
Message from Ray Washmera, President: Ho, Ho, Ho! Happy Holidays to all!

The Holiday Season is upon us and we hope this time finds you enjoying it fully. We hope your holidays are filled with family, friends, parties, and wonderful memories.

2008 is near over and it has been quite the year. Commodities, in general, have been tumultuous and buying and selling of them outright dangerous. It has been quite a while since we saw the markets roil like this. But what better time for us to show our worth to our customers! Experience, knowledge, intelligence and counsel have been in demand and I am sure you have offered it often and well. My hat is off to your value and help.

Our NSIMA has tweaked and polished itself, offering more and more to its members and friends. Our Board of Directors has worked diligently and professionally to make the Association the best it can be. I, personally, thank each and every one for all they have done. Looking back, it has been a trying but worthwhile year.

Each month we have espoused the virtues of one of our members. In this letter, Past President Neale Smith shares some thoughts about one of our most experienced and memorialized members, Dave Montgomery, Sr.

"I have a wonderful picture on the wall behind my desk of the 14th Annual Sugar club Banquet at the Savoy Hilton Hotel in New York City on June 4, 1962. There is my father at table 12 but most importantly at table 15 is a young Dave Montgomery, Sr. Dave is a stalwart in the sugar industry - a wealth of knowledge and experience.

Some of the first sugar I ever brokered over three decades ago was through his firm of Stevenson, Montgomery and Clayton. If Dave told you it was good quality you knew it would be.

Dave has been a long time member and Director of our Association. He was a great leader as President from January 1, 1980 to January 1, 1986. Thank you Dave for your many wonderful years."

Like Dave, the NSIMA continues its quest- to offer services and information to its valued members. We thank you for your membership and more so for your friendship.

May the Holidays bless you and may the New Year be prosperous as well!

And more importantly, may God bless you all!

Sincerely, Raymond A Washmera

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<http://www.247wallst.com/2008/11/as-verasun-vse.html>

November 01, 2008; by Douglas A. McIntyre, 247wallst.com

As Verasun (VSE) Goes Chapter 11, The Ethanol Industry Faces Serial Failures

The most prominent ethanol energy company in the US, Verasun (VSE), is filing for Chapter 11. Among other things the firm has been pinched by falling [oil prices](#), which make ethanol less attractive, and rising corn prices, which makes production more expensive.

When oil was at \$147 a barrel, ethanol was a savior for car and truck drivers everywhere.

The ethanol industry built tremendous production and transportation infrastructure. It was a "if we build it, the will come" strategy. Then, the world fell apart. Prices for [gas](#) at the pump are back down well below \$3 instead of being headed toward \$5 as they were in August.

Verasun says it will keep operating, but common [shareholders](#) have been crushed to death. The stock was at nearly \$18 late last year. Now it is under \$.40.

The next companies that stockholders need to be concerned about are Pacific Ethanol (PEIX), which has dropped from a one-year high of almost \$10 to \$.90 and ADM (ADM), which is too big to fail but could get nicked by the industry fallout.

Until oil moves back above \$100, ethanol companies are in a coma.

November 26, 2008; The Sidney Herald

Number of sugar acres continues to increase

The amount of sugar beet acres being contracted by Sidney Sugars for next year continues to increase and should surpass the 20,000 acre mark.

Russ Fullmer, agricultural manager at Sidney Sugars, said the current total is 19,200 acres.

“The number will continue to be added to until the spring,” Fullmer said. “We have guys who contracted acres and are now contracting more.”

Under the ending one-year contract, the amount of acres decreased from 35,100 last year to 15,300 this year. American Crystal announced in October that the sugar beet processing plant in Sidney will remain open. At that time, Steve Sing, general manager of Sidney Sugars, said he hopes the amount of acres would hit the 20,000-21,000 figure.

Fullmer is optimistic that total can be obtained when officials approach growers again this winter.

“I think we will end up at 22,000 to 23,000,” Fullmer said. “That’s just my estimation.”

He added the factory finishes beets on Thursday. After that, there will be six days of juice work. In prior years, the factory was done with harvest in the first part of February.

December 1, 2008; BizJournals.com

Nashville company makes formal offer for U.S. Sugar

A Nashville, Tenn.-based farmland owner that wants to purchase the land in Clewiston that **U.S. Sugar Corp.** plans to sell to the state for Everglades restoration has made its offer official. But, an executive with the sugar company said the deal is filled with holes.

The **Lawrence Group** said Monday that it submitted a written offer to acquire all of U.S. Sugar's outstanding shares for \$300 a share. The offer came with a deposit check for \$27.5 million in what the company calls "earnest money," along with a promise for an upfront cash payment of up to \$50 million of the ultimate purchase price.

The group said it would finance the transaction "through a contribution of significant equity capital and debt," and would expect to close on the sale during the first half of next year.

U.S. Sugar Senior Vice President Robert Coker called the deal "a swiss cheese offer." He pointed to a paragraph in the group's five-page letter that called it a "non-binding indication of our interest."

