

HISTORY

In the early 16th century the Clearwater area was known for its many fresh water springs that bubbled up along the shoreline. The Timucuan Indians called this area "Pocotopaug" meaning "Clearwater Water".

In 1528 Panfilo de Narvaez, a Spanish explorer, landed with 600 soldiers and 5 ships, which was 15 years after Ponce de Leon had discovered Florida. Narvaez and his soldiers were in search of gold, but didn't find any and soon left the area.

European explorers soon fled to the area. Dr. Odet Philippe, a French surgeon in Napoleon's navy, was one of the first white settlers to venture into this hostile area in the mid-1830's. His plantation was built on the area that is now known as Philippe Park.

In 1841, the famous Fort Harrison was built as a base to care for wounded soldiers who were fighting the Indians. This building was named after the 9th President of the United States—William Henry Harrison. This fort was abandoned when the Seminole War of 1842 ended.

Shortly thereafter, the government opened the land for homesteading. Land was granted to settlers willing to bear arms for protection against the hostile Indians hiding in the area. One of the first settlers was James Stevens, known as the "Father of Clearwater." He was granted the first land title, which included the Fort Harrison and hundreds of acres surrounding the fort, much of this is now known as Downtown Clearwater.

In 1850 the first school was built. The post office opened in 1859 and a Baptist minister established the first newspaper in 1873. The settlement, known as Clear Water Harbor, grew slowly for many years as an agricultural and fishing community. The only outside contact came from Tampa either by horse-and-buggy or by foot. Sailing schooners brought mail and supplies south from Cedar Key.

Clear Water Harbor was incorporated in 1891. The first public dock was constructed at the foot of Cleveland Street in 1902. In 1911, the first City Hall was built at 29 North Fort Harrison Avenue. A few years later Clear Water Harbor received a special charter and on May 15, 1915, Clearwater was officially chartered as a municipality.

CITY OVERVIEW

Clearwater is situated on the Pinellas Peninsula midway on Florida's west coast. It is directly located on the Gulf of Mexico, 20 miles west of Tampa and 20 miles north of St. Petersburg. Clearwater is the county seat of Pinellas County and one of the largest cities in the Tampa Bay Area. The City is known for its high coastal bluffs, commanding a magnificent double waterfront view of the Intercoastal Waterway and the Gulf of Mexico.

Clearwater's beach is on an island connected to downtown by palm tree-lined Memorial Causeway—a beautiful drive stretching across scenic Clearwater Harbor. The beach island is also connected to Sand Key and other Gulf beaches by the Clearwater Pass Bridge. Clearwater Beach with three miles of glistening powdery white sand and gentle waves lies directly on the Gulf of Mexico. This beach is one of several in the area that has been included on the Clean Beaches Council Blue Wave list. Clean Beaches is a national nonprofit organization funded by federal, corporate and foundation grants. It sets criteria for cleanliness, safety and environmental health that beaches must meet to make the list.

The Clearwater and Pinellas County area offers visitors 28 miles of beautiful beaches, some of which have received prestigious awards. Fort DeSoto Park's north beach area was designated "America's best beach" in 2005 by geologist Dr. Stephen Leatherman, known as Dr. Beach. Caladesi Island and Sand Key County Park beaches have been named among the "Top 20" best beaches in the United States by Dr. Leatherman.

Situated in a semitropical zone, Clearwater enjoys nearly ideal weather the year round with an average yearly temperature of 73 degrees Fahrenheit. Mild winters and warm summers, tempered by the cooling afternoon rains and southerly prevailing winds off the Gulf attract millions of vacationers.

In February 2004, Sports Illustrated and the National Recreation and Parks Association selected Clearwater as the Sports Illustrated 50th Anniversary Sportstown for Florida. Clearwater Parks & Recreation was honored as Florida's leading provider of sports facilities, and for its commitment to providing programs and services for participants of all backgrounds and ability levels.

