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February 9, 2011

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Florida Governmental Utility Authority Secures 5.25% Rate for Utility Bonds in Lehigh Acres

The Florida Governmental Utility Authority (FGUA) closed a new \$12.5 million long term refinancing deal for Lehigh Acres System December 17, 2010. This new financial package will retire the 2007 line of credit that was used to make improvements to the existing water and wastewater system.

The FGUA received a high-quality A2 credit rating from Moody's Investor Service for this transaction. Since the FGUA is a governmental entity like a city or county, it is able to take advantage of lower cost federally subsidized bonds. The effective interest rate on these 30-year bonds is 5.25%—considered an excellent financing outcome.

The funds will be used for projects to improve the water and wastewater systems over the next 5 years, as well as repaying the existing debt. The five year plan to improve the system includes upgrades to Water Treatment Plant #2, including membrane softening to lower total dissolved solids in the water, replace old lift station equipment, and install additional telemetry equipment to help monitor the entire system.

The refinancing process included reports from independent engineers and financial advisors. Post, Buckley, Schuh, and Jernigan Engineering found the system generally in fair working order for its age, with no significant deficiencies. Currently the water system is working at 92% of the permitted capacity and the wastewater plant has sufficient capacity to accommodate anticipated future growth.

“Refinancing the system, while a major challenge, is worth it to the ratepayers,” said Robert Sheets, System Manager, FGUA. “This adds a direct and measurable financial savings for FGUA customers while ensuring necessary improvements are made in the system.”