UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 88-1886-Civ-Moreno

UNITED STATES OF AMERICA,

Plaintiff,

v.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT, et al.

Defendants.
_____/

SOUTH FLORIDA WATER MANAGEMENT DISTRICT'S RESPONSE TO THE MICCOSUKEE TRIBE'S REQUEST FOR "EMERGENCY" DISPOSITION OF ITS MOTION FOR INJUNCTIVE RELIEF

Defendant, South Florida Water Management District ("District"), serves its response to the request of the Limited Intervernor, Miccosukee Tribe of Indians ("Tribe"), for emergency disposition of its motion for injunctive relief.

There is no emergency. As pointed out by the Tribe, this Thursday, August 12, the District's nine member Governing Board will decide whether or not it should execute a revised purchase and sale agreement with United States Sugar Corporation ("USSC"). The possibility of a revised purchase agreement was first disclosed by the District on July 26, 2010, during the hearing before the Special Master. Transcript of Proceedings, dated July 26, 2010, pp. 248–251. When contract negotiations subsequently advanced to the point that the agreement could be brought to the Governing Board, the District made a formal announcement to the Special Master and parties. *See* South Florida Water

Management District's Responses to Questions Posed by the Special Master During Hearing on July 26– 30, 2010, dated August 6, 2010 (attached as Exhibit 1). Consistent with its prior representations, the District now seeks to purchase approximately 26,800 acres of USSC farmland with which to build phosphorus reduction projects. The two parcels comprising the purchase are located in areas suitable for constructing additional stormwater treatment areas to benefit the Refuge and WCA-3A. Transcript of Proceedings, dated July 26, 2010, at pp. 201–10.[1]

Closing on the revised contract and the transfer of sale proceeds (assuming the Governing Board approves the amendment) is set to take place at a future date, yet to be determined, but before October 11, 2010. Tribe's motion at 4; Tribe Exh. D at 3 (Second Amended Purchase and Sale Agreement.) *In order to allow time for the Court and parties to brief and address the merits of the Tribe's motion, however, the District agrees to not close on the transaction prior to October 11, 2010.* Thus, there is no reason to enjoin the District's vote on the revised agreement scheduled for Thursday. The Governing Board may act only by a vote of its board members at a duly convened meeting, after notice. No individual board member may bind the Board.

The Tribe is not entitled to injunctive relief. Decisions of the United States Supreme Court and the Eleventh Circuit preclude entry of an order sequestering the District's cash reserves. In *De Beers Consol. Mines, Ltd. v. United States*, 325 U.S. 212

[1] The second revised purchase and sale agreement allows the District to immediately purchase approximately 26,800 acres of farmland with options to purchase USSC's remaining approximate 160,000 acres in the future.

(1945), the Court addressed the question of whether a court, when asked to exercise its equitable power to compel compliance with the Sherman Act and Wilson Tariff Act, could freeze the assets of a defendant prior to judgment. In ruling it could not, the Court explained that before such relief could be ordered, the defendant would have to be found in contempt of a final order first, that a fine be imposed, and the defendant refused to pay it.

As explained by the Court, "[u]nder the Sherman Act and Wilson Tariff Act, the District Court has no jurisdiction in this suit to enter a money judgment. Its only power is to restrain the future continuance of actions or conduct intended to monopolize or restrain commerce." 325 U.S. at 219–220.

> In truth the purpose and effect of [the District Court's] injunction is to provide security of a future order which may be entered by the court. Its issue presupposes or assumes the following things: (1) that the court has obtained jurisdiction of the persons of the defendants; . . . (3) that a decree may be entered after trial on the merits enjoining and restraining the defendants from certain future conduct; (4) that the defendants may disobey the decree entered; (5) that a proceeding may be instituted for contempt and will result adversely to the defendants; (6) that a fine may be imposed; (7) that the defendants may neglect or refuse to pay the fine; (8) that an execution issued for the collection of the fine. . . .

