



Reviving
THE river OF grass

River of Grass Briefing

Governing Board Meeting
June 30, 2008

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Statement of Principles

- **STATEMENT PROVISIONS:**
- **NON-BINDING Framework for Negotiations**
- **SUBJECT TO SFWMD APPRAISALS**, SFWMD willing to buy & USSC willing to sell for \$1.75B and 6 year retained use/possession
- Parties will use best efforts to bring negotiated contract back for approval w/in 75 days (September Governing Board meeting) with closing by 11/30/08
- The purchase agreement is contingent on SFWMD financing
- Agreement may include 3rd parties

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Statement of Principles

- Property to be conveyed
 - Approximately 187,000 Acres
 - » Palm Beach County – 107,316
 - » Hendry County – 74,889
 - » Glades County – 5,656
 - » Gilchrist County – 80
- Improvements include
 - Sugar Mill/Refinery in Clewiston
 - Citrus Processing Plant in Hendry County
 - Internal Railroad System
 - External Rail System from south of Lake Okeechobee to Sebring and Ft. Pierce

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Statement of Principles

- Personal Property:
 - Machinery
 - Railroad Rolling Stock
 - Equipment utilized in operating ag business
- Lands will be conveyed in fee
 - SFWMD has option of deferring ownership on particular tracts pending USSC's remediation

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Statement of Principles

- Retained use/possession to continue operations for 6 years
- USSC to pay all taxes/assessments during retained use/possession
- Upon termination, USSC will deliver lands and personal property in compliance w/all federal, state and local regulations, including environmental remediation

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Requested Action

- Ratification of Statement of Principles and authority to begin negotiations to effectuate a successful acquisition of properties necessary to restore River of Grass
- Approve budget transfers for FY08 of an estimated \$5M (additional \$2M anticipated in FY09):
 - Appraisals
 - Environmental Assessments
 - Surveys and other associated costs

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Project Goals & Objectives

- Increases the availability of water storage
 - Significantly reducing the potential for harmful discharges from Lake Okeechobee to south Florida's coastal rivers and estuaries
 - Provide water to help meet the environmental needs of the Everglades and Florida Bay
 - Relieve some pressures on the Herbert Hoover Dike while the federal government undertakes repairs

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Project Goals & Objectives

- Increases the ability to deliver cleaner water to the Everglades
- Eliminate the need for backpumping to Lake Okeechobee
 - Flood control & drought management
- Support the sustainability of agriculture and green energy production

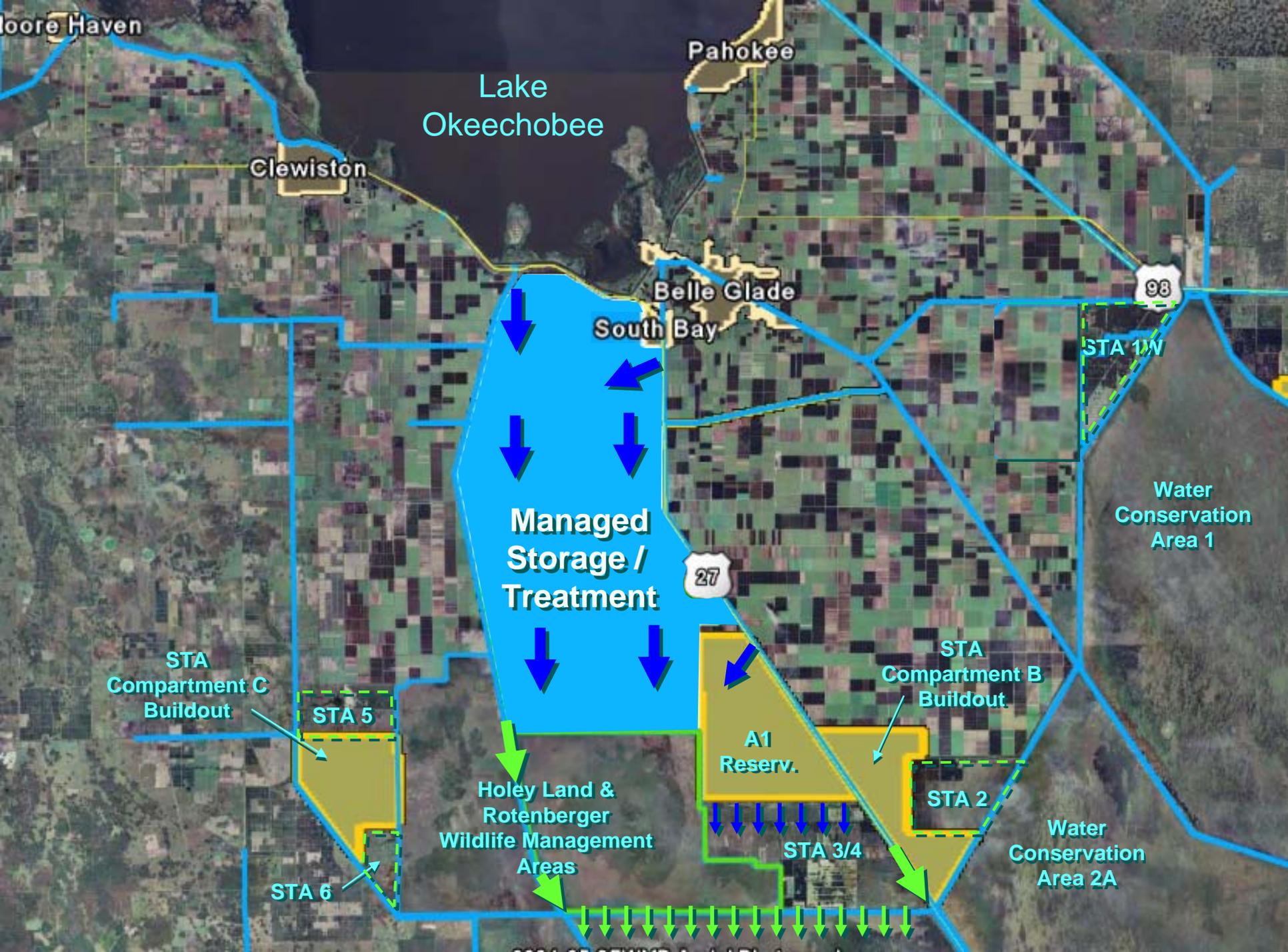
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Opportunities & Issues

