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Public should not play U.S. Sugar's poker game

Palm Beach Post Editorial

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If there's no deal by Tuesday, U.S. Sugar insists, the company's offer to sell its land to the South Florida Water Management District for \$1.34 billion is off. That should be OK with taxpayers. The only way to negotiate a better deal is to stop this one.

The proposed contract gives U.S. Sugar a price for the land that new appraisals say may be \$300 million too high because U.S. Sugar would get to continue farming most of its 180,000 acres for at least seven years. That lease also threatens to delay negotiations to bring in a necessary partner to Everglades restoration: Florida Crystals.

U.S. Sugar deal



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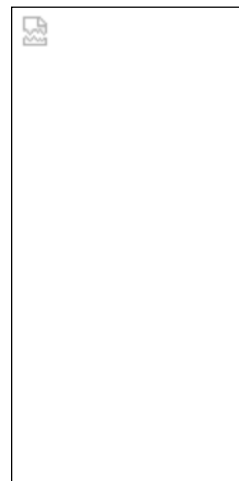


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But U.S. Sugar has presented the district with a take-it-or-leave-it position. That position was worked out in negotiations led not by the water district - whose taxpayers in 16 counties would pay for the land - but by Michael Sole, Gov. Crist's secretary of the Department of Environmental Protection.

For the public, six months after it was announced the deal remains hard to follow. But taxpayers and the water district board members who will vote on the deal can't consider it without considering the motives of the key players:

- **Gov. Crist.** He wants an environmental grand slam to establish his national credentials. The buyout would please environmentalists, including Paul Tudor Jones, a wealthy contributor who persuaded Gov. Crist to pursue it. There's also an element of insider politics. The governor's former chief of staff and longtime aide, George Lemieux, left the governor's office this year to become chairman of the Gunster Yoakley law firm, which represents U.S. Sugar in negotiations with the water district.
- **U.S. Sugar.** The company is looking to optimize the sale of a business that has begun losing money. By taking the district's offer but continuing operations, management assures its own jobs for years. A private-party offer from the Nashville-based Lawrence Group calls for shareholders to get paid immediately. The governing board must determine if U.S. Sugar's financial condition explains the sugar company's urgency. This deal is supposed to benefit the public as much as U.S. Sugar shareholders.



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keep agriculture alive.

- **The Lawrence Group.** It is aiming the company's offer of \$300 per share directly to U.S. Sugar stockholders. In an interview with *The Post*, Gaylon Lawrence Jr. promised to work with the water district to sell whatever land the state needs, even if that turned out to be 100,000 acres. The Lawrence Group has been trying to buy U.S. Sugar for three years, and Mr. Lawrence would not rule out legal action to assure fair consideration of his offer.
- **Clewiston.** Residents of U.S. Sugar's hometown and other Glades communities argue that the sale would wipe out a large segment of the sugar industry, force the closing of U.S. Sugar's mill and eliminate 1,700 jobs, turning Clewiston into a ghost town. They prefer The Lawrence Group's offer because, they say, it would keep agriculture alive.
- **Florida Crystals.** The West Palm Beach-based sugar conglomerate owns 60,000 acres in the path of Everglades restoration. The water district and the governor's office have put off negotiations on land swaps with Florida Crystals until the U.S. Sugar contract is approved. But by approving the contract, with its seven-year lease provision, the governing board could preclude the possibility of a swap. Florida Crystals says it won't wait seven years to take over the land. Both Florida Crystals and The Lawrence Group also may be trying to get U.S. Sugar land at a bargain price.
- **Environmentalists.** They argue that the cost will look like a great investment decades from now. The loss of 1,700 jobs pales next to the failure to meet South Florida's water needs, both for the Everglades and a growing population.


As far as restoring the Everglades is concerned, it's certain that government control of the land is better than continued farming. But this deal would give U.S. Sugar more money than appraisals say the land is worth. It would add the unnecessary bargain-rate land lease. And the deal itself precludes counteroffers from the governing board, which is responsible for its terms.

Tuesday's arbitrary deadline is itself a deal-breaker. Is U.S. Sugar really prepared to shun the water district, with its billion-dollar financing capability, if the board defers? Or is the company afraid that more time means more scrutiny of U.S. Sugar's finances, which could drive down the price?

It's all become too much like a poker game with public money. To get the best deal for the public, the governing board has to call U.S. Sugar's bluff.

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