325 U.S. at 119. As a result, the Court concluded that:

> To sustain the challenged order would create a precedent of sweeping effect. *This suit, as we have said, is not to be distinguished from any other suit in equity.* What applies to it applies to all such. Every suitor who resorts to chancery for any sort of relief by injunction may, on a mere statement of belief that the defendant can easily make away with or transport his money or goods, impose an injunction on him, indefinite in duration, disabling him to use so much of his funds or property as the court deems necessary for security or compliance with its possible decree. . . . *No relief of this character has been thought justified in the long history of equity jurisprudence.*

Id. at 222–23 (emphasis added).

Since *De Beers*, the Eleventh Circuit further explained neither the All Writs Act, 28 U.S.C. §1651, nor the Inherent Powers Doctrine, may be used to seize funds in possession of a defendant. In *ITT Community Development Corp. v. Barton*, 569 F.2d 1351, 1358–61 (5th Cir. 1978), plaintiff obtained prejudgment writs of garnishment and an injunction compelling the defendants to turn over monies in their possession or control. With regard to the All Writs Act, the Court explained that it "could have served as authority for the [asset] turn-over order here in question only to curb conduct which threatened improperly to impede or defeat the subject matter jurisdiction then being exercised by the court." *Id.* at 1359. "We can think of no reason why the turn-over order was necessary to allow the district court to effectuate its subject matter jurisdiction." *Id.*

In addition, the *ITT* Court explained: "To be sure, with the money in the registry of the Court, ITT would have been in a better position to enforce any judgment that it might have obtained against the appellants, but 'the fact that a party may be better able to effectuate its rights or duties if a writ is issued never has been and under the language of the statute cannot be, a sufficient basis for issuance of the writ.'" *Id.* at 1360. With regard to the doctrine of inherent powers, the Court, quoting the *De Beers* text above, held that "it is plain to us that the turn-over order cannot be sustained as a proper exercise of the district court's inherent power to perform duties and to process pending litigation to a just

conclusion." *Id.* at 1361; *see also, Rosen v. Cascade International, Inc.*, 21 F.3d 1520, 1526–31 (11th Cir. 1994).[2]

In this case, the Tribe has not demonstrated that it will prevail on the merits. The Tribe sought, and the Court granted, an injunction compelling the District to build the EAA storage reservoir ("EAASR"). The District, however, has not been found in contempt of the Court's March 31, Order compelling construction of the EAASR, nor assessed fines to coerce its compliance, nor have those fines been reduced to a money judgment. In fact, that order is not final, given the Court's direction to the Special Master to set deadlines for the project and its observation that compelling construction of the EAASR may reactivate Judge Middlebrooks's case and the NDRC legal challenges to the District's construction permits. Order, dated March 31, 2010, at p. 19.[3] Consistent with *De Beers*, the Tribe is not entitled to injunctive relief preventing the District's Board from executing the revised purchase and sale agreement or sequestering its funds with which to close on the transaction.

Nor has the Tribe demonstrated the likelihood of irreparable harm. The Tribe's motion is silent with regard to evidence showing that water quality *in the Refuge* will be impaired if the EAASR is not built. Moreover, during last week's hearing before the Special Master, the Tribe did not present evidence quantifying what, if any, change in water quality will result in the Refuge if the EAASR is built.

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[2] None of the three decisions cited by the Tribe address a court's legal authority to sequester a defendant's funds, whether acting in equity or otherwise.

[3] The order also runs afoul of the "separate document" requirement of Rule 58, Federal Rule of Civil Procedure.

CONCLUSION

Based on the foregoing arguments and authority, the Tribe's motion should be denied.

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Response was filed on August 11, 2010, using the Court's CM/ECF system and, therefore, service was accomplished upon counsel of record by the Court's CM/ECF system.

Respectfully submitted on this 11th day of August, 2010.

SOUTH FLORIDA WATER
MANAGEMENT DISTRICT

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 88-1886-CIV-MORENO

UNITED STATES OF AMERICA,

Plaintiff,
vs.

