



Compiled by: South Florida Water Management District
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Opponents to an Everglades land deal Tuesday stepped up their attacks on a plan they say costs taxpayers too much and threatens to set back environmental restoration.

Critics of the \$536 million deal are waging a legal battle to derail Gov. Charlie Crist's proposal to buy 73,000 acres from U.S. Sugar Corp. and use the land to restore Lake Okechobee water flows to the Everglades.

Months of on-again, off-again court hearings were supposed to end Tuesday, but instead opponents succeeded in delaying the latest round of legal fights at least another day. If the case wraps up today, it will then be up to Palm Beach County Circuit Judge Donald Hafele to decide whether to endorse the financing plan that calls for South Florida property tax payers to pay for the blockbuster deal.

However Hafele rules, the case is expected to be appealed to the Florida Supreme Court.

The outcome of the case will determine whether Crist and South Florida water managers can press on with the bid to buy land to store, clean and redirect water that once naturally flowed to the Everglades.

The South Florida Water Management District, which leads Everglades restoration for the state, proposes borrowing as much as \$2 billion, which could be used to pay for the initial land deal as

well as a potential second phase.

The money could also help pay for some of the future construction costs for reservoirs and water treatment areas. South Florida property tax payers would pay off the long-term debt.

Opponents to the deal include Florida Crystals, U.S. Sugar's main sugar-producing rival, as well as the Miccosukee Tribe. They question the cost of the deal and raise concerns that it will take money away from other long-stalled Everglades restoration projects.

District officials acknowledge that they are pushing for the land deal before completing plans for how to use the property and that actual construction of water treatment and storage facilities could take decades.

Beyond the cost of buying the land, preliminary construction estimates discussed during the hearings ranged from \$5 billion to \$18 billion, with no set plan for how to pay for it.

Florida Crystals attorney Joe Klock joked that the district's message for why the court should support its plan to borrow \$2 billion is "Trust us, we are the government."

"We know they are going to buy the land," Klock said. But we don't know what structures are going to go where."

Crist in June 2008 first proposed a \$1.75 billion buyout of all of U.S. Sugar's 180,000 acres and facilities, including the company's Clewiston sugar plant. The national economic downturn coupled with opposition to the deal has since prompted the governor to twice scale down the deal.

The new \$536 million deal limits the initial purchase to 73,000 acres, with the option to buy the remaining 107,000 acres, and allows U.S. Sugar to keep its mill and all of its other business assets.

U.S. Sugar would also get to lease back much of the 73,000 acres for up to 20 years, while the district plans the reservoirs and treatment area needed to deliver stormwater to the Everglades.

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South Florida water managers may offer Everglades land as collateral in U.S. Sugar deal

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Miami Herald

PAUL QUINLAN

Broward

EVERGLADES

South Florida water managers may offer Everglades restoration land and other state-owned tracts as collateral to finance the pending U.S. Sugar deal.

The Palm Beach Post

South Florida water managers may offer Wall Street more than a quarter-million acres of state-owned lands, including thousands of acres of Everglades restoration tracts, as collateral to finance Gov. Charlie Crist's land deal with U.S. Sugar Corp. and future environmental projects, records show.

The South Florida Water Management District has identified 283,000 acres worth \$1.5 billion -- including preserve lands, filter marshes and Everglades-area wetlands -- that could be used to guarantee some of the \$2.2 billion they intend to borrow to buy the U.S. Sugar land and recreate the flow of water from Lake Okeechobee to the Everglades.

The collateral might include 2.8 acres under the Herbert Hoover Dike.

The proposal, which water managers say remains under consideration, emerged in internal agency e-mails and other documents that opponents of the U.S. Sugar deal have cited in their legal battle to block financing for what would be the state's most expensive conservation land purchase ever.

'AN OPTION'

Water managers say using the land as collateral would, at little risk to taxpayers, enable the district to obtain tax-free financing, which would translate to savings of tens of millions of dollars over the 30-year loan.

"We're pursuing this as an option," said Paul Dumars, the water district's chief financial officer. "At the end of the day, we would save taxpayer dollars."

But opponents of the U.S. Sugar deal say the proposal is reckless and illustrates the extraordinary financial strain that the deal would place on the South Florida water agency and its taxpayers in all or part of 16 South and Central Florida counties.

"It would be stupid to do it," said Joseph Klock, who represents chief U.S. Sugar competitor Florida Crystals, one of the deal's opponents. "It would be political suicide."

The complex financing scheme would involve what are called certificates of participation, which are similar to bonds but circumvent the need for voter approval. The water agency would use property taxes collected in its 16 counties to make 30 years of annual debt payments to trustee Deutsche Bank, which would in turn repay investors in the certificates.

