CITY OF FORT MYERS, FLORIDA

ANNUAL REPORT TO BONDHOLDERS

Fiscal Year Ended September 30, 2011

Prepared By:

Department of Financial Services

Division of Accounting

City of Fort Myers, Florida

Elected Officials
As of March 8, 2012

Randall P. Henderson, Jr., Mayor

Forrest Banks, Mayor Pro Tem, Ward 5

Teresa Watkins Brown
Council Member, Ward 1

Johnny W. Streets, Jr.
Council Member, Ward 2

Levon Simms
Council Member, Ward 3

Michael Flanders
Council Member, Ward 4

Thomas Leonardo
Council Member, Ward 6

Financial Team

William P. Mitchell
City Manager

Maria Joyner, CPA
Director of Finance
City of Fort Myers

Marvin E. Collins, III
Assistant City Manager
City of Fort Myers

Grant W. Alley, Esq.
City Attorney
City of Fort Myers

Bryant, Miller and Olive, P.A.
Tallahassee, Florida
Bond Counsel

Marie Adams, M.M.C.
City Clerk
City of Fort Myers

Cherry, Bekaert & Holland, L.L.P.
Orlando, Florida
Auditors

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida
Disclosure Counsel

RBC Capital Markets, LLC
St. Petersburg, Florida
Financial Advisor

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PURPOSE OF *THE ANNUAL REPORT TO BONDHOLDERS*

The *Annual Report to Bondholders* (Report), for the fiscal year ended September 30, 2011, has been prepared by the City of Fort Myers to provide information concerning the City and its indebtedness, along with certain information of which the City is aware. As recommended in the *Guidelines of Continuing Disclosure* published by the Government Finance Officers' Association, this information is being furnished to requesting current security holders and potential purchasers of securities in the secondary market, dealers, security analysts, rating agencies, Electronic Municipal Market Access (EMMA) and other interested parties.

In addition to this Report, each fiscal year the City of Fort Myers prepares a *Comprehensive Annual Financial Report* (CAFR), which includes audited financial statements in accordance with generally accepted accounting principals (GAAP). The CAFR provides detailed financial information as well as summary and detailed information about the City that is not included in this Report.

Both the Report and the CAFR are available, upon request, in bound copies or on compact disc. Both documents are also viewable in the Financial Services Department's section of the City's web site at www.cityftmyers.com.

In compliance with the Securities and Exchange Commission's (SEC) rule 15c2-12, the City entered into undertakings to provide secondary market disclosure in connection with the following bond issues:

- $20,625,000 Taxable Improvement Refunding Revenue Bonds, Series 2002A, dated November 21, 2002
- $29,130,000 Utility System Refunding Revenue Bonds, Series 2003A, dated April 3, 2003
- $18,335,000 Gas Tax Revenue Bonds, Series 2004A, dated June 10, 2004
- $38,925,000 Utility System Refunding Revenue Bonds, Series 2006, dated April 10, 2006
- $58,195,000 Improvement and Refunding Revenue Bonds, Series 2006, dated December 21, 2006
- $34,680,000 Improvement Refunding Revenue Bonds, Series 2007, dated September 4, 2007
- $53,895,000 Variable Rate Utility System Refunding Revenue Bonds, Series 2009, dated November 3, 2009

The release of this Report will, in the City's opinion, satisfy the requirements for annual disclosure as set forth in the undertakings. The City is committed to fulfilling its disclosure obligations defined by the SEC. While the City is committed to the release of secondary market information necessary to evaluate the City's credit, the City is making no ongoing commitment to the publication or release of future Reports. In the future, the City's disclosure obligations may be met through supplements or enhancements to its CAFR or through the release of other documents.

The City has not undertaken an independent review or investigation to determine the accuracy of the information that has been obtained from other sources. Certain information presented herein has been obtained from sources that are believed, by the City, to be reliable. Neither the City nor the elected or appointed officials make any representations or warranties with respect to the accuracy or completeness of that information.

Additionally, to the extent that certain portions of the Report constitute summaries of documents, reports, resolutions or other agreements relating to the operations or outstanding debt of the City, this Report is qualified by reference to each document. Copies of all referenced documents may be obtained from the Office of the City Clerk.

The Report contains certain capitalized, undefined terms. Such terms are defined in the resolutions of the City authorizing the issuance of the respective bonds of the City. The City encourages readers of the Report to provide suggestions that will improve the readability or usefulness of the Report. Questions concerning the information contained herein or suggestions should be directed to:

Controller
City of Fort Myers
P.O. Drawer 2217
Fort Myers, Florida 33902-2217
(239) 321-7147; FAX (239) 344-5930 or hsimone@cityftmyers.com

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City of Fort Myers, Florida
FINANCIAL SERVICES ADMINISTRATION
PO Drawer 2217
Fort Myers, Florida 33902-2217
(239) 321-7147

City of Palms

March 8, 2012

Mayor Randall P. Henderson, Jr.
Mayor Pro Tem Forrest Banks
Council Member Teresa Watkins Brown
Council Member Johnny W. Streets, Jr.
Council Member Levon Simms
Council Member Michael Flanders
Council Member Thomas Leonardo
Citizens of The City of Fort Myers

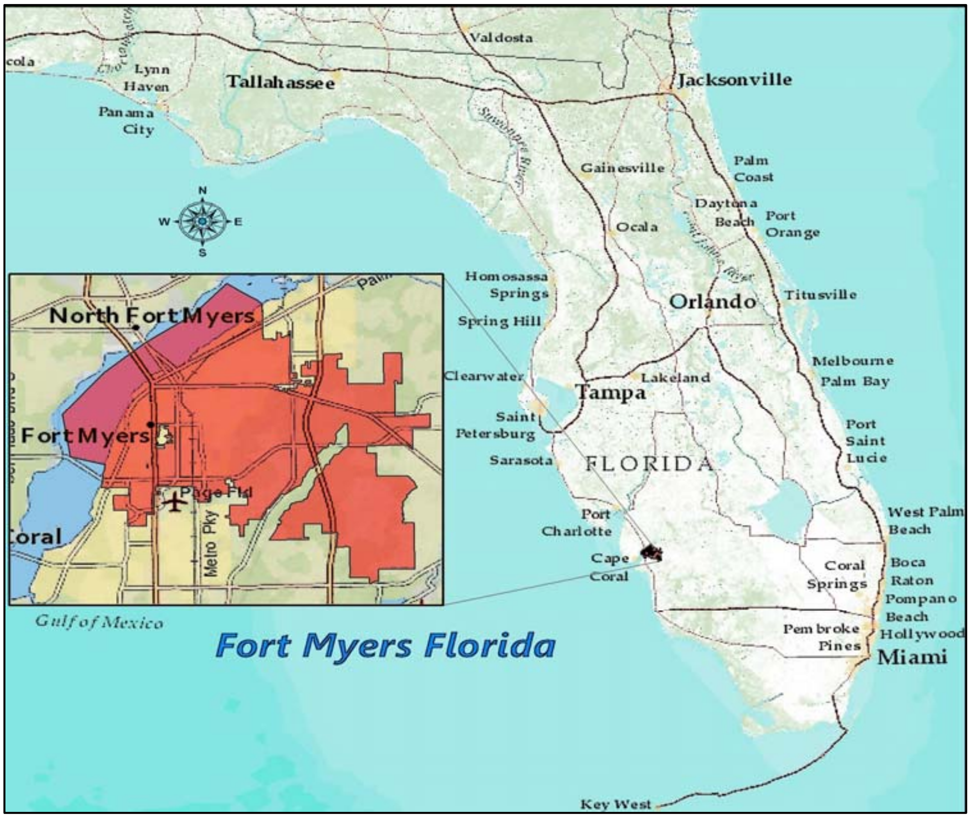
To the Honorable Mayor, City Council Members and Citizens of Fort Myers:

The Division of Accounting, Department of Financial Services, is pleased to submit the *Annual Report to Bondholders* for the City of Fort Myers, Florida for the fiscal year ended September 30, 2011. This report is published to provide the Mayor, City Council, City staff, our citizens, bondholders and other interested parties detailed information concerning the indebtedness of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City management.

To the best of our knowledge, the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the position in regard to the outstanding debt of the City and to meet the City's continuing disclosure requirements. We believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's debt obligations have been included.

REPORTING ENTITY AND ORGANIZATION

Fort Myers, incorporated in 1886, is the oldest city in Lee County and serves as the county seat. Fort Myers is located on the lower west coast of Florida, midway between Tampa and Miami, and has a current population of approximately 63,662 residents. The City encompasses 48.82 total square miles, including waterways, and is bordered to the north and west by the Caloosahatchee River, which is part of the intercoastal waterway connecting the Atlantic Ocean and the Gulf of Mexico.



During 2005, the voters of the City approved a change to the City's charter moving the City from a strong mayor-council form of government to a city manager-council form of government. Although the change in form of government has taken several years to fully implement, during fiscal year 2009 the process was completed. The policy-making body of the City is a City Council composed of a seven member Council. The Council consists of a Mayor elected at large, with one (1) vote and no veto authority, and six (6) Council Members elected by their respective wards. All terms run for a four (4) year period with the mayor and three (3) council members being elected at one election and two years later, the remaining three (3) council members being elected. The City Council is responsible for all policy-making functions of the government. The City Manager is responsible for the administration of the City.

Services Provided

Municipal services provided to the citizens of Fort Myers include law enforcement, fire protection, community planning and development, traffic engineering, road and drainage construction and maintenance, parks and recreational activities/facilities, parking management, code enforcement and inspections, a cemetery, and other general governmental administrative services. The City also operates a utility system (including potable and reuse water and wastewater), solid waste services, building permits and inspections, stormwater management, golf courses, a yacht basin, an event center, parking garages, a skatium, historical homes and museum, and a hands-on children's science center. These additional operations are reported as enterprise funds that are intended to be, in most cases, self-supporting from user charges established by the City Council.

ECONOMIC CONDITION AND OUTLOOK

The Region

The City of Fort Myers is part of the Fort Myers-Cape Coral Metropolitan Statistical Area, which includes all of Lee County. The general concept of a metropolitan statistical area is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that nucleus. Fort Myers is the cultural and trade center for Lee County and the surrounding area. Commercial fishing in Lee County is a year-round operation with shrimp fleets making their homeports in Fort Myers and Fort Myers Beach. For recreation, the Thomas Edison and Henry Ford Winter Estates offers tours of their exhibits including a museum, botanical gardens and research laboratory. The Barbara B. Mann Performing Arts Hall, located on the campus of Edison State College, operates year round and provides opportunities to see traveling artist and Broadway productions. A state-of-the-art training ballpark and player development complex will be the new home to the Boston Red Sox in 2012.

The City of Fort Myers, as all of Southwest Florida, has experienced a downturn in the real estate sector, as indicated by the decrease in the taxable assessed property values. The City's tax base experienced its third consecutive year of decreasing property values, from the peak of $7,044,026,365 for fiscal year 2008 to $4,340,690,277 for fiscal year 2011, a total decrease of $2,703,336,088 (38.4%). The downturn is expected to continue into fiscal year 2012 because our tax year is on a calendar basis. Therefore, the taxable assessable values used for ad valorem valuations lag approximately one year behind.

Although the real estate downturn has slowed growth, the City contains several factors that offset this slowdown. The primary factors are:

- Significant undeveloped land, both residential and commercial.
- Current Planned Unit Developments presently underway, but not yet completed.
- Continued upgrading of the City's transportation infrastructure to provide for safer and faster commuting to and from the City to outlaying areas.

The City's ability to expand and diversify its tax base will be a major factor in providing additional financial resources to fund an increasing demand for services. The City re-established its Brownfields Program and is actively pursuing grant funding, expansion of brownfield areas and continued economic and environmental redevelopment throughout Fort Myers. Redevelopment of unproductive parcels of land will result in the creation of new jobs in the community in addition to improving the City's tax base. In addition, the City amended the Future Land Use Map to reduce the number of land use categories, and is streamlining land development processes in order to allow for greater flexibility, simplify and enhance development approvals, improve customer service and stimulate the economy through development.

The national and state economies are key factors in assessing the City's future fiscal picture. Changes in the national, state and local economies can affect both revenues and expenditures due to the impact on tax receipts and the costs of demand of providing City services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that the City of Fort Myers and the Southwestern Florida region often behave differently, showing economic trends and reflecting experience that may lag or precede noticed changes elsewhere.

LONG-TERM FINANCIAL PLANNING

A significant measure of the City's financial strength is the level of its fund balances (the accumulation of revenues exceeding expenditures). In accordance with the City's fund balance policy, the City will strive to maintain a minimum unassigned fund balance of 10% with an ultimate goal of 10% - 17% of the total General Fund budget. The fiscal year 2011 ending unassigned fund balance of 13.7% exceeds the minimum requirement and falls within the range of the goal.

The City Council takes the responsibility of being stewards of the public's funds very seriously. In fiscal year 2010, City Council identified a series of goals and objectives as part of the development and implementation of the City's comprehensive Strategic Plan, and the goal of fiscal accountability was considered a high level priority. The objectives for fiscal accountability comprise the exploration of options for balancing the City's budget and the development of a long term financial plan. Without strong financial planning, a local government cannot guarantee services and programs, plan for unforeseen events, or have a strong return on investment.

Strategic Plan

The purpose of every government is to provide public safety, public services, and an enhanced community environment for its citizens. The City continuously strives to provide the services citizens, business owners and visitors demand. To assist with this effort, City Council and staff implemented its Strategic Plan, beginning in fiscal year 2011, to enable the organization to successfully execute the City's Mission, "To deliver exceptional government services and provide an environment where people will be encouraged to live, work, play and invest."

The Strategic Plan incorporate the discussion of internal and external factors that may impact the City over the next few years along with an evaluation of the City's current **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats (SWOT). That exercise lead to the identification of strategic issues that encompass a variety of subjects important to the well-being of the City and are grouped into the six goals listed below:

1. Provide core services ~ Identify and prioritize core services.
2. Fiscal accountability ~ Develop and maintain financial strength and fiscal accountability.
3. Staff/personnel issues ~ Commit to attracting, retaining and developing a diverse and competent workforce that enables the City to achieve their business needs.
4. Physical well-being ~ Enhance Citywide infrastructure and facilities while maintaining comprehensive treatments of neighborhoods.
5. Economic development ~ Foster economic development and encourage redevelopment within the City of Fort Myers.
6. Communication ~ Promote interactive methods of communication throughout City departments and with citizens.

For each goal, City Council identified a series of objectives. In August 2010, Department Directors submitted their department goals and objectives developed within this framework. The goals and objectives are reported on a quarterly basis and are utilized during the City's annual budget process to evaluate available resources for decision making. In conjunction with each Department's Goals and Objectives are performance measures for the reporting units to incorporate a means of accountability and program effectiveness. Performance measures remain a work in progress at this time.

The objectives for physical well-being incorporate the assured provision of improved infrastructure through the City; the promotion of urban infill; and the continuation of annexations as appropriate. The following programs conform to those objectives:

- The City completed the design of a new, state-of-the-art wastewater facility, which will provide more environmentally pleasant waste treatment and additional reclaimed water capacity that will allow treated wastewater to be used for irrigation purposes. This will have the added effect of helping to protect the river that borders the City. The City is currently evaluating necessity compared to funding.

- The City is successfully revitalizing neighborhoods by purchasing abandoned/foreclosed homes in target areas, rehabilitating and reselling them, and by building homes on city-acquired vacant lots that meet Florida Green and Energy STAR certification standards, utilizing federal Neighborhood Stabilization Program funds.

- The City completed two grant applications from the Environmental Protection Agency for the City's Brownfields Program, which encourages and facilitates redevelopment initiatives by providing various benefits and incentives to private development.

The objectives for economic development incorporate the funding and implementation of the Riverfront Plan; the development of a unified marketing plan for telling our story; and the continuation to support small businesses. The following programs conform to those objectives:

- The City included the Fort Myers Riverfront Development Plan in its 2010 Downtown Plan, which was formally adopted by City Council in April 2010. The Riverfront Development Plan incorporates new retail, restaurant and entertainment uses, a convention quality hotel, expanded Harborside Convention Center, public plazas and open spaces, and expanded marina facilities.

- The City works with fledgling businesses by providing an incubator (the Southwest Florida Enterprise Center). This center provides space at very favorable rates and business classes to assist new entrepreneurs in starting up their businesses. The City partners with Florida Gulf Coast University to provide classes and assistance.

The City continues to fund capital programs to meet the standards set forth in its Comprehensive Plan and positively impact the quality of life for its residents, businesses and visitors. As shown below, the largest category of capital spending is utility projects. Due to the age of the City's infrastructure, the City determined that major utility replacements must occur in many critical areas and neighborhoods throughout city limits. At the same time, as a result of the tremendous growth experienced in prior years, along with Department of Environmental Protection mandates, it is imperative that the City's utility facilities are functioning properly and can provide quality service to both current and future demand.

The City adopted a five-year capital spending program for fiscal years 2012 through 2016 that includes:

Utility	$ 123,053,868
Transportation	43,617,500
Buildings	12,967,554
Equipment	12,499,500
Development	11,490,000
Stormwater	8,378,927
Parks and Beautification	2,030,100
Total	$ 214,037,449

Projects in the Capital Improvement Program are designated as CP (projects needed to keep the City in compliance with the City's Comprehensive Plan), M (mandatory projects that are part of contractual requirements with third parties), and D (discretionary projects that the City would like to do). Of the $214,037,449 in the five-year capital spending program, discretionary projects total $21.8 million or 10.1%.

Major projects included in the capital budget for fiscal year 2012 are:

Hanson Street Extension	$ 5,600,000
Neighborhood Utility improvement Project	5,508,000
Influent Pump Replacements (4)	3,150,000
Downtown Water Detention Basin	2,035,000
Iona canal Force Main Improvements	1,832,200
Relocation of water and sewer utilities	1,800,000
Ford Street Canal Drainage Improvements	1,250,000
Wastewater Interconnect between South and Central Plants	1,000,000
Expansion of the Central Reclaimed Water Facility	1,000,000
Citywide ADA Compliance Renovations	770,000
Total	$ 23,945,200

RELEVANT FINANCIAL POLICIES

While the City does not have a comprehensive set of financial policies that have been adopted by City Council, there are guidelines in place that set forth the basic framework for the overall fiscal management of the City. With the development and implementation of the Strategic Plan, City management may be revising policies and procedures in the process to further the growth and financial security of the City. Operating independently of changing circumstances and conditions, the financial policies guide the decision-making process of the City Manager, Mayor, City Council and Administration. These policies provide guidelines for evaluating both current activities and future programs.

The City formally adopted a debt policy during fiscal year 2008, a copy of which is included as Exhibit A at the end of this report. There are no legal debt limits placed on the City through state law (no such limit exists in Florida), local ordinances or local resolutions. The City, in accordance with its debt policy, is continually pursuing ways to potentially limit debt and improve its overall financial position. These actions include such things as:

- Limiting future capital spending projects and minimizing the issuance of additional debt.
- Taking advantage of refunding opportunities, if any arise, to decrease future annual debt service requirements.
- Restructuring existing debt, where legally possible, to remove the City's backup pledge on debt that benefits specific districts where sufficient revenues are available from those districts to repay the debt.
- Committing proceeds from the sale or other disposal of any assets financed by debt to the prepayment or early payoff of the related debt.

FINANCIAL INFORMATION

Internal Controls – Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived and (2) the valuation of the costs and benefits requires estimates and judgments by management.

We believe the City's system of internal accounting controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary Control – Budgetary controls are also maintained to ensure that expenditures do not exceed legal appropriations included in the annual budget adopted by the City Council. Annual budgets are legally adopted for the general, special revenue and debt service funds on a modified cash basis, which shows cash inflows and cash outflows with certain non-ad valorem tax revenues being accrued.

Budgets for the enterprise and internal service funds are adopted, for control purposes, on a modified cash basis. Project-length financial plans are adopted for all capital project funds. Trust funds are not budgeted. Expenditures may not exceed appropriations at a department level, except for the Community Redevelopment Agency, which uses the fund level as their budgetary control.

In accordance with the City's Budget Policy, the City Manager and the Budget Manager have the authority to approve the *transfer* of funds within a department, within a fund, at will. In most cases, divisions are required to transfer funds only to meet unanticipated needs or to reflect organization changes. Budget amendments to appropriations or estimates of revenue in amounts of $50,000 or less across departments, divisions or funds (excluding reserves, changes in the number of full-time staff, changes in service levels or future recurring fiscal impacts) require the approval of the City Manager and the Director of Finance, or their designees. All such amendments are presented to City Council on a quarterly basis following their implementation. All amendments to appropriations greater than $50,000, any adjustments to reserves, and/or adjustments to capital projects require City Council approval **prior** to implementation into the adopted budget.

An encumbrance accounting system is also used to maintain budgetary control. All appropriations and encumbrances lapse at year-end. Contracts for goods and services that span two fiscal years are re-encumbered from the following year's appropriations.

OTHER INFORMATION

Independent Audit – As required by the City Charter and State Statutes, an audit of the books of accounts, financial records and transactions of the City has been conducted by a firm of Certified Public Accountants licensed in the State of Florida. The report of Cherry, Bekaert & Holland, L.L.P., Certified Public Accountants, contains their opinion as to the fair presentation of the City's basic financial statements.

Certificate of Achievement for Excellence in Financial Reporting – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Myers for its comprehensive annual financial report for the fiscal year ended September 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last twenty-two consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award – The City of Fort Myers has also received the GFOA's Distinguished Budget Presentation Award for the last twenty consecutive years. The Distinguished Budget Presentation Award is the highest form of recognition in governmental budgeting, and its attainment represents a significant accomplishment by a government and its management. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and a communication device. The award is the budgetary counterpart of the Certificate of Achievement and is valid for one year only.

Sincerely,

William P. Mitchell

William P. Mitchell
City Manager

OVERVIEW OF DEBT
CITY OF FORT MYERS, FLORIDA

The City's total outstanding debt, as presented in the *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended September 30, 2011 totals $415,096,202 excluding interest. This amount consists of $148,357,852 of General Governmental Long Term Debt, including debt incurred by the Internal Service funds, and $266,738,350 of Enterprise Debt. This debt includes items in the General Long Term Debt Account Group that are contingencies required to be recognized, and in the Enterprise Funds, the debt amount is net of unamortized original issue discount, capital appreciation discount and deferred defeasance charges, and contingencies that are required to be recognized.

This *Annual Report to Bondholders* (Report) presents debt at maturity value for formalized, not contingent, obligations. Certain adjustments to the debt in the CAFR are necessary to present the maturity value of the City's debt. The following table shows the necessary adjustments to the amounts in the CAFR, which is audited by independent auditors, to attain the debt amounts in the Report, which is unaudited. These adjustments are:

Total governmental debt, including internal service fund debt	$ 148,357,852
Less: Original issue premium net of deferred defeasance costs	(2,934,604)
Compensated absences	(3,284,172)
Fire and police pension payable	(11,748,646)
Claims and judgments	(5,550,133)
Other postemployment benefits	(5,381,870)
Adjusted governmental debt	119,458,427
Total enterprise debt	266,738,350
Plus: Capital appreciation	3,988,992
Original issue discount and deferred defeasance costs	4,340,740
SRF approved, not yet drawn	10,081,313
Less: Compensated absences	(709,886)
OPEB	(1,775,170)
Net derivative instrument	(10,823,436)
Due to private sources	(2,832,963)
Adjusted enterprise debt	269,007,940
Total City of Fort Myers debt	$ 388,466,367

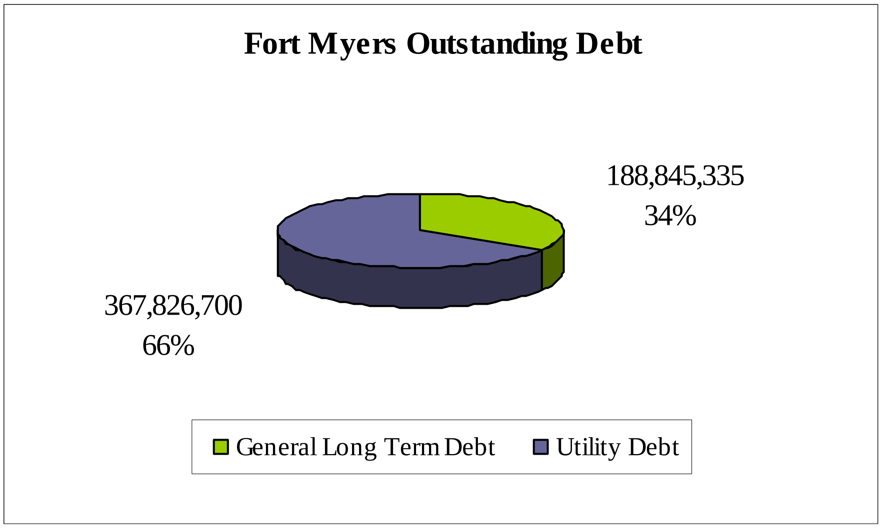
The State Revolving Loan Funds referenced above are loans from the Florida Department of Environmental Protection for improvements to the City's wastewater and reclaimed water facilities. The additional amount above represents the amount of loans approved as of September 30, 2011, but not yet drawn down. The amounts in the *Comprehensive Annual Financial Report* represent amounts that have been drawn down.

One outstanding bond issue is partially paid from Enterprise Funds while the pledged revenues in the bond documents are non-ad valorem revenues. The Enterprise Funds have no legal obligation to pay the debt service, but the City does have a legal obligation to pay the debt from specifically identified revenues. The coverage requirements are such that Enterprise Fund revenues may not be used to calculate the required coverage, and the debt needs to be reclassified to the Governmental Debt category. This is also true for the Yacht Basin note.