SOUTH FLORIDA WATER
MANAGEMENT DISTRICT, et al.,

Defendants
_____/

SOUTH FLORIDA WATER MANAGEMENT DISTRICT'S RESPONSES TO QUESTIONS POSED BY THE SPECIAL MASTER DURING THE HEARING ON JULY 26– 30, 2010

Defendant, South Florida Water Management District ("District"), files the following response to questions posed by the Special Master during hearing on July 26–30, 2010, in Miami, Florida, and gives notices of proposed amendments to its purchase and sale agreement with U.S. Sugar Corporation ("USSC"):

1. **The purchase of farmlands owned by USSC.**

As mentioned during hearing, the District has been in negotiations with USSC to further scale back the size of its land purchase. Those negotiations have now advanced to the point that an amended purchase and sale agreement will be presented to the District's Governing Board for approval on August 12, 2010. A brief summary of the revised transaction, along with a map depicting the parcels to be purchased, is attached as Exhibit 1. For more information, go to: http://www.sfwmd.gov/portal/page/portal/pg_grp_sfwmd_koe/pg_sfwmd_koe_riverofgrass.

EXHIBIT 1

2. **Did the District provide notice to existing owners of Certificates of Participation ("COPs") of Judge Gold's decision in Miccosukee Tribe of Indians v. United States Environmental Protection Agency, et al., Case No. 04-21448-CIV-Gold (S.D. Fla.)?**

Yes, see disclosure statement attached as Exhibit 2.

3. **What is the status of funds raised by the District in its 2006 COP issuance?**

On October 12, 2005, the Governing Board of the District adopted a resolution authorizing the issuance of up to $1,800,000,000 in Certificates of Participation ("COPs") to construct certain Everglades restoration projects known as the Acceler8 Projects. Phase 1 of the EAA reservoir and expansion of to Compartments B and C STAs are among the Acceler8 projects addressed in the resolution. Issuance of COPs for this purpose was validated in February 2006 in the trial court in Palm Beach County and no appeal was filed. The intent was to issue COPs in at least two series. In the first series, $546,120,000 was borrowed in November 2006 to pay for the C-43 and C-44 reservoir test cells (which were already constructed), to begin construction of the Compartments B and C STA expansions and to begin construction of Phase 1A of the EAA reservoir. All of the project properties in this first issuance were placed in master ground lease for the financing.

From the proceeds of the 2006 issuance, the test cells were paid for and construction of the expansion of the Compartments B and C was commenced. Construction of Phase 1A of the EAA reservoir also began. While the EAA reservoir was being built, a suit was filed in May, 2007 by the Natural Resources Defense Council and other environmental groups against the United States Army Corps of Engineers claiming that that the permits issued to the District for construction of the reservoir violated several federal statutes. Based on the uncertainty of the outcome of this litigation, the District suspended and ultimately terminated construction of the reservoir.

As a result, funds from the 2006 COPs issuance became available for other Acceler8 projects. As authorized in the bond documents, the District sought and received permission from Deutschebank, the bond trustee and AMBAC, the bond insurer, to switch the use of the 2006 proceeds from the construction of Phase 1 of the EAA reservoir to completion of the Compartments B and C STAs, which was to have been funded in a future issuance of COPs. The EAA reservoir properties were released from the ground lease and the lands encompassing the Compartments B and C STAs were transferred into the ground lease.

Consequently, the entire balance of the proceeds of the 2006 issuance of COPs originally borrowed to construct Phase 1A of the EAA reservoir was transferred to pay for the completion of the construction of Compartments B and C STAs. The remaining funds are broken down as follows:

• 2006 B & C COPs Balance	$ 266,000,000
• Expenditures on Compartments B & C to Date	$ 96,421,059
• FY10 B & C Encumbered	$ 46,030,394
• FY11 Budgeted to Continue Construction	$ 111,548,771
• B & C COPs Balance	$ 11,999,770
• Residual COPs Balance for EAASR	$ 22,886,203

There are no other funds available from the 2006 issuance of COPs.

4. **What is the current construction status at the Compartment B and C STAs and to what extent has construction stopped due to the Corps' Section 408 review process (for Compartment B) and the cultural resource issues (at Compartment C)?**

A. Compartment B STA.

Construction Status: Compartment B Stormwater Treatment Area project is currently divided into a number of contracts. These contracts consist of the following;

- North Build-out Civil works contract – Construction contract of $17,484,383 is executed and currently 54.2% ($9,110,000) billed to date. Work consists of the STA containment levees and structures. These are on schedule to be completed mid December 2010. L-6 issues are not impacting this work.

