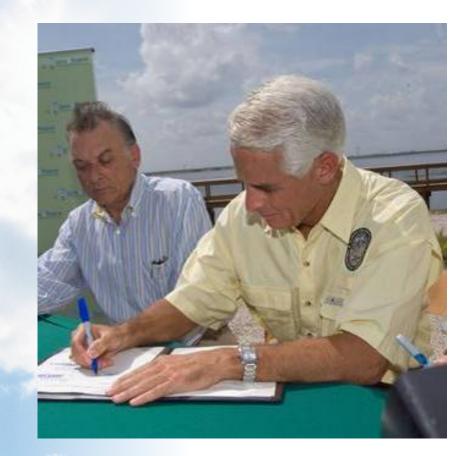


### Everglades Land Acquisition Project Carol Ann Wehle SFWMD Executive Director

simileov

# History in the Making



 A proposed real estate transaction of historic proportions

### **Statement of Principles**

STATEMENT OF PRINCIPLES FOR THE ACQUISITION OF UNITED STATES SUGAR CORPORATION PROPERTY FOR THE RESTORATION OF THE EVERGLADES

This Statement of Principles is entered into this 24th day of June 2008 by the South Florida Water Management District ("SFWMD") and the United States Sugar Corporation, a Delaware corporation ("USSC"). This Statement of Principles provides a framework for the acquisition of property for the protection of the coastal estuaries and the restoration of the northern and southern or the constant estimates and the reachander of the individual Everglades that include elements as set forth in paragraphs below.

USSC and its affiliates own interests in real property in Palm Beach,

4. USO, and its annuales own increases in the property at the property and the property and the property of an office building located in Hendry County, a citrus processing plant/tank farm, an internal railroad and an external short-line railroad, together with other fixtures, buildings, structures, and other improvements erected thereon, and permits, icenses, rights, privileges and appurtenances thereto as set forth on the permits, ucenses, rights, privateges and apportenances tracted as set rotation are attached map made a part hereof ("Lands"). The Lands consist of approximately 187,000 acres (or approximately 292 square miles) owned in fee simple.

USSC and its affiliates also own tangible personal property used in

3. USSC and its annales also own ungere personal property including connection with the operation of USSC'S agricultural business, including furniture, equipment, tools, machinery, vehicles and railroad rolling stock, all to be more specifically described in the contemplated Purchase Agreement between SFWMD and USSC ("Personalty"). In no event shall Personalty be deemed to include planted or harvested crops (including sugarcane and citrus fruit), stubble cane and other consumables used or produced in USSC's business operations.

For consideration as set forth in Paragraph 8 to be paid by SFWMD to

4. For consideration as set forth in Paragraph is to be paid by SEVAND to USSC, USSC will convey or cause to convey to SEWAND and/or third parties designated by SEWAND all of USSC and its affiliates rights, title and interests in each other than the set of the and to the Lands and Personalty.

Lands owned in fee simple will be conveyed by the appropriate general Lands owned in rec simple will be Universel by the appropriate generation warranty deeds. To the extent applicable, Lands leased or in which an easement warranty decus. To the extent applicable, Linus leased of at which an easement interest is held will be transferred by assignment of lease or easement. Personalty will be conveyed by appropriate bill(9) of sale and applicable warranties or guarantees transferred. The SFWMD or USSC shall have the option of deferring closing on particular parcels pending completion of environmental remediation of pollutants on such parcels.

- Non-binding Statement of Principles adopted June 30, 2008
- Non-binding framework for negotiations
- Sets forth proposed path
- Plan is flexible and subject to change

### **Statement of Principles**

STATEMENT OF PRINCIPLES FOR THE ACQUISITION OF UNITED STATES SUGAR CORPORATION PROPERTY FOR THE RESTORATION OF THE EVERGLADES

This Statement of Principles is entered into this 24th day of June 2008 by the South Florida Water Management District ("SFWMD") and the United States Sugar Corporation, a Delaware corporation ("USSC"). This Statement of Principles provides a framework for the acquisition of property for the protection of the coastal estuaries and the restoration of the northern and southern Everglades that include elements as set forth in paragraphs below.