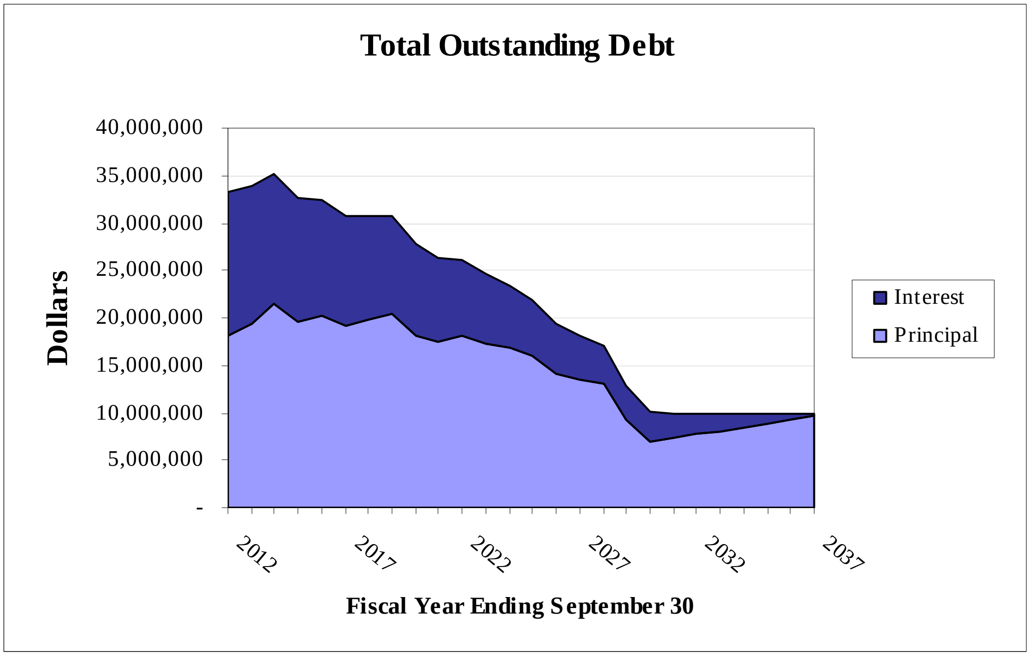
Total governmental debt from above	$ 119,458,427
Plus: Yacht Basin Note	4,512,768
Series 2007 Bonds secured by non-ad valorem taxes	869,264
Adjusted governmental debt	124,840,459
Total enterprise debt from above	269,007,940
Less: Yacht Basin Note	(4,512,768)
Series 2007 Bonds secured by non-ad valorem taxes	(869,264)
Adjusted enterprise debt	263,625,908
Total City of Fort Myers debt	$ 388,466,367

Making this adjustment, the total General Governmental Debt, including interest, and payable from non-ad valorem revenues, is $188,845,335 and the Business-type Debt, which comprises the Utility System Debt, is $367,826,700 for a total of $556,672,035.

The following chart shows the two segments of debt mentioned above.



Of the total debt outstanding, $378,385,055 is principal and $178,286,980 is scheduled interest. The following chart illustrates principal and interest due by fiscal year for all City of Fort Myers debt.



Currently, both the General Governmental Debt and the Utility System Debt mature in the fiscal year ending September 30, 2037.

The annual requirements to amortize all debt outstanding as of September 30, 2011, including interest payments of $178,286,980 are as follows:

	Governmental Revenue Bonds		Utility Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 7,283,735	$ 5,679,053	$ 10,766,629	$ 9,613,996	$ 18,050,364	$ 15,293,049
2013	7,752,809	5,330,345	11,546,460	9,341,950	19,299,269	14,672,295
2014	8,086,727	4,953,839	13,285,515	8,883,820	21,372,242	13,837,659
2015	7,076,070	4,583,618	12,497,261	8,399,059	19,573,331	12,982,677
2016	7,375,373	4,233,012	12,849,199	8,039,506	20,224,572	12,272,518
2017-2021	28,167,815	16,826,450	67,011,369	34,165,418	95,179,184	50,991,868
2022-2026	17,313,467	11,412,997	64,860,406	21,753,206	82,173,873	33,166,203
2027-2031	16,894,464	7,565,779	33,397,756	10,050,226	50,292,220	17,616,005
2032-2036	20,275,000	3,321,709	22,220,000	3,919,947	42,495,000	7,241,656
Thereafter	4,615,000	98,073	5,110,000	114,977	9,725,000	213,050
Totals	$ 124,840,460	$ 64,004,875	$ 253,544,595	$ 114,282,105	$ 378,385,055	$ 178,286,980

Forward Interest Rate Swap Agreement (Swap Option)

On January 16, 2004, the City of Fort Myers entered into a forward interest rate swap agreement with the Bank of America. Pursuant to the agreement, the City received an upfront payment of $1,760,000 and the bank reserved the option to enter into a swap with the City (the "swap option"). This agreement was executed in order to achieve a potential debt service savings through a synthetic current refunding of the City's $60,890,000 of Series 1999A callable bonds. As of September 30, 2011, the notional amount of the swap option is $49,290,000, which corresponds to the callable bonds maturing through 2029.

On September 1, 2009, Bank of America delivered notice to the City of its intent to exercise its swap option on October 1, 2009 and paid the City an exercise fee of $1,132,680. The exercise fee is designed to pay for the call premium associated with the 1999A Bonds and costs of issuance, which comprise the underwriter's takedown for placing the bonds with investors and various legal and advisory fees. Pursuant to the swap, the City pays the bank on a monthly basis an amount determined by applying the fixed interest rate of 5.179% to the notional amount of the swap.

The bank is required to pay the City on a monthly basis an amount determined by applying the USD-SIFMA Municipal Swap Index to the same notional amount. The scheduled expiration of the swap is October 1, 2029.

Although the swaption acted as a hedge versus general interest rate movements, estimated costs associated with variable rate refunding bonds changed. The Bank Credit Market is significantly more selective and expensive, and the cost/benefit of bond insurance increased dramatically. The ongoing fees were estimated at 30.5 basis points but now equal 112.5 basis points. This increase in liquidity costs resulted in additional costs to the City that were not originally incorporated in the swaption assumptions as letter of credit costs were historically much lower than the current costs.

Due to the unprecedented economic conditions and the constrained availability of letters of credit, securing a letter of credit to issue the variable rate bonds was challenging for the City. The City's financial advisor recommended that the City enter into an interim financing arrangement by issuing the Taxable Short Term General Obligation Note, Series 2009 with an interest rate at 1.40% plus the LIBOR rate. The note was issued on September 28, 2009 in the amount of $53,412,000 and could be prepaid at any time without prepayment premium or penalty. This interim financing allowed for the provision of notice of optional redemption to the holders of the City's Utility System Refunding Revenue Bonds, Series 1999A, in connection with the execution of the swap with Bank of America.

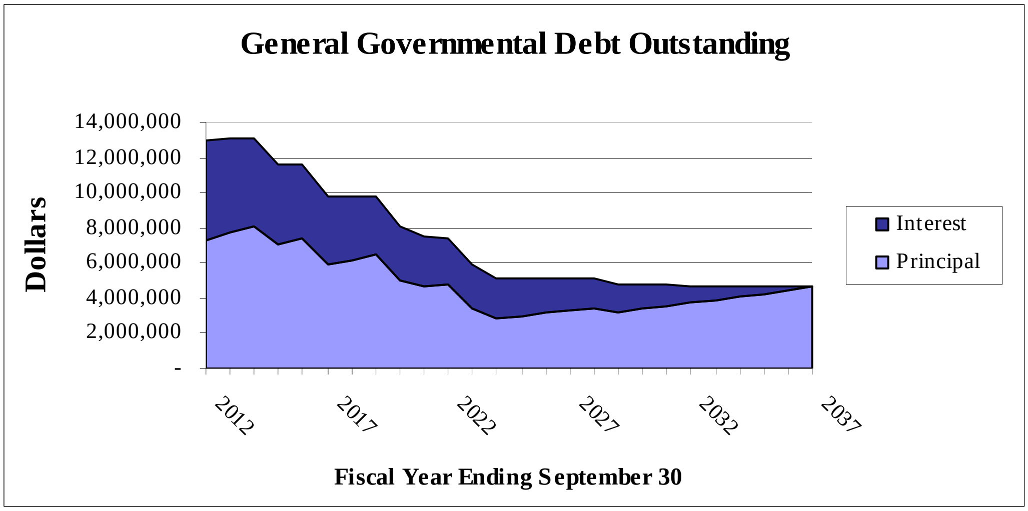
On October 01, 2009, the Bank of America exercised its option under the 2004 swap agreement and as a result, the City issued the Utility System Variable Rate Refunding Revenue Bonds, Series 2009 on November 3, 2009. The bonds were issued to provide sufficient funds to (i) currently refund the City's outstanding Utility System Refunding Revenue Bonds, Series 1999A and (ii) to pay certain costs and expenses relating to the issuance of the Series 2009 Bonds, thus defeasing the Series 1999A Bonds. The bonds consist of serial and term bonds with the final maturity being December 1, 2036. As noted above, the interest rate on the Series 2009 bonds is calculated at the fixed interest date on the related swap (5.179%) and excludes any ongoing fees such as remarketing fees, initial liquidity facility fees and ratings fees.

Upon the successful closing of the Series 2009 Bonds, the City approved payment of $53,497,399 to Bank of America to pay off the City's interim financing.

As mentioned in the following Underlying Ratings section, the City issued its Utility System Refunding and Revenue Bonds, Series 2011, on December 29, 2011. The bonds were issued first and foremost to provide sufficient funds to refund all of the City's outstanding Variable Rate Utility System Refunding Revenue Bonds, Series 2009, and make a termination payment with respect to the termination of the existing interest rate swap related to the Refunded Bonds.

The next several sections provide detailed information regarding the General Governmental Debt. Following the Governmental Debt Section is a section on Utility System Debt.

Total General Governmental Debt consists of $124,840,460 of principal and $64,004,875 of scheduled interest, for a total of $188,845,335. Debt service for each fiscal year of debt outstanding is depicted by principal and interest below.



Underlying Ratings

While the City does not have any general obligation debt, certain underlying and implied ratings have been given to the City by the ratings companies. In December 2011, all three credit rating agencies affirmed the City's utility credit ratings concurrently with their rating assignments to the aforementioned Utility System Refunding and Revenue Bonds, Series 2011. Standard and Poor's (S&P) Ratings Services assigned an A long-term rating to the Fort Myers Utility System Refunding and Revenue Bonds, Series 2011. At the same time, S&P affirmed the A underlying rating on the system's outstanding revenue bonds. The outlook is stable. S&P also affirmed the AAA/A-1 rating on the Series 2009 variable-rate refunding revenue bonds.

Fitch Ratings assigned an A+ rating to the Fort Myers, Fl, $64.9 million Utility System Refunding and Revenue Bonds, Series 2011. In addition, Fitch affirmed an A+ rating on the Fort Myers Utility System Refunding Revenue Bonds, Series 2003A, Utility System Refunding Revenue Bonds, Series 2006, and Variable Rate Utility System Refunding Revenue Bonds, Series 2009 (prerefunding).

The rating outlook is stable.

Moody's Investors Service (Moody's) assigned an Aa3 rating to the City of Fort Myers $64.9 million Utility System Refunding and Revenue Bonds, Series 2011. Concurrently, Moody's affirmed the Aa3 rating of $56.6 million in previously issued utility parity debt.

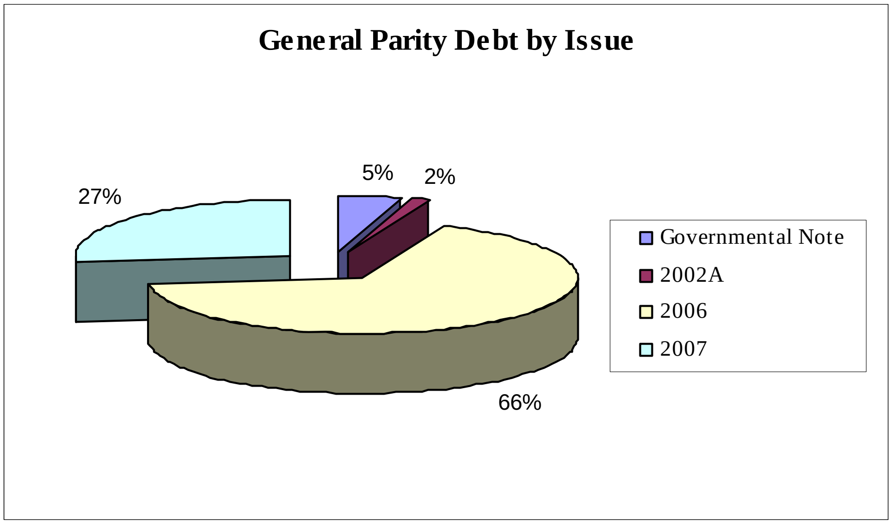
In August 2011, Moody's affirmed the City's Aa2 Issuer Rating, Aa3 Non-Ad Valorem Rating on $90.4 million of outstanding specific non-ad valorem revenue bonds and A1 Gas Tax Rating on $12.4 million of outstanding gas tax revenue bonds. The outlook affecting the Issuer and Non-Ad Valorem bond ratings is negative.

GENERAL PARITY DEBT OVERVIEW

The General Parity Debt (Parity Bonds) consists of three bond issues and one note. They are on parity due to the fact that sources of repayment (Pledged Revenues) are the same for all four issues of debt.

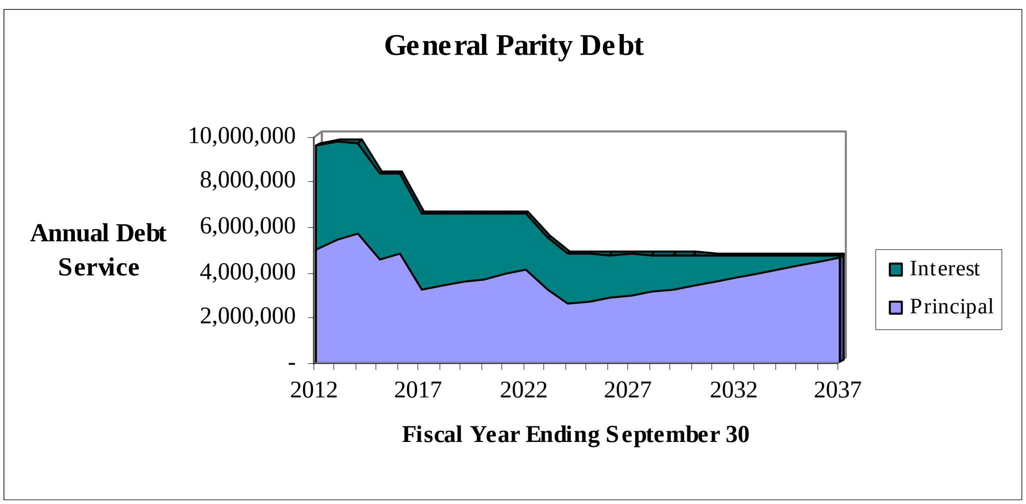
The issues are: (1) the Governmental Unit Note (Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B); (2) the Taxable Improvement Refunding Revenue Bonds, Series 2002A; (3) the Improvement and Refunding Revenue Bonds, Series 2006; and (4) the Improvement Revenue Refunding Bonds, Series 2007.

The following chart shows the percentage of each issue outstanding to all the parity issues.



Total outstanding parity principal is $99,114,999. If all debt is paid according to the existing amortization schedule, interest will be $57,427,172, for a total of $156,542,171. Final maturity of the current outstanding debt occurs during the fiscal year ending September 30, 2037.

The following chart shows the principal and interest outstanding, in total, by fiscal year.



Pledged Revenues – "Pledged Revenues" include the Utilities Tax, the Franchise Fees, the Communications Services Tax (as of fiscal year ending September 30, 2002), the Guaranteed Entitlement Funds, the Occupational License Tax and the Sales Tax.

Utilities Tax

A utilities service tax is levied on the purchase of electricity within the City, metered or bottled gas (natural liquefied petroleum gas or manufactured) and water services pursuant to the authority of Section 166.231, Florida Statutes (the "Utilities Tax Statute"), as initially implemented by Ordinance No. 577 of the City, adopted May 5, 1960 as amended and supplemented (as more specifically defined in the Bond Resolutions and further described below, the "Utilities Tax").

The Utilities Tax is required to be collected by the seller of the taxable service from the purchaser at the time of payment for such service and is typically paid to the City on a monthly basis. The rate of the tax cannot exceed ten percent (10%) of the payments received by the seller of the taxable item from the purchaser for the purchase of such service and cannot be levied on the portion of any utility bill that represents an increase in the cost of fuel to the respective utility subsequent to October 1, 1973. Since October 1, 1990, the City has been levying the maximum tax rate permitted by law, ten percent (10%), on all taxable services. To increase the tax rate would require an amendment to the Utilities Tax Statute by the Florida Legislature.

The primary sources of the Utilities Tax for the City currently are the services provided by Florida Power & Light Company and the City of Fort Myers.

The Utilities Tax Statute provides certain mandatory and permissive exemptions from payment of the Utilities Tax, including Federal, State, and other governmental bodies and church buildings used for church purposes.

Factors Affecting the Utilities Tax – The amount of Utilities Tax collected by the City may fluctuate as the price of fuel, gas, electricity and the other services subject to the Utilities Tax fluctuates. A sustained increase in the cost of fuel, gas, electricity or any other of such services may have an adverse effect on the amount of Utilities Tax collected.

The amount of Utilities Tax collected by the City may also be affected by changes in the electric industry. The electric utility industry in general has been, and in the future may be, affected by a number of factors which could have a materially adverse impact upon the financial condition of an electric utility providing service to the City. Such factors include, among others: (i) effects of inflation on the operating and maintenance costs of an electric utility and its facilities, (ii) changes from projected future load requirements, (iii) increases in costs and uncertain availability of capital, (iv) shifts in the availability and relative costs of different fuels, (v) effects of compliance with rapidly changing environmental, safety, licensing and regulatory requirements, (vi) changes resulting from conservation and demand side management programs on the timing and use of electric energy, (vii) changes that might result from a national energy policy and (viii) effects of open retail competition from other suppliers of electricity through deregulation of the electric industry. Any of these factors could have a material adverse effect on the financial condition of any electric utility and likely would affect individual utilities in different ways. In turn, these factors could reduce the amount of Utilities Tax collected based upon a reduction in the use of electric energy and/or a reduction in electric energy charges.

Franchise Fees

The Franchise Fees currently consist of all monies and fees received by the City as a result of franchises granted by the City to providers of electricity and natural gas.

Presently, the City receives revenues from Florida Power & Light Company ("FP&L") under a 30-year franchise agreement dated January 16, 2007 and People's Gas System, a Division of Tampa Electric Company, pursuant to a 20-year franchise agreement dated May 20, 2000.

Communications Services Tax

Communications services include transmission of voice, data, audio, video or any other information or signals, including cable services, by or through any medium or method currently in existence or hereafter devised, including electronic, radio, satellite, cable, optical or microwave. The new Communications Services Tax (CST) is paid by consumers on all communications services that originate, or terminate, in the State of Florida and that are charged to a service address in the geographical limits of particular local governments.

Pursuant to Resolution No. 2001-30 and Resolution No. 2001-31, each adopted July 2, 2001, the City adopted a new communications services tax rate of 5.22% effective October 1, 2002. By such action, the City maximized the amount it can lawfully collect under the Communications Services Tax (CST) Law.

Under the CST Law, local governments must work with the Florida Department of Revenue to properly identify service addresses to each municipality and county. If a municipality fails to provide the Florida Department of Revenue with accurate service address information, the local government risks losing tax proceeds that it receives. The City believes it has provided the Florida Department of Revenue with all information that the Department has requested through September 3, 2011 and that such information is accurate.

The communications providers will collect the communications tax and may deduct .75% as a collection fee (or .25% in the case of providers who do not employ an enhanced zip code database or a database that is either supplied or certified by the Florida Department of Revenue). The communications providers remit the remaining proceeds to the Florida Department of Revenue, which may deduct up to 1% as an administrative fee. The Department of Revenue then distributes the remaining proceeds monthly to the City.

Guaranteed Entitlement Funds

"Guaranteed Entitlement", as it applies to Florida municipalities such as the City, is defined in the Florida Revenue Sharing Act of 1972, Part II, Chapter 218, Florida Statutes (the "Revenue Sharing Act") and means the amount of revenues from certain taxes on cigarettes and certain taxes on motor fuels that must be shared with an eligible unit of local government so that no eligible municipality will receive less from the Revenue Sharing Trust Fund for Municipalities established by the Revenue Sharing Act in any State fiscal year, to the extent available, than the amount received by that municipality in the aggregate from certain State taxes in the State fiscal year 1971-1972. This amount constitutes the "Guaranteed Entitlement Funds" as defined in the Bond Resolutions, which Guaranteed Entitlement Funds are a component of the Pledged Revenues securing the Bonds. The Florida Legislature passed certain legislation during its 2000 regular session that impacted the source of funding of the Guaranteed Entitlement (the "New Guaranteed Entitlement Laws"). Section 28 of Chapter 2000-355, Laws of Florida, amended Section 210.20, Florida Statutes, eliminating the distribution of cigarette taxes to the Revenue Sharing Trust Fund for Municipalities. Section 29 of Chapter 2000-355, Laws of Florida, amended Section 212.20, Florida Statutes, providing for the distribution of certain State of Florida sales and use tax proceeds to the Revenue Sharing Trust Fund for Municipalities as a replacement of the eliminated cigarette taxes. The New Guaranteed Entitlement Laws became effective July 1, 2000.

The Guaranteed Entitlement portion of the State revenue sharing accruing annually to the City totals $893,274, which is received by the City in substantially equal monthly payments. The City is permitted to pledge and has pledged for the part of the Parity Bonds this Guaranteed Entitlement portion of the State revenue-sharing receipts. Section 218.25 of the Revenue Sharing Act further provides that tax revenues received by a City from the Revenue Sharing Trust Fund for Municipalities in excess of the Guaranteed Entitlement portion may not be assigned, pledged or set aside as a trust for the payment of local government indebtedness.

Revenue Sharing Act – The Revenue Sharing Act creates the Revenue Sharing Trust Fund for Municipalities and sets forth criteria for participation by municipalities in revenue-sharing, the method of distribution and a formula basis for apportionment of receipts available for distribution.

For municipalities, the apportionment factor is composed of three equally weighted portions: (a) the proportion of the population of a given municipality to the total population of all eligible municipalities within the State, adjusted for certain factors; (b) the proportion of the sales tax collected within a given municipality to the total sales tax collections within all eligible municipalities in the State during the preceding year; and (c) the ratio of the relative local ability to raise revenue, based upon population and assessed valuation.

Eligibility to Receive Guaranteed Entitlement – Pursuant to Section 218.23, Florida Statutes, to be eligible to participate in revenue-sharing and receive the Guaranteed Entitlements in any fiscal year, the City must have: (a) reported on a timely basis its finances for its most recently completed fiscal year to the Department of Financial Services; (b) made provision for annual post-audits of its financial accounts in accordance with provisions of law; (c) levied ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by voters, to produce the revenue equivalent to a millage rate of three mills on the dollar based on the 1973 taxable values as certified by the Lee County Property appraiser or, in order to produce revenue equivalent to that which would otherwise be produced by such three mill ad valorem tax, to have received a remittance from Lee County pursuant to Section 125.01(6)(a), collected an occupational license tax or a utility tax, levied an ad valorem tax, or received revenue from any combination of these four sources; (d) certified compliance with State standards for qualification for employment of law enforcement officers, minimum annual salary rates for full-time law enforcement officers and certified that other requirements of law relating to firefighters have been met; and (e) certified that each dependent special district that is budgeted separately from the general budget of the City has met the provisions for annual post-audit of its financial accounts in accordance with the applicable provisions of law. The City has covenanted in the Bond Resolutions to take all reasonable lawful actions necessary or convenient to collect the Guaranteed Entitlement Revenues. To date, the City has never failed to comply with the foregoing requirements of the Revenue Sharing Act.

Sources of Revenues for the Revenue Sharing Trust Fund for Municipalities – Except as otherwise described, the following taxes, or portions thereof, are required to be deposited in the Revenue Sharing Trust Fund for Municipalities after deducting from them certain charges for administration and collection:

Sales and Use Taxes and Cigarette Taxes – Pursuant to Chapter 210, Florida Statutes, a State tax is levied on cigarette packages at varying rates, depending upon the length and number of cigarettes in a package. As noted above, effective July 1, 2000, the New Guaranteed Entitlement Laws eliminated the cigarette tax from distribution to the Revenue Sharing Trust Fund for Municipalities and replaced it with certain sales and use tax proceeds. Pursuant to the New Guaranteed Entitlement Law, 1.3409% of the available proceeds of sales and use taxes and fees imposed pursuant to Chapter 212, Florida Statutes shall be transferred monthly to the Revenue Sharing Trust Fund for Municipalities. Such provisions are codified in Section 212.20(6)(d)5 of the Florida Statutes.