- South Build-out Civil works contract – Construction contract of $14,234,726 is executed and currently 66.6% ($9,490,000) billed to date. Work consists of the STA containment levees and structures. These are on schedule to be completed mid December 2010. L-6 issues are not impacting this work.

- Pump Stations G-434 & G-436 – Construction contract of $49,661,501 is executed and currently 27.8% ($13,700,000) billed to date. Work consists of the Inflow pump station to the north build-out STA and the discharge pump station from both the north and south build-out STAs. The discharge pump station discharges to the L-6. These are on schedule to be completed in February 2012. L-6 issues are not impacting this work.

- Pump Stations G-435 – Construction contract of $11,904,941 is executed and currently 40.8% ($4,815,000) billed to date. Work consists of the Inflow pump station to the South Build-out STA. The pump station is on schedule to be completed in December 2011. L-6 issues are not impacting this work.

- L-6 Modifications – This redesign of this portion of the project is complete. The USACE 404 permit requires a 408 certification of modification to a federal levee. We are currently going through this process. Once we have the permit in hand we will require two years to complete the work.

Operations: The STA 2 discharge pump station currently can operate in its full hydraulic capacity at 3040 cfs. The existing L-6 canal is currently sized to accommodate these flows for these events. However, during normal operations the amount of flow is significantly less from STA 2. It is the Districts intention to request modifications to the STA 2 permit to allow use of Compartment B for treatment purposes when there is hydraulic capacity in the L-6 canal. Upon completion of the L-6 modifications then the use of the full hydraulic capacity of both facilities will be utilized when necessary.

404/408 Information: The interagency 408 Review team has been meeting bi-weekly since April 7, 2010 in order to ensure continued progress on the efforts of the agencies. A majority of the information required to be included in the 408 package as requested in the January 22, 2010, letter is readily available or has already been prepared either by the design engineer, or by District staff.

There are two major components of the 408 package to be submitted to the ACOE that need to be completed by the District. They are the Risk Analysis and the External Peer Review. The purpose of the Risk Analysis is to evaluate of the modification to the Central and Southern Florida Flood Control Project and ensure that the changes will not affect the existing level of flood protection. The purpose of the Risk Analysis is to satisfy the Safety Assurance Review (SAR) requirements for L-6 Levee and Canal Conveyance System Modification, Section 408 Permission as required by Section 2035 in the Water Resource Development Act (WRDA) of 2007 as described in the U.S. Army Corps of Engineers' EC 1165-2-209, Civil Works Review Policy.

The schedule that was previously provided indicated a complete 408 package submittal date of October 1, 2010. The External Peer Review will be performed concurrently with the review of the 408 package; however, a Final Review Plan for the Risk Analysis must be completed prior to finalizing the 408 package. The District is still awaiting a determination from the ACOE regarding the level of information that will be required for the Risk Analysis. The ACOE Jacksonville District is coordination with the Risk Management Center to determine if additional modeling will be required to be included in the 408 package. If additional modeling is required than the modeling analysis could delay submittal of the 408 package by a few months. Additionally, a supplemental NEPA analysis is being prepared by the ACOE Regulatory Office.

Assuming additional modeling is not required, and the 408 package is complete and submitted by October 1, 2010, the ACOE expects to have their 408 review completed in approximately one year. The 408 approval will trigger the regulatory decision for the 404 permit. The issuance of the 404 permit will prompt the District to initiate the bidding process for

a construction contractor. The improvements to the L-6 canal and the modification to the L-6 levee will have a construction schedule of about 2 years (2 dry seasons). Once completed Compartment B will be able to operate at full capacity.

B. Compartment C STA.

Construction Status: Compartment C Stormwater Treatment Area project is currently divided into two contracts. These contracts consist of the following:

- Civil works contract – Construction contract of $47,541,973 is executed and currently 67.4% ($32,052,633) billed to date. Work consists of the STA containment levees and structures. These are on schedule to be completed mid December 2010. Cultural Resources are currently having impacts on approximately 1000 feet of levee construction. If it is determined that the 4 sites require additional protection the protection features would require design, permitting and construction which is estimated to take one year from a decision on the necessary protections.

