



Reviving
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Everglades Land Acquisition Project
Governing Board Workshop
April 9, 2009

Everglades Land Acquisition Presentation Overview



- Acquisition Agreement
 - Proposed revised terms
- Legal Update
- Financing Update
- Public Planning Process
- Legislative Update
- Next Steps

A white egret is captured in mid-flight, its wings fully extended, against a background of lush green grass. The bird's long neck is curved forward, and its yellow beak is pointed. The overall scene is bright and natural.

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Purchase & Sale Agreement: Proposed Revised Terms

Ruth Clements
Director, Land Acquisition

Everglades Land Acquisition Revised Framework



- **April 1, 2009:** Governor Crist announced proposal to revise framework for acquiring land owned by United States Sugar Corporation for Everglades restoration
- **Proposed Revised Terms:** Preserve District's ability to purchase 180,000 acres but in affordable increments

Everglades Land Acquisition

Goals of Revised Acquisition



- No new taxes
- Affordable
- Sustain agriculture
- Minimize impact to local communities
- Preserve intent of original acquisition

Everglades Land Acquisition Proposed Terms

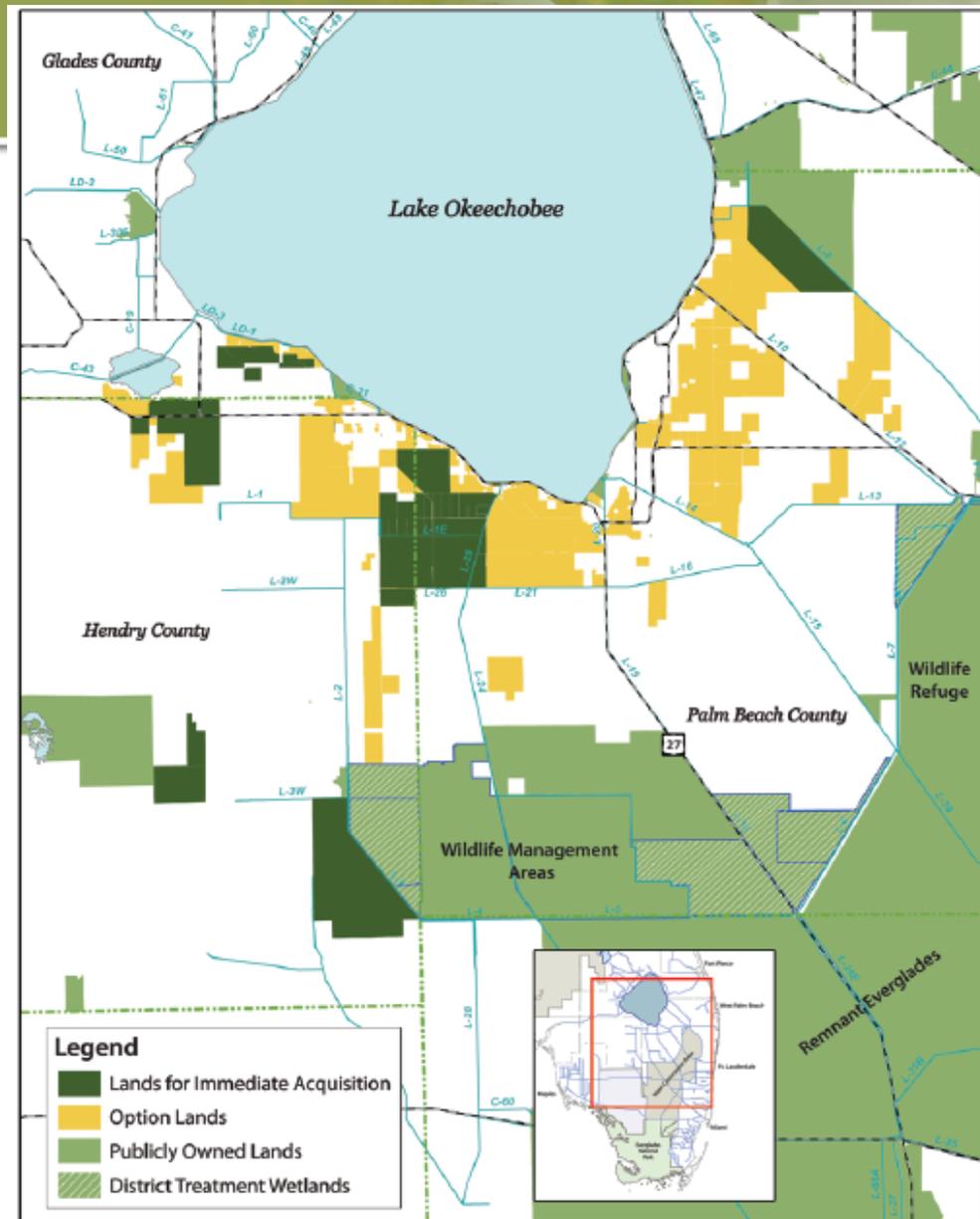


- Amend existing purchase and sale contract and lease agreement
- Initial purchase of approx. 72,500 acres for \$533 million
- Option to acquire remaining 107,500 acres within first ten years
- Proposed revised terms subject to review and approval by SFWMD and U.S. Sugar Boards