USSC and its affiliates own interests in real property in Palm Beach, Hendry, Glades and Gilchrist Counties, including a sugar mill, a sugar refinery, an office building located in Hendry County, a citrus processing plant/tank farm, an internal railroad and an external short-line railroad, together with other fixtures, buildings, structures, and other improvements erected thereon, and intures, ouriennes, serviciures, and outer improvements elected thereon, and permits, licenses, rights, privileges and appurtenances thereto as set forth on the attached map made a part hereof ("Lands"). The Lands consist of approximately 197 000 serve for supervised with the supervised in for elected

187,000 acres (or approximately 292 square miles) owned in fee simple. USSC and its affiliates also own tangible personal property used in

connection with the operation of USSC'S agricultural business, including furniture, equipment, tools, machinery, vehicles and railroad rolling stock, all to be more specifically described in the contemplated Purchase Agreement between SFWMD and USSC ("Personalty"). In no event shall Personalty be deemed to include planted or harvested crops (including sugarcane and citrus fruit), stubble cane and other consumables used or produced in USSC's business operations.

For consideration as set forth in Paragraph 8 to be paid by SFWMD to USSC, USSC will convey or cause to convey to SFWMD and/or third parties

designated by SFWMD all of USSC and its affiliates rights, title and interests in

and to the Lands and Personalty.

Lands owned in fee simple will be conveyed by the appropriate general

warranty deeds. To the extent applicable, Lands leased or in which an easement interest is held will be transferred by assignment of lease or easement. Personalty will be conveyed by appropriate bill(s) of sale and applicable warranties or guarantees transferred. The SFWMD or USSC shall have the option of deferring closing on particular parcels pending completion of environmental remediation of pollutants on such parcels.

- Staff negotiating contract and performing due diligence
- Working to bring solid contract to Governing Board for consideration and public discussion
- Purchase agreement is contingent on SFWMD financing, appraisals and assessments
- Agreement may include 3rd parties

**Contract Development** 

- July 2008: Staff begins negotiating contract
- July 2008: Due diligence begins
- Fall 2008: Present purchase contract and COP financing documents to Governing Board for approval
- Closing subject to final due diligence including financing, appraisals, surveys, audits, environmental assessments and bond validation

### **Public Process**

#### sfwmd\_gov

About SEWMD Governing Board Regional Service Centers News, Events & Meetings What We Do Water Conservation Water Restrictions Procurement & Contracts **Career Opportunities** Recreation Education & Publications Technical Data & Docs Emergency Management Weather Water Conditions FAQs Contact Us Site Info

#### **GOVERNOR CRIST UNVEILS HISTORIC PLAN TO REVIVE THE RIVER OF GRASS**

Privacy Policy | Disclaimer | User Survey | Login

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

#### 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 and America's Everglades through a managed system of storage and treatment and, at the same

Acquiring the enormous expanse of real estate offers water managers the opportunity and flexibility to store and clean water on a scale never before contemplated to protect Florida's coastal estuaries and to better revive, restore and preserve the fabled River of Grass. Subject to independent appraisals and approval by the District's Governing Board, water managers will invest \$1.75 billion in certificates of participation to finance the acquisition of land and assets.

S Northern Everglades **50** Kissimmee

- S Lake Okeechobee
- S Everglades
- Reviving the River of Grass
- Everglades Forever
- After Hurricane Wilma
- 🗵 Coastal Areas

