CITY OF FORT MYERS, FLORIDA

ANNUAL REPORT TO BONDHOLDERS

Fiscal Year Ended September 30, 2013

Prepared By:

Department of Financial Services

Division of Accounting

City of Fort Myers, Florida

Elected Officials
As of February 21, 2014

Randall P. Henderson, Jr.
Mayor

Johnny W. Streets, Jr.
Mayor Pro Tem, Ward 2

Teresa Watkins Brown
Council Member, Ward 1

Christine Matthews
Council Member, Ward 3

Michael Flanders
Council Member, Ward 4

Forrest Banks
Council Member, Ward 5

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, Esquire
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

Mayer Hoffman McCann P.C.
Clearwater, Florida
Auditors

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

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

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ENTERPRISE DEBT

EXHIBIT A

PURPOSE OF THE *ANNUAL REPORT TO BONDHOLDERS*

The *Annual Report to Bondholders* (Report), for the fiscal year ended September 30, 2013, has been prepared by the City of Fort Myers to provide certain information concerning the City, its operations and indebtedness. This Report is designed to provide useful information to 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. All of the information is presented as of the fiscal year ending September 30, 2013, unless otherwise noted.

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:

- $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
- $68,605,000 Utility System Refunding and Revenue Bonds, Series 2011, dated December 29, 2011
- $17,025,000 Utility System Refunding Revenue Bonds, Series 2012, dated September 12, 2012

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.

In addition to this Report, the City is filing a copy of its *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended September 30, 2013. The CAFR is transmitted as a separate document to make pertinent financial information available that may be of interest to the reader. The *Annual Report to Bondholders* is a supplementary document and should be reviewed in conjunction with the CAFR, and not as a replacement of the CAFR.

Copies of the Report and the CAFR are being furnished to current or potential bondholders upon request, rating agencies, insurers of municipal debt, and to the Electronic Municipal Market Access (EMMA). Anyone requesting financial information about the City is referred to these documents. The Report and the CAFR are also available in the Financial Services Department's section of the City's website at www.cityftmyers.com.

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

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.

Questions concerning the information contained herein or suggestions should be directed to:

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

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

February 21, 2014

Mayor Randall P. Henderson, Jr.
Mayor Pro-Tem Johnny W. Streets, Jr.
Council Member Teresa Watkins Brown
Council Member Christine Matthews
Council Member Michael A. Flanders
Council Member Forrest Banks
Council Member Thomas Leonardo
Citizens of the City of Fort Myers

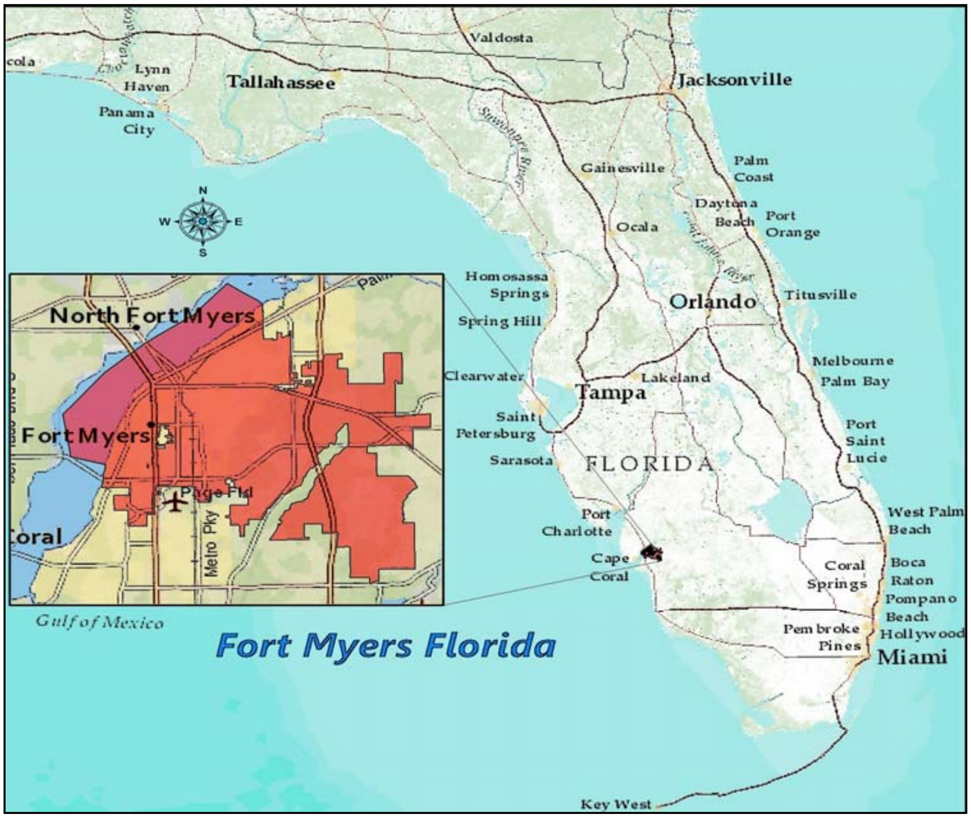
To the Honorable Mayor, City Council Members and Citizens of Fort Myers:

The Division of Accounting, Department of Financial Services, is pleased to present to you the *Annual Report to Bondholders* for the City of Fort Myers, Florida for the fiscal year ended September 30, 2013. 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 data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

We believe the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the position in regard to the outstanding debt of the City and to meet the City's continuing disclosure requirements. All disclosures necessary to ensure the reader gains an understanding of the City's debt obligations have been included.

PROFILE OF THE CITY

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 67,081 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.



The City operates under a council-manager form of government. Policy-making and legislative authority are vested in the governing council (Council) consisting of the mayor and six other members. The Mayor is elected at large, with one vote and no veto authority, and the six council members are elected by their respective wards. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a four-year term. The City Council is responsible for all policy-making functions of the government. The City Manager is responsible for the administration of the City.

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.

LOCAL ECONOMY

The City of Fort Myers is part of the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA), 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 became the new home to the Boston Red Sox in 2012.

Over the past ten years, the City experienced significant fluctuations to its profile due to very rapid expansion and development and the great recession that began in December 2007 and took a particularly sharp downward turn in September 2008. Consistent with national and statewide trends, key local economic indicators weakened considerably as the City experienced the effects of the economic downturn. New construction slowed, foreclosures were widespread, and the City's population declined 9.5% by 2010 to 62,298.

Recent reports and economic data indicate a modest, yet uneven, recovery while researchers of the local real estate market forecast the beginning of a gradual return to the normalcy of the market before the boom years. The region is experiencing a recent renewal of interest from home builders, who are acquiring vacant land as home inventory is low. After reaching a high of 11.2% in 2010, the City's unemployment rate declined to 6.7% in 2013, which is slightly lower than the state's rate of 6.9% and the national rate of 7.0%. The statewide unemployment rate has remained below the national average of 7.0 percent since March 2013, and the state's annual job growth rate of 2.5 percent in October and November 2013 was the fastest since June 2006. The declines in unemployment rates during the current year support the City's cautious optimism of a resurgent local economy boosted by the slowly recovering housing market and a low density rate, which leaves plenty of room for Fort Myers to grow.

Improvements in the national economy and the housing markets are important factors to Southwest Florida since they impact the timing and level of households moving to the region. As mentioned above, prior to the great recession, Fort Myers experienced rapid growth with strong residential appreciation and commercial construction. The effects of the great recession caused the City to lose $3.0 billion, or 42 percent of its tax base between the fiscal years of 2009 and 2013. A 3.5 percent increase in the City's tax base for the current fiscal year reverses the five year trend of decline and underscores the need for cautious optimism about future revenue trends. The City's ability to expand and diversify its tax base is a major factor in providing additional financial resources to fund an increasing demand for services.

During the past ten years, the City's expenditures related to public safety experienced the greatest increase, not only in amount but also as a percentage of total expenditures in governmental funds (currently 55.1 percent, reflecting a ten-year increase of 19.4 percent). A major contributor to this increase is the salaries and benefits for police and firefighters escalating at a faster rate than for the City's general employees. After successfully reforming the General Employees' Pension Plan, the City is actively pursuing pension reform packages for contract negotiations with the Police and Fire Unions.

During the same ten-year period, taxes related to governmental funds increased not only in amount, but also as a percentage of total revenues in governmental funds (currently 62.3 percent, reflecting a ten-year increase of 13.8 percent). While the City recognized increases in taxable value as a result of expansion and redevelopment efforts within the City, the decline in valuation during the great recession impacted the City's available resources as the City adjusted its millage rate to supplement decreases in other revenue sources, such as grants, which declined 8.8 percent over the last ten years as a percentage of total revenues in governmental funds.

LONG-TERM FINANCIAL PLANNING

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. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was 26.4% of total General Fund revenues while unassigned fund balance was 11.8% of revenues. The unassigned fund balance exceeds the minimum requirement and falls within the range of the goal set by the City Council for budgetary and planning purposes.

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. Beginning in February 2013, City Council developed a new Strategic Plan, with a revised Mission Statement, that ensures the organization's sustainability for the future. The Strategic Plan places further emphasis on fiscal management. The Mission of the City of Fort Myers is to be financially responsible, and to be a leader in municipal services, with a dedicated City workforce, and an involved community.

The new Strategic Planning Model for the City incorporates the following criteria:

- Vision ~ value-based principles that describe the preferred future in fifteen years.
- Plan ~ strategic goals that focus outcome-based objectives and potential actions for five years.
- Execution ~ focus for one-year – a work program: policy agenda for Mayor and City Council, management agenda for staff; major projects.
- Mission ~ principles that define the responsibility of City government and frame the primary services – core service businesses.
- Core beliefs ~ personal values that define performance standards and expectations for employees.

To support the new Strategic Plan, goals for the next five years comprise a financially sound city that provides exceptional municipal services; safe and livable neighborhoods; economic prosperity and a growing economy, and; a vibrant downtown on the river. The Strategic Plan complements the City's 2010 Downtown Development Plan, which integrates the existing historic downtown area with a strategy to develop the neighboring riverfront and create a cultural destination.

As part of the City's vision to transform the downtown riverfront into a rewarding destination for local and regional residents and tourists, the new state-of-the-art Fort Myers Regional Library, a joint effort between Lee County and the City of Fort Myers, opened to the public on December 11, 2013. This new library nearly triples the size of the previous one-story library and is a vibrant east end anchor in the downtown river district.

Using federal Neighborhood Stabilization Program (NSP) funds, 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. This Program is part of the national effort to restore homes and renew neighborhoods affected the hardest by the housing crisis. In addition, funds for the repairs and rehabilitation of housing are available from both of the Community Development Block Grant and State Housing Initiative Partnership (SHIP) programs.

The City's business base is rebounding as a result of the recovering economy and restoration of the downtown waterfront. More than 40 businesses moved into downtown in the past two years and three existing merchants expanded into larger space. In addition, the City works with fledgling businesses by providing a business 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.

Comprehensive Plan

Under the Local Government Comprehensive Planning and Land Development Regulation Act passed by the Florida Legislature in 1985, and amended in 1986, local governments are required to prepare a comprehensive plan as a definitive guide for their growth management. The goals, objectives and policies of the City's Comprehensive Plan were developed during the planning process to guide the community and provide clear direction to elected officials, City staff and citizens on certain day to day activities as well as the future vision of the City.