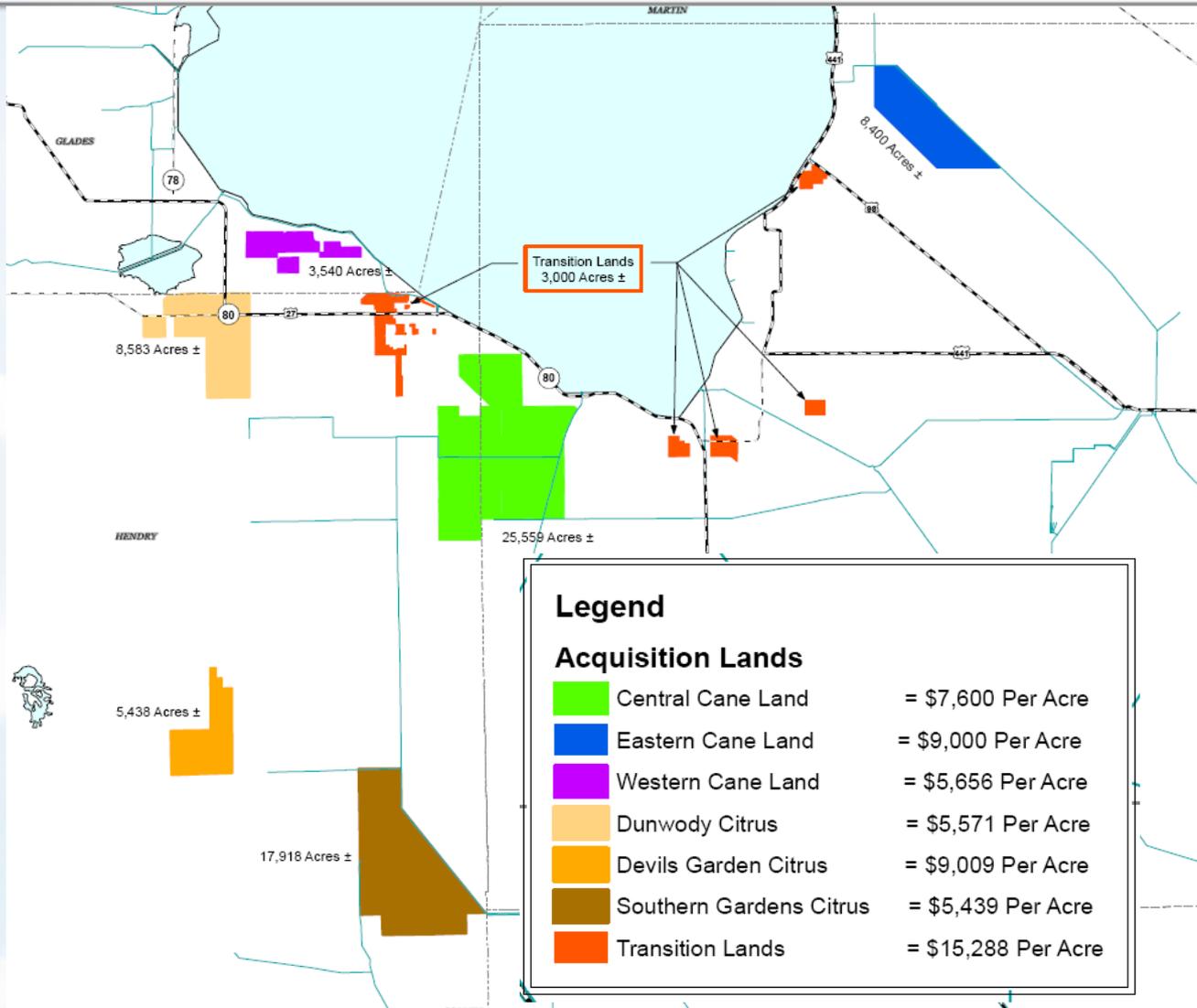
Acquisition Lands

- **72,500 acres for initial acquisition:**
 - 32,000 acres of citrus
 - 40,500 acres of sugarcane
- **County breakdown*:**
 - Palm Beach ~ 26,000 acres
 - Glades ~ 3,500 acres
 - Hendry ~ 43,000 acres

*Approximate acreage only; includes 3,000 acres for conveyance to municipalities



Everglades Land Acquisition Land Valuations



Everglades Land Acquisition Proposed Lease Terms



- U.S. Sugar to lease 40,500 acres of sugarcane land at \$150/acre for 7 years
- If option on remaining 107,500 acres is not exercised by year 7, U.S. Sugar lease extends additional 3 years at \$150/acre
- If SFWMD elects not to proceed with acquisition of remaining lands at year 10, U.S. Sugar lease extends additional 10 years at market rate
- If SFWMD proceeds with acquiring remaining land, any property not required for immediate construction is leased to U.S. Sugar at market rate through year 20

Everglades Land Acquisition Proposed Terms



- During 10 year period, U.S. Sugar has the right to sell and SFWMD has right of first refusal on ~107,500 acres
- Area between US 27 and Miami Canal has 3 year freeze on U.S. Sugar's ability to sell or accept third party offers
- After 3 year period, right of first refusal applies

Everglades Land Acquisition “Take Down” Schedule



- 32,000 citrus acres available for District’s use with one year’s notice
- First 10 years – up to 45,000 acres - 62% of acquired land
 - 32,000 citrus acres
 - 10,000 cane acres
 - 3,000 acres for conveyance to municipalities
- Second 10 years – (if SFWMD elects not to proceed with remaining land acquisition)
 - Additional 10,000 acres - 75% of acquired land

Everglades Land Acquisition

Benefits of Proposed Terms

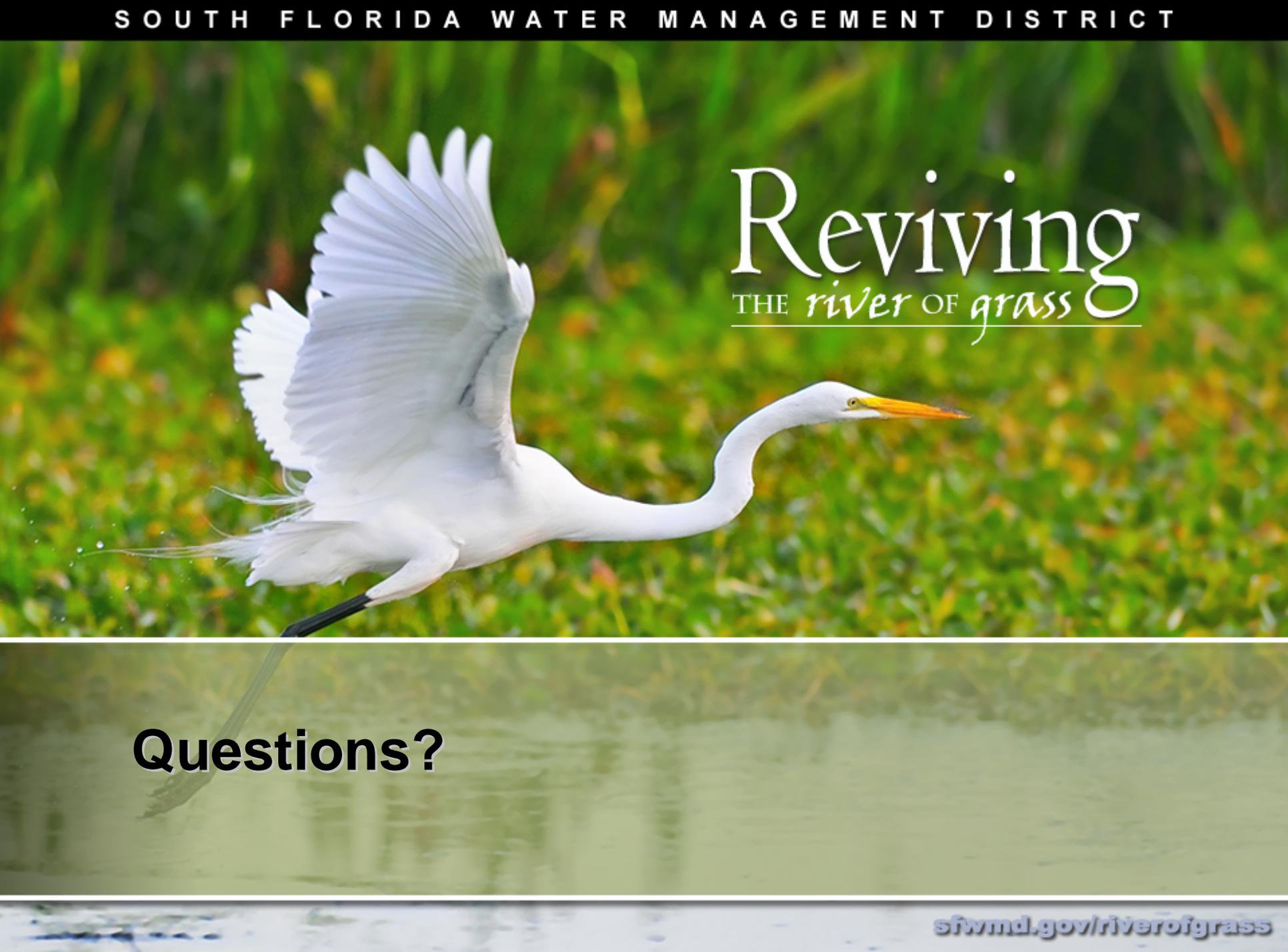


- Reduces immediate investment by 60% - \$800M
- Reduces annual debt service by 60% - \$65M/year
- Triples lease rate to generate minimum of \$40M in revenue and avoid \$11M in land management costs during first 7 years
- Potentially frees up revenue in future years for restoration projects
- Sustains regional agriculture and jobs with continued operation of the U.S. Sugar facilities
- Minimizes the District's financial risk
- Applies strengthened BMPs to 72,500 acres

Everglades Land Acquisition Governing Board Direction



- Direction from Governing Board to negotiate amendments to existing purchase & sale contract and lease agreement
- Present revised contract and lease at May Governing Board meeting for deliberation



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Questions?



