RESOLUTION NO. 05-41

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 03-09 OF THE CITY OF MARCO ISLAND, FLORIDA; AUTHORIZING AND APPROVING THE COMPETITIVE SALE OF NOT TO EXCEED $6,000,000 CITY OF MARCO ISLAND, FLORIDA SALES TAX REVENUE BONDS, SERIES 2005; APPOINTING THE PAYING AGENT AND REGISTRAR; APPROVING THE FORM OF A DRAFT PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS WITH RESPECT TO SAID BONDS; DELEGATING TO THE DIRECTOR OF FINANCE THE AUTHORITY TO DETERMINE THE PRINCIPAL AMOUNT OF SERIES 2005 BONDS TO BE ISSUED AND THE BID DATE WITH RESPECT TO THE SERIES 2005 BONDS, TO AWARD THE SALE THEREOF TO THE LOWEST CONFORMING BIDDER OR BIDDERS BASED ON THE BIDS SUBMITTED AT PUBLIC SALE AND TO DETERMINE THE TERMS OF SUCH SALE; DELEGATING TO THE DIRECTOR OF FINANCE THE AUTHORITY TO DEEM FINAL FOR CERTAIN PURPOSES AND APPROVE THE USE OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DISTRIBUTION OF THE FINAL OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 2005 BONDS; PROVIDING CERTAIN OTHER MATTERS RELATING TO THE SERIES 2005 BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Marco Island, Florida (the "City" or the "Issuer") adopted Resolution No. 03-09 on January 21, 2003 (the "Original Resolution"); and

WHEREAS, on May 13, 2003, a final judgment was entered in favor of the Issuer by the Twentieth Judicial Circuit Court, in and for Collier County, Florida, with respect to the bonds which were authorized by the Original Resolution, and the time for filing appeals has expired without any such appeals having been filed; and

WHEREAS, on the date hereof, the Original Resolution was amended and restated in its entirety; and

WHEREAS, the Original Resolution, as so amended and restated, as amended and supplemented from time to time, and as particularly supplemented hereby, is collectively referred to as the "Resolution"; and

WHEREAS, all capitalized undefined terms used herein shall have the meanings ascribed thereto in the Resolution; and

WHEREAS, by the Resolution, the Issuer authorized the issuance of not to exceed $6,000,000 City of Marco Island, Florida Sales Tax Revenue Bonds, Series 2005 (the "Series 2005 Bonds") and the use of other legally available funds of the Issuer in an amount not to exceed $700,000 from unrestricted reserves in the Issuer's General Fund to finance and/or reimburse the cost of acquiring, constructing and reconstructing the Initial Project, to fund the Reserve Account, and to pay certain expenses relating to the issuance of the Series 2005 Bonds; and

WHEREAS, it is hereby determined that it is in the best interest of the public and the Issuer to sell the Series 2005 Bonds through a public bid; and

WHEREAS, the Issuer now desires to supplement the Resolution to authorize the awarding of the Series 2005 Bonds pursuant to a public bid upon satisfaction of the terms and conditions contained herein and in the Official Notice of Sale and Bidding Instructions, attached hereto as Exhibit A; and

WHEREAS, the Issuer desires to sell its Series 2005 Bonds subject to the terms and conditions contained in the Resolution herein and set forth in the Official Notice of Sale and Bidding Instructions, and authorize execution and distribution of the Official Statement in connection with the issuance of the Series 2005 Bonds; and

WHEREAS, the Official Notice of Sale and Bidding Instructions is to be provided to all parties expressing an interest in the offering of the Series 2005 Bonds; and

WHEREAS, the Issuer wishes to delegate to the Director of Finance the authority to determine the bid date with respect to the Series 2005 Bonds, and to award the sale thereof to the lowest conforming bidder or bidders in the aggregate principal amount not exceeding $6,000,000; and

WHEREAS, the Issuer wishes to approve the form of a draft Preliminary Official Statement regarding the Series 2005 Bonds, a form of which is attached hereto as Exhibit C (the "Preliminary Official Statement") and authorize the circulation of the Preliminary Official Statement and execution of a final Official Statement in substantially the form of the Preliminary Official Statement; and

WHEREAS, the Issuer wishes to approve the form of Continuing Disclosure Certificate to provide required continuing secondary market disclosure, a proposed form of which is attached hereto as Exhibit B (the "Continuing Disclosure Certificate");

WHEREAS, prior to the awarding of the sale of the Series 2005 Bonds, the Issuer will be provided all applicable disclosure information required by Section 218.385, Florida Statutes, a copy of which is attached to or otherwise included as part of the Official Notice of Sale and Bidding Instructions; and

WHEREAS, this Resolution shall constitute a Supplemental Resolution under the terms of the Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARCO ISLAND, FLORIDA:

SECTION 1. It is hereby ascertained, determined and declared that it is in the best interest of the City to provide for the sale by competitive bid of the Series 2005 Bonds having a dated date, maturing and bearing interest, as set forth in the Official Notice of Sale and Bidding Instructions, the bid proposal of the lowest conforming bidder or bidders, and the Preliminary Official Statement. The Director of Finance is hereby authorized, in light of market conditions and in order to minimize the City's interest costs, to determine the bid date giving appropriate weight to the advice of the City's Financial Advisor as to the most advantageous date for such sale, to award the sale of the Series 2005 Bonds, in the aggregate principal amount necessary to pay the appropriate portion of the costs described in the Original Resolution, to the bidder or bidders submitting the lowest conforming bid (the "Winning Bidder"), to adjust the maturity schedule for the Series 2005 Bonds in accordance with the terms of the Official Notice of Sale and Bidding Instructions, to return the good faith checks of all unsuccessful bidders, and to cash and deposit into a special account, with right of investment with interest accruing to the benefit of the City, the good faith check of the Winning Bidder; provided, however, that the maximum principal amount of the Series 2005 Bonds shall not exceed $6,000,000, the true interest cost rate of the Series 2005 Bonds shall not exceed 4.50%, the final maturity date of the Series 2005 Bonds shall not be later than November 1, 2020, the underwriting discount shall not be greater than 1.00% of the original principal amount of the Series 2005 Bonds, the first interest payment date of the Series 2005 Bonds shall not be prior to November 1, 2005 and the interest rate on the Series 2005 Bonds shall not exceed the maximum interest rate set forth in Section 215.84, Florida Statutes. Such sale may be conducted via the internet and/or in such manner as the Director of Finance deems to be in the best interest of the City.

SECTION 2. Subject to the terms and conditions of Section 1 hereof, the sale of the Series 2005 Bonds may be awarded by public bid upon the terms and conditions set forth in the Resolution herein and in the Official Notice of Sale and Bidding Instructions which is attached hereto as Exhibit A and incorporated by reference. The form of the Official Notice of Sale and Bidding Instructions is hereby approved by the Issuer, and the Issuer hereby authorizes the Director of Finance to award the sale of the Series 2005 Bonds to the Winning Bidder. In addition, the Director of Finance of the Issuer shall cause a short form of the Official Notice of Sale and Bidding Instructions (the "Summary Notice of Sale"), with such changes and insertions thereto as may be authorized by the Director of Finance, such abbreviated form to be consistent with the terms of this Resolution, to be published, in the official newspaper and such newspapers or financial journals published within or without the State, and such Summary Notice of Sale shall be published at least ten (10) days prior to the bid.

SECTION 3. (I) The Issuer hereby delegates to the Director of Finance the authority (a) to determine (i) the dated date, (ii) the maturity dates and amounts, (iii) the interest rates and payment dates, (iv) the redemption features, (v) the Amortization Installments for the Term Bonds, if any, (vi) the delivery date, and (vii) all other details of the Series 2005 Bonds; and (b) to take such further action as shall be required for carrying out the purposes of the Resolution and this Resolution with respect to the Series 2005 Bonds; and (c) to award, on behalf of the Issuer, the sale of the Series 2005 Bonds to the Winning Bidder as determined by public bid as provided in Section 2 above; provided, however, that the Director of Finance shall not take any action pursuant to this Section 3 unless the Director of Finance shall have received from the Financial Advisor such information as the Director of Finance shall deem necessary, in order to demonstrate that the parameters in Section 1 hereof have been satisfied.

(II) All actions of the Director of Finance taken pursuant to the authority contained in this Section 3 shall be evidenced by a certificate to be executed by the Director of Finance (the "Certificate of Director of Finance") and filed with the City Clerk. The execution of the Certificate of Director of Finance shall constitute complete evidence of the actions of the Director of Finance in accordance with the provisions of this Section 3 and shall constitute official action of the Issuer.

SECTION 4. The Series 2005 Bonds shall be issued under and secured by the Resolution and shall be executed and delivered in the manner as set forth in the Resolution, with such additional changes and insertions therein as conform to the provisions of the Official Notice of Sale and Bidding Instructions, and such execution and delivery shall be conclusive evidence of the approval thereof by such officers.

SECTION 5. The members of the City Council of the Issuer and the Issuer's officers, attorneys and other agents and employees are hereby authorized and directed to execute any and all certifications or other instruments or documents required by the Resolution, the Official Notice of Sale and Bidding Instructions or any other document referred to above as a prerequisite or precondition to the issuance of the Series 2005 Bonds, including the execution of any documents or instruments which are necessary to secure an Insurance Policy, and any such representation made therein shall be deemed to be made on behalf of the Issuer. All action taken to date by the officers of the Issuer in furtherance of the issuance of the Series 2005 Bonds is hereby approved, confirmed and ratified.

SECTION 6. The Issuer hereby approves the form and content of the draft Official Notice of Sale and Bidding Instructions and Preliminary Official Statement (without appendices) attached hereto as Exhibits A and C, respectively, subject to such modifications, amendments, changes and filling of blanks therein including, without limitation, changes to accommodate offering the Series 2005 Bonds via an internet bidding service and/or such other manner as the Director of Finance deems to be in the best interest of the Issuer, as shall be approved by the Director of Finance or his designee, and authorizes the use of the Preliminary Official Statement by the Winning Bidder in accordance with the intended purposes thereof.

The Issuer hereby authorizes the Director of Finance to deem the Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for permitted omissions allowed under such Rule. The Chairwoman and the Director of Finance of the Issuer or any of them, are hereby authorized to execute and deliver, on behalf of the Issuer, the final Official Statement relating to the Series 2005 Bonds with such changes from the Preliminary Official Statement as they may approve, such execution to be conclusive evidence of such approval.

SECTION 7. Wells Fargo Bank, National Association, ("Wells Fargo") is hereby appointed as Paying Agent and Registrar with respect to the Series 2005 Bonds. The Issuer hereby authorizes the Chairwoman of the Issuer to execute and deliver a paying agent and registrar agreement in the name of and on behalf of the Issuer, to be attested and countersigned by the City Clerk, the form of which to be approved by the City Attorney, and the official seal of the Issuer to be affixed thereto, all of the provisions of which, when executed and delivered by the Issuer as authorized herein shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein, with Wells Fargo to act as Paying Agent and Registrar.