SUBSCRIBE to eNews

my

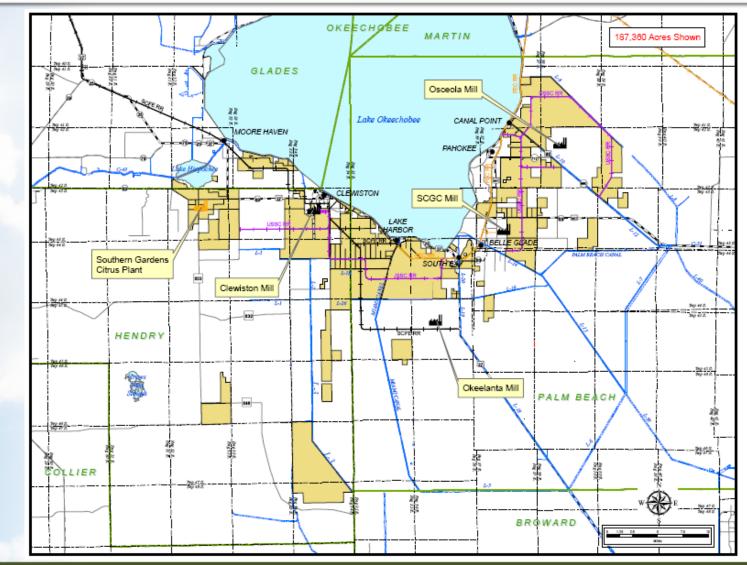
- owned by the United States Sugar Corporation. The vast tracts of land in the Everglades Agricultural Area would then be used to reestablish a part of the historic connection between Lake Okeechobee time, safeguard the St. Lucie and Caloosahatchee rivers and estuaries. Benefits from the land acquisition would include Increases in water storage to reduce harmful freshwater discharges from Lake Okeechobee to Florida's coastal rivers and estuaries. · Improvements in the delivery of cleaner water to the Everglades. Preventing thousands of tons of phosphorus from entering the Everglades. Eliminating the need for "back-pumping" water into Lake Okeechobee. Sustainability of agriculture and green energy production RELATED MATERIALS News Releases Eact Sheets Presentations Photos and Video Guest Opinions, Editorials and News Articles Resolutions, Letters and Proposals
- Public input received at board meetings
- Proposed contract will be available to public prior to **Governing Board** consideration
- Website continually updated
  - www.sfwmd.gov/riverofgrass



### **Scope of Transaction & Due Diligence**



## **U.S. Sugar Properties**



# Land Acquisition – 187,000 Acres



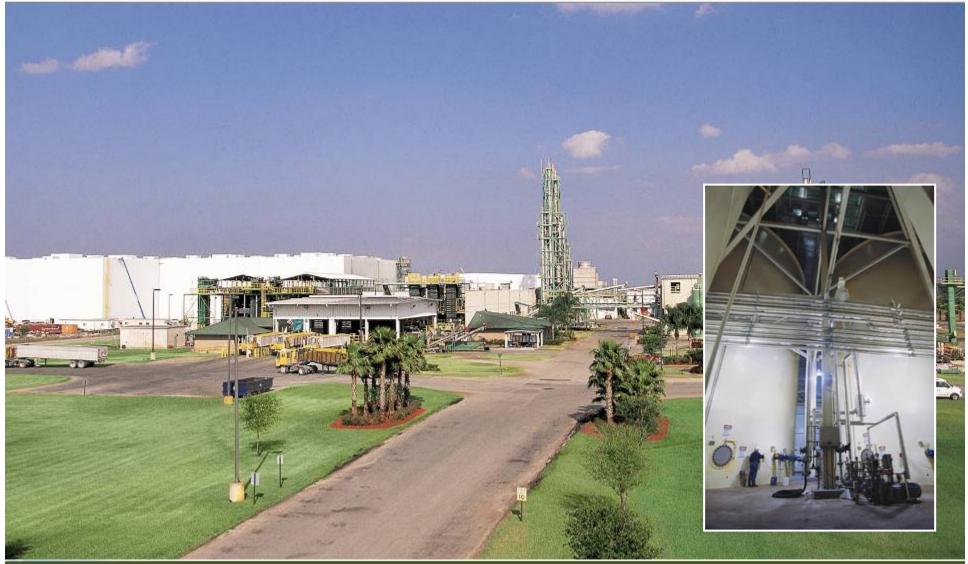
## **Asset Acquisition – Sugar Mill**



# **Asset Acquisition – Sugar Refinery**



### **Asset Acquisition – Citrus Processing Plant**



# **Asset Acquisition – Railroad**



# **Asset Acquisition – Equipment**



## Asset Acquisition – Buildings & Structures



## **Due Diligence Team**

- Internal District staff
- External experts
  - Legal
  - Appraisals
  - Environmental
  - Engineering
  - Auditors
  - Financing



