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## Deal good for company, Florida

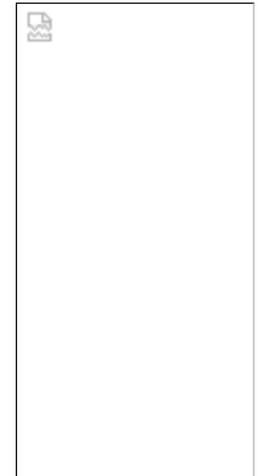
By Robert Coker

Palm Beach Post Commentary

Wednesday, February 11, 2009

By **ROBERT COKER**

U.S. Sugar was just as stunned as the public by Gov. Crist's bold proposal to acquire our company. We have farmed this land for nearly 80 years, and we have just invested hundreds of millions of dollars in making our sugar manufacturing operations the most efficient in North America. Our citrus operations already were the best in the world.



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However, the governor was serious in his interest, and our board members agreed to listen. Twenty years' fractious history of Everglades disputes may have prodded their interest. Over the many months of discussions and negotiations, our company committed to a major shift.

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Gov. Crist's vision that U.S. Sugar's land could provide a "legacy footprint" for Everglades restoration and revitalize the landscape of South Florida appealed to our long-term interests in this area. This "footprint" is a more appealing legacy for so proud and historic a company than farming interspersed with rock mining, development, landfills or other activities needed to maximize land value. Our 180,000 acres will provide opportunities for water storage and treatment that should enable remaining agriculture in the area to be sustainable as well.

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As U.S. Sugar moved forward negotiating with the South Florida Water Management District, competitors have come forward to discredit the sale.

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First, they attacked the purchase price. That attack failed because the \$1.34 billion price was set dead in the middle of the two most recent independent, government real estate appraisals, which came in at \$1.37 billion and \$1.3 billion.

They then attacked the seven-year lease-back agreement. This lease-back allows the state to acquire the land now and still have it remain productive until the state is ready to construct restoration projects. There are three important things wrong with these attacks.

- Those attacking the lease-back are the same competitor sugar farmers who had similar long-term state leases when the state purchased Talisman Sugar - leases that were \$0 per acre for many years.
- Florida Crystals still leases tens of thousands of acres of Talisman property today for \$59 per acre. Plus, the water district pays Florida Crystals millions more to keep the land free of nonnative species.
- Our lease requires that we pay based on gross acres. Most other agricultural leases, including Florida Crystals' current \$59-per-acre lease, pay only on net crop acres.

Most important, if the state tried to lease all 180,000 acres, there would be no market for much of the land. U.S. Sugar's rate takes into account the scale of this deal and the cost of increased environmental best-management practices. The district negotiated a fair deal, including the seven-year lease, which results in nearly \$100 million in lease payments and cost avoidance.

Closer to home, we understand the anxiety expressed by our employees, growers and communities. We have done several things to ease the situation. Our current and former employees who are also stockholders will receive an estimated \$365 per share from this sale. We have provided a severance of one to two years' pay for all employees who lose their jobs in the seven years from this transaction.

U.S. Sugar also provided in the contract that the water district immediately can transfer 3,000 acres of our land not under cultivation to local governments for economic development. Hundreds of acres could be transferred upon the sale closing in September. We encourage the governor, Legislature and state agencies to quickly develop a real economic transition plan for the community.

Keep in mind that the land-only transaction allows U.S. Sugar to retain ownership of the sugar/citrus processing facilities and railroad, ensuring that they will continue operating. This secures jobs and economic activity for our communities. Our railroad can economically deliver cane to the Clewiston mill, making the mill and railroad valuable assets, regardless of the land attached.

The water district's expert estimated that our railroad gives us a 90 percent transportation edge over competitors. Likewise, most citrus processing plants operate independently of grove ownership.

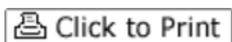
While U.S. Sugar has a signed contract, this is not completely a done deal. We made our case for this acquisition to our board, and we soon must apply for stockholder approval. In the meantime, the law requires that we try to obtain better offers for our company.

Many other entities have expressed interest, now that we are a willing seller. Some have said they intend to make a better offer than the state. Should a superior offer emerge, we would accept that offer - provided that the South Florida Water Management District would have the right to match that offer. Finally, the district must secure funding for the acquisition.

That said, this acquisition is the biggest and best opportunity that ever will exist to bring 180,000 acres - nearly 300 square miles of historic Everglades - into public ownership at one time. Regardless of what people think of our motives, profits or problems, the fact is that many have had that same vision over the years, but Gov. Crist is making it happen.

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