

## DESCRIPTION OF ISSUES COVERED BY THIS REPORT

### Utility System Improvement Revenue Bonds, Series 2001

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
10/01/09	\$ 967,876	696471 DA6
10/01/10	1,256,582	696471 DB4
10/01/11	1,188,192	696471 DC2
10/01/12	1,118,899	696471 DD0
10/01/13	1,049,933	696471 DE8
10/01/14	983,347	696471 DF5
10/01/15	925,152	696471 DG3
10/01/16	872,371	696471 DH1
10/01/20	2,908,066	696471 DJ7
10/01/23	1,773,225	696471 DK4
10/01/28	2,337,189	696471 DL2
10/01/31	1,111,728	696471 DM0
	<u>\$ 16,492,561</u> ✓	

### Utility System Refunding Revenue Bonds, Series 2002

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
10/01/09	\$ 915,000	696471 CQ2
10/01/12	1,065,000	696471 CR0
10/01/15	1,240,000	696471 CS8
10/01/18	1,430,000	696471 CT6
	<u>\$ 4,650,000</u>	

**Utility System Refunding Revenue Bonds, Series 2003**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
10/01/09	\$ 1,975,000	696471 DW8
10/01/10	2,040,000	696471 DX6
10/01/11	2,125,000	696471 DY4
10/01/12	2,210,000	696471 DZ1
10/01/13	2,295,000	696471 EA5
10/01/14	2,415,000	696471 EB3
10/01/15	2,530,000	696471 EC1
10/01/16	2,640,000	696471 ED9
10/01/17	2,775,000	696471 EE7
10/01/18	2,910,000	696471 EF4
10/01/19	3,610,000	696471 EG2
10/01/20	3,795,000	696471 EH0
10/01/21	3,980,000	696471 EJ6
10/01/22	4,160,000	696471 EK3
	<u>\$ 39,460,000</u> ✓	

**Utility System Revenue Bonds, Series 2004**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
10/01/09	\$ 110,000	696471 EQ0
10/01/10	115,000	696471 ER8
10/01/11	120,000	696471 ES6
10/01/12	125,000	696471 ET4
10/01/13	130,000	696471 EU1
10/01/20	1,095,000	696471 EV9
	<u>\$ 1,695,000</u> ✓	

**Utility System Revenue Refunding Bonds, Series 2005B**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
10/01/09	\$ 780,000	696471 FT3
10/01/10	795,000	696471 FU0
10/01/11	945,000	696471 FV8
10/01/12	970,000	696471 FW6
10/01/13	1,005,000	696471 FX4
10/01/14	1,040,000	696471 FY2
10/01/15	1,080,000	696471 FZ9
10/01/16	1,110,000	696471 GA3
10/01/17	1,155,000	696471 GB1
10/01/18	1,200,000	696471 GC9
10/01/19	1,240,000	696471 GD7
10/01/20	1,280,000	696471 GE5
10/01/21	1,525,000	696471 GF2
10/01/22	1,590,000	696471 GG0
10/01/23	5,995,000	696471 GH8
10/01/24	935,000	696471 GJ4
	<u>\$ 22,645,000</u> ✓	

**Utility System Improvement Revenue Bonds, Series 2005A**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
10/01/24	\$ 4,490,000	696471 FN6
10/01/25	4,715,000	696471 FP1
10/01/26	4,950,000	696471 FL0
10/01/27	3,105,000	696471 FM8
	<u>\$ 17,260,000</u> ✓	