SECTION 8. A blanket letter of representation dated October 20, 2003 has been entered into by the Issuer (the "Letter of Representation") with The Depository Trust Company ("DTC"). It is intended that the Series 2005 Bonds be registered so as to participate in a global book-entry system with DTC as set forth herein and in such Letter of Representation. The Series 2005 Bonds shall be initially issued in the form of a single fully registered bond of each maturity. Upon initial issuance, the ownership of such Series 2005 Bonds shall be registered by the Registrar in the name of Cede & Co., as nominee for DTC. With respect to Series 2005 Bonds registered by the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer, Registrar and Paying Agent shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Series 2005 Bonds from time to time as securities depositary (each such broker-dealer, bank or other financial institution being referred to herein as a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Series 2005 Bonds (each such person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, the Issuer, Registrar and Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to the ownership interest in the Series 2005 Bonds, (b) the delivery to any Depository Participant or any Indirect Participant or any other person, other than a registered owner of a Series 2005 Bond as shown in the bond register, of any notice with respect to the Series 2005 Bonds, including any notice of redemption or (c) the payment to any Depository Participant or Indirect Participant or any other person, other than a registered owner of a Series 2005 Bond as shown in the bond register, of any amount with respect to principal of, premium, if any, or interest on, the Series 2005 Bonds. No person other than a registered owner of a Series 2005 Bond as shown in the bond register shall receive a Series 2005 Bond certificate with respect to any Series 2005 Bond. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions

hereof with respect to the payment of interest by the mailing of checks or drafts to the registered owners of Series 2005 Bonds appearing as registered owners in the registration books maintained by the Registrar at the close of business on regular record date, the name "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

In the event that (a) the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the Letter of Representation, (b) the Agreement among the Issuer, the Paying Agent and DTC evidenced by the Letter of Representation shall be terminated for any reason or (c) the Issuer determines that it is in the best interests of the beneficial owners of the Series 2005 Bonds that they be able to obtain certificated Series 2005 Bonds, subject to compliance with the requirements between any agreements between the Issuer and DTC with respect thereto, the Issuer shall notify DTC of the availability through DTC of Series 2005 Bond certificates and the Series 2005 Bonds shall no longer be restricted to being registered in the bond register in the name of Cede & Co., as nominee of DTC. At that time, the Issuer may determine that the Series 2005 Bonds shall be registered in the name of and deposited with a successor depository operating a universal book-entry system, as may be acceptable to the Issuer, or such depository's agent or designee, and if the Issuer does not select such alternate universal book-entry system, then the Series 2005 Bonds may be registered in whatever name or names registered owners of Series 2005 Bonds transferring or changing Series 2005 Bonds designate, in accordance with the provisions hereof. Notwithstanding any other provision of this Resolution to the contrary, so long as any Series 2005 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Series 2005 Bond and all notices with respect to such Series 2005 Bond shall be made and given, respectively, in the manner provided in the Letter of Representation.

SECTION 9. The Issuer hereby covenants and agrees that, in order to assist the Winning Bidder in complying with the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission with respect to the Series 2005 Bonds, it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Issuer prior to the time the Issuer delivers the Series 2005 Bonds to the Winning Bidder, as it may be amended from time to time in accordance with the terms thereof. The form of the Continuing Disclosure Certificate, attached hereto as Exhibit B, is hereby approved and ratified, and the Issuer hereby authorizes the Chairwoman of the Issuer to execute and deliver a Continuing Disclosure Certificate in the name of and on behalf of the Issuer, to be attested and countersigned by the City Clerk, the form of which to be approved by the City Attorney, and the official seal of the Issuer to be affixed thereto, all of the provisions of which, when executed and delivered by the Issuer as authorized herein shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default under the Resolution. However, the Continuing Disclosure Certificate shall be enforceable by the Series 2005 Bondholders in the event that the Issuer fails to cure a breach thereunder within a

reasonable time after written notice from a Series 2005 Bondholder to the Issuer that a breach exists. Any rights of the Series 2005 Bondholders to enforce the provisions of the covenant shall be on behalf of all Series 2005 Bondholders and shall be limited to a right to obtain specific performance of the Issuer's obligations thereunder.

SECTION 10. All prior resolutions of the Issuer inconsistent with the provisions of this Resolution are hereby amended and supplemented to conform with the provisions herein contained and, except as may otherwise amended and supplemented hereby, the Resolution shall remain in full force and effect.

SECTION 11. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Series 2005 Bonds issued hereunder.

SECTION 12. Except as may be expressly described herein or in the Resolution, nothing in the Resolution, this Resolution or in the Series 2005 Bonds, expressed or implied, is intended or shall be construed to confer upon anyone of another entity other than the Issuer and the Series 2005 Bondholders any right, remedy or claim, legal or equitable, under and by reason of the Resolution or any provision thereof, or of the Series 2005 Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Series 2005 Bondholders from time to time.

SECTION 13. Neither the members of the City Council nor any person executing the Series 2005 Bonds shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

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SECTION 14. This Resolution shall take effect immediately upon its adoption.

Passed in open and regular session through roll call vote by the City Council of the City of Marco Island, Florida this 20th day of June, 2005.

ATTEST:

Laura M. Litzan, City Clerk

CITY OF MARCO ISLAND, FLORIDA

By: _____
Vickie Kelber, Chairwoman

Approved as to Form:

Richard D. Yovanovich, City Attorney

{4433/00/00014015.DOCv6}

EXHIBIT A

Form of
Official Notice of Sale and Bidding Instructions

OFFICIAL NOTICE OF SALE
AND
BIDDING INSTRUCTIONS

ON

$6,000,000*
CITY OF MARCO ISLAND, FLORIDA
SALES TAX REVENUE BONDS, SERIES 2005

Sealed Bids Due July 6, 2005, at 11:00 a.m., EDT

THE SALE

This Official Notice of Sale contains certain information for quick reference only. It is not, and is not intended to be, a summary of the above-referenced Bonds (the "Bonds"). Each bidder is required to read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

Prior to accepting bids, the City reserves the right to change the principal amount of the Bonds being offered and the terms of the Bonds, to postpone the sale to a later date or time, or cancel the sale. The City reserves the right, after the bids are opened, to adjust the principal amount of the Bonds, as further described herein. See "ADJUSTMENT OF AMOUNTS AND MATURITIES."

Bonds Offered for Sale at Competitive Bidding. The City of Marco Island, Florida (the "City") is offering for sale its $6,000,000* aggregate principal amount of the Bonds on July 6, 2005, at 11:00 a.m. EDT, the same being the date of sale. Bidders may submit bids for the Bonds by any of the following methods: (1) Deliver bids to the City as described below in "Bids Delivered to City;" (2) Submit bids electronically as described below in "Electronic Bidding Procedure;" or (3) Submit bids by telephone or facsimile as described below in "Bids by Telephone or Facsimile."

Local Preference. The City desires that the bidder submitting the winning bid (the "Winning Bidder") make Bonds available to residents or property owners of the City if the opportunity exists; provided, however, that the City recognizes that such Winning Bidder is not required to do so.

Bids Delivered to City. Sealed bids, plainly marked "Bid for Bonds," should be addressed to "Director of Finance, City of Marco Island, Florida," and should be delivered to the City's Director of Finance at 50 Bald Eagle Drive, Marco Island, Florida 34145, prior to 11:00 a.m. EDT on July 6, 2005, the same being the date of the bid opening.

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* Preliminary, subject to change after submission of bids. See "Adjustment of Principal Amounts" herein.

Electronic Bidding Procedure. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of *PARITY* prior to 11:00 AM, EDT on the day of the bid opening. Bidders must submit, prior to July 6, 2005, SIGNED Official Bidding Instructions to the City's Director of Finance at 50 Bald Eagle Drive, Marco Island, Florida 34145.

Subscription to the I-Deal LLC's *BIDCOMP/PARITY* Competitive Bidding System is required in order to submit an electronic bid. The use of *PARITY* electronic bidding shall be at the bidder's risk and expense, and the City shall have no liability with respect thereto. The City is using electronic bidding as a communications medium and as a bidding option and *PARITY* is not acting as the City's agent.

The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The City does not have a registration requirement for prospective bidders. However, bidders submitting electronic bids must be contracted customers at the *BIDCOMP/PARITY* Competitive Bidding System and should promptly contact *PARITY* directly for information about *PARITY*, including its rules and fees, and becoming a contracted customer.

Each prospective electronic bidder must be a subscriber to *PARITY*. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to view the bid form on *PARITY* and to access *PARITY* for the purposes of submitting its bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the City nor *PARITY* shall have any duty or obligation to provide or assure access to *PARITY* to any prospective bidder, and neither the City nor *PARITY* shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*. The City is using *PARITY* as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of *PARITY* to the effect that any particular bid complies with the terms of this Official Notice of Sale and, in particular, the bid specifications hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via *PARITY* are the sole responsibility of such bidders and the City shall not be responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should immediately telephone *PARITY* at 212-849-5021 and notify the City's Financial Advisor, First Southwest Company, at (407) 426-9611. The City shall have no responsibility for technological or transmission errors that any bidder may experience in transmitting a bid. The use of *PARITY* shall be at the bidder's risk and expense, and the City shall have no liability with respect thereto.

An electronic bid made through the facilities of *PARITY* shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in the Official Notice of Sale and Bidding

Instructions, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, *PARITY*, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Official Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about *PARITY*, including any fees charged, may be obtained from *PARITY*, 40 West 23rd Street, New York, New York 10010, telephone number (212) 404-8102.

Bids by Telephone or Facsimile. Bidders must submit, prior to 11:00 a.m. EDT on July 6, 2005, SIGNED Official Bidding Instructions to the City's Director of Finance at 50 Bald Eagle Drive, Marco Island, Florida 34145, and submit their bid by telephone or facsimile (fax) on the date of the sale.

Telephone bids will be accepted at (239) 389-5006, between 10:30 a.m., EDT and 11:00 a.m., EDT on such date of sale.

Fax bids will be received between 10:30 a.m., EDT and 11:00 a.m., EDT, on such date of sale at (239) 642-8947, attention: Bill Harrison.

Amendment of Notice. Amendments hereto and notices, if any, pertaining to this offering shall be made through i-Deal at their website of www.i-dealprospectus.com. The City may revise this Official Notice of Sale and Bidding Instructions by written notice to prospective bidders at the place of sale at the time of sale for submission of bids by publishing notice of any revisions on TM3 New Service at or before the time for submission of bids. Any bid submitted shall be in accordance with, and incorporate by reference, this Official Notice of Sale and Bidding Instructions including any revisions made pursuant to this paragraph.

The City reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by TM3 by notice given not later than 4:00 p.m. EDT, on the last business day prior to the announced date for the receipt of bids. If any date fixed for the receipt of bids and the sale of the bonds is postponed, any alternative sale date (the "Alternative Sale Date") will be announced via TM3 News Service at least 20 hours prior to such Alternative Sale Date. In addition, the City reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date for receipt of bids is established, notice of the Alternative Sale Date will be announced via TM3 News Service not less than 20 hours prior to such Alternative Sale Date. On any such Alternative Sale Date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Official Notice of Sale except for the date of sale and except for the changes announced by TM3 News Service at the time the Alternate Sale Date and time are announced.

Official Time. *For all purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For all other purposes hereunder, the time maintained by the City's Director of Finance shall constitute the official time.* For information purposes only, bidders are requested to state in their bids the true interest cost (the "TIC") to the City, as described under "Basis of Award" below. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and Bidding Instructions and the Official Bidding Instructions.

Disclaimers. The City and First Southwest Company, the City's Financial Advisor, are not responsible if telephone or facsimile numbers are busy and prevents a bid or bids from being submitted on a timely basis. The City and First Southwest Company shall not be responsible for any malfunction of its facsimile machine, or human error or mistake in transcribing telephone bids; rather, the bidder bears all risks associated with submitting its bid using either of these methods. The City and First Southwest Company will not be responsible for submitting any bids received after the above deadlines. The City and First Southwest Company assume no responsibility or liability with respect to any irregularities associated with the submission of bids.

The City reserves the right to reject any and all bids, to waive any irregularity or informality in any bid to take any action adjourning or postponing the sale of the Bonds or to take any other action the City may deem to be in the best interest of the City. Notice of adjournment or postponement of sale or otherwise shall be communicated through i-Deal at their website of www.i-dealprospectus.com.

Place, Date and Time of Bid Opening. All bids for the Bonds will be publicly opened and read in the office of the City's Director of Finance at 50 Bald Eagle Drive, Marco Island, Florida 34145 at 11:00 a.m., EDT, on July 6, 2005.

Award of the Bonds. Pursuant to the terms and conditions of Resolution No. 03-09 duly adopted by the City Council of the City of Marco Island, Florida (the "City Council") of the City on January 21, 2003, as amended and restated by a resolution duly adopted by the City Council on June 20, 2005, as amended and supplemented from time to time, and as particularly supplemented by a resolution duly adopted by the City Council on June 20, 2005 (collectively, the "Resolution"), the City Council approved the Preliminary Official Statement and authorized the public sale of the Bonds. Pursuant to the authority delegated by the Resolution, the Director of Finance will take action to award the Bonds (or reject all bids), and will do so in writing no later than 5:00 p.m., EDT, on the date of the bid opening.