Chapter 212, Florida Statutes, levies sales and use taxes on various retail sales items, food and beverages, rental and leased properties, licenses, admissions, and other items offered within the State of Florida. Section 212.20, Florida Statutes, describes the distribution of those tax proceeds collected by the State to the various funds and entities entitled to the benefits of those proceeds. Several of the taxes imposed under Chapter 212 are transferred to specific entities and funds are not included in the amounts that make up the sales and use tax proceeds that are distributed to the Revenue Sharing Trust Fund for Municipalities. Pursuant to Section 212.20(6), Florida Statutes, certain proceeds collected under Chapter 212, Florida Statutes are transferred to specific funds prior to distributing proceeds to the Revenue Sharing Trust Fund for Municipalities.

Motor Fuel Taxes – Pursuant to Chapter 206.41, Florida Statutes, a State tax of 2 cents per gallon and a municipal tax of 1 cent per gallon are levied on motor vehicle fuel, except "gasohol", of which 1 cent per gallon is deposited in the Revenue Sharing Trust Fund for Municipalities.

Privilege Tax – Pursuant to Chapter 207, Florida Statutes, a State tax for the privilege of operating any commercial motor vehicle upon the public highways of the State is levied upon every motor carrier, at varying rates, on each gallon of special fuel or motor fuel used for the propulsion of a commercial motor vehicle by such motor carrier within the State.

Occupational License Tax

The Occupational License Tax consist of fees and other charges for business or occupational licenses imposed pursuant to Chapter 205, Florida Statutes, and Chapter 21 [recodified as Chapter 8] of the City's Code of Ordinances. Section 205.42, Florida Statutes, provides that the City may levy an occupations license tax for the privilege of engaging in or managing any business, profession or occupation within its jurisdiction.

The City has collected the Occupation License Tax based upon gross receipts since at least 1963. Florida Law provides for the levy and collection of the Occupational License Tax based upon a flat fee method of collection after 1972. The City is of the opinion that it is grandfathered in from such statutory provisions. At the present time, the City is unable to determine the financial effect, if any, on the amount of Occupational License Tax collections for the City if the City's method of levying and collecting the Occupational License Tax was ever determined to be invalid. It is anticipated that the decline could be as large as two-thirds although the City would not expect the decline to exceed fifty percent. The Bond Resolutions do not require the City to levy the Occupational License Tax at any particular level and the City may consider in the future modifying the method of collection and the amount of the levy. If this occurs, the City intends to take all steps necessary to minimize the decline.

<u>Sales Tax</u>

The Sales Tax represents the proceeds of the local government half-cent sales tax payable to the City and can be pledged for the payment of principal and interest on any capital project.

Pursuant to Chapter 212, Florida Statutes, the State of Florida is authorized to levy and collect a sales tax on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State of Florida, subject to certain exceptions and dealer allowances as set forth in Chapter 212 (the "Sales Tax") at the rate of 6%. An amount equal to the 8.814% of the monies remitted to the State of Florida by a sales tax dealer located within a county is required to be deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury (the "Trust Fund") and earmarked for distribution to the governing body of that county and of each municipal government within the County as the local half-cent sales tax. The local government half-cent sales tax is distributed from the Trust Fund monthly to participating counties and municipal governments.

The Local government half-cent sales tax collected within a county and distributed to local government units is distributed among the counties and cities therein in accordance with the following formula:

$$\text{County Share (percentage of total sales tax receipts)} = \frac{\text{unincorporated area population} + \text{2/3 incorporated area population}}{\text{total county population} + \text{2/3 incorporated area population}}$$

$$\text{Each City Share (percentage of total sales tax receipts)} = \frac{\text{city population}}{\text{total county population} + \text{2/3 incorporated area population}}$$

The City has historically complied with, and presently is in compliance with, all of the requirements set forth in Section 218.23(1), Florida Statues, including the filing of a certificate of compliance with the State Department of Revenue. Pursuant to the Bond Resolutions, the City is obligated to take all lawful action necessary or required to remain an eligible recipient of its portion of the funds in the Trust Fund so long as any of the Parity Bonds remain outstanding. Although Chapter 218 does not impose any limitation on the number of years during which the City can receive distributions of the Sales Tax from the Trust Fund, there may be future amendments to Chapter 218 in subsequent years imposing additional requirements of eligibility for cities and counties participating in the Sales Tax. To be eligible to participate in the Trust Fund in future years, the City must comply with the financial reporting requirements of Section 218.23(1), Florida Statutes. Otherwise, the City loses its Trust Fund distributions for 12 months following a "determination of non-compliance" by the State Department of Revenue. The City has never failed to comply with such financial reporting requirements.

During the special legislative session that ended May 27, 2003, the Florida Legislature enacted House Bill 113A, which, among other things, amended Section 212.20(6)(d)2, Florida Statutes, effective on July 1, 2004, to decrease from 9.653% to 8.814% the percentage of proceeds of the sales tax to be deposited in the Local Government Half-Cent Sales Tax Trust Fund after certain other required distributions to other funds of the State.

The legislative intent of House Bill 113A was to freeze for one fiscal year the total amount of the Half-Cent Sales Tax distributions to the counties and municipalities throughout the State at the level of such distributions for the State fiscal year ended June 30, 2004. If the actual effect of House Bill 113A achieved its legislative intent, the Sales Tax Revenues received by the City for the State fiscal year ended June 30, 2005 increased 16.09% and 7.00% for the State fiscal year ended June 30, 2006. Since the beginning of the economic downturn in 2007, the Sales Tax Revenues received by the City has declined from $5,531,093 in fiscal year 2007 to $4,403,549 in fiscal year 2011, a decline of 20.4%.

City of Fort Myers Pledged Revenues

The City is unconditionally and irrevocably obligated, so long as any of the Parity Bonds are outstanding, to take all lawful action necessary or required to continue to entitle the City to receive the Pledged Revenues in at least the amounts required for payment of the Parity Bonds. The City will include and appropriate in its annual budget for expenditures from the Pledged Revenues each fiscal year sufficient funds to provide (i) all Reserve Fund deposits provided for in the Bond Resolutions, (ii) the Debt Service that shall become due on the Parity Bonds and (iii) all other payments required by the Bond Resolutions.

Continuing Disclosure

The City has agreed to provide continuing disclosure for the general parity debt. The updated continuing disclosure information is as follows:

HISTORICAL UTILITIES TAX RECEIPTS BY CATEGORY

FISCAL YEAR ENDED SEPT. 30,	ELECTRIC	BOTTLED GAS	WATER	NEW COMMUNI-CATIONS TAX	TOTAL
2007	$ 4,478,629	$ 108,820	$ 1,177,715	$ 4,313,933	$ 10,079,097
2008	4,431,504	107,726	1,188,265	4,005,493	9,732,988
2009	4,537,876	104,969	1,279,582	4,378,308	10,300,735
2010	4,870,988	117,984	1,348,938	3,571,472	9,909,382
2011	4,887,532	116,277	1,467,116	3,557,375	10,028,300

Source: City of Fort Myers, Florida audited financial statements

HISTORICAL FRANCHISE FEES RECEIPTS BY CATEGORY

FISCAL YEAR ENDED SEPT. 30,	ELECTRIC	GAS	TOTAL
2007	$ 5,579,510	$ 5,493	$ 5,585,003
2008	5,788,331	6,112	5,794,443
2009	5,893,656	55,411	5,949,067
2010	5,161,623	61,195	5,222,818
2011	5,197,931	49,693	5,247,624

Source: City of Fort Myers, Florida audited financial statements

SALES AND USE TAX AVAILABLE REVENUES

FISCAL YEAR ENDED SEPT. 30,	SALES AND USE [1]
2007	$ 21,748,908,130
2008	20,569,094,342
2009	18,446,085,352
2010	17,851,726,033
2011	18,589,577,548

[1] Represents the amount of the sales and use tax collected under Chapter 212, Florida Statutes, that was deposited into the General Revenue Fund after all distributions required pursuant to Section 212.20(6)(d), Florida Statutes. Pursuant to the New Guaranteed Entitlement Laws, 2.25% of the amount of such sales and use tax revenues would have been distributed to the Revenue Sharing Trust Fund for Counties and the 1.0175% of the amount of such sales and use tax revenues would have been deposited into the Revenue Sharing Trust Fund for Municipalities. Prior years' amounts were updated in fiscal year 2010 with figures provided by the Florida Department of Revenue.

Source: Florida Department of Revenue

STATE OF FLORIDA
REVENUE SHARING TRUST FUND FOR MUNICIPALITIES
RECEIPTS AND COVERAGE OF GUARANTEED ENTITLEMENTS

State Fiscal Years Ended June 30,	2007	2008	2009	2010	2011
Sales & Use Tax [1]	$ 253,216,128	$ 240,467,686	$ 215,543,021	$ 207,888,538	$ 217,216,599
Motor Fuel Tax	93,497,331	90,580,061	86,592,431	85,886,475	86,074,835
Special Fuel & Motor Fuel Use Tax	965,633	808,795	798,834	664,266	593,678
Total Receipts	$ 347,679,092	$ 331,856,542	$ 302,934,286	$ 294,439,279	$ 303,885,112
Guaranteed Entitlement [2] for all Florida Municipalities	$ 124,699,266	$ 124,697,122	$ 124,697,122	$ 124,697,122	$ 124,697,122
Coverage	2.79x	2.66x	2.43x	2.36x	2.44x

[1] Became a funding source for the Revenue Sharing Trust Fund for Municipalities effective July 1, 2000.

[2] Only the Guaranteed Entitlement secures the general parity bonds.

Source: Florida Department of Revenue

CITY OF FORT MYERS
STATE REVENUE SHARING RECEIPTS

State Fiscal Years Ended June 30,	2007	2008	2009	2010	2011
Guaranteed Entitlement [1]	$ 893,274	$ 893,274	$ 893,274	$ 893,274	$ 893,274
Other State Revenue Sharing	1,313,970	1,129,606	896,626	916,239	1,001,263
Total State Revenue Sharing	$ 2,207,244	$ 2,022,880	$ 1,789,900	$ 1,809,513	$ 1,894,537

[1] Only the Guaranteed Entitlement secures the general parity bonds.

Source: City of Fort Myers, Florida audited financial statements

HISTORICAL PLEDGED REVENUES AND PRO FORMA DEBT SERVICE COVERAGE

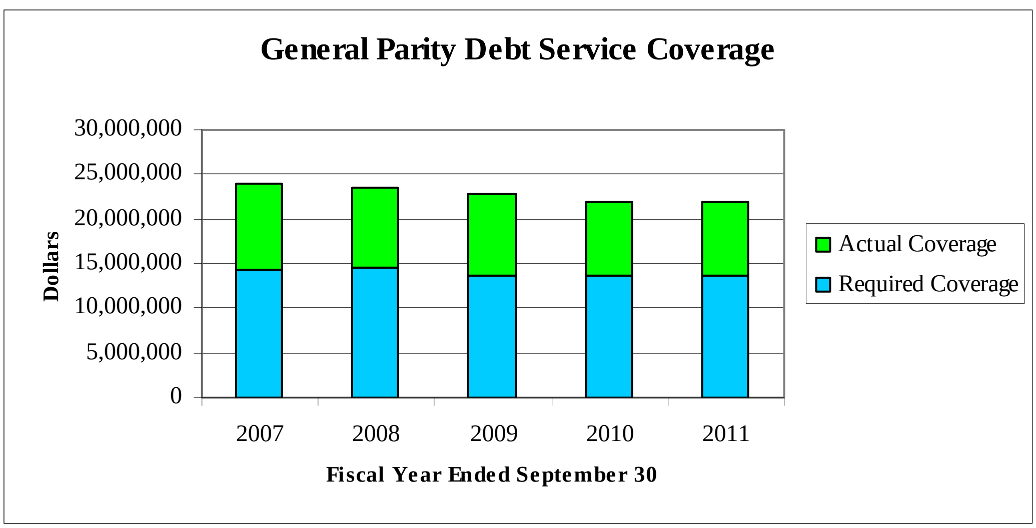
The following is a listing of the Pledged Revenues for the last five years (ending September 30).

	2007	2008	2009	2010	2011
Pledged Revenues:					
Utilities Tax	$ 5,765,164	$ 5,727,495	$ 5,922,428	$ 6,337,910	$ 6,470,924
Guaranteed Entitlement Funds	893,274	893,274	893,274	893,274	893,274
Franchise Fees	5,585,003	5,794,443	5,949,066	5,222,818	5,247,624
New Communications Tax	4,313,933	4,681,682	4,378,308	3,571,472	3,557,375
Occupational License Tax	1,825,056	1,641,613	1,616,042	1,567,808	1,464,682
Sales Tax	5,531,093	4,801,551	4,168,430	4,184,439	4,403,549
Total Pledged Revenues	$ 23,913,523	$ 23,540,058	$ 22,927,548	$ 21,777,721	$ 22,037,428
Maximum Principal and Interest Requirements for Parity Bonds	$ 10,454,991	$ 9,689,604	$ 9,689,604	$ 9,822,546	$ 9,689,603
Pro Forma Coverage of Maximum Principal and Interest Requirements for Parity Bonds	2.29	2.43	2.37	2.22	2.27

Source: City of Fort Myers, Florida audited financial statements

In December 1997, the City converted its Cash Debt Service Reserve Fund to a Debt Service Reserve Surety Policy. In order to do this, the City had to increase its Pledged Revenue coverage, when compared to the Maximum Annual Debt Service, from 1.25 to 1.40.

The graph below depicts the required and actual coverage of Pledged Revenues to the Maximum Annual Debt Service.



Information regarding the actual debt issues follows.

$10,420,000
GOVERNMENTAL NOTE
(LOAN FROM THE CITY OF GULF BREEZE, FLORIDA LOCAL GOVERNMENT LOAN PROGRAM, SERIES 1985B)

Dated October 1, 1999

PURPOSE:
This note was obtained to (1) refund all of the outstanding Taxable Improvement Revenue Bonds, Series 1992B, (2) refund all of the outstanding Taxable Capital Improvement Revenue Bonds, Series 1998A, (3) refund all of the outstanding Taxable Capital Improvement Revenue Bonds, Series 1998B, (4) pay the premium on a bond insurance policy, (5) provide for a Debt Service Reserve Fund and (6) pay certain costs and expenses of issuance.

SECURITY:
The Governmental Note is secured by an irrevocable lien on the Pledged Revenues, monies deposited into the Funds and Accounts created by the Bond Resolution and all earnings on these Funds and Accounts.

Pledged Revenues consist of Utility Tax, Guaranteed Entitlement Funds, Franchise Fees, Occupational License Tax, Sales Tax and the Communications Tax.

For a more detailed description of Pledged Revenues, see “Pledged Revenues” in the General Parity Debt Overview that appears beforehand.

As part of the loan, the City has paid for its share of a municipal bond insurance policy issued by Financial Guaranty Insurance of New York, New York. This policy insures payment to the Bondholders of the “City of Gulf Breeze, Florida Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B” that principal and interest will be paid if the Loan Pool does not make its required payments.

In addition, a portion of the note proceeds were placed in a Debt Service Reserve Fund for the City of Gulf Breeze, Series 1985B Floating Rate Demand Revenue Bonds. The amount placed in the Debt Service Reserve Fund was the City’s pro rata portion of that fund.

The City has also covenanted to budget and appropriate a sufficient sum of Pledged Revenues to pay all amounts reasonably anticipated by the City to be payable according to the loan document.

The Governmental Note shall be a special limited obligation of the City, payable solely from the Pledged Revenues as provided. The Governmental Note does not constitute a general indebtedness of the City, or a pledge of the faith, credit or taxing power within the meaning of any constitutional or statutory provision.

ISSUED AS:
$10,420,000 Note Payable maturing December 1, 2015.

CALL PROVISIONS:
The Governmental Note may be prepaid in whole or in part, with 120 days notice, on any principal payment date.

OUTSTANDING PARITY BONDS:
The Governmental Note lien on the Pledged Revenues is on parity with the Taxable Improvement Refunding Revenue Bonds, Series 2002A; the Improvement and Revenue Refunding Bonds, Series 2006; and the Improvement Refunding Revenue Bonds, Series 2007.

$10,420,000
GOVERNMENTAL NOTE
(LOAN FROM THE CITY OF GULF BREEZE, FLORIDA LOCAL GOVERNMENT LOAN PROGRAM, SERIES 1985B)

Dated October 1, 1999

Continued

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	5.200%	$ 1,261,910	$ 945,000	$ 316,910
2013	5.300%	1,260,972	995,000	265,972
2014	5.400%	1,256,390	1,045,000	211,390
2015	5.500%	1,753,763	1,615,000	138,763
2016	5.550%	1,747,175	1,700,000	47,175
Totals		$ 7,280,210	$ 6,300,000	$ 980,210

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$20,625,000
CITY OF FORT MYERS, FLORIDA
TAXABLE IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 2002A

Dated November 21, 2002

PURPOSE:
The 2002A Bonds are being issued to provide funds, together with other legally available moneys of the City, sufficient to (1) currently refund all of the City's outstanding Refunding and Improvement Revenue Bonds, Series 1986-1 and (2) pay certain costs and expenses relating to the issuance of the Series 2002A Bonds, including the payment of the premiums for a financial guaranty insurance policy and debt service reserve fund surety bond.

SECURITY:
The payment of the principal and interest on the Series 2002A Bonds is secured by an irrevocable lien on the Pledged Revenues, monies deposited into the funds and accounts established by the Bond Resolution, and all earnings thereon.

Pledged Revenues consist of Utility Taxes, Guaranteed Entitlement Funds, Franchise Fees, Occupational License Tax, Sales Tax and the Communications Tax.

For a more detailed description of the Pledged Revenues, see "Pledged Revenues" in the General Parity Debt Overview that appears beforehand.

A common Debt Service Reserve Fund has been established for the benefit of all of the Bonds issued under the Resolution. Upon issuance of the Series 2002A Bonds, certain proceeds thereof were applied to the payment of the premium for a debt service reserve fund surety bond from AMBAC Assurance Corporation, the face amount of which, together with all other amounts therein will equal the Reserve Requirement for all the Parity Bonds (excluding the City of Fort Myers, Florida Governmental Unit Note ((Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B)) and the Series 2002A Bonds. Amounts in the Debt Service Reserve Fund will be used only for the purpose of curing deficiencies in the amounts on deposit in the Sinking Fund to pay debt service on the Bonds.

AMBAC Indemnity Corporation has issued a municipal bond insurance policy on the Bonds. Under the terms of the policy, AMBAC will pay to the Bank of New York, New York or any successor thereto that portion of the principal of and interest on the Series 2002A Bonds which shall become due for payment but shall be unpaid by reason of nonpayment by the City. The policy insures payment only on stated maturity dates and on mandatory sinking fund installment dates in the case of principal and on stated dates for payment, in the case of interest.

The City has covenanted to budget and appropriate sufficient funds from the Pledged Revenues to pay (1) all Reserve Fund deposits required each year, (2) the Debt Service that is due on the Bonds each year and (3) all other payments as required by the Bond Resolution.

The Series 2002A Bonds shall not be or constitute general obligation indebtedness of the City within the meaning of the constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Pledged Revenues and amounts on deposit in the Funds and Accounts established by the Bond Resolution and the earnings thereon pledged to the payment of the Series 2002A Bonds in the manner and to the extent provided in the Bond Resolution. No bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the City or taxation in any form on any real or personal property to pay such Series 2002A Bonds or the interest thereon, nor shall any bondholder be entitled to payment of the principal and interest from any other funds of the City other than the Pledged Revenues and the monies on deposit in the Funds and Accounts established pursuant to the Resolution and the earnings thereon pledged to payment of the Series 2002A Bonds, all in the manner and to the extent provided in the Bond Resolution.

AGENTS AND OTHER INFORMATION:
Registrar – The Bank of New York Mellon, Jacksonville, Florida

Pay Agent – The Bank of New York Mellon, Jacksonville, Florida

$20,625,000
CITY OF FORT MYERS, FLORIDA
TAXABLE IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 2002A

Dated November 21, 2002
Continued

Escrow Agent – The Bank of New York Mellon, Jacksonville, Florida

Legal Opinion – Bryant Miller and Olive, P.A., Tallahassee, Florida

Disclosure Counsel – Nabors, Giblin & Nickerson, P.A., Tampa, Florida

Insurance – Ambac Assurance Corporation, New York, New York

Arbitrage Rate – 4.2317556%

Cusip Number – 348163

ORIGINAL INSURED RATINGS*:

Fitch	AAA
Moody's	Aaa

- See the City's "underlying ratings" on page 4.

CALL PROVISIONS:
The Series 2002A Bonds are not subject to redemption prior to maturity.

OUTSTANDING PARITY BONDS:
The Series 2002A Bond lien on the Pledged Revenues is on parity with the City of Fort Myers Governmental Unit Note (Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B) dated as of October 1, 1999; the Improvement and Revenue Refunding Bonds, Series 2006; and the Improvement Refunding Revenue Bonds, Series 2007.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	5.000%	$ 2,485,625	$ 2,425,000	$ 60,625
Totals		$ 2,485,625	$ 2,425,000	$ 60,625

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$58,195,000
CITY OF FORT MYERS, FLORIDA
IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2006

Dated December 21, 2006

PURPOSE:

The 2006 Bonds were issued to provide funds, together with other legally available monies of the City, sufficient to (1) finance various capital improvements within the City, (2) advance refund a portion of the City's outstanding Improvement Revenue Bonds, Series 2001A and (3) pay certain costs and expenses relating to the issuance of the 2006 Bonds including the payment of the premiums for a financial guaranty insurance policy and debt service reserve fund surety bond.

Major projects funded by this bond issue include:

Project	Amount
Fire Station #1 Replacement	$ 5,000,000
Hanson Street Extension	2,500,000
Fort Myers Golf Course Hole #7 Bathroom	1,712,974
Rebuild Putting Greens and Driving Range	1,423,000
SR 80 Bridge Replacement	1,024,793
Voice Over IP Phone System	800,000
Edison Street Improvements	703,000
City Hall Renovations	685,000
Challenger Blvd Extension	606,904
Brookhill Subdivision Drainage	560,000
Matthew Drive Ditch Piping	531,400
Parks Electrical Upgrade	519,291
Skatium Renovations	500,000
Parks Expansion Lot Acquisition	500,000
Drainage Rehabilitation	500,000
Billy Creek Drainage	500,000
Palm Beach Blvd Lighting	500,000
Sidewalks	500,000

SECURITY:

The payment of principal, interest, and premium, if any, on the Series 2006 Bonds is secured by an irrevocable lien on the Pledged Revenues, monies deposited into the funds and accounts established by the Bond Resolution, and all earnings on those Funds and Accounts.

Pledged Revenues consist of Utility Tax, Guaranteed Entitlement Funds, Franchise Fees, Occupational License Tax, Sales Tax and Communications Tax.

A common Debt Service Reserve Fund has been established for the benefit of all of the Bonds issued under the Resolution. Upon issuance of the Series 2006 Bonds, a portion of the proceeds were applied to purchase a debt service reserve fund surety bond from MBIA Insurance Corporation, the face amount of which, together with all other surety bonds and insurance policies will equal an amount greater than the Reserve Accounting Requirement for all Parity Bonds (excluding the City of Fort Myers, Florida Governmental Unit Note ((Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B)) and the Series 2006 Bonds. Amounts on deposit in the Debt Service Reserve Fund will be used only for the purpose of curing deficiencies in amounts on deposit in the Sinking Fund to pay debt service on the Bonds.

MBIA Insurance Corporation has issued a financial guaranty insurance policy on the bonds. Under the terms of the policy, MBIA will pay to the Paying Agent or its successor an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on the Series 2006 Bonds as such payments shall become due but shall not be so paid and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series 2006 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payments constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law.

The City has covenanted to budget and appropriate sufficient funds from the Pledged Revenues to pay (1) all Reserve Fund deposits required each year, (2) the Debt Service that is due on the Bonds each year and (3) all other payments as required by the Bond Resolution.

The Series 2006 Bonds are not general obligations of the City within the meaning of the Constitution of Florida, but are payable from and secured by a lien only on the Pledged Revenues and on the deposits in the Funds and Accounts, and the earnings on those deposits as provided by the Bond Resolution. No holder of any Series 2006 Bonds has the right to compel the exercise of the ad valorem taxing power of the City or taxation in any form on any real or personal property to pay the Bonds. No holder of these Bonds is entitled to payment of principal and interest from other funds of the City other than the Pledged Revenues.

$58,195,000
CITY OF FORT MYERS, FLORIDA
IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2006

Dated December 21, 2006
Continued

AGENTS AND OTHER INFORMATION:

Register – TD Bank, N.A., Cherry Hill, NJ (merged with Commerce Bank)

Pay Agent – TD Bank, N.A., Cherry Hill, NJ (merged with Commerce Bank)

Escrow Agent – TD Bank, N.A., Cherry Hill, NJ (merged with Commerce Bank)

Legal Opinion – Bryant, Miller and Olive, P.A., Tallahassee, Florida

Disclosure Counsel – Nabors, Giblin and Nickerson, P.A., Tampa, Florida

Insurance – MBIA Insurance Corporation, New York, NY

Arbitrage Rate – 4.331254%

Cusip Number – 348163

ISSUED AS:

$16,675,000 Serial Bonds
8,040,000 Term Bonds maturing Dec. 1, 2025
16,905,000 Term Bonds maturing Dec. 1, 2031
16,575,000 Term Bonds maturing Dec. 1, 2035

ORIGINAL INSURED RATINGS*:

Moody's	Aaa
Fitch	AAA
Standard and Poor's	AAA

* See the City's "underlying ratings" on page 4.

