



August 27, 2010

XXXXXXXXXXXXXX
XXXXXXXXXXXXXX
XXXXXXXXXXXXXX

Dear _____,

The FGUA is pleased to inform you of important developments regarding the financing of your water and sewer utility system.

When the FGUA acquired the former Aloha Utilities system in February 2009, it utilized a short term bank loan for the purchase and immediate capital improvements. As we all know, the banking industry was in distress at that time. With nearly 18 months of experience operating this system, the FGUA is ready to refinance the current bank loans and issue 30 year bonds to lock in low-interest rates which will protect customers from future market risk. As a governmental entity, the FGUA is able to utilize tax exempt financing and low cost Build America Bonds.

The refinancing transaction will not only pay off the current debt of approximately \$107 million but will also fund required reserves, updated capital project needs and transaction costs.

Just as a customer approaches a bank for a mortgage and must reveal their income, a utility bond issue of this type requires revenue in amounts necessary to assure the credit raters, bond holders and underwriters of the system's ability to pay the debt. Accordingly, the FGUA proposes approval of multiyear water and sewer rates necessary to support the bonds at the lowest interest rate possible. Initial rates will commence on October 1, 2011 and extend through September 30, 2015. Your water and sewer rates for the coming fiscal year, October 1, 2010 - September 30, 2011 have been previously approved by the FGUA Board of Directors. For your information, a summary of some of the improvements being made to your utility by the FGUA is attached to this letter.

Below is a chart which reflects a typical water bill using the system average of 5,600 gallons per month under the existing rates, the previously approved rates for Fiscal Year 2011 and the proposed rates for Fiscal Years 2012-2015. The FGUA hopes to be able to adjust rates downward during the forecast period to the extent we experience lower capital and operating costs or have improved operating revenues.

LEA ANN THOMAS, CHAIR
Polk County

JIM LAVENDER
Lee County

ROBERT KNIGHT
Citrus County

SHANE PARKER
Hendry County

MICHELE BAKER
Pasco County

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FGUA Seven Springs System

Rate Adjustment						
Adopted and Proposed Rates for Average Residential Customer						
Assumes Calculated Average						
EMC 5,600 Gallons per Month	Current	FY 2011 ¹	FY2012	FY2013	FY2014	FY2015
Seven Springs						
Water	40.39	43.14	47.36	49.35	51.49	53.80
Wastewater	40.91	43.65	47.91	49.87	52.01	54.34
Total	\$ 81.30	\$ 86.79	\$ 95.28	\$ 99.22	\$ 103.49	\$ 108.14
¹ Rates effective October 1, 2010 have already been adopted on 11/24/08						

We want to advise the customers of the Seven Springs and Aloha Gardens service areas that the FGUA Board is scheduled to take final action on these rates at its September 16, 2010 meeting. A public hearing on the recommended rates will also be held at 6:00 p.m. on Tuesday, September 14th 2010 at the following location:

Trinity College Library, 2nd Floor
 2430 Welbilt Boulevard
 Trinity, FL 34655

All customers of these FGUA service areas are welcome to attend this meeting to learn more about the refinancing, ask questions and comment on the proposed rates.

For your convenience, all rate schedules are available online at www.fgua.com or by calling the local Pasco FGUA office at 727-372-0115.

Sincerely,



Robert Sheets
 System Manager