Except as described below in "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Change in Tax Exempt Status," the Winning Bidder is irrevocably obligated to purchase the relevant Bonds at the rates and prices of the Winning Bid, if acceptable to the City, as set forth herein. Winning Bids are not officially awarded to the Winning Bidder unt il formally accepted in writing by the City.

THE BONDS

Purpose of the Bonds. The Bonds are being issued, together with not to exceed $700,000 of other legally available moneys of the City, if any, for the principal purposes of financing and/or reimbursing the Initial Project (as such term is described in the Resolution), funding the Reserve Account and paying certain costs of issuance incurred with respect to the Bonds.

Description. The Bonds will be dated July 1, 2005 (the "Dated Date"). Interest will accrue, computed on a 30/360 basis, from the Dated Date and will be due on November 1, 2005, and each May 1 and November 1 thereafter until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity. The Bonds will mature on November 1 in each year as follows:

Maturity Schedule*

Year (November 1)	Principal Amount*	Year (November 1)	Principal Amount*	Year (November 1)	Principal Amount*
2007	$335,000	2012	$405,000	2017	$480,000
2008	350,000	2013	415,000	2018	495,000
2009	365,000	2014	430,000	2019	515,000
2010	380,000	2015	445,000	2020	535,000
2011	390,000	2016	460,000		

*Preliminary, subject to change. See "Adjustment of Principal Amounts" below.

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

Optional Redemption. The Series 2005 Bonds or portions thereof maturing on and before November 1, 2015 are not subject to redemption prior to their maturity. The Series 2005 Bonds or portions thereof maturing on November 1, 2016 and thereafter may be redeemed prior to their respective maturities, at the option of the City, as a whole or in part on any date on or after November 1, 2015 (and if less than all Series 2005 Bonds are to be redeemed, the particular Series 2005 Bonds to be redeemed shall be selected in such manner as may be determined by the

City), at a redemption price equal to 100% of the principal amount of the Series 2005 Bonds or portions thereof to be redeemed, together with accrued interest to the date set for redemption.

Serial Bonds and/or Term Bonds. Bidders may provide that all the Bonds be issued as Serial Bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more Term Bonds (no more than three Term Bonds).

Mandatory Sinking Fund. In addition to the foregoing optional redemption provision, if the Winning Bidder elects to combine the principal amounts designated in the serial Maturity Schedule shown above to create one or more "Term Bond(s)," each such "Term Bond" shall be subject to mandatory sinking fund redemption commencing on November 1 of the first year which has been combined to form such Term Bond and continuing on each November 1 thereafter until the stated maturity of that Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial Maturity Schedule shown above. Term Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at the redemption price of par plus accrued interest to the date of redemption.

A final Official Statement will incorporate the mandatory redemption provisions for the Bonds in the event the Winning Bidder elects to convert serial maturities into one or more Term Bonds.

Adjustment of Principal Amounts. If, after final computation of the bids and award to the Winning Bidder, the City determines in its sole discretion that the funding requirements for the Bonds are less than the proceeds of the sale of the Bonds, the City reserves the right to adjust each maturity amount of the Bonds by no more than 10% and to correspondingly adjust the Bond issue size by no more than 10%, all calculations to be rounded to the nearest $5,000. Furthermore, the City reserves the right to adjust maturity amounts (including mandatory sinking fund installments) to achieve the desired debt service structure, without substantially changing the Bond issue size.

In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted. The purchase price by the Winning Bidder will be adjusted proportionately to reflect any increase or decrease in the combined aggregate principal amount of the Bonds following adjustment. Even though the dollar amount bid may be so adjusted, the interest rates, prices and yields specified by the Winning Bidder will not change.

In addition, the City may cancel the sale of the Bonds. The City will consult with the Winning Bidder before adjusting the amount of any maturity of the Bonds or canceling the Bonds; however, the City reserves the sole right to make adjustments, within the limits described above, or cancel the sale of the Bonds.

Adjustment to the size of the Bonds within the limits described above does not relieve the Winning Bidder from its obligation to purchase all of the Bonds offered by the City.

Book-Entry Only System. The City intends to utilize The Book-Entry Only System of The Depository Trust Company ("DTC"). See "DESCRIPTION OF THE SERIES 2005 BONDS – Book-Entry Only System" in the Preliminary Official Statement.

Paying Agent and Registrar. The initial Paying Agent and Registrar shall be Wells Fargo Bank, National Association.

Source of Payment. The payment of the principal of or redemption price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the "Pledged Funds" which consists of the proceeds of the local government half-cent sales tax and other moneys received by the City from the local government half-cent sales tax clearing trust find pursuant to Chapter 218, Part VI, Florida Statutes (the "Half-Cent Sales Tax Revenues"), and (2) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in certain funds and accounts established under the Resolution.

Further details regarding the Bonds are set forth in the Preliminary Official Statement.

CONDITIONS OF THE SALE

Award of Bid. The City expects to award the Bonds to the Winning Bidder as soon as practicable after the bids are opened on the sale date. Bids may not be withdrawn prior to the award. Unless all bids are rejected, the Bonds will be awarded by the City on the sale date to the bidder whose bid complies with this Official Notice of Sale and results in the lowest TIC to the City. If two or more responsible bidders offer to purchase the Bonds at the same lowest TIC, the City will award the Bonds to one of such bidders by lot. Only the final bid submitted by any bidder through *PARITY* will be considered. The determinations by the City shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as in its conformity to the terms of this Official Notice of Sale.

The City reserves the right, in its discretion, to reject any and all bids and to waive irregularity or informality in any bid.

Type of Bids and Interest Rates. The Bonds will be sold in one block on an "All or None" basis, and at a price of 100% of their par value, plus accrued interest, if any, from the Dated Date of the Bonds to the date of delivery of the Bonds. Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the TIC must not exceed 4.50%. The highest rate bid may not exceed the lowest rate bid by more than 2% in rate. Interest rates for maturities shall be structured in ascending order such that for each succeeding maturity, rates shall be equal to or greater than the interest rate for the maturity of the preceding year. No limitation is imposed upon bidders as to the number

of rates or changes which may be used. Term Bonds permitted at the bidder's option, subject to the terms set forth above. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

Basis for Award. The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein, the Resolution authorizing the Bonds, and which produces the lowest TIC rate to the City. The TIC rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus any premium bid, if any, (but not interest accrued from the Dated Date to the date of their delivery) and less any discount bid. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bidding Instructions will be considered as the official bid.

Good Faith Deposit. A Good Faith Deposit in the form of a certified or bank cashier's check or a financial surety bond in the amount of $60,000, payable to the order of the "City of Marco Island, Florida," is required for each bid to be considered. If a check is used, it may accompany the Official Bidding Instructions or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening or retrieval of the bids, and shall be accompanied by instructions from the bank on which drawn authorizing its use as a Good Faith Deposit by the Winning Bidder who shall be named in such instructions.

If a financial surety bond is used, it must be from an insurance company licensed to issue such a financial surety bond in the State of Florida, and such bond must be submitted to the City prior to the opening of the bids. The financial surety bond must identify each bidder whose Good Faith Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then the Winning Bidder is required to submit its Good Faith Deposit to the City in the form of a certified or bank cashier's check (or wire transfer such amount as instructed by the City) not later than 3:30 p.m. EDT on the next business day following the award. If such Good Faith Deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the Good Faith Deposit requirement.

No interest on the Good Faith Deposit will accrue to the Winning Bidder. The Good Faith Deposit will be applied to the purchase price of the Bonds. The Good Faith Deposit will be retained by the City as partial liquidated damages in the event of the failure of the Winning Bidder to take up and pay for such Bonds in compliance with the terms of this Official Notice of Sale and of its bid.

Confirmation of Bid. Each electronic bid submitted via *PARITY* shall be deemed an irrevocable offer in response to this Official Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. All bids remain firm until an award is made. The Winning Bidder must confirm the details of such bid by a signed Official Confirmation of Bid Form delivered by fax to First Southwest Company at 407/426-7835 no later than one hour after

being notified by the City of being the Winning Bidder, the original of which must be received by First Southwest Company, Financial Advisor to the City on the following business day at 20 North Orange Avenue, Suite 1209, Orlando, Florida 32801. Failure to deliver does not relieve the Winning Bidder of the obligation to purchase the Bonds.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP Numbers. It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Winning Bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale and Bidding Instructions and the terms of the Official Bidding Instructions. All expenses in relation to the printing or typing of CUSIP numbers on the Bonds shall be paid by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Winning Bidder.

Delivery of Bonds. One definitive Bond for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry Only System. Payment for the Bonds must be made in immediately available funds for unconditional credit to the City or as otherwise directed by the City. The Winning Bidder will be given six business days notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bonds will be made on or about August 3, 2005, and it is understood and agreed that the Winning Bidder will accept delivery and make payment for the Bonds by 1:00 p.m., EDT, on August 3, 2005 , or thereafter on the date the Bonds are tendered for delivery, up to and including September 3, 2005 (the "Outside Date"). If for any reason the City is unable to make delivery on or before the Outside Date, the City shall immediately contact the Winning Bidder and offer to allow the Winning Bidder to extend its offer for an additional thirty days. If the Winning Bidder does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Winning Bidder shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the City's reasonable control.

Conditions to Delivery. In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended, relating to the exemption of interest on the Bonds from the gross income of their owners, the Winning Bidder will be required to complete, execute, and deliver to the City (on or before the 6th business day prior to the delivery of the Bonds) a certification as to their "issue price" in the form provided by the City's Bond Counsel as well as deliver to the City (on the date the bid is accepted) the Truth in Bonding Statement (the form of which is attached hereto as Attachment 1) as required by Chapter 218.385, Florida Statutes. THE CITY RESERVES THE RIGHT TO ASSIST THE WINNING BIDDER IN CORRECTING ANY INCONSISTENCIES OR

INACCURACIES SET FORTH IN SUCH TRUTH-IN-BONDING STATEMENT. THE VALIDITY OF THE CONTRACTUAL RELATIONSHIP BETWEEN THE CITY AND THE WINNING BIDDER IS EXPRESSLY CONDITIONED ON SATISFACTION OF THIS REQUIREMENT. **In no event will the City fail to deliver the Bonds as a result of the Winning Bidder's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver the "issue price" certificate by the date of delivery of the Bonds, if its bid is accepted by the City. It will be the responsibility of the Winning Bidder to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bryant Miller & Olive P.A., Bond Counsel, attention: Len Marcinko (770) 399-7700. Section 218.38, Florida Statutes, requires that the City file, within 120 days after delivery of the Bonds, an information statement with the Division of Bond Finance. In addition, prior to delivery of the Bonds to the Winning Bidder, the Winning Bidder shall file with the City a statement as described in Section 218.38(1)(b)2., Florida Statutes, containing the amount of any fee, bonus or gratuity paid by the Winning Bidder in connection with the issuance of the Bonds to any person not regularly employed or engaged by the Winning Bidder. This statement shall be filed with the City even if no such fee, bonus or gratuity has been paid by the Winning Bidder, and such filing shall be a condition precedent to the delivery of the Bonds by the City to the Winning Bidder.

Approving Opinion. The legal opinion of Bond Counsel will be furnished without charge to the Winning Bidder at the time of delivery of the Bonds to the effect that, in the opinion of Bond Counsel, assuming continuing compliance by the City with various covenants in the Resolution, under existing statutes, regulations, and judicial decisions, the interest on the Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and further that the Bonds are, under existing laws and regulations, also exempt from intangible taxes imposed pursuant to Chapter 199, Florida Statutes. For a proposed form of the approving opinion, see Appendix D to the Preliminary Official Statement for the Bonds.

Change in Tax Exempt Status. At any time before the Bonds are tendered for delivery, the Winning Bidder may withdraw its bid if the interest received by private holders on bonds of the same type and character shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any Federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Official Notice of Sale and Bidding Instructions.

GENERAL

Financial Advisor. First Southwest Company is serving as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, will be relying on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact thereon of any present, pending or future actions taken by any legislative or judicial bodies.

Disclosure Required by Florida Blue Sky Regulations. Section 517.051, Florida Statutes and the regulations promulgated thereunder require that the City make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal and interest at any time after December 31, 1975. The City is not and has not ever been in default as to principal and interest on its bonds or other debt obligations.