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Legal Update

Sheryl Wood
General Counsel

Everglades Land Acquisition Bond Validation



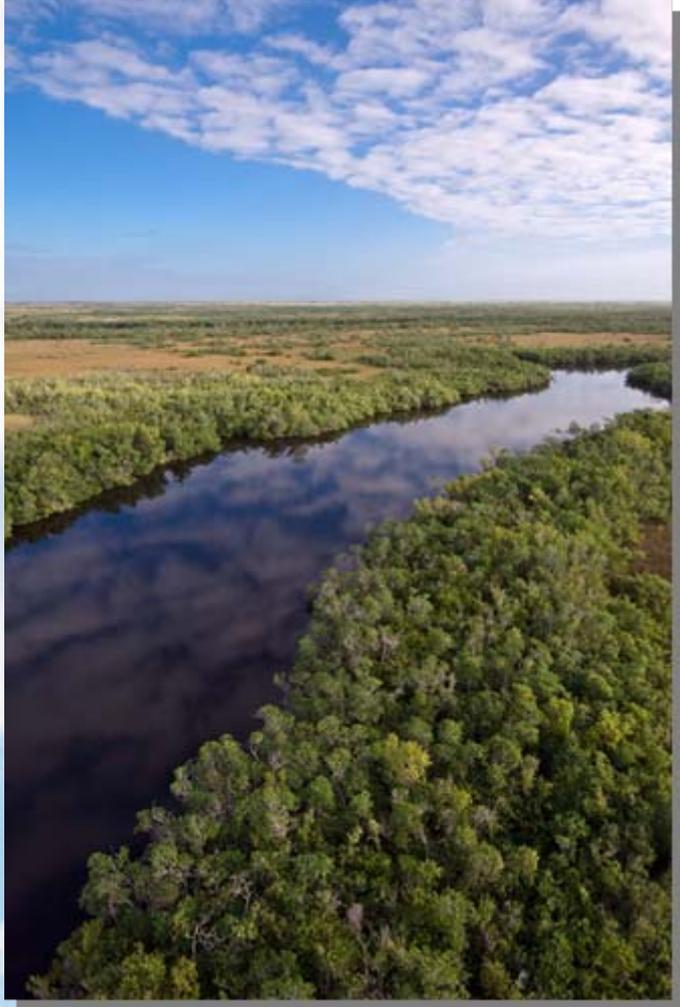
- Bond validation hearings:
 - Commenced February 6
 - Continued March 16-18
- Interveners included:
 - New Hope Sugar and Okeelanta Corporation
 - Miccosukee Tribe of Indians
 - Dexter Lehtinen
 - Concerned Citizens of the Glades

Bond Validation Hearing



- Judge conducted status conference on April 8 at 2:30
- Judge granted the various Motions filed by the parties to hold case in abeyance until the Governing Board considers revised transaction at its May Meeting
- Lawyers are to appear at Court Calendar Call on May 15 to schedule a hearing for the Court to conduct evidentiary hearing on the elements of revised transaction
- Hearing will be scheduled between May 26 and July 24 based on availability of court time and status of other cases scheduled to be tried during this period

Everglades Land Acquisition Bond Validation



- Judge stated ruling will be based on determination of whether proposal meets tests articulated by the Florida Supreme Court:
 - District's legal authority
 - Legal purpose of the borrowing
 - Compliance with the law (Chapter 75, F.S. Bond Validation Statute)

Everglades Land Acquisition Bond Validation



- Motion to hold proceedings in Abeyance:
 - Filed on March 26, 2009 by New Hope and Okeelanta Corporation
 - Motion suggests Court record should be reopened

Everglades Land Acquisition Bond Validation



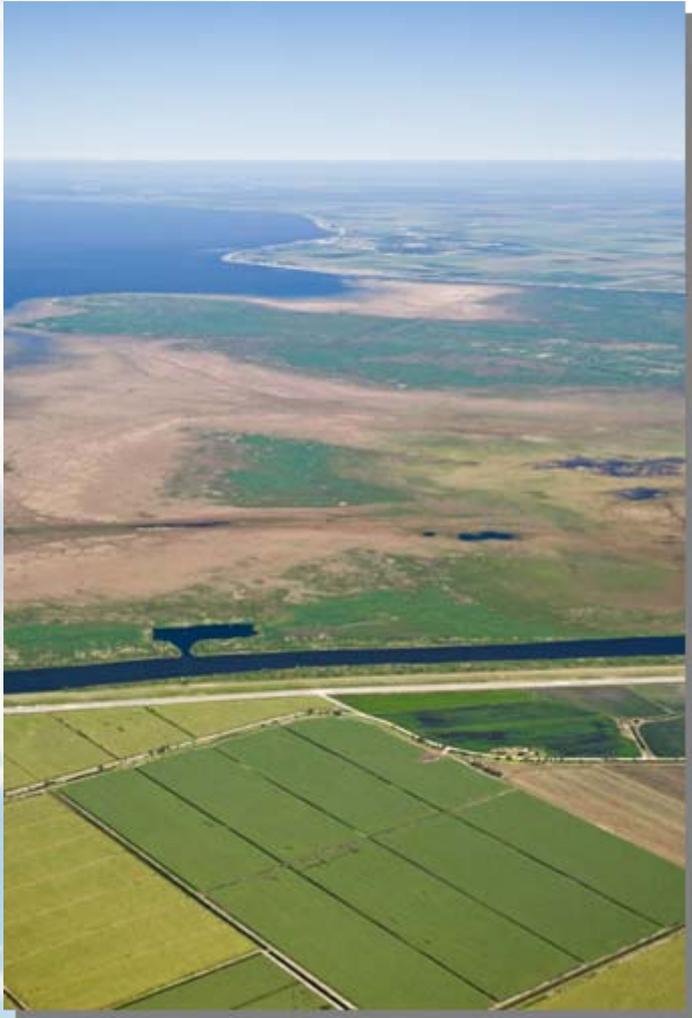
- Judge ordered status conference to be held on April 8, 2009
- Appeals:
 - Each party has 30 days following Final Judgment to file an Appeal
 - Appeal is directly to Florida Supreme Court

Everglades Land Acquisition Bond Validation: Status Conference



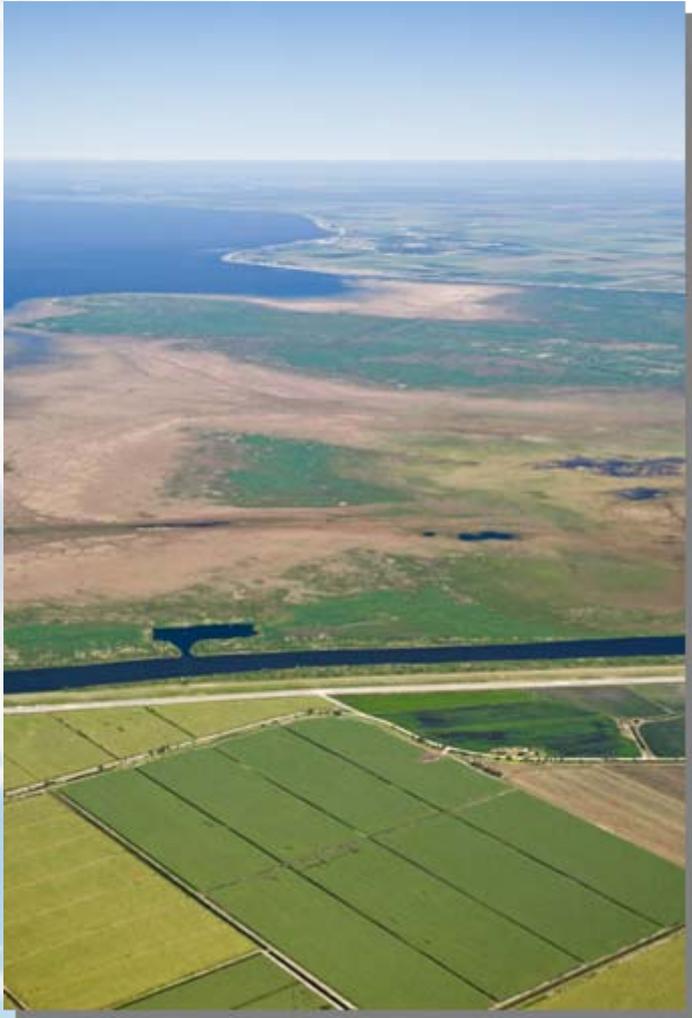
- Judge Hafele ordered/ruled...