In addition, in April 2004, Clearwater was named one of thirty finalists for the year's All-America City Award, the nation's longest running and most prestigious civic recognition program.

Less than a two hour drive away are numerous attractions such as Busch Gardens, Walt Disney World Resort, EPCOT Center, MGM Studios, Universal Studios, Sea World, and Lowry Park Zoo, which was named "No. 1 Zoo in the United States for Kids" by Child magazine in May 2004.

In addition to tourism, the City's largest industry, Clearwater is home to a wide range of businesses including computer components, surgical instruments, and data communication.

The Clearwater Municipal Marina is a 209-slip facility on the intercoastal waterway of Clearwater Harbor. The Marina serves nearly 600 transient boaters each year, provides fuel for thousands more and is home to more than 50 commercial tenants on a long term basis. Centrally located at the entrance to Clearwater Beach, the Marina is a hub for water sports activities, entertainment, and attractions that serve over 1.2 million visitors to Clearwater annually. Also available at the Marina are a bait house, fresh seafood retail store, seafood restaurant and oyster bar, nautical shop, gift shop and post office, and a free fishing pier. The Marina houses the largest fishing fleet on the west coast of Florida. Fishing is a big business and a popular past time in Florida. Visitors may be interested in chartering one of many boats from the marina for deep-sea fishing. Clearwater also offers an abundance of prime fishing off its piers, bridges, and beaches. Although Florida is not limited to a fishing season, fish such as snook, snapper, and others have a designated time of year in which they may be kept. Florida requires licenses for both fresh and saltwater fishing.

CITY OVERVIEW

Just across the street on the Gulf of Mexico, the Marina manages Pier 60, a 1,080-foot observation and fishing facility with a bait house, snack bar and restrooms. Pier 60 is also the site of "Sunsets at Pier 60" every night from two hours before until two hours after sunset. Between February 1st and Labor Day, artisans and performers are featured. The three acre Pier 60 Park features a concession stand, covered play area and a pavilion for special events, concerts and continuous visitor entertainment.

Because of Clearwater's year-round temperate climate, many visitors take advantage of golfing on the nearly 30 public and semi-private courses. Also visitors can enjoy playing tennis, jogging, cycling and walking through numerous beautiful parks.

Clearwater and the surrounding Tampa Bay area have a variety of sporting competitions for spectators. This area is home for many nationally known teams including the National Football League Tampa Bay Buccaneers, the National Hockey League 2004 Stanley Cup Champion Tampa Bay Lightning, the Major League Baseball Tampa Bay Devil Rays, and several baseball spring training camps. Clearwater is proud to host the Philadelphia Phillies each spring. The Philadelphia Phillies have held their spring training here since 1946. Throughout the year, one can view football, soccer, tennis, golf, baseball, hockey, softball and sailing, as well as wager on dog and horse racing.

Visitors can take a break from the sunshine and shop in Clearwater's diverse stores which, when combined, provide over two million square feet of shopping delights. From unique boutiques, antique stores and malls to flea markets, a visitor will find that perfect shopping opportunity.

Clearwater also offers a variety of cultural events. Clearwater's Jazz Holiday has been lauded as one of the top 20 events in the Southeast. Ruth Eckerd Hall offers a variety of performing arts and several dinner theaters offer Broadway plays and musicals with professional casts. Numerous museums can be found in the area including the Salvador Dali Museum, which contains the largest private collection of this artist's work outside of Spain.

The City of Clearwater is a stable community with an economic base that has been strengthening in recent years. This can be seen through such demographic trends as population, personal income per capita and new commercial construction.