CALL PROVISIONS:

Optional Redemption – The Series 2006 Bonds maturing on or after December 1, 2017, are redeemable prior to their stated dates of maturity, at the option of the City, in whole or in part on any date after December 1, 2016 at a redemption price of 100% of the principal amount to be redeemed plus interest accrued to the date of redemption.

Mandatory Redemption – The Series 2006 Bonds maturing on December 1, 2025 shall be subject to mandatory redemption prior to maturity, by lot, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, on December 1, 2023 and on each December 1 thereafter in the following principal amounts in the years specified:

Redemption Date	Amount
December 1, 2023	$ 2,550,000
December 1, 2024	2,680,000
December 1, 2025	2,810,000

The Series 2006 Bonds maturing on December 1, 2031 shall be subject to mandatory redemption prior to maturity, by lot, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, on December 1, 2027 and on each December 1 thereafter in the following principal amounts in the years specified:

Redemption Date	Amount
December 1, 2027	$ 3,075,000
December 1, 2028	3,220,000
December 1, 2029	3,375,000
December 1, 2030	3,535,000
December 1, 2031	3,700,000

The Series 2006 Bonds maturing on December 1, 2035 shall be subject to mandatory redemption, by lot, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, on December 1, 2032 and on each December 1 thereafter in the following principal amounts in the years specified:

Redemption Date	Amount
December 1, 2032	$ 3,875,000
December 1, 2033	4,050,000
December 1, 2034	4,230,000
December 1, 2035	4,420,000

OUTSTANDING PARITY BONDS:

The Series 2006 Bond lien on the Pledged Revenues is on parity with the City of Fort Myers Governmental Unit Note (Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B) dated as of October 1, 1999; the Taxable Improvement Refunding Revenue Bonds, Series 2002A; and the Improvement Refunding Revenue Bonds, Series 2007.

$58,195,000
CITY OF FORT MYERS, FLORIDA
IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2006

Dated December 21, 2006

Continued

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	4.000%	$ 3,154,006	$ 540,000	$ 2,614,006
2013	4.000%	3,152,006	560,000	2,592,006
2014	4.000%	3,154,106	585,000	2,569,106
2015	4.000%	3,155,206	610,000	2,545,206
2016	4.000%	3,155,306	635,000	2,520,306
2017	4.000%	3,149,506	655,000	2,494,506
2018	4.000%	3,152,706	685,000	2,467,706
2019	4.000%	3,154,706	715,000	2,439,706
2020	4.000%	3,150,606	740,000	2,410,606
2021	4.000%	3,150,406	770,000	2,380,406
2022	4.000%	3,149,006	800,000	2,349,006
2023	4.000%	4,106,806	1,810,000	2,296,806
2024	5.000%	4,746,856	2,550,000	2,196,856
2025	5.000%	4,746,106	2,680,000	2,066,106
2026	5.000%	4,738,856	2,810,000	1,928,856
2027	4.125%	4,752,659	2,955,000	1,797,659
2028	4.750%	4,738,681	3,075,000	1,663,681
2029	4.750%	4,734,175	3,220,000	1,514,175
2030	4.750%	4,732,544	3,375,000	1,357,544
2031	4.750%	4,728,431	3,535,000	1,193,431
2032	4.750%	4,721,600	3,700,000	1,021,600
2033	4.450%	4,722,506	3,875,000	847,506
2034	4.450%	4,721,175	4,050,000	671,175
2035	4.450%	4,716,945	4,230,000	486,945
2036	4.450%	4,714,483	4,420,000	294,483
2037	4.250%	4,713,069	4,615,000	98,069
Totals		$ 105,012,458	$ 58,195,000	$ 46,817,458

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$34,680,000
CITY OF FORT MYERS, FLORIDA
IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 2007
Dated September 4, 2007

PURPOSE:
The 2007 Bonds were issued to provide funds, together with other legally available monies of the City, sufficient to (1) refund a portion of the City's outstanding improvement Refunding Revenue Bonds, Series 1997A and (2) pay certain costs and expenses relating to the issuance of the Series 2007 Bonds, including the premium for a financial guaranty insurance policy.

SECURITY:
The payment of principal, interest, and premium, if any, on the Series 2007 Bonds is secured by an irrevocable lien on the Pledged Revenues, monies deposited into the funds and accounts established by the Bond Resolution, and all earnings on those Funds and Accounts.

Pledged Revenues consist of Utility Tax, Guaranteed Entitlement Funds, Franchise Fees, Occupational License Tax, Sales Tax and Communications Tax.

For a more detailed description of the Pledged Revenues, see "Pledged Revenues" in the General Parity Debt Overview that appears beforehand.

A common Debt Service Reserve Fund has been established for the benefit of all of the Bonds issued under the Resolution. Upon issuance of the Series 2007 Bonds, a portion of the proceeds were applied to purchase a debt service reserve fund surety bond from MBIA Insurance Corporation, the face amount of which, together with all other surety bonds and insurance policies will equal an amount greater than the Reserve Accounting Requirement for all Parity Bonds (excluding the City of Fort Myers, Florida Governmental Unit Note (Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B)) and the Series 2007 Bonds. Amounts on deposit in the Debt Service Reserve Fund will be used only for the purpose of curing deficiencies in amounts on deposit in the Sinking Fund to pay debt service on the Bonds.

MBIA Insurance Corporation has issued a financial guaranty insurance policy on the bonds. Under the terms of the policy, MBIA will pay to the Paying Agent or its successor an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on the Series 2007 Bonds as such payments shall become due but shall not be so paid and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series 2007 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payments constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law.

The City has covenanted to budget and appropriate sufficient funds from the Pledged Revenues to pay (1) all Reserve Fund deposits required each year, (2) the Debt Service that is due on the Bonds each year and (3) all other payments as required by the Bond Resolution.

The Series 2007 Bonds are not general obligations of the City within the meaning of the Constitution of Florida, but are payable from and secured by a lien only on the Pledged Revenues and on the deposits in the Funds and Accounts, and the earnings on those deposits as provided by the Bond Resolution. No holder of any Series 2007 Bonds has the right to compel the exercise of the ad valorem taxing power of the City or taxation in any form on any real or personal property to pay the Bonds. No holder of these Bonds is entitled to payment of principal and interest from other funds of the City other than the Pledged Revenues.

AGENTS AND OTHER INFORMATION:
Register – TD Bank, N.A., Cherry Hill, NJ (merged with Commerce Bank)

Pay Agent – TD Bank, N.A., Cherry Hill, NJ (merged with Commerce Bank)

Escrow Agent – TD Bank, N.A., Cherry Hill, NJ (merged with Commerce Bank)

Legal Opinion – Bryant, Miller and Olive, P.A., Tallahassee, Florida

Disclosure Counsel – Nabors, Giblin and Nickerson, P.A., Tampa, Florida

Insurance – MBIA Insurance Corporation, New York, NY

Arbitrage Rate – 4.014364%

Cusip Number – 348163

$34,680,000
CITY OF FORT MYERS, FLORIDA
IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 2007

Dated September 4, 2007
Continued

ISSUED AS:
$34,680,000 Serial Bonds

ORIGINAL INSURED RATINGS*:

Moody's	Aaa
Fitch	AAA
Standard and Poor's	AAA

* See the City's "underlying ratings" on page 4.

CALL PROVISIONS:
Optional Redemption – The Series 2007 Bonds maturing on or after December 1, 2018, are redeemable prior to their stated dates of maturity, at the option of the City, in whole or in part on any date after December 1, 2017 at a redemption price of 100% of the principal amount to be redeemed plus interest accrued to the date of redemption.

OUTSTANDING PARITY BONDS:
The Series 2007 Bond lien on the Pledged Revenues is on parity with the City of Fort Myers Governmental Unit Note (Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B) dated as of October 1, 1999; the Taxable Improvement Refunding Revenue Bonds, Series 2002A; and the Improvement and Revenue Refunding Bonds, Series 2006.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	5.000%	$ 2,638,375	$ 1,055,000	$ 1,583,375
2013	5.000%	5,276,625	3,815,000	1,461,625
2014	5.000%	5,266,250	4,000,000	1,266,250
2015	5.000%	3,403,875	2,295,000	1,108,875
2016	5.000%	3,401,250	2,410,000	991,250
2017	5.000%	3,392,875	2,525,000	867,875
2018	5.000%	3,398,250	2,660,000	738,250
2019	5.000%	3,396,875	2,795,000	601,875
2020	5.000%	3,393,625	2,935,000	458,625
2021	5.000%	3,407,750	3,100,000	307,750
2022	5.000%	3,394,125	3,245,000	149,125
2023	5.000%	1,394,000	1,360,000	34,000
Totals		$ 41,763,875	$ 32,195,000	$ 9,568,875

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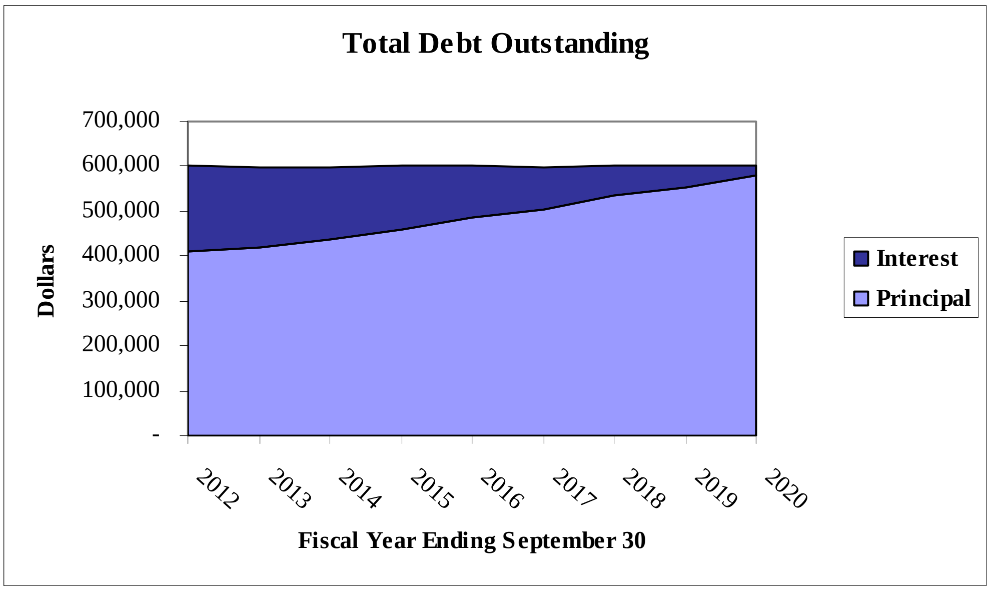
FLORIDA MUNICIPAL LOAN COUNCIL
GOVERNMENTAL UNIT NOTE OVERVIEW

On June 1, 2005, the Florida Municipal Loan Council advance refunded a portion of the Series 2000A Bonds by issuing the Series 2005C Bonds. The Council issues tax exempt debt and then re-loans the money to Florida municipalities at rates substantially the same as the bonds issued. The program is designed to provide municipalities economies of scale when compared to the individual municipalities incurring the high costs of issuance on small bond issues.

Total debt outstanding on the Florida Municipal Loan Council Note, Series 2005C, is $5,400,962 which comprises $4,385,000 of principal and $1,015,962 of interest. The following chart shows debt service by principal and interest by fiscal year.



The Series 2005C Bonds require two coverage tests. The first test requires Non-Ad Valorem Revenues (average of actual receipts of current and prior year) must cover projected maximum annual debt service (as defined in the loan documents) on debt secured by and/or payable solely from such revenues by at least 1.5 times. These revenues are all legally available Governmental Fund Type Revenues and Intergovernmental Transfers from Enterprise Funds.

The second test requires that projected maximum annual debt service requirements for all debt service secured by and/or payable from such revenues will not exceed 25% of all Governmental Fund Revenues.

For the fiscal year ended September 30, 2011, the City has met both tests.

	Test #1	Test #2
Revenues	$33,688,588	$95,942,256
Maximum Annual Debt Service	10,680,406	10,680,406
Required Coverage	1.50 Times	
Maximum Percent of Debt		25.00%
Actual Coverage	3.15 Times	11.13%

$4,970,000
CITY OF FORT MYERS, FLORIDA
GOVERNMENTAL UNIT NOTE, SERIES 2005C
(FLORIDA MUNICIPAL LOAN COUNCIL)
Dated June 1, 2005

PURPOSE:
This note was issued to (1) provide funds to refinance a portion of the Florida Municipal Loan Council Governmental Unit Note, Series 2000A and (ii) pay costs and expenses related to the issuance of the Series 2005C note, including the premiums for the municipal bond issuance policy and debt service reserve fund surety bond.

SECURITY:
Security for the Series 2005C note is a covenant to budget and appropriate in the City's annual budget sufficient Non-Ad Valorem Revenues sufficient to satisfy the Loan Repayment as required under the Loan Agreement.

ISSUED AS:
$4,970,000 Note

CALL PROVISIONS:
This note is not subject to redemption before April 1, 2015.

This loan may be prepaid in whole or in part on the dates and amounts as follows:

Redemption Date	%
Oct. 2015 and thereafter	100.0

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	3.375%	$ 600,312	$ 410,000	$ 190,312
2013	3.500%	596,475	420,000	176,475
2014	5.000%	596,775	435,000	161,775
2015	5.000%	600,025	460,000	140,025
2016	5.000%	602,025	485,000	117,025
2017	5.000%	597,775	505,000	92,775
2018	4.000%	602,525	535,000	67,525
2019	4.000%	601,125	555,000	46,125
2020	4.125%	603,925	580,000	23,925
Totals		$ 5,400,962	$ 4,385,000	$ 1,015,962

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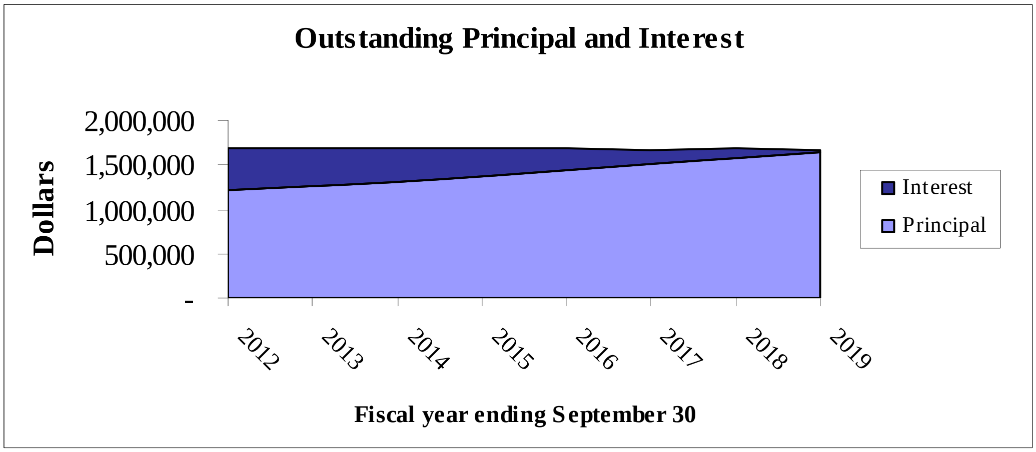
GAS TAX REVENUE BONDS, SERIES 2004A OVERVIEW

The total outstanding debt service for these bonds is $13,419,223 and comprises $11,270,000 of principal and $2,149,223 of interest.



Pledged Revenues for this issue consist of Gas Tax Revenues, specifically, the Five Cents Local Option Gas Tax and the Six Cents Local Option Gas Tax. The bond documents call for an "additional bonds" coverage test of revenues being 1.5 times more than debt service coverage.

Gas Tax Revenues

The "Gas Tax Revenues" consist of revenues derived by the City from two separate taxes referred to in the Series 2004A Bond Resolution ("Resolution") as the "Five Cents Local Option Gas Tax" and the "Six Cents Local Option Gas Tax". Each of the current components of the Gas Tax Revenues is described below.

In General. Each county in the State is authorized to levy a tax, statutorily referred to as the "Local Option Fuel Tax", of between one cent and eleven cents per net gallon on motor fuel sold in such county in the form of two separate levies. The first levy is a tax of one to six cents and may be authorized in a county by an ordinance adopted by a majority vote of the governing body of a county or by voter approval in a county-wide referendum. Lee County (the "County") levies all six cents, which levy was approved by Ordinance No. 89-21 enacted on June 21, 1989 (the "Six Cents Gas Tax Ordinance"). This portion of the Local Option Fuel Tax is referred to in the Resolution as the "Six Cents Local Option Gas Tax". The definition of Six Cents Local Option Gas Tax in the Resolution includes any additional local option gas tax revenues hereafter available pursuant to the Act and pledged by the City pursuant to any supplemental resolutions. The Six Cents Local Option Gas Tax is imposed on sales of both motor fuel and diesel fuel.

The second levy is a tax of one to five cents, which may be authorized in a county by an ordinance adopted by a majority plus one vote of the governing body of a county or by voter approval in a county-wide referendum. The County levies all five cents, which levy was approved by Ordinance No. 93-28 enacted on October 20, 1993 (the "Five Cents Gas Tax Ordinance"). This portion of the Local Option Fuel Tax is referred to in the Resolution as the "Five Cents Local Option Gas Tax". The definition of Five Cents Local Option Gas Tax in the Resolution includes any additional local option gas tax revenues hereafter available pursuant to the Act and pledged by the City pursuant to any supplementary resolution. The Five Cents Local Option Gas Tax is imposed on sales of motor fuel only.

Collection and Distribution. The Florida Department of Revenue ("FDOR") collects the Local Option Fuel Tax in each county and deposits the proceeds into the State's Local Option Fuel Tax Trust Fund. The Local Option Fuel Tax Trust Fund is subject to a 7.3% charge imposed by the State, representing a share of the cost of general government of the State. This charge is deducted from the Local Option Fuel Tax Trust Fund and is deposited in the General Revenue Fund of the State. Commencing July 1, 2005, such charge will be reduced; however, any increased amounts on deposit in the Local Option Fuel Tax Trust Fund as a result of the reduction will be deposited to the State Transportation Trust Fund and allocated to the County to fund certain County programs.

In addition, FDOR is authorized to deduct certain administrative costs incurred in collecting, administering, enforcing and distributing the proceeds of such tax to the counties in an amount not to exceed 2% of total collections from the Local Option Fuel Tax Trust Fund.

The net proceeds collected from the Local Option Fuel Tax are distributed by FDOR to each eligible county and the eligible municipalities therein according to a distribution formula determined at the local level by interlocal agreement between the county and the municipalities with the county's boundaries representing a majority of the population of the incorporated area within the county. If no interlocal agreement is established, then the distribution is based on the relative transportation expenditures of the county and the municipalities therein for the preceding five years as described in Section 336.025, Florida Statutes.

Including the City, there are five incorporated municipalities in the County. Pursuant to the Interlocal Agreement and subsequent agreements between the County and some of the other municipalities in the County the Six Cents Local Option Gas Tax revenues and the Five Cent Local Option Gas Tax revenues are allocated and divided among the County and cities as shown in the "continuing disclosure" section below.

Under the terms of the Interlocal Agreement, during calendar year 2009, the County, the City or any of the other then eligible cities in the County may request that the allocation percentages relating to the distribution of the Gas Taxes be recalculated. The City, the County and all other cities that are parties to the Interlocal Agreement are required to negotiate in good faith to establish a reasonable allocation of the Gas Taxes for the remaining term of the Interlocal Agreement. If the parties cannot reach an agreement, the Gas Taxes will be distributed based on the amount of transportation expenditures made within each parties' jurisdiction during the previous five years. If the distribution percentages are recalculated, it is likely that the City will receive less than the current allocation of 14.00% of the Gas Taxes; provided, however, pursuant to the Act and the terms of the Interlocal Agreement under no circumstances shall any such recalculation of Gas Taxes materially or adversely affect the rights of the holders of outstanding bonds which are secured by the proceeds of the Gas Taxes. Additionally, the Interlocal Agreement provides that the Gas Tax Revenues distributed to the City will not be reduced below the amount necessary for the payment of principal and interest and reserves for principal and interest as required under the covenants of any bond resolution outstanding on the date of establishment of a new percentage distribution of Gas Taxes pursuant to the Interlocal Agreement.

Under Florida law, any newly incorporated municipality located in a county levying a Local Option Fuel Tax is entitled to receive a share of the tax revenues. However, the amounts distributed to a new municipality may not materially or adversely affect the rights of holders of outstanding bonds backed by the Local Option Fuel Tax, and the amounts distributed to the county and each pre-existing municipality may not be reduced below the amount necessary to pay principal and interest and reserves for principal and interest as required under the covenants of any bond resolution outstanding on the date of incorporation of a new municipality.

Continuing Disclosure

Lee County, Florida
Number of Gallons Sold [1]

State Fiscal Year Ended June 30,	Motor Fuel	Diesel Fuel	Total Taxable Gallons	Percentage Increase/(Decrease)
2004	264,515,852	34,435,223	298,951,075	7.04
2005	288,353,645	40,208,692	328,562,337	9.91
2006	299,544,192	46,160,096	345,704,288	5.22
2007	303,698,719	44,871,752	348,570,471	0.83
2008	283,149,975	42,495,823	325,645,798	(6.58)
2009	272,857,247	37,721,362	310,578,609	(4.63)
2010	269,538,511	34,787,410	304,325,921	(2.01)
2011	264,466,600	34,780,661	299,247,261	(1.67)

Source: Florida Department of Revenue

(1) The number of gallons shown represents fuel from which components of the Gas Tax Revenues are derived.

Distribution percentage of the Six Cents Local Gas Tax:

Recipient	Share of Proceeds of Six Cents Local Gas Tax
Lee County	49.46%
City of Cape Coral	25.52
City of Fort Myers	14.00
City of Sanibel	5.00
City of Bonita Springs	4.75
City of Fort Myers Beach	1.27
Total	100.00%

Distribution percentage of the Five Cents Local Gas Tax:

Recipient	Share of Proceeds of Five Cents Local Gas Tax
Lee County	49.46%
City of Cape Coral	25.52
City of Fort Myers	14.00
City of Sanibel	5.00
City of Bonita Springs	4.75
City of Fort Myers Beach	1.27
Total	100.00%

CITY OF FORT MYERS, FLORIDA
GAS TAX REVENUES

City Fiscal Year Ended Sept. 30,	Six Cents Local Option Gas Tax Revenues Received	Five Cents Local Option Gas Tax Revenues Received	Total Gas Tax Revenues Received	Percentage Increase/(Decrease)
2002	$ 2,100,779	$ 1,550,410	$ 3,651,189	7.72
2003	2,191,587	1,619,028	3,810,615	4.37
2004	2,396,346	1,769,871	4,166,217	9.34
2005	2,563,590	1,858,335	4,421,925	6.14
2006	2,678,304	1,928,259	4,606,563	4.18
2007	2,613,104	1,939,470	4,552,574	(1.17)
2008	2,444,886	1,786,930	4,231,816	(7.05)
2009	2,370,437	1,765,739	4,136,176	(2.26)
2010	2,318,845	1,705,071	4,023,916	(2.71)
2011	2,258,942	1,670,561	3,929,503	(2.35)

Source: City of Fort Myers Comprehensive Annual Financial Report

$18,335,000
CITY OF FORT MYERS, FLORIDA
GAS TAX REVENUE BONDS, SERIES 2004A

Dated June 10, 2004

PURPOSE:
The Series 2004A Bonds, were issued for the purpose of providing funds to (i) finance the costs of acquisition, construction, and reconstruction of various roads and other transportation improvements within the City, (ii) refund certain outstanding indebtedness of the City, (iii) fully fund the Reserve Account with a municipal bond debt service reserve insurance policy and (iv) pay certain costs of issuance of the Series 2004A Bonds, including the municipal bond insurance premium.

In order to finance a portion of the 2004A projects, the City previously borrowed moneys from the Florida Local Government Finance Commission (the "Finance Commission") under the Finance Commission's Pooled Commercial Paper Loan Program. To evidence such borrowings, the City issued its City of Fort Myers, Florida Revenue Note, Draw No. A-1-1, City of Fort Myers, Florida Revenue Note, Draw A-1-2, City of Fort Myers, Florida Revenue Note, Draw A-1-3 and the City of Fort Myers Revenue Note, Draw A-1-4 (collectively, the "Prior Notes"). The Prior Notes aggregate principal amount outstanding was $14,700,000.

SECURITY:
The payment of principal, interest and premium, is secured by the Pledged Funds.

Pledged Funds means (1) the Gas Tax Revenues and (2) all moneys, including investments thereof, in the funds and accounts established under the Resolution, except (a) as for the Unrestricted Revenue Account and the Rebate Fund, and (b) to the extent moneys on deposit in a subaccount of the Reserve Account.

Gas Tax Revenues include the Five Cents Local Option Gas Tax and the Six Cents Local Option Gas Tax, and any other gas tax imposed and/or received by the City which is specifically pledged under the Resolution by the City pursuant to Supplemental Resolution.

For a more detailed discussion of the Gas Tax Revenues, please see the Official Statement of the Series 2004A Bonds.

Financial Assurance, Inc has issued a municipal bond insurance policy on the Bonds. Under the terms of the policy, Financial Assurance, Inc. guarantees the scheduled payment of principal of and interest on the Series 2004A Bonds when due as set forth in the form of the municipal bond insurance policy.

The Series 2004A Bonds shall not be or constitute general obligations or indebtedness of the City as bonds within the meaning of any constitutional or statutory provision, but shall be special obligations of the City, payable solely from and secured by a lien upon and pledge of the Pledged Revenue Funds in accordance with the terms of the Resolution. No Holder of any Series 2004A Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Series 2004A Bond, or be entitled to payment of such Series 2004A Bond from any moneys of the City except from the Pledged Funds in the manner provided in the Resolution.