Everglades Land Acquisition USA v. SFWMD

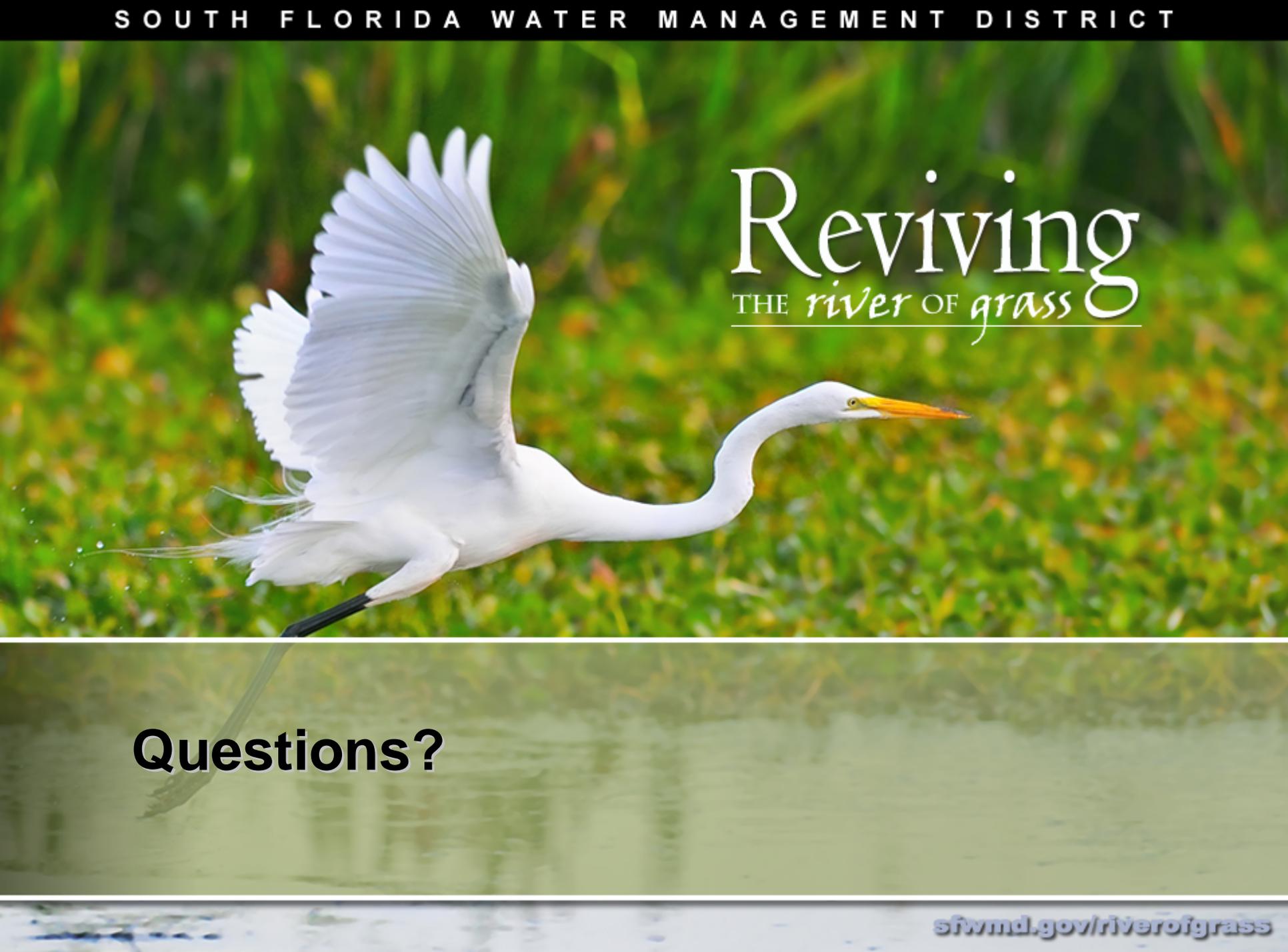


- March 26, 2009 – By order, Judge Moreno directed District to file status report summarizing current status of U.S. Sugar land acquisition and related restoration projects
- Status report due April 15, 2009

Everglades Land Acquisition Administrative Proceedings



- New Hope Sugar and Miccosukee Tribe appealed District's decision to deny administrative challenges to purchase contract
- If appeals proceed, initial briefs likely due mid-June



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Financing

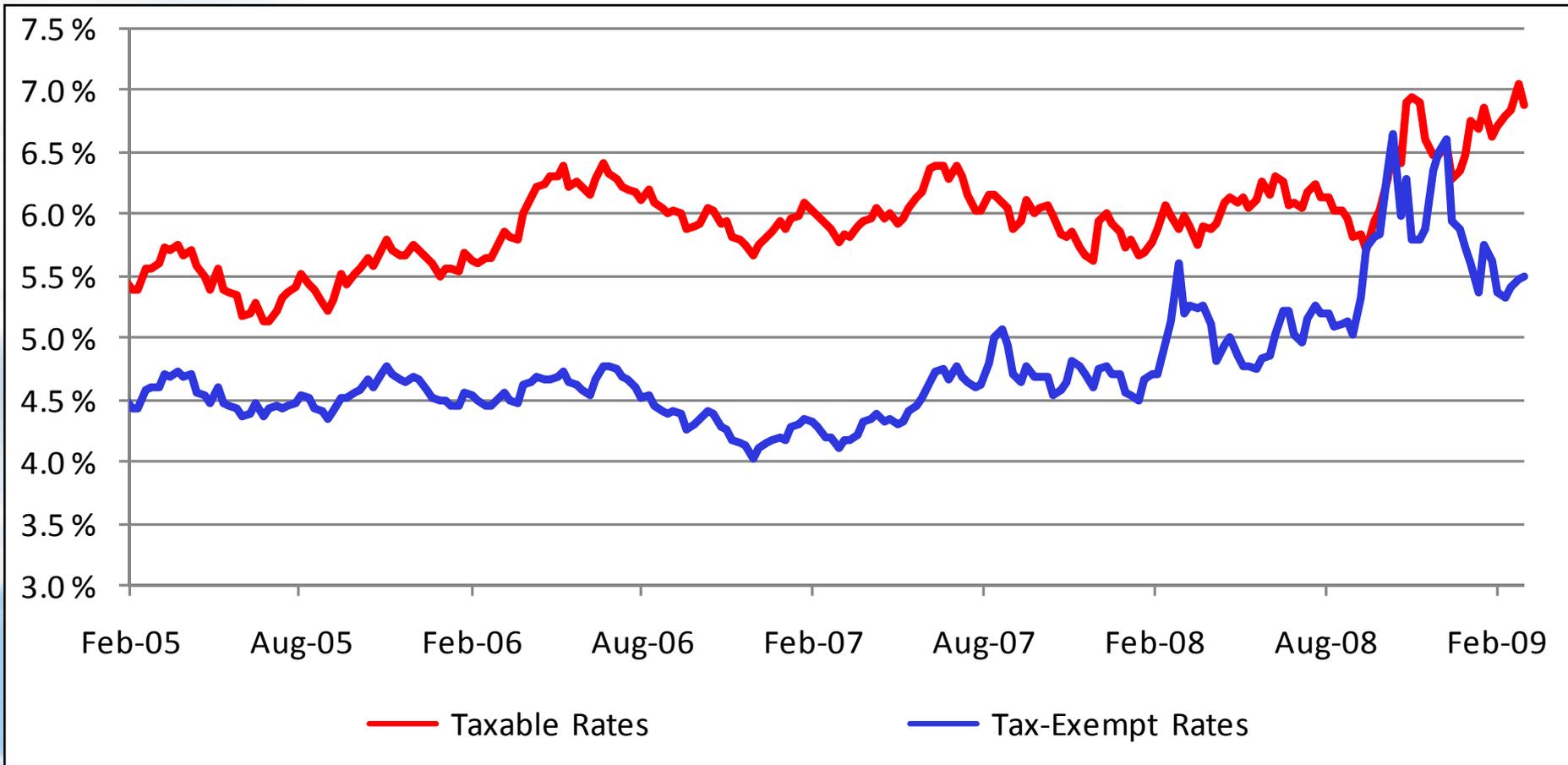
Paul E. Dumars, Sr.
Chief Financial Officer

Financing Market Update

- U.S. municipal finance issuers continue to be impacted by the recession
 - Federal action to stabilize banks
- While dislocations in credit markets continue to make borrowing more costly, financings of all sizes are moving through the market
 - Highly rated credits lead the way; small weaker credits are challenged