One of the requirements of the City's Comprehensive Plan is the provision of authority to the City's land development regulations, including the adopted Capital Improvement Program. The City's annual budget process includes the preparation of the five-year Capital Improvement Program, which typically includes the construction of infrastructure and municipal facilities as well as the acquisition of large or specialized equipment. The capital planning process is critical to the City's well-being because it provides the opportunity to take a planned and programmed approach to allocating financial resources in the most responsive and efficient manner. As part of the planning process, the City identifies and quantifies the operational costs associated with the capital projects and budgets resources in its operating budget accordingly.

The City's Capital Improvement Program comprises seven categories for capital projects. The largest category of capital spending is Utilities, which includes improvement and replacement of water/sewer infrastructure and necessary regulatory equipment replacement and maintenance.

For fiscal years 2014 through 2018, the City adopted the following five-year program:

Utilities	$ 118,534,360
Transportation	22,045,178
Equipment	10,747,000
Stormwater	7,144,836
Parks and Beautification	5,365,000
Buildings	2,623,100
Development	350,000
Total	$ 166,809,474

The Capital Budget is the first year of the Capital Improvement Program and includes a list of projects to implement in that fiscal year. The fiscal year 2014 Capital Budget anticipates $34.7 million in capital projects, which comprises $15.5 million in Utilities improvements and replacements, $7.6 million for Transportation projects, $3.1 million for Equipment purchases, $2.4 million for Stormwater improvements and maintenance, $5.4 million in Parks and Beautification landscape improvements and enhancements to City recreation facilities, $.6 million to Buildings purchases and improvements, and $.1 million to Development for the improvements to neighborhoods and commercial business areas.

Major projects included in the Capital Budget for fiscal year 2014 include $5.8 million for various neighborhood utility improvements, $5.2 million for a major renovation of the Fort Myers Golf Course, and $3.8 million in First and Second Street Improvements. Funding these projects reflects the City's commitment to meeting the standards set forth in its Comprehensive Plan and positively impact the quality of life for its residents, businesses and visitors.

RELEVANT FINANCIAL POLICIES

The City has established guidelines 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 follows policies and procedures that 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.

Any downward trends in the State and/or local economy will adversely impact the City's ability to realize its budgeted revenues in the categories of franchise fees, utility taxes and state-shared revenues. Therefore, with quarterly monitoring and conservatism, the City mitigates any unforeseen circumstances. Complementing this practice is one in which a certain amount of expenses/expenditures are frozen and are not released for use until it is clear that revenues will be at projected levels.

The City formally adopted a debt management policy during fiscal year 2008. 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 continually pursues ways to limit debt and improve its overall financial position. These actions include such measures 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.

The City does not issue debt, long or short term, to finance operational costs.

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. Annual budgets are legally adopted for the General Fund, Debt Service Funds, Enterprise Funds, Internal Service Funds, Trust and Agency Funds and certain Special Revenue Funds. In addition, project budgets are adopted for the Capital Project Funds for the respective year along with approval of the five-year Capital Improvement Program. The City prepares its budget on a basis consistent with generally accepted accounting principles, with a few exceptions. For budget purposes, depreciation is not shown in the annual budgets and debt service is reported as current year expenditures.

The appropriated budget is prepared by fund, department, and division. The City Manager, the Director of Finance and the Budget Manager have the authority to approve the transfer of funds within a department, within a fund. Transfers that are greater than $50,000 are reported to Council on a quarterly basis following their implementation. Transfers that are less than $50,000 are also reported to Council on a quarterly basis when the cumulative total in any department reaches $50,000. In most cases, divisions are required to transfer funds only to meet unanticipated needs or to reflect organizational changes. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level within a fund, except for the Community Redevelopment Agency, which uses the fund level as their budgetary control.

Whereas the adopted budget is meant to control and provide for the efficient and economical running of the City, amendments (increases or decreases in appropriations and/or revenue estimates) to a budget may be required during the year to properly account for unanticipated needs or opportunities. Budget amendments in the amount of $50,000 or less (excluding use of reserves and changes to capital projects) require the approval of the City Manager and the Director of Finance, or their designees. All such amendments are provided 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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services, such as purchase orders, contracts, and commitments. Encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. All encumbrances lapse at fiscal year end and valid encumbrances are re-appropriated and become part of the subsequent year's budget.

MAJOR INITIATIVES

During the years of the diminishing tax base, the City reduced operating expenditures by instituting an early retirement program, implementing layoffs and reducing employee salaries and benefits. The fiscal year 2014 budget is a deliberate balance of available resources and expenditures that will keep the City moving forward to fulfilling the City's mission as a financially responsible leader in municipal service delivery with a dedicated workforce and involved community. Actions to maintain stable service levels for core municipal services, such as police, fire and public works, and maintain City reserves within their current range during fiscal year 2014 include:

- Frozen funding for nineteen vacant positions for a savings of $1.2 million while restoring 3% of wage cuts for Police Union, General Union and Non-Union employees.
- Pension reform measures for the Police Officers Retirement System and Municipal Firefighters' Pension Trust Fund to ensure that future retirement benefits are available to employees and to control the City's costs to assist in aligning operating expenditures with revenues.
- A 4% rate increase for water and sewer services to alleviate future borrowing needs to fund capital projects.
- Rate increases at the City-owned golf courses to provide adequate operating supplies for course maintenance and debt repayment towards the major course improvements at the Fort Myers Country Club Golf Course.

A new, interactive financial planning model related to the City's General Fund budget is scheduled for completion in the first quarter of fiscal year 2014. The model uses the current millage rate and all additional revenue sources and factors in potential future growth combined with historical financial data and cost projections to create scenarios of the possible financial outcomes over a ten year period. Each scenario graphically displays the effects of reserve levels, revenue and expenditure trends, debt requirement, capital needs, etc. The model may be an effective tool to use in the development of future budgets to show both short and long-term impacts to current decisions.

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 Mayer Hoffman McCann, P.C., Certified Public Accountants, contains their opinion as to the fair presentation of the City's basic financial statements.

Awards. 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, 2012. 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 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-four 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.

The City of Fort Myers has also received the GFOA's Distinguished Budget Presentation Award for the last twenty-two 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.

ACKNOWLEDGMENTS

The preparation of this report was made possible through the proficient and dedicated services of the Finance Department. We would particularly like to express our appreciation to the Senior Accountants for their countless hours of work on this report. Their continuing effort toward improving the accounting and financial reporting systems improves the quality of information reported to the City Council, State and Federal Agencies, investors and the citizens of Fort Myers.

Appreciation is also extended to the Mayor and City Council Members for the vital role they have played in enabling the City to remain fiscally responsible to the citizens of Fort Myers.

Sincerely,

William P. Mitchell

Maria Joyner

William P. Mitchell
City Manager

Maria Joyner
Director of Finance

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, 2013, totals $422,656,348 excluding interest. This amount comprises $144,721,924 of General Governmental debt, including debt incurred by the Internal Service funds, and $277,934,424 of Enterprise debt. The General Governmental debt includes contingencies that are required to be recognized and debt amounts that are net of unamortized premium. The Enterprise Debt, which comprises Utility System debt, includes contingencies that are required to be recognized and debt amounts that are net of unamortized premium, a capital appreciation discount, and defeasance costs.

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:

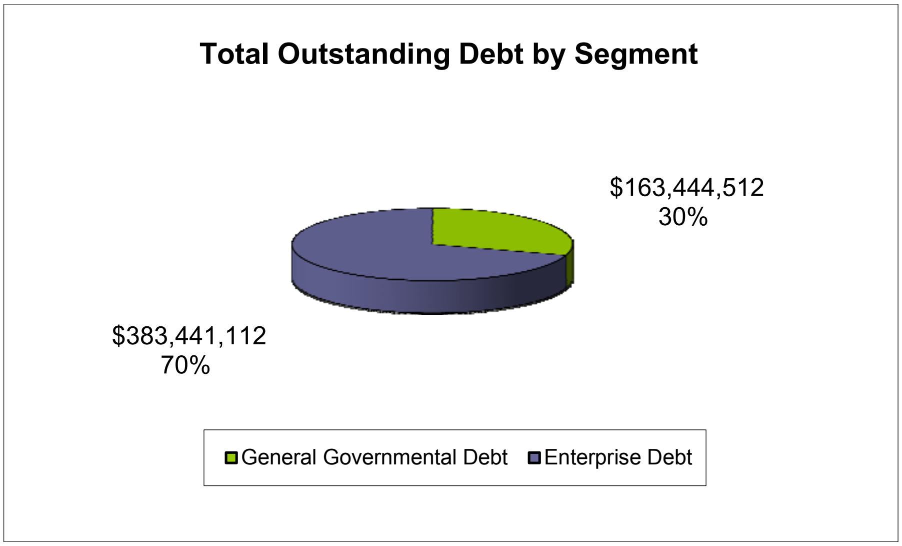
Total General Governmental debt, including Internal Service Fund debt	$ 144,721,924
Less: Unamortized premium	(2,506,223)
Compensated absences	(3,589,480)
Other postemployment benefits	(7,491,571)
Claims and judgments	(11,253,373)
Net pension liability	(14,375,096)
Adjusted General Governmental debt	105,506,181
Total Enterprise debt	277,934,424
Plus: Capital appreciation	2,583,788
Less: Unamortized premium and defeasance costs	(4,452,541)
Due to private sources	(2,832,963)
Compensated absences	(879,086)
Other postemployment benefits	(2,449,848)
Adjusted Enterprise debt	269,903,774
Total City of Fort Myers debt	$ 375,409,955

The City of Fort Myers Improvement Refunding Revenue Bonds, Series 2007, is partially paid from two enterprise funds while the pledged revenues in the bond documents are non-ad valorem revenues. The two enterprise funds have no legal obligation to pay the debt service, but the City has a legal obligation to pay the debt from specifically identified revenues. The coverage requirements are such that the enterprise funds' revenues may not be used to calculate the required coverage and the debt needs to be reclassified to the General Governmental debt category. This is also true for the Yacht Basin's Capital Improvement Revenue Note, Series 2005.

