board also called for U.S. Sugar to provide more information about how company executives, consultants, lobbyists and lawyers could benefit financially from potential bonuses attached to the deal getting approved. Next month, board members plan to discuss whether they can afford to proceed with the deal, which is set to close in September.

"We don't have the money for what's on the table," board member Michael Collins said.

Crist also arrived in Clewiston on Thursday afternoon, flying in about the time board members were raising concerns about the price of the deal and discussing being left out of some of the governor's negotiating.

The timing was coincidental, Crist spokeswoman Erin Isaac said. She said the governor was on a personal trip and had no official meetings planned in Clewiston.

"He's showing the first lady the Everglades," Isaac said.

U.S. Sugar and water management district officials said Thursday they didn't know the governor was coming to town.

U.S. Sugar Senior Vice President Robert Coker said he was "frustrated" by more delays for the deal, as well as the suggestion that the company hadn't provided enough information about who would benefit from the sale.

"It is frustrating that people of professional backgrounds ... would

continue to chase rumors," Coker said about the district board.

U.S. Sugar already submitted a list of potential beneficiaries of the deal, but the district board wants more details.

The concern is that beyond the usual fees paid for legal or consulting services, tax dollars could end up paying for steep bonuses contingent on the deal going through.

"This information will come out in the future if we don't ask [for it] today," board member Jerry Montgomery said.

The district wants to avoid a situation like its \$217 million deal with Palm Beach Aggregates to turn rock pits west of Royal Palm Beach into reservoirs. After the deal was approved, federal investigators determined a \$2.4 million "secret success fee" was paid to an engineering consultant who pushed the deal to the district without disclosing his financial relationship with the mining company. No criminal charges were filed, but Palm Beach Aggregates agreed to reimburse the district \$2.4 million.

U.S. Sugar spokeswoman Judy Sanchez said no one stands to gain a "success fee" from the deal. Senior management officials at the company have long-term compensation packages that can result in bonuses given by the company's board of directors, Sanchez said. More information about those bonuses or other compensation would be disclosed in the deal's closing documents, Sanchez said.

Whether the U.S. Sugar deal ever gets to closing was even more in doubt Thursday.

With gloomy economic forecasts projecting the district could end up with \$97 million less in tax revenue and state funding, board members acknowledged the current agreement may not end up as the final deal.

U.S. Sugar has been negotiating with rival bidders, including competing sugar producer Florida Crystals. Florida Crystals has proposed the district buy part of U.S. Sugar land needed for Everglades restoration and Florida Crystals would buy remaining farmland and U.S. Sugar's mill to keep it in agricultural production.

"We are looking at creative options," Coker said. "We are continuing to pursue a transaction with the state."

Staff Writer Peter Franceschina contributed to this report.

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

Decision on use limits delayed

Even as drought returns, officials again delayed a decision on whether to make watering restrictions year-round. Utilities oppose twice-a-week limits. Page 4

River of grass

Take a look at the history of the sugar cane industry through an interactive photo gallery and video report. SunSentinel.com/sugar

Tax loss, costs threaten U.S. Sugar deal

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South Florida Business Journal - Online

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Economics continue to threaten the states \$1.34 billion plan to purchase 180,000 acres from U.S. Sugar Corp.

The latest bad news comes from projections that property values in the South Florida Water Management District have dropped dramatically, slicing into future property tax revenue for the district. The districts governing board agreed Thursday to discuss affordability of the plan at next months meeting in Kissimmee. District executives said they would have more solid cost data and analysis by then.

Board member Mike Collins said he believed a vote was needed next month to see if the existing deal is one that we can live with. Gov. Charlie Crist proposed the purchase last as a way to resolve long-standing pollution and water management problems in the Everglades. The governing board voted 4-3 to approve the land deal in December, but the board gave themselves an escape hatch if economics threatened to gut the districts core programs. Collins voted against the deal in December.

The cost of financing the deal also remains in question, Paul Dumars, the districts chief financial officer, said at Thursdays meeting. Questions regarding the duration of this current crisis are really beginning to drive this market, he said. The interest costs remain really unpredictable at this time. The Miami Herald reported that an analysis of property tax data shows values in the district have dropped by more than 14 percent this year and by more next year costing the district more than \$100 million over two years.

