



South Florida Water Management District

MINUTES GOVERNING BOARD WORKSHOP

October 8, 2008

10:00 AM

District Headquarters - B-1 Auditorium

3301 Gun Club Road

West Palm Beach, FL 33406

Members Present:

Eric Buermann, Chair

Michael Collins

Charles Dauray

Shannon Estenoz

Paul C. Huck Jr.

Melissa Meeker

Jerry Montgomery

Patrick Rooney

1. Call to Order - Eric Buermann, Chairman, Governing Board

Chair Buermann called the meeting to order at 10:05 am.

2. Pledge of Allegiance - Eric Buermann, Chairman, Governing Board

Melissa Meeker led the group in the Pledge of Allegiance.

3. Approval of Minutes

Approval of September 10, 2008, Workshop, September 11, 2008, Business Meeting, and September 23, Public Hearing on FY2009 Final Millages and Final Budget Minutes all held in West Palm Beach, Florida.

Motion made by Michael Collins, seconded by Jerry Montgomery to Approve the following item(s): 3

Vote called. Voting yes: Michael Collins, Jerry Montgomery, Eric Buermann, Charles Dauray, Paul C. Huck Jr., Melissa Meeker, Patrick Rooney. Not present: Shannon Estenoz. Motion passed.

4. Agenda Addendum - Annette Carter, Director, Governing Board and Executive Services Office

Annette Carter, Director, Governing Board and Executive Director, stated there was no agenda addendum.

5. Abstentions by Board Members from items on the Workshop Agenda

Mr. Huck read into the record his abstention for October 8th & 9th, 2008:

Chairman and fellow Governing Board members:

You should have before you copies of three form 8B memorandums of voting conflicts for county, municipal, and other local public officers filed with the District Clerk on September 23, 2008. The three memorandums reflect the three items I abstained from voting on during the September 11, 2008 Governing Board meeting. If you recall, on September 10, 2008 prior to participating in the discussion on the River of Grass Workshop item and these three items, I publically announced that I had a conflict.

Section 112.3143, Florida Statutes permits appointed officials to participate in a matter even though they have a conflict if they meet the disclosure requirements of Section 112.3143, Florida Statutes. Section 112.3143, Florida Statutes, requires that I now read publically the memorandums of voting conflicts filed with the District Clerk on September 23, 2008.

I, Paul C. Huck, Jr., hereby disclose that on September 10, 2008 and September 11, 2008;

A measure came before my agency which inured to the special gain or loss of Diallo Johnson, Mary Rafter, Linda Stanley and all similarly situated employees owning shares of stock through the U.S. Sugar Employee Stock Ownership Plan, by whom my firm is retained

The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Board Action on Consent Agenda Item 39, Contract with Bryant, Miller, & Olive, PA for legal Services regarding bond counsel, public finance and other financial and taxation matters.

Members of my firm, Colson, Hicks and Edison, represent clients who are suing the United States Sugar Corporation, a party to the proposed River of Grass land acquisition project.

This item is a contract to retain legal services associated with the proposed River of Grass land acquisition project.

I, Paul C. Huck, Jr., hereby disclose that on September 10, 2008 and September 11, 2008;

A measure came before my agency which inured to the special gain or loss of Diallo Johnson, Mary Rafter, Linda Stanley and all similarly situated employees owning shares of stock through the U.S. Sugar Employee Stock Ownership Plan, by whom my firm is retained

The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Board Action on Discussion Agenda Item 110, Resolution to authorize entering into agreement with Duff & Phelps, LLC to provide financial advice in support of legal services to acquire land and assets from the United States Sugar Corporation.

Members of my firm, Colson, Hicks and Edison, represent clients who are suing the United States Sugar Corporation, a party to the proposed River of Grass land acquisition project. This item is an agreement to provide financial advice in support of legal services associated with the proposed River of Grass land Acquisition project.

I, Paul C. Huck, Jr., hereby disclose that on September 10, 2008 and September 11, 2008;

A measure came before my agency which inured to the special gain or loss of Diallo Johnson, Mary Rafter, Linda Stanley and all similarly situated employees owning shares of stock through the U.S. Sugar Employee Stock Ownership Plan, by whom my firm is retained.

The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Board Action on Discussion Agenda Item 111, Resolution to amend contract with Sidley Austin, LLP for legal services regarding land acquisition matters.

Members of my firm, Colson, Hicks and Edison, represent clients who are suing the United States Sugar Corporation, a party to the proposed River of Grass land acquisition project. This item is an amendment to a contract for legal services associated with the proposed River of Grass land acquisition project.

6. Pull Items for Discussion from Consent Agenda

Mr. Collins pulled Agenda Item 41 from the Consent Agenda to the Discussion Agenda.