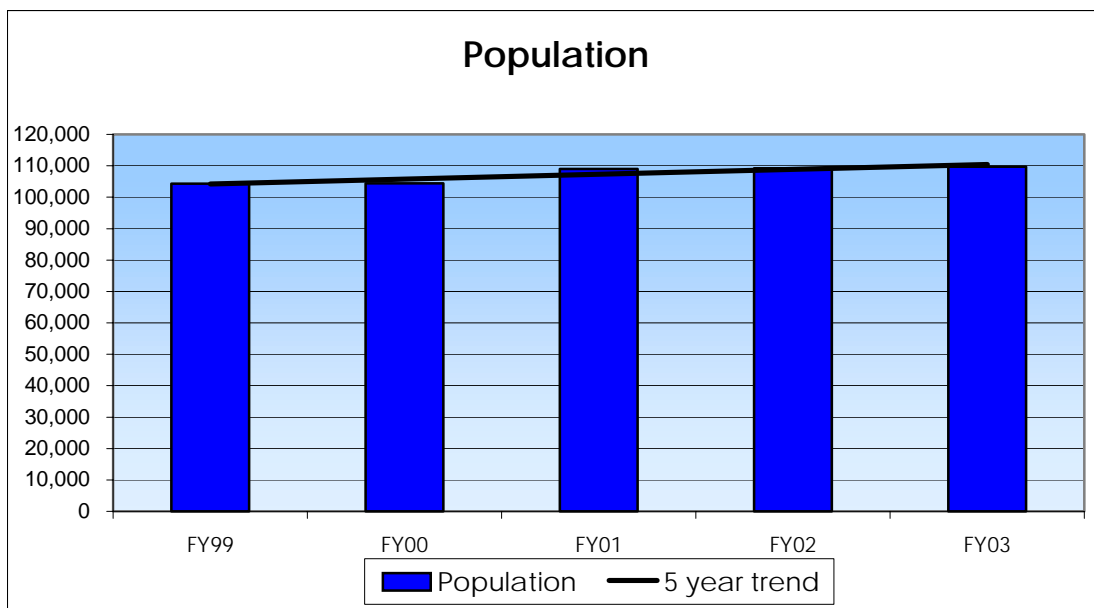
Population

The exact relationship between population change and other economic and demographic factors is uncertain. Population change can directly affect government revenues since many intergovernmental revenues and grants are distributed according to population. Also, a sudden increase in population can create immediate pressures for new capital outlay and higher levels of service.

Although a decline in population would appear to relieve the pressure for expenditures because the population requiring services is smaller, a local government is rarely able to make reductions in expenditures that are proportional to the population loss. Many costs, such as debt service and federal and state mandates are fixed and cannot be reduced in the short term.

The interrelationship of population levels and other economic factors tends to give population decline a cumulative negative effect on revenues. The greater the decline, the more adverse the effects on employment, housing and business activity.

The City of Clearwater population reflects a slow, steady population increase over the five year period. The lack of rapid change in either direction is a positive trend.