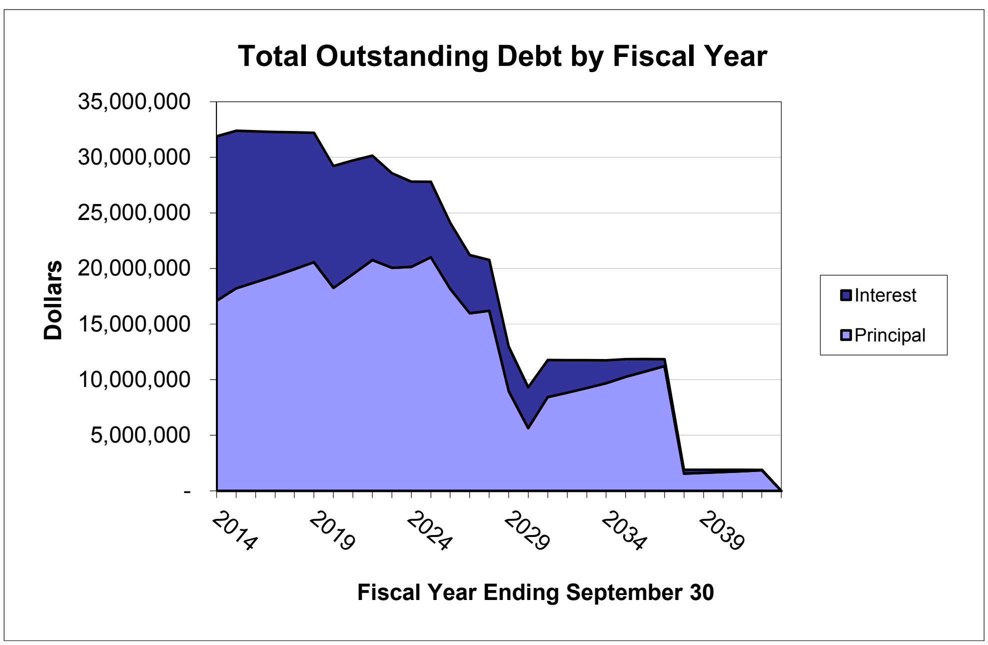
Total General Governmental debt, from above	$ 105,506,181
Plus: Yacht Basin Note	4,148,531
Series 2007 Bonds secured by non-ad valorem taxes	737,775
Adjusted General Governmental debt	110,392,487
Total Enterprise debt, from above	269,903,774
Less: Yacht Basin Note	(4,148,531)
Series 2007 Bonds secured by non-ad valorem taxes	(737,775)
Adjusted Enterprise debt	265,017,468
Total City of Fort Myers debt	$ 375,409,955

Making this adjustment, the total General Governmental debt, including interest and payable from non-ad valorem revenues, is $163,444,512 and the Enterprise debt, which comprises the Utility System debt as noted above, is $383,441,112, for a total of $546,885,624.

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



Of the total outstanding debt, total principal equals $375,409,955 and total scheduled interest equals $171,475,669. The following chart illustrates principal and interest due by fiscal year for all City of Fort Myers debt.



Currently, the General Governmental debt matures in the fiscal year ending September 30, 2037, and the Enterprise debt matures in the fiscal year ending September 30, 2042.

The annual requirements to amortize all outstanding debt as of September 30, 2013, including scheduled interest payments of $171,475,669, are as follows:

	General Governmental Debt		Enterprise Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 8,169,181	$ 4,967,851	$ 8,923,399	$ 9,811,053	$ 17,092,580	$ 14,778,904
2015	7,160,445	4,595,709	11,040,951	9,575,794	18,201,396	14,171,503
2016	7,461,714	4,243,138	11,303,319	9,308,199	18,765,033	13,551,337
2017	5,989,448	3,925,503	13,343,321	9,001,809	19,332,769	12,927,312
2018	6,257,205	3,642,417	13,678,900	8,658,828	19,936,105	12,301,245
2019-2023	24,549,369	14,320,061	74,548,995	36,392,104	99,098,364	50,712,165
2024-2028	15,785,125	9,872,419	75,669,352	20,325,387	91,454,477	30,197,806
2029-2033	17,705,000	5,934,256	23,424,231	10,498,007	41,129,231	16,432,263
2034-2038	17,315,000	1,550,671	26,120,000	4,208,627	43,435,000	5,759,298
Thereafter	-	-	6,965,000	643,836	6,965,000	643,836
Totals	$ 110,392,487	$ 53,052,025	$ 265,017,468	$ 118,423,644	$ 375,409,955	$ 171,475,669

Subsequent sections in the Report provide detailed information regarding the General Governmental debt and the Enterprise debt. The section for Enterprise debt is denoted as the “Utility System”.

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, 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. On October 23, 2013, S&P affirmed its A+ rating, with a stable outlook, on the City’s Series 2006A and Series 2007 Improvement and Refunding Revenue Bonds due to the City’s broad and diverse economy and strong maximum annual debt service coverage.

In April 2013, S&P withdrew its A- rating on the Series 2000B, 2001A, 2002A, 2003A, 2003B, 2004A, 2005A, 2005B, 2005C, 2005D, 2006, and 2007A Florida Municipal Loan Council (FMLC) Bonds. These bonds share a debt service reserve fund in the form of a master surety bond initially issued by MBIA Insurance Corp, now National Public Finance Guaranty Corp, which is currently rated BB. Given the speculative-grade credit quality of the surety provider, there is no longer any benefit of overcollateralization and the rating on each individual series is now based solely on the participants within that series. Therefore, the rating on each series would fall to the weakest participant. Within each series, there is at least one unrated borrower; therefore, S&P is unable to maintain a public rating on any of the affected series. The City is participating specifically in the FMLC Series 2005C Bonds.

The City maintains the A+ rating assigned by Fitch Ratings to its utility parity debt with a stable rating outlook. In February 2014, Fitch Ratings affirmed the AA- implied General Obligation (GO) rating, the AA- improvement revenue bonds rating, and the A+ Gas Tax Revenue Bonds rating. The rating outlook for the Implied GO and improvement revenue bonds remains negative. The rating outlook for the Gas Tax Revenue Bonds is stable.

In addition, the City maintains the Aa3 ratings assigned by Moody’s Investors Service (Moody’s) to its utility parity debt. However, in August 2012, Moody’s downgraded Fort Myers’ Long Term Issuer Rating from Aa2 to Aa3, and they removed the negative outlook. This rating was associated with the City’s governmental debt, and it was based on ongoing structurally imbalanced operations supported by use of one-time revenues to balance operations, high fixed costs and the City’s substantial property value declines. The Aa3 rating also reflects the City’s satisfactory, albeit diminished, reserve levels, sizeable and diverse tax base with below demographic profile and a manageable debt burden.

Bond Insurers

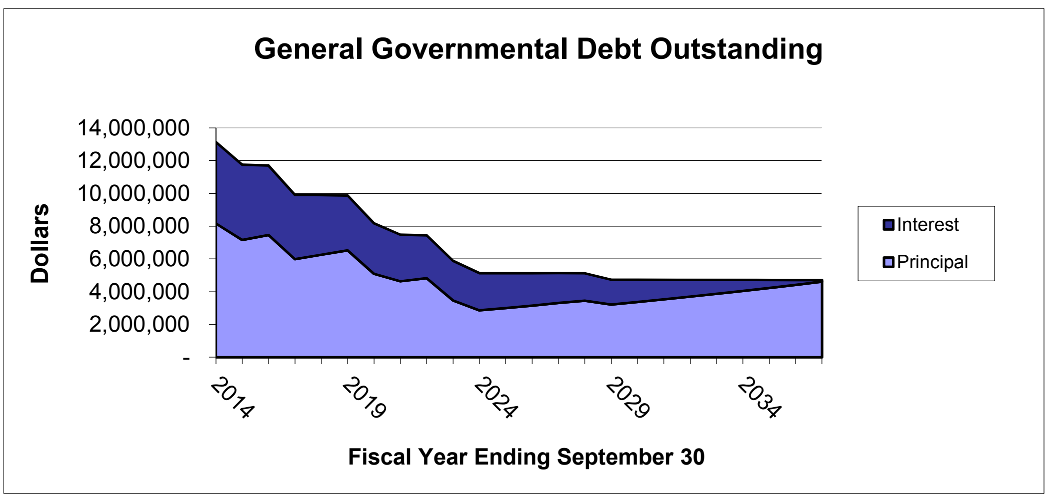
The City's bond issues are covered by insurance policies that guarantee the payment of that portion of the principal and interest on the respective series of bonds that become due for payment, but shall be unpaid by reason of non-payment by the City.

On August 4, 2010, FGIC Corporation, a privately held insurance holding company, announced that it filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the Southern District of New York. Financial Guaranty Insurance Company (FGIC), a wholly owned subsidiary of FGIC Corporation, was the initial insurer of the City's Utility System Refunding Revenue Bonds, Series 1993A and Series 2003A. FGIC and MBIA Insurance Corporation (MBIA) have a Reinsurance Agreement dated September 30, 2008, in which MBIA will pay FGIC policy holder's claims in compliance with the terms and conditions set forth in the Agreement. FGIC's bankruptcy filing has no impact on the City's debt service reserve fund policies that were issued by FGIC.

In January 2013, Moody's Investors Service downgraded the Insurance Financial Strength rating of Assured Guaranty Municipal Corp. (AGM) to A2 from Aa3. The outlook for the ratings is stable. AGM is the insurer of the City's Utility System Refunding and Revenue Bonds, Series 2011, and the Utility System Refunding Revenue Bonds, Series 2012.

GENERAL GOVERNMENTAL DEBT OVERVIEW

Total General Governmental debt consists of $110,392,487 of principal and $53,052,025 of scheduled interest, for a total of $163,444,512. Debt service for each fiscal year of debt outstanding is depicted by principal and interest below.

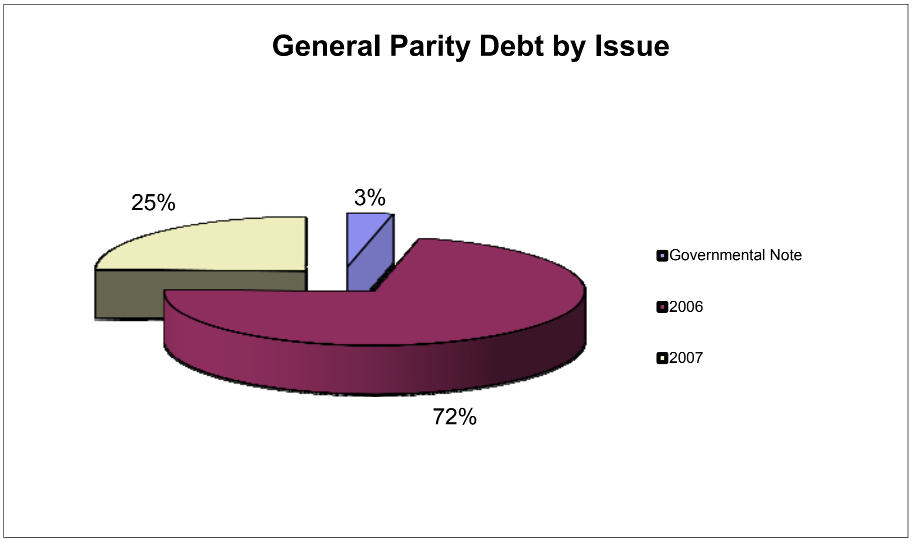


The following General Governmental debt sections comprise overviews on General Parity debt, the Florida Municipal Loan Council Note, the Gas Tax Revenue Bonds, and other General Governmental debt. In compliance with the City's Debt Policy (see Exhibit A), the City may issue general obligation bonds payable 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. Lease agreements may be authorized 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 should be established. The City should strive to obtain the lowest rate possible using competitive bidding or current market analysis.