Water Resources

7. 'River of Grass' Acquisition Update - Carol Wehle, Executive Director

Ms. Wehle provided an overview of the U.S. Sugar land acquisition.

Ruth Clements, Director, Land Acquisition, presented information on the current status of the appraisals of the U.S. Sugar land acquisition.

Ms. Clements reported on the environmental assessments and stated the Environmental Report will be provided to the Board at the end of October. Ms. Clements also reported on soil inversion and the contaminant/muck depth break point.

Mr. Collins commented on the geospatial analysis and "hot spots" in the soil.

Ms. Clements provided additional information on the geospatial analyses.

Tommy Strowd, Assistant Deputy Executive Director, Everglades Restoration Resource Area, presented an overview of the asset evaluation, hydrologic evaluation, and the environmental needs for Lake Okeechobee, St. Lucie and Caloosahatchee estuaries, the Everglades and Florida Bay.

Mr. Strowd reported on the challenges of the hydrological evaluation and the variables needed to consider changing the flow from Lake Okeechobee. Mr. Strowd provided information on the Reservoir Sizing and Operations Screen (RESOPS) Model; a screening tool to quickly test the performance of alternative configurations and scenarios to screen ideas for the purposes of the due diligence assessment.

Mr. Strowd reported on the preliminary findings for water quality and storage, water flowing south from Lake Okeechobee and the reduction of discharges to the estuaries.

Ms. Estenoz commented on the baseline of water storage for TMDL requirements for northern Everglades.

Mr. Strowd commented on the increase in water storage and major elements of CERP.

Ms. Meeker requested Board support to begin a public process of assurances for the local communities.

Mr. Montgomery asked about the impacts to CERP projects because of the U.S. Sugar Land acquisition.

Mr. Strowd provided information on the impacts to the CERP projects.

Mr. Collins commented on the public process, meeting TMDL requirements, water storage south and north of Lake Okeechobee, and statutory requirements.

Mr. Ammon commented on CERP projects and Aquifer, Storage and Recovery (ASR) technology.

Mr. Collins commented on ASR technology.

Ms. Wehle provided comment on ASR technology with Everglades restoration. Ms. Wehle also commented on the challenges of climate change.

Mr. Dauray commented on the water quality north of Lake Okeechobee versus water quality south of Lake Okeechobee.

Aaron Basinger, Director, Finance & Administration Department, provided information on the inventory assets of the U.S. Sugar land acquisition.

Mr. Basinger reported on the assets tagged: sugar operations vehicles, railroad cars/locomotives, conveyance elevators, IT assets, machinery & equipment. The inventory still in progress includes: pumps/motors, citrus mfg/groves/nursery. Mr. Basinger reported on the tangible asset challenges.

Randy Hanna, Bryant Miller, Olive, presented information regarding the resolution authorizing the Lease Purchase Program:

- Establishes a lease purchase financing program to finance and refinance District capital projects, programs and works of the District.
- Authorizes the District to enter into a Master Lease Purchase Agreement with the SFWMD Leasing Corp. which was established in 2006 for the original lease purchase program.
- Lease purchase program not limited geographically or to just one program or project.
- Initial project to be financed will be the River of Grass Acquisition Project.
- Approves the form of a Master Trust Agreement by and between leasing Corp. and a corporate trustee pursuant to which COPs are to be issued to finance lease purchased projects.
- Authorizes entering into Ground Lease Agreements between the District and Leasing Corp.
- Approves the form of Assignment Agreement that Leasing Corp will enter into with the corporate trustee pursuant to which Leasing Corp Assigns certain interests under lease purchase agreements to the corporate trustee allowing corporate trustee to step into the shoes of Leasing Corp.
- Authorizes General Counsel and Bond Counsel to file for validation in Circuit Court in Palm Beach County to validate the Lease Purchase Program.
- Establishes Leasing Corp. as the Lessor in the lease purchase program with the District.
- Authorizes Leasing Corp. to enter into Master Lease Purchase Agreement, as the Lessor, with the District, acting as the lessee.
- Authorizes Leasing Corp. to enter into the Master Trust Agreement pursuant to which Certificates of Participation are to be issued to finance lease purchased projects.
- Authorizes Leasing Corp. to enter into Ground Lease Agreements with the District.
- Authorizes Leasing Corp. to enter into Assignment Agreement with corporate trustee pursuant to which Leasing Corp assigns certain interests under lease purchase agreements to the corporate trustee allowing corporate trustee to step into the shoes of Leasing Corp.

Mr. Dauray commented on restoration of Everglades and the concerns of the constituents of the District.

Dave Moore, PFM Group, provided information on the market-related problems challenging the global financial markets.

Mr. Moore reported on the District's plan for financing and stated AA and AAA credit ratings will be the most desired credits.

Mr. Collins asked about the interest rate assumptions.

Mr. Moore provided information on interest rates.