**CITY OF PALM BAY, FLORIDA  
2009 UTILITY REVENUE DEBT REPORT**

Year Ended 10/1	Outstanding Debt Service			% of Principal Retired
	Principal	Interest	Total	
2009	\$ 4,152,876	\$ 4,250,357	\$ 8,403,233	
2010	4,546,582	4,373,963	8,920,545	
2011	4,728,192	4,314,453	9,042,645	
2012	4,798,899	4,246,040	9,044,939	
2013	4,874,933	4,170,393	9,045,326	22.74%
2014	4,983,347	4,062,122	9,045,469	
2015	5,110,152	3,934,554	9,044,706	
2016	5,227,371	3,817,068	9,044,439	
2017	5,347,558	3,694,183	9,041,742	
2018	5,520,740	3,521,404	9,042,144	48.51%
2019	5,725,668	3,320,314	9,045,982	
2020	5,924,082	3,120,950	9,045,031	
2021	6,129,555	2,914,616	9,044,170	
2022	6,339,619	2,705,542	9,045,161	
2023	6,554,046	2,487,697	9,041,744	78.70%
2024	5,946,062	2,275,916	8,221,978	
2025	5,207,838	2,040,706	7,248,544	
2026	5,415,699	1,831,072	7,246,771	
2027	3,545,729	1,610,456	5,156,185	
2028	416,851	1,503,149	1,920,000	98.91%
2029	391,246	1,525,312	1,916,558	
2030	370,270	1,548,587	1,918,858	
2031	350,208	1,569,792	1,920,000	100.00%
	<u>\$ 101,607,524</u>	<u>\$ 68,838,644</u>	<u>\$ 170,446,169</u>	

The City owns and operates a water and wastewater system. The water system consists of water supply, treatment, transmission and localized distribution facilities which provide service to approximately 28,800 accounts. The current area served by the water system is approximately 33 square miles and included 711 miles of water mains. The wastewater system is comprised of localized collection, transmission, treatment and effluent disposal facilities which provide wastewater service to approximately 13,700 accounts and serves an area of 17 square miles through 387 miles of wastewater mains.

## HISTORICAL OPERATING RESULTS

	Fiscal Year Ended September 30,				
	2004	2005	2006	2007	2008
Operating Revenues	\$16,748,437	\$17,681,896	\$19,412,572	\$20,470,562	\$20,823,230
Interest Income	949,743	1,108,652	2,532,326	2,557,021	1,758,777
Operating Expenses (excl Depr. / Amort.)	(9,987,789)	(8,776,803)	(10,160,815)	(11,248,146)	(12,252,791)
<b>Net Revenues</b>	<b>\$7,710,391</b>	<b>\$10,013,745</b>	<b>\$11,784,083</b>	<b>\$11,779,437</b>	<b>\$10,329,216</b>
Restricted MLE Account Balance	3,363,050	3,363,050	1,683,700	1,683,700	1,683,700
MLE Portion Attributable to MLE Expansion %	1,270,780	1,364,433	1,178,835	1,388,458	1,654,207
Connection Fees Available for Debt Service	2,384,533	2,916,695	4,188,698	4,188,698	4,188,698
<b>Debt Service</b>					
1994 Revenue Bonds	-	-	-	-	-
1998 Revenue Bonds	1,270,785	1,364,432	-	-	-