Blue Sky Generally. The City has not undertaken to register the Bonds under the securities laws of any state, nor investigated the eligibility of any institution or person to purchase or participate in the underwriting of the Bonds under any applicable legal investment, insurance, banking or other laws. By submitting a bid for all or any of the Bonds, the Winning Bidder represents that the sale of the Bonds in states other than Florida will be made only under exemptions from registration or, wherever necessary, the Winning Bidder w ill register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The City agrees to cooperate with the Winning Bidder, at the Winning Bidder's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary; provided, however, that the City shall not be required to consent to suit or to service of process in any jurisdiction.

Not an Offer to Sell. This Official Notice of Sale and Bidding Instructions is not intended as a disclosure document and bidders are required to obtain and carefully review the Preliminary Official Statement before submitting a bid. This Official Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Bonds, but is merely notice of the sale of the Bonds. The offer to sell the Bonds is being made by means of the Official Notice of Sale and Bidding Instructions, the Official Bidding Instructions and the Preliminary Official Statement. Prospective purchasers are urged to carefully examine the Preliminary Official Statement to determine the investment quality of the Bonds.

Municipal Bond Insurance Option. The City has provided the Preliminary Official Statement to several major municipal bond insurance companies. Bidders may, at their option, obtain a policy of municipal bond insurance unconditionally and irrevocably guaranteeing payment of principal of, and interest on, all or any designated maturity of the Bonds; however, the selection of the insurer and the responsibility for payment of the premium for such municipal bond

insurance policy shall rest with the Winning Bidder and such premium must be paid contemporaneously with the payment to the City of the purchase price for the Bonds. Any fees to be paid to the rating agencies as a result of said insurance will be paid by the City. Each bidder should indicate whether a municipal bond insurance policy will be purchased, designate which maturities, if any, of the Bonds have been insured and the name of the insurer. Appropriate disclosure with respect to such insurance, if utilized, will be the responsibility of the Winning Bidder. Any failure of a municipal bond insurance policy to be issued shall not constitute cause for a failure or refusal by the Winning Bidder for such Bonds to accept delivery of or pay for the Bonds awarded to it in accordance with the terms of this Official Notice of Sale and Bidding Instructions. Alternatively, bidders may rely upon published underlying ratings on the Bonds described below under "Ratings". No amendments or supplements to the Resolution will be made to accommodate requests of any such municipal bond insurance company.

Reserve Account. Pursuant to the Resolution, on deposit in the Reserve Account amount will be in an amount equal to the Reserve Account Requirement upon the issuance and delivery of the Bonds. The Reserve Account Requirement for the Bonds is an amount equal to the lesser of (i) the Maximum Debt Service Requirement for all Bonds, (ii) 125% of the average debt service for all Bonds; or (iii) the maximum amount allowed under the Code in order to maintain the exclusion of interest on the Bonds.

Ratings. Moody's Investors Service Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") are expected to each assign their municipal bond ratings of "Aa2," "AA-" and "AA," respectively, without any regard being given to the possibility that all or certain maturities of the Bonds may be insured. See "RATINGS" in the Preliminary Official Statement.

The Preliminary Official Statement and Compliance with SEC Rule 15c2-12. The City has prepared the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the "Rule"), deemed such Preliminary Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Preliminary Official Statement and related legal opinions will be addressed in closing documentation.

The City will furnish to the Winning Bidder, in accordance with instructions received from the Winning Bidder, within seven (7) business days from the sale date an aggregate of 100 copies of the final Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of preparation and distribution of a reprinted Official Statement, if the Winning Bidder shall so elect, and the cost of any Preliminary Official

Statement in excess of the number specified shall be prepared and distributed at the cost of the Winning Bidder. The Winning Bidder shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Bonds.

Continuing Disclosure Certificate. The City will execute a Continuing Disclosure Certificate at the time the Bonds are issued in which it will agree to provide certain periodic information and notices of material events in accordance with the Rule, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE." The Winning Bidder's obligation to accept and pay for the Bonds is conditioned upon delivery to the Winning Bidder of a certified copy of the Continuing Disclosure Certificate containing the agreement described under such heading.

A failure by the City to comply with the requirement of the Continuing Disclosure Certificate will not constitute a default under the Resolution. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Compliance With Prior Undertakings. The City has undertaken certain continuing disclosure obligations in prior continuing disclosure certificates in connection with presently outstanding indebtedness to provide certain financial and operating information and notices to each Nationally Recognized Municipal Securities Information Repository ("NRMSIR"), the State Repository, if and when one is established, and others. The City has never failed to comply with such undertakings.

Additional Copies of Notice, Bidding Instructions and Statement; Questions. A limited number of additional copies of this Official Notice of Sale and Bidding Instructions, the Official Bidding Instructions and the Preliminary Official Statement, as available over and above the normal mailing, may be obtained from or questions may be directed to the City's Financial Advisor, John White, First Southwest Company, 20 North Orange Avenue, Suite 1209, Orlando, Florida 32801, (407) 426-9611.

The Resolution authorizing the issuance of the Bonds, approves the use of the Preliminary Official Statement, in connection with the public offering for sale of the Bonds, and authorizes the execution and delivery of a final Official Statement to the Winning Bidder to be used in the offering of the Bonds.

Choice of Law. Any litigation or claim arising out of any bid submitted (regardless of the means of submission) pursuant to this Official Notice of Sale shall be governed by and construed in accordance with the laws of the State of Florida. The venue situs for any such

action shall be the state courts of the Twentieth Judicial Circuit in and for Collier County, Florida.

Dated: June 24, 2005.

CITY OF MARCO ISLAND, FLORIDA

By: /s/ William P. Harrison
Name: William P. Harrison
Title: Director of Finance

OFFICIAL BIDDING INSTRUCTIONS

Director of Finance
City of Marco Island, Florida

July __, 2005

Reference is made to your Preliminary Official Statement, dated June ___, 2005, and the Official Notice of Sale and Bidding Instructions, dated June 24, 2005, of $6,000,000* aggregate principal amount of CITY OF MARCO ISLAND, FLORIDA SALES TAX REVENUE BONDS, SERIES 2005 (the "Bonds") both of which constitute a part hereof.

For your legally issued Bonds, as described in said Official Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you _____% of par and accrued interest from date of issue to date of delivery to us for Bonds maturing and bearing interest as follows:

Maturity Schedule

Year (November 1)	Principal Amount*	Check if Insured	Year (November 1)	Principal Amount*	Check if Insured
2007	$335,000	( )	2014	$430,000	( )
2008	350,000	( )	2015	445,000	( )
2009	365,000	( )	2016	460,000	( )
2010	380,000	( )	2017	480,000	( )
2011	390,000	( )	2018	495,000	( )
2012	405,000	( )	2019	515,000	( )
2013	415,000	( )	2020	535,000	( )

ELECTION FOR INSURANCE

Municipal bond insurance, if any, will be provided by _____ as to the _____ maturity or maturities and by _____ as to the _____ maturity or maturities.

[Remainder of page intentionally left blank]

* Preliminary, subject to change after the submission of bids. See "Adjustment of Principal Amounts" herein.

Of the principal maturities set forth in the table above, Term Bonds have been created as indicated in the following table (which may include multiple Term Bonds (no more than three), one Term Bond, or no Term Bond if none is indicated). For those years that have been combined into a Term Bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Bond maturity date shall mature in such year. The Term Bonds created are as follows:

Maturity (November 1)	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Our calculation (which is not a part of this bid) of the TIC from the above is:

True Interest Cost _____%

The Bonds shall be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry Only System.

A bank cashier's check or certified check of the _____Bank, _____, in the amount of $60,000 which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Preliminary Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Bonds utilizing the Book-Entry Only System through DTC and make payment for the Bonds in immediately available funds to the City of Marco Island, Florida, not later than 10:00 AM, EDT, on August 3, 2005, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale and Bidding Instructions. It will be the obligation of the Winning Bidder of the Bonds to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the City, at least six business days prior to delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect required by Bond Counsel.

[Remainder of page intentionally left blank]

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,	Syndicate Members
_____	_____
Name of Underwriter or Manager	
_____	_____
Authorized Representative	
_____	_____
Phone Number	
_____	_____
Signature	

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Marco Island, Florida, subject to and in accordance with the Official Notice of Sale and Bidding Instructions (including, without limitation, adjustment in principal amounts and/or mandatory sinking fund redemption amounts pursuant to "THE BONDS – Adjustment of Principal Amounts" therein), this the 6th day of July, 2005 and a Certificate of the Financial Advisor of even date herewith.

CITY OF MARCO ISLAND, FLORIDA

By:_____
Name: William P. Harrison
Title: Director of Finance

ATTACHMENT 1

(Form of Truth-in-Bonding Statement)

$_____
CITY OF MARCO ISLAND, FLORIDA
SALES TAX REVENUE BONDS, SERIES 2005

July 6, 2005

The Chairwoman and members of
City Council
City of Marco Island, Florida

Ladies and Gentlemen:

In connection with the proposed execution and delivery of the $_____ City of Marco Island, Florida Sales Tax Revenue Bonds, Series 2005 (the "Bonds"), _____, as representative of the underwriters (the "Underwriters"), has agreed to underwrite a public offering of the Bonds.

The City is proposing to issue $_____ of debt or obligation which, together with other legally available funds of the City, if any, will be used for the purpose of financing the acquisition, construction and reconstruction of various capital improvements to infrastructure to be owned and located within the City as more fully described in the Preliminary Official Statement dated June ___, 2005 relating to the Bonds (the "Preliminary Official Statement"). The debt or obligation represented by the Bonds is expected to be repaid over a period of approximately _____ (___) years. At a forecasted true interest cost rate of _____% on the Bonds, total interest paid over the life of the debt or obligation will be $_____.

The primary source of repayment or security for the Bonds is the proceeds of the local government half-cent sales tax and other moneys received by the City from the local government half-cent sales tax clearing trust fund pursuant to Chapter 218, Part VI, Florida Statutes (the "Half-Cent Sales Tax Revenues"), in the manner and to the extent described in the Preliminary Official Statement. Authorizing the issuance of the Bonds will result in approximately $_____ of the Half-Cent Sales Tax Revenues not being available to finance other services of the City each year for approximately _____ (___) years.

We understand that you do not require any further disclosure from the Underwriter(s) pursuant to Section 218.385, Florida Statutes, as amended.

Very Truly Yours,

[Name of Underwriting Firm]

EXHIBIT B

Form of
Continuing Disclosure Certificate

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Marco Island, Florida (the "Issuer") in connection with the issuance of its $6,000,000 Sales Tax Revenue Bonds, Series 2005 (the "Bonds"). The Bonds are being issued pursuant to Resolution No. 03-09, duly adopted by the City Council of the Issuer (the "City Council") on January 21, 2003, as amended and restated by Resolution No. 05-__, duly adopted by the City Council on June 20, 2005, as amended and supplemented from time to time, and as particularly supplemented by Resolution No. 05-__, duly adopted by the City Council on June 20, 2005 (collectively, the "Bond Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the event listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

"State Repository" shall mean any public or private repository or entity designated by the State as a state information depository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's fiscal year (presently ends September 30), commencing with the report for the 2005 fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report only if they are not available by that date so long as they are provided when they become available. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to (i) each National Repository or the Municipal Securities Rulemaking Board, and (ii) the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each National Repository, the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities (Repositories) to which it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3 (a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) an update of the following financial information and operating data from the Official Statement which are in tabular form:

1. Distributions of Half-Cent Sales Tax Revenues; and

2. Historical Half-Cent Sales Tax Revenues.

Relating to information to be provided to the Repositories, the information provided under Section 4(b) may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions to or events affecting the tax-exempt status of the Bonds;

7. Modifications to rights of the holders of the Bonds;

8. Bond calls (other than scheduled mandatory redemption);

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds; and

11. Ratings changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible, determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with (i) each National Repository or the Municipal Securities Rulemaking Board, and (ii) the State Repository, if any. Notwithstanding the foregoing, notice of Listed Events described in Sections 5(a)(8) and (9) need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Bond Resolution.