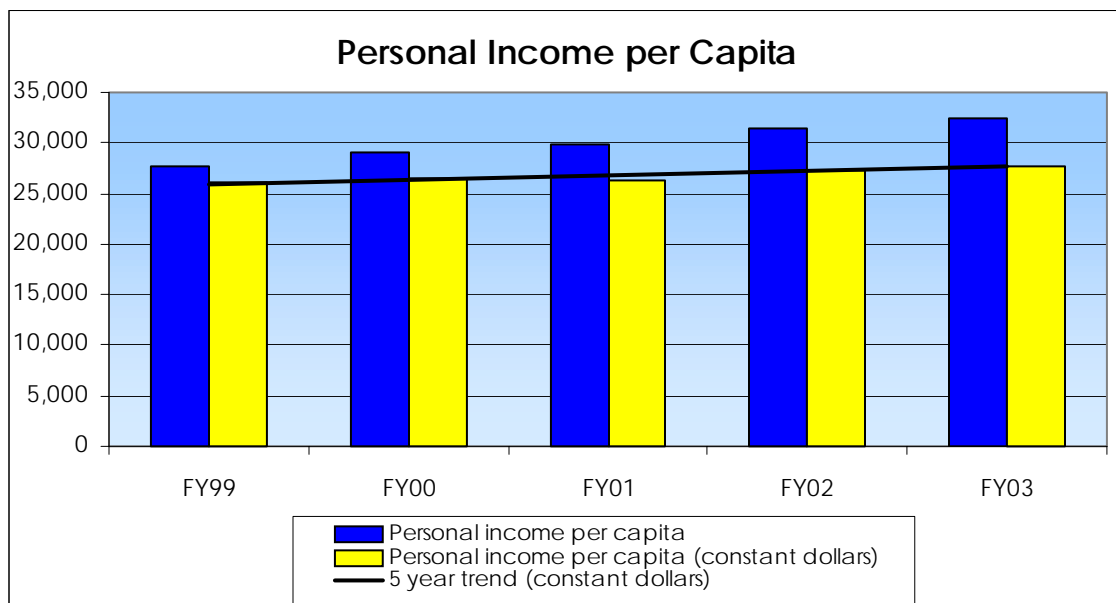


| Fiscal Year: | FY99 | FY00 | FY01 | FY02 | FY03 |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| Population | 104,281 | 104,454 | 109,000 | 109,231 | 109,719 |

Personal Income per Capita

Personal income per capita is one measure of a community's ability to pay taxes: the higher the per capita income, the more property tax, sales tax, income tax, and business tax the community can generate. If income is evenly distributed, a higher per capita income will usually mean a lower dependency on government services. The per capita income used here comes from the University of Florida Bureau of Economic Business Research, Florida Statistical Abstract 2003. This indicator reflects the per capita income of Pinellas County. This is one of the most difficult statistics to obtain on a consistent basis. The Florida Statistical Abstract habitually revised previous years' per capita income for this item, so the reader will notice differences from the previous document. However, the trend remains the same. The countywide per capita income is increasing over the five year period analyzed, a positive trend.

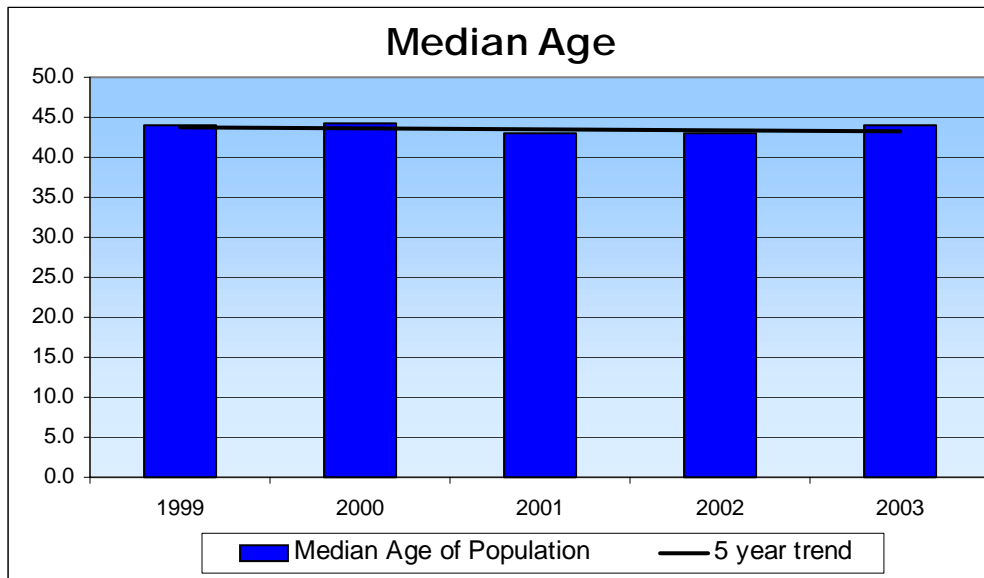
2000 U.S Census figures on household incomes reveal a 9% increase in median income in Pinellas County from 1989 to 1999.