Financing

Long Term Interest Rates (Taxable vs. Tax-Exempt)



Financing Timetable



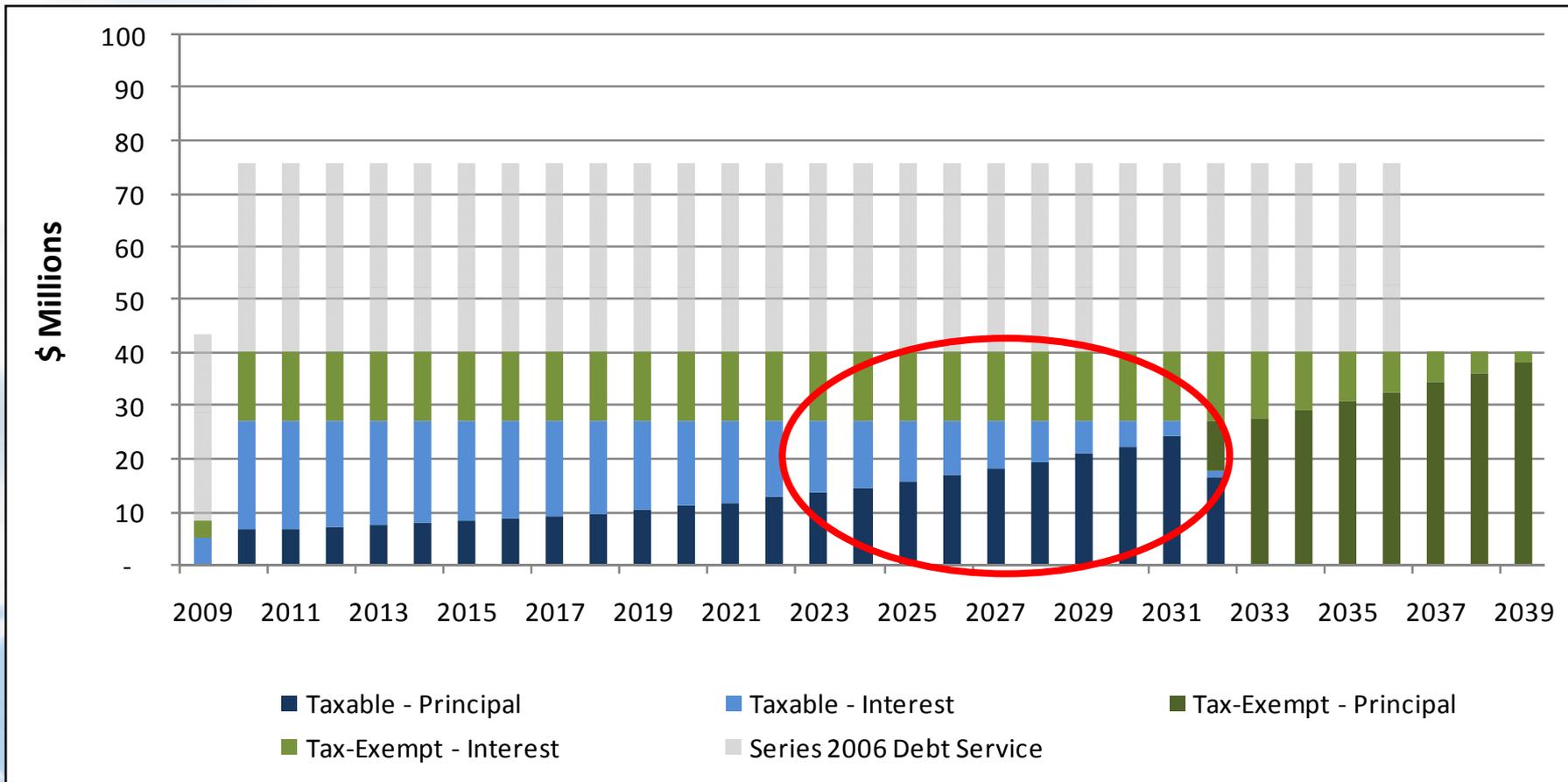
- Timetable driven by validation process
- Current timetable:
 - **April/May:** Refine credit package and present plan to rating agencies/insurers
 - **May:** Solicit credit enhancement (bank Letters of Credit and bond insurance)
 - **June:** Finalize financing documents incorporating credit enhancement
 - **July:** Marketing and bond closing

Financing Debt Structure

- Debt structure will likely include taxable and tax-exempt components
 - Base Case:
 - 30 level payments of approximately \$40 million per year (\$75 million per year including 2006 financing)
 - Taxable debt amortized quickly in order to eliminate higher cost debt
 - Tax-exempt amortized later
 - Base Case financing includes 100% fixed rate COPs

Financing

Debt Service on Existing and Proposed COPs



Financing Structuring Options



Alternative: Variable Rate Debt

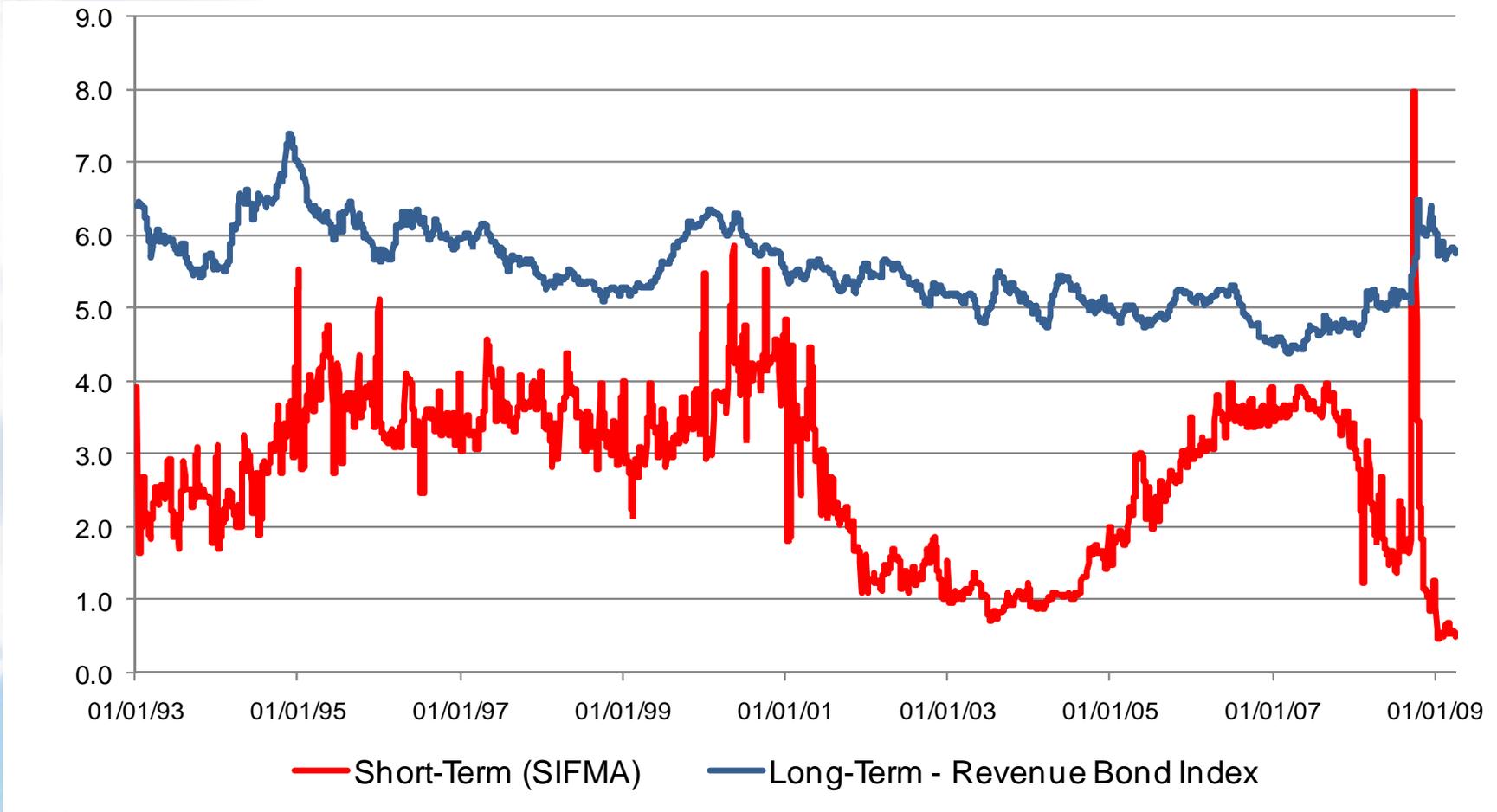
- Many large issuers benefit from using variable rate debt; risks must be considered
- Advantages:
 - Potential for significantly lower interest expense
 - Callable at any time – facilities restructuring (taxable to tax-exempt conversion, etc)
- Disadvantages:
 - Market exposure – interest rates could rise during a market dislocation/inflationary period
 - Renewal risk – variable rate obligations require Letters of Credit, liquidity facilities, and remarketing agreements; all are subject to renegotiation at some point during the life of a financing