- Opportunities
 - Larger land footprint provides new opportunities for additional storage and water quality treatment
 - Wide-range of configuration and capacity options available
- Issues
 - Existing conditions
 - Changed topography – soil subsidence
 - Existing facilities
 - Roads, railroads, processing facilities
 - Proposed facilities
 - Limerock mining
 - Downstream limitations

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Lake Okeechobee

Managed Storage / Treatment

STA 1W

Water Conservation Area 1

27

STA Compartment C Buildout

STA 5

STA Compartment B Buildout

A1 Reserv.

STA 2

Holey Land & Rotenberger Wildlife Management Areas

STA 3/4

Water Conservation Area 2A

STA 6



Public Process

- Extensive public process to develop and vet potential options
 - Public workshops
 - Identification of goals & objectives
 - Development of facility options
 - Evaluation of alternatives
 - Estimate of performance and costs
 - WRAC review
 - Governing Board direction
 - Continued Federal Coordination

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Economic Transition

- Governor's Office of Trade, Tourism and Economic Development to provide transition assistance through its Rural Economic Development Initiative (REDI)
- REDI serves and assists rural communities with economic opportunities by coordinating efforts of more than 20 state and regional agencies
- Includes SFWMD, Depts. of Agriculture, Workforce Innovation, Planning Councils, Visit Florida
- REDI to convene discussions with local communities and agencies upon conclusions of negotiations

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Financial Framework

- Up to \$1.75B acquisition cost
 - Subject to appraisal, swaps, negotiations
- \$1.7B long-term debt
 - Funded from Certificates of Participation
 - Annual debt service up to \$117.6M
- \$50.0M cash
 - Save Our Everglades

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Financial Framework

Debt Ratios:

- COP 1 debt service \$ 35.5M
 - Acquisition debt service \$117.6M
 - Total est. debt service \$153.1M
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- FY09 est. debt ratio of 25-27% of pledgeable revenues but less than 12% of our current draft FY09 budget
 - Reduce long-term debt from sale of assets
 - Debt ratio estimated to drop to 17-18% in FY15

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Historical Everglades Restoration Annual Funding

Annual revenues historically total \$350- \$400M

- District and State CERP funds \$200M+
- Everglades millage \$ 70M+
- Ag Privilege Tax \$ 11M+
- State Northern Everglades \$ 50M
- Florida Forever \$ 36M

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Historical Everglades Restoration Annual Funding

- Based on the historically available revenues, there would be funds available to meet both the projected debt service payments and to fund construction of currently planned projects
- The scale, timing and need for certain projects will need to be evaluated

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Financing Timeline

- Develop rating agency presentation to obtain a new District credit rating for the proposed financing **July-September**
- Create COP legal documents for presentation to SFWMD Not-for-Profit Corporation and Governing Board for necessary approval **July-August**
- Amend the District's Debt Policy concerning debt to pledgeable revenue ratio requirements **August**
- Create Preliminary Official Statement for purpose and presentation necessary for the proposed financing **July-October**



Financing Timeline

- Conduct an Investor Internet Presentation to enhance both retail and institutional sales of District Certificates of Participation - **October**
- The District will participate in the event of Certificate of Participation Pricing and signing of Certificate Purchasing Agreement - **October**
- District will distribute Final Official Statement just prior to closing - **October**
- District will participate in Pre-closing event (Sign documents)-**November**
- District will attend Closing event (Transfer funds)-**November**

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Staff Recommendations

- **APPROVE A RESOLUTION OF THE GOVERNING BOARD OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT APPROVING AND RATIFYING THE STATEMENT OF PRINCIPLES WITH RESPECT TO THE PROPOSED ACQUISITION OF APPROXIMATELY 187,000 ACRES OF LAND IN PALM BEACH, HENDRY, GLADES AND GILCHRIST COUNTIES EXECUTED BY THE VICE CHAIR OF THE GOVERNING BOARD OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT AND THE UNITED STATES SUGAR CORPORATION, DATED JUNE 24, 2008; DIRECTING STAFF TO PROCEED WITH NEGOTIATIONS ON A SALE AND PURCHASE AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.**

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Staff Recommendations

- **APPROVE A RESOLUTION OF THE GOVERNING BOARD OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT DIRECTING STAFF TO COMMENCE DUE DILIGENCE AND MOVE FORWARD WITH APPRAISALS AND ENVIRONMENTAL ASSESSMENTS WITH RESPECT TO THE PROPOSED ACQUISITION OF APPROXIMATELY 187,000 ACRES OF LAND IN PALM BEACH, HENDRY, GLADES, AND GILCHRIST COUNTIES; APPROVING A BUDGET TRANSFER OF DEDICATED FUNDS (CERP AD VALOREM) FOR AN ESTIMATED \$5,000,000 FROM THE CERP PROGRAM TO EVERGLADES RESTORATION LAND ACQUISITION (AN ADDITIONAL \$2,000,000 ANTICIPATED IN FY 2009); AND PROVIDING AN EFFECTIVE DATE.**