2001 Revenue Bonds	800,000	935,000	1,100,000	1,200,000	1,300,000
2002 Revenue Bonds	536,737	530,263	533,562	534,125	533,900
2003 Revenue Bonds	3,087,600	3,786,400	3,788,888	3,785,388	3,786,288
2004 Revenue Bonds	37,719	190,525	193,525	191,162	188,538
2005A Revenue Bonds	-	-	814,055	839,712	839,713
2005B Revenue Bonds	-	-	1,178,835	1,388,457	1,654,208
<b>Total Debt Service</b>	<b>5,732,841</b>	<b>6,806,620</b>	<b>7,608,865</b>	<b>7,938,844</b>	<b>8,302,645</b>
<b>PART A: Parity Debt Service</b>					
<b>Test 1</b>					
Net Revenues	\$7,710,391	\$10,013,745	\$11,784,083	\$11,779,437	\$10,329,216
Parity Debt Service Less Portion Attributable to MLE Expansion %	\$4,462,061	\$5,442,188	\$6,430,030	\$6,550,386	\$6,648,438
Coverage	1.73	1.84	1.83	1.80	1.55
Required	1.10	1.10	1.10	1.10	1.10
and					
<b>Test 2</b>					
Net Revenues	\$7,710,391	\$10,013,745	\$11,784,083	\$11,779,437	\$10,329,216
Restricted MLE Account Balance	3,363,050	3,363,050	1,683,700	1,683,700	1,683,700
<b>Total</b>	<b>\$11,073,441</b>	<b>\$13,376,795</b>	<b>\$13,467,783</b>	<b>\$13,463,137</b>	<b>\$12,012,916</b>
Parity Debt Service	\$5,732,841	\$6,806,620	\$7,608,865	\$7,938,844	\$8,302,645
Coverage	1.93	1.97	1.77	1.70	1.45
Required	1.10	1.10	1.10	1.10	1.10
OR					
<b>PART B: Parity Debt Service</b>					
<b>Test 1</b>					
Net Revenues	\$7,710,391	\$10,013,745	\$11,784,083	\$11,779,437	\$10,329,216
Connection Fees Available for Debt Service	2,384,533	2,916,695	4,188,698	4,188,698	4,188,698
<b>Total</b>	<b>\$10,094,924</b>	<b>\$12,930,440</b>	<b>\$15,972,781</b>	<b>\$15,968,135</b>	<b>\$14,517,914</b>
Parity Debt Service Less Portion Attributable to MLE Expansion %	\$4,462,061	\$5,442,188	\$6,430,030	\$6,550,386	\$6,648,438
Coverage	2.26	2.38	2.48	2.44	2.18
Required	1.20	1.20	1.20	1.20	1.20
and					
<b>Test 2</b>					
Net Revenues	\$7,710,391	\$10,013,745	\$11,784,083	\$11,779,437	\$10,329,216
Connection Fees Available for Debt Service	2,384,533	2,916,695	4,188,698	4,188,698	4,188,698
Restricted MLE Account Balance	3,363,050	3,363,050	1,683,700	1,683,700	1,683,700
<b>Total</b>	<b>\$13,457,974</b>	<b>\$16,293,490</b>	<b>\$17,656,481</b>	<b>\$17,651,835</b>	<b>\$16,201,614</b>
Parity Debt Service	\$5,732,841	\$6,806,620	\$7,608,865	\$7,938,844	\$8,302,645
Coverage	2.35	2.39	2.32	2.22	1.95
Required	1.20	1.20	1.20	1.20	1.20
and					
<b>Proviso</b>					
Net Revenues	\$7,710,391	\$10,013,745	\$11,784,083	\$11,779,437	\$10,329,216
Parity Debt Service	\$5,732,841	\$6,806,620	\$7,608,865	\$7,938,844	\$8,302,645
Coverage	1.34	1.47	1.55	1.48	1.24
Required	1.00	1.00	1.00	1.00	1.00