- Pump Station G-508 - Construction contract of $35,213,157 is executed and currently 28.4% ($10,002,834) billed to date. Work consists of the Inflow pump station to the existing STA 5 Flowway 3 and STA 6 as well as the currently under construction Compartment C. These are on schedule to be completed in February 2012. Cultural Resources are not an impacting this work.

Operations: The construction of Compartment C Buildout creates two new flow paths for treatment and an expansion of STA 6. It is anticipated that the north flow path and STA 6 expansion will be flow capable per the schedule and be ready by December 2010. The south flowway will not be able to be inundated until the cultural resource issue is resolved and the protection features are in place.

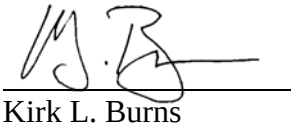
Due to the ongoing cultural resource issues at Compartment C, construction activities onsite have currently been suspended in the areas with identified cultural resource sites. The U.S. Army Corps of Engineers ("Corps") has revised the Section 404 permit for Compartment C to prohibit construction within cultural resource areas until the outstanding issues have been resolved. See modification attached as Exhibit 1. All archaeological work onsite has also ceased pending clear direction from the State Historic Preservation Office ("SHPO"), Corps, and the

Seminole and Miccosukee Tribes regarding their desired remediation. The South Florida Water Management District ("District") has received a formal letter from the Seminoles expressing their preferred method of remediation of the cultural resource areas onsite. Consultation between the District, Seminole and Miccosukee tribes, the SHPO and the Corps is being re-initiated as required by Section 106 of the National Historic Preservation Act 16 U.S.C. 470 (1966). Upon completion of the consultation process, the District will be able to provide the Special Master with a clearer picture of the costs and timeframes within which remediation of the cultural resource sites will be completed and environmental restoration activities resumed.

As previously presented to the Special Master, the cost of restoring the cultural resource sites ranges from approximately $250,000 to restore a single site to $1 million plus to restore all four sites. Restoration of all four sites would also require a redesign of the environmental restoration project, which could be undertaken concurrently with the cultural restoration. District staff estimates that the archaeological work necessary to restore the sites would take approximately a year to accomplish and that the project redesign could be completed within that timeframe. Construction at the site under the permit could then be re-authorized.

District staff also anticipates that the above-mentioned Corps permit condition will not be modified to allow construction to continue on the Compartment C project in cultural resource areas until such time as: (1) an agreement has been reached regarding the extent of cultural restoration necessary onsite; (2) all the archaeological work necessary to achieve restoration has been completed; and (3) the broader issues regarding cultural resource consultation and archaeological excavation protocols have been resolved and a new Memorandum of Agreement between the various parties has been drafted. District staff is unable to predict with any certainty how long it will take to resolve the broader issues, or whether a solution can be reached that will

allow the Compartment C project to move forward before resolving those issues until such time as the consultation process has been completed. Upon completion of the consultation process, the District will be in a better position to inform the Special Master as to the positions of the parties and path moving forward.



Kirk L. Burns
August 6, 2010

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United States v. South Florida Water Management District Service List

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Reviving THE river OF grass

August 2010

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

Second Amended & Restated Agreement for Sale and Purchase

On August 12, 2010, the South Florida Water Management District Governing Board will consider an amended transaction for the acquisition of land from the United States Sugar Corporation for Everglades restoration. The amended acquisition, subject to Governing Board approval, is designed to address changing economic conditions while providing access to land for restoration and water quality improvement projects.

Background

- On December 16, 2008, the Governing Board of the South Florida Water Management District voted to accept a proposal to acquire more than 180,000 acres of agricultural land for Everglades restoration from the United States Sugar Corporation, pending financing.
- In light of dramatic changes in economic conditions and predictions of a continued uncertain financial environment, the two parties in April 2009 agreed to revise the transaction and, on May 13, 2009, the Governing Board approved a purchase and sale and lease agreement that provided for an initial $536 million acquisition of close to 73,000 acres, with options to purchase the remaining 107,000 acres during the next ten years.
- A clause added to the purchase contract by the District's Governing Board allowed the Board to review before closing the most current economic conditions – including interest rates and revenue streams -- and verify the agency's capacity to finance the purchase and accomplish its existing mandates and obligations.
- Because of continued economic impacts, a decline of $150 million in District revenues since 2008 and the need to address recent federal court orders related to Everglades restoration, the Governing Board will now consider a second amended and restated agreement for purchase and sale of the land.
- This amended transaction would utilize available cash on-hand to immediately purchase strategic parcels of land with high restoration potential while preserving the option to acquire additional lands, if future economic conditions allow.

