

**BANKRUPTCY**

# Florida Orange Grove Old Corkscrew Plantation Enters Chapter 11

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Florida's Old Corkscrew Plantation LLC, whose oranges are made into Minute Maid and Tropicana juice, sought bankruptcy protection with intention of squeezing more money out of its groves through mining.

The company has big plans for refashioning a portion of its 5,625-acre property and harvesting materials more sought after than citrus, but it's weighed down by debts that far exceed its assets. In its Chapter 11 petition, dated Friday, the company reported a total of \$25.3 million in assets and \$60.8 million in debt, including \$54.4 million owed on three promissory notes from M&I Marshall & Ilsley Bank.

The lender has been unwilling to push back a Dec. 31 deadline for repaying the balance on the three notes--initially made in the amounts of \$40 million, \$20 million and \$5 million--Scott Westlake, a managing member of the debtor entities, said in court papers. He said the company has tried to track down alternative financing that would enable it to repay the lender but has come up empty-handed so far.

As a result, Old Corkscrew Plantation and five affiliates sought shelter in the U.S. Bankruptcy Court in Fort Myers, Fla., with the goal of restructuring their finances and emerging from bankruptcy "as a viable-going concern," according to court papers.

First up on the company's agenda: tapping the cash securing its claims in order to keep its business afloat.

"An immediate and critical need exists for the debtors to be permitted access to cash collateral to continue to operate," the company said in court papers.

Acquired through a series of transactions from 2002 to 2005, Old Corkscrew Plantation has 4,622 acres under cultivation as citrus groves. The business produces oranges for juice production, plus several varieties of tangerines, red grapefruits, tangelos and navel oranges. Fresh fruit sales represent 15% of the company's total revenues, while fruit that's turned into juice for Minute Maid and Tropicana represents 85% of its revenue. All in all, the company's harvests account for 1.2% of Florida's total citrus production.

Minute Maid is owned by Coca-Cola Co. and Tropicana is a unit of PepsiCo Inc.

The Estero, Fla., company has a positive cash flow, according to court papers. As one of the southernmost orange groves in the state--located between Fort Meyers and Naples--the trees are at less of a risk of freezing. Old Corkscrew Plantation's groves were originally planted in the wake of freezes in Orlando in the early 1980s.

But Old Corkscrew Plantation now foresees a new use for its land. In 2007, the groves' owners commissioned a study to determine the mineral content in the land underlying the groves, namely 4,800 acres. The study identified "a high quality deposit of sand and limestone" that "would provide a viable source of construction materials for roads and other large infrastructure projects" in the area, Westlake said in court papers. That could mean big bucks for Old Corkscrew.

"The debtors believe the aggregate reserves on the property are in the range of approximately \$5 billion dollars and that the life expectancy of the mine would be on the order of 20 to 30 years," Westlake said.

The mining operation would be phased in, beginning in the northern section of the groves, and the citrus groves unaffected by the mining operations would continue to operate and bring in more cash. The company has started obtaining the permits and zoning necessary to begin the mining work. Such steps constitute "a multi-year process," but Old Corkscrew is already looking even further down the line.

"After mining is complete, the site may have beautiful lakes around which residential housing can be built," Westlake said, identifying about one mile of frontage real estate that could be used for commercial development.

Old Corkscrew Plantation is owned by the six debtor entities and managed by Fort Myers' Arcadia Citrus Management Inc. It's seeking to have its bankruptcy case consolidated under the number 11-14559. Judge Barry S. Schermer has been assigned to the case.

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