SECTION 6. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 (a), 4, or 5 (a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of the Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in

addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. DEFAULT. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution.

SECTION 11. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. CENTRAL POST OFFICE. Notwithstanding anything contained herein to the contrary, any filing required in this Disclosure Agreement pursuant to Rule 15c2-12 may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

[Balance of page intentionally left blank.]

Date: _____, 2005

(SEAL)

Vickie Kelber

Vickie Kelber
Chairwoman

ATTEST:

_____
Laura M. Litzan

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Marco Island, Florida

Name of Bond Issue: Sales Tax Revenue Bonds, Series 2005

Date of Issuance: August ___, 2005

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate dated _____, 2005. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

ISSUER

By: _____
Name: _____
Title: _____

EXHIBIT B

Any filing under this Certificate to any of the Repositories listed below may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as the "Central Post Office" as provided by http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
Email: NRMSIR@FTID.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

A list of names and addresses of all designated Nationally Recognized Municipal Securities Information Repositories as of any point in time is available by visiting the SEC's website at www.sec.gov/info/municipal/nrmsir.htm.

EXHIBIT C

Form of
Preliminary Official Statement

DRAFT-5
GrayRobinson, P.A.
June 14, 2005

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2005

NEW ISSUE - BOOK ENTRY ONLY **RATINGS: See "RATINGS" herein.**

In the opinion of Bond Counsel, assuming continuing compliance by the City of Marco Island, Florida (the "City") with various covenants in the Resolution (as defined herein), under existing statutes, regulations, and judicial decisions, the interest on the Series 2005 Bonds (as defined herein) will be excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Series 2005 Bonds are, under existing laws and regulations, also exempt from intangible taxes imposed pursuant to Chapter 199, Florida Statutes. Furthermore, in the opinion of Bond Counsel, based on representations of the City, the Series 2005 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" herein for a description of alternative minimum tax treatment and certain other tax consequences to holders of the Series 2005 Bonds.

$6,000,000*
CITY OF MARCO ISLAND, FLORIDA
Sales Tax Revenue Bonds
Series 2005

Dated: July __, 2005 Due: November 1, as shown on the inside cover

The City is issuing its $6,000,000* Sales Tax Revenue Bonds, Series 2005 (the "Series 2005 Bonds") in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2005 Bonds will be payable on November 1, 2005, and semiannually thereafter on each May 1 and November 1. When initially issued, the Series 2005 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2005 Bonds. Purchasers will not receive certificates representing their beneficial interest in the Series 2005 Bonds. Accordingly, principal of and interest on the Series 2005 Bonds will be paid by Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), directly to DTC, as the registered owner thereof. Principal of and premium, if any, on the Series 2005 Bonds will be payable upon presentation when due at the designated corporate office of the Paying Agent. DTC will in turn be responsible for remitting all payments to its Direct Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Series 2005 Bonds. See "DESCRIPTION OF THE SERIES 2005 BONDS - Book-Entry Only System" herein.

The Series 2005 Bonds are subject to Optional and Mandatory Redemption prior to maturity as described herein.

The Series 2005 Bonds are being issued, together with other legally available funds of the City, to provide funds to (1) pay or reimburse the costs of the Initial Project (as described herein), (2) fund the Reserve Account (as defined herein) and (3) pay certain costs of issuance of the Series 2005 Bonds.

The Series 2005 Bonds are payable solely from and secured by a lien upon and pledge of the Half-Cent Sales Tax Revenues (as defined herein). See "SECURITY FOR THE BONDS" herein. The City may issued Additional Bonds (as defined herein) on a parity with the Series 2005 Bonds, subject to compliance with certain conditions set forth in the Resolution (as defined herein). See "SECURITY FOR THE BONDS - Additional Bonds" herein.

The Series 2005 Bonds shall not 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 Funds (as defined herein). No owner of any Series 2005 Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Series 2005 Bond, or be entitled to payment of such Series 2005 Bond from any moneys of the City except from the Pledged Funds in the manner provided in the Resolution.

Payment of the principal of and interest on the Series 2005 Bonds may be guaranteed by a municipal bond insurance policy to be issued simultaneously with the delivery of the Series 2005 Bonds by a municipal bond insurer or insurers to be selected at the option of the Initial Purchaser whose competitive bid is accepted by the City.

This Preliminary Official Statement and any information contained herein are subject to completion and amendment. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2005 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2005 Bonds are offered when, as and if issued and received by the Initial Purchaser, subject to the approval of legality by Bryant Miller & Olive P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed on for the City by Goodlette, Coleman & Johnson, P.A., Naples, Florida, and for the Initial Purchaser by GrayRobinson, P.A., Tampa, Florida, Disclosure Counsel. First Southwest Company, Orlando, Florida, is acting as Financial Advisor to the City. It is expected that the Series 2005 Bonds will be delivered to the facilities of DTC for delivery in New York, New York on or about August 3, 2005.

PURSUANT TO THE PROVISIONS OF THE OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS, ELECTRONIC BIDS FOR THE BONDS WILL BE RECEIVED BY THE CITY AT 11:00 A.M., EASTERN DAYLIGHT SAVINGS TIME ON JULY 6, 2005*; PURSUANT TO THE PARITY COMPETITIVE BIDDING SYSTEM, HAND-DELIVERED BIDS WILL BE RECEIVED BY THE CITY PRIOR TO 11:00 A.M., EASTERN DAYLIGHT SAVINGS TIME ON JULY 6, 2005*; TELEPHONE BIDS WILL BE ACCEPTED BY THE CITY AT (239) 389-5006, BETWEEN 10:30 A.M. AND 11:00 A.M., EASTERN DAYLIGHT SAVINGS TIME ON JULY 6, 2005*; AND FACSIMILE BIDS WILL BE ACCEPTED BY THE CITY AT (239) 642-8947, ATTENTION: BILL HARRISON, BETWEEN 10:30 A.M. AND 11:00 A.M., EASTERN DAYLIGHT SAVINGS TIME ON JULY 6, 2005*.

Dated: _____, 2005

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*Preliminary, subject to change.

$6,000,000*
CITY OF MARCO ISLAND, FLORIDA
Sales Tax Revenue Bonds
Series 2005

Principal Amounts, Maturities, Interest Rates, Prices or Yields and Initial CUSIP Numbers

$6,000,000* Serial Bonds

Principal Amount*	Maturity* (November 1)	Interest Rate*	Price or Yield*	Initial CUSIP Number
$335,000	2007	4.00%	2.80%	
350,000	2008	4.00	2.88	
365,000	2009	4.00	2.97	
380,000	2010	3.05	3.06	
390,000	2011	3.20	3.20	
405,000	2012	3.32	3.32	
415,000	2013	3.42	3.42	
430,000	2014	3.50	3.51	
445,000	2015	3.60	3.60	
460,000	2016	3.68	3.68	
480,000	2017	3.75	3.75	
495,000	2018	3.81	3.81	
515,000	2019	3.87	3.87	
535,000	2020	3.93	3.93	

$_____* ____% Term Bonds due November 1, 20__* Price or Yield ____ - Initial CUSIP Number

* Preliminary, subject to change. See "DESCRIPTION OF THE SERIES 2005 BONDS – Mandatory Redemption."

CITY OF MARCO ISLAND, FLORIDA

PRINCIPAL OFFICIALS

CITY COUNCIL

Vickie Kelber, Chairwoman
John A. Arceri, Vice-Chairman
Michael F. Minozzi, Jr.
Jeannette Patterson
Dr. William D. Trotter
E. Glenn Tucker

ADMINISTRATION

A. William Moss, City Manager
William P. Harrison, Finance Director
Laura M. Litzan, City Clerk

BOND COUNSEL

Bryant Miller & Olive P.A.
Tampa, Florida

FINANCIAL ADVISOR

First Southwest Company
Orlando, Florida

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CPA Associates
Bradenton, Florida

No dealer, broker, account executive, financial consultant or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Series 2005 Bonds described herein, and if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell the Series 2005 Bonds or a solicitation of an offer to buy nor shall there be any sale of the Series 2005 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Initial Purchaser has reviewed the information in this Official Statement in accordance with and as a part of its responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchaser does not guarantee the accuracy or completeness of such information. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not expressly so stated, are intended as such and are not representations of fact, and the City expressly makes no representation that such estimates, assumptions or opinions will be realized or fulfilled. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

This Preliminary Official Statement is in a form deemed final by the City for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, except for certain information permitted to be omitted under Rule 15c2-12(b)(1).

IN CONNECTION WITH THE OFFERING OF THE SERIES 2005 BONDS THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2005 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2005 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2005 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2005 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2005 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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APPENDIX A - General Information Regarding the City of Marco Island, Florida
APPENDIX B - Form of the Resolution
APPENDIX C - Basic Audited Financial Statements of the City for the Fiscal Year Ended September 30, 2004
APPENDIX D - Form of Bond Counsel Opinion
APPENDIX E - Form of Continuing Disclosure Certificate

OFFICIAL STATEMENT

CITY OF MARCO ISLAND, FLORIDA

$6,000,000*
Sales Tax Revenue Bonds
Series 2005

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page and the Appendices, is to present information for the offering by the City of Marco Island, Florida (the "City") of its $6,000,000* Sales Tax Revenue Bonds, Series 2005 (the "Series 2005 Bonds").

Definitions of certain words and terms having initial capitals used herein and in the Resolution (as defined below) are contained in the form of the Resolution attached as Appendix B hereto.

The Series 2005 Bonds are payable solely from and secured by a lien upon and pledge of the Half-Cent Sales Tax Revenues (as defined herein). See "SECURITY FOR THE BONDS" herein. The City may issued Additional Bonds (as defined herein) on a parity with the Series 2005 Bonds, subject to compliance with certain conditions set forth in the Resolution (as defined herein). See "SECURITY FOR THE BONDS - Additional Bonds" herein.

AUTHORITY FOR ISSUANCE

The Series 2005 Bonds will be issued pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 166, Part II, Florida Statutes, Chapter 212, Florida Statutes, Chapter 218, Part VI, Florida Statutes, the municipal charter of the Issuer, and other applicable provisions of law (collectively, the "Act"), and Resolution No. 03-09 duly adopted by the City Council of the City (the "City Council") on January 21, 2003, as amended and restated by Resolution No. 05-__ duly adopted by the City Council on June 20, 2005, as amended and supplemented from time to time, and as particularly supplemented by Resolution No. 05-__, duly adopted by the City Council on June 20, 2005 (collectively, the "Resolution").

THE INITIAL PROJECT

The Initial Project will consist of various capital improvements to be owned by and located within the City, including without limitation, transportation improvements (including, without limitation, bridges) and a new police station. The Initial Project may include supplemental or replacement capital improvements as may be subsequently approved in writing by the City Manager of the City in accordance with the Act and filed with the City Clerk.

DESCRIPTION OF THE SERIES 2005 BONDS

General

The Series 2005 Bonds will be initially issued in the form of a single fully registered Bond for each maturity of the Series 2005 Bonds. Upon initial issuance, the ownership of each such 2005 Bond will be registered in the registration books kept by Wells Fargo Bank, National Association, Jacksonville,

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* Preliminary, subject to change.

Florida (the "Registrar" and "Paying Agent"), in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "DESCRIPTION OF THE SERIES 2005 BONDS - Book-Entry Only System." The Series 2005 Bonds will be dated July 1, 2005, and will bear interest at the rates and mature in the amounts and at the times set forth on the cover page of this Official Statement. The Series 2005 Bonds are to be issued without coupons in denominations of $5,000 or integral multiples thereof and will be payable by check or draft of the Paying Agent mailed to the Series 2005 Bondholders, as shown in the registration books of the Registrar at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding an interest payment date (the "Record Date"). Principal of, and premium, if any, on the Series 2005 Bonds is payable at maturity or earlier redemption thereof, upon presentation and surrender at the principal office of the Registrar. The principal of and interest on the Series 2005 Bonds are payable in lawful money of the United States of America. Interest on the Series 2005 Bonds shall be calculated on a 360-day year containing twelve 30-day months and will be payable on November 1, 2005, and semiannually thereafter on May 1 and November 1 of each year.