## PERMITTED AND ACTUAL RAW WATER WITHDRAWAL

The table below shows the total permitted raw water withdrawal along with the actual water withdrawn for years 1999 to 2008:

Year	Permitted Maximum Annual Withdrawal		Average Annual Withdrawal	Permitted Maximum Daily Withdrawal	Actual Daily Maximum Withdrawal
	(MG)	(MGD)	(MGD)	(MGD)	(MGD)
1999	3,007.6	8.24	5.49	11.54	6.50
2000	3,007.6	8.24	5.63	11.54	6.81
2001	2,923.7	8.01	6.23	8.73	8.41
2002	2,887.2	7.91	6.30	8.63	8.03
2003	2,850.7	7.81	6.72	8.52	8.84
2004	2,814.2	7.71	7.06	8.42	9.62
2005	2,777.7	7.61	7.33	11.55	10.25
2006	2,890.1	7.90	7.50	12.04	9.70
2007	3,014.5	8.26	7.62	12.50	10.15
2008	3,196.3	8.76	7.01	12.84	10.60

## USER RATES AND CHARGES

	Inside City Rates		Outside City Rates	
	Water	Wastewater	Water	Wastewater
<b><u>All User Classes</u></b>				
Customer Service Charge	\$2.69		\$2.96	
<b><u>Residential Single Family:</u></b>				
Base Facility Charge:				
5/8 x 3/4"	\$9.20	\$13.88	\$10.12	\$17.34
1"	23.00		25.29	
1 1/2"	45.99		50.59	
Usage Rate (per 1,000 gallons) <sup>(1)</sup>				
First Block	\$3.13	\$4.01	\$3.45	\$5.02
Second Block	4.08		4.49	
Third Block	5.02		5.52	
Fourth Block	6.28		6.90	
<b><u>Commercial/Multifamily/Institutional:</u></b>				
Base Facility Charge				
5/8 x 3/4"	\$9.20	\$13.88	\$10.12	\$17.34
1"	23.00	34.67	25.29	43.34
1 1/2"	45.99	69.34	50.59	86.67
2"	73.59	110.96	80.94	138.69
3"	147.17	221.89	161.89	277.36
4"	229.95	346.70	252.95	433.38
6"	459.91	693.41	505.90	866.77
8"	735.84	1,109.46	809.42	1,386.83
10"	1,057.50	1,595.73	1,163.25	1,994.66
12"	1,609.23	2,428.28	1,770.15	3,035.35
Usage Rate (per 1,000 gallons)				
First Block	\$3.13	\$4.01	\$3.45	\$5.01
Second Block	4.08		4.49	
Third Block	5.02		5.52	
Fourth Block	6.28		6.91	
<b><u>City/Government:</u></b>				
Base Facility Charge				
5/8 x 3/4"	\$10.11	\$15.26	\$11.12	\$19.07
1"	25.30	38.15	27.83	47.69
1 1/2"	50.60	76.29	55.66	95.36
2"	80.95	122.07	89.04	152.59
3"	161.88	244.13	178.07	305.16
4"	252.95	381.45	278.25	476.82
6"	505.90	762.90	556.49	953.62
8"	809.43	1,220.65	890.37	1,525.81
10"	1,163.01	1,754.59	1,279.31	2,193.24
12"	1,769.80	2,670.03	1,946.76	3,337.54
Usage Rate (per 1,000 gallons)				
First Block	\$3.13	\$4.01	\$3.45	\$5.01
Second Block	4.08		4.49	
Third Block	5.02		5.52	
Fourth Block	6.28		6.91	
<b><u>Industrial/Bulk User:</u></b>				
2"	\$369.58	\$645.24	\$406.54	\$806.55
3"	717.89	1,253.34	789.68	1,566.67
4"	1,106.24	1,931.38	1,216.86	2,414.23
6"	2,192.44	3,827.75	2,411.68	4,784.69
Usage Rate - All Flow:				
	\$1.76	\$1.69	\$1.94	\$2.11
Sewer Only (Flat Charge)				
(per month ERC)		\$33.97		\$42.46

\* Residential wastewater caps at 10,000 gallons.

## WATER AND WASTEWATER CAPITAL CHARGES (CONNECTION FEES)

Charges are based on a unit cost per ERC which represents 275 and 210 gpd of water and wastewater capacity respectively.

<u>Per ERC</u>	
Water	\$1,076.00
Water with Reclaimed	818.00
Wastewater	1,956.00
Wastewater with Reclaimed	1,623.00
Relcaimed	224.00

## MAIN LINE EXTENSION CHARGES (MLE)

Charges are based on the amount of front footage each specific property occupies upon its respective roadway.

<u>Per Linear Foot</u>	
Water	\$29.74
Wastewater	46.88

## GUARANTEED REVENUE CHARGES

Charges are billed prior to System connection in order to recover certain fixed operating costs of the System.

<u>Annual Rate per ERC</u>	
Water	12 x current base rate
Wastewater	12 x current base rate

## METER INSTALLATION FEES

5/8 x 3/4"	\$408.53
5/8 x 3/4" w/double check	\$466.44
1"	454.53
1 1/2"	600.12
2"	821.46
3" and larger	Cost Plus Overhead

## FIRE PROTECTION SERVICES

Capacity cost recovery charge assessed annually to customers which have fire lines or standpipes located within the premises of the building or privately owned fire hydrants.

2"	\$129.85
4"	416.62
6"	827.83
8"	1,325.61
10"	1,904.55
12"	2,597.12

**NUMBER OF CUSTOMERS**

	<u>Single Family</u>	<u>Multifamily</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
Water	26,206	192	1,073	9	65	27,545
Wastewater	13,087	238	947	9	49	14,330

**RATE COMPARISON WITH NEIGHBORING UTILITIES<sup>(1)</sup>**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>City of Palm Bay</b>	\$24.85	\$33.93	\$58.78
<u>Neighboring Utilities</u>			
Brevard County	\$25.73	\$42.76	\$68.49
City of Cocoa	17.40	29.00	46.40
City of Daytona Beach	22.93	30.65	53.58
City of Edgewater	23.85	29.71	53.56
City of Holly Hill	25.53	29.37	54.90
City of Melbourne	23.40	34.20	57.60
City of New Smyrna Beach	24.86	34.77	59.63
City of Ormond Beach	19.07	25.63	44.70
City of Port Orange	22.90	32.10	55.00
City of Port St. Lucie	24.86	48.06	72.92
City of Vero Beach	18.80	26.09	44.89
City of West Melbourne	28.00	33.20	61.20
Indian River County	20.67	28.67	49.34
<b>Average of Neighboring Utilities</b>	\$22.92	\$32.63	\$55.55

(1) Amounts shown are for 5,000 gallons monthly service and reflect standard residential single family rates effective October 1, 2006 and are exclusive of taxes.