Financing Variable Rate Debt

- Market conditions may require the District consider issuing a portion of COPs as variable rate obligations, “put” bonds or possibly include hedges
 - Over time, District would be allowed to convert taxable debt into tax-exempt debt as land is converted to preservation/restoration purposes
- Since taxable debt is typically “non-callable”, financing team would develop strategies that are (1) conservative/prudent, (2) work in this financial market, (3) allow for restructuring to convert to tax-exempt, and (4) create the greatest likelihood of providing for the lowest total debt service over time

Financing

Short & Long Term Interest Rates Comparison



Financing

2009 Bills of Interest



Certificates of Participation

- **GAAC 09-03 by the House Government Accountability Act Council** places a 20 percent debt service to ad valorem revenue cap on the issuance of certificates of participation without the approval of the Legislative Budget Commission. Bonds issued and outstanding before January 1, 2009, are not included in the calculation of the limitation
- **SB 1898 by the Senate Environmental Preservation and Conservation Committee** places a 25 percent debt service to ad valorem revenue cap on the issuance of certificates of participation. Bonds issued and outstanding before January 1, 2009, in excess of the 25 percent cap are not included in the calculation of the limitation
- **SB 1436 by Sen. Bennett and HB 987 by Rep. Williams** prohibits water management districts from issuing certificates of participation unless approved by the electors of the district in a referendum

Financing

2009 Bills of Interest

Property Tax Legislation

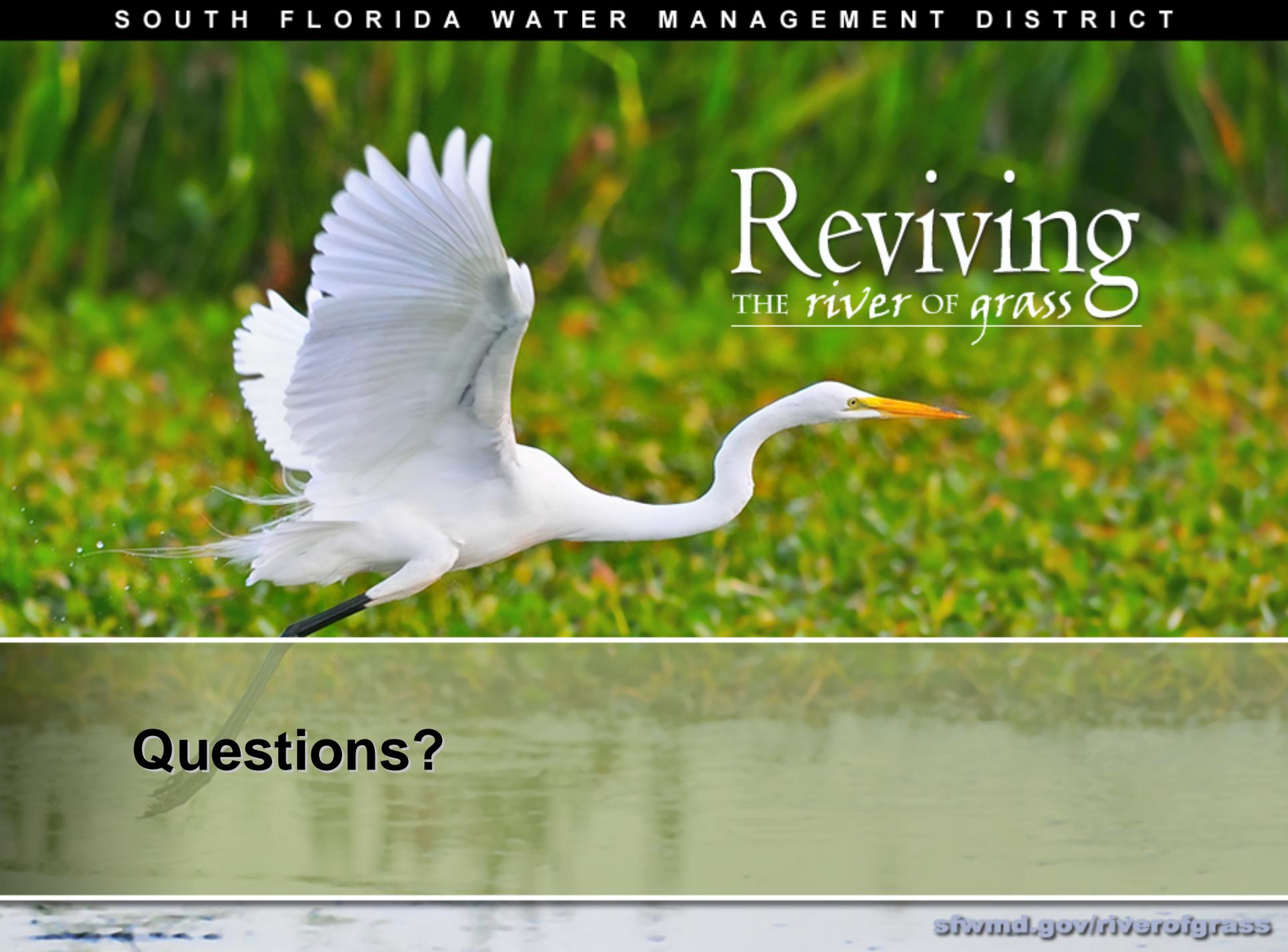
- **HB385 by Rep. Rivera & SB738 by Sen. Bennett** proposes a constitutional amendment that would limit the amount of ad valorem property taxes that may be collected by counties, school districts, municipalities, and special districts from any parcel of real property to 1.35%
- **SB1906 by Sen. Haridopolos & HJR 1263 by Representative Flores** proposes an amendment to limit state and local government revenues and require voter approval of new taxes and fees

Financing

2009 Bills of Interest

Property Tax Legislation, cont.

- **HB97 by Rep. Domino & SB532 by Sen. Lynn** limits increases in assessments of real property used for commercial or residential rental purposes. Also provides first-time homestead property owners with an additional homestead exemption equal to 50 percent of property's just value in the first year and reduces it by 20 percent in each succeeding year
- **HB521 by Rep. Lopez-Cantera** revises provisions relating to factors for determining just valuation of property and places the presumption of correctness on the property owner instead of the Property Appraiser in case of a challenge



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River of Grass Phase I Planning

Kenneth G. Ammon, P.E.

Deputy Executive Director, Everglades Restoration

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Everglades Land Acquisition Vision Statement

RESTORATION PLANNING



- Maximize restoration opportunities for the South Florida ecosystem by acquiring strategically located lands, establishing a managed system of water storage and treatment, and restoring a historic hydrologic connection to benefit America's Everglades, Lake Okeechobee, and the St. Lucie and Caloosahatchee rivers and estuaries.