### Due Diligence Appraisals



- Provide Market Value of tangible assets according to State statutes and the Uniform Standards of Professional Appraisal Practices (USPAP)
- Market Value definition includes the "willing buyer-willing seller" principle in the development of the appraisal reports
- Appraised value is independent of the Statement of Principles
- Market value estimate must be based on market data

### Due Diligence Environmental Assessments



- Land surveys and assessment for crop utilization
- Conducted according to a protocol for Ecological Risk Assessment (ERA) approved by US Fish & Wildlife (USFWS) and Florida Department of Environmental Protection (FDEP)
- Reviewed in real time by agencies including the FDEP and USFWS
- Currently on track and a final report is to be completed by October 17, 2008
- Objective is to determine the viability of the property for the intended future land use, as well as the necessity of corrective actions

### Due Diligence Environmental Assessments

- Data collection
  - Assessment of 185 remote point sources
  - Assessment of two sugar mills, a juice plant, two railways, and all agricultural acreage
  - Collection of more than 12,500 soil samples and 500 water samples
- Geospatial analysis of data
- Ecological Risk Assessments (ERA)



### **Due Diligence** Engineering Assessments

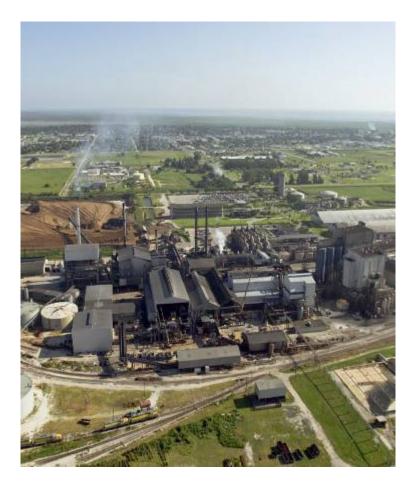


- Evaluation of all asset conditions
- Identification of repair, maintenance, and capital improvement requirements
- Development of an Asset Transition Plan



### Due Diligence Capital Asset Reporting & Control

- Appraisals Underway for Various Asset Classes
- Values Based on Final Acquisition Price
- Inspector General/External Auditor Coordination
- Recorded in District Financial Statements
- In accordance with Accounting Principles and Governmental Accounting Standards



### Due Diligence Inventory Management & Control



- After Close & Values Recorded – Further Requirements
- Florida Statutes & District Policy -- requires an annual inventory of moveable, tangible assets
- Defined as: Have a cost \$1,000 or more and a useful life of more than 1 Year



# **Public Assurances**



### Public Assurances Outside Auditor and/or Inspector General

- Additional audit & finance related assurances:
  - Outside Auditor
  - Inspector General
  - Fairness Opinion
- Assisting with review of the processes being used to inventory and manage assets to be acquired
- Providing a third party review of the due diligence process to ensure the appropriate investigations are conducted and a sufficient level of care is taken in evaluations and assessments

**Public Assurances Fairness Opinion** 

- To ensure fiduciary duty has been fulfilled
- To ensure transaction is fair from a financial point of view
- Provides essential information for decisionmaking





## **Financial Framework & Milestones**



## **Financial Framework**

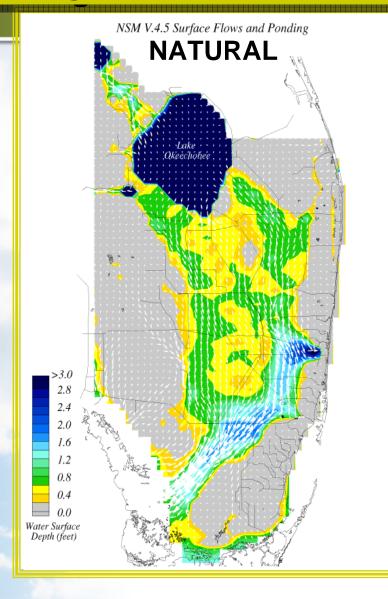
- Final purchase price subject to appraisal, swaps, negotiations
- Long-term debt
  - Funded from Certificates of Participation (COPs) with annual debt service
- Market and sell COPs before closing