"Last week, we asked them to address a handful of normal questions so we could get information directly to our financial adviser," he said. "Instead of doing that, they have sent another press release and another swiss cheese letter, which is not a formal offer. There are enough caveats and outs in that letter, and no information for us to be able to formally evaluate."

Mike Eidson, the Miami attorney representing the Lawrence Group, called the deal a win for the state, the South Florida Water Management District and shareholders.

"This will also provide continuation of jobs for the employees and the communities and other businesses, which depend upon the sugar industry," he said.

The proposal comes on the heels of last week's announcement by the water management district that it had concluded negotiations for the purchase of the 180,000 acres for \$1.34 billion.

That deal includes a leaseback of land for \$50 an acre until 2016.

The boards of directors at the water district and sugar giant have until Dec. 16 to formally sign off on the deal.

The district must obtain financing through certificates of participation and close the deal by Sept. 25, 2009, or the contract would be void.

This isn't the first time the Lawrence Group has made an offer to U.S. Sugar. It made a \$293-a-share offer in 2005, and again in 2007. However, the company claims U.S. Sugar rejected the deal both times.

December 6, 2008; by b. Rodriguez, The Fresno Bee

Valley sugar beet farmers study production of ethanol

Sugar beet farmer John Diener is not a man who gives up easily.

Nor are the 30 other farmers who have loosely formed a cooperative to look into the possibility of turning the once-thriving Spreckels Sugar plant in Mendota into an energy factory.

Fueled with a \$73,000 grant from the U.S. Department of Agriculture, the farmers want to know if it makes financial sense to use beets to make ethanol, or other energy alternatives.

"We really want to see if we can make this work," said Diener, part of the Mendota Beet Growers Association. "But we also know these are dicey times, and we want to be cautious."

It could take at least a year of research before farmers make any hard decisions about their plans. And the existing ethanol industry is struggling. Sacramento-based Pacific Ethanol, which has a plant in Madera County, posted a \$54.9 million third-quarter loss last month, and rival Brookings, S.D.-based VeraSun Energy recently filed Chapter 11 bankruptcy protection.

In addition, the sugar beet industry in Fresno County is gone.

The 45-year-old Spreckels plant shut down in September, laying off 200 people and leaving dozens of farmers with nowhere to send their beets. The owners of the plant, the Minnesota Beet Sugar Cooperative, closed the plant, in large part because of a dwindling beet supply.

The cooperative continues to operate a plant in Brawley that is fed by an ample supply of beets from the Imperial Valley.

Without a home for their crop, central San Joaquin Valley farmers like Mark McKean are using their land to farm more crops such as wheat, processing tomatoes or safflower.

McKean has farmed sugar beets for as long as he can remember. And he is like many west Fresno County farmers who depended on sugar beets as part of their rotation of crops.

"It's been a difficult deal," McKean said. "Some sugar beet growers go back two generations. And what really hurts is that it is one less crop that we can grow."

One less crop means one less source of revenue for farmers already struggling with higher production costs and an iffy water supply.

About 10,000 acres were used to produce sugar beets in Fresno County last year, down from nearly 20,000 some 10 years ago.

Stephen Kaffka, an agronomist with the University of California at Davis, said sugar beets have a long history in California -- having been farmed as far back as the 1870s.

The crop adapted well to the west side's soil and its areas of high salinity. It became a staple for decades.

"For a while it looked like we had a bright future with this crop," McKean said. "But that's over."

McKean said he is willing to listen to any plans to reopen the Spreckels plant. But he admitted it may be tough to convince some farmers to grow sugar beets to make ethanol, an industry that has proven to be volatile.

"I don't think it has been determined that it's the way to go," McKean said. "Right now, it seems like a moving target."

USDA economist James Jacobs wrote in 2006 that while the process for producing ethanol from sugar is simpler than converting corn to ethanol, many other factors exist, including the cost of production, government policies and the demand for ethanol.

Ben Goodwin, a longtime advocate of the state's sugar beet industry, said that while he thinks the idea of using beets to make energy is a long shot, he hopes to be proven wrong.

"If they can put this together and make it work then that would be something," Goodwin said.

Diener also isn't sure of how the cooperative's due diligence will play out. He wants to make sure he tries everything possible before giving up on another west-side crop.

"There are lots of things we have to get our arms around," Diener said. "But if this looks like this might make some money, then we want in."

December 06, 2008; The Jamestown Sun

American Crystal sees rise in revenue

FARGO (AP) — American Crystal Sugar said its net revenue for the current fiscal year totaled \$1.23 billion, up from \$1.22 billion in 2007.

Fiscal year 2008 represents sugar beets harvested in 2007 and processed this year.

The Moorhead, Minn.,-based cooperative has said its 2007 harvest totaled 11.6 million tons, the second largest on record.

