

Reviving

THE river of grass



July 2009

just the FACTs

This fact sheet is provided as a reference to encourage a greater understanding of the various issues related to managing water in South Florida.

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Reviving the River of Grass About Certificates of Participation and Bond Validation

On May 13, 2009, the Governing Board of the South Florida Water Management District voted to approve a revised agreement to acquire approximately 73,000 acres of agricultural land for Everglades restoration from the United States Sugar Corporation. Pending financing, this historic transaction provides water managers with an 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.

Financing the River of Grass Acquisition

- In October 2008, the District's Governing Board established a water resource financing program and approved up to \$2.2 billion in certificates of participation (COPs) revenue bond financing for water resource development projects and works supporting restoration of the South Florida ecosystem, including the Everglades.
- The initial project introduced under the newly established water resource financing program is the acquisition of 73,000 acres of land from the U.S. Sugar Corporation for Everglades restoration. The District would issue an estimated \$536 million in COPs revenue bonds to fund the initial acquisition.
- The Governing Board authorized additional bond financing for water resource development projects throughout the water management district, if future revenues and market conditions allow.

Validating Certificates of Participation

- Although not required by law, a government agency may voluntarily file a "Validation Complaint" in Circuit Court requesting judicial review of its actions to undertake a certificate of participation financing program.
- A Circuit Judge conducts a hearing, after which a ruling is issued. The Judge's order may be appealed to the Florida Supreme Court.
- Upon validation, COPs may be issued and sold in amounts necessary to complete the agency's project or program. Un-issued financing capacity retains its validation indefinitely, for use as needed.
- On October 13, 2008, the District filed a Validation Complaint in Circuit Court to seek COPs validation. Validating the COPs was included as a clause in the executed purchase and sale agreement with U.S. Sugar.
- Validation of the COPs financing program by the Court confirms that:
 - The financed projects serve a public purpose.
 - The District has appropriate authority to issue the COPs.
 - Proper procedures have been used to issue the COPs.
- Validation by the Court also provides the public with an additional layer of assurance that this funding mechanism, and the projects established within the water resource financing program, are in the public interest; serve a public purpose; and benefit the public's health, safety and welfare.



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About Certificates of Participation and Bond Validation

Public Purpose of the *River of Grass* Acquisition and Water Resource Development Financing Program

- Everglades restoration is recognized at the national, state and local levels as serving a public purpose by restoring the South Florida ecosystem, protecting wildlife and enhancing water supplies for the environment and other purposes.
- The proposed environmental benefits associated with the acquisition of the U.S. Sugar property include:
 - Increasing water storage to reduce harmful freshwater discharges from Lake Okeechobee to the St. Lucie and Caloosahatchee rivers and estuaries.
 - Improving the delivery of cleaner water to the Everglades.
 - Preventing tons of phosphorus from entering the Everglades.
 - Reducing the need for “back-pumping” water into Lake Okeechobee.
 - Through additional water storage alternatives, relieving pressure on the Herbert Hoover Dike while the federal government undertakes repairs.
 - Managing Lake Okeechobee within a more desirable ecological range.

About Certificates of Participation (COPs)

- COPs are a type of revenue bond that government agencies may issue to finance the undertaking of any capital, land acquisition or other project for the purposes permitted by the State Constitution and Florida Statutes.
- Counties, county school boards and municipalities have been using this type of financing for many years to fund capital projects. The District has also used COPs to fund environmental restoration.

The District’s Experience with COPs Financing

- In November 2006, the District issued AAA-rated insured bonds to help jump-start construction of Everglades restoration projects.
- The District was the first in the nation to use certificates of participation to fund water resources projects for environmental restoration.
- The Circuit Court validated the authority of the District to issue its “South Florida Water Management District Certificates of Participation, Series 2006” to finance the expansion of stormwater treatment areas and construction of environmental restoration projects.
- Recognized as the nation's most innovative municipal bond issuer, the South Florida Water Management District was awarded *The Bond Buyer’s* Deal of the Year Award in 2007 for its \$546.1-million issue of COPs to fund Everglades restoration.
 - *The Bond Buyer* is a national daily newspaper covering the municipal bond market.
 - The entries were evaluated by *The Bond Buyer’s* editors and bureau chiefs, who looked for innovation, financial complexity, the ability for a deal to serve as a model for other financings and the public purpose for which the transaction's proceeds were used.