AGENTS AND OTHER INFORMATION:
Registrar – The Bank of New York Mellon, Jacksonville, Florida (merged with J.P. Morgan Chase)

Pay Agent – The Bank of New York Mellon, Jacksonville, Florida (merged with J.P. Morgan Chase)

Legal Opinion – Bryant Miller and Olive, P.A., Tallahassee, Florida

Insurance – Financial Assurance, Inc., New York, New York

Arbitrage Rate – 4.3612606%

Cusip Number – 348091A

ISSUED AS:
$18,335,000 Serial Bonds

ORIGINAL INSURED RATINGS*:

Moody's	Aaa
Standard & Poor's	AAA
Fitch	AAA

* See the City's "underlying ratings" on page 4.

$18,335,000
CITY OF FORT MYERS, FLORIDA
GAS TAX REVENUE BONDS, SERIES 2004A
Dated June 10, 2004
Continued

CALL PROVISIONS:
The 2004A Bonds maturing on or before February 1, 2014 are not subject to optional redemption prior to maturity. The Series 2004A Bonds maturing on and after February 1, 2015 are subject to redemption at the option of the City in whole or in part, at any time, on or after February 1, 2014 in such order of maturities as may be determined by the City (less than all of a single maturity to be selected by lot) at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date set for redemption.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	4.000%	$ 1,686,264	$ 1,210,000	$ 476,264
2013	4.000%	1,681,963	1,255,000	426,963
2014	5.000%	1,674,239	1,305,000	369,239
2015	4.500%	1,675,789	1,370,000	305,789
2016	4.400%	1,678,394	1,435,000	243,394
2017	4.400%	1,673,934	1,495,000	178,934
2018	4.500%	1,675,831	1,565,000	110,831
2019	4.625%	1,672,809	1,635,000	37,809
Totals		$ 13,419,223	$ 11,270,000	$ 2,149,223

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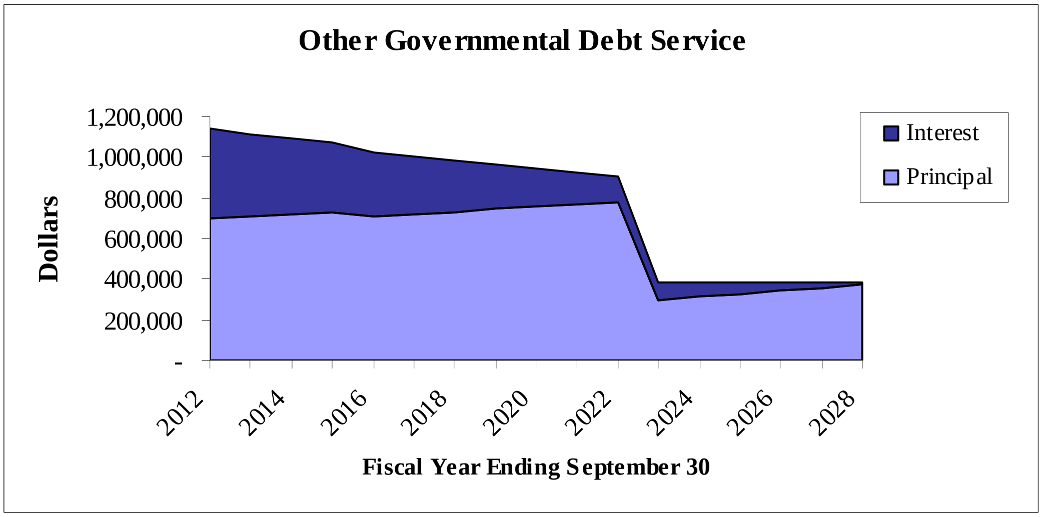
OTHER GENERAL GOVERNMENTAL DEBT OVERVIEW

Other general debt not associated with the Utility System consists of several notes. These notes include:

- Section 108 Notes
- Revenue Improvement Note, Series 2005 DRA
- Note for the City of Fort Myers Yacht Basin

Outstanding debt, including interest and principal on these obligations, totals $13,482,976 and consists of $10,070,460 of principal and $3,412,516 of interest. The following chart provides a graphic presentation of debt service by fiscal year.



The following pages provide details of each of the obligations.

$300,000
CITY OF FORT MYERS, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 1996

Dated July 12, 1996

PURPOSE:
This revenue note was issued to provide funds for the redevelopment of a shopping center in the City. This note matures August 1, 2015.

SECURITY:
The Note is secured by the Community Development Block Grant revenues and program income. The note carries a variable interest rate and is calculated on the three month London Interbank Interest Rates plus 20 basis points. As of September 30, 2011, the LIBOR three month rate was 0.37200%.

ISSUED AS:
$300,000 Serial Note in annual increments of $25,000 each.

CALL PROVISIONS:
The note may be prepaid at any time.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	Variable	$ 31,373	$ 25,000	$ 6,373
2013	4.000%	29,808	25,000	4,808
2014	4.000%	28,225	25,000	3,225
2015	4.000%	26,621	25,000	1,621
Totals		$ 116,027	$ 100,000	$ 16,027

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$7,450,000
CITY OF FORT MYERS, FLORIDA
COMMUNITY REDEVELOPMENT REVENUE NOTE, SERIES 2005

Dated January 6, 2005

PURPOSE:
This revenue note was originally issued for $7,450,000 to finance the cost of community redevelopment projects and to refund outstanding obligations of the City of Fort Myers, Florida. It carried an interest rate of 4.65%, was paid quarterly and had a maturity date of January 1, 2012.

On December 9, 2009, the note was amended in accordance with Resolution No. CRA 2009-02. The amendment modified the interest rate to 4.01% (subject to adjustment as provided in the Series 2005 Note), established a reserve requirement and extended the maturity date to January 1, 2022. Thirteen annual principal payments of $496,154 plus interest began on January 1, 2010.

SECURITY:
The Note is secured by the revenues of the Redevelopment Trust Fund (Community Redevelopment Agency) of the City of Fort Myers.

AMENDED AS:
$7,450,000 note with debt service payable annually.

CALL PROVISIONS:
This note may be prepaid at the option of the issuer.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	4.010%	$ 718,047	$ 496,154	$ 221,893
2013	4.010%	698,428	496,154	202,274
2014	4.010%	677,703	496,154	181,549
2015	4.010%	657,531	496,154	161,377
2016	4.010%	637,359	496,154	141,205
2017	4.010%	617,518	496,154	121,364
2018	4.010%	597,015	496,154	100,861
2019	4.010%	576,842	496,154	80,688
2020	4.010%	556,670	496,154	60,516
2021	4.010%	536,609	496,154	40,455
2022	4.010%	516,324	496,152	20,172
Totals		$ 6,790,046	$ 5,457,692	$ 1,332,354

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$5,000,000
CITY OF FORT MYERS, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2005

Dated October 4, 2005

PURPOSE:
This revenue note was issued to provide interim financing for major renovations and repairs at the City of Fort Myers Yacht Basin. Projects include updating utilities, replacing docks and adding docks. The note carries an interest rate of 4.63%, is paid quarterly and has a maturity date of September 1, 2028.

SECURITY:
The Note is secured by Net Revenues of the Yacht Basin. Net Revenues are defined as the Gross Revenues after deduction of the Cost of Operation and Maintenance.

ISSUED AS:
$5,000,000 note with debt service payable quarterly.

CALL PROVISIONS:
The note may be prepaid at any time.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	4.630%	$ 386,877	$ 177,582	$ 209,295
2013	4.630%	386,877	186,655	200,222
2014	4.630%	386,878	195,573	191,305
2015	4.630%	386,877	204,916	181,961
2016	4.630%	386,876	214,219	172,657
2017	4.630%	386,876	224,940	161,936
2018	4.630%	386,877	235,687	151,190
2019	4.630%	386,876	246,947	139,929
2020	4.630%	386,877	258,382	128,495
2021	4.630%	386,877	271,090	115,787
2022	4.630%	386,876	284,041	102,835
2023	4.630%	386,877	297,612	89,265
2024	4.630%	386,877	311,615	75,262
2025	4.630%	386,877	326,718	60,159
2026	4.630%	386,876	342,327	44,549
2027	4.630%	386,876	358,682	28,194
2028	4.630%	386,877	375,782	11,095
Totals		$ 6,576,904	$ 4,512,768	$ 2,064,136

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UTILITY SYSTEM OVERVIEW

Background

The City's Utility System's first pipes were installed in 1910 and the City's first wastewater treatment plant was placed in operation in 1926. A second plant was added in 1970, and during this era, many of the pump stations and force mains were installed. The two original plants treated wastewater to secondary standards, which did not comply with the Clean Water Act standards for discharge to the Caloosahatchee River. In 1982, a federal grant was made available for the construction of two advanced wastewater treatment plants, which went into operation in 1985. A 1973 interlocal agreement with Lee County, Florida, providing that the County's sewage be processed by the City, was amended in 1983 to include processing County sewage at the two new advanced wastewater treatment plants.

The City's first water treatment plant was constructed in 1936. The early distribution system consisted of small diameter pipes and lines serving the City's downtown area and a portion of what is now historic Fort Myers along McGregor Boulevard. The City's existing water treatment plant was completed in 1992.

The City's existing reclaimed water system was placed into service in 1994. The Central Plant processes the reclaimed water, which is stored in two storage tanks with a total capacity of 6.0 MG at the Central Plant and then dispersed into the distribution system via high service pumps. The existing distribution system currently serves a limited amount of customers, however, it has a large growth potential for future expansion.

The City's water, wastewater and reclaimed water utility systems are collectively referred to herein as the "Utility System."

Administration

The ultimate authority for the Utility System rests with the City Council. The City Manager is the Chief Administrator of the Utility System. The day-to-day administration of the Utility System is under the direction of the Public Works Director. The Public Works Department has four professional engineers on staff. Utility billing and collection is a function under the Public Works Department.

Facilities – Water

Supply. Seventeen (sixteen of which are active) newer raw water supply wells have been established in the Floridan Aquifer and currently constitute the entire raw water supply source for the water system. Each of these wells has an average production capacity of approximately one million gallons per day (MGD). The wells are located on the western boundary of the City's former wellfield. A new raw water pipeline to collect the water was installed as part of the change in water supply, connecting each of the wells to the existing water treatment facilities. Each well is equipped with a 100 HP submersible pump and motor and is capable of being operated and controlled from the water treatment facilities' control center. The quality of this raw water supply required the City to make certain modifications to its water treatment process, as well as many of the components within the water treatment facilities. These modifications were completed in 2002.

Because the Floridan Aquifer yields brackish water, the treatment facilities operate under a reverse osmosis process. Approximately 23% of the water processed through the facilities is rejected due to the high concentrations of chlorides. Disposal of the rejected water is accomplished through a deep injection well approximately 3,000 feet in depth. Other plant modifications that were required with the change in water supply included retrofitting the feed pumps for them to accept the brackish water and relocation of the degasifier to improve the removal of hydrogen sulfide, allowing the plant to continue operating at the same feed pressure. The former plant process was based on a three-stage configuration, and the plant now operates on a two-stage process.

The City's water supply system operates under a current 20-year permit from the South Florida Water Management District ("SFWMD") that is the responsible regulatory agency for water withdrawal facilities in south Florida. The permit expires in March 2020 and allows withdrawal of up to 16.14 MGD.

Treatment. Beginning in December 1992, the City placed a new membrane softening water treatment plant on-line. The capacity of this plant was expanded from 12 MGD to 16 MGD in 2004 and is expandable to 20 MGD as growth and demands justify. The process utilizes low pressure membranes for softening with hypochlorite added for disinfection. This change in chemical provides the same level of disinfection but is much safer for the employees and surrounding neighbors in the event of a leak. A second diesel generator was installed to provide an additional level of redundancy if the plant should experience a power failure. The treatment plant processing change from membrane softening to reverse osmosis required a change in the type of membrane used as well as moving from a three-stage process to a two-stage process. In addition, certain plant piping was modified to accomplish the changeover. Water produced by the treatment plant exceeds all current quality standards.

Storage. At the City's water treatment plant, there are approximately 15,000,000 gallons of ground storage. High service pumps withdraw water from the three storage tanks to pump water to the customers. There is another 250,000 gallons of elevated storage in the distribution system. Water from a 2,500,000 gallon ground storage tank located at Winkler Avenue can be pumped into the Utility System by two high service pumps to supplement the supply from the water treatment plant. An aquifer storage and recovery (ASR) well was installed in 2002 at the Winkler Pump Station. It has a capacity of 1,000,000 gallons. The well has been permitted and constructed but is currently not operational due to a change in regulatory rules. Once the processed water is pumped into the well for storage, arsenic levels rise and are above the City's maximum contaminate level making the water unuseable.

Transmission and Distribution. The water distribution system consists of approximately 441 miles of pipeline. Approximately 230,000 linear feet of transmission piping ranging in size from 1- to 42 - inch diameters have been installed since 1985 to meet the growing demands of the water distribution system.

The water distribution system includes piping that dates back to the early 1900s. Most of the older piping is either lined or unlined cast iron, asbestos cement or galvanized steel pipe. The new pipe is poly-lined ductile iron and polyvinyl chloride (PVC) pipe. Deficiencies also exist in the smaller distribution pipes that serve local areas. The City has completed approximately 40% of a phased piping replacement program in areas that have problems. All replacements, rehabilitations and improvements should be completed by 2021.

For fiscal year 2011, the City produced and supplied a average of 6.020 MGD of potable water to its customers.

<u>Facilities – Wastewater</u>

Treatment. The City owns and operates two existing advanced wastewater treatment plants, which receive and treat the wastewater generated by the City and certain adjacent Lee County Areas. These are the Central Advanced Wastewater Treatment Plant (the "Central Plant") and the South Advanced Wastewater Treatment Plant (the "South Plant"). Both of these facilities were placed in operation in 1985. The City's current capital improvement program (CIP) includes costs related to the acquisition and construction of a new wastewater treatment plant (East Plant) that is expected to be completed in 2021 and is anticipated to have a design capacity of 8.0 MGD.

The Central Plant and the South Plant are essentially alike in configuration and degree of treatment provided. Each treatment plant has similar equipment. Treatment is achieved by the following unit processes: influent pump station; screening and grit removal facilities; 5-zone biological advanced wastewater treatment (AWT) process; secondary clarifiers; alum feed and chemical handling facilities; chlorination facilities; sludge holding units; belt filter presses and sludge loading facility; and standby power equipment.

An existing interlocal agreement allocates capacity at both the South Plant and the Central Plant to Lee County for the County's South Fort Myers and East Lee County Sewer districts. The South Plant has an annual average design capacity of 12 MGD. Of this capacity, Lee County has an allocation of 6.96 MGD (58%) for the treatment of wastewater from its South Fort Myers Sewer District.

This disinfected effluent from the South Plant is discharged to the Caloosahatchee River through a 42-inch outfall line. The Central Plant has an annual average design capacity of 11 MGD, of which 4.51 MGD (41%) is committed to Lee County for the East Lee County Sewer District. The Plant has a 36-inch effluent outfall line to the Caloosahatchee River. The peak design flow rates are 27.5 MGD for the Central Plant and 30 MGD for the

South Plant. For fiscal year 2011, the South Plant and the Central Plant treated an average of 8.11 and 5.60 MGD, respectively, and served a total of 44,046 City and Lee County connections. The Utility System additionally has outstanding commitments for almost 10,500 new equivalent residential connections primarily as a result of three proposed residential developments within the City. The treatment facilities have sufficient capacity to service these additional connections.

Presently, biosolids from the Central Plant and the South Plant are disposed of per an interlocal agreement with Lee County. Under this agreement, Lee County hauls and disposes of the dewatered biosolids from both plants by either composting or landfilling. Land spreading sites are permitted to the hauler by the Department of Environmental Protection.

Collection. The City's force main and gravity sewer collection system is constructed of approximately 400 miles of pipe ranging in size from 1 inches through 42 inches and includes 179 lift stations. The system also includes over 6,500 manholes and all associated service connections. The City's wastewater collection system serves a total area of 39.82 square miles. The East Lee County Sewer District and South Fort Myers Sewer District comprise approximately 50% of that area. The Central Plant serves the City's Central Service Area and the East Lee County Sewer District, while the South Plant serves the City's South Service Area and the South Fort Myers Sewer District.

The City has changed the lift station monitoring system from the hard-wired SCADA system to a cellular internet system. The lift stations are linked by cellular technology to an internet site. Information from all connected stations is sent through the internet site. The City staff monitors the stations' performance via a website. In the event of lift station problems or failure, the website uses predetermined settings to notify personnel via telephone message and electronic mail.

The wastewater collection system includes piping that dates back to the early 1900s. A majority of the existing gravity sewer mains are constructed of vitrified clay pipe and many of the manholes are brick lined. Other construction materials present include cast iron pipe, ductile iron pipe and concrete pipe. Construction of gravity sewer mains and line completed in recent years has almost exclusively utilized polyvinyl chloride (PVC) pipe or poly-lined ductile iron pipe. The City is currently completing a phased sewer main rehabilitation and replacement program addressing aging wastewater system components. All work should be completed by the end of 2021. The City estimates that approximately 40% of the lift stations have also been rehabilitated to date.

In the City's Central Service Area, pumping stations are generally utilized to pump from one service area into the gravity system of an adjacent service area. In the City's South Service Area, most pumping stations are manifolded into a large common force main which ultimately discharges in the South Plant.

<u>Facilities – Reclaimed Water</u>

Introduction. The City's reclaimed water system is a relatively new system. The initial components were placed into service in 1994. The Central Plant processes and stores the reclaimed water, and then disperses it into the distribution system via high service pumps. The South Plant does not have the capability to produce reclaimed water at the present time; however, plans include improvements to the South Plant to allow for reclaimed water production in the future. In addition, the proposed East Plant is expected to produce reclaimed water when it is completed in 2021.

Treatment. The Central Plant is the current reclaimed water production facility for the City. The Central Plant has a production capacity of 6.0 MGD. For the year ended September 30, 2011, reclaimed water distribution was 2.98 MGD.

The reclaimed water facility takes effluent from the existing clarifier discharge stream and diverts the stream to the reclaimed water disc filters. These filters are designed to remove additional levels of suspended solids and other pollutants.

Following the filtration, the reclaimed water is subjected to high levels of disinfection utilizing sodium hypochlorite in the chlorine contact chambers as required by state regulations. After being subjected to the required chlorine contact times, the reclaimed water is then routed to the transfer pumping station, which transfers the reclaimed water to the ground storage tank. Any rejected reclaimed water is sent back to the filter feed pump station for retreatment. Extensive monitoring of flow, pressure, pH, total suspended solids, biochemical oxygen demand, and fecal coliform ensures compliance with regulatory requirements. This ensures that all treatment criteria are met before the final reclaimed water product is placed in the storage tanks and released into the transmission system.

Storage. The reclaimed water produced at the Central Plant is stored in a covered ground storage reservoir for use as demand requires. The capacity of the ground storage reservoir is 6,000,000 gallons. The system operates with four high service pumps to pump reclaimed water through the transmission system after it is withdrawn from the storage tank. The pumps have a total capacity of 13.0 MGD. As the demand subsides, the tank is then refilled as needed. The storage tank provides an operating buffer for the reclaimed water production facilities.

Transmission and Distribution. The transmission and distribution system currently in service includes polyvinyl chloride (PVC) and poly-lined ductile iron pipe mains ranging in diameter from 4 inches to 24 inches. In 1994, the initial improvements made to the transmission system included approximately 5 miles of pipeline from the Central Plant east to the Lee County Resource Recovery Facility under an interlocal agreement with Lee County. Since 1994, isolated lines throughout the City have been installed that will provide additional distribution when transmission lines become available. It is estimated that there are approximately 32 miles of reclaimed transmission lines installed throughout the City with approximately 8 miles currently in use.

Sewage Treatment Contract

The City and Lee County entered into an interlocal agreement on November 16, 1983 whereby the City agreed to treat and dispose of wastewater produced in certain portions of Lee County in return for payments by Lee County determined to be the City's cost of treating and disposing of the wastewater received from Lee County, without profit or loss. Under the current provisions of the interlocal agreement, Lee County is entitled to allocations of 58% and 41% of the treatment capacities the South Plant and Central Plant, respectively. In the fiscal year ended September 30, 2011, payments by Lee County pursuant to the interlocal agreement represented approximately 25.7% of the gross revenues of the Wastewater System. The interlocal agreement is intended to be a permanent and perpetual agreement, terminable only by mutual agreement. It is currently being revised to better define service area boundaries.

Regulation

The United States Environmental Protection Agency ("EPA") and the Florida Department of Environmental Protection ("FDEP") promulgate various regulations governing operation of the Utility System. The regulations deal primarily with the quality of effluent discharged from wastewater treatment facilities, the disposal of biosolids generated by the wastewater treatment plants, the discharge of pollutants into the groundwater and the nature of waste material discharged into the collection facilities. Various monitoring and reporting requirements are associated with the regulations.

The City currently operates the Central Plant and South Plant pursuant to permits issued by FDEP, both of which have been renewed through 2016.

In addition to regulation of the wastewater treatment facilities, EPA and FDEP regulate the quality of the Utility System's water. The City presently is in compliance with all applicable regulations relating to water quality.

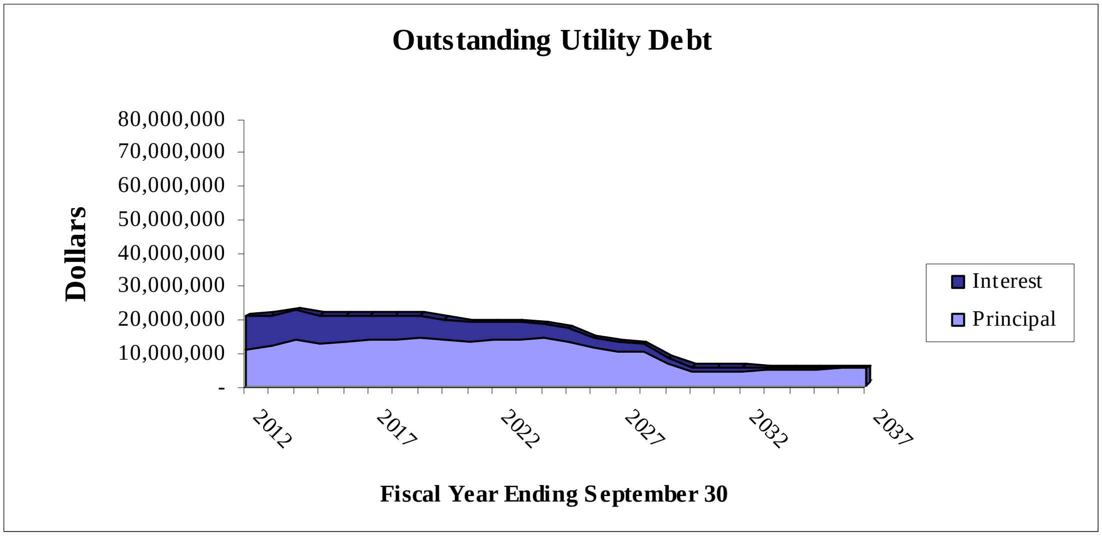
The consumptive use of water is administered by SFWMD through a permitting system, pursuant to which water resources are divided among the permitted consumers. The City's consumptive use permit for the water drawn by its wells allows the City to draw up to 16.14 MGD and expires in March 2020.

Outstanding Debt

The Utility System's outstanding debt consists of four bond issues, eight State of Florida Revolving Fund Loan Program ("SRF") notes, and a Utility System revenue note. The bond issues are the (1) City of Fort Myers, Florida Utility System Refunding Revenue Bonds, Series 1993A, (2) City of Fort Myers, Florida Utility System Refunding Revenue Bonds, Series 2003A, (3) City of Fort Myers, Florida Utility System Revenue Bonds, Series 2006 and (4) City of Fort Myers, Florida Variable Rate Utility System Refunding Revenue Bonds, Series 2009.

Total outstanding debt, including interest, is $367,826,700. Of this total amount, $253,544,595 is principal and $114,282,105 is interest on the borrowings.

The following depicts the total debt service payments due on the Utility Debt by fiscal year.



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The following table shows the debt service by principal and interest for each year the debt is outstanding.

Summary of Outstanding Debt Service Requirements
Utility System Debt

FISCAL YEAR ENDING SEPT. 30,	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	$ 20,380,627	$ 10,766,630	$ 9,613,997
2013	20,888,410	11,546,460	9,341,950
2014	22,169,335	13,285,515	8,883,820
2015	20,896,320	12,497,261	8,399,059
2016	20,888,705	12,849,199	8,039,506
2017	20,899,959	13,234,152	7,665,807
2018	20,901,517	13,630,075	7,271,442
2019	20,912,150	14,048,911	6,863,239
2020	19,621,832	13,187,401	6,434,431
2021	18,841,328	12,910,829	5,930,499
2022	18,645,977	13,225,598	5,420,379
2023	18,641,765	13,741,772	4,899,993
2024	18,293,346	13,936,450	4,356,896
2025	16,851,568	13,050,896	3,800,672
2026	14,180,956	10,905,690	3,275,266
2027	12,903,368	10,119,019	2,784,349
2028	11,990,861	9,693,108	2,297,753
2029	8,023,113	6,120,629	1,902,484
2030	5,292,551	3,635,000	1,657,551
2031	5,238,088	3,830,000	1,408,088
2032	5,237,837	4,025,000	1,212,837
2033	5,227,887	4,220,000	1,007,887
2034	5,222,873	4,430,000	792,873
2035	5,221,375	4,655,000	566,375
2036	5,229,975	4,890,000	339,975
2037	5,224,977	5,110,000	114,977
Totals	$ 367,826,700	$ 253,544,595	$ 114,282,105

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Continuing Disclosure

With the issuance of the Series 2006 Bonds, the City covenanted to provide certain financial and operating data relating to the Series 2006 Bonds and all bonds on parity with the Series 2006 Bonds each year. This continuing disclosure is made to meet the continuing disclosure requirements of the Securities and Exchange Commission Rule 15c2-12(b)(5).