GENERAL PARITY DEBT OVERVIEW

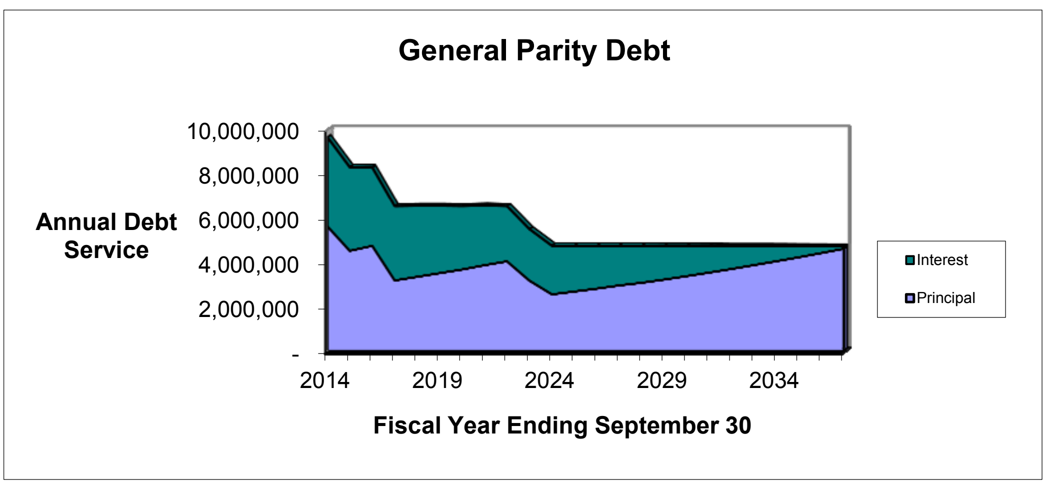
The General Parity Debt (Parity Bonds) consists of two bond issues and one note. They are on parity due to the fact that sources of repayment (Pledged Revenues) are the same for all three issues of debt. The issues are: (1) the Governmental Unit Note (Loan from the City of Gulf Breeze, Florida Local Government Loan Program, Series 1985B); (2) the Improvement and Refunding Revenue Bonds, Series 2006; and (3) 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 $88,780,000. If all debt is paid according to the existing amortization schedule, interest will be $48,532,653, for a total of $137,312,653. 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 Local Business 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 the transmission, conveyance or routing of voice, data, audio, video or any other information or signals, including video services, by or through any medium or method currently in existence or hereafter devised, including electronic, radio, satellite, cable, optical or microwave. The 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 the tax proceeds that it receives. The City believes it provided the Florida Department of Revenue with all information that the Department requested through September 3, 2013 and that such information is accurate.

The communications providers 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 shall <u>not</u> 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 postaudits 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), Florida Statutes, 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 postaudit of its financial accounts in accordance with the applicable provisions of law. The City 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, weight 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 fuel, 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 diesel fuel or motor fuel used for the propulsion of a commercial motor vehicle by such motor carrier within the State.

Local Business Tax. Local Business Tax consists of fees and other charges for business or occupational licenses imposed pursuant to Chapter 205, Florida Statutes, and Chapter 82, Article IV of the City's Code of Ordinances. Section 205.042, Florida Statutes, provides that the City may levy a business tax for the privilege of engaging in or managing any business, profession or occupation within its jurisdiction.

The City has collected the Local Business Tax (formerly the Occupational License Tax) based upon gross receipts since at least 1963. Florida Law provides for the levy and collection of the Local Business 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 Local Business Tax collections for the City if the City's method of levying and collecting the Local Business 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 Local Business 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.

Sales Tax. 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 Statutes, 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.

Since the beginning of the economic downturn in 2007, the Sales Tax Revenues received by the City declined from $5,531,093 in fiscal year 2007 to $4,659,495 in fiscal year 2013, a decline of 15.7%. However, Sales Tax Revenues in 2013 increased by 8.9% over revenues received in 2012 due to expanded economic activity and household spending.

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. Each fiscal year, the City will include and appropriate in its annual budget for expenditures from the Pledged Revenues 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 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 September 30,	Electric	Bottled Gas	Water	New Communi-cations Tax	Total
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
2012	5,030,023	164,843	1,498,722	4,064,133	10,757,721
2013	5,534,839	150,809	1,575,463	3,913,472	11,174,583

Source: City of Fort Myers, Florida audited financial statements

HISTORICAL FRANCHISE FEES RECEIPTS BY CATEGORY

Fiscal Year Ended September 30,	Electric	Gas	Total
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
2012	5,016,768	55,066	5,071,834
2013	4,948,431	79,594	5,028,025

Source: City of Fort Myers, Florida audited financial statements

SALES AND USE TAX AVAILABLE REVENUES

Fiscal Year Ended September 30,	Sales and Use (1)
2009	$ 18,446,085,352
2010	17,851,726,033
2011	18,589,577,548
2012	19,456,910,575
2013	20,596,993,479

(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,

	2009	2010	2011	2012	2013
Sales and Use Tax [1]	$ 215,543,021	$ 207,888,538	$ 217,216,599	$ 227,474,337	$ 240,332,962
Motor Fuel Tax	86,592,431	85,886,475	86,074,835	84,748,397	85,175,854
Special Fuel and Motor Fuel Use Tax	798,834	664,266	593,678	544,646	446,165
Total Receipts	$ 302,934,286	$ 294,439,279	$ 303,885,112	$ 312,767,380	$ 325,954,981
Guaranteed Entitlement [2] for all Florida Municipalities	$ 124,697,122	$ 124,697,122	$ 124,697,122	$ 124,697,122	$ 124,697,122
Coverage	2.43x	2.36x	2.44x	2.51x	2.61x

(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,

	2009	2010	2011	2012	2013
Guaranteed Entitlement [1]	$ 893,274	$ 893,274	$ 893,274	$ 893,274	$ 893,274
Other State Revenue Sharing	896,626	916,239	1,001,263	1,021,302	1,061,915
Total State Revenue Sharing	$ 1,789,900	$ 1,809,513	$ 1,894,537	$ 1,914,576	$ 1,955,189

(1) Only the Guaranteed Entitlement secures the general parity bonds.

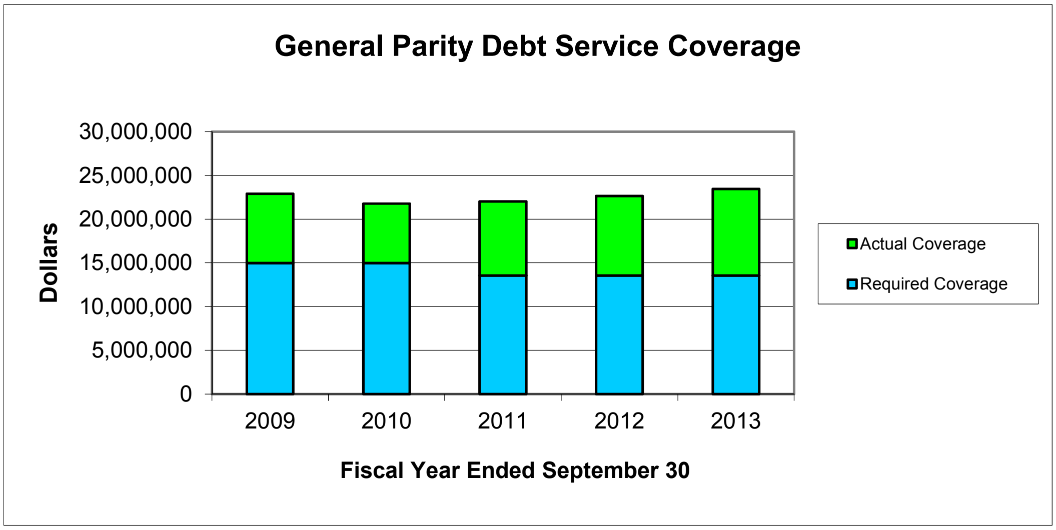
Source: City of Fort Myers, Florida audited financial statements

HISTORICAL PLEDGED REVENUES AND
PRO FORMA DEBT SERVICE COVERAGE

	2009	2010	2011	2012	2013
Pledged Revenues:					
Utilities Tax	$ 5,922,428	$ 6,337,910	$ 6,470,924	$ 6,693,588	$ 7,261,111
Guaranteed Entitlement Funds	893,274	893,274	893,274	893,274	893,274
Franchise Fees	5,949,066	5,222,818	5,247,624	5,071,834	5,028,025
Communications Services Tax	4,378,308	3,571,472	3,557,375	4,064,133	3,913,472
Local Business Tax	1,616,042	1,567,808	1,464,682	1,651,410	1,693,479
Sales Tax	4,168,430	4,184,439	4,403,549	4,281,557	4,659,495
Total Pledged Revenues	$ 22,927,548	$ 21,777,721	$ 22,037,428	$ 22,655,796	$ 23,448,856
Maximum Principal and Interest Requirements for Parity Bonds	$ 9,689,604	$ 9,822,546	$ 9,689,603	$ 9,689,603	$ 9,676,746
Pro Forma Coverage of Maximum Principal and Interest Requirements for Parity Bonds	2.37	2.22	2.27	2.34	2.42

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 accomplish the conversion, 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.



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$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 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
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		$ 4,757,328	$ 4,360,000	$ 397,328

$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

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

Dated December 21, 2006
Continued

SECURITY (continued)
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.

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, Armonk, 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 3.

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:

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

Dated December 21, 2006

Continued

CALL PROVISIONS (continued)

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 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
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%	4,713,073	4,615,000	98,073
Totals		$ 98,706,450	$ 57,095,000	$ 41,611,450

$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.

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

Dated September 4, 2007
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, Armonk, NY

Arbitrage Rate – 4.014364%

Cusip Number – 348163

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 3.

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 and the Improvement and Revenue Refunding Bonds, Series 2006.

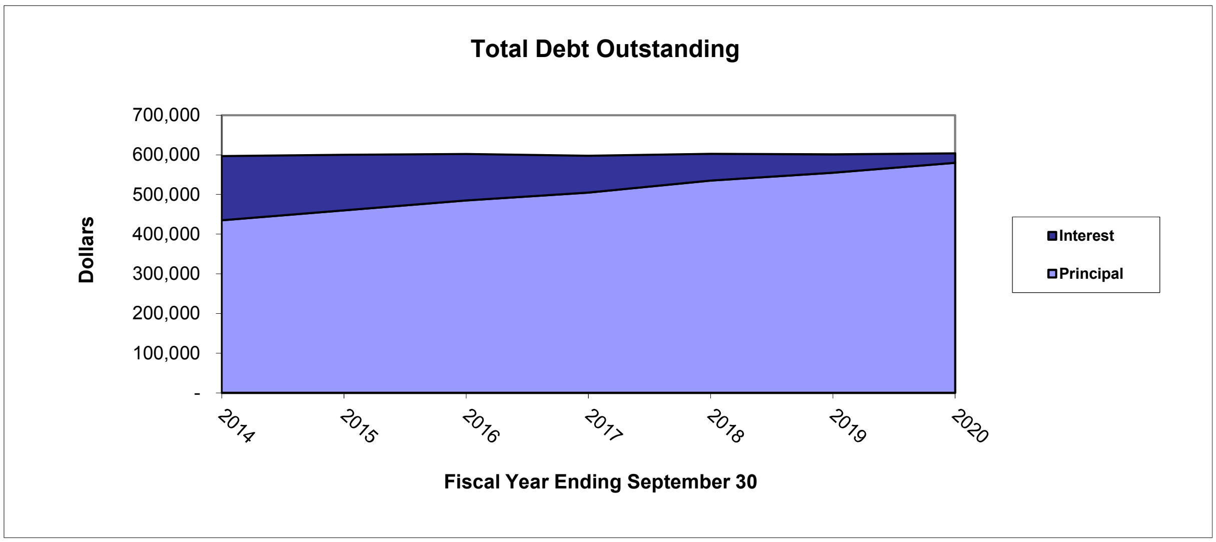
SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
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		$ 33,848,875	$ 27,325,000	$ 6,523,875

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 $4,204,175 which comprises $3,555,000 of principal and $649,175 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 Type Revenues.

