

# 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 million 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.



[sfwmd.gov](http://sfwmd.gov)

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***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](http://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](http://www.sfwmd.gov/riverofgrass).