If the district defaulted on the loan, Deutsche Bank could use the land to generate a return for investors -- for example, by leasing some of the land to farmers.

The state would not risk losing the lands entirely, because everything would revert to state ownership and control at the end of the 30-year term, according to agency officials.

The collateral lands are listed in a three-page spreadsheet that Ruth Clements, the district's land acquisition director, sent agency administrators, noting it includes only properties owned outright by the district.

Among them: the 38,000-acre Kissimmee Prairie Ecosystem, 17,000 acres of East Everglades and even 2.8-acres of the Herbert Hoover Dike footprint.

Most are lands that the state plans to use for Everglades restoration and other environmental repair efforts. Clements wrote that the vast Everglades water conservation areas, along with lands bought with federal money and the agency's headquarters property, had been cut from the list.

'CORRECT' DEFAULTS

Dumars said the agency would structure any collateral agreement in a way that would allow the district to "correct" any potential default and resume control of the land within a year or two.

Crist's \$536 million, 73,000-acre deal with U.S. Sugar is expected to close in early 2010, provided Florida Crystals and the Miccosukee Indian Tribe, whose members live in the Everglades, do not succeed in blocking the financing.

Sides argue pros and cons of U.S. Sugar deal

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Orlando Sentinel - Online

Andy Reid South Florida Sun-Sentinel

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PALM BEACH COUNTY - Opponents to an Everglades land deal Tuesday stepped up their attacks on a plan they say costs taxpayers too much and threatens to set back environmental restoration.

Critics of the \$536 million deal are waging a legal battle to derail Gov. Charlie Crist's proposal to buy 73,000 acres from U.S. Sugar Corp. and use the land to restore Lake Okeechobee water flows to the Everglades.

Months of on-again, off-again court hearings were supposed to end today, but instead opponents succeeded in delaying the latest round of legal fights at least another day. If the case wraps up Wednesday, it will then be up to Palm Beach County Circuit Judge Donald Hafele to decide whether to endorse the financing plan that calls for South Florida property tax payers to pay for the blockbuster deal.

However Hafele rules, the case is expected to be appealed to the Florida Supreme Court.

The outcome of the case will determine whether Crist and South Florida water managers can press on with the bid to buy land to store, clean and redirect water that once naturally flowed to the Everglades.

The South Florida Water Management District, which leads Everglades restoration for the state, proposes borrowing as much as \$2 billion, which could be used to pay for the initial land deal as well as a potential second phase. The money could also help pay for some of the future construction costs for reservoirs and water treatment areas. South Florida property tax payers would pay off the long-term debt.

Opponents to the deal include Florida Crystals, U.S. Sugar's main sugar-producing rival, as well as the Miccosukee Tribe. They question the cost of the deal and raise concerns that it will take money away from other long-stalled Everglades restoration projects.

District officials acknowledge that they are pushing for the land deal before finalizing plans for how to use the property and that actual construction of water treatment and storage facilities could take decades.

Beyond the cost of buying the land, preliminary construction estimates discussed during the hearings ranged from \$5 billion to \$18 billion, with no set plan for how to pay for it.

Florida Crystals attorney Joe Klock joked that the district's message for why the court should support its plan to borrow \$2 billion is "Trust us, we are the government."

"This project has no start and has no ending," Klock said. "We know they are going to buy the land. But we don't know what structures are going to go where."

Crist in June 2008 first proposed a \$1.75 billion buyout of all of U.S. Sugar's 180,000 acres and facilities, including the company's Clewiston sugar plant. The national economic downturn coupled with opposition to the deal has since prompted the governor to twice scale down the deal.

The new \$536 million deal limits the initial purchase to 73,000 acres, with the option to buy the remaining 107,000 acres, and allows U.S. Sugar to keep its mill and all of its other business assets. U.S. Sugar would also get to lease back much of the 73,000 acres for up to 20 years, while the district plans the reservoirs and treatment area needed to deliver stormwater to the Everglades.

"The goals and benefits of this acquisition remain the same," Ken Ammon, who heads Everglades restoration for the district, testified Tuesday. "It makes it more affordable in the interim."

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Water managers may offer Everglades restoration land as collateral to finance U.S. Sugar deal

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07/14/2009

Palm Beach Post

Quinlan, Paul

WEST PALM BEACH — South Florida water managers may offer Wall Street more than a quarter-million acres of state-owned lands, including thousands of acres of Everglades restoration tracts, as collateral to finance Gov. Charlie Crist's land deal with U.S. Sugar Corp. and future environmental projects, records show.

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