This report is intended to provide the necessary information enabling the City of Fort Myers to be in compliance with the continuing disclosure as covenanted in the 2006 Series Bonds.

HISTORIC REVENUES AND EXPENSES AND DEBT SERVICE COVERAGE

	Fiscal Year Ending September 30,				
Revenues	2007	2008	2009	2010	2011
Water Service Rate Revenue	$ 14,539,032	$ 13,934,439	$ 14,544,858	$ 15,856,306	$ 16,726,853
Wastewater Service Rate Revenue	19,252,539	19,981,369	21,501,446	23,709,923	24,986,550
Reclaimed Water Service	193,298	326,297	617,612	599,618	659,664
Lee County Wastewater Revenue	6,015,171	6,684,113	6,723,321	5,831,681	6,757,895
Investment Income	312,556	83,224	581,644	687,925	405,106
Miscellaneous	1,275,569	2,538,721	2,100,020	2,066,873	1,896,912
Total Operating Revenues	41,588,165	43,548,163	46,068,901	48,752,326	51,432,980
Operating Expenses					
Water Operations	6,276,093	6,609,326	5,645,443	4,603,453	4,284,300
Wastewater Operations	9,648,438	11,792,038	11,231,151	9,505,459	9,268,422
Administration	7,834,282	8,957,617	10,105,391	8,835,386	9,479,641
Customer Service and Accounting	2,777,700	3,012,302	3,362,882	3,279,727	2,829,694
Total Operating Expenses	26,536,513	30,371,283	30,344,867	26,224,025	25,862,057
Net Operating Revenues (NOR)	15,051,652	13,176,880	15,724,034	22,528,301	25,570,923
Add Back: Charges Subordinated to Debt Service (1)	7,048,400	7,961,000	9,452,730	8,647,027	9,380,056
NOR Available for Debt Service	22,100,052	21,137,880	25,176,764	31,175,328	34,950,979
Water and Wastewater Impact Fees Available for Debt Service (2)	1,764,969	1,030,295	53,522	-	113,044
Total Revenues Available for Debt Service	$ 23,865,021	$ 22,168,175	$ 25,230,286	$ 31,175,328	$ 35,064,023
Debt Service Requirements, All Parity Bonds	$ 11,171,745	$ 11,171,745	$ 11,110,183	$ 14,166,186	$ 14,166,187
Debt Service Coverage					
Coverage by NOR Available for Debt Service	1.98	1.89	2.27	2.20	2.47
Coverage by Total Revenues Available for Debt Service	2.14	1.98	2.27	2.20	2.48

In addition to the former requirements, which relate to the Utility Revenue Bonds, there is also a requirement for coverage of the SRF loans. Information relating to the actual coverage is shown below:

	2007	2008	2009	2010	2011
Total Revenues Available for Debt Service	$ 23,865,021	$ 22,168,175	$ 25,230,286	$ 31,175,328	$ 35,064,023
Senior Obligations	(11,171,745)	(11,171,745)	(11,110,183)	(14,166,186)	(14,166,187)
Net Available for SRF Loans	$ 12,693,276	$ 10,996,430	$ 14,120,103	$ 17,009,142	$ 20,897,836
SRF Debt Service Requirements	$ 5,078,247	$ 5,631,396	$ 5,694,596	$ 7,003,850	$ 6,814,670
Coverage (Net Available for SRF Loans / SRF Debt Service Requirements Indebtedness [3]	2.50	1.95	2.48	2.43	3.07

[1] Consists of transfers to the General Fund, administrative charges from other funds for services provided to the utility enterprise fund and general retirement contributions / pension:

Charges Subordinated to Debt Service:					
Operating Transfer to General Fund	$ 3,847,000	$ 4,347,000	$ 5,367,030	$ 4,347,000	$ 4,758,900
Additional Transfer to General Fund	919,100	894,500	939,200	871,000	871,000
Administrative Charges from Other Funds for Services	714,700	898,400	1,110,500	1,276,827	1,208,156
General Retirement Contribution / Pension	1,567,600	1,821,100	2,036,000	2,152,200	2,542,000
Total Charges Subordinated to Debt Service	$ 7,048,400	$ 7,961,000	$ 9,452,730	$ 8,647,027	$ 9,380,056

[2] Impact fees available for debt service are calculated in accordance with bond covenants and reflect the minimum of fees received during each year or the amount of debt service in that year attributable to bond-funded projects resulting in the expansion of system capacity to serve new customers.

[3] Calculated in accordance with definitions in the applicable bond covenants. Bond covenants require that this calculation be based on an October 1st "bond year", whereas the comparable calculation in the City's Comprehensive Annual Financial Report is based on a September 30th fiscal year.

Reclaimed Water Rates

The City enacted Ordinance No. 3335 on July 16, 2006, which imposed reclaimed rates for bulk sales of reclaimed water only to existing and/or new industrial or agricultural users. The rate was established at $.73 per 1,000 gallons and has not been amended since adoption. Currently, the two largest users of the reclaimed water are Heritage Palms Golf & Country Club and Lee County. For the fiscal year ended September 30, 2011, the City received $354,616 from Heritage Palms and $228,134 from Lee County for the provision of reclaimed water.

Fees

Water Fees. The water fees established by the Growth Management Ordinance consist of four components: an inspection and installation fee, a meter resetting fee, a Water Impact Fee and a fire line inspection fee. Upon the issuance of each water connection permit, the City charges an inspection and installation fee, which includes meter and service installation not in excess of 50 feet in length (amounts in excess of 50 feet are billed at actual cost), calculated in accordance with the following table.

Meter Size	Inspection and Installation Fee
5/8” x ¾”	$ 150.00
1”	225.00
1 ½”	375.00
2”	475.00
3”	950.00
4”	1,575.00
6”	2,600.00
Over 6”	Actual Cost, Plus Overhead

A flat fee of $75.00 is charged to reset a water meter with service line and meter box left in place, and a flat fee of $50.00 is charged to inspect a fire line tap. In addition to such fees, a Water Impact Fee, which represents the capital cost of the system capacity utilized by a new connection, shall be charged, plus an administrative fee equal to 2 3/10 percent of the water impact fee. No impact fee credit can be applied toward the payment of the administrative fee. The capital cost of the water system's capacity is calculated per equivalent residential connection (ERC) which is defined as maximum demand of 300 gallons per day (GPD).

The Water Impact Fees for a new connection are computed as follows:

Residential Class

	ERC Equivalent	x	Treatment Capital Cost/ERC	+	Transmission Capital Cost/ERC	=	Water Impact Fee Per Unit
Single-Family Dwelling [1]	1.000	x	($1,400	+	$623)	=	$2,023
Duplex, Triplex, Townhouse, Apartments [1]	.857	x	(1,400	+	623)	=	1,734
Mobile Home	.714	x	(1,400	+	623)	=	1,444
Adult Congregate Living Facility -							
Nursing Units	.440	x	(1,400	+	623)	=	890
Non-Nursing Units	.486	x	(1,400	+	623)	=	983

[1] Water Impact Fees are only imposed outside City limits.

The Water Impact Fees by meter size are as follows:

Commercial/Industrial Class

Meter Size (Inches)	Install-ation Fee	Meter Capacity In GPM	(C) Ratio to 5/8"x3/4" Meter	x	(A) Treatment Capital Cost/ERC	+	(B) Trans-mission Capital Cost/ERC	=	Total Water Impact Fee	Total Connect Fee
5/8x3/4	$ 150	15	1.00	x	($1,400	+	$623)	=	$ 2,023	$ 2,173
1	225	40	2.67	x	(1,400	+	623)	=	5,401	5,626
1-1/2	375	80	5.33	x	(1,400	+	623)	=	10,783	11,158
2	475	120	8.00	x	(1,400	+	623)	=	16,184	16,659
3	950	250	16.67	x	(1,400	+	623)	=	33,723	34,673
4	1,575	350	23.33	x	(1,400	+	623)	=	47,197	48,772
6	2,600	700	46.67	x	(1,400	+	623)	=	94,413	97,013
8	Actual	1,200	80.00	x	(1,400	+	623)	=	161,840	*

* Total impact fee plus actual installation fee.

Sewer Fees. The Growth Management Ordinance provides that the City shall install and extend lateral sewer line connections from available sewer mains in adjacent streets or easements to private property lines not to exceed fifty (50) feet in length only upon payment in advance of a Wastewater Impact Fee. This Wastewater Impact Fee represents the estimated capital cost of the Utility System's sewer facilities capacity utilized by a new connection and service installation. The capital cost of the Utility System's sewer facilities capacity is calculated per ERC, which is defined as an average flow of 250 GPD. The property owner is billed for the actual cost of labor and materials for any additional lateral sewer line.

The Wastewater Impact Fees for a sewer connection are computed as follows:

Residential Class

	ERC Equivalent	x	Treatment Capital Cost/ERC	+	Transmission Capital Cost/ERC	=	Wastewater Impact Fee Per Unit
Single-Family Dwelling [1]	1.000	x	($1,221	+	$745)	=	$1,966
Duplex, Triplex, Townhouse, Apartments	.857	x	(1,221	+	745)	=	1,685
Mobile Home	.714	x	(1,221	+	745)	=	1,404
Adult Congregate Living Facility							
Nursing Units	.440	x	(1,221	+	745)	=	865
Non-Nursing Units	.486	x	(1,221	+	745)	=	955

[1] Wastewater Impact Fees are only imposed outside City limits.

The Wastewater Impact Fees by meter size are as follows:

Commercial/Industrial Class

Meter Size (Inches)	Meter Capacity In GPM	(C) Ratio to 5/8"x3/4" Meter	x	(A) Treatment Capital Cost/ERC	+	(B) Trans-mission Capital Cost/ERC	=	Total Water Impact Fees
5/8x3/4	15	1.00	x	($1,221	+	$ 745)	=	$ 1,966
1	40	2.67	x	(1,221	+	745)	=	5,249
1-1/2	80	5.33	x	(1,221	+	745)	=	10,479
2	120	8.00	x	(1,221	+	745)	=	15,728
3	250	16.67	x	(1,221	+	745)	=	32,773
4	350	23.33	x	(1,221	+	745)	=	45,867
6	700	46.67	x	(1,221	+	745)	=	91,753
8	1,200	80.00	x	(1,221	+	745)	=	157,280

The property owner is additionally billed for the actual cost of labor and materials for all service connections longer than 50 feet, which must be paid by the owner to the City before City sewer service is supplied.

UTILITY SYSTEM CUSTOMER BASE

Number of Active Utility System Customers

As of:	Water Meters	Wastewater Customers
Sept. 30, 2006	17,708	15,755
Sept. 30, 2007	18,355	16,466
Sept. 30, 2008	18,049	16,324
Sept. 30, 2009	17,988	16,224
Sept. 30, 2010	18,301	16,481
Sept. 30, 2011	18,864	16,859

Historic Water Consumption Flows

As of:	Average Daily Flow (MGD)	Peak Day Flow (MGD)
Sept. 30, 2006	7.70	15.90
Sept. 30, 2007	7.59	9.44
Sept. 30, 2008	6.23	13.34
Sept. 30, 2009	6.10	12.22
Sept. 30, 2010	6.06	8.75
Sept. 30, 2011	6.09	8.80

Historic Wastewater Treatment Plant Flows

Fiscal Year	Average Daily Flow (MGD)
2006	16.69
2007	14.49
2008	15.44
2009	13.97
2010	14.54
2011	13.71

Historic Reclaimed Water Flows

Fiscal Year	Flow (MGD)
2006	0.78
2007	0.92
2008	2.00
2009	2.72
2010	2.59
2011	2.98

Utility System Water Rates

Readiness to Service Charges by Meter Size	Monthly Rate Within City Limits	Monthly Rate Outside City Limits
5/8 x 3/4 inch	$ 8.74	$ 10.92
1 inch	21.87	27.34
1.5 inch	43.72	54.65
2 inch	69.95	87.51
3 inch	139.89	174.87
4 inch	218.58	273.23
6 inch	437.13	546.42
8 inch	699.42	874.28
10 inch	1,092.84	1,366.06

Volume Charge for Each 1,000 gallons or Any Part Thereof Per Month	Residential	Non-Residential
Residential and Non-Residential 0 – 5,000	4.28	5.36
Residential Only 5,001 – 10,000	7.51	9.38
Residential Only 10,001 – 15,000	9.38	11.74
Residential Only over 15,000	14.08	17.59
Non-Residential over 5,000	7.51	9.38

Service Charges

The Fees charged for services during normal service hours are as follows:

(1) Connection / disconnection charges: A service fee for connection or disconnection shall be due upon dispatch of a utility service representative to the Service location. No service fee shall be charged for a disconnect when service is permanently discontinued by the customer or for reconnection following disconnection for delinquency.	$ 30.00
(2) Dispatch of a utility service representative to disconnect service for delinquency. This includes reconnection upon payment of delinquency.	60.00
(3) Second and subsequent service calls resulting from failure by customer to provide access for meter reading, meter repair or turning the supply of water on or off.	30.00
(4) Testing water meter on site	25.00
(5) Testing water meter, if removed, transported or independently tested	150.00
(6) Broken locks	30.00
(7) Broken curbstops	50.00
(8) Broken meter (service charge)	150.00
(9) Broken meter – actual replacement cost (equipment charge only)	-
(10) Returned checks: as authorized by F.S. Section 166.251	-

For any service provided after normal service hours, an additional charge of forty-five dollars ($45.00) shall be added to the applicable fees above.

Utility System Wastewater Rates

	Rates Within or Outside of City Limits
Customer Service Charge per Metered Account	
Readiness-to-serve Charges by Meter Size:	
5/8 –3/4 inch	$ 14.78
1 inch	36.95
1 1/2 inch	73.90
2 inch	118.23
3 inch	223.44
4 inch	369.47
6 inch	738.91
8 inch	1,182.26
10 inch	1,847.29
Volume Charge for Each 1,000 Gallons or Any Part Thereof Per Month	
All classes, all usage levels -	
Single-family residential maximum volume charge	115.80
Residential and non-residential 0 – 5,000	10.44
Residential and non-residential > 5,000	12.72
Commercial > 5,000	12.72

$31,833,243.20
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 1993A

Dated August 1, 1993 for current interest paying bonds
Date of delivery for compound interest bonds

PURPOSE:
The Series 1993A Bonds were issued to (1) refund the City's outstanding Utility System Refunding Revenue Bonds, Series 1989A which mature in the years 2005 through 2009, and all of the City's outstanding Utility System Revenue Bonds, Series 1989B; (2) pay the premium for a Reserve Policy and (3) pay certain costs and expenses related to the issuance of the Series 1993A Bonds.

SECURITY:
Payment of the principal, interest and premium, if any, on the Series 1993A Bonds is secured by an irrevocable lien on the Pledged Revenues, which consist of (1) the Net Revenues of the Utility System, (2) the Pledged Impact Fees and (3) all other amounts on deposit from time to time in the funds and accounts established under the Resolution, except the Operating and Maintenance Fund, the Unpledged Impact Fee Accounts and the Rebate Fund.

The Series 1993A Bonds are insured by the Financial Guaranty Insurance Company (FGIC). This insurance policy unconditionally guarantees the payment of that portion of the principal (or Accreted Value in the case of the Compound Interest Bonds) and interest on the Series 1993A Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the City.

In addition to the municipal bond insurance policy above, FGIC has issued a policy for the Reserve Fund Requirement which provides additional security for the bondholders.

The Series 1993A Bonds shall not be, nor constitute, general obligations or indebtedness of the City, Lee County, the State of Florida, or any political subdivision or agency thereof within the meaning of the constitutional or statutory provisions. No holder of the Series 1993A Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the City.

AGENTS AND OTHER INFORMATION:
Registrar – U.S. Bank, Jacksonville, Florida (merged with First Union National Bank of Florida)

Pay Agent – U.S. Bank, Jacksonville, Florida (merged with First Union National Bank of Florida)

Escrow Agent – U.S. Bank, Jacksonville, Florida (merged with First Union National Bank of Florida)

Legal Opinion – Bryant, Miller and Olive, P.A., Tallahassee, Florida

Insurance – Financial Guaranty Insurance Company, New York, New York

Arbitrage Yield – 5.446998%

Cusip Number – 348172

ISSUED AS:
$ 23,280,000 Serial Bonds
$ 8,553,243.20 Compound Interest Bonds

ORIGINAL INSURED RATINGS*:

Standard and Poor's	AAA
Moody's	Aaa
Fitch	AAA

* See the City's "underlying ratings" on page 4.

CALL PROVISIONS:
The Series 1993A Bonds are not subject to redemption prior to maturity.

OUTSTANDING PARITY DEBT:
The lien on the Pledged Revenues is on parity with the outstanding principal amounts of the Utility System Refunding Revenue Bonds, Series 2003A; the Utility System Refunding Revenue Bonds, Series 2006; the Utility System Revenue Note, Series 2008; and the Variable Rate Utility System Refunding Revenue Bonds, Series 2009.

$31,833,243.20
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 1993A
Dated August 1, 1993 for current interest paying bonds
Date of delivery for compound interest bonds
Continued

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	N/A	$ -	$ -	$ -
2013	N/A	-	-	-
2014	5.850%	1,290,000	1,290,000	-
2015	5.850%	2,575,000	2,575,000	-
2016	5.850%	2,580,000	2,580,000	-
2017	5.850%	2,580,000	2,580,000	-
2018	5.850%	2,585,000	2,585,000	-
2019	5.850%	2,580,000	2,580,000	-
2020	5.850%	1,295,000	1,295,000	-
Totals		$ 15,485,000	$ 15,485,000	$ -

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$29,130,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2003A

Dated April 3, 2003

PURPOSE:
The Series 2003A Bonds were issued to provide funds sufficient to (1) pay the costs of acquiring and constructing certain additions, extensions and improvements to the City's Utility System, (2) capitalize a portion of the interest on the Series 2003A Bonds, (3) refinance the City's outstanding Revenue Note, Draw No. A-1-2 (Utility), (4) advance refund a portion of the City's outstanding Utility System Revenue Bonds, Series 1993B (5) pay the premium for a municipal bond debt service reserve fund policy and (6) pay certain costs and expenses relating to the issuance of the Series 2003A Bonds, including the premium for a municipal bond insurance policy.

Major projects being funded by this bond issue include:

Projects	Amount
Heritage Palms Reclaimed Water	$ 1,359,701
Ortiz-State Road 82 Force Main Replacement	1,203,793
Wellfield / Water Treatment Plant Expansion	1,192,678
Sewer Main Replacements	811,471
Lift Station #2 Force Main Replacement	450,575
Downtown Redevelopment Water and Sewer Phases 1, 2, & 3	408,235

The above projects include projects that are part of the note being paid.

SECURITY:
Payment of the principal of, interest, and premium, if any, on the Series 2003A Bonds is secured by a pledge of and an irrevocable lien on (1) the Net Revenues derived from the operation of the City's water production, treatment, transmission and distribution system and wastewater collection, transmission and treatment system now owned, operated and maintained by the City, together with any improvements and additions thereto or extensions thereof, constructed or acquired by the City in the future, (2) the Pledged Impact Fees and (3) all other amounts on deposit from time to time in the Funds and Accounts, except the Unpledged Water Impact Fee Account, the Unpledged Wastewater Impact Fee Account, the Operation and Maintenance Fund and the Rebate Fund.

The Series 2003A Bonds shall not be or constitute general obligations or indebtedness of the City, Lee County, the State of Florida or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision, but shall be special obligations of the City, payable solely from and secured by a lien only upon and a pledge of the pledged revenues, in the manner and to the extent provided in the Resolution. No holder of any Series 2003A Bonds shall ever have the right to compel the exercise of any ad valorem taxing power by the City, Lee County, the State of Florida or any political subdivision or agency thereof to pay such bonds or be entitled to payment of such bonds from any moneys of the City except from the Pledged Revenues in the manner and to the extent provided in the Resolution. The Series 2003A Bonds shall not constitute a lien upon any portion of the Utility System or any other property of the City, other than the Pledged Revenues.

The 2003A Bonds are insured by Financial Guaranty Insurance Company (FGIC). This insurance policy unconditionally guarantees the payment of that portion of principal and interest on the 2003A Bonds which has become due for payment, but shall be unpaid by reason of non-payment by the City.

AGENTS AND OTHER INFORMATION:
Registrar – The Bank of New York Mellon, Jacksonville, Florida (merged with Bank One Trust Company, N.A.)

Pay Agent – The Bank of New York Mellon, Jacksonville, Florida (merged with Bank One Trust Company, N.A.)

Escrow Agent – The Bank of New York Mellon, Jacksonville, Florida (merged with Bank One Trust Company, N.A.)

Bond Opinion – Bryant Miller and Olive, P.A., Tallahassee, Florida

$29,130,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2003A

Dated March 15, 2003
Continued

Insurance – Financial Guaranty Insurance Company, New York, New York

Arbitrage Rate – 4.1451507%

Cusip Number – 348172

ISSUED AS:
$25,325,000 Serial Bonds
$ 1,500,000 Term Bonds Maturing October 1, 2028.
$ 2,305,000 Term Bonds Maturing October 1, 2033.

ORIGINAL INSURED RATINGS*:

Moody's	Aaa
Fitch	AAA

* See the City's "underlying ratings" on page 4.

CALL PROVISIONS:
Optional Redemption – The Series 2003A Bonds, maturing on or after October 1, 2013, are redeemable prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after October 1, 2012, at a redemption price of 100% of the principal amount to be redeemed, plus interest accrued to the date of redemption.

Mandatory Redemption – The Series 2003A Bonds maturing on October 1, 2028 shall be subject to mandatory redemption prior to maturity, by lot, in such manner as the Bond Registrar may deem appropriate, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, on October 1, 2025, and on each October 1 thereafter in the following principal amounts in the years specified:

Mandatory Redemption Date	Amount
October 1, 2025	$350,000
October 1, 2026	365,000
October 1, 2027	385,000
October 1, 2028	400,000

The Series 2003A Bonds maturing on October 1, 2033 shall be subject to mandatory redemption prior to maturity, by lot, in such manner as the Bond Registrar may deem appropriate, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, on October 1, 2029, and on each October 1 thereafter in the following principal amounts in the years specified:

Mandatory Redemption Date	Amount
October 1, 2029	$420,000
October 1, 2030	440,000
October 1, 2031	460,000
October 1, 2032	480,000
October 1, 2033	505,000

OUTSTANDING PARITY DEBT:
The lien on the Pledged Revenues is on parity with the lien of the outstanding Utility System Refunding Revenue Bonds, Series 1993A; the Utility System Refunding Revenue Bonds, Series 2006; the Utility System Revenue Note, Series 2008; and the Variable Rate Utility System Refunding Revenue Bonds, Series 2009.

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$29,130,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2003A
Dated March 15, 2003
Continued

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	3.400%	$ 1,805,649	$ 1,005,000	$ 800,649
2013	3.500%	1,805,364	1,040,000	765,364
2014	3.625%	1,797,770	1,070,000	727,770
2015	3.800%	2,371,171	1,695,000	676,171
2016	4.000%	2,363,866	1,755,000	608,866
2017	4.000%	2,357,366	1,820,000	537,366
2018	4.100%	2,362,016	1,900,000	462,016
2019	4.200%	2,361,486	1,980,000	381,486
2020	4.300%	2,355,616	2,060,000	295,616
2021	4.400%	525,166	280,000	245,166
2022	4.500%	522,481	290,000	232,481
2023	4.625%	523,903	305,000	218,903
2024	4.750%	524,250	320,000	204,250
2025	4.750%	523,694	335,000	188,694
2026	4.750%	522,425	350,000	172,425
2027	4.750%	520,444	365,000	155,444
2028	4.750%	522,631	385,000	137,631
2029	4.750%	518,988	400,000	118,988
2030	4.750%	519,512	420,000	99,512
2031	4.750%	519,088	440,000	79,088
2032	4.750%	517,712	460,000	57,712
2033	4.750%	515,387	480,000	35,387
2034	4.750%	516,994	505,000	11,994
Totals		$ 26,872,979	$ 19,660,000	$ 7,212,979

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$38,925,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2006

Dated April 10, 2006

PURPOSE:

The Series 2006 Bonds were issued to provide funds sufficient to (1) pay the costs of acquiring and constructing certain additions, extensions and improvements to the City's Utility System, (2) refinance certain outstanding indebtedness of the City, (3) pay the premium for a debt service reserve fund surety bond and (4) pay certain costs and expenses relating to the issuance of the Series 2006 Bonds, including the premium for a municipal bond insurance policy. The refunded debt is a construction loan with a variable rate of interest used for short term cash flow purposes.