County Resuscitates Local EDC

03/12/2009

Clewiston News

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County resuscitates local EDC

Following plea from EDC members, community, county reconsiders

By Jose Jesus Zaragoza

Clewiston News CLEWISTON -- Following a presentation by an expert in the economic development field, county commissioners reconsidered their earlier decision to withdraw their funding of Hendry's Economic Development Council.

Commissioners recognized the efforts of the EDC board, and the staff, which continued operating despite the crippling decision last year.

The commissioners factored the state of the economy and decreases in operating dollars in removing the funding, but determined on Tuesday that it is now more important than ever to have a fully functioning EDC.

Without a director on board, the group made its case for the hire of a supervisor.

" Things were starting to turn for us and we lost our funding," Debra Van Sickle reminded commissioners. " We're kind of just throwing it all out there for you guys."

Wendell Johnson, Clewiston's city manager, agreed.

"Hendry County is nowhere near being competitive," the manager said. " Their [EDC] hearts are in it, don't let them slip away from you. Somebody's got to go to bat for you."

Business representatives also stood up to press for funding, including representatives from Alico and Gulf Citrus.

But it was information from a private consultant specializing in economic and real estate development that seemed to tip the discussion in favor of the re-funding.

Janet Watermeier applauded the efforts of the local EDC, and spoke directly to commissioners in explaining why the county needed to fund the group.

Current times are difficult, and the consequences of the sale of U.S. Sugar's land to the state are still unknown. The losses of jobs could be considerable, or could lead to the much-needed diversification of industry in an area so heavily dependent on agriculture, she said.

The county should poise itself to capture as many dollars, and as much help as it can from the state and federal governments through all the uncertainty, Ms. Watermeier told commissioners. " You will have more leverage

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than you have had at any time," she said.

The EDC could play a vital part in advocating the widening of S.R. 80, for example, or tapping into the five million people on either coast. The EDC could adopt the inland port -- a plan to route commercial activity through U.S. 27 --and support increased economic activity at Airglades Airpark.

Ms. Watermeier points to the county's high unemployment rate, 10.5 percent, but reminded commissioners that is an addressable problem.

" Why are companies not coming here?" she encouraged leaders to consider.

The county should be ready to stake its investment in the EDC, she said. Providing a ballpark figure of \$140,000 for staff (\$75,000 for an EDC director), and additional funding needed for

overhead, professional fees and market and research, Ms. Watermeier said that roughly \$275,000 is needed to operate the group.

Of the amount, it is possible that \$150,000 can be secured from the South Florida Water Management District, she said, \$75,000 from the county, \$15,000 from Clewiston and LaBelle each, as well as \$20,000 from EDC members and new members.

Funding can be viewed either as a cost or an investment, the speaker contended.

After the workshop, during its regular meeting, the Hendry County board of commissioners voted to move forward with re-fund the council.

Water managers to U.S. Sugar Disclose payments to lobbyists, execs

03/12/2009

Palm Beach Post - Online

PAUL QUINLAN

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CLEWISTON South Florida water managers want U.S. Sugar Corp. to disclose any 'success fees' attached to its pending sale of 180,000 acres of farmland to the state.

The demand comes amid a crescendo of rumors circulating among opponents of the sale that a cabal of U.S. Sugar executives, lawyers and lobbyists stand to collect multimillion-dollar bonuses and 'golden parachutes' should the taxpayer-funded, \$1.34 billion land deal close.

In June, Gov. Charlie Crist proposed buying the New York City-size swath of land south of Lake Okeechobee that Everglades advocates have long considered critical to the ecosystem's restoration. But critics, including U.S. Sugar competitor Florida Crystals and Glades-area leaders who fear staggering job losses, call the deal an overpriced bailout for a well-connected agro-giant suffocating under massive debts and declining profit margins.

Leaders of the South Florida Water Management District, the state agency set to finance the purchase, directed staff today to ask for the more detailed disclosure in a letter to U.S. Sugar's board. 'I'm troubled by it because I continue to hear rumors and have no basis to know whether they're true or not,' said board member Jerry Montgomery, a Disney executive, who raised the issue. 'It's a simple question that requires plain speak and plain answers.' But it's unclear whether the request carries legal weight.

U.S. Sugar already filed an affidavit required under new water district rules established to guard against corruption that lists all individuals who stand to gain from the deal.