President and Chief Executive Officer David Berg told Crystal's annual meeting that heavy rain this fall left some fields too muddy and hurt the outlook for fiscal 2009.

He said American Crystal expects to plant in the range of 400,000 acres to 425,000 acres of sugar beets next year. It planted 421,000 acres this year, down from 500,000 acres in 2007.

The cooperative has about 2,900 shareholders and 2,000 employees.

It has processing plants in Hillsboro and Drayton in North Dakota, in Moorhead, East Grand Forks and Crookston, Minn., and in Sidney, Mont.

<http://www.kivitv.com/Global/story.asp?S=9492829>

KIVI-TV - Boise, ID

Nampa Sugar Beet Plant Announces Layoffs

The Amalgamated Sugar Company in Nampa has announced temporarily lay-offs for some of its 400 employees.

"This is unusual for us," said Amalgamated President Vic Jaro. He attributes the need for layoffs to colder-than-normal spring weather earlier this year, which attributed to a reduction of some 21,000 of useable acres in which to grow beets, processed at the plant.

Jaro is optimistic the company will rehire many of the laid off workers come October, when Amalgamated expects to be back up to full production capacity.

"This will hopefully be a one-time (work force reduction)," Jaro said. "We normally have seasonal layoffs at the end of the October/November harvest season. These layoffs will impact full-time employees... but, at this point, I can't say how many employees will be impacted or what percentage of our workforce it involves."

The reductions will be come in phases. The first phase is expected sometime in January; the second, sometime in spring of 2009; and the third, near the end of the summer.

December 09, 2008; by Mary Williams Walsh | New York Times and The Flint Journal

U.S sugar deal not the sweetest?

Flint's Mott Foundation and others could net tens of millions of dollars

As Florida moves ahead with its costly plan to buy a huge swath of land from the U.S. Sugar Corp. and use it to restore the Everglades, a rival plan has emerged that could prove superior for taxpayers, shareholders and perhaps even the Everglades itself.

Among those shareholders with the potential to make big money off a deal are Mott Children's Health Center in Flint, the Charles Stewart Mott Foundation and the Community Foundation of Greater Flint, which all could net tens of millions of dollars.

But because of legal questions, the company's shareholders may not get a chance to decide between the two.

Gov. Charlie Crist is proposing that Florida buy all of U.S. Sugar's land -- roughly 181,000 acres -- for \$1.3 billion, then lease it back to the company for seven years so that farming can continue while the state starts building systems to restore the flow of water to the Everglades.

After seven years, the company would sell off its extensive sugar milling and refining assets, and production would cease. Control of the company would remain with the current shareholders.

U.S. Sugar's Chief Executive Officer Robert H. Buker Jr. has estimated that shareholders could receive \$365 a share during the course of seven years under these arrangements.

The board of U.S. Sugar on Monday recommended the state's buyout proposal over the rival proposal, an offer of \$300 a share in cash for all of the company's stock, made by the Lawrence Group, a large and reclusive father-son agriculture concern.

Robert E. Coker, a senior vice president at U.S. Sugar, has said that a letter from the Lawrences summing up their offer was insufficient and did not amount to a firm proposal. He also called it a hostile offer that could not be compared with the Florida bid.

The Lawrences dispute that, insisting that their offer is complete and hostile only to the company's management, which does not want to be replaced.

The board is expected to send its recommendations to U.S. Sugar's shareholders for a vote. But no matter what the board recommends, the major shareholders of U.S. Sugar may have no choice. Some of the biggest ones are philanthropic institutions in Flint that long ago signed confidential agreements that they would not sell their shares to anyone trying to take over the company.

That would appear to preclude them from accepting the Lawrence Group's offer, even if it proves superior -- which could set the stage for a legal showdown. The boards of public charities are required by law to maximize the value of the assets under their control, on behalf of their beneficiaries. In this case, the beneficiaries include thousands of impoverished children in Flint.

U.S. Sugar's shares are a big part of the portfolio of the Mott Children's Health Center, a charity that provides low-cost care to needy children in Flint. Another major shareholder is the Mott Foundation, named for the Flint industrialist who was once the biggest shareholder of General Motors. The Community Foundation of Greater Flint also owns a block of U.S. Sugar shares.

There have been estimates that Mott Children's Health Center and the Mott Foundation would get \$100 million each from a deal while the Community Foundation of Greater Flint would get \$33 million.

These institutions have not had a chance to sell their shares until now, because there has been no market for the stock since U.S. Sugar went private in 1983. That was not an issue for years, because U.S. Sugar was profitable and paid the charities dividends they could use to finance their operations.

A lawyer in Flint representing the Mott Children's Health Center, Walt Griffin, said the agreement had a provision allowing the center to sell its shares by first giving notice to the Charles Stewart Mott Foundation.

A spokeswoman for the foundation did not respond to a request for comment. A lawyer for the foundation's president, William S. White, who is also chairman of U.S. Sugar and husband of Charles Stewart Mott's granddaughter, did not respond to a request for comment.