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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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River of Grass Acquisition: Resolutions on Financing

At its October meeting, the South Florida Water Management District Governing Board took action to move forward with financing the potential acquisition of the land and assets of the U.S. Sugar Corporation for the purpose of Everglades restoration.

The SFWMD Governing Board approved financing-related resolutions to:

- Maximize flexibility in structuring the financing for the acquisition.
- Broaden the District's financing capacity for implementing environmental restoration projects, both in the Everglades Agricultural Area and elsewhere in the District.
- Provide options and alternatives for finalizing a transaction that supports continued regional agriculture.

Background

- Certificates of Participation (COPs) are being used to finance the U.S. Sugar acquisition. The COPs will be validated and then issued, only as needed and when financial markets are favorable, to carry out the acquisition and to make available additional funding for water resource development projects for environmental purposes, as future revenues allow.
- The District will pursue the disposal of assets not needed for environmental restoration to reduce the short-term debt incurred by the District, sustain regional agriculture and retain jobs.
- The District has no expectations of raising taxes to service the COPs and make this historic acquisition a reality.

About the Resolutions

Resolutions approved by the SFWMD Governing Board:

- Establish a water resource management financing program and introduce the first project under the newly-established program, which is the acquisition of the land and improvements of U.S. Sugar Corporation.
- Allow COPs to be set up in sufficient amounts to first acquire the land and assets of U.S. Sugar, plus to bond additional revenue for water resource development projects, when appropriate and as revenues allow.
 - The "not to exceed" principal amount of certificates identified in the resolution is the District's maximum indebtedness at this time. It is not the purchase price and will not be needed in its entirety for acquiring the land and assets of U.S. Sugar.
 - Additional financing capacity is built in beyond the U.S. Sugar acquisition for water resource development projects, as revenues allow.
- Amend the District's debt policy to embrace this historic opportunity, adjusting benchmarks to maximize flexibility and allowing the District to incur debt, which is needed to achieve this first acquisition.
- At closing, the District expects to incur a maximum and short-term debt ratio of up to 30% of District available revenues – this temporary increase expected for the short term is in line with public agencies.
- Within a limited timeframe, the debt ratio would be reduced to about 20% through the sale of assets.