| Fiscal Year: | FY99 | FY00 | FY01 | FY02 | FY03 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Personal income per capita | 27,704 | 29,041 | 29,818 | 31,406 | 32,408 |
| Consumer price index | 106.2 | 109.8 | 113.0 | 114.7 | 117.3 |
| Personal income per capita (constant dollars) | \$26,087 | \$26,449 | \$26,388 | \$27,381 | \$27,628 |

Median Age

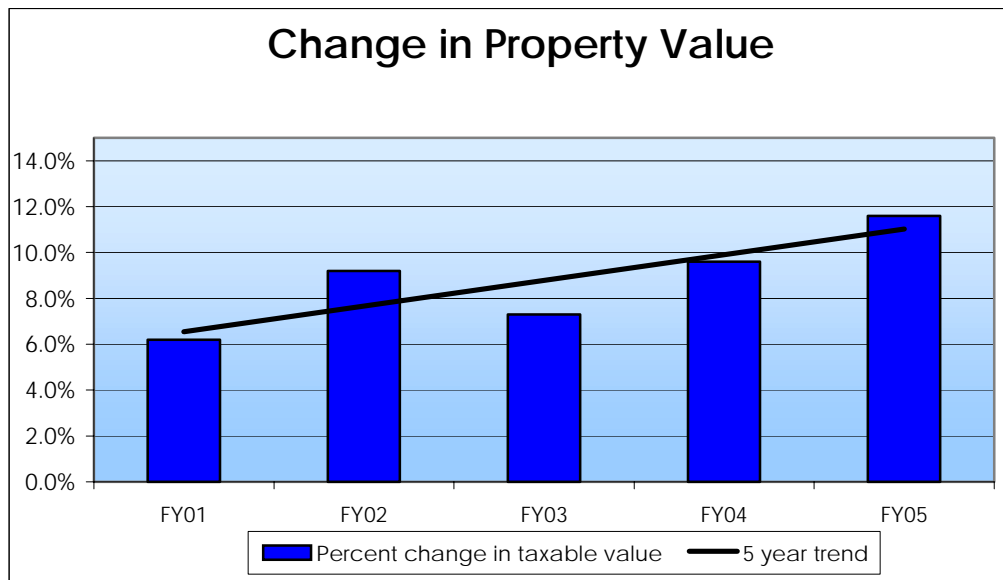
In the City of Clearwater, we have two opposing forces at work. According to the 2000 U.S. Census, for cities with populations greater than 100,000 Clearwater ranked number one in the country for the highest percentage of residents age 65 and older (21.5%) and 85 and over (3.6%). At the same time there has been a 12% increase in the number of school age children over the period analyzed. Together, these forces keep the median aged nearly constant. However, these two growing demographic groups tend to need more government services, especially of a recreation type.



| Year: | 1999 | 2000 | 2001 | 2002 | 2003 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| School enrollment | 14,551 | 15,978 | 16,293 | 17,047 | 16,295 |
| Median age of population | 43.9 | 44.2 | 43.0 | 43.0 | 43.9 |

Property Value

Since Property Taxes are the single largest revenue source for the General and Special Revenue Funds, property values have a significant effect on the City of Clearwater's financial position. The higher the aggregate property value, the higher the revenues, even when the tax rate is fixed or stable. The value of taxable property in the City has been increasing during the five years analyzed, and indicates that the increased focus on economic development and redevelopment in the City of Clearwater is yielding positive results.