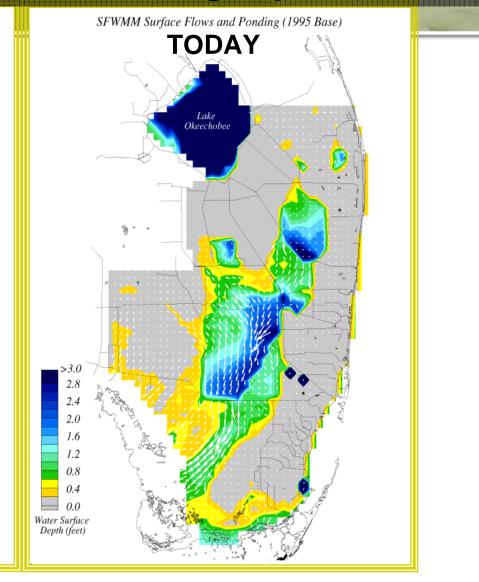


## **Project Goals & Objectives**

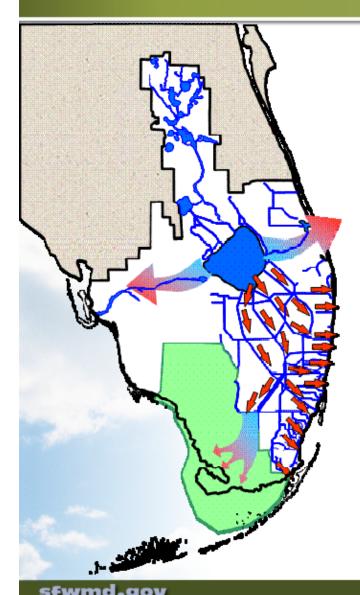


### Everglades: Natural vs. Altered Ponding Depth Patterns





### **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
  - Providing water to help meet the environmental needs of the Everglades and Florida Bay
  - Relieving some pressures on the Herbert Hoover Dike while the federal government undertakes repairs

### **Project Goals & Objectives**

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

Project Goals & Objectives Storage & Treatment Estimates South of Lake Okeechobee

- ~1,000,000 ac-ft of managed reservoir storage
  - Temporarily stores excess water from Lake Okeechobee
- ~1,000,000 ac-ft/year of water quality treatment capacity on an average annual basis
  - Manages water deliveries south to meet Everglades flow targets
- Recognizes continued need for storage in Lake Okeechobee
  - Emphasizes importance of Herbert Hoover Dike Rehabilitation