For the fiscal year ended September 30, 2013, the City met both tests.

	Test #1	Test #2
Revenues	$34,719,296	$97,916,827
Maximum Annual Debt Service	10,667,549	10,667,549
Required Coverage	1.50 Times	
Maximum Percent of Debt		25.00%
Actual Coverage	3.25 Times	10.89%

$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
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		$ 4,204,175	$ 3,555,000	$ 649,175

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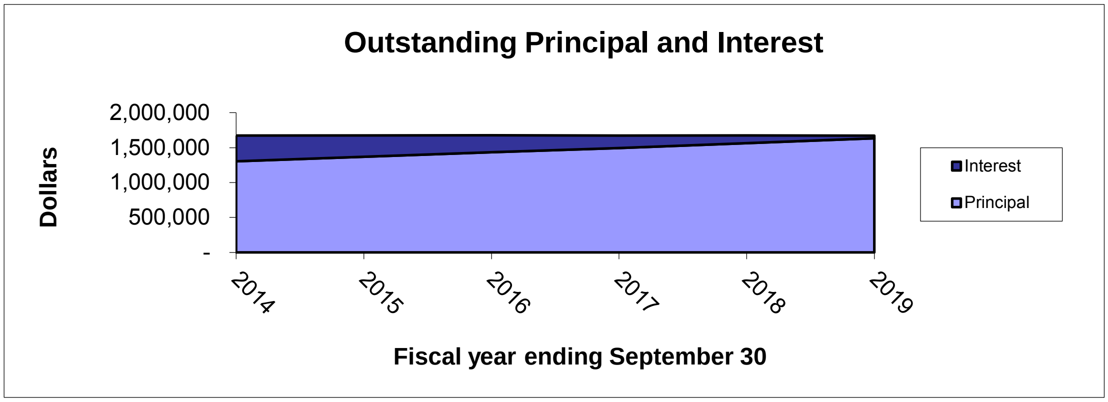
GAS TAX REVENUE BONDS OVERVIEW

The total outstanding debt service for these bonds is $10,050,996 and comprises $8,805,000 of principal and $1,245,996 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. For fiscal year ended September 30, 2013, the City met the debt service coverage test.

	Coverage Test
Revenues	$4,066,308
Maximum Annual Debt Service	1,678,394
Required Coverage	1.50 Times
Actual Coverage	2.42 Times

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 an 8.0% 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.

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 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.

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 current 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

The City agreed to provide continuing disclosure for the Gas Tax Revenue Bonds. The updated continuing disclosure information is on the following page.

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	7.040
2005	288,353,645	40,208,692	328,562,337	9.910
2006	299,544,192	46,160,096	345,704,288	5.220
2007	303,698,719	44,871,752	348,570,471	0.830
2008	283,149,975	42,495,823	325,645,798	(6.580)
2009	272,857,247	37,721,362	310,578,609	(4.630)
2010	269,538,511	34,787,410	304,325,921	(2.010)
2011	264,466,600	34,780,661	299,247,261	(1.670)
2012	264,609,679	33,338,763	297,948,442	(0.400)
2013	269,731,951	34,726,786	304,458,737	2.185
Totals	2,780,466,371	383,526,568	3,163,992,939	

Source: Florida Department of Revenue

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

Distribution Percentages
Six Cents Local Gas Tax and the Five Cents Local Gas Tax

Recipient	Share of Proceeds of Six Cents Local Gas Tax	Share of Proceeds of Five Cents Local Gas Tax
Lee County	50.49%	50.49%
City of Cape Coral	24.95	24.95
City of Fort Myers	14.00	14.00
City of Sanibel	5.00	5.00
City of Bonita Springs	4.54	4.54
City of Fort Myers Beach	1.02	1.02
Total	100.00%	100.00%

Source: Lee County Fiscal Year 2012-2013 Annual Budget

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)
2004	$ 2,396,346	$ 1,769,871	$ 4,166,217	9.33%
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)
2012	2,337,034	1,741,905	4,078,939	3.80
2013	2,330,342	1,735,966	4,066,308	(0.31)

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

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

Dated June 10, 2004
Continued

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 3.

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
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		$ 10,050,996	$ 8,805,000	$ 1,245,996

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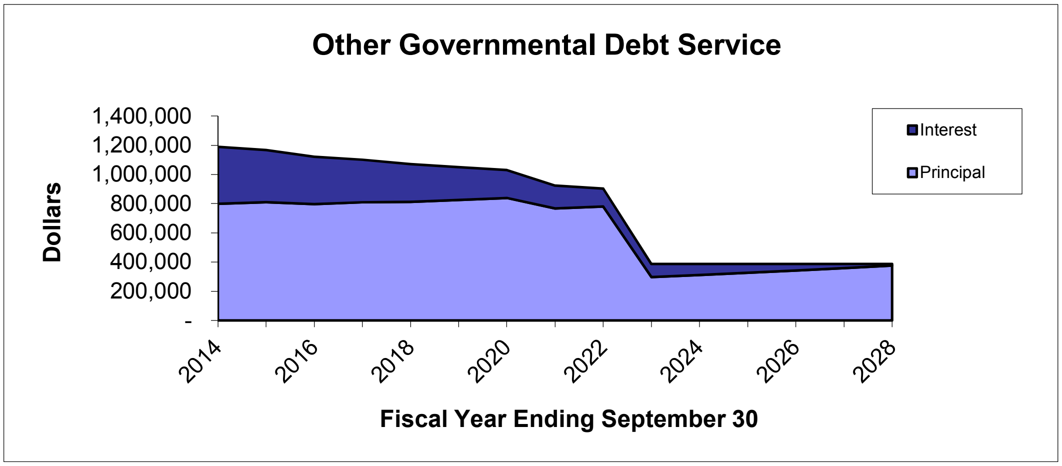
OTHER GENERAL GOVERNMENTAL DEBT OVERVIEW

Other general debt not associated with the Utility System consists of three notes and two capital leases. The notes are the (1) Section 108 Note, (2) Community Redevelopment Revenue Note, Series 2005, and (3) Capital Improvement Revenue Note, Series 2005, for the City of Fort Myers Yacht Basin. The two lease agreements financed the acquisition of certain capital assets for the City's Fire Department.

Outstanding debt, including interest and principal on these obligations, totals $11,876,687 and consists of $9,252,487 of principal and $2,624,200 of interest. The following chart provides a graphic presentation of debt service by fiscal year.



$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 (LIBOR) plus 20 basis points. As of September 30, 2013, the LIBOR three month rate was 0.24800%.

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
2014	4.000%	$ 28,225	$ 25,000	$ 3,225
2015	4.000%	26,621	25,000	1,621
Totals		$ 54,846	$ 50,000	$ 4,846

$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
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		$ 5,373,571	$ 4,465,384	$ 908,187

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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
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		$ 5,803,150	$ 4,148,531	$ 1,654,619

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$549,740
CITY OF FORT MYERS, FLORIDA
CAPITAL LEASE, SERIES 2013

Dated April 15, 2013

PURPOSE:
This capital lease was issued to finance the purchase of a fire engine. The lease agreement requires annual payments and the interest rate is 2.45%.

SECURITY:
The repayment of the capital lease is secured by the item purchased. There is a clause that allows the City to cancel the lease and return the equipment in the event that funds are not appropriated to the debt service.

ISSUED AS:
$549,740 capital lease

PURCHASE PROVISIONS:
Upon thirty days prior written notice by Lessee to Lessor, and so long as there is no Event of Default then existing, Lessee has the option to purchase all of the equipment covered by the lease on any rent payment due date by paying all rent payments then due plus the termination value amount set forth on the payment schedule for such date.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2014	2.450%	$ 86,417	$ 72,948	$ 13,469
2015	2.450%	86,417	74,735	11,682
2016	2.450%	86,417	76,566	9,851
2017	2.450%	86,417	78,442	7,975
2018	2.450%	86,417	80,364	6,053
2019	2.450%	86,417	82,333	4,084
2020	2.450%	86,417	84,352	2,065
Totals		$ 604,919	$ 549,740	$ 55,179

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$50,250
CITY OF FORT MYERS, FLORIDA
CAPITAL LEASE, SERIES 2013-1

Dated May 31, 2013

PURPOSE:
This capital lease was issued to finance the purchase of web-based software for incident reporting, staff and inventory tracking for the City's Fire Department. The lease agreement requires annual payments of $10,050 in addition to annual support and hosting fees. An implied market lease interest rate of 1.40% has been applied.

SECURITY:
The repayment of the capital lease is secured by the items purchased. There is a clause that states that the City's performance and obligation to pay under the lease contract is contingent upon the annual appropriation of funds.

ISSUED AS:
$50,250 capital lease

PROVISIONS:
If for any reason the City elects to cancel the agreement before the five year payment plan is complete, the City will pay the full implementation fees under the agreed upon five year payment plan.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2014	1.400%	$ 10,050	$ 9,506	$ 544
2015	1.400%	10,050	9,640	410
2016	1.400%	10,050	9,775	275
2017	1.400%	10,050	9,911	139
Totals		$ 40,200	$ 38,832	$ 1,368

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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, provides that the City process the County's sewage, and the agreement 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), which 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 8 MGD to 12 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 unusable.

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 2013, the City produced and supplied an average of 6.236 MGD of potable water to its customers.

Facilities – Wastewater

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 plants 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 2013, the South Plant and the Central Plant treated an average of 8.64 and 5.90 MGD, respectively, and served a total of 65,326 City and Lee County units, some of which have multiple connections. The Utility System additionally has outstanding commitments for almost 18,100 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.

The City's total discharge allocation permitted by the Florida Department of Environmental Protection (FDEP) from the South Plant and the Central Plant is 23 MGD. Currently, 8.69 MGD on average is utilized at the South Plant and 3.47 MGD is utilized at the Central Plant, for a total discharge of 12.16 MGD. It is highly unlikely that the current allocations for discharge into the Caloosahatchee River, 11 MGD for the Central Plant and 12 MGD for the South Plant, will be allowed in the future. Consequently, planning for future expansions of the existing plants will likely require development of alternative methods of effluent disposal. Expansion of the reclaimed water system is one of the alternatives being planned by the City.

Presently, biosolids from the Central Plant and the South Plant are disposed, 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 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 50% 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.

Facilities – Reclaimed Water

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, 2013, reclaimed water distribution was 2.85 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, 2013, payments by Lee County pursuant to the interlocal agreement represented approximately 17.66% 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 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.