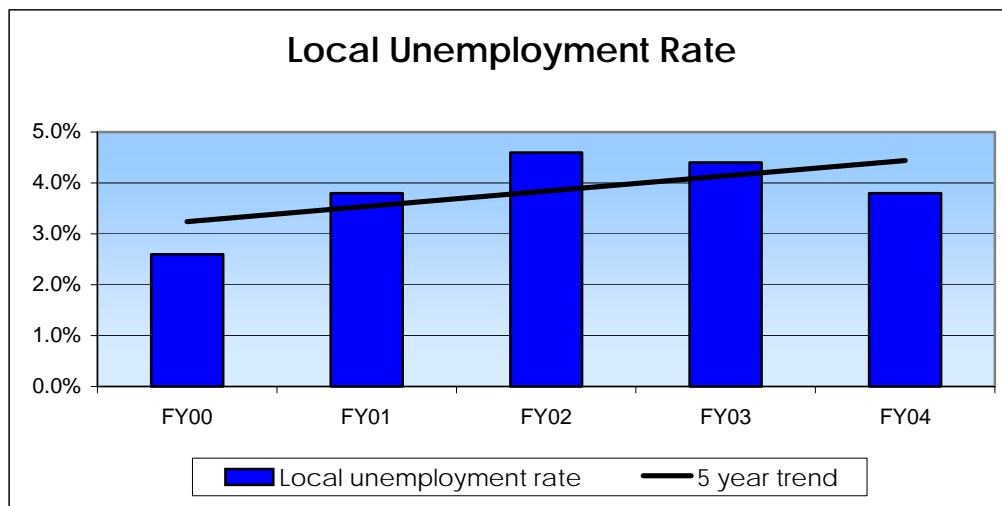


| Fiscal Year: | FY01 | FY02 | FY03 | FY04 | FY05 |
|--|---------------|---------------|---------------|---------------|---------------|
| Taxable value | 5,208,787,437 | 5,688,425,927 | 6,105,078,389 | 6,693,265,136 | 7,468,726,752 |
| Taxable value prior year | 4,903,478,863 | 5,208,787,437 | 5,688,425,927 | 6,105,078,389 | 6,693,265,136 |
| Percent change in taxable value | 6.2% | 9.2% | 7.3% | 9.6% | 11.6% |

Employment Base

The unemployment rate used for this analysis is for the Tampa/St. Petersburg metropolitan area, and is provided by the U.S. Department of Labor Bureau of Labor Statistics.

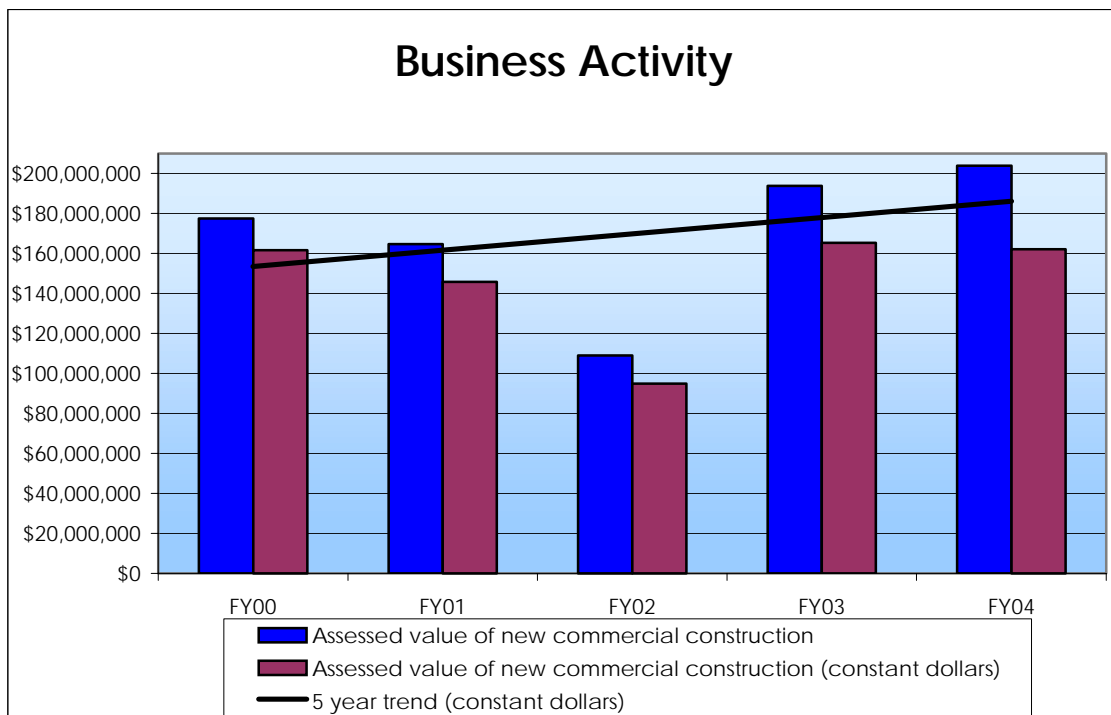
This data reflects a trend of increasing unemployment over the five years analyzed, which can be attributed to the national economic downturn that became evident during the second half of 2001. This was aggravated by the reduced travel in the months following the September 11, 2001 terrorist attacks on New York City and Washington, D.C., which impacted Florida's tourism industry. After peaking in 2002 at 4.6%, the unemployment rate has decreased in both 2003 and 2004. The Tampa/St. Petersburg metropolitan area had a lower unemployment rate as of September 2004 than the state of Florida, which was 4.8%, and also a lower rate than the national average for the fourth quarter of 2004, which was 5.4% according to the Department of Labor Bureau of Labor Statistics.