Among the hundreds of U.S. Sugar shareholders listed are 31 executives' names marked with unexplained asterisks. U.S. Sugar has thus far declined to say whether those executives or anyone else stands to receive special compensation upon completion of the deal. 'I think we have to ask more specific questions relative

to those employees who are asterisked,' said Montgomery. Montgomery's call won unanimous support from fellow board members. 'The present system that we're working under encourages a lot of innuendo, a lot of speculation, a lot of rumor,' said the board's Charles Dauray, from Lee County. 'And that's no way to treat \$1.34 billion of the public money.'

State, water district Is U.S. Sugar deal worth budget cuts needed to make it happen?

03/12/2009

Jupiter Courier

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CLEWISTON, FL. — Paying for Gov. Charlie Crist's proposed buyout of 180,000 acres of U.S. Sugar Corp. farmland would force such withering budget cuts on the agency that manages South Florida's flood control and water supply as to raise questions about whether the deal can go forward.

The South Florida Water Management District in December narrowly approved a \$1.34 billion contract with U.S. Sugar that included a catch: If the deal would imperil the districts ability to carry out its core responsibilities, it could back out.

New figures show the agency will be cutting it close.

The district will have to slash its operating budget by one-quarter to make the sugar deals annual \$109 million debt payment while absorbing the plunge in property tax receipts thats anticipated to follow the collapse of the real estate market, staff said.

Is a 25 percent cut too much? Well find out, wont we? said Executive Director Carol Wehle. A detailed analysis of potential cuts is not due to the governing board until June, three months before the deadline to close the land deal.

A tax increase remains out of the question, Wehle said. Crist originally pledged the deal could be done without raising the property tax rates that the district charges within its 16 counties. Board members also oppose an increase.

The uncertainty follows last weeks release of worse-than-expected estimates about the drop in taxable property values across the state. The districts tax base, which is three-quarters residential real estate, is projected to shrink 14.9 percent this year and another 7.6 percent next year - for a two-year loss of \$114 million. The operating budget now stands at \$393 million. These are pretty dire numbers, said board member Charles Dauray. Theres very little of a comfort index here. Crist said Monday that officials are exploring ways to immediately shave down the cost of the deal. One possibility is to flip land to other interested buyers simultaneously with the closing with U.S. Sugar.

The blockbuster U.S. Sugar deal, which Crist first proposed last June, would create space for the reservoirs and filter marshes

needed to recreate the historic flows from Lake Okeechobee south to the Everglades. But the historic opportunity comes at the worst possible time for the economy, amid a tidal wave of foreclosures and a stock market crash of nearly 50 percent since last January. Said the districts budget director, Doug Bergstrom: Were trying to operate in some of the most unstable and uncertain economic conditions that any of us have seen.

Water district managers tell us about any perks in land deal

03/12/2009

Sun Sentinel - Online

Andy Reid

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South Florida water managers want to know if executive golden parachutes and secret success fees are hidden in the state's proposed \$1.34 billion land deal with U.S. Sugar Corp.

The South Florida Water Management District plans to buy 180,000 acres from U.S. Sugar and use the farmland to build reservoirs and treatment areas to reconnect Lake Okeechobee water flows to the Everglades.

On Thursday, the district's board called for U.S. Sugar to provide more information about how company executives, consultants, lobbyists and lawyers benefit financially from the deal.

U.S. Sugar already submitted a list of potential beneficiaries of the deal, but the district board wants more details. The concern is that beyond the usual fees paid for legal or consulting services, taxpayer dollars could end up paying for steep bonuses contingent on the deal going through. 'This information will come out in the future if we don't ask [it] today,' district Board Member Jerry Montgomery said. 'This is the people's money.' U.S. Sugar spokeswoman Judy Sanchez said there is no one who stands to gain a 'success fee' from the deal. Senior management officials at the company do have long-term compensation packages that can result in bonuses given by the company's board of directors, Sanchez said. More information about those bonuses or other compensation would be disclosed in the deal's closing documents, Sanchez said.

The district wants to avoid a repeat of its \$217 million deal with Palm Beach Aggregates to turn rock pits at the mining company west of Royal Palm Beach into reservoirs. After the deal was approved, federal investigators determined that a \$2.4 million 'secret success fee' was paid to an engineering consultant who pushed the deal to the district, without disclosing his financial relationship with the mining company.

No charges were filed related to the success fee, but Palm Beach Aggregates agreed to reimburse the district \$2.4 million.

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