Major projects being funded by this bond issue include:

Projects	Amount
Utilities Fowler to Seaboard	$ 5,003,321
CWWTP Clarifier	2,136,969
Colonial Force Main	1,616,673
Wellfield Expansion	1,133,209

SECURITY:

Payment of the principal of, interest, and premium, if any, on the Series 2006 Bonds is secured by a pledge of and an irrevocable lien on (1) the Net Revenues derived from the operation of the City's water production, treatment, transmission and distribution system and wastewater collection, transmission and treatment system now owned, operated and maintained by the City, together with any improvements and additions thereto or extensions thereof, constructed or acquired by the City in the future, (2) the Pledged Impact Fees and (3) all other amounts on deposit from time to time in the Funds and Accounts, except the Unpledged Water Impact Fee Account, the Unpledged Wastewater Impact Fee Account, the Operation and Maintenance Fund and the Rebate Fund. The Series 2006 Bonds shall not be nor constitute general to the extent provided in the Resolution. No holder of any Series 2006A Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the City, Lee County, the State of Florida or any political subdivision or agency thereof to pay such bonds or be entitled to payment of such bonds from any moneys of the City except from the Pledged Revenues in the manner and to the extent provided in the Resolution. The Series 2006A Bonds shall not constitute a lien upon any portion of the Utility System or any other property of the City, other than the Pledged Revenues.

The Series 2006 Bonds are insured by MBIA Insurance Corporation. This insurance policy unconditionally guarantees the payment of that portion of principal and interest on the Series 2006 Bonds which has become due for payment, but shall be unpaid by reason of non-payment by the City.

AGENTS AND OTHER INFORMATION:

Registrar – The Bank of New York Mellon, Dallas Texas (merged with J.P. Morgan Chase)

Pay Agent – The Bank of New York Mellon, Dallas Texas (merged with J.P. Morgan Chase)

Bond Opinion – Bryant Miller and Olive, P.A., Tallahassee, Florida

Insurance – MBIA, Armonk, New York

Arbitrage Rate – 4.4961035%

Cusip Number – 348172

ISSUED AS:

$ 5,900,000 Serial Bonds
$10,705,000 Term Bonds maturing October 1, 2031
$12,320,000 Term Bonds maturing October 1, 2034
$10,000,000 Term Bonds maturing October 1, 2036

ORIGINAL INSURED RATINGS*:

Moody's	Aaa
Fitch	AAA
Standard and Poor's	AAA

* See the City's "underlying ratings" on page 4.

$38,925,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2006

Dated April 10, 2006
Continued

CALL PROVISIONS:
Optional Redemption – The Series 2006 Bonds, maturing on or after October 1, 2017, are redeemable prior to their stated dates of maturity, at the option of the City, in whole or in part on any date on or after October 1, 2016, at a redemption price of 100% of the principal amount to be redeemed, plus interest accrued to the date of redemption.

Mandatory Redemption – The Series 2006 Bonds maturing on October 1, 2031 shall be subject to mandatory redemption prior to maturity, by lot, in such manner as the Bond Registrar may deem appropriate, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, on October 1, 2025, and on each October 1 thereafter, in the following principal amounts in the years specified:

Mandatory Redemption Date	Amount
October 1, 2025	$ 680,000
October 1, 2026	715,000
October 1, 2027	745,000
October 1, 2028	785,000
October 1, 2029	825,000
October 1, 2030	3,390,000
October 1, 2031	3,565,000

The Series 2006 Bonds maturing on October 1, 2034 shall be subject to mandatory redemption prior to maturity, by lot, in such manner as the Bond Registrar may deem appropriate, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, on October 1, 2032, and on each October 1 thereafter in the following principal amounts in the years specified:

Mandatory Redemption Date	Amount
October 1, 2032	$3,740,000
October 1, 2033	3,925,000
October 1, 2034	4,655,000

The Series 2006 Bonds maturing on October 1, 2036 shall be subject to mandatory redemption prior to maturity, by lot, in such manner as the Bond Registrar may deem appropriate, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, on October 1, 2035 and October 1, 2036:

Mandatory Redemption Date	Amount
October 1, 2035	$4,890,000
October 1, 2036	5,110,000

OUTSTANDING PARITY DEBT:
The lien on the Pledged Revenues is on parity with the lien of the outstanding Utility System Refunding Revenue Bonds, Series 1993A; the Utility System Refunding Revenue Bonds, Series 2003A; the Utility System Revenue Note, Series 2008; and the Variable Rate Utility System Refunding Revenue Bonds, Series 2009.

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$38,925,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2006

Dated April 10, 2006

Continued

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	3.750%	$ 2,013,256	$ 205,000	$ 1,808,256
2013	3.750%	2,015,381	215,000	1,800,381
2014	3.750%	2,012,225	220,000	1,792,225
2015	4.000%	2,013,500	230,000	1,783,500
2016	3.950%	2,009,259	235,000	1,774,259
2017	4.000%	2,014,617	250,000	1,764,617
2018	4.000%	2,009,518	255,000	1,754,518
2019	4.000%	2,009,118	265,000	1,744,118
2020	4.100%	2,013,077	280,000	1,733,077
2021	4.125%	2,265,994	550,000	1,715,994
2022	4.125%	2,272,687	580,000	1,692,687
2023	4.250%	2,263,081	595,000	1,668,081
2024	4.250%	2,267,156	625,000	1,642,156
2025	4.250%	2,265,062	650,000	1,615,062
2026	5.000%	2,264,250	680,000	1,584,250
2027	5.000%	2,264,375	715,000	1,549,375
2028	5.000%	2,257,875	745,000	1,512,875
2029	5.000%	2,259,625	785,000	1,474,625
2030	5.000%	2,259,375	825,000	1,434,375
2031	5.000%	4,719,000	3,390,000	1,329,000
2032	5.000%	4,720,125	3,565,000	1,155,125
2033	5.000%	4,712,500	3,740,000	972,500
2034	5.000%	4,705,875	3,925,000	780,875
2035	5.000%	5,221,375	4,655,000	566,375
2036	4.500%	5,229,975	4,890,000	339,975
2037	4.500%	5,224,975	5,110,000	114,975
Totals		$ 75,283,256	$ 38,180,000	$ 37,103,256

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$53,895,000
CITY OF FORT MYERS, FLORIDA
VARIABLE RATE UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2009

Dated November 3, 2009

PURPOSE:
The Series 2009 Bonds were issued to provide funds sufficient to (1) currently refund the City's outstanding Utility System Refunding revenue Bonds, Series 1999A and (2) pay certain costs and expenses relating to the issuance of the Series 2009 Bonds.

SECURITY:
Payment of the principal of, interest, and premium, if any, on the Series 2009 Bonds is secured by a pledge of and an irrevocable lien on (1) the Net Revenues derived from the operation of the City's water production, treatment, transmission and distribution system and wastewater collection, transmission and treatment system now owned, operated and maintained by the City, together with any improvements and additions thereto or extensions thereof, constructed or acquired by the City in the future, (2) the Pledged Impact Fees and (3) all other amounts on deposit from time to time in the Funds and Accounts, except the Unpledged Water Impact Fee Account, the Unpledged Wastewater Impact Fee Account, the Operation and Maintenance Fund and the Rebate Fund.

The Series 2009 Bonds shall not be nor constitute general obligations or indebtedness of the City, Lee County, the State of Florida or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision, but shall be special obligations of the City, payable from draws against the initial liquidity facility and secured by a lien upon and pledge of the pledged revenues, in the manner and to the extent provided in the Resolution. No holder of any Series 2009 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the City, Lee County, the State of Florida or any political subdivision or agency thereof to pay such bonds or be entitled to payment of such bonds from any moneys of the City except from draws against the initial liquidity facility and the Pledged Revenues in the manner and to the extent provided in the Resolution. The Series 2009 Bonds shall not constitute a lien upon any portion of the Utility System or any other property of the City, other than the Pledged Revenues.

AGENTS AND OTHER INFORMATION:
Registrar – TD Bank, N.A., Jacksonville, FL

Pay Agent – TD Bank, N.A., Jacksonville, FL

Bond Opinion – Bryant Miller and Olive, P.A., Tallahassee, Florida

Disclosure Counsel – Nabors, Giblin and Nickerson, P.A., Tampa, Florida

Arbitrage Rate – 5.231295%

Cusip Number – 348172QM2

ISSUED AS:
$53,895,000 Term Bonds maturing October 1, 2029

ORIGINAL INSURED RATINGS*:

Moody's	Aaa
Fitch	A
Standard and Poor's	AAA

* See the City's "underlying ratings" on page 4.

CALL PROVISIONS:
Optional Redemption – The Series 2009 Bonds are subject to redemption prior to their stated maturity date, at the option of the City, in whole on any date or in part on any interest payment at a redemption price equal to the principal amount of Series 2009 Bonds called for redemption, without premium.

$53,895,000
CITY OF FORT MYERS, FLORIDA
VARIABLE RATE UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2009
Dated November 3, 2009
Continued

Mandatory Redemption Upon Default under Reimbursement Agreement – Upon the occurrence of an event as defined in the Reimbursement Agreement between the Bank and the City relating to the Initial Liquidity Facility (a "Reimbursement Event of Default"), the Bank may direct the Tender Agent (with a copy to the City) to redeem all of the outstanding Series 2009 Bonds at a redemption price equal to 100% of the outstanding principal amount thereof, plus interest accrued to the redemption date, at the earliest practicable date selected by the Paying Agent but in no event later than two (2) days following the receipt by the Paying Agent of said written notice of the occurrence of a Reimbursement Event of Default; provided, however, that if the event giving rise to such Reimbursement Event of Default constitutes, or with the delivery of notice and/or the passage of time would constitute, an Event of Default under the Resolution, the Bank may not direct such redemption but shall be entitled only to the applicable remedies contained in the Resolution. Upon any such declaration, the Paying Agent will draw upon any then existing Credit Facility in accordance with the terms thereof and apply the amount so drawn to pay the principal of and interest on the Series 2009 Bonds enhanced by such Credit Facility which are declared to be subject to mandatory redemption. Interest on the Series 2009 Bonds will cease to accrue as of the date of mandatory redemption. The Paying Agent will provide notice of mandatory redemption to the holders of such Series 2009 Bonds in the manner described in "The Series 2009 Bonds – Notice of Redemption; Effect" herein on the day of or prior to such mandatory redemption but need not comply with the timing requirements of the Resolution described therein.

Mandatory Redemption Upon the Occurrence of a Determination of Taxability – Upon the occurrence of a Determination of Taxability as to which the Paying Agent has been notified by the City in writing, the Series 2009 Bonds are subject to mandatory redemption by the City at a redemption price equal to 100% of the outstanding principal amount thereof, plus interest accrued to the redemption date, at the earliest practicable date selected by the Paying Agent, after consultation with the City, but in no event later than 180 days following the receipt by the Paying Agent of said written notice of the occurrence of a Determination of Taxability.

Mandatory Sinking Account Payment Redemption – The Series 2009 Bonds shall be subject to mandatory redemption prior to maturity, by lot, in such manner as the Paying Agent may deem appropriate, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption from amortization installments deposited into the Redemption Account on the first Business Day of October of each year, in the following principal amounts on the specified redemption dates:

Date	Amount to be Redeemed
October 1, 2010	$ 4,425,000
October 1, 2011	4,655,000
October 1, 2012	4,885,000
October 1, 2013	5,140,000
October 1, 2014	2,275,000
October 1, 2015	2,385,000
October 1, 2016	2,520,000
October 1, 2017	2,655,000
October 1, 2018	2,805,000
October 1, 2019	2,955,000
October 1, 2020	1,655,000
October 1, 2021	1,560,000
October 1, 2022	1,645,000
October 1, 2023	1,735,000
October 1, 2024	1,830,000
October 1, 2025	1,930,000
October 1, 2026	2,035,000
October 1, 2027	2,150,000
October 1, 2028	2,265,000
October 1, 2029	2,390,000

$53,895,000
CITY OF FORT MYERS, FLORIDA
VARIABLE RATE UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2009

Dated November 3, 2009
Continued

The Series 2009 Bonds will be redeemed either in whole or in part in such principal amount as is necessary in order that the interest payable on the Series 2009 Bonds remaining outstanding after such redemption, if any, would not, in the opinion of the Bond Counsel, be includable in the gross income of any Holder thereof, other than the Holder of a Bond who is a "substantial user" of the project or a related person, as those terms are used in Section 147(a) of the IRS Code.

OUTSTANDING PARITY DEBT:
The lien on the Pledged Revenues is on parity with the lien of the outstanding Utility System Refunding Revenue Bonds, Series 1993A; the Utility System Refunding Revenue Bonds, Series 2003A; the Utility System Refunding Revenue Bonds, Series 2006; and the Utility System Revenue Note, Series 2008.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	5.179%	$ 7,217,051	$ 4,655,000	$ 2,562,051
2013	5.179%	7,208,106	4,885,000	2,323,106
2014	5.179%	7,206,071	5,140,000	2,066,071
2015	5.179%	4,076,774	2,275,000	1,801,774
2016	5.179%	4,068,952	2,385,000	1,683,952
2017	5.179%	4,081,869	2,520,000	1,561,869
2018	5.179%	4,083,605	2,655,000	1,428,605
2019	5.179%	4,097,419	2,805,000	1,292,419
2020	5.179%	4,102,149	2,955,000	1,147,149
2021	5.179%	2,650,024	1,655,000	995,024
2022	5.179%	2,467,560	1,560,000	907,560
2023	5.179%	2,472,604	1,645,000	827,604
2024	5.179%	2,477,410	1,735,000	742,410
2025	5.179%	2,483,155	1,830,000	653,155
2026	5.179%	2,487,265	1,930,000	557,265
2027	5.179%	2,492,824	2,035,000	457,824
2028	5.179%	2,502,431	2,150,000	352,431
2029	5.179%	2,506,304	2,265,000	241,304
2030	5.179%	2,513,664	2,390,000	123,664
Totals		$ 71,195,237	$ 49,470,000	$ 21,725,237

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$1,665,602
CITY OF FORT MYERS, FLORIDA
STATE OF FLORIDA REVOLVING FUND LOAN PROGRAM (CS12066709P)

Dated August 8, 2001

PURPOSE:
The Series 2001 State of Florida Revolving Fund Loan (the "SRF" loan) was entered into for the purpose of providing design cost funds for certain wastewater and reclaimed water facilities.

SECURITY:
Security for this SRF loan is the net revenues of the Water/Wastewater Utility System. This loan is a junior lien on the Utility System and behind the Utility System parity debt.

OTHER:
The total amount approved by the Florida Department of Environmental Protection is $1,825,184, including certain fees and capitalized interest. As of September 30, 2011, the total amount due, including certain fees, is $1,437,002.

REPAYMENT OF LOAN:
Repayment of the loan began on August 15, 2006.

Currently outstanding are 29 semi-annual payments of $61,905 due each February 15 and August 15. The loan service fee and all associated interest are deducted from the first two payments. As of September 30, 2011, those fees and associated interest total $159,581. The amortization below includes these fees and associated interest as principal.

COVERAGE REQUIREMENTS:
The loan agreement calls for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Taking the revenues available for debt service of $35,064,023 and subtracting the priority debt service requirements of $14,166,186, there is $20,897,837 available for the SRF loan. Based on two semi-annual payments of $61,905 each, or $123,810 per fiscal year, the coverage requirement is met.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	3.160%	$ 123,810	$ 79,202	$ 44,608
2013	3.160%	123,811	81,724	42,087
2014	3.160%	123,810	84,328	39,482
2015	3.160%	123,810	87,013	36,797
2016	3.160%	123,811	89,785	34,026
2017	3.160%	123,810	92,644	31,166
2018	3.160%	123,810	95,595	28,215
2019	3.160%	123,811	98,640	25,171
2020	3.160%	123,810	101,781	22,029
2021	3.160%	123,810	105,023	18,787
2022	3.160%	123,811	108,368	15,443
2023	3.160%	123,810	111,819	11,991
2024	3.160%	123,811	115,381	8,430
2025	3.160%	123,811	119,056	4,755
2026	3.160%	61,906	60,943	963
Totals		$ 1,795,252	$ 1,431,302	$ 363,950

$14,303,302
CITY OF FORT MYERS, FLORIDA
STATE OF FLORIDA REVOLVING FUND LOAN PROGRAM (WW66709L 01)

Dated June 29, 2004

PURPOSE:
The Series 2004 State of Florida Revolving Fund Loan WW66709L 01 (the "SRF" loan) was entered into for the purpose of providing funds to construct certain collection and treatment facilities.

SECURITY:
Security for this SRF loan is the net revenues of the Water/Wastewater Utility System. This loan is a junior lien on the Utility System and behind the Utility System parity debt.

OTHER:
The total amount approved by the Florida Department of Environmental Protection is $14,889,335, including certain fees and capitalized interest. As of September 30, 2011, the total amount due, including certain fees, is $11,187,462.

REPAYMENT OF LOAN:
Repayment of the loan began on August 15, 2006.

Currently outstanding are 29 semi-annual payments of $467,499 due each February 15 and August 15. The loan service fee and all associated interest are deducted from the first two payments. As of September 30, 2011, those fees and associated interest total $586,033. The amortization below includes these fees and associated interest as principal.

COVERAGE REQUIREMENTS:
The loan agreement calls for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Taking the revenues available for debt service of $35,064,023 and subtracting the priority debt service requirements of $14,166,186, there is $20,897,837 available for the SRF loan. Based on two semi-annual payments of $467,499 each, or $934,998 per fiscal year, the coverage requirement is met.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	2.71%-2.81%	$ 934,998	$ 637,137	$ 297,861
2013	2.71%-2.81%	934,998	654,520	280,478
2014	2.71%-2.81%	934,998	672,378	262,620
2015	2.71%-2.81%	934,998	690,723	244,275
2016	2.71%-2.81%	934,998	709,568	225,430
2017	2.71%-2.81%	934,998	728,928	206,070
2018	2.71%-2.81%	934,998	748,816	186,182
2019	2.71%-2.81%	934,998	769,246	165,752
2020	2.71%-2.81%	934,998	790,234	144,764
2021	2.71%-2.81%	934,998	811,794	123,204
2022	2.71%-2.81%	934,998	833,943	101,055
2023	2.71%-2.81%	934,998	856,696	78,302
2024	2.71%-2.81%	934,998	880,070	54,928
2025	2.71%-2.81%	934,998	904,081	30,917
2026	2.71%-2.81%	467,499	461,249	6,250
Totals		$ 13,557,471	$ 11,149,383	$ 2,408,088

$50,469,848
CITY OF FORT MYERS, FLORIDA
STATE OF FLORIDA REVOLVING FUND LOAN PROGRAM (WW66710P)

Dated July 15, 2004

PURPOSE:
The Series 2004 WW66710P State of Florida Revolving Fund Loan (the "SRF" loan) was entered into for the purpose of providing design cost funds for certain wastewater improvements in the Phase IV/Downtown program

SECURITY:
Security for this SRF loan is the net revenues of the Water/Wastewater Utility System. This loan is a junior lien on the Utility System and behind the Utility System parity debt.

OTHER:
The total amount approved by the Florida Department of Environmental Protection is $52,705,356, including certain fees and capitalized interest. As of September 30, 2011, total amount due, including certain fees, was $39,302,532.

REPAYMENT OF LOAN:
Repayment of the loan began on October 15, 2008.

Currently outstanding are 35 semi-annual payments of $1,709,609 due each April 15 and October 15. The loan service fee and all associated interest are deducted from the first two payments. As of September 30, 2011, those fees and associated interest total $2,235,508. The amortization schedule below includes these fees and associated interest as principal.

COVERAGE REQUIREMENTS:
The loan agreement calls for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Taking the revenues available for debt service of $35,064,023 and subtracting the priority debt service requirements of $14,166,186, there is $20,897,837 available for the SRF loan. Based on two semi-annual payments of $1,709,609 each, or $3,419,218 per fiscal year, the coverage requirement is met.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	2.57%-2.75%	$ 3,419,218	$ 2,200,161	$ 1,219,057
2013	2.57%-2.75%	3,419,218	2,258,628	1,160,590
2014	2.57%-2.75%	3,419,218	2,318,649	1,100,569
2015	2.57%-2.75%	3,419,218	2,380,266	1,038,952
2016	2.57%-2.75%	3,419,218	2,443,520	975,698
2017	2.57%-2.75%	3,419,218	2,508,454	910,764
2018	2.57%-2.75%	3,419,218	2,575,114	844,104
2019	2.57%-2.75%	3,419,218	2,643,546	775,672
2020	2.57%-2.75%	3,419,218	2,713,796	705,422
2021	2.57%-2.75%	3,419,218	2,785,913	633,305
2022	2.57%-2.75%	3,419,218	2,859,947	559,271
2023	2.57%-2.75%	3,419,218	2,935,948	483,270
2024	2.57%-2.75%	3,419,218	3,013,969	405,249
2025	2.57%-2.75%	3,419,218	3,094,062	325,156
2026	2.57%-2.75%	3,419,218	3,176,285	242,933
2027	2.57%-2.75%	3,419,218	3,260,692	158,526
2028	2.57%-2.75%	3,419,218	3,347,343	71,875
2029	2.57%-2.75%	209,290	206,563	2,727
Totals		$ 58,335,996	$ 46,722,856	$ 11,613,140

$7,332,888
CITY OF FORT MYERS, FLORIDA
STATE OF FLORIDA REVOLVING FUND LOAN PROGRAM (WW66711P)

Dated July 15, 2004

PURPOSE:
The Series 2004 WW66711P State of Florida Revolving Fund Loan (the "SRF" loan) was entered into for the purpose of providing design cost funds for certain reclaimed water improvements

SECURITY:
Security for this SRF loan is the net revenues of the Water/Wastewater Utility System. This loan is a junior lien on the Utility System and behind the Utility System parity debt.

OTHER:
The total amount approved by the Florida Department of Environmental Protection is $7,563,883, including certain fees and capitalized interest. As of September 30, 2011, the total amount due, including certain fees, is $5,198,330.

REPAYMENT OF LOAN:
Repayment of the loan began on June 15, 2008.

Currently outstanding are 32 semi-annual payment of $247,106 due each June 15 and December 15. The loan service fee and all associated interest are deducted from the first two payments. As of September 30, 2011, those fees and associated interest total $230,995. The amortization schedule below includes these fees and associated interest as principal.

COVERAGE REQUIREMENTS:
The loan agreement calls for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Taking the revenues available for debt service of $35,064,023 and subtracting the priority debt service requirements of $14,166,186, there is $20,897,837 available for the SRF loan. Based on two semi-annual payments of $247,106 each, or $494,212 per fiscal year, the coverage requirement is met.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	2.64%-2.71%	$ 494,212	$ 327,180	$ 167,032
2013	2.64%-2.71%	494,212	335,931	158,281
2014	2.64%-2.71%	494,212	344,915	149,297
2015	2.64%-2.71%	494,212	354,141	140,071
2016	2.64%-2.71%	494,212	363,613	130,599
2017	2.64%-2.71%	494,212	373,338	120,874
2018	2.64%-2.71%	494,212	383,324	110,888
2019	2.64%-2.71%	494,212	393,576	100,636
2020	2.64%-2.71%	494,212	404,103	90,109
2021	2.64%-2.71%	494,212	414,911	79,301
2022	2.64%-2.71%	494,212	426,009	68,203
2023	2.64%-2.71%	494,212	437,403	56,809
2024	2.64%-2.71%	494,212	449,102	45,110
2025	2.64%-2.71%	494,212	461,114	33,098
2026	2.64%-2.71%	494,212	473,447	20,765
2027	2.64%-2.71%	433,754	425,652	8,102
Totals		$ 7,846,934	$ 6,367,759	$ 1,479,175

$7,971,053
CITY OF FORT MYERS, FLORIDA
STATE OF FLORIDA REVOLVING FUND LOAN PROGRAM (WW66712S)

Dated February 4, 2005

PURPOSE:
The Series 2005 State of Florida Revolving Fund Loan WW66712S (the "SRF" loan) was entered into for the purpose of providing funds to construct certain collection and treatment facilities.

SECURITY:
Security for this SRF loan is the net revenues of the Water/Wastewater Utility System. This loan is a junior lien on the Utility System and behind the Utility System parity debt.

OTHER:
The total amount approved by the Florida Department of Environmental Protection is $7,674,264, including certain fees and capitalized interest. As of September 30, 2011, the total amount due, including certain fees, is $5,630,997.

REPAYMENT OF LOAN:
Repayment of the loan began on December 15, 2006. Currently outstanding are 30 semi-annual payments of $223,979 due each June 15 and December 15. The loan service fee and all associated interest are deducted from the first two payments. As of September 30, 2011, those fees and associated interest total $172,904. The amortization schedule below includes these fees and associated interest as principal.

COVERAGE REQUIREMENTS:
The loan agreement calls for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Taking the revenues available for debt service of $35,064,023 and subtracting the priority debt service requirements of $14,166,186, there is $20,897,837 available for the SRF loan. Based on two semi-annual payments of $223,979 each, or $447,958 per fiscal year, the coverage requirement is met.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	2.460%	$ 447,958	$ 312,337	$ 135,621
2013	2.460%	447,958	320,068	127,890
2014	2.460%	447,958	327,990	119,968
2015	2.460%	447,958	336,108	111,850
2016	2.460%	447,958	344,427	103,531
2017	2.460%	447,958	352,952	95,006
2018	2.460%	447,958	361,689	86,269
2019	2.460%	447,958	370,641	77,317
2020	2.460%	447,958	379,815	68,143
2021	2.460%	447,958	389,215	58,743
2022	2.460%	447,958	398,849	49,109
2023	2.460%	447,958	408,721	39,237
2024	2.460%	447,958	418,837	29,121
2025	2.460%	447,958	429,204	18,754
2026	2.460%	447,958	439,827	8,131
Totals		$ 6,719,370	$ 5,590,680	$ 1,128,690

$4,473,220
CITY OF FORT MYERS, FLORIDA
STATE OF FLORIDA REVOLVING FUND LOAN PROGRAM (WW667130)

Dated May, 8 2006

PURPOSE:
The Series 2006 State of Florida Revolving Fund Loan WW6677130 (the “SRF” loan) was entered into for the purpose of providing funds to construct certain collection and treatment facilities.