### **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
  - Downstream limitations



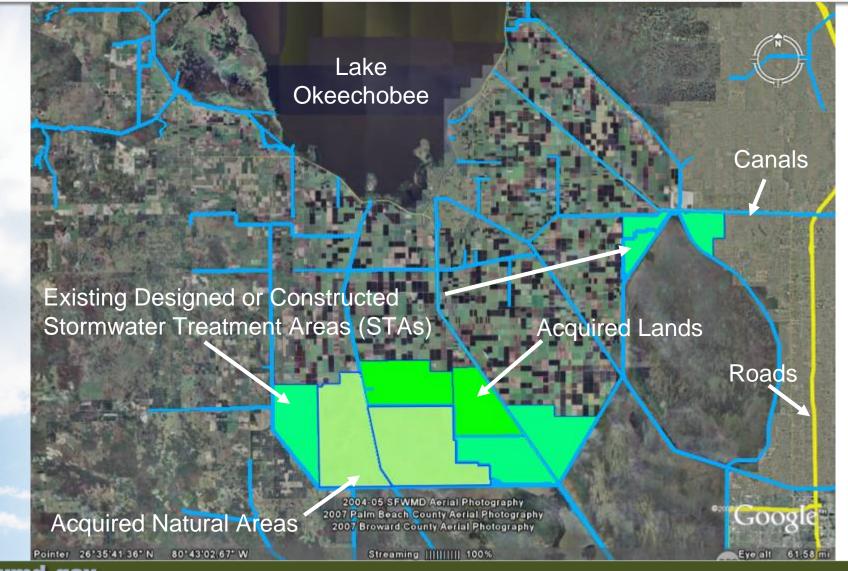
# **Conceptual Project Configurations**



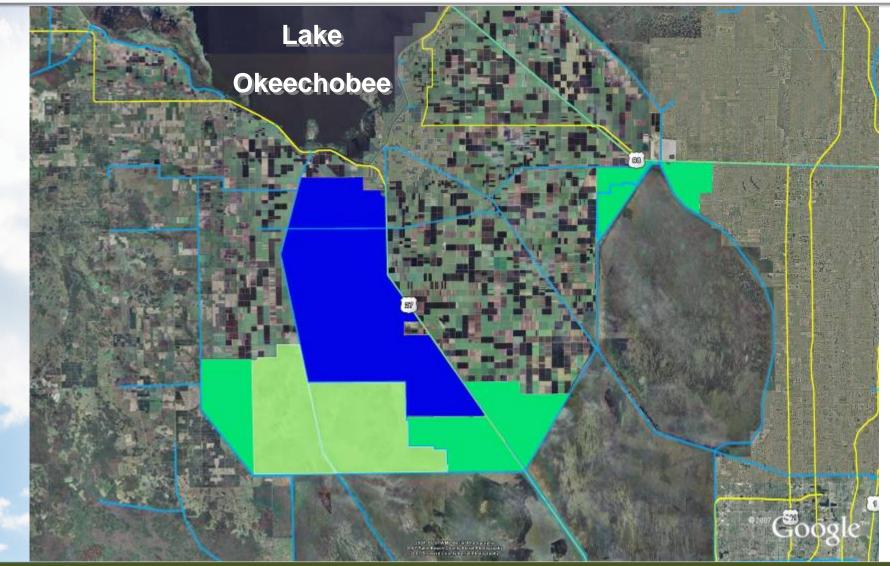
## **Conceptual Project Configurations**

- Focused to provide water storage, water quality treatment and conveyance
- Utilizes reservoirs with depths expected between 12 and 15 feet
- Water quality treatment areas to deliver proper flows to the remnant Everglades at appropriate nutrient concentrations and loads
- Improved water conveyance capacity within the EAA

