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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.

### Everglades Agricultural Area Land Acquisition Funding

*The South Florida Water Management District (SFWMD) is negotiating an agreement to acquire land and assets owned by the U.S. Sugar Corporation for environmental restoration. 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 the Everglades and Florida's coastal estuaries. Subject to independent appraisals and approval by the District's Governing Board, water managers will use certificates of participation (COPs) to finance the acquisition of land and assets.*

#### What is the purchase price?

- A final acquisition price has not yet been established.
- The acquisition and final purchase price is subject to independent appraisals, which will be performed by highly qualified appraisers.

#### What are Certificates of Participation or "COPs?"

- Florida Statutes define COPs as a type of **revenue bond** that government agencies such as a water management district may issue to finance the undertaking of any capital, land acquisition or other project for the purposes permitted by the State Constitution and the Florida Statutes.
- COPs are a type of financing that is evidenced by participation through ownership of a "share" of **lease payments** made by a government agency (also known as a **debt service**) for land, a capital facility, or both. The District will be making annual lease payments toward owning the capital facility or land for the purpose of building an essential restoration project.
- Counties, county school boards and municipalities have been using this type of financing for many years.
- COPs require SFWMD Governing Board and SFWMD Leasing Corp. approvals prior to issuance.

#### What is a revenue bond?

- A revenue bond is a debt instrument issued for a period of more than one year with the purpose of raising money by borrowing. Generally, a bond is a promise to repay the principal along with interest (coupons) on a specified date (maturity).

#### What is a debt service?

- Debt service is the required payment made by a government agency over a given period of time to pay interest and repay principal on a debt. A mortgage payment is an example of debt service. In a typical COPs financing, the government agency is obligated annually to budget funds from available revenues for repayment of the debt.
- The District plans to borrow funds for this acquisition using COPs and to pay the debt service over 30 years.

#### Will the District raise taxes to help pay for the acquisition?

- The acquisition will be possible without raising taxes. Through sound financial management, the District has dedicated environmental funds available for investing in land and construction needed for restoration, and funds to maintain core mission responsibilities.



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