Deena Reppen, Deputy Executive Director, Government and Public Affairs, presented information on the outreach activities regarding the U.S. Sugar land acquisition.

Ms. Reppen reported on the news releases, fact sheets, newsletters and presentations related to the U.S. Sugar land acquisition.

Ms. Reppen reported on the community project funding in the Glades community and stated \$2M will be set aside in FY09 budget to fund capital projects benefiting the water resources of the Glades communities. Ms. Reppen reported on the eligible projects and the next steps: coordinate with local communities to identify potential projects, develop a scope of work, and submit for Governing Board approval.

Mr. Buermann asked about the appraisals of the property.

Ms. Clements commented on the size of the property and the appraisal reports.

Public Comment: Ardis Hammock, Frieson Farms, commented on the financing of the U.S. Sugar land Acquisition.

Public Comment: Wayne Whitaker, City of Pahokee, commented on expanding the land and tax base in Pahokee.

8. Century Commission for a Sustainable Florida, '2008 Water Congress' Update - Eric Buermann, Chairman, Governing Board

Chair Buermann provided an update on the Century Commission for a Sustainable Florida, 2008 Water Congress Conference held on September 25 & 26 in Orlando, Florida.

Ms. Wehle commented on the support for water conservation and the importance of reuse.

Ms. Estenoz commented on water conservation and alternative water supply funding.

9. 2008 Report on Status of Everglades Protection Area Long-Term Plan for Achieving Water Quality Goals - Tracey Piccone, Chief Consulting Engineer, STA Management Division

Tracey Piccone, Chief Consulting Engineer, provided a update of the Everglades Protection Area Long-Term Plan for Achieving Water Quality Goals. Ms. Piccone reported on water quality improvement strategies in the non-ECP basins, the accomplishments in the ECP basins, and the public outreach and education activities. Ms. Piccone reported on the Process Development and Engineering (PDE) components.

Everglades Restoration

10. Everglades Restoration Update - Ken Ammon, Deputy Executive Director, Everglades Restoration Resources and Paul Warner, Chief Scientist, Everglades Restoration Resources

Paul Warner, Chief Scientist, Everglades Restoration Resources, provided background information on CERP cost-share agreements with the U.S. Army Corps. of Engineers (USACE). Mr. Warner reported on a project partnership agreement and a master agreement. Mr. Warner reported on the negotiations with USACE on the master agreement.

Mr. Collins commented on the master agreement and the USACE's policy.

Mr. Warner reported on the 50/50 cost share agreement balance and credit eligibility for SFWMD costs.

Mr. Warner reported on the pre-partnership credit agreement which was implemented under WRDA 2007.

Mr. Warner reported an update will be provided to the Board in November. Staff will request Governing Board approval in December for the following:

- Master agreement for CERP.
- Pre partnership credit agreement for Picayune Strand.
- Project partnership agreement for Picayune Strand.

Mr. Dauray requested a copy of the presentation.

Ms. Wehle discussed the documents required by CERP and WRDA.

Mr. Collins commented on the list of documents and requested Board discussion in December.

Public Comment: Kim Taplin, USACE, commented on funding through congressional authority, and that reports are available for review.

Executive Office

11. Overview of Chapter 373, Florida Statutes, (Continued), Reservations of Water from Consumptive Use - Part II, Section 373.223(4); and Discussion of Policy Issues - Beth Lewis, Senior Supervising Attorney, Office of Counsel (Ext. 6343)

Beth Lewis, Senior Supervising Attorney, presented information on Chapter 373, Florida Statutes, Reservations of Water from Consumptive Use. Ms. Lewis explained minimum, flows and levels (MFLs), reservations, regional water availability rule, and water shortage restrictions during drought.

Mr. Merriam reported on the reservations for Picayune Strand and Fakahatchee Estuary. Mr. Merriam reported on the uncertainty of the scientific process, the legal existing user's considerations, and permit renewals.

Ms. Meeker requested a public process for the discussion of the consumptive use permitting process.

Mr. Merriam commented on ERP public process and a similiar process for consumptive use permits.

Ms. Estenoz commented on reservations and the burden on the applicant.

Mr. Merriam said staff will work with the applicants.

Ms. Wehle commented on water reservations methodolgy and policy.

Public Comment: Joan Lawrence, Department of Interior, supports staff's recommendations for reservations.

12. Water Conditions Report - Susan Sylvester, Director, Operations Control Department

Susan Sylvester, Director, Operations Control Department, provided the Water Conditions Report. Ms. Sylvester reported on rainfall over the past 30 days in the Kissimmee Basin and Lake Okeechobee. Ms. Sylvester reported on higher than normal tide in September and October.

Ms. Wehle reported on global warming, sea level rise, salt water intrusion and long-term sustainable water supply.