### **Conceptual Project Configurations Existing Features**

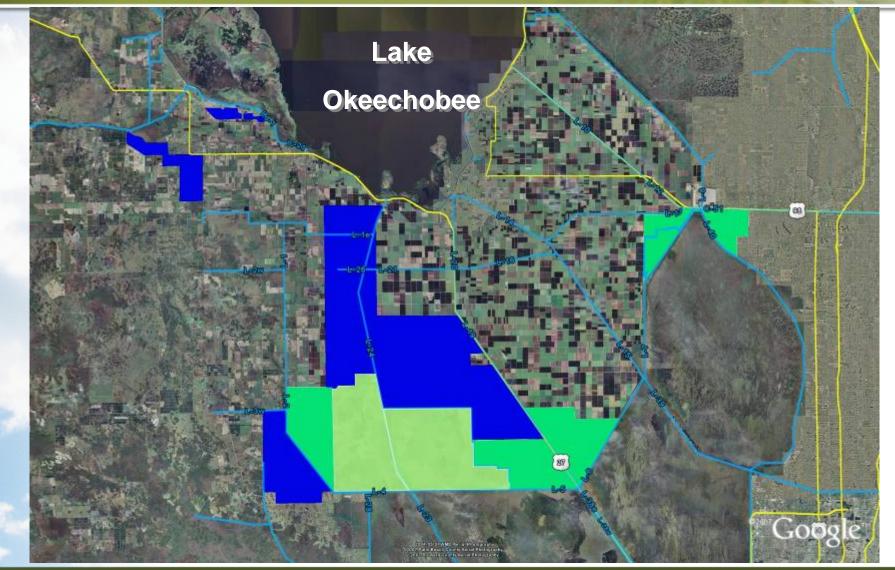


### **Conceptual Project Configurations Located Between Miami & North New River Canals**

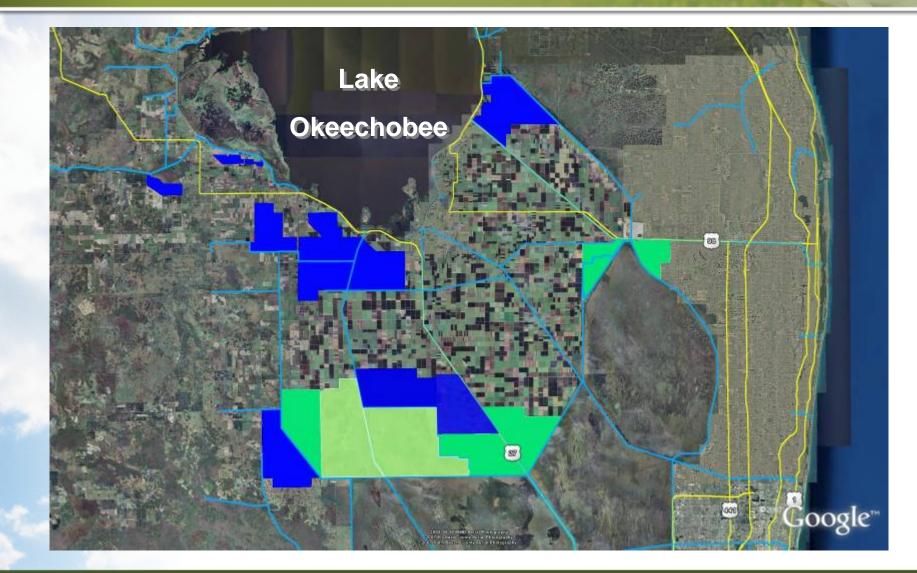


sfwmd.gov

### **Conceptual Project Configurations Adjusted to Address Land Constraints**



### **Conceptual Project Configurations Located Within USSC Lands**





# **Public Planning Process**



## **Public Planning Process**

- Ensure broad public and stakeholder participation in development of restoration project plans
- Initial conceptual planning to be a SFWMD/State led public effort utilizing the Water Resources Advisory Commission (WRAC)
- The process will follow a step-wise planning approach
  - Identification of problems and opportunities
  - Goals, objectives and constraints
  - Identification, formulation, and evaluation of facilities to meet the goals and objectives
- Governing Board direction
- Continued Federal coordination



## **Outreach & Economic Transition Activities**



### **Outreach Activities**



### Since June 24, 2008

Media Hits 761 state 447 national 67 international

# **Community/Government Meetings** 133

### **Local Government Resolutions**

36 (28 in support; 8 economic concerns)

### **River of Grass Web Site**

3,241 hits Expanded to include additional records

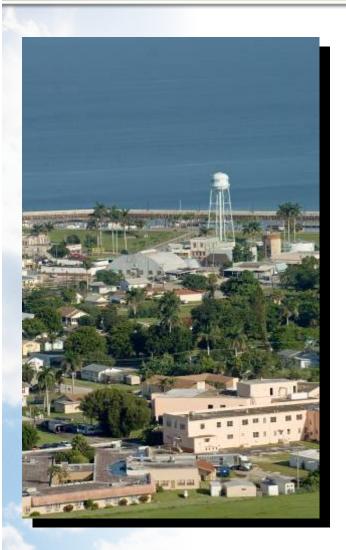
### **E-Newsletter**

12,337 distribution River of Grass Special Edition July 3, 2008 Governing Board July Update Governing Board August Update

**Economic Transition** 

- Governor's Office of Tourism, Trade 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, Enterprise Florida, Visit Florida, others

### **Economic Transition Activities**



### **Rural Economic Development Initiative** (REDI)

### REDI Community Meetings

- August 25-29
  Belle Glade (Tri-Cities)
  Moore Haven (Glades Co.)
  LaBelle & Clewiston (Hendry Co.)

 Previously Identified Industries
 Medical Sciences, Logistics & Distribution, Biofuels, Building Components & Design, Niche Manufacturing

- Community Discussion
   Customized transition process
   Communications, public involvement

### Next Steps

- REDI Report
- Economic Impact Study
- Community Input



# **Discussion / Questions**