Everglades Land Acquisition Goals

RESTORATION PLANNING

- Increase availability of water storage to reduce harmful freshwater discharges from Lake Okeechobee to Florida's coastal rivers and estuaries and to redistribute more water to the south to restore the southern Everglades
- Increase availability of storage and treatment to enhance delivery of cleaner water to the Everglades
- Prevent harmful phosphorus flows from entering Lake Okeechobee and the Everglades
- Eliminate need for "back-pumping" water into Lake Okeechobee

Everglades Land Acquisition Goals, *cont.*



RESTORATION PLANNING

- Improve U.S. Army Corps of Engineers' options for managing Lake Okeechobee within a more desirable ecological range
- Provide additional water storage alternatives to relieve some pressures on Herbert Hoover Dike while continuing to pursue timely rehabilitation
- Support continued regional agriculture, as well as economic diversification, where viable

Phase I Planning Activities to Date

RESTORATION PLANNING

- Public planning process – WRAC Issues Workshops
 - January 22 – Clewiston (Board updated 2/11)
 - February 3 – West Palm Beach (Board updated 2/11)
 - February 19 – Belle Glade (Board updated 3/9)
 - March 4 – West Palm Beach (Board updated 3/9)
 - March 20 – LaBelle (summarizing today)
 - March 31/April 1 - Royal Palm Beach (summarizing today)

Phase I Planning

March 20 Workshop

RESTORATION PLANNING

- Meeting held at UF/IFAS Hendry County Extension Office, Dallas B. Townsend Agricultural Center in LaBelle
- Local government presentations
 - Pahokee
 - Belle Glade
 - South Bay
 - Glades County/Moore Haven
 - Hendry County/Clewiston

Phase I Planning

March 20 Workshop

RESTORATION PLANNING

- Team configuration exercise and related configuration information
 - Team configuration exercise; provided instructions
 - Water quality modeling overview
 - Potential project impacts to sugar production economics
 - Cost estimating approach and cost relationships
 - Hydrologic modeling performance summary maps

Phase I Planning

March 31/April 1 Workshop

RESTORATION PLANNING

- Meeting held at Royal Palm Beach Cultural Center in Royal Palm Beach
- Local government presentations
 - Port of Palm Beach
- Continuation of configuration information
 - Maps and land information
 - Hydrologic modeling performance summary maps
 - Considerations for developing a proposed configuration
 - Instruction overview

Phase I Planning

March 31/April 1 Workshop

RESTORATION PLANNING



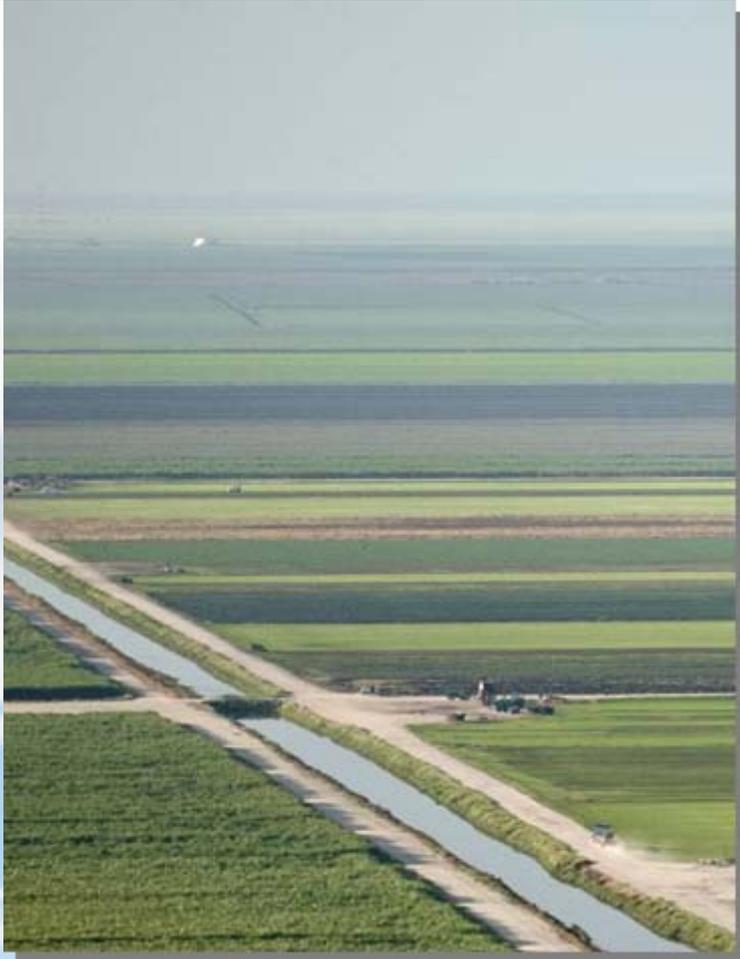
- Group configuration exercise
- Team presentations of proposed configurations
 - 9 proposed team configurations
- Group discussion / Q&A

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



Phase I Planning Webcast Results

RESTORATION PLANNING



**March 31/ April 1 =
802 Total Views**

- 381 - Florida
- 223 - Louisiana
- 97 - District of Columbia
- 38 - Illinois
- 38 - Texas
- 9 – Georgia
- 8 – Maryland
- 8 – Massachusetts

Phase I Planning Next Meeting

RESTORATION PLANNING

Next WRAC Issues Workshop:

April 16-17, 2009

SFWMD Lower West Coast Service Center

2301 MacGregor Blvd

Ft. Myers, FL

10:00 a.m. – 4:00 p.m.

Meeting Topics:

- Initial discussions on team configuration evaluations

Phase I Planning

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Restoration Project Planning

On December 16, 2008, the South Florida Water Management District Governing Board voted to accept a contract with the United States Sugar Corporation to acquire more than 180,000 acres of agricultural land for Everglades restoration. This historic transaction provides water managers with the unprecedented opportunity to store and treat water on a scale never before envisioned for the benefit of America's Everglades, Lake Okeechobee and the St. Lucie and Caloosahatchee rivers and estuaries.

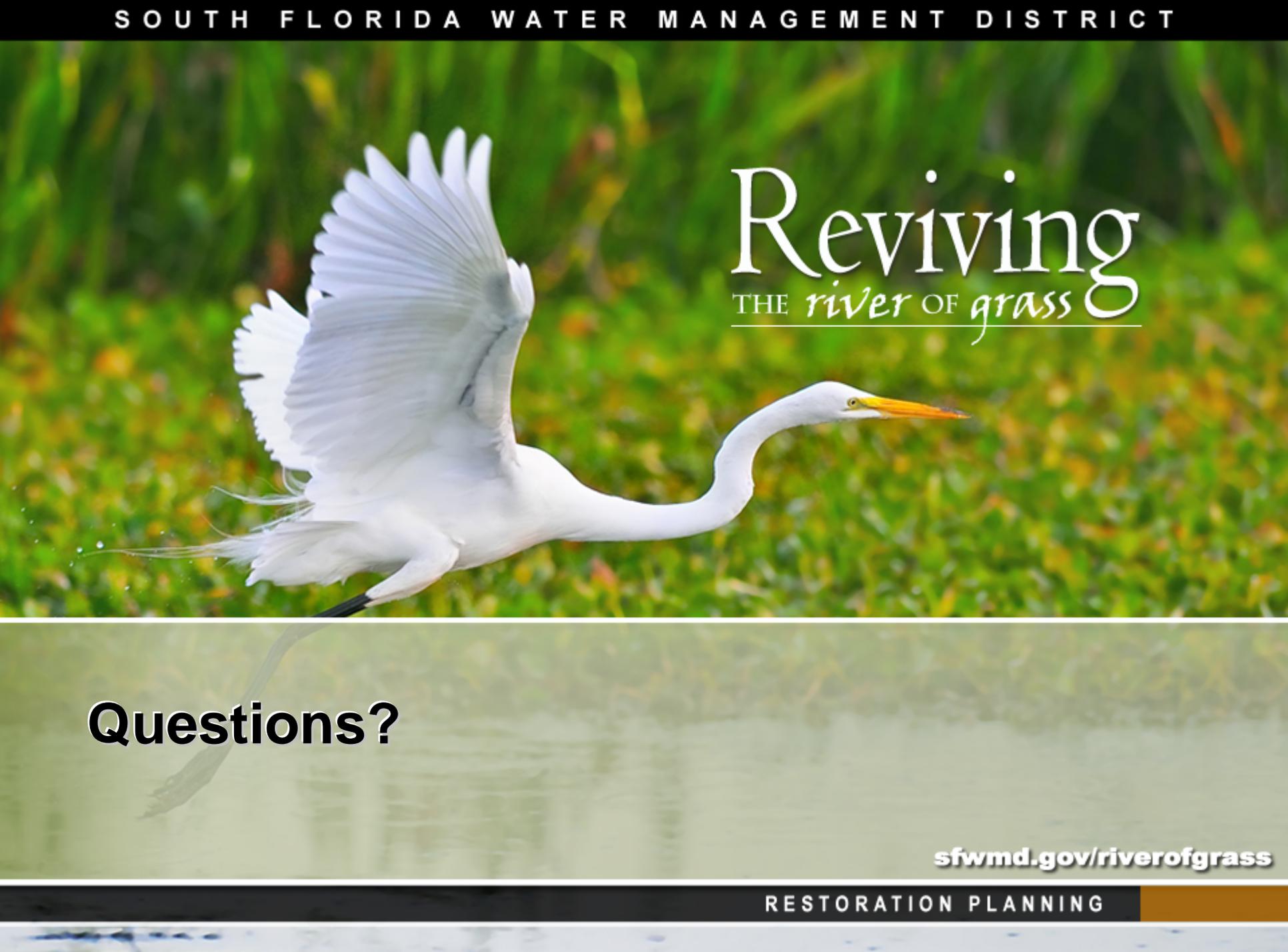
With full public involvement, the first phase of *River of Grass* restoration project planning is under way. Through a series of [Water Resources Advisory Commission](#) Issues Workshops, the Phase 1 planning process will determine viable configurations for constructing a managed system of water storage and treatment to support ecosystem restoration efforts.

