

DEXTER W. LEHTINEN

March 5, 2010

The Honorable Jerry Montgomery
SFWMD Governing Board, 2122
P.O. Box 24680
West Palm Beach, FL 33416-4680

Dear Mr. Montgomery:

With regard to the sugar buyout/leaseback planned by the South Florida Water Management District, certain financial information reveals the fiscal irresponsibility of this proposal and its threat to human health and safety.

Please note that in December 2008 the District's staff projected at valorem revenues on several assumptions, from "best case" to most "pessimistic." In the "best case" scenario, ad valorem revenues for FY 2011 would exceed \$650 million; in the most "pessimistic" case scenario, ad valorem revenues would exceed \$470 million. Yet current projections for FY 2011 now predict about \$405 million. In other words, ad valorem revenues are now predicted to be at least \$64 million less than the most "pessimistic" prediction.

An independent report to the District from The PFM Group, dated February 17, 2010, contains some ominous warnings. "Today, we reviewed the District's preliminary projections that show deficits in 2011 and 2012 ranging from \$89 million to \$110 million respectively. ... [I]t is clear that significant decreases in O&M will be required in order for the District to issue a material amount of debt... It is difficult to see how the District can make changes of this magnitude... While it is known that this discussion is neither positive nor encouraging, I think it is critical for us to approach this process with 'eyes wide open'..."

Clearly, the District is not approaching this process with "eyes wide open." Newly appointed Governing Board Members have virtually promised the Governor that they will not keep their "eyes wide open," as a condition of their appointment. This "head in the sand" approach will bankrupt the District and result in loss of public confidence that will damage the core functions of the District for decades.

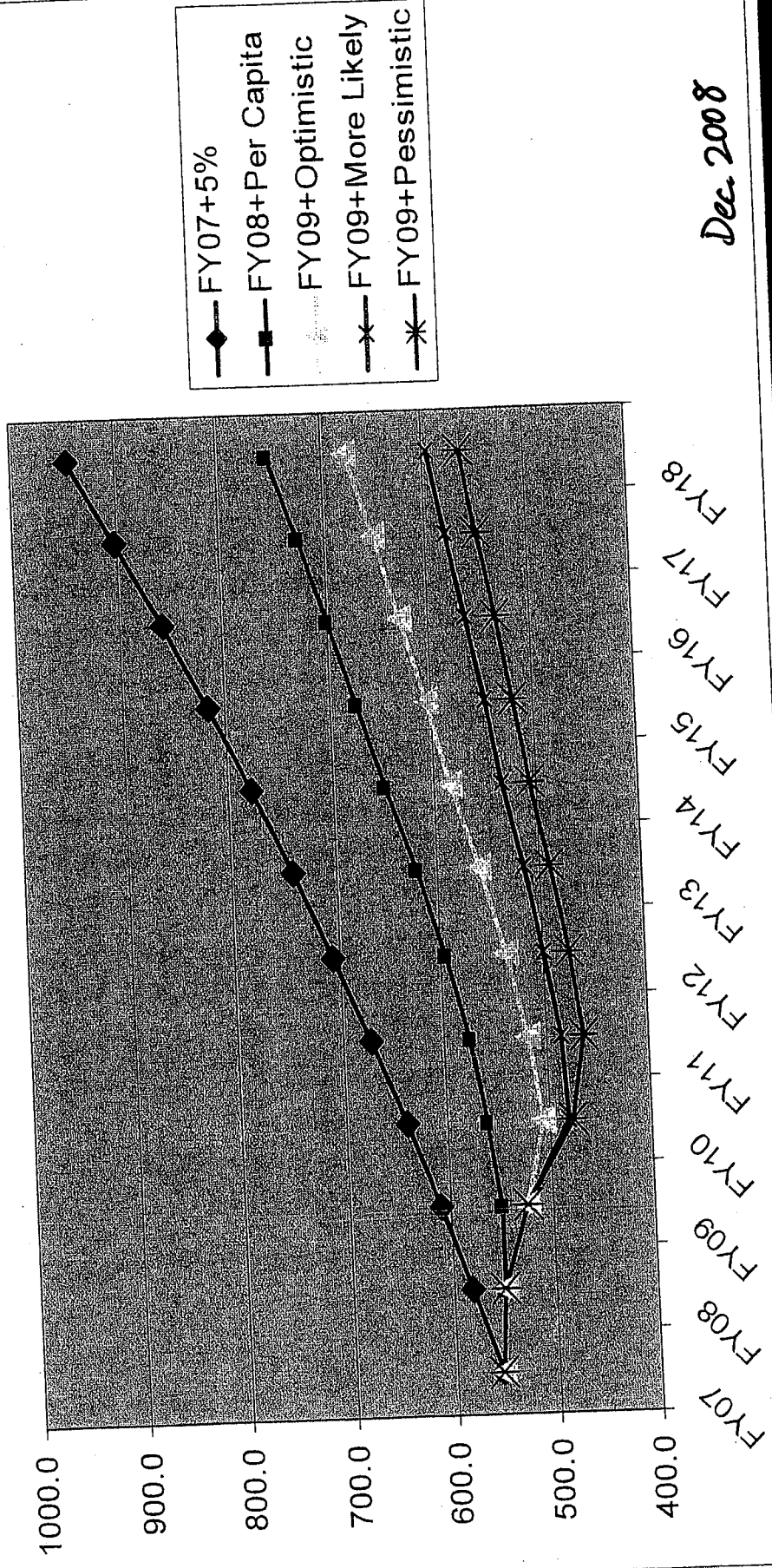
Sincerely,



Dexter Lehtinen

Ad Valorem Estimates

Evolving Revenue Picture



Dec. 2008

~ FY2011 - March 2010 estimated as \$405 million