| Fiscal Year: | FY00 | FY01 | FY02 | FY03 | FY04 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Local unemployment rate | 2.6% | 3.8% | 4.6% | 4.4% | 3.8% |

Business Activity

The measure for business activity used in this document is the value of permits issued for new commercial construction for each fiscal year analyzed. The trend over the last five years is a steady increase whether measured in real or constant dollars, so even when inflation is taken into consideration, business activity is increasing. Some of the largest permitted projects in 2001 were \$50 million for Baywatch apartments and \$13 million for Morton Plant Hospital. Building permits issued in 2002 included \$13 million for Ruth Eckerd Hall, \$5.5 million for Clearwater Mall Redevelopment and \$3.6 million for two Publix stores. In 2003 the largest permitted projects included \$25.8 million for Belle Harbor on Mandalay Ave. and \$23 million for Clearwater Mall. Permits issued in 2004 include \$30 million for the Roebling Building Replacement, and \$24 million for Harborview Grande on Gulfview.



| Fiscal Year: | FY00 | FY01 | FY02 | FY03 | FY04 |
|---|--------------------|--------------------|-------------------|--------------------|--------------------|
| Assessed value of new commercial construction | 177,570,000 | 164,701,000 | 108,939,000 | 193,901,000 | 203,842,491 |
| Consumer price index | 109.8 | 113.0 | 114.7 | 117.3 | 125.7 |
| Assessed value of new commercial construction (constant dollars) | 161,721,000 | 145,753,000 | 94,977,000 | 165,303,000 | 162,165,864 |

COMMUNITY PROFILE

MISCELLANEOUS FACTS September 30, 2004

City Government:

Date of Incorporation
 Town of Clearwater June 2, 1897
 Municipal Corporation May 27, 1915
 Form of Government Council/Manager
 Fiscal Year October 1– Sept. 30

Demographics: (Population per US Census)

| | |
|------|----------------------|
| 1930 | 7,607 |
| 1940 | 10,136 |
| 1950 | 15,581 |
| 1960 | 34,653 |
| 1970 | 52,074 |
| 1980 | 85,170 |
| 1990 | 98,784 |
| 2000 | 108,787 |
| 2003 | 109,719 (estimated)* |

Total Municipal Employees 1,901***

Median Age (2003 Estimate) 43.9*

| | |
|---------------------------------|----------|
| Number of Households (2002 Est) | 49,674** |
| Owner Occupied | 62.2%** |
| Renter Occupied | 37.8%** |