SECURITY:
Security for this SRF loan is the net revenues of the Water/Wastewater Utility System. This loan is a junior lien on the Utility System and behind the Utility System parity debt.

OTHER:
The total amount approved by the Florida Department of Environmental Protection is $4,628,025, including certain fees and capitalized interest. As of September 30, 2011, the total amount due, including certain fees, is $3,971,943.

REPAYMENT OF LOAN:
Repayment of the loan began on June 15, 2008.

Currently outstanding are 33 semi-annual payments of $145,010 due each June 15 and December 15. The loan service fee and all associated interest are deducted from the first two payments. As of September 30, 2011, those fees and associated interest total $154,805. The amortization schedule below includes these fees and associated interest as principal.

COVERAGE REQUIREMENTS:
The loan agreement calls for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Taking the revenues available for debt service of $35,064,023 and subtracting the priority debt service requirements of $14,166,186, there is $20,897,837 available for the SRF loan. Based on two semi-annual payments of $145,010 each, or $290,020 per fiscal year, the coverage requirement is met.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	2.360%	$ 290,020	$ 198,088	$ 91,932
2013	2.360%	290,020	202,791	87,229
2014	2.360%	290,020	207,605	82,415
2015	2.360%	290,020	212,533	77,487
2016	2.360%	290,020	217,579	72,441
2017	2.360%	290,020	222,744	67,276
2018	2.360%	290,020	228,032	61,988
2019	2.360%	290,020	233,445	56,575
2020	2.360%	290,020	238,986	51,034
2021	2.360%	290,020	244,660	45,360
2022	2.360%	290,020	250,468	39,552
2023	2.360%	290,020	256,414	33,606
2024	2.360%	290,020	262,501	27,519
2025	2.360%	290,020	268,732	21,288
2026	2.360%	290,020	275,112	14,908
2027	2.360%	290,020	281,643	8,377
2028	2.360%	145,010	143,319	1,691
Totals		$ 4,785,330	$ 3,944,652	$ 840,678

$15,551,000
CITY OF FORT MYERS, FLORIDA
STATE OF FLORIDA REVOLVING FUND LOAN PROGRAM (WW667140)

Dated December 24, 2007

PURPOSE:
The Series 2007 State of Florida Revolving Fund Loan WW6677140 (the "SRF" loan) was entered into for the purpose of providing funds to construct certain collection and treatment facilities.

SECURITY:
Security for this SRF loan is the net revenues of the Water/Wastewater Utility System. This loan is a junior lien on the Utility System and behind the Utility System parity debt.

OTHER:
The total amount approved by the Florida Department of Environmental Protection is $16,056,799, including certain fees and capitalized interest. As of September 30, 2011, the total amount due, including certain fees, is $13,349,977.

REPAYMENT OF LOAN:
Repayment of the loan began on October 15, 2009. Currently outstanding are 35 semi-annual payments of $504,661 due each April 15 and October 15. The loan service fee and all associated interest are deducted from the first two payments. As of September 30, 2011, those fees and associated interest total $194,779. The amortization schedule below includes these fees and associated interest as principal.

COVERAGE REQUIREMENTS:
The loan agreement calls for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Taking the revenues available for debt service of $35,064,023 and subtracting the priority debt service requirements of $14,166,186, there is $20,897,837 available for the SRF loan. Based on two semi-annual payments of $504,661 each, or $1,009,322 per fiscal year, the coverage requirement is met.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	2.31%-2.36%	$ 1,009,322	$ 678,646	$ 330,676
2013	2.31%-2.36%	1,009,322	694,585	314,737
2014	2.31%-2.36%	1,009,322	710,898	298,424
2015	2.31%-2.36%	1,009,322	727,594	281,728
2016	2.31%-2.36%	1,009,322	744,683	264,639
2017	2.31%-2.36%	1,009,322	762,173	247,149
2018	2.31%-2.36%	1,009,322	780,073	229,249
2019	2.31%-2.36%	1,009,322	798,394	210,928
2020	2.31%-2.36%	1,009,322	817,146	192,176
2021	2.31%-2.36%	1,009,322	836,338	172,984
2022	2.31%-2.36%	1,009,322	855,980	153,342
2023	2.31%-2.36%	1,009,322	876,084	133,238
2024	2.31%-2.36%	1,009,322	896,660	112,662
2025	2.31%-2.36%	1,009,322	917,719	91,603
2026	2.31%-2.36%	1,009,322	939,273	70,049
2027	2.31%-2.36%	1,009,322	961,333	47,989
2028	2.31%-2.36%	1,009,322	983,911	25,411
2029	2.31%-2.36%	352,975	348,902	4,073
Totals		$ 17,511,449	$ 14,330,392	$ 3,181,057

$3,100,000
CITY OF FORT MYERS, FLORIDA
STATE OF FLORIDA REVOLVING FUND LOAN PROGRAM (WW667150)

Dated January 16, 2008

PURPOSE:
The Series 2008 State of Florida Revolving Fund Loan WW6677150 (the "SRF" loan) was entered into for the purpose of providing funds to construct certain collection and treatment facilities.

SECURITY:
Security for this SRF loan is the net revenues of the Water/Wastewater Utility System. This loan is a junior lien on the Utility System and behind the Utility System parity debt.

OTHER:
The total amount approved by the Florida Department of Environmental Protection is $1,863,046, including certain fees and capitalized interest. As of September 30, 2011, the total amount due, including certain fees, is $1,302,837.

REPAYMENT OF LOAN:
Repayment of the loan began on June 15, 2008.

Currently outstanding are 33 semi-annual payment of $47,565 due each June 15 and December 15. The loan service fee and all associated interest are deducted from the first two payments. As of September 30, 2011, those fees and associated interest total $36,021. The amortization schedule below includes these fees and associated interest as principal.

COVERAGE REQUIREMENTS:
The loan agreement calls for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Taking the revenues available for debt service of $35,064,023 and subtracting the priority debt service requirements of $14,166,186, there is $20,897,837 available for the SRF loan. Based on two semi-annual payments of $47,565 each, or $95,130 per fiscal year, the coverage requirement is met.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	2.360%	$ 95,130	$ 64,975	$ 30,155
2013	2.360%	95,130	66,517	28,613
2014	2.360%	95,130	68,097	27,033
2015	2.360%	95,130	69,713	25,417
2016	2.360%	95,130	71,368	23,762
2017	2.360%	95,130	73,062	22,068
2018	2.360%	95,130	74,797	20,333
2019	2.360%	95,130	76,572	18,558
2020	2.360%	95,130	78,390	16,740
2021	2.360%	95,130	80,251	14,879
2022	2.360%	95,130	82,156	12,974
2023	2.360%	95,130	84,106	11,024
2024	2.360%	95,130	86,103	9,027
2025	2.360%	95,130	88,147	6,983
2026	2.360%	95,130	90,239	4,891
2027	2.360%	95,130	92,382	2,748
2028	2.360%	47,557	47,010	547
Totals		$ 1,569,637	$ 1,293,885	$ 275,752

$50,000,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REVENUE NOTE, SERIES 2008

Dated November 5, 2008

PURPOSE:
This note was issued for the purpose of (1) obtaining funds to pay off the balance of the existing line of credit with Bank of America, (2) depositing funds into the Reserve Fund, (3) depositing funds into the Series 2008 Notes Construction Account, (4) and to pay the costs associated with issuing the note. This note matures October 1, 2028. The note carries an annual interest rate of 5.06%.

SECURITY:
This Note is secured by the net revenues of the Utility System, (2) impact fees to the extent legally available, (3) system investment income, (4) and other monies deposited in the funds and accounts required by the resolution. The debt will be on parity with all existing utility debt.

ISSUED AS: $50,000,000 note with debt service payable semiannually on April 1 and October 1, commencing October 1, 2009.

CALL PROVISIONS:
A par call option gives the City the ability to prepay the loan on a future date certain of October 1, 2009. This is the first date on which the Bank has the right to exercise the swaption that exists between the Bank and the City. If the loan is prepaid on any date other than pursuant to the par call option, the Bank's standard prepayment language would apply.

OUTSTANDING PARITY DEBT:
The lien on the Pledged Revenues is on parity with the lien of the outstanding Utility System Refunding Revenue Bonds, Series 1993A; Utility System Refunding Revenue Bonds, Series 2003A; the Utility System Refunding Revenue Bonds, Series 2006; and the Variable Rate Utility System Refunding Revenue Bonds, Series 2009.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2012	5.060%	$ 2,530,000	$ -	$ 2,530,000
2013	5.060%	3,044,890	528,255	2,516,635
2014	5.060%	3,048,601	559,486	2,489,115
2015	5.060%	3,045,207	585,048	2,460,159
2016	5.060%	3,051,959	622,348	2,429,611
2017	5.060%	3,051,439	654,122	2,397,317
2018	5.060%	3,046,710	683,228	2,363,482
2019	5.060%	3,049,457	721,515	2,327,942
2020	5.060%	3,041,323	750,626	2,290,697
2021	5.060%	6,585,477	4,425,742	2,159,735
2022	5.060%	6,568,580	4,638,162	1,930,418
2023	5.060%	6,567,508	4,877,845	1,689,663
2024	5.060%	6,553,408	5,116,605	1,436,803
2025	5.060%	6,545,999	5,374,624	1,171,375
2026	5.060%	6,535,183	5,642,542	892,641
2027	5.060%	6,526,389	5,926,444	599,945
2028	5.060%	6,515,349	6,222,779	292,570
2029	5.060%	2,738,196	2,670,629	67,567
Totals		$ 82,045,675	$ 50,000,000	$ 32,045,675

CITY OF FORT MYERS
DEBT MANAGEMENT POLICY

I. Purpose

The purpose of the City of Fort Myers debt management policy is to manage the issuance of the City's debt obligations and maintain the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to the City and necessary to essential services.

II. Comprehensive Capital Planning and Financing System

The City plans long and short-term debt issuance to finance its capital improvement program based on its cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The Director of Finance oversees and coordinates the timing and issuance process.

III. Authority to Issue Bonds

The City of Fort Myers authority to issue debt is contained in the Home Rule Act of Florida Statutes, Article 166, Section 141.

IV. Criteria

The City will issue debt only for the purposes of acquiring or constructing capital improvements, making major renovations to existing capital improvements and purchases of major equipment such as solid waste trucks or fire trucks. Exceptions to this rule will be considered on a case-by-case basis to determine if the contemplated debt is in the best interests of the City.

Before issuing any new debt, the City will consider the following factors:

- Global, national and local financial environment
- Current interest rates
- Expected interest rate charges
- Robustness of local and broad economy

- Cash position
- Current debt position
- Availability of funds to repay
- Flexibility to cover future needs
- Urgency of current capital needs

V. Limitations on Indebtedness

The City will maintain a conservative debt position based on the criteria listed above. Pay-as-you-go and replacement programs will be utilized whenever feasible to avoid financing costs. Debt will be issued only if the benefits outweigh the costs of the debt.

VI. Types of Debt

Long -Term Debt

Depending on the specific circumstances, the City may use the following types of long-term (long-term is defined as having a term of more than one year) financing instruments.

A. General Obligations Bonds: The City may issue bonds payable from ad valorem taxes when approved by vote of the electors. The City may also issue non-ad valorem bonds and covenant to budget and appropriate legally available funds to pay debt service for those bonds without voter approval.

B. Revenue Bonds: The City may issue bonds secured by a specific revenue stream other than ad valorem taxes.

C. Master Lease Agreements: The City may enter into a lease agreement with a provider or bank to lease equipment. The terms of the lease should coincide with the life of the equipment to be leased and a tax-exempt rate shall be sought. The City will strive to obtain the lowest rate possible using competitive bidding or current market analysis.

D. Pooled Financing: If it is financially or strategically beneficial, the City may participate in debt pools with other entities and low-interest rate loans from state agencies or other organizations on either a long-term or short-term basis.

E. Bank Loans: Bank loans may be used for long-term financing when interest rates are competitive with interest rates on bonds.

Short-Term and Interim Debt

Short-term obligations (those due in less than one year) may be issued in anticipation of particular revenues such as taxes or grants, and such revenue may be pledged for repayment of the debt issuance. Short-term debt may also be issued to finance projects or portions of projects for which the City ultimately intends to issue long-term debt. Short-term and/or interim financing shall not exceed ten percent (10%) of outstanding long-term debt unless there is a situation that needs immediate attention in order to address and emergency or to allow for significant cost savings. Under certain other circumstances, short-term obligations may be warranted upon the recommendation of the Director of Finance.

Interim financing may be appropriate when long-term interest rates are expected to decline in the future. In addition, some forms of short-term obligations can be obtained quicker than long-term obligations and thus can be used in urgent situations until long-term financing can be obtained. Short-term obligations include:

A. Line of Credit: The City may establish a tax-exempt line of credit with a financial institution or other provider. Draws shall be made on the line of credit when the need for financing is so urgent that time does not permit the issuance of long-term debt or the need for financing is so small that the total cost of issuance of long-term debt would be prohibitive. A Line of Credit may also be used to finance projects in order to provide financing for the purposes of bundling several projects into a bond issue to realize economies of scale.

B. Loans from State Agencies: If it is financially or strategically beneficial, the City may participate in low-interest loans from state agencies or organizations on either a long-term or short-term basis.

C. Interfund Borrowing: Interfund borrowing, a short-term cash lending from one fund to another fund, shall be discouraged. However, the use of this type of interim financing may be considered if it is in the City's best interests to do so as determined by the Director of Finance. Interfund Borrowing may also be used for small amounts of long-term borrowing but must require interest to be paid to the fund lending the money at a rate of current bond issuance rates or bank prime rates.

D. Internal Interim Financing: Should the City desire to issue bonds for large capital projects, the City can, upon passage of an intent-to-issue resolution, use non-restricted reserve funds as interim financing to pay a portion of project costs that will then be paid back with bond proceeds. This type of financing will be reviewed by Bond Counsel to ensure the City is in compliance with applicable federal tax rules.

E. Other types: The City may consider the use of Tax Anticipation Notes, Bond Anticipation Notes, Revenue Anticipation Note, or other such structured borrowings if it is in the best financial interests of the City.

VII. Structural Features of Debt

Taxable and Tax-exempt Debt: The cost of taxable debt is higher than the cost of tax-exempt debt. However, the issuance of taxable debt is mandated in some circumstances, and may allow flexibility in subsequent contracts with users or managers of the improvement constructed with the bond proceeds. Therefore, the City will usually issue obligations tax-exempt, but may occasionally issue taxable obligations when there is an expected benefit from doing so.

Maturity: The term of the City debt issues shall not exceed the useful life of the project or equipment financed. The repayment of principal on tax supported debt should generally not extend beyond 30 years unless there are compelling factors which make it necessary to extend the term beyond this point. All bond issues should consider a straight line amortization of principal based upon the useful life of each project being financed by that issue.

Bond Insurance: Bond insurance is an insurance policy which can be purchased by the City, which guarantees the payment of principal and interest. Bond insurance shall be acquired for all bonds issued by the City unless it is not in the best interests of the City.

Surety and Debt Service Reserve Funds: Surety and Debt Service Reserve Funds are used to provide a ready reserve to meet current debt service payments should monies not be available from current revenues for the protection of bondholders. The City may provide this in the form of a surety bond rather than a cash reserve. The City shall utilize the methodology that best serves its needs on a case-by-case basis.

Coverage Requirements: Coverage is the ratio of pledged revenues to related debt service in a given year. For each bond issue, the Finance Department, in conjunction with the financing team, shall determine the appropriate coverage requirements, if any.

Use of Variable-Rate Securities: When appropriate, the City may choose to issue securities that pay a rate of interest that varies according to a predetermined formula or results from a periodic remarketing of securities.

Validation: The City may seek judicial validation if it is deemed in the best interest of the City and if there is risk of a legal challenge.

VIII. Investment of Bond Proceeds

Investment of bond proceeds will be consistent with those authorized by existing state law and by the City's investment policy, applicable bond covenants and Internal Revenue Service requirements. When financially in the best interests of the City, bond proceeds shall be invested and tracked separately from other investments.

IX. Refunding of Outstanding Debt

Advance Refunding: The City may issue advance refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent and a net present value savings of at least three percent (3%) is provided.

Exceptions to this requirement shall be made only upon the recommendation of the Director of Finance.

Current Refunding: The City may issue current refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent and net present value savings equal or exceed three percent (3%)

Restructuring of Debt: The City may choose to refund outstanding indebtedness when existing bond covenants or other financial structures impinge on prudent and sound financial management. Savings requirements for current or advance refundings undertaken to restructure debt may be waived by the Director of Finance upon a finding that such restructuring is in the City's overall best financial interests.

X. Credit Objectives

The City's goal is to maintain or improve the bond ratings. To that end, prudent financial management policies will be established and adhered to in all areas. Full disclosure of operations will be made to the bond rating agencies.

XI. Ongoing Disclosure

In accordance with the Securities and Exchange Commission (SEC), Rule 15c2-12, the City will provide financial and operating information to the Nationally Recognized Municipal Information Repositories (NRMSIRs) designated by the SEC. The City will also provide its annual financial statements and other relevant information to rating agencies, paying agent banking institutions, and as required by Continuing Disclosure Requirements within all debt documents. The requirement to notice continuing disclosure may be satisfied by using a nation dissemination service such as :Disclosure U.S.A.".

XII. Method of Sale

There are three ways the City may sell bonds: Competitive (public) sale, negotiated sale and private placement.

The Finance Department, as a matter of policy, shall review each transaction on a case-by-case basis to determine the most appropriate method of sale.

Negotiated Sale: Bonds may be sold through an exclusive arrangement between the City and an underwriter or underwriting syndicate. At the end of successful negotiations, the issue is awarded to the underwriters. This method offers flexibility for the City. In a negotiated sale, the underwriter shall be selected through the Request for Proposal (RFP) process or negotiations between various underwriters and the Director of Finance and the City's Financial Advisor. The criteria used to select an underwriter in a negotiated sale should include, but not be limited to, the following: overall experience, marketing philosophy, capability, previous experience, underwriter's discount and expenses.

Competitive Sale: When determined appropriate, the City may sell its debt obligations in which any interested underwriter is invited to submit a proposal to purchase an issue of bonds. The bonds are awarded to the underwriter presenting the best bid according to stipulated criteria set forth in the notice of sale. The criteria used to select an underwriter in a competitive sale shall be the true interest cost. The sale may be by sealed bids or over the internet.

Private Placement: When determined appropriate by the Director of Finance, the City may elect to sell its debt obligations through a private placement or limited public offering. Instead of retaining the services of an investment banking firm to underwrite the securities, the City can sell the bonds directly to a limited number of investors. The City may use a placement agent to assist in identifying likely investors.

XIII. Assembling a Financing Team

A Financing Team will be assembled to provide professional services that are required to develop and implement the city's debt program with the goal of continuity, quality service and competitive prices.

The City Attorney shall supervise Bond Counsel as necessary, as well as provide any other legal services required for issuance of debt. The Bond Counsel's role is to prepare or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings and litigation.

The City may retain an independent financial advisor for advice on debt structuring, the rating review process, marketing debt issuances, sale and post-sale services and to prepare and/or review the official statement. As necessary, the City may also retain other service advisors, such as trustees, underwriters, pricing advisors and disclosure counsel.

The objective is to promote fair competition in the selection of the Financing Team. The overall goal is to be as objective as possible, incorporate clear and rational selection criteria, be independent of political influence, be perceived as fair by the respondents, result in a cost-effective transaction, result in the selection of the most qualified firm, and eliminate any and all conflict of interest.

XIV. Arbitrage Liability Management

It is the City's policy to minimize the cost of arbitrage rebate and yield restrictions while strictly complying with applicable laws.

Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, arbitrage calculations will be performed by qualified arbitrage professionals in strict adherence with required Internal Revenue Service reporting dates, which are five (5) years after the delivery date of each issue, and each fifth year thereafter until the bonds have been matured, redeemed early or retired.

Arbitrage rebate costs shall be charged as negative interest revenue to the funds in which the related obligation proceeds were originally deposited.

XV. Modification to Policy

This policy will be reviewed annually by the Director of Finance.

Glossary

Ad Valorem Tax: a tax calculated “according to the value” of property. Such a tax is based on the assessed valuation of real and tangible personal property.

Advance Refunding: a procedure whereby outstanding bonds are refinanced by the proceeds of a new bond issue. Typically, an advance refunding is performed to take advantage of interest rates that are significantly lower than those associated with the original bond issue or to remove restrictive language. Proceeds from the advance refunding are typically placed in an escrow account to pay the debt service of the refunded bonds until the remaining outstanding amount can be called.

Arbitrage: the difference between the interest rate cost of a debt instrument and the rate of interest earned on the investment of proceeds. Federal law limits the amount of interest cities earn on proceeds of debt issuance.

Bond: includes bonds, debentures, notes, certificates of indebtedness, mortgage certificates, or other obligations or evidences of indebtedness of any type or character.

Bond Anticipation Note (BAN): a short-term debt instrument issued by a state or municipality that will be paid off with the proceeds of an upcoming bond issue.

Bond Counsel: an attorney (or firm of attorneys) retained by the issuer to give a legal opinion concerning the validity of the securities. Bond counsel may prepare or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings or litigation.

Bond Insurance: an insurance policy purchased by an issuer, which guarantees the payment of principal and interest of an issue. This security provides a higher credit rating and thus a lower borrowing cost for an issuer.

Capital Improvement Plan: a plan outlining the capital needs for a specified time period.

Capital Lease: an acquisition of a capital asset over time rather than merely paying rent for temporary use. A lease-purchase agreement, in which provision is made for transfer of ownership of the property for a nominal price at the scheduled termination of the lease, is referred to as a capital lease.

Conduit Bonds: conduit financings are securities issued by a government agency to finance a project of a business, whose activities have a general public purpose. The business receives all proceeds of the tax-exempt bond issue and is responsible for payment of its debt in its entirety.

Competitive Bid: a sealed bid, containing price and terms, submitted by prospective underwriter(s) to an issuer, who awards the contract to the bidder with the best price and terms. This may be done over the internet.

Continuing Disclosure: the requirement by the Securities and Exchange Commission for most issuers of municipal debt to provide current financial information to the information repositories for access by the general marketplace.

Coverage: the ratio of pledged revenues to related debt service for a given year.

Debt Service Reserve Fund: the fund into which moneys are placed which may be used to pay debt service, if pledged revenues are insufficient to satisfy the debt service requirements. This is often established with debt proceeds. May be a surety policy purchased at time of issuance.

Derivatives: a financial product, the value of which is derived from the value of an underlying asset, reference rate or index. Typically, these agreements are contracts between a lender/investor and a borrower.

Financial Advisor: a consultant who advises an issuer on matters pertinent to a debt issue, such as structure, sizing, timing, marketing, pricing, terms and bond ratings.

Financing Team: the group of professionals consisting of City staff, Bond Counsel, Disclosure Counsel, Underwriters and Financial Advisors that work together to issue bonds.

General Obligation Bonds (GO): bonds which are secured by the full faith and credit and taxing power of the municipality and use funds that are legally available for payment of debt service. A city can issue ad valorem GO bonds which are repaid solely from ad valorem taxes, or non-ad valorem bonds which are repaid from legally available general fund revenues by a covenant to budget and appropriate

Improvement Bonds: special obligations of the municipality which are payable solely from the proceeds of the special assessments levied for an assessable project.

Master Lease Agreement: a pre-determined lease agreement between a city and a provider to lease equipment whose useful life is to short to finance with long-term debt.

Municipal Securities Rulemaking Board (MSRB): a 15-member, self-regulating organization that is entrusted with the responsibility of writing rules of conduct for the municipal securities market.

Negotiated Sale: underwriting of a new securities issue in which the spread between the purchase price paid to the issuer and the public offering price is determined through negotiation with one or more underwriters rather than multiple competitive bidding.

Paying Agent: an agent of the issuer with responsibility for timely payment of principal and interest to bond holders.

Present Value: the value of a future amount or stream of payments stated in current dollars.

Project: any capital expenditure the Council deems to be for a public purpose.

Reserve Fund: a fund established by the terms of a bond issue into which money is deposited for payment of debt service in case of a shortfall in current revenues. May take the form of a surety policy.

Revenue Anticipation Note (RAN): a short-term debt issue of a municipality that is to be repaid out of anticipated revenues such as sales tax. When the revenue is collected, the RAN is paid off.

Revenue Bond: a bond payable from a specific source of revenue and to which the full faith and credit of an issuer is not pledged. Revenue bonds are payable from identified sources of revenue and do not permit the bondholders to compel a jurisdiction to pay debt service from any other source. Pledged revenues often are derived from the operation of an enterprise.

Tax Anticipation Note (TAN): a short-term obligation of a state or municipal government to finance current expenditures pending receipt of expected tax payments.

Underwriter: the firm that purchases a securities (bond) offering from a governmental issuer for resale.

Yield Restriction: the investment of bond proceeds in financial instruments that earn interest rates which are not significantly higher than the cost of borrowing.

City of Palms