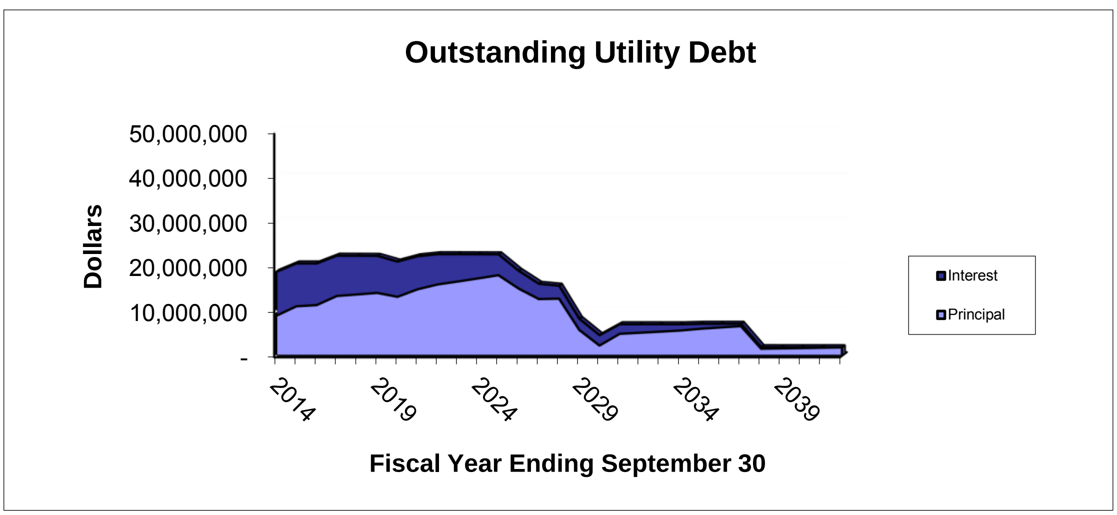
The consumptive use of water is administered by SFWMD through a permitting system, pursuant to which water resources are divided among the permitted consumers. The City's consumptive use permit for the water drawn by its wells allows the City to draw up to 16.14 MGD and expires in March 2020.

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 Revenue Bonds, Series 2006, (3) City of Fort Myers Utility System Refunding and Revenue Bonds, Series 2011, and (4) City of Fort Myers Utility System Refunding Revenue Bonds, Series 2012.

Total outstanding debt, including interest, is $383,441,112. Of this total amount, $265,017,468 is principal and $118,423,644 is interest on the borrowings.

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



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
2014	$ 18,734,452	$ 8,923,399	$ 9,811,053
2015	20,616,745	11,040,951	9,575,794
2016	20,611,518	11,303,319	9,308,199
2017	22,345,130	13,343,321	9,001,809
2018	22,337,728	13,678,900	8,658,828
2019	22,311,774	14,031,988	8,279,786
2020	21,030,625	13,154,319	7,876,306
2021	22,227,958	14,846,162	7,381,796
2022	22,689,843	15,928,910	6,760,933
2023	22,680,899	16,587,616	6,093,283
2024	22,666,747	17,274,193	5,392,554
2025	22,653,648	17,993,924	4,659,724
2026	18,969,490	14,998,146	3,971,344
2027	16,063,921	12,654,701	3,409,220
2028	15,640,933	12,748,388	2,892,545
2029	8,241,806	5,754,231	2,487,575
2030	4,582,294	2,275,000	2,307,294
2031	7,036,750	4,895,000	2,141,750
2032	7,035,338	5,130,000	1,905,338
2033	7,026,050	5,370,000	1,656,050
2034	7,018,375	5,625,000	1,393,375
2035	7,131,888	6,020,000	1,111,888
2036	7,137,713	6,315,000	822,713
2037	7,132,125	6,600,000	532,125
2038	1,908,526	1,560,000	348,526
2039	1,906,750	1,630,000	276,750
2040	1,901,825	1,700,000	201,825
2041	1,903,525	1,780,000	123,525
2042	1,896,736	1,855,000	41,736
Totals	$ 383,441,112	$ 265,017,468	$ 118,423,644

Continuing Disclosure

With the issuance of the Series 2012 Bonds, the City covenanted to provide certain financial and operating data relating to the Series 2012 Bonds and all bonds on parity with the Series 2012 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 Series 2012 Bonds. The updated continuing disclosure information is on the following pages.

HISTORIC REVENUES AND EXPENSES AND DEBT SERVICE COVERAGE

Fiscal Years Ended September 30,

	2009	2010	2011	2012	2013
Revenues					
Water Service Rate Revenue	$ 14,544,858	$ 15,856,306	$ 16,726,853	$ 16,928,376	$ 17,834,198
Wastewater Service Rate Revenue	21,501,446	23,709,923	24,986,550	25,636,120	27,064,988
Reclaimed Water Service	617,612	599,618	659,664	692,164	583,857
Lee County Wastewater Revenue	6,723,321	5,831,681	6,757,895	6,865,179	5,806,136
Investment Income	581,644	687,925	405,106	113,627	35,023
Miscellaneous	2,100,020	2,066,873	1,896,912	1,772,602	1,714,993
Total Operating Revenues	46,068,901	48,752,326	51,432,980	52,008,068	53,039,195
Operating Expenses					
Water Operations	5,645,443	4,603,453	4,284,300	4,626,204	4,794,877
Wastewater Operations	11,231,151	9,505,459	9,268,422	9,949,010	9,421,396
Administration	10,105,391	8,814,762	9,479,641	9,043,601	9,516,361
Customer Service and Accounting	3,279,709	3,279,727	2,829,694	3,272,283	3,587,482
Total Operating Expense	30,261,694	26,203,401	25,862,057	26,891,098	27,320,116
Net Operating Revenues (NOR)	15,807,207	22,548,925	25,570,923	25,116,970	25,719,079
Add Back: Charges Subordinated to Debt Service[(1)]	9,452,730	8,647,027	9,380,056	9,409,567	9,388,519
NOR Available for Debt Service	25,259,937	31,195,952	34,950,979	34,526,537	35,107,598
Water and Wastewater Impact Fees Available for Debt Service[(2)]	51,851	-	17	47	-
Total Revenues Available for Debt Service	$ 25,311,788	$ 31,195,952	$ 34,950,996	$ 34,526,584	$ 35,107,598
Debt Service Requirements, All Parity Bonds[(3)]	$ 14,230,000	$ 14,166,186	$ 14,166,186	$ 16,498,733	$ 16,498,733
Debt Service Coverage					
Coverage by NOR Available for Debt Service	1.78	2.20	2.47	2.09	2.13
Coverage by Total Revenues Available for Debt Service	1.78	2.20	2.47	2.09	2.13

Note: In fiscal year 2012, corrected prior years for consistency in interpretation of bond documents.

[(1)] Charges Subordinated to Debt Service consist of transfers to the General Fund, administrative charges from other funds for services provided to the utility enterprise fund and general retirement contributions / pension, as follows:

	2009	2010	2011	2012	2013
Charges Subordinated to Debt Service					
Operating Transfer to General Fund	$ 5,367,030	$ 4,347,000	$ 4,758,900	$ 4,654,800	$ 4,948,500
Additional Transfer to General Fund	939,200	871,000	871,000	871,000	905,800
Administrative Charges from Other Funds for Services	2,036,000	2,152,200	2,542,000	2,327,900	2,335,900
General Retirement Contribution / Pension	1,110,500	1,276,827	1,208,156	1,555,867	1,198,319
Total Charges Subordinated to Debt Service	$ 9,452,730	$ 8,647,027	$ 9,380,056	$ 9,409,567	$ 9,388,519

[(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 the calculation is based on "bond year", which means the period commencing on the second day of October in each year and ending on the first day of October of the following year. The comparable calculation in the City's Comprehensive Annual Financial Report is based on a September 30th fiscal year.

In addition to the former requirements, which relate to the Utility Revenue Bonds, there is also a requirement for coverage of the SRF loans. The loan agreements provide for a coverage requirement of 1.15 times the sum of the semi-annual loan payments due in such fiscal year. Information relating to the actual coverage is shown below:

Fiscal Years Ended September 30,

	2009	2010	2011	2012	2013
Total Revenues Available for Debt Service	$ 25,311,788	$ 31,195,952	$ 34,950,996	$ 34,526,584	$ 35,107,598
Senior Obligations	(14,230,000)	(14,166,186)	(14,166,186)	(16,498,733)	(16,498,733)
Net Revenues Available for SRF Loans	$ 11,081,788	$ 17,029,766	$ 20,784,810	$ 18,027,851	$ 18,608,865
Debt Service Requirements, All SRF Loans	$ 5,694,596	$ 7,003,850	$ 6,814,669	$ 6,452,814	$ 6,452,814
Coverage (Net Available for SRF Loans / SRF Debt Service Requirements Indebtedness)	1.95	2.43	3.05	2.79	2.88

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 and Lee County. For the fiscal year ended September 30, 2013, the City received $301,251 from Heritage Palms and $2,872,137 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 23/10 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)	Installation Fee	Meter Capacity in GPM	Ratio to 5/8"x3/4" Meter	x	Treatment Capital Cost/ERC	+	Transmission 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 on the following page.

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,	.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	Ratio to 5/8"x3/4" Meter	x	Treatment Capital Cost/ERC	+	Transmission 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

Fiscal Year	Water Meters	Wastewater Customers
2009	17,988	16,224
2010	18,301	16,481
2011	18,864	16,859
2012	19,798	17,530
2013	20,930	18,480

Historic Water Consumption Flows

Fiscal Year	Average Daily Flow (MGD)	Peak Day Flow (MGD)
2009	6.10	12.22
2010	6.06	8.75
2011	6.09	8.80
2012	6.04	6.76
2013	6.24	12.00

Historic Wastewater Treatment Plant Flows

Fiscal Year	Average Daily Flow (MGD)
2009	13.97
2010	14.54
2011	13.71
2012	14.54
2013	14.89

Historic Reclaimed Water Flows

Fiscal Year	Flow (MGD)
2009	2.72
2010	2.59
2011	2.98
2012	2.85
2013	2.75

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	$ 9.55	$ 11.93
1 inch	23.88	29.86
1.5 inch	47.75	59.68
2 inch	76.39	95.57
3 inch	152.76	190.95
4 inch	238.69	298.37
6 inch	477.35	596.69
8 inch	763.77	954.71
10 inch	1,193.38	1,491.73

Volume Charge for Each 1,000 gallons or Any Part Thereof Per Month	Residential	Non-Residential
Residential and Non-Residential 0 – 5,000	4.67	5.86
Residential Only 5,001 – 10,000	8.21	10.24
Residential Only 10,001 – 15,000	10.24	12.82
Residential Only over 15,000	15.37	19.21
Non-Residential over 5,000	8.21	10.24

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	$ 16.14
1 inch	40.35
1 1/2 inch	80.70
2 inch	129.11
3 inch	258.19
4 inch	403.46
6 inch	806.89
8 inch	1.291.02
10 inch	2.017.24
Volume Charge for Each 1,000 Gallons or Any Part Thereof Per Month	
All classes, all usage levels -	
Single-family residential maximum volume charge	126.46
Residential and non-residential 0 – 5,000	11.40
Residential and non-residential > 5,000	13.89
Commercial > 5,000	13.89

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$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:
<u>Registrar</u> – U.S. Bank, Jacksonville, Florida (merged with First Union National Bank of Florida)

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

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

<u>Legal Opinion</u> – Bryant, Miller and Olive, P.A., Tallahassee, Florida

<u>Insurance</u> – Financial Guaranty Insurance Company, New York, New York

* See "Bond Insurers" on page 4.

<u>Arbitrage Yield</u> – 5.446998%

<u>Cusip Number</u> – 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 3.

