

Commentary: Land purchase a victory for state, not a bailout for U.S. Sugar

By **ROBERT H. BUKER JR. AND ROBERT H. BUKER JR., PRESIDENT, CEO, U.S. SUGAR**

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Most criticism aimed at the state's acquisition of U.S. Sugar lands for restoration is fueled by our largest business competitor, Florida Crystals, and a few politicians highly motivated by their campaign contributions. They have falsely characterized this acquisition as a bailout of a struggling company.

U.S. Sugar never solicited this proposal. We were not for sale. Then Gov. Crist approached us with the proposal to acquire all of U.S. Sugar and its 180,000 acres of strategically located land for Everglades restoration.

The only reason we entertained Gov. Crist's proposal was that it came from the governor and our owners believed the transaction would play a major part in resolving the huge problems of the Everglades, Lake Okeechobee and the Caloosahatchee and St. Lucie rivers, a fitting legacy for our land.

While it was true that our sugar business had at that time accumulated significant debt due to several hurricanes and the monumental, multiyear construction of our state-of-the-art sugar factory, that is not the whole story.

Our company has been in business since 1931, and we always have weathered the storms. So, we made hard decisions, prioritized spending and cut costs. In its third year of operations, our new sugar factory is running smoothly and our refinery has had record production.

Today, U.S. Sugar is well-capitalized and we have retired more than \$200 million of debt. Our owners, shareholders and bankers are very pleased and proud of what we have accomplished. We never violated any of our banking and loan covenants.

Because of our new sugar factory, railroad and cost reductions, we are by far the lowest-cost producer of refined cane sugar in the United States

We expect strong sugar demand, sales and pricing for at least 2010 and 2011.

Florida Crystals is spending tens of millions of dollars in court, in the Legislature and in the media opposing this transaction in an attempt to get some of U.S. Sugar's superior assets for its business. Its actions are certainly in keeping with its history of trying to force a better deal for itself. Just as it did when it sued the state for its purchase of Talisman Sugar in the southern Everglades Agricultural Area for restoration a decade ago, Florida Crystals is angling for its own "sweet deal" in this case.

When Gov. Crist first announced this historic acquisition, Florida Crystals spokesman Gaston Cantens was quoted in the Miami Herald, stating they "view this as an opportunity to resolve some of these lingering environmental issues and create some long-term stability in this area." In fact, Florida Crystals officials secretly sent their own proposal to the South Florida Water Management District — "to acquire a portion of the U.S. Sugar assets" and "join in pursuit of the state's goals." They demanded their offer be kept confidential, and when their terms were refused, they filed lawsuits opposing this acquisition.

While calling the contract "too sweet" for U.S. Sugar, Florida Crystals was attempting to force an even "sweeter" deal for itself.

At the same governing board meeting that Florida Crystals' spokesman Cantens publicly complained about U.S. Sugar's \$150-per-acre lease rate, Florida Crystal's leases with the SFWMD were approved at \$59 per acre.

Mr. Cantens uses the EAA-A1 reservoir on Talisman land to claim U.S. Sugar's deal delays other restoration

projects when his own company sued the SFWMD to stop that reservoir construction. They forced a settlement, got an \$8 million payout and still farm more than 20,000 acres of state-owned Talisman .

Florida Crystals' secret proposal to the SFWMD offered a "sweetheart deal" to relinquish its Talisman leases only in exchange for U.S. Sugar land that is 50 percent more productive than its own.

Florida Crystals ran commercials claiming that restoration dollars are better spent north of Lake Okeechobee at the same time it presented a plan that has the SFWMD buying some of its land south of the lake rather than U.S. Sugar's.

At the SFWMD's request, due to the economic downturn, we have twice renegotiated this contract so that it was affordable to the state while still providing a fair return to our shareholders. A public review and extensive court process approved its public purpose, all over Florida Crystal's objections. We are confident that the Florida Supreme Court will uphold the bond validation and that the governing board will complete its budget process, making this a high priority without raising taxes.

The bottom line: Florida has a very rare opportunity to reacquire a large swath of the historic Everglades from a willing seller at a fair, appraised price that will advance Gov. Crist's Everglades restoration plan.

Robert H. Buker Jr. is president and CEO of U.S. Sugar Corp., based in Clewiston.

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