## CONNECTION FEE COMPARISON WITH NEIGHBORING UTILITIES <sup>(1)</sup>

	Water	Wastewater	Total
Brevard County <sup>(2)</sup>	\$1,903	\$2,257	\$4,160
City of Cocoa	1,000	1,250	2,250
City of Daytona Beach	757	1,001	1,758
City of Edgewater	1,565	2,162	3,727
City of Holly Hill <sup>(3)</sup>	1,422	1,908	3,330
City of Melbourne <sup>(4)</sup>	1,340	1,900	3,240
City of New Smyrna Beach	1,250	1,250	2,500
City of Ormond Beach <sup>(3)</sup>	2,063	2,011	4,074
<b>City of Palm Bay</b>	<b>1,076</b>	<b>1,956</b>	<b>3,032</b>
City of Port Orange <sup>(3)</sup>	1,457	1,475	2,932
City of Port St. Lucie <sup>(3)</sup>	1,406	1,525	2,931
City of Vero Beach <sup>(5)</sup>	1,016	1,330	2,346
City of West Melbourne <sup>(4)</sup>	1,433	2,045	3,478
Indian River County	1,300	2,796	4,096

(1) Based on inside City or County rates current as of October 1, 2007, exclusive of taxes surcharges, unless otherwise noted.

(2) Water – Single Family Residential; Wastewater – Residential 1 to 3 Bedrooms

(3) Based on E.L.U. – Equivalent Living Unit

(4) Based on 3/4" Meter

(5) Based on 5/8" Meter

## TEN LARGEST WATER CUSTOMERS

September 30, 2008	12-Month Usage <sup>(1)</sup>	Percent of Total	Revenue Generated	Percent of Total
Harris Corporation	\$ 47,459	2.96%	\$ 162,268	1.86%
The Park at Palm Bay	20,492	1.28%	100,802	1.16%
Brevard School Board	18,431	1.15%	93,973	1.08%
Madalyn Landing	15,511	0.97%	75,267	0.86%
Woodlake Village Apartments	13,420	0.84%	77,169	0.88%
Vista Oaks West Assoc., Inc.	11,371	0.71%	56,875	0.65%
Town of Malabar	11,354	0.71%	67,327	0.77%
Palm Bay Community Hospital	7,597	0.47%	43,111	0.49%
Intersil	7,507	0.47%	29,696	0.34%
Aimco/The Pines Apartments	7,280	0.45%	38,716	0.44%
<b>Total</b>	<b>\$ 160,422</b>	<b>10.02%</b>	<b>\$ 745,204</b>	<b>8.54%</b>

(1) In thousands of gallons.

## TEN LARGEST WASTEWATER CUSTOMERS

September 30, 2008	12-Month Usage <sup>(1)</sup>	Percent of Total	Revenue Generated	Percent of Total
Harris Corporation	\$ 47,459	5.70%	\$ 217,625	3.82%
The Park at Palm Bay	21,617	2.60%	109,589	1.93%
Brevard School Board	17,341	2.08%	94,127	1.65%
Madalyn Landing	15,511	1.86%	76,553	1.35%
Woodlake Village Apartments	13,420	1.61%	59,219	1.04%
Vista Oaks West Assoc., Inc.	11,900	1.43%	57,464	1.01%
Town of Malabar	11,354	1.36%	93,255	1.64%
Palm Bay Community Hospital	7,912	0.95%	36,203	0.64%
Intersil	7,597	0.91%	33,249	0.58%
Aimco/The Pines Apartments	7,014	0.84%	40,672	0.71%
Total	\$ 161,125	19.35%	\$ 817,956	14.38%

(1) In thousands of gallons.