Median Per Capita Income
 (2003) \$31,408*

* Source: University of Florida, FI Statistical Abstract 2003

** Source: 2002 Claritas, Inc.

*** Approved 10/1/2004 budget for fiscal year 2004-2005

Land Use:

Area:

| | |
|--------|--------------------|
| Land: | 25.45 square miles |
| Water: | 8.6 square miles |

Economics

Assessed Property Valuation
 2004 Tax Year
 \$9,461,860,503

| | |
|----------------------------|-----------------|
| Property Tax Millage Rate: | |
| General Operating | \$5.4078 |
| Road Maint & Imprvmts | 0.3452 |
| | <u>\$5.7530</u> |

Bond Ratings:

| | |
|----------------------------|-----|
| Moody's Investors Services | Aaa |
| Fitch | AAA |
| Standard & Poor | AAA |

| | |
|------------------------------|---------|
| Per Capita Debt in millions: | |
| General Obligation | \$ 0 |
| Governmental Activities | |
| Revenue Bonds | \$ 61.2 |
| Business-Type Revenue | |
| Bonds | \$191.8 |

Structures & Services:

Tons of waste recycled 25,820

Streets:

| | |
|-------------|-------------|
| Paved | 304.5 miles |
| Unimproved | 10.4 miles |
| Bike Paths* | 14 miles |

* As of May 26, 2005

Sanitary Sewers:

| | |
|----------------------|-----------------|
| Sanitary Sewer Mains | 363 miles |
| Storm Sewer Mains | 147 miles |
| Treatment Plants | 3 |
| Daily Capacity | 29 million gal. |

Water:

| | |
|---------------|-----------|
| Mains | 567 miles |
| Accounts | 40,235 |
| Fire Hydrants | 4,037 |

Gas:

| | |
|----------|-----------|
| Mains | 729 miles |
| Accounts | 18,454 |

Source: City of Clearwater 2004 Comprehensive Annual Financial Report except where indicated differently.

MISCELLANEOUS FACTS
September 30, 2004

Structures & Services (continued):

| | |
|----------------------------------|----------|
| Police Protection: | |
| Stations | 9 |
| Employees | 407 |
| Service Demands | 175,621 |
| 911 Calls | 50,869 |
| Average Emergency Response Times | 5.37 min |

Source: City of Clearwater Police Department

| | |
|------------------|--------|
| Fire Protection: | |
| Stations | 8 |
| Employees | 202 |
| Service Calls | |
| Total | 24,965 |
| EMS | 19,941 |

Source: City of Clearwater Fire Department

| | |
|-------------------------|--------------|
| Libraries: | |
| Main | 1 |
| Branches | 4 |
| Collection | 557,060 |
| Annual Items Circulated | 1.19 million |
| Reference Transactions | 412,800 |
| Program Attendees | 48,002 |

Source: 2004-05 Annual Operating & Capital Budget

| | |
|----------------|-----|
| Marina: | |
| Boat Slips | 209 |
| Boat Ramps | 13 |
| Fishing Areas | 21 |
| Airpark Spaces | 177 |

Recreational Facilities:

| | |
|-------------------------------|-------|
| Acres of Parkland | 1,130 |
| Playgrounds | 31 |
| Golf Courses | 3 |
| Acres of Beach | 42 |
| Baseball Diamonds | 35 |
| Tennis Courts | 58 |
| Basketball Courts | 22 |
| Horseshoe Courts | 24 |
| Soccer & Football Fields | 17 |
| Handball Courts | 10 |
| Swimming Pools | 5 |
| Stadium Seating | 6,897 |
| Recreation Centers | 12 |
| Special Recreation Facilities | 32 |
| Miles of Recreational Paths | 7.4 |
| Lawn Bowling Rinks | 24 |
| Shuffleboard Courts | 62 |
| Fitness Courses | 8 |
| Disc Golf Courses | 2 |

Source: City of Clearwater 2004 Comprehensive Annual Financial Report except where indicated differently.