Information generated during this first phase will be utilized by the Governing Board to support decision making related to the land acquisition and will provide the basis for more detailed future planning phases.

RELATED MATERIALS

- » [Configuration Data](#)
- » [Public Workshops: Dates, Agendas, Presentations, Minutes](#)
- » [News, Fact Sheets, Public Information](#)
- » [Reservoir Sizing and Operations Screening \(RESOPS\) Model](#)
- » [Screening-level Sensitivity Analyses of Water Storage in the EAA \[PDF\]](#)
- » [RESOPS Performance Measures \[PDF\]](#)

RESTORATION PLANNING

A white egret is captured in mid-flight, its wings fully extended, flying over a body of water. The background is a lush green field of grass. The text 'Reviving THE river OF grass' is overlaid on the right side of the image.

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RESTORATION PLANNING



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Legislative Update & Next Steps

Carol Wehle
Executive Director

Everglades Land Acquisition Legislative Briefings



- Since March 12:
 - Florida Congressional Delegation staff briefing (3/27)
 - Senate Environmental Preservation & Conservation Committee (3/17, 3/24, 3/31, 4/6)
- Upcoming:
 - House General Government Policy Council (4/14)

Everglades Land Acquisition Next Steps



- April 15 – Judge Moreno status report
- WRAC Issues Workshops for Phase I project planning
 - *April 16 -17, Fort Myers*
 - *May 6, West Palm Beach*
- Late April/early May – Credit rating agency presentation
- May 13 & 14 – Governing Board meeting in West Palm Beach

Everglades Land Acquisition

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 - Everglades Forever
 - After Hurricane Wilma
 - Coastal Areas

GOVERNOR CRIST UNVEILS HISTORIC PLAN TO REVIVE THE RIVER OF GRASS

South Florida Water Management District to negotiate acquisition of agricultural land to reestablish an historic connection between Lake Okeechobee and the Everglades

On June 24, 2008, Governor Charlie Crist announced that the South Florida Water Management District will begin negotiating an agreement to acquire as much as 187,000 acres of agricultural land owned by the United States Sugar Corporation. The vast tracts of land in the Everglades Agricultural Area would then be used to reestablish a part of the historic connection between Lake Okeechobee and America's Everglades through a managed system of storage and treatment and, at the same time, safeguard the State's and Federal Government's investments in the area.

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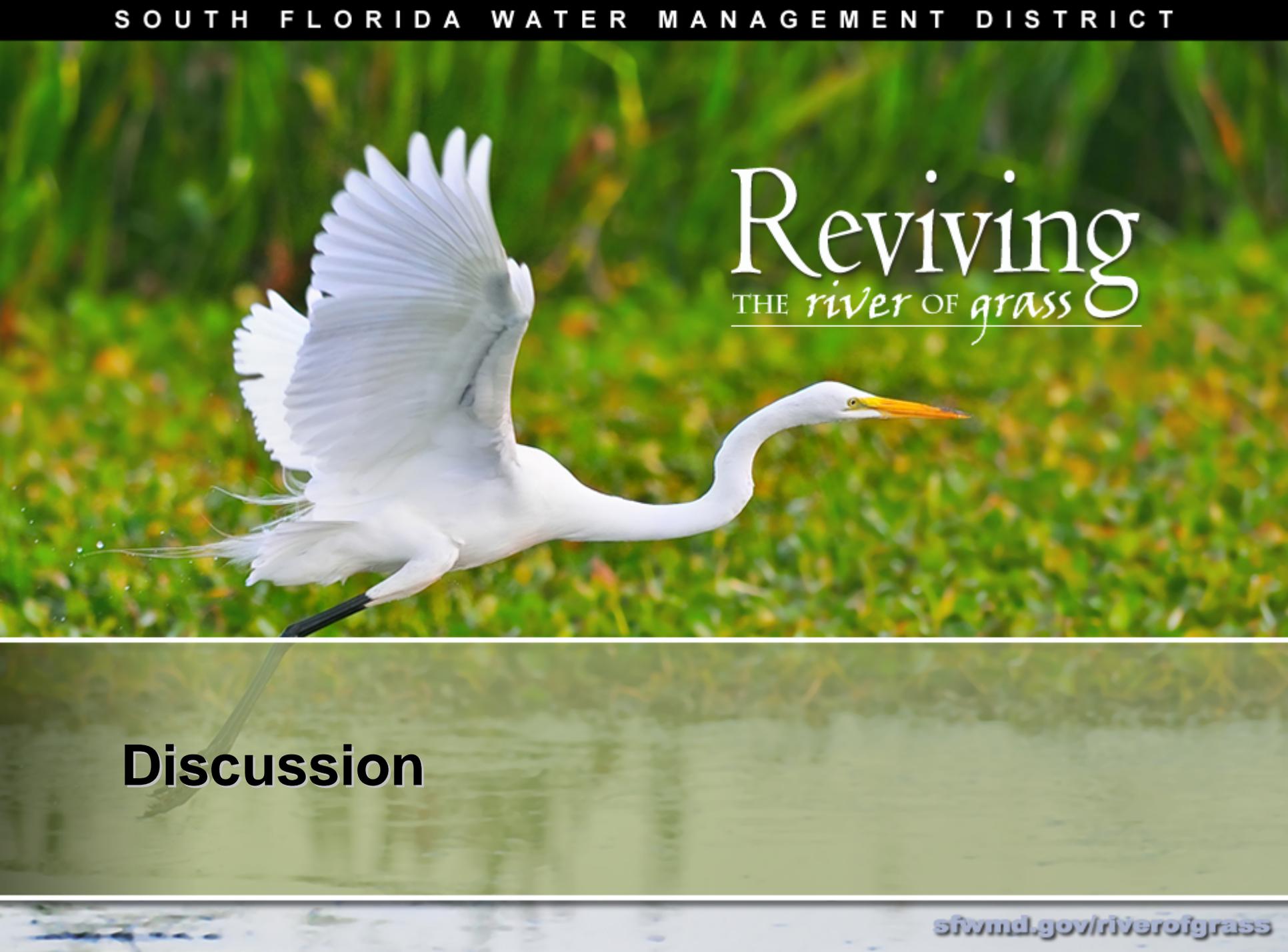
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Discussion