Ms. Estenoz commented on Miami-Dade's and Broward County's Task Force implemented for Climate Change.

13. Ecological Conditions Report - Susan Gray, Deputy Director, Watershed Management Department

Susan Gray, Deputy Director, Watershed Management Department, provided an ecological conditions update. Dr. Gray reported on Kissimmee Environmental Conditions, and the increase amount of wading birds. Dr. Gray reported on a decline of submerged aquatic vegetation in Lake Okeechobee.

Mr. Dauray discussed Climate Change, rise in sea level, population base rate, the cost of Everglades restoration and no tax rate.

Ms. Estenoz commented on Climate Change and increase water flow to the coast. Everglades Restoration provides a long-term infrastructure benefit for Climate Change.

Mr. Dauray commented on addressing the issue of Climate Change.

14. Public Comment

Public Comment: Mali Chamass, Mayor of Clewiston, thanked Board members for visiting Clewiston and commented on water quality of Lake Okeechobee and also Florida Forever funding.

Public Comment: Rosa Durando, Audubon Society, commented on water storage in Wellington, Acme Basin B.

Public Comment: John A. Marshall, Arthur R. Marshall Foundation, commented on a forestry project and allowing the University of Florida to receive the carbon neutralization credits for the project.

Executive Office

15. **Closed Door Agenda - Executive Office**
Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2007) to discuss strategy related to litigation expenditures and / or settlement negotiations in United States of America v. South Florida Water Management District, et al. United States District Court, Southern District of Florida, Case No. 88-1886-CIV-Moreno. (Sheryl G. Wood, Ext. 6976)

Action Items (if any) Stemming from Closed Sessions

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2007) to discuss strategy related to litigation expenditures and / or settlement negotiations in United States of America v. South Florida Water Management District, et al. United States District Court, Southern District of Florida, Case No. 88-1886-CIV-Moreno. (Sheryl G. Wood, Ext. 6976)

This item was removed from the agenda.

16. Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2007) to discuss strategy related to litigation expenditures and / or settlement negotiations in Friends of the Everglades, Inc. and Fishermen Against Destruction of the Environment, Inc. v. South Florida Water Management District, et al., United States District Court, Southern District of Florida, Case No. 02-80309-CV-Altonaga/Turnoff; Miccosukee Tribe of Indians of Florida v. South Florida Water Management District, et al., United States District Court, Southern District of Florida, Case No. 98-6056-CIV-Lenard/Klein; and Friends of the Everglades v. South Florida Water Management District, United States District Court, Southern District of Florida, Case No. 98-6057-CIV-Lenard/Klein. (Sheryl G. Wood, Ext. 6976)

Action Items (if any) Stemming from Closed Sessions

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2007) to discuss strategy related to litigation expenditures and / or settlement negotiations in Friends of the Everglades, Inc. and Fishermen Against Destruction of the Environment, Inc. v. South Florida Water Management District, et al., United States District Court, Southern District of Florida, Case No. 02-80309-CV-Altonaga/Turnoff; Miccosukee Tribe of Indians of Florida v. South Florida Water Management District, et al., United States District Court, Southern District of Florida, Case No. 98-6056-CIV-Lenard/Klein; and Friends of the Everglades v. South Florida Water Management District, United States District Court, Southern District of Florida, Case No. 98-6057-CIV-Lenard/Klein. (Sheryl G. Wood, Ext. 6976)

This item was removed from the agenda.

17. Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2007) to discuss strategy related to litigation expenditures and / or settlement negotiations in Natural Resources Defense Council, Inc., et al. v. Van Antwerp, et al., United States District Court, Southern District of Florida, Case No. 07-80444-CIV-Middlebrooks. (Sheryl G. Wood, Ext. 6976)

Action Items (if any) Stemming from Closed Sessions

Attorney-client session pursuant to Fla. Stat. Section 286.011(8)(2007) to discuss strategy related to litigation expenditures and / or settlement negotiations in Natural Resources Defense Council, Inc., et al. v. Van Antwerp, et al., United States District Court, Southern District of Florida, Case No. 07-80444-CIV-Middlebrooks. (Sheryl G. Wood, Ext. 6976)

This item was removed from the agenda.

18. Adjourn

Chair Buermann adjourned the meeting at 3:45 pm.

Eric Buermann
Governing Board Chairman
South Florida Water Management District Governing Board

Recorded By:

Cathy Widness
Administrative Assistant Senior
Governing Board and Executive Services
SFWMD

Motion made by Paul C. Huck Jr., seconded by Shannon Estenoz to Approve the following item(s): 18

Vote called. Voting yes: Paul C. Huck Jr., Shannon Estenoz, Eric Buermann, Michael Collins, Charles Dauray, Melissa Meeker, Jerry Montgomery, Patrick Rooney. Motion passed.