About the Modified Transaction

- Under the modified purchase, the District would take ownership of approximately 26,800 acres of land using $197,396,088 in cash with options to acquire approximately 153,200 acres over the next ten years.
- The District would initially purchase approximately 26,800 acres of land: 17,900 citrus acres located in Hendry County and 8,900 sugarcane acres located in Palm Beach County.

***Reviving the River of Grass*: Second Amended & Restated Agreement**

- The District would have various options provided in the contract to purchase the remaining land ("option property") from U.S. Sugar, for up to 10 years:
    - An exclusive 3-year option to purchase either a specified 46,800 acres or the entire 153,200 acres at a fixed price of $7,400 per acre.
    - After the exclusive option period, a subsequent 2-year, non-exclusive option to purchase the approximately 46,800 acres at Fair Market Value.
    - A subsequent 7-year, non-exclusive option to purchase the remaining acres at Fair Market Value.
- The purchase price of $197 million is a negotiated price of $7,400/acre.
- Down-sizing the acquisition saves the District more than $340 million over the May 2009 agreement to purchase 73,000 acres for $536 million.
- The cash transaction also eliminates the need for financing the down-sized purchase with Certificates of Participation, subsequently saving additional taxpayer dollars on annual debt service payments.
- U.S. Sugar would lease the 8,900 acres of sugarcane lands from the District at $150 per acre only until such time that the District needs the land for restoration projects or land exchange; the District may utilize the citrus lands with 12 months notice.
- U.S. Sugar would be required to pay all property taxes and assessments on leased property, control the land for exotic and invasive plants and implement Best Management Practices.
- The lease arrangement for the initial acquisition lands would generate $1 million in annual revenue for the District.
- Should the options be exercised, the District may terminate portions of the lease and begin using the acreage for its purposes under the May 2009 "take-down" schedule.