With respect to Series 2005 Bonds registered in the name of Cede & Co., as nominee of DTC, neither the City, nor the Paying Agent will have any responsibility or obligation to any DTC Participant or to any indirect DTC Participant. See "Book-Entry Only System" for the definition of "DTC Participant." Without limiting the immediately preceding sentence, neither the City, the Registrar nor the Paying Agent will have any responsibility or obligation with respect to: (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Series 2005 Bonds; (ii) the delivery to any DTC Participant or any other person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Series 2005 Bonds, including any notice of redemption; or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, premium, if any, or interest on the Series 2005 Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2005 Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Series 2005 Bond for the purpose of payment of principal of, premium, if any, and interest with respect to such Series 2005 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2005 Bond, for the purpose of registering transfers with respect to such Series 2005 Bond, and for all other purposes whatsoever. The Paying Agent will pay all principal of and premium, if any, and interest on the Series 2005 Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided in the Resolution, and all such payments will be valid and effectual to satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2005 Bonds to the extent of the sums so paid.

Mandatory Redemption

The Series 2005 Bonds maturing on November 1, 20__ shall be subject to mandatory redemption prior to maturity, at 100% of the principal amount thereof to be redeemed plus interest accrued on such principal amount to the redemption date. The Series 2005 Bonds so redeemed shall be selected by the Paying Agent by lot in any customary manner of selection as determined by the Paying Agent, from Amortization Installments required to be deposited in the Bond Amortization Account created under the Resolution, on November 1 in each of the years and in the respective principal amounts set forth below:

Year[1]	Amount[2]	Year[1]	Amount[2]
2007	$	2014	$
2008		2015	
2009		2016	
2010		2017	
2011		2018	
2012		2019	
2013		2020	

(1) Initial Purchaser may designate these maturities to be part of Term Bonds rather than Serial Bonds as specified more particularly in the Official Notice of Sale under the caption "THE BONDS – Serial Bonds and/or Term Bonds."

(2) If, after final computation of the bids and award to the winning bidder, the City determines in its sole discretion that the funding requirements for the Series 2005 Bonds are less than the proceeds of the sale of the Series 2005 Bonds, the City reserves the right to adjust each maturity amount of the Series 2005 Bonds by no more than 10% and to correspondingly adjust the Series 2005 Bond issue size by no more than 10%, all calculations to be rounded to the nearest $5,000. Furthermore, the City reserves the right to adjust maturity amounts (including mandatory sinking fund installments) to achieve the desired debt service structure, without substantially changing the Series 2005 Bond issue size.

Optional Redemption

The Series 2005 Bonds or portions thereof maturing on and before November 1, 2015 are not subject to redemption prior to their maturity. The Series 2005 Bonds or portions thereof maturing on November 1, 2016 and thereafter may be redeemed prior to their respective maturities, at the option of the City, as a whole or in part on any date on or after November 1, 2015 (and if less than all Series 2005 Bonds are to be redeemed, the particular Series 2005 Bonds to be redeemed shall be selected in such manner as may be determined by the City), at a redemption price equal to 100% of the principal amount of the Series 2005 Bonds or portions thereof to be redeemed, together with accrued interest to the date set for redemption.

Notice of Redemption

Unless waived by any Holder of Series 2005 Bonds to be redeemed, notice of any redemption made shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by registered or certified mail at least thirty days and not more than sixty days prior to the date fixed for redemption to each Holder of Series 2005 Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to the Resolution to any Holder of Series 2005 Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Series 2005 Bonds to be redeemed.

Every official notice of redemption shall be dated and shall state:

(1) the redemption date,

(2) the redemption price,

(3) if less than all Outstanding Series 2005 Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Series 2005 Bond, the principal amount) of each Series 2005 Bond to be redeemed,

(4) that, on the redemption date, the redemption price will become due and payable upon each such Series 2005 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) that such Series 2005 Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the designated office of the Registrar.

Book-Entry Only System

The Series 2005 Bonds will be available in book-entry form only and will be issued in denominations of $5,000 or any integral multiple thereof. Purchasers of the Series 2005 Bonds will not receive certificates representing their interests in the Series 2005 Bonds purchased. The Initial Purchaser is to confirm original issuance purchases with statements containing certain terms of the Series 2005 Bonds purchased.

The following information regarding The Depository Trust Company, New York, New York ("DTC") and the book-entry only system of registration has been obtained from DTC, and the City takes no responsibility for its accuracy or correctness.

The Series 2005 Bonds will be held by DTC as securities depository or by an agent on behalf of DTC. The ownership of one fully registered Series 2005 Bond for each maturity, as set forth on the inside cover page hereof, will be registered in the name of Cede & Co., as nominee for DTC. DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non U.S. equity issues, corporate and municipal issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with Direct Participants, "DTC Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and at www.dtc.org.

Purchases of the Series 2005 Bonds may be made by or through brokers and dealers who are, or act through, DTC Participants. Such DTC Participants and the persons for whom they acquire interests in the Series 2005 Bonds as nominees will not receive physical certificates, but each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's interest in the Series 2005 Bonds, which will be confirmed in accordance with DTC's standard procedures. The ownership interest of the actual purchaser of each Series 2005 Bond (the "Beneficial Owner") will be recorded in the records of the DTC Participant. DTC Participants are required to provide Beneficial Owners with a written confirmation of their purchase containing details of the acquired Series 2005 Bonds. Transfers of ownership interests in the Series 2005 Bonds will be accomplished by book-entry made by DTC and by the DTC Participants who act on behalf of the Beneficial Owners.

Beneficial Owners of the Series 2005 Bonds may wish to take certain steps to augment the transmission to them of notice of significant events with respect to the Series 2005 Bonds, such as redemptions, defaults and proposed amendments to the Series 2005 Bond documents. Beneficial Owners of the Series 2005 Bonds may wish to ascertain that the nominee holding the Series 2005 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

The Paying Agent will make payments of principal of, premium, if any, and interest on the Series 2005 Bonds to DTC or its nominee, Cede & Co., as registered owner of the Series 2005 Bonds. The current practice of DTC is to credit the accounts of the DTC Participants immediately upon receipt of moneys in accordance with their respective holdings as shown on the records of DTC. Payments by DTC Participants to Beneficial Owners will be in accordance with standing instructions and customary practices such as those which are now in effect for municipal securities held by DTC Participants in bearer form or registered in "street name" for the accounts of customers, and will be the responsibility of DTC Participants and not the responsibility of DTC, the Paying Agent or the City subject to any statutory or regulatory requirements as may be in effect from time to time.

The Paying Agent and the City will send any notice of redemption or other notice only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2005 Bonds called for redemption or of any other action premised on such notice. Redemption of portions of any maturity of the Series 2005 Bonds will reduce the outstanding principal amount of such maturity held by DTC. In such event, DTC may implement, through its book-entry system, a redemption of Series 2005 Bonds held for the account of DTC Participants in accordance with its own rules or other agreements with DTC Participants, and then DTC Participants may implement a redemption of Series 2005 Bonds for the Beneficial Owners.

THE CITY AND THE PAYING AGENT MAY TREAT CEDE & CO. AS THE OWNER OF THE SERIES 2005 BONDS FOR ALL PURPOSES AND DO NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO ANY MATTERS INCLUDING, WITHOUT LIMITATION, (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, INTEREST ON, OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR HOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2005 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY

DTC, OR ITS NOMINEE, CEDE & CO., AS HOLDER OR PURSUANT TO THE OMNIBUS PROXY.

In the event of an insolvency of DTC, if DTC has insufficient securities in the fungible bulk of securities in its custody (e.g., due to theft or loss) to satisfy the claims of DTC Participants with respect to deposited securities and is unable by application of (i) cash deposits and securities pledged to DTC to protect DTC against losses and liabilities; (ii) the proceeds of insurance maintained by DTC and/or DTC Participants; or (iii) other resources, to obtain securities necessary to eliminate the insufficiency, DTC Participants may not be able to obtain all of their deposited securities.

Neither the City nor the Paying Agent can give any assurances that DTC, DTC Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2005 Bonds paid to DTC or its nominee, or any redemption or other notices to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Official Statement.

For every transfer and exchange of a beneficial ownership interest in the Series 2005 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Series 2005 Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In addition, the City may determine to discontinue the use of book-entry transfers through DTC (or any successor securities depository). Under such circumstances, certificated Series 2005 Bonds are required to be delivered as described in the Resolution.

In the event that the Book-Entry System is discontinued, the following provisions would thereafter apply. The Series 2005 Bonds may be exchanged for an equal aggregate principal amount of Series 2005 Bonds in other authorized denominations and of the same series, interest rate, and maturity, upon surrender thereof at the principal corporate trust office of the Registrar. The transfer of any Series 2005 Bonds may be registered on the books maintained by the Registrar for such purpose only upon the surrender thereof to the Registrar with a duly executed assignment in form satisfactory to the Registrar. For every exchange or registration of transfer of Series 2005 Bonds, the City and the Registrar may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2005 Bonds. Neither the City nor the Registrar will be required to issue, transfer or exchange any Series 2005 Bonds during the 15 days next preceding any interest payment date (whether or not a Business Day) or after any Series 2005 Bonds have been selected for redemption in whole or in part.

In the event that the Book-Entry System is discontinued, principal and redemption price will be payable upon surrender of the Series 2005 Bonds at the principal corporate trust office of the Registrar. Interest on the Series 2005 Bonds will be payable on the interest payment dates by check or draft mailed to the Bondholders as of the close of business on the fifteenth day of the calendar month next preceding the applicable interest payment date. In the event of an insolvency of DTC, if DTC has insufficient securities in the fungible bulk of securities in its custody (e.g., due to theft or loss) to satisfy the claims of its Participants with respect to deposited securities and is unable by application of (i) cash deposits and securities pledged to DTC to protect DTC against losses and liabilities; (ii) the proceeds of insurance maintained by DTC and/or its Participants; or (iii) other resources, to obtain securities necessary to eliminate the insufficiency, DTC Participants may not be able to obtain all of their deposited securities.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the Series 2005 Bond proceeds and other legally available funds of the City, excluding accrued interest are summarized below:

Sources	
Par Amount of Series 2005 Bonds	$
Plus (Less) Original Issue Premium (Discount)	
Other Legally Available Funds of the City[1]	
Total Sources	$
Uses	
Deposit to Project Fund	$
Deposit to the Reserve Account	
Costs of Issuance [2]	
Total Uses	$

(1) Represents amounts from unrestricted reserves in the City's General Fund.
(2) Includes underwriting discounts, counsel fees, registrar and paying agent fees, financial advisor fees, rating agency fees and printing costs.

SECURITY FOR THE BONDS

General

The Series 2005 Bonds are payable from and secured by a lien upon and a pledge of (1) proceeds of the Local Government Half-Cent Sales Tax (the "Half-Cent Sales Tax") and other moneys received by the City from the local government half-cent sales tax clearing trust fund pursuant to the provisions of Chapter 218, Part VI, Florida Statutes (the "Half-Cent Sales Tax Revenues") and (2) moneys on deposit in the Funds and Accounts established under the Resolution and investment earnings thereon, but excluding moneys on deposit in the Rebate Fund and the Unrestricted Revenue Account (collectively, the "Pledged Funds").

The Series 2005 Bonds shall not 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 Funds. No holder of any Series 2005 Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Series 2005 Bond, or be entitled to payment of such Series 2005 Bond from any moneys of the City except from the Pledged Funds in the manner provided in the Resolution.

Half-Cent Sales Tax Revenues

The State of Florida (the "State") levies and collects 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. In 1982, the Florida legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program") which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet strict eligibility requirements. In 1982, when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the reference of "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer

one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized.