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 lien of the outstanding the Utility System Refunding Revenue Bonds, Series 2006; the Utility Revenue Note, Series 2008; the Utility System Refunding and Revenue Bonds, Series 2011; and the Utility System Refunding Revenue Bonds, Series 2012.

$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
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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$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:

Project	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, TX (merged with J.P. Morgan Chase)

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

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

Insurance – MBIA Insurance Corporation, Armonk, NY

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 3.

$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 Revenue Note, Series 2008; the Utility System Refunding and Revenue Bonds, Series 2011; and the Utility System Refunding Revenue Bonds, Series 2012.

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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
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		$ 71,254,619	$ 37,760,000	$ 33,494,619

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$68,605,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING AND REVENUE BONDS, SERIES 2011

Dated December 29, 2011

PURPOSE:
The Series 2011 Bonds were issued to provide funds, together with other legally available funds of the City, sufficient to (1) refund all of the City's outstanding Variable Rate Utility System Refunding Revenue Bonds, Series 2009 (the "Refunded Bonds"), (2) make a termination payment with respect to the termination of an existing interest rate swap relating to the Refunded Bonds, (3) pay the costs of acquiring and constructing certain additions, extensions and improvements to the City's Utility System, (4) fund a debt service reserve fund, and (5) pay certain costs and expenses relating to the issuance of the Series 2011 Bonds.

SECURITY:
Payment of the principal of, interest, and premium, if any, on the Series 2011 Bonds is secured by a pledge of and an irrevocable lien on (1) the Net Revenues derived from the operation of the City's Utility System, (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 (clauses (1), (2) and (3) above are collectively referred to as the "Pledged Revenues").

The Series 2011 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. Neither the faith and credit of the City, Lee County, the State of Florida or any political subdivision or agency thereof are pledged to the payment of debt service on the Series 2011 Bonds and no holder of any Series 2011 Bond 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 bond, or be entitled to payment of such bond from any moneys of the City except from the Pledged Revenues in the manner and to the extent provided in the Resolution. The Series 2011 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 2011 Bonds are insured by Assured Guaranteed Municipal Corporation. This insurance policy unconditionally guarantees the payment of that portion of the principal and interest on the 2011 Bonds that has become due for payment, but shall be unpaid by reason on non-payment by the City.

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

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

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

Insurance – Assured Guaranty Municipal Corp., New York, New York

* See "Bond Insurers" on page 4.

Arbitrage Rate – 5.449556%

Cusip Number – 348172

ISSUED AS:
$53,245,000 Serial Bonds
$ 6,835,000 Term Bonds maturing October 1, 2036
$ 8,525,000 Term Bonds maturing October 1, 2041

ORIGINAL INSURED RATINGS*:

Moody's	Aa3
Fitch	A+
Standard and Poor's	A

* See the City's "underlying ratings" on page 3.

$68,605,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING AND REVENUE BONDS, SERIES 2011

Dated December 29, 2011

Continued

CALL PROVISIONS:

Optional Redemption – The Series 2011 Bonds, maturing on or before October 1, 2021 are not subject to optional redemption. The Series 2011 Bonds maturing on or after October 1, 2022, 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, 2021 (in such manner of selection of maturities as the City shall deem appropriate and by lot within maturities or Amortization Installments), 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 2011 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, 2032, and on each October 1 thereafter, from Amortization Installments deposited in the Redemption Account, in the following principal amounts in the years specified:

Mandatory Redemption Date	Amortization Installments
October 1, 2032	$1,250,000
October 1, 2033	1,305,000
October 1, 2034	1,365,000
October 1, 2035	1,425,000
October 1, 2036*	1,490,000

* Maturity

The Series 2011 Bonds maturing on October 1, 2041 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, 2037, and on each October 1 thereafter, from Amortization Installments deposited in the Redemption Account, in the following principal amounts in the years specified:

Mandatory Redemption Date	Amortization Installments
October 1, 2037	$1,560,000
October 1, 2038	1,630,000
October 1, 2039	1,700,000
October 1, 2040	1,780,000
October 1, 2041*	1,855,000

* Maturity

OUTSTANDING PARITY DEBT:

The Series 2011 Bonds are issued and payable on a parity as to the pledge of, lien on, and source of payment from the pledged revenues with the City's outstanding Utility System Refunding Revenue Bonds, Series 1993A; the Utility Revenue Bonds, Series 2006; the Utility System Revenue Note, Series 2008; and the Utility System Refunding Revenue Bonds, Series 2012.

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$68,605,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING AND REVENUE BONDS, SERIES 2011

Dated December 29, 2011
Continued

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2014	3.000%	$ 4,282,887	$ 1,315,000	$ 2,967,887
2015	3.000%	4,282,925	1,345,000	2,937,925
2016	3.000%	4,275,488	1,375,000	2,900,488
2017	3.000%	6,012,162	3,180,000	2,832,162
2018	3.000%-5.000%	6,000,488	3,265,000	2,735,488
2019	3.000%-5.000%	5,976,387	3,365,000	2,611,387
2020	3.000%-5.000%	5,970,763	3,520,000	2,450,763
2021	3.000%-5.000%	6,515,012	4,250,000	2,265,012
2022	5.000%	6,993,513	4,950,000	2,043,513
2023	5.000%	6,992,262	5,200,000	1,792,262
2024	5.000%	6,985,763	5,460,000	1,525,763
2025	5.000%	6,985,762	5,740,000	1,245,762
2026	4.000%	3,842,013	2,810,000	1,032,013
2027	4.000%	1,922,162	980,000	942,162
2028	4.125%	1,922,163	1,020,000	902,163
2029	4.250%	1,919,900	1,060,000	859,900
2030	4.250%	1,919,556	1,105,000	814,556
2031	4.250%	1,916,637	1,150,000	766,637
2032	4.500%	1,916,700	1,200,000	716,700
2033	4.500%	1,913,075	1,250,000	663,075
2034	4.500%	1,910,588	1,305,000	605,588
2035	4.500%	1,910,513	1,365,000	545,513
2036	4.500%	1,907,737	1,425,000	482,737
2037	4.500%	1,907,150	1,490,000	417,150
2038	4.500%	1,908,525	1,560,000	348,525
2039	4.500%	1,906,750	1,630,000	276,750
2040	4.500%	1,901,825	1,700,000	201,825
2041	4.500%	1,903,525	1,780,000	123,525
2042	4.500%	1,896,737	1,855,000	41,737
Totals		$ 105,698,968	$ 67,650,000	$ 38,048,968

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$17,025,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2012

Dated September 12, 2012

PURPOSE:
The Series 2012 Bonds were issued to provide funds, together with other legally available funds of the City, sufficient to (1) refund, on a current basis, that portion of the City's outstanding Utility System Refunding Revenue Bonds, Series 2003A and (2) pay certain costs and expenses relating to the issuance of the Series 2012 Bonds.

SECURITY:
Payment of the principal of, interest, and premium, if any, on the Series 2012 Bonds is secured by a pledge of and an irrevocable lien on (1) the Net Revenues derived from the operation of the City's Utility System, (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 (clauses (1), (2) and (3) above are collectively referred to as the "Pledged Revenues").

The Series 2012 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. Neither the faith and credit of the City, Lee County, the State of Florida or any political subdivision or agency thereof are pledged to the payment of debt service on the Series 2012 Bonds and no holder of any Series 2012 Bond 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 bond, or be entitled to payment of such bond from any moneys of the City except from the Pledged Revenues in the manner and to the extent provided in the Resolution. The Series 2012 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 2012 Bonds are insured by Assured Guaranteed Municipal Corporation. This insurance policy unconditionally guarantees the payment of that portion of the principal and interest on the 2012 Bonds that has become due for payment, but shall be unpaid by reason on non-payment by the City.

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

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

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

Insurance – Assured Guaranty Municipal Corp., New York, New York

* See "Bond Insurers" on page 4.

Arbitrage Rate – 2.467258%

Cusip Number – 348172

ISSUED AS:
$13,610,000 Serial Bonds
$ 1,575,000 Term Bonds maturing October 1, 2028
$ 1,840,000 Term Bonds maturing October 1, 2033

ORIGINAL INSURED AND UNDERLYING RATINGS:

Moody's:	Aa3 (Insured)
	Aa3 (Underlying)
Standard and Poor's:	AA- (Insured)
	A (Underlying)
Fitch:	A+ (Underlying)

* See the City's "underlying ratings" on page 3.

$17,025,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2012

Dated September 12, 2012
Continued

CALL PROVISIONS:
Optional Redemption – The Series 2012 Bonds, maturing on or before October 1, 2022 are not subject to optional redemption. The Series 2012 Bonds maturing on or after October 1, 2023, 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, 2022 (in such manner of selection of maturities as the City shall deem appropriate and by lot within maturities or Amortization Installments), 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 2012 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, 2024, and on each October 1 thereafter, from Amortization Installments deposited in the Redemption Account, in the following principal amounts in the years specified:

Mandatory Redemption Date	Amortization Installments
October 1, 2024	$ 295,000
October 1, 2025	305,000
October 1, 2026	315,000
October 1, 2027	325,000
October 1, 2028*	335,000

* Maturity

The Series 2012 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, from Amortization Installments deposited in the Redemption Account, in the following principal amounts in the years specified:

Mandatory Redemption Date	Amortization Installments
October 1, 2029	$ 345,000
October 1, 2030	355,000
October 1, 2031	365,000
October 1, 2032	380,000
October 1, 2033*	395,000

* Maturity

OUTSTANDING PARITY DEBT:
The Series 2012 Bonds are issued and payable on a parity as to the pledge of, lien on, and source of payment from the pledged revenues with the City's outstanding Utility System Refunding Revenue Bonds, Series 1993A; the Utility Revenue Bonds, Series 2006; the Utility System Revenue Note, Series 2008; and the Utility System Refunding and Revenue Bonds, Series 2011.

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$17,025,000
CITY OF FORT MYERS, FLORIDA
UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2012

Dated September 12, 2012
Continued

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2014	4.000%	$ 1,647,924	$ 1,075,000	$ 572,924
2015	4.000%	2,247,299	1,725,000	522,299
2016	4.000%	2,241,999	1,790,000	451,999
2017	4.000%	2,234,099	1,855,000	379,099
2018	4.000%	2,243,199	1,940,000	303,199
2019	2.000%	2,243,999	2,020,000	223,999
2020	2.250%	2,257,649	2,095,000	162,649
2021	2.500%	408,661	270,000	138,661
2022	2.600%	402,249	270,000	132,249
2023	2.750%	405,234	280,000	125,234
2024	3.125%	407,606	290,000	117,606
2025	3.125%	404,009	295,000	109,009
2026	3.125%	404,634	305,000	99,634
2027	3.125%	404,947	315,000	89,947
2028	3.125%	404,947	325,000	79,947
2029	3.500%	404,634	335,000	69,634
2030	3.500%	403,363	345,000	58,363
2031	3.500%	401,112	355,000	46,112
2032	3.500%	398,512	365,000	33,512
2033	3.500%	400,475	380,000	20,475
2034	3.500%	401,912	395,000	6,912
Totals		$ 20,768,463	$ 17,025,000	$ 3,743,463

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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 granted 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.