About the Initial Acquisition Lands

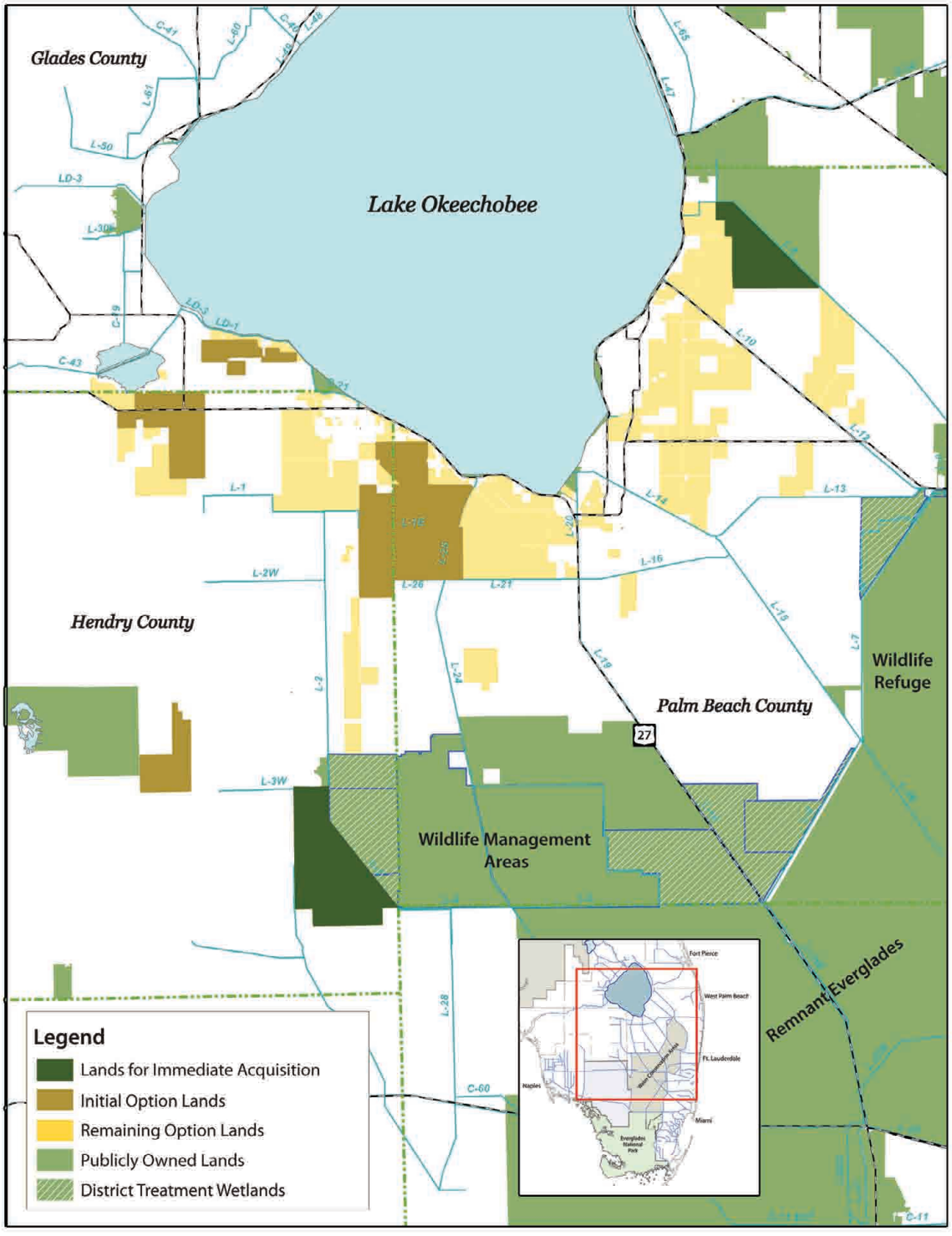
- In identifying the 26,800 acres for this cash acquisition, the District evaluated its existing requirements and mandates, both of which drive the agency's restoration and water quality improvement efforts, particularly for the Everglades.
- The 26,800 acres can provide, in the near future, water quality benefits in critical areas:
    - 17,900 acres for projects to improve water quality in the C-139 basin, where phosphorus loads have been historically high. This parcel, just west of existing Stormwater Treatment Areas (STAs) facilities, can be used for water storage and treatment that would improve the quality of water flowing into the Everglades and help address current treatment challenges with STAs 5 and 6.
    - 8,900 acres to expand existing STAs and increase water quality treatment for the S-5A basin. This would benefit the Loxahatchee National Wildlife Refuge, which is the subject of a federal court order involving the District.

Next Steps

- The Governing Board will consider the modified transaction at its business meeting on August 12, 2010, which is open to the public and webcast at www.sfwmd.gov.
- Subject to Governing Board approval, the two parties would close the initial land acquisition within 60 days.
- All documents relating to this discussion and the U.S. Sugar acquisition will continue to be posted online at www.sfwmd.gov/riverofgrass.

Reviving THE river OF grass

August 2010



DAC Bond

Municipal Market Disclosure Information Cover Sheet

This Filing Applies to:

1. Certificates of Participation Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be Made by the Governing Board of the South Florida Water Management District, As Lessee, Pursuant to a Master Lease Purchase Agreement with South Florida Water Management District Leasing Corp., as Lessor, Series 2006, $546,120,000 Dated: November 15, 2006 83786PAE0, 83786PAF7, 83786PAG5, 83786PAH3, 83786PAJ9, 83786PAK6, 83786PAL4, 83786PAM2, 83786PAN0, 83786PAP5, 83786PAQ3, 83786PAR1, 83786PAS9, 83786PAU4, 83786PAT7, 83786PAV2, 83786PAW0, 83786PAX8, 83786PAY6, 83786PBA7, 83786PAZ3, 83786PBB5, 83786PBC3, 83786PBD1, 83786PBE9, 83786PBF6, 83786PBG4, 83786PBH2