Section 212.20, Florida Statutes, provides for the distribution of sales tax revenues collected by the State of Florida and further provides for the distribution of a portion of sales tax revenues to the Half-Cent Sales Tax Clearing Trust Fund (the "Trust Fund"), after providing for transfers to the General Fund and the Ecosystem Management and Restoration Trust Fund. From 1993 until July 1, 2003, the proportion of sales tax revenues deposited in the Trust Fund had been constant at 9.653% of all state sales tax remitted to the State by a sales tax dealer located within a participating county. In 2003, the Florida Legislature, pursuant to Chapter 2003-404, Laws of Florida, amended Section 212.20(6)(d)3., Florida Statutes, to reduce the amount of sales tax revenue transferred to the Trust Fund by 0.1 percent, effective July 1, 2003. Therefore, effective July 1, 2003, 9.643% (9.653% prior to July 1, 2003, reduced by 0.1% of 9.653%) of the entire sales tax remitted to the State by each sales tax dealer located within a particular county was deposited in the Trust Fund and earmarked for distribution to the governing body of such county and each participating municipality within that county pursuant to a distribution formula. During the special legislative session ended May 27, 2003, pursuant to Chapter 2003-402, Laws of Florida, the Florida Legislature further amended Section 212.20(6)(d)3., Florida Statutes, to provide that effective July 1, 2004, the base percentage of sales tax proceeds to be deposited in the Trust Fund after certain required deposits to other State funds, would be reduced from 9.653% to 8.814%. The legislative intent of Chapter 2003-402, Laws of Florida, was to freeze for one fiscal year the total amount of Half-Cent Sales Tax distributed to the counties and municipalities throughout the State at the level of such distributions for the State fiscal year ended June 30, 2004. If the actual effect of Chapter 2003-402, Laws of Florida, achieves such legislative intent, the Half-Cent Sales Tax received by the City for the State fiscal year ended June 30, 2005 will be approximately the same as the Half-Cent Sales Tax received by the City for the State fiscal year ended June 30, 2004, after which the Half-Cent Sales Tax would be expected to increase or decrease in each subsequent fiscal year relative to fluctuations in total taxable sales in the City, provided no other legislative changes are enacted. The combined effect of Chapter 2003-404, Laws of Florida, and Chapter 2003-402, Laws of Florida, is that, effective July 1, 2004, the percentage of Half-Cent Sales Tax Revenues deposited in the Trust Fund was effectively reduced to 8.805% (8.814% reduced by 0.1% of 8.814%). The general rate of sales tax in the State is currently 6.00%. After taking into account the distributions to the General Fund (historically 5% of taxes collected) and the Ecosystem Management and Restoration Trust Fund (0.2% of the taxes collected), and after taking into account the cumulative effect of the amendments enacted by Chapters 2003-402 and 2003-404, Laws of Florida, effective July 1, 2004, for every dollar of taxable sales price of an item, approximately 0.501 cents is deposited into the Trust Fund.

The Half-Cent Sales Tax is distributed from the Trust Fund on a monthly basis to participating units of local government in accordance with Part VI, Chapter 218, Florida Statutes (the "Sales Tax Act"). Florida law also allows counties to impose a sales surtax of up to 1% to fund infrastructure improvements upon approval by a vote of the electors. Collier County has not imposed such surtax.

As of October 1, 2001, the Trust Fund began receiving a portion of certain taxes imposed by the State on the sales of communication services (the "CST Revenues") pursuant to Chapter 202, Florida Statutes (the "CST Law"). Accordingly, moneys distributed from the Trust Fund now consist of funds derived from both general sales tax proceeds and CST Revenues required to be deposited into the Trust Fund. All moneys distributed to the City from the Trust Fund (whether derived for the general sales tax or from CST Revenues) constitute Half-Cent Sales Tax Revenues for purposes of the Resolution and are a part of the Pledged Funds pledged to the payment of the Bonds. Moneys received by the City pursuant to the CST Law that are <u>not</u> deposited in the Trust Fund do <u>not</u> constitute Half-Cent Sales Tax Revenue and are <u>not</u> pledged to the payment of the Bonds pursuant to the Resolution.

The Half-Cent Sales Tax collected within a county and distributed to local governmental units is required to be distributed among the county and the cities therein in accordance with the formula detailed

in Section 218.62, Florida Statutes, and shown below.

$$\text{County's Share} = \frac{\text{Unincorporated Population} + \text{2/3 Incorporated Population}}{\text{Total County Population} + \text{2/3 Incorporated Population}}$$

$$\text{Each Municipal Government's Share} = \frac{\text{Population for Municipal Government}}{\text{Total County Population} + \text{2/3 Incorporated Population}}$$

For purposes of the foregoing formula, "population" is based upon the latest official State estimate of population certified prior to the beginning of the local government fiscal year. Should any unincorporated area of the county become incorporated as a municipality, the share of the Half-Cent Sales Tax received by the county and the City would be reduced.

The distribution of local government Half-Cent Sales Tax Revenues for the State fiscal year ended June 30, 2004 among Collier County (in which the City is located) and the other municipalities located therein (including the City) is presented in the following chart:

Distributions of Half-Cent Sales Tax Revenues

County/Municipality	Half-Cent Sales Tax Revenues	Percent of Total
Collier County	$ 30,774,081	87.6%
Other municipalities in Collier County	$ 4,368,362	12.4
TOTAL	$ 35,143,443	100.0%

Source: State of Florida Department of Revenue.

State law places certain conditions of eligibility on units of local government (including the City) desiring to participate in the distribution of the Half-Cent Sales Tax and there may be amendments to the sales tax laws in Chapter 212, Florida Statutes in subsequent years imposing additional requirements of eligibility for municipalities and counties receiving distributions of the Half-Cent Sales Tax. To be eligible to participate in the Trust Fund in future years, the City must comply with the requirements of Section 218.23, Florida Statutes, including financial reporting requirements set forth in Section 218.32, Florida Statutes. Otherwise, the City loses its Trust Fund distributions for twelve months following a "determination of non-compliance" by the State Department of Revenue. The City has never failed to meet the requirements of Sections 218.23 and 218.32, Florida Statutes.

The City has covenanted in the Resolution to do all things necessary on its part to continue the receipt of the Half-Cent Sales Tax Revenues in compliance with the Act and any successor provision of law governing the receipt of such Half-Cent Sales Tax Revenues. The City has also covenanted that it will proceed diligently to perform legally and effectively all steps required on its part to receive the Half-Cent Sales Tax Revenues and shall exercise all legally available remedies to enforce such collections now or hereafter available under State law.

The total amount of sales taxes collected within Collier County is subject to increase or decrease due to increases and decreases in the dollar volume of taxable sales within Collier County, which, in turn, is subject to legislative changes which include or exclude from taxation sales of particular goods or services, or sales in excess of some particular amount and changes in the dollar volume of purchases and

economic conditions. In addition, the share of the sales tax collected within Collier County which is to be distributed to Collier County will be affected by changes in the relative populations of the unincorporated and incorporated areas within Collier County. Such relative populations are subject to change through normal increases and decreases in population within the existing unincorporated and incorporated areas of Collier County and are also subject to change by the annexation of previously unincorporated areas of Collier County by the municipalities within Collier County. Such annexations would not only increase the population of the incorporated areas but also would, in equal amount, decrease the population of the unincorporated areas.

The following table sets forth the Half-Cent Sales Tax Revenues distributed to the City for the years 1998 through 2004. The City was incorporated in August, 1997. Collection of Half-Cent Sales Tax Revenues began in the second month of Fiscal Year 1998.

Historical Half-Cent Sales Tax Revenues
(Marco Island Only)

City Fiscal Year	Amount
1998	$1,126,678
1999	1,299,438
2000	1,439,279
2001	1,523,594
2002	1,654,801
2003	1,664,209
2004	1,742,646

Source: City of Marco Island Finance Department.

Reserve Account

Pursuant to the Resolution, on deposit in the Reserve Account amount will be in an amount equal to the Reserve Account Requirement upon the issuance and delivery of the Series 2005 Bonds. The Reserve Account Requirement for the Series 2005 Bonds is an amount equal to the lesser of (i) the Maximum Debt Service Requirement for all Outstanding Bonds, (ii) 125% of the average debt service for all Outstanding Bonds; or (iii) the maximum amount allowed under the Code in order to maintain the exclusion of interest on the Outstanding Bonds (other than Taxable Bonds).

Additional Bonds

Pursuant to the Resolution, the City may issue additional bonds ("Additional Bonds"), payable on parity with the Series 2005 Bonds, upon the following conditions:

(A) There shall have been obtained and filed with the City a statement of the Director of Finance (1) setting forth the amount of the Half-Cent Sales Tax Revenues which have been received by the City during the most recent Fiscal Year for which audited financial statements are available; and (2) stating that the amount of the Half-Cent Sales Tax Revenues received during the aforementioned twelve month period equals at least 1.35 times the Maximum Annual Debt Service of all Bonds then Outstanding including such Additional Bonds with respect to which such statement is made. In the event the Sales Tax Act is amended to provide for additional Half-Cent Sales Tax Revenues to be distributed to the City, the City may then for the purpose of determining whether there are sufficient Half-Cent Sales Tax Revenues to meet the coverage tests specified herein, have the Director of Finance assume that such additional Half-Cent Sales Tax Revenues were in effect during the applicable Fiscal Year.

(B) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions set forth in subparagraph (A) above shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due. The conditions of subparagraph (A) above shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

(C) The City shall receive the prior written consent of the Insurer or Insurers prior to the issuance of any Variable Rate Bonds secured by the Pledged Funds; provided, however, that such written consent may be in the form of a covenant made for the benefit of the Insurer or Insurers in a Supplemental Resolution.

Other General Fund Indebtedness of the City

The City borrowed $985,000 from the Florida Municipal Loan Council in connection with their issuance of the Florida Municipal Loan Council Revenue Bonds, Series 2000B. As of September 30, 2004, the amount of the City's principal amount outstanding was $835,000. The loan is collateralized by a covenant to budget and appropriate from legally available non-ad valorem revenues.

The City issued its General Obligation Bonds, Series 2004 in the principal amount of $9,860,000, the entire principal amount of which was outstanding as of September 30, 2004. These general obligation bonds are secured by a pledge of the full faith, credit and taxing power of the City.

POTENTIAL BOND INSURANCE

This Preliminary Official Statement has been provided to several major municipal bond insurers. In the event that the Initial Purchaser of the Series 2005 Bonds elect to purchase insurance for one or more maturities, the appropriate disclosure regarding such bond insurer(s) and its (their) policy or policies of insurance will be inserted into the final Official Statement at this location.

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DEBT SERVICE SCHEDULE FOR THE SERIES 2005 BONDS

Date (November 1)	Principal	Interest	Total Debt Service
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
Total			

SPENDING CAP

Section 1.03 of the City Charter places certain limits on the expenditures of the City which have the effect of putting in place a spending cap (the "Spending Cap"). The Spending Cap shall be determined on a "budget-to-budget" basis with the approved budget for the prior fiscal year used as a base and increased by the allowable 3% plus the cost of living index to establish the new Spending Cap. The limitations in the Spending Cap do not apply to expenditures funded by the proceeds of municipal debt, such as the Series 2005 Bonds, including, without limitation, project costs, costs of issuance and the funding of necessary reserves. However, the repayment of debt within each fiscal year of the City, including principal and interest on the Series 2005 Bonds, is subject to the limitations of the Spending Cap.

INVESTMENT POLICY

The moneys held in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund under the Resolution may be invested in the manner by which the deposit of public funds are authorized to be secured by the laws of the State and the investment policy of the City. Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund may only be invested and reinvested in Permitted Investments.

Pursuant to Ordinance No. 02-19, the City has established a written "Investment Policy". The Investment Policy establishes guidelines as to the type, maturity, composition and risk relating to the City's investment portfolio. See APPENDIX A - "Information Regarding the City of Marco Island, Florida" attached hereto.

FLOW OF FUNDS

Beginning on the date the Series 2005 Bonds are issued, the City shall deposit the Half-Cent Sales Tax Revenues into the Restricted Revenue Account promptly upon receipt thereof. The moneys in the Restricted Revenue Account shall be deposited or credited on or before the 21st day of each month, commencing with the month in which delivery of the Series 2005 Bonds shall be made to the Initial Purchaser, in the following manner and in the following order of priority:

Interest Account. The City shall deposit into or credit to the Interest Account the sum which, together with the balance in such Account, shall equal the interest on all Outstanding Bonds accrued and unpaid and to accrue to the end of the then current calendar month. Moneys in the Interest Account shall be used to pay interest on the Series 2005 Bonds and any Additional Bonds (collectively, the "Bonds") as and when the same become due, whether by redemption or otherwise, and for no other purpose. The City shall adjust the amount of the deposit into the Interest Account not later than the 21st day of the month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date.