REPAYMENT OF LOAN:
Repayment of the loan began on August 15, 2006. Currently outstanding are 25 semi-annual payments of $61,905 due each February 15 and August 15. The semiannual loan payments are based on the total amount owed, which consists of the loan principal plus the loan service fee charges and accrued capitalized interest. The loan service fee and all associated interest were deducted from the first two loan payments, for a total of $159,581. After the final disbursement of the loan proceeds, the loan principal was adjusted to reflect the actual dates and amounts of disbursements. The final award date of this loan was effective January 13, 2005.

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. Based on two semi-annual payments of $61,905 each, or $123,810 per fiscal year, the coverage requirement is met, as calculated in the "Historic Revenues and Expenses and Debt Service Coverage" in the Utility System Overview.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2014	3.160%	$ 123,810	$ 84,328	$ 39,482
2015	3.160%	123,810	87,013	36,797
2016	3.160%	123,810	89,785	34,025
2017	3.160%	123,810	92,644	31,166
2018	3.160%	123,810	95,595	28,215
2019	3.160%	123,810	98,640	25,170
2020	3.160%	123,810	101,781	22,029
2021	3.160%	123,810	105,023	18,787
2022	3.160%	123,810	108,368	15,442
2023	3.160%	123,810	111,819	11,991
2024	3.160%	123,810	115,381	8,429
2025	3.160%	123,810	119,056	4,754
2026	3.160%	61,910	60,943	967
Totals		$ 1,547,630	$ 1,270,376	$ 277,254

$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 granted 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.

REPAYMENT OF LOAN:
Repayment of the loan began on August 15, 2006. Currently outstanding are 25 semi-annual payments of $467,499 due each February 15 and August 15. The semiannual loan payments are based on the total amount owed, which consists of the loan principal plus the loan service fee charges and accrued capitalized interest. The loan service fee and all associated interest were deducted from the first two loan payments, for a total of $586,033. After the final disbursement of the loan proceeds, the loan principal was adjusted to reflect the actual dates and amounts of disbursements. The final award date of this loan was effective August 13, 2008.

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. Based on two semi-annual payments of $467,499 each, or $934,998 per fiscal year, the coverage requirement is met, as calculated in the "Historic Revenues and Expenses and Debt Service Coverage" in the Utility System Overview.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
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%	467,495	461,249	6,246
Totals		$ 11,687,471	$ 9,857,726	$ 1,829,745

$47,898,736
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 granted 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.

REPAYMENT OF LOAN:
Repayment of the loan began on October 15, 2008. Currently outstanding are 30 semi-annual payments of $1,607,852 due each April 15 and October 15. The semiannual loan payments are based on the total amount owed, which consists of the loan principal plus the loan service fee charges and accrued capitalized interest. The loan service fee and all associated interest were deducted from the first two loan payments, for a total of $2,235,508. After the final disbursement of the loan proceeds, the loan principal was adjusted to reflect the actual dates and amounts of disbursements. The final award date of this loan was effective September 26, 2012.

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. Based on two semi-annual payments of $1,607,852 each, or $3,215,704 per fiscal year, the coverage requirement is met, as calculated in the "Historic Revenues and Expenses and Debt Service Coverage" in the Utility System Overview.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2014	2.57%-2.75%	$ 3,215,704	$ 2,173,159	$ 1,042,545
2015	2.57%-2.75%	3,215,704	2,231,664	984,040
2016	2.57%-2.75%	3,215,704	2,291,745	923,959
2017	2.57%-2.75%	3,215,704	2,353,444	862,260
2018	2.57%-2.75%	3,215,704	2,416,806	798,898
2019	2.57%-2.75%	3,215,704	2,481,875	733,829
2020	2.57%-2.75%	3,215,704	2,548,696	667,008
2021	2.57%-2.75%	3,215,704	2,617,318	598,386
2022	2.57%-2.75%	3,215,704	2,687,788	527,916
2023	2.57%-2.75%	3,215,704	2,760,158	455,546
2024	2.57%-2.75%	3,215,704	2,834,477	381,227
2025	2.57%-2.75%	3,215,704	2,910,798	304,906
2026	2.57%-2.75%	3,215,704	2,989,175	226,529
2027	2.57%-2.75%	3,215,704	3,069,665	146,039
2028	2.57%-2.75%	3,215,700	3,152,323	63,377
Totals		$ 48,235,556	$ 39,519,091	$ 8,716,465

$6,668,049
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 granted 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.

REPAYMENT OF LOAN:
Repayment of the loan began on June 15, 2008. Currently outstanding are 29 semi-annual loan payments of $212,871 due each June 15 and December 15. The semiannual loan payments are based on the total amount owed, which consists of the loan principal plus the loan service fee charges and accrued capitalized interest. The loan service fee and all associated interest were deducted from the first two loan payments, for a total of $230,995. After the final disbursement of the loan proceeds, the loan principal was adjusted to reflect the actual dates and amounts of disbursements. The final award date of this loan was effective June 14, 2012.

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. Based on two semi-annual payments of $212,871 each, or $425,742 per fiscal year, the coverage requirement is met, as calculated in the "Historic Revenues and Expenses and Debt Service Coverage" in the Utility System Overview.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2014	2.64%-2.71%	$ 425,742	$ 292,379	$ 133,363
2015	2.64%-2.71%	425,742	300,192	125,550
2016	2.64%-2.71%	425,742	308,214	117,528
2017	2.64%-2.71%	425,742	316,450	109,292
2018	2.64%-2.71%	425,742	324,907	100,835
2019	2.64%-2.71%	425,742	333,589	92,153
2020	2.64%-2.71%	425,742	342,504	83,238
2021	2.64%-2.71%	425,742	351,656	74,086
2022	2.64%-2.71%	425,742	361,054	64,688
2023	2.64%-2.71%	425,742	370,702	55,040
2024	2.64%-2.71%	425,742	380,608	45,134
2025	2.64%-2.71%	425,742	390,780	34,962
2026	2.64%-2.71%	425,742	401,222	24,520
2027	2.64%-2.71%	425,742	411,945	13,797
2028	2.64%-2.71%	212,866	210,082	2,784
Totals		$ 6,173,254	$ 5,096,284	$ 1,076,970

$7,501,360
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 granted 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.

REPAYMENT OF LOAN:
Repayment of the loan began on December 15, 2006. Currently outstanding are 26 semi-annual payments of $223,979 due each June 15 and December 15. The semiannual loan payments are based on the total amount owed, which consists of the loan principal plus the loan service fee charges and accrued capitalized interest. The loan service fee and all associated interest were deducted from the first two loan payments, for a total of $172,904. After the final disbursement of the loan proceeds, the loan principal was adjusted to reflect the actual dates and amounts of disbursements. The final award date of this loan was effective November 30, 2010.

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. Based on two semi-annual payments of $223,979 each, or $447,958 per fiscal year, the coverage requirement is met, as calculated in the "Historic Revenues and Expenses and Debt Service Coverage" in the Utility System Overview.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
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%	447,968	439,827	8,141
Totals		$ 5,823,464	$ 4,958,275	$ 865,189

$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 granted 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.

REPAYMENT OF LOAN:
Repayment of the loan began on June 15, 2008. Currently outstanding are 29 semi-annual payments of $145,010 due each June 15 and December 15. The semiannual loan payments are based on the total amount owed, which consists of the loan principal plus the loan service fee charges and accrued capitalized interest. The loan service fee and all associated interest were deducted from the first two loan payments, for a total of $154,805. After the final disbursement of the loan proceeds, the loan principal was adjusted to reflect the actual dates and amounts of disbursements. The final award date of this loan was effective October 20, 2010.

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. Based on two semi-annual payments of $145,010 each, or $290,020 per fiscal year, the coverage requirement is met, as calculated in the "Historic Revenues and Expenses and Debt Service Coverage" in the Utility System Overview.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
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%	145,013	143,319	1,694
Totals		$ 4,205,293	$ 3,543,773	$ 661,520

$14,485,023
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 granted 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.

REPAYMENT OF LOAN:
Repayment of the loan began on October 15, 2009. Currently outstanding are 32 semi-annual payments of $459,726 due each April 15 and October 15. The semiannual loan payments are based on the total amount owed, which consists of the loan principal plus the loan service fee charges and accrued capitalized interest. The loan service fee and all associated interest were deducted from the first two loan payments, for a total of $484,479. After the final disbursement of the loan proceeds, the loan principal was adjusted to reflect the actual dates and amounts of disbursements. The final award date of this loan was effective January 13, 2012.

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. Based on two semi-annual payments of $459,726 each, or $919,452 per fiscal year, the coverage requirement is met, as calculated in the “Historic Revenues and Expenses and Debt Service Coverage” in the Utility System Overview.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
2014	2.31%-2.36%	$ 919,452	$ 637,978	$ 281,474
2015	2.31%-2.36%	919,452	652,956	266,496
2016	2.31%-2.36%	919,452	668,285	251,167
2017	2.31%-2.36%	919,452	683,974	235,478
2018	2.31%-2.36%	919,452	700,032	219,420
2019	2.31%-2.36%	919,452	716,466	202,986
2020	2.31%-2.36%	919,452	733,287	186,165
2021	2.31%-2.36%	919,452	750,502	168,950
2022	2.31%-2.36%	919,452	768,122	151,330
2023	2.31%-2.36%	919,452	786,155	133,297
2024	2.31%-2.36%	919,452	804,612	114,840
2025	2.31%-2.36%	919,452	823,502	95,950
2026	2.31%-2.36%	919,452	842,835	76,617
2027	2.31%-2.36%	919,452	862,623	56,829
2028	2.31%-2.36%	919,452	882,875	36,577
2029	2.31%-2.36%	919,449	903,604	15,845
Totals		$ 14,711,229	$ 12,217,808	$ 2,493,421

$1,801,046
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 granted 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.

REPAYMENT OF LOAN:
Repayment of the loan began on June 15, 2008. Currently outstanding are 29 semi-annual payments of $47,565 due each June 15 and December 15. The semiannual loan payments are based on the total amount owed, which consists of the loan principal plus the loan service fee charges and accrued capitalized interest. The loan service fee and all associated interest were deducted from the first two loan payments, for a total of $36,021. After the final disbursement of the loan proceeds, the loan principal was adjusted to reflect the actual dates and amounts of disbursements. The final award date of this loan was effective October 1, 2010.

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. Based on two semi-annual payments of $47,565 each, or $95,130 per fiscal year, the coverage requirement is met, as calculated in the “Historic Revenues and Expenses and Debt Service Coverage” in the Utility System Overview.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
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%	47,558	47,010	548
Totals		$ 1,379,378	$ 1,162,393	$ 216,985

$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 was the first date on which the Bank had the right to exercise a swaption that existed between the Bank and the City. The swaption was terminated with the issuance of the Utility System Refunding and Revenue Bonds, Series 2011, on December 29, 2011. 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; the Utility System Refunding Revenue Bonds, Series 2006; the Utility System Refunding and Revenue Bonds, Series 2011; and the Utility System Refunding Revenue Bonds, Series 2012.

SUMMARY OF OUTSTANDING DEBT SERVICE REQUIREMENTS

FISCAL YEAR ENDING SEPT. 30,	INTEREST RATE	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST
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%	2,738,195	2,670,629	67,566
Totals		$ 76,470,784	$ 49,471,745	$ 26,999,039

Exhibit A

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