TYPE OF FILING:

If information is also available on the Internet, give URL: www.dacbond.com

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

- ☐ **Financial Information and Operating Data pursuant to Rule 15c2-12**
- ☐ Annual Financial Information & Operating Data (Rule 15c2-12)
- ☐ Audited Financial Statements or CAFR (Rule 15c2-12)
- ☐ Failure to provide annual financial information as required

- ☐ **Financial Information and Operating Data pursuant to Rule 15c2-12 (Voluntary)**
- ☐ Quarterly / Monthly Financial Information
- ☐ Change in fiscal year / timing of annual disclosure
- ☐ Change in accounting standard
- ☐ Interim / additional financial information / operating data
- ☐ Budget
- ☐ Investment / debt / financial policy
- ☐ Information provided to rating agency, credit / liquidity provider or other third party
- ☐ Consultant reports

☐ Other Financial Voluntary Information

☐ **Notice of a Material Event pursuant to Rule 15c2-12**
☐ Principal/Interest payment delinquency
☐ Non-payment related default
☐ Unscheduled draw on debt service reserve reflecting financial difficulties
☐ Unscheduled draw on credit enhancement reflecting financial difficulties
☐ Substitution of credit or liquidity provider, or its failure to perform
☐ Adverse tax opinion or event affecting the tax-exempt status of the security
☐ Modification to the rights of security holders
☐ Bond call
☐ Defeasance
☐ Release, substitution or sale of property securing repayment of the security
☐ Rating change

☑ **Notice of a Material Event pursuant to Rule 15c2-12 (Voluntary)**
☐ Amendment to continue disclosure undertaking
☐ Change in obligated person
☐ Notice to investor pursuant to bond documents
☐ Communication from the Internal Revenue Service
☐ Tender offer/secondary market purchases
☐ Bid for auction rate or other securities
☐ Capital or other financing plan
☐ Litigation/enforcement action
☐ Merger/ consolidation/ reorganization/ insolvency/ bankruptcy
☐ Change of trustee, tender agent, remarketing agent or other on-going party
☐ Derivative or other similar transaction
☑ Other event-based disclosures
Update to Litigation

Disclosure Dissemination Agent Contact:
Name: DAC
Address: 390 North Orange Avenue
Suite 1750
City: Orlando
State: FL
Zip Code: 32801-1674
Telephone: 407 515 - 1100
Fax: 407 515 - 6513
Email Address: emmaagent@dacbond.com

Relationship to Issuer: Dissemination Agent

Authorized By:

Name: Stephen Freilich

Title: Treasurer

Employer: South Florida Water Management District

Re: **$546,120,000** Certificates of Participation, Series 2006 Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be Made by the Governing Board of the **SOUTH FLORIDA WATER MANAGEMENT DISTRICT (the "District")**, as Lessee, Pursuant to a Master Lease Purchase Agreement with South Florida Water Management District Leasing Corp., as Lessor (the "Certificates")

On November 15, 2006, the above-described Certificates were issued to fund various facilities and improvements (the "Projects") to land for the restoration, protection and preservation of the Everglades ecosystem. The Projects, when constructed, will have a measurable effect on water quality in the Everglades ecosystem.

In litigation between the Miccosukee Tribe of Indians and the Friends of the Everglades against the United States of America Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP), a federal judge ruled in 2008 that EPA did not comply with the Clean Water Act (CWA) when approving portions of Florida's phosphorus water quality standard for the Everglades, Rule 62-302.540, F.A.C., and portions of the Everglades Forever Act, Section 373.4592, Florida Statutes. In April 2010, the court subsequently ruled that EPA and FDEP had violated its prior order by issuing discharge permits to the District based on the provisions previously found to violate the CWA and, as a result, ordered the agencies to establish permits in compliance with its previous rulings.

While the District is not a party to this litigation, these rulings are likely to have a substantial impact on future activities of the District regarding the implementation of the various planned Projects for the restoration, protection and preservation of the Everglades ecosystem.

The District does not believe that the federal Judge's orders in this litigation will have any material adverse affect on the owners of the Certificates.