Principal Account. Next, the City shall deposit into or credit to the Principal Account the sum which, together with the balance in said Account, shall equal the principal amounts on all Outstanding Bonds due and unpaid and that portion of the principal next due within one year which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of twelve equivalent calendar months of thirty days each) in equal amounts from the next preceding principal payment due date, or, if there is no such preceding principal payment due date, from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be used to pay the principal of the Bonds as and when the same shall mature, and for no other purpose. The City shall adjust the amount of deposit to the Principal Account not later than the 21st day of the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds becoming due on such principal payment date.

Bond Amortization Account. Commencing in the month which is one year prior to any Amortization Installment due date, the City shall deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said Account, shall equal the Amortization Installments on all Outstanding Bonds due and unpaid and that portion of the Amortization Installments of all Outstanding Bonds next due which would have accrued on such Bonds during the then current calendar month if such Amortization Installments were deemed to accrue monthly (assuming that a year consists of twelve equivalent calendar months having thirty days each) in equal amounts from the next preceding Amortization Installment due date, or, if there is no such preceding Amortization Installment due date, from a date one year preceding the due date of such Amortization Installment. Moneys in the Bond Amortization Account shall be used to purchase or redeem Term Bonds in the manner provided in the Resolution, and for no other purpose. The City shall adjust the amount of the deposit into the Bond Amortization Account not later than the 21st day of the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay the Amortization Installments on the Bonds coming due on such date. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account.

Reserve Account. Next, the City shall deposit into or credit to the Reserve Account a sum sufficient to maintain therein an amount equal to the Reserve Account Requirement. Moneys in the Reserve Account shall be used only for the purpose of the payment of maturing principal of or interest or Amortization Installments when the other moneys in the Debt Service Fund are insufficient therefor, and for no other purpose. However, whenever the moneys on deposit in the Reserve Account exceed the

Reserve Account Requirement, such excess shall be withdrawn and deposited into the Interest Account.

Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided in the Resolution, the City shall, on the date of delivery of such Additional Bonds, increase the sum required to be accumulated and maintained on deposit in the Reserve Account to be at least equal to the Reserve Account Requirement on all Outstanding Bonds including the Additional Bonds then issued. Such required sum may be paid in full or in part from the proceeds of such Additional Bonds.

Notwithstanding the foregoing provisions, in lieu of the required cash deposits into the Reserve Account, subject to the written consent of the Insurer or Insurers, if any, the City may, at any time, cause to be deposited into the Reserve Account a surety bond, irrevocable letter of credit, guaranty or an insurance policy for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement and the sums then on deposit in the Reserve Account, if any. Such surety bond, irrevocable letter of credit, guaranty or insurance policy shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any Interest Date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to the Resolution and available for such purpose. Repayment of draws made from a surety bond, irrevocable letter of credit, guaranty or an insurance policy provided pursuant to this paragraph, shall be made in accordance with a Supplemental Resolution.

Whenever the amount in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable redemption price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other accounts of the Debt Service Fund for the payment of the Bonds.

Unrestricted Revenue Account. The balance of any moneys after the deposits required above may be transferred, at the discretion of the City, to the Unrestricted Revenue Account or to any other appropriate fund or account of the City and be used for any lawful purpose.

FINANCIAL STATEMENTS

The Basic Audited Financial Statements for the Fiscal Year ended September 30, 2004, appended hereto as Appendix C as part of this Official Statement have been audited by CPA Associates, independent certified public accountants, as set forth in their report dated December 23, 2004, which report is also appended hereto. CPA Associates has not participated in the preparation or review of this Official Statement.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2005 Bonds are subject to the approval of Bryant Miller & Olive P.A., Bond Counsel, Tampa, Florida whose approving opinion in the form attached hereto as "APPENDIX D – Form of Bond Counsel Opinion" will be furnished without charge to the Initial Purchasers of the Series 2005 Bonds at the time of their delivery. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that subsequent to the date of the opinion Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2005 Bonds; provided, however, that Bond Counsel will render an opinion to the Initial Purchaser relating to the accuracy of certain statements contained herein under the heading "TAX MATTERS" and certain statements which summarize provisions of the Resolution and the Series 2005 Bonds, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2005 Bonds.

Certain legal matters will be passed upon for the City by Goodlette, Coleman & Johnson, P.A., Naples, Florida, and by GrayRobinson, P.A., Tampa, Florida, as Disclosure Counsel to the City.

The legal opinions to be delivered concurrently with the delivery of the Series 2005 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LEGALITY FOR INVESTMENT

The Series 2005 Bonds constitute legal investments in the State of Florida for state, county, municipal and all other public funds and for banks, savings banks, insurance companies, executors, administrators, trustees and all other fiduciaries, and also constitute securities eligible as collateral security for all state, county, municipal and other public funds.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 2005 Bonds in order that interest on the Series 2005 Bonds will be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2005 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2005 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2005 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2005 Bonds.

In the opinion of Bond Counsel, assuming compliance with the aforementioned covenants, under existing statutes, regulations and judicial decisions, interest on the Series 2005 Bonds is excluded from gross income for purposes of federal income taxation, interest on the Series 2005 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Series 2005 Bonds are, under existing laws and regulations, also exempt from intangible taxes imposed pursuant to Chapter 199, Florida Statutes. However, interest on the Series 2005 Bonds may be subject to the alternative minimum tax when any Series 2005 Bond is held by a corporation. The alternative minimum taxable income of a corporation must be increased by 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted current earnings" will include interest on the Series 2005 Bonds.

Except as described above, Bond Counsel expresses no opinion regarding other federal tax consequences resulting from ownership of, receipt or accrual of interest on, or disposition of the Series 2005 Bonds. Prospective purchasers of the Series 2005 Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2005 Bonds; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2005 Bonds; (iii) interest on the Series 2005 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) passive investments income, including interest on the Series 2005 Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporations is passive investment income; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Series 2005 Bonds. Other provisions of the Code may give rise to adverse federal income tax consequences to particular Bondholders. Holders of the Series 2005 Bonds should consult their own tax advisors with respect to the tax consequences to them of owning the Series 2005 Bonds.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2005 Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2005 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2005 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2005 Bonds.

The Tax Reform Act of 1986 revised Section 265 of the Code so as to generally deny financial institutions 100% of the interest deductions that are allocable to tax-exempt obligations acquired after August 7, 1986. However, an exception is permitted under the Tax Reform Act of 1986 for certain qualified tax-exempt obligations which allows financial institutions to continue to treat the interest on such obligations as being subject to the 20% disallowance provisions under prior law if the issuer, together with certain subordinate entities, reasonably expects that it will not issue more than $10,000,000 of governmental purpose bonds in a calendar year and designates such bonds as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3)(B) of the Code. The Series 2005 Bonds will be designated as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3)(B) of the Code.

Tax Treatment Of Original Issue Discount

Under the Code, the difference between the maturity amounts of the Series 2005 Bonds maturing on November 1, 20__, and the initial offering price to the public, (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2005 Bonds of the same maturity was sold is "original issue discount." Original Issue Discount will accrue over the term of such Series 2005 Bonds at a constant interest rate compounded periodically. A purchaser of such Series 2005 Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for Federal income tax purposes equal to the original issue discount accruing during the period he or she holds such Series 2005 Bonds, and will increase his or her adjusted basis in such Series 2005 Bonds by the amount of such accruing discount for purposes of determining

taxable gain or loss on the sale or other disposition of such Series 2005 Bonds. The Federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Series 2005 Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Holders of such Series 2005 Bonds should consult their own tax advisors with respect to the precise determination for Federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Series 2005 Bonds and with respect to the state and local tax consequences of owning and disposing of such Series 2005 Bonds.

Tax Treatment Of Bond Premium

The difference between the principal amount of the Series 2005 Bonds maturing on November 1, 20__ (collectively, the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds which term ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on said Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, a purchaser of such Premium Bond in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Holders of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of holding such Premium Bonds.

LITIGATION

There is no litigation now pending or threatened (i) to restrain or enjoin the issuance or sale of the Series 2005 Bonds or (ii) questioning or affecting the validity of the Series 2005 Bonds, the Resolution or the pledge of the Pledged Funds by the City or the proceedings for the authorization, sale, execution or delivery of the Series 2005 Bonds.

The City is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, the City Attorney believes that there are substantial defenses to such litigation and disputes and that, in any event, any ultimate liability, in excess of applicable insurance coverage, resulting therefrom will not materially adversely affect the financial position or results of operations of the City.

VALIDATION

The Series 2005 Bonds were validated by Final Judgment of the Circuit Court of the Twentieth Judicial Circuit in and for Collier County, Florida rendered on May 13, 2003, and the appeal period from such final judgment expired with no appeal having been filed.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the

Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 3E-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not been in default on any bond issued since its formation in 1997 which would be considered material by a reasonable investor.

RATINGS

Fitch Ratings ("Fitch"), Standard & Poor's Ratings Group ("S&P") and Moody's Investor Service ("Moody's") have assigned their municipal bond ratings of "AA," "AA-" and "Aa2," respectively, to the Series 2005 Bonds, without giving any regard to the possibility that all or certain maturities of the Series 2005 Bonds may be insured. See "POTENTIAL BOND INSURANCE" herein. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2005 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004, Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041 and Moody's Investors Service, 99 Church Street, New York, New York 10007-2796.

FINANCIAL ADVISOR

The City has retained First Southwest Company, Orlando, Florida, as Financial Advisor in connection with the City's financing plans and with respect to the authorization and issuance of the Series 2005 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Financial Advisor did not participate in the underwriting of the Series 2005 Bonds. The Financial Advisor may receive a fee for bidding investments for certain proceeds of the Series 2005 Bonds.

INITIAL PURCHASER

The Series 2005 Bonds are being purchased by _____ (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Series 2005 Bonds at an aggregate purchase price of $_____ (which equals the principal amount of the Series 2005 Bonds, and a net original issue premium/discount of $_____, and less the underwriting discount of $_____) plus accrued interest of $_____ from the date of the Series 2005 Bonds to the date of Closing.

CONTINGENT FEES

The City has retained Bond Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2005 Bonds. Payment of the fees of such professionals and an underwriting discount to the Initial Purchaser are each contingent upon the issuance of the Series 2005 Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2005 Bonds upon an event of default under the Resolution and any policy of insurance referred to herein are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution, the Series 2005 Bonds and any policy of insurance referred to herein may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2005 Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before of after such delivery. See "APPENDIX B – Form of Bond Resolution" attached hereto for a description of events of default and remedies.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the City and the Series 2005 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and its audited financial statements with each nationally recognized municipal securities information repository then approved by the Securities and Exchange Commission (the "NRMSIRs"), as well as any state information depository that is established in the State (the "SID"). Currently, there are no such SIDs. The City has agreed to file notices of certain enumerated material events, when and if they occur, with the NRMSIRs or the Municipal Securities Rulemaking Board, and with the SIDs, if any.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E – Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the City prior to the issuance of the Series 2005 Bonds. These covenants have been made in order to assist the Initial Purchaser in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

With respect to the Series 2005 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. The City has never failed to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2005 Bonds, the security for the payment of the Series 2005 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument. Copies of such documents may be obtained from either the office of the City Clerk, City of Marco Island, 50 Bald Eagle Drive, Marco Island, Florida, 34145, telephone: (941) 389-5000 or the City's Financial Advisor, First Southwest Company, 20 North Orange Avenue, Suite 1209, Orlando, Florida 32801, telephone (407) 426-9611.

Any statements made in this Official Statement involving matters of opinion or of estimates,

APPENDIX B

FORM OF THE RESOLUTION

whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2005 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Series 2005 Bonds, the City will furnish a certificate to the effect that nothing has come to their attention which would lead it to believe that the Official Statement (other than information herein related to any municipal bond insurer or municipal bond insurance policy, DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2005 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF MARCO ISLAND, FLORIDA

_____
Vickie Kelber
Chairwoman

_____
William P. Harrison
Director of Finance

APPENDIX C

BASIC AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE