ANNUAL REPORT TO BONDHOLDERS

February 2016

City of Tallahassee
Elected Officials

Andrew D. Gillum
MAYOR

Scott Maddox
MAYOR PRO TEM - COMMISSIONER

Gil Ziffer
COMMISSIONER

Nancy Miller
COMMISSIONER

Curtis Richardson
COMMISSIONER

Administration

Ricardo Fernandez
CITY MANAGER

James O. Cooke, IV
CITY TREASURER-CLERK

Lewis Shelley
CITY ATTORNEY

T. Bert Fletcher
CITY AUDITOR

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

Financial Advisor
Public Financial Management
Orlando, Florida

PURPOSE OF THE ANNUAL REPORT TO BONDHOLDERS

The 2016 Annual Report to Bondholders has been prepared by the City of Tallahassee to provide information concerning the City, its financial operations and its indebtedness. This information is made available to current security holders and potential purchasers of securities in the secondary market, dealers, security analysts, rating agencies, Nationally Recognized Municipal Securities Information Repositories (NRMSIRs), and other interested parties. The City of Tallahassee has selected DAC as the City's disclosure/dissemination agent. This 2014 Annual Report to Bondholders is available on the City's website at www.talgov.com, and can also be found on the DAC website at www.dacbond.com. The DAC website also hosts related City documents, including official statements for outstanding debt.

In addition to this Report, each fiscal year the City of Tallahassee prepares a Comprehensive Annual Financial Report (CAFR), which includes audited financial statements in accordance with generally accepted accounting principles. This document is available from the City upon request. The CAFR is also hosted on the City's website as well as on the DAC site. The current auditors for the City are Thomas Howell Ferguson, P.A. and Law, Redd, Crona & Munroe, P.A., Tallahassee, Florida.

In compliance with SEC rule 15c2-12, the City has entered into undertakings to provide secondary market information in connection with the following bond issues:

- $40,225,000 Capital Bonds, Series 2014, dated May 20, 2014;
- $49,165,000 Capital Bonds, Series 2012, dated November 27, 2012;
- $26,975,000 Capital Bonds, Series 2009, dated April 24, 2009;
- $9,400,000 Capital Bonds, Series 2008, dated December 11, 2008;
- $94,615,000 Energy System Refunding Revenue Bonds, Series 2015, dated August 11, 2015;
- $3,440,000 Energy System Revenue Bonds, Series 2011, dated August 9, 2011;
- $35,485,000 Energy System Revenue Bonds, Series 2010C, dated November 12, 2010;
- $122,280,000 Energy System Revenue Bonds, Series 2010B, dated November 12, 2010;
- $43,245,000 Energy System Refunding Revenue Bonds, Series 2010A, dated August 5,2010;
- $77,845,000 Energy System Refunding Revenue Bonds, Series 2010, dated April 22, 2010;
- $203,230,000 Energy System Revenue Bonds, Series 2007, dated August 22, 2007;
- $17,680,000 Energy System Refunding Revenue Bonds, Series 2001, dated May 1, 2001;
- $44,255,000 Consolidated Utility Systems Refunding Revenue Bonds, Series 2015, dated September 30, 2015;
- $117,015,000 Consolidated Utility Systems Revenue Bonds, Series 2010A, dated September 21, 2010;
- $25,820,000 Consolidated Utility Systems Revenue Bonds, Series 2010B, dated September 21, 2010;
- $164,460,000 Consolidated Utility Systems Revenue Bonds, Series 2007, dated November 8, 2007; and
- $23,900,000 Consolidated Utility Systems Refunding Revenue Bonds, Series 2001, dated May 1, 2001.

The release of this report in conjunction with the City's CAFR satisfies, in the City's opinion, the requirements for annual disclosure as set forth in the undertakings. The City is committed to fulfilling its disclosure obligations, as now or as may hereafter, defined by the SEC. While the City is committed to the release of secondary market information necessary to evaluate the City's credit, the City is making no on-going commitment to the publication and release of future Reports to Bondholders and in the future its disclosure obligations may be met through

supplements or enhancements to its Comprehensive Annual Financial Report or through the release of other documents.

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

Additionally, to the extent that certain portions of the Annual Report constitute summaries of documents, reports, resolutions, or other agreements relating to the operations or outstanding debt of the City, this Report is qualified by reference to each such document, report, resolution, or agreement, copies of which may be obtained from the Office of the City Treasurer-Clerk. The Report contains certain capitalized undefined terms. Such terms are defined in the resolutions of the City authorizing the issuance of the respective bonds of the City.

The City encourages readers of the report to provide suggestions that will improve the readability or usefulness of the report. Questions concerning the information contained herein or suggestions should be directed to:

City Treasurer-Clerk
City of Tallahassee
300 South Adams Street
Tallahassee, Florida 32301-1731
(850) 891-8130; FAX (850) 891-8389
treasury@talgov.com

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OVERVIEW

The City's 2016 Annual Report to Bondholders is designed to provide a reader, with no prior background, general information regarding the City and its debt as of September 30, 2015. For those readers who regularly follow the City, much of the information contained herein may be repetitive. To assist those readers, the most significant changes since last year's report are highlighted below.

Borrowing in Fiscal Year 2015

On August 11, 2015, the City issued $94,615,000 in Energy System Refunding Revenue Bonds, Series 2015, to refinance the outstanding 2005 Energy System Revenue Bonds. On September 30, 2015, the City issued $44,255,000 in Consolidated Utility Systems Refunding Revenue Bonds, Series 2015, to refinance the outstanding 2005 Consolidated Utility Systems Refunding Revenue Bonds and to pay for a variety of water and sewer system improvements. The City did not issue any debt for the Capital Bonds program (General Fund) in FY 2015.

Ratings

Certain of the City's outstanding bonds were issued with insurance to enhance the credit rating associated with the debt. In recent years, most of the monoline insurers have seen their credit ratings downgraded or withdrawn by various rating agencies. As a result, Tallahassee's underlying credit is often stronger than that of the surety. The underlying credit ratings are provided in the details of this document for each of the City's outstanding bonds. In 2015, the City decided to have each of its bond programs rated by only two credit ratings agencies rather than three. The table below reflects this change.

Tallahassee's underlying ratings are summarized as follows:

	Moody's Investors Service, Inc.	**Standard & Poor's Rating Services**	**Fitch Ratings, Inc.**
Capital Bonds	Aa2	NR	AA
Consolidated Utility System Bonds	NR	AA+	AA+
Energy System Bonds	Aa3	AA	NR

Significant Revenue Factors

Funding for the City's governmental activities comes from property taxes and a limited number of other taxes as authorized by the State Legislature (sales, gasoline, utility services, telecommunications and business) and other fees to recover the costs of services provided. Revenue is also received from state-shared revenues and grants from state and federal governments.

Revenues for the business-type activities and certain governmental activities (permitting, recreational programs, etc.) come from user fees or service charges. Building-related fees have been trending upward since 2011 and have stabilized at levels 25% above the 2011 low. Projections for the next five years indicate these revenues are expected to remain fairly constant through FY 2020.

The consumption of the City's utilities is impacted by local weather patterns and the growth of new homes and businesses in the market. In recent years, there has been a decreasing consumption trend per capita in all of the utilities due mainly to the City's demand side management programs. The resulting slower growth in demand has allowed the City to defer adding generating capacity for its electric utility. The cost of fuel is recovered from customers through cost recovery adjustments that are not part of base rates to customers. The Electric Fund maintains a reserve account that has been used in the past to reduce the impact to electric

customers of steep increases in the market price of fuel. The balance in this fund as of September 30, 2015 was approximately $89.7 million.

Pension

Based on the City's most recent actuarial report, dated October 1, 2014, the City of Tallahassee Pension Plan had a funded ratio of 94.2% at September 30, 2014. Additional information on the City's Pension Plan can be found in the City's Comprehensive Annual Financial Report.

Rate Increases

City ordinance provides for automatic rate adjustments for each of the utilities effective October 1 of each year equal to the 12-month increase in the Consumer Price Index. Recent decreases in natural gas prices have allowed the City's electric and gas utilities to reduce the fuel price component of their rates to begin calendar 2016. Effective January 1, 2016, electric rates have been reduced 3% and gas rates have been reduced 3.7% due to lower fuel costs.

Ad-Valorem Millage Rate

Property taxes can significantly impact the citizen's perception of economic success. The City's millage rate of 4.2000 mills is lower than all but one of the comparable cities listed below. However, not all of the comparable cities have implemented a separate fire services fee to cover the cost of fire protection as the City of Tallahassee has done.

		Millage Rates			
City	**2015 Population**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Miami	430,332	7.57	7.61	7.65	7.65
Tampa	352,957	5.73	5.73	5.73	5.73
St. Petersburg	253,693	5.91	6.77	6.77	6.77
Orlando	262,372	5.65	5.65	6.65	6.65
Hialeah	235,563	6.54	6.30	6.30	6.30
Tallahassee	**187,996**	**3.70**	**3.70**	**3.70**	**4.20**
Fort Lauderdale	176,013	4.11	4.12	4.12	4.12
Pembroke Pines	164,626	5.63	5.64	5.64	5.64
Hollywood	148,047	7.44	7.45	7.45	7.45

(Jacksonville was not included in the table since it is a consolidated city/county with varying millage rates for different sections of the county.)

Property Tax Revenues

Property taxes, which provide 26.3% of governmental revenues (including transfers), decreased in FY 2008 as a result of statutorily mandated millage rate roll-back and restrictions on increasing millage rates in the future. However, provisions in the legislation allow for overriding millage caps by a super majority of the City Commission or by referendum. A constitutional amendment approved in January 2008 led to a reduction in taxable values for local governments. The amendment provided for an increase in the homestead exemption, a cap of 10% on increases in the assessment of non-homesteaded properties and portability of the homestead exemption for those individuals moving within the state. Since FY 2009, weaker economic conditions due to the Great Recession caused further declines in taxable values. To partially compensate for the decrease in property values, the millage rate for FY 2010 was increased from 3.21 mills to 3.70

mills. The rate increase, coupled with declining assessed values, provided approximately the same amount of revenue in FY 2012 as budgeted for FY 2009.

The City Commission maintained the millage rate at 3.700 mills from FY 2010 through FY 2015. In FY 2016, the millage rate was increased to 4.200 mills Taxable values stabilized in FY 2014, increased by 4.6% in FY 2015, and are expected to increase modestly through FY 2020.

Property Tax Levies and Collections (in 000s)

Fiscal Year	Total Market Valuation	Taxable Assessed Valuation	Levy	Collection	Percentage [1]
2006	14,983,276	8,600,518	31,875	30,191	95%
2007	17,643,758	10,083,178	37,370	35,442	95%
2008	19,251,581	11,162,814	35,416	33,592	95%
2009	19,580,463	10,791,427	34,704	33,100	95%
2010	17,774,239	9,919,935	36,704	35,114	96%
2011	17,337,336	9,671,794	35,918	34,224	95%
2012	17,095,072	9,260,104	34,707	33,055	95%
2013	16,163,157	8,798,227	32,648	31,458	96%
2014	16,160,618	8,818,106	32,673	31,571	97%
2015	16,944,644	9,226,228	34,392	32,946	96%

(1) Florida Statutes provide for a discount of up to 4% for early payment of ad-valorem taxes. All unpaid taxes become delinquent on April 1, and are sold at auction on June 1 of each year as tax certificates. The City, after all tax certificates are sold, has fully collected all ad-valorem tax revenues.

General Fund Transfers

After being unchanged since FY 2005, the methodology for calculating transfers was changed by the City Commission for FY 2012. The new methodology calculates a three-year average of retail revenues and then multiplies this average by 6.99% to arrive at the transfer amount. The revised methodology was applied to transfers from the electric, gas, water, sewer and solid waste utilities. The electric transfer was changed for FY 2013 to a fixed amount of $23.9 million, which will be adjusted annually by the change in the consumer price index. The other transfers were not changed.

Transfers from utilities to the General Fund totaled $33.3 million in FY 2009, $34.5 million in FY 2010 and $34.6 million in FY 2011, $34.4 million in FY 2012, $35.2 million in FY 2013, $38.0 million in FY 2014 and $41.7 million in FY 2015. Total FY 2016 transfers from the electric, gas, water, sewer and solid waste funds will be $41.4 million.

FY 2016 Capital Budget

The City's FY 2016 Capital Budget is appropriated at $145.4 million, with $16.3 million budgeted in the General Fund and $129.1 million in the Enterprise and other funds. The City's five-year capital improvement plan (2016 – 2020) totals $765.8 million, with appropriations made on an annual basis.

The City's Electric System continues to expand its distribution, transmission and substation facilities to meet the system-load growth and reliability requirements. Over the next five years (2016 – 2020), the City's capital budget includes plans for construction of a substation and transmission lines to ensure continued reliable electric service, upgrade of two other substations, and continued enhancement of smart grid capabilities. Included in this period is funding for construction of a distributed generation unit at one of the City's substations that provides power to a number of highly critical customers. Funding includes a $2 million

appropriation in FY 2015 with planned additional funding of $20 million in FY 2016 and $8 million in FY 2017. Initial funding, in the amount of $39.5 million, for the next increment of generation required to replace retiring units is scheduled for FY 2019.

Significant projects planned in the five-year CIP in various enterprise funds include the construction of taxi-lanes to support future development of hangars at Tallahassee International Airport under a public-private partnership ($15 million); rehabilitation of the surface of runway 18/36 to maintain proper pavement surface for aircraft ($10 million); construction of new transmission infrastructure and/or installation of distributed generation, including combustion turbines at key locations on the City's system to meet grid reliability standards ($67.5 million); construction of new and refurbishment/upgrade of existing distribution facilities ($24 million); support for energy efficiency and demand side management programs ($24.6 million); rehabilitation or replacement of sewer collection infrastructure to extend its expected life and reduce stormwater infiltration and inflow ($15 million); a project to address severe erosion along major water and sewer infrastructure ($14.7 million and $11.7 million, respectively) in accordance with each utility's master plan; and replacement and construction of the customer information and meter data management systems ($12 million).

General government projects in the five-year plan address technology enhancements ($10.4 million); replacement of light fixtures at Tom Brown Park and Forestmeadows tennis courts ($1.4 million); miscellaneous repairs, replacement, and improvements of aging infrastructure at various recreation facilities ($4.5 million); phase III funding for FAMU Way ($10 million); and resurfacing of City-owned paved streets that have been deemed to be in need of this action through the pavement management assessment process ($18.8 million).

Economic and other Factors that may Impact the City's Financial Position

The presence of two state universities, a community college and the state government provides a stabilizing influence on the City of Tallahassee's financial position. Unemployment has decreased from its peak, and Leon County's unemployment has consistently been lower than both the state and national levels. The Economic Development Council reports that in the past three years 9,000 new jobs have been added, unemployment has dropped 36%, and the median family income has risen 13%. Additionally, parcel values in Leon County have increased by 7% to over $23 billion in total value.

As with any capital city, the health of the state government will continue to have a substantial impact on the economic or financial health of the City of Tallahassee. With the state government now seeing increases in revenues, it appears that the City will not endure additional hardships as a result of state budget cuts. The City continues to monitor state and local revenue streams, such as the Communication Services Tax, and contracts lobbying services to advocate for its financial interest at both the state and federal level. Additionally, the City is deliberate in seeking out state and federal grant opportunities to support the services it provides to its citizens.

Alongside the state workforce, Tallahassee's institutions of higher learning continue to be major economic drivers in the community. Ongoing partnership with these institutions represents significant economic and development opportunities for the City. Most recently, increased partnership between the universities, the City, and these organizations have been promoted as a method of attracting companies to relocate to Tallahassee, especially those companies that are interested in the research being performed by Florida State University's National High Magnetic Field Laboratory. Furthermore, while the cost of college education has come under increased scrutiny in the past couple of years, tuition at the state universities remains affordable when compared to public universities in other states.

The City is actively involved in recruiting new businesses and employers to the area by providing a number of incentives and funding for eligible businesses as well as planning tools designed to promote economic development. This strategy has been successful in attracting new businesses as well as helping existing businesses remain in the City. This is highlighted by the increasing number of new business openings that have occurred throughout the City – representing a diverse mix of chain and locally-owned businesses. Last year, the opening of

College Town on the west side, a collection of restuarants and retail outlets, was a sign of improving economic conditions, with phase 2 of that project slated to begin in 2016. Other significant projects and developments in the next two years include: the Veteran's Administration 196,000 square foot outpatient clinic, which is scheduled to be completed by June 2016; the redevelopment of the old Tallahassee Mall now known as the Centre of Tallahassee; the construction of a 340,000 square foot surgical center at Tallahassee Memorial Hospital and the final improvements to FAMU Way. Finally, new subdivisions have begun in the City's northeast sector as well as continuing on the south side in the Southwood subdivisions.

Electronic Dissemination of Information

As part of its continuing effort to efficiently provide continuing disclosure information to investors and other users, the City of Tallahassee has begun to make use of electronic methods for dissemination of information. Information is available at several locations, including the City's website, www.talgov.com, and www.dacbond.com the website of DAC.

The September 30, 2015 Comprehensive Annual Financial Report (CAFR), which includes audited financial statements in accordance with generally accepted accounting principles, is available on the City's website. The website also has other useful information available, including the City's budget for FY 2016.

DAC

The DAC website hosts a variety of debt information. DAC acts as a disclosure dissemination agent for issuers of municipal bonds by electronically posting information on behalf of issuers. Investors and others may access disclosure on any municipal bond in the DAC System free of charge by registering for a password. In addition to the City's 2016 Annual Report to Bondholders, annual reports from the past several years are available on the DAC site. Official statements for each of the outstanding issues summarized in this annual report are also posted, as are several CAFRs from recent years.

If you are new to the DAC System, please click *Register* in the "DAC for Investors" section on the home page, complete the registration form and submit. You can set Event Filters for your account by logging into the DAC System and clicking the *Profile* icon to receive email notification whenever something new is filed by the City. You may search by CUSIP number, obligor, issuer, issue description, bond type, city and state, county and state, or by state only. Once the issue searched is located, you can customize your portfolio by checking the corresponding box and clicking *Add Checked Items to Portfolio*.

Contact

You may contact the City Treasurer-Clerk's Office at the address and phone number below:

City Treasurer-Clerk
City of Tallahassee
300 South Adams Street, Box A-32
Tallahassee, Florida 32301-1731
(850) 891-8130; FAX (850) 891-8389

THE CITY OF TALLAHASSEE

General

The City of Tallahassee (hereinafter referred to as "Tallahassee" or the "City") was established in 1825 following a decision by the Legislature to locate the capital of the new Florida Territory midway between the population centers of St. Augustine and Pensacola. The capital city of Florida, Tallahassee is located in the north central portion (the panhandle or the big bend area) of Florida, midway between Jacksonville and Pensacola. The Georgia state line is less than 20 miles to the north and the Gulf of Mexico is 25 miles to the south at St. Marks, Florida on Apalachee Bay. The City covers an area of 103.31 square miles.

Since 1919, when the State Legislature passed the Charter Act, the City has been governed by a modified Commission-Manager form of government with five Commissioners, each selected at-large for four-year, overlapping terms. Until 1996, when the Charter was amended to provide for direct election of a Mayor with four Commissioners, the position of Mayor rotated annually among the Commissioners. The City Manager, the City Treasurer-Clerk, the City Auditor and the City Attorney are appointed by the City Commission. Collectively, the appointed officials are responsible for all administrative functions of the government, with most of the administrative and operations functions falling under the purview of the City Manager. The remaining administrative functions are the responsibility of the other appointed officials as indicated by their titles.

Tallahassee, the county seat, is the only incorporated municipality in Leon County, Florida (the "County"), and is located approximately in the center of the County. With an estimated 2015 population of 187,996, Tallahassee is the largest city in the Tallahassee Metropolitan Statistical Area ("MSA"), which consists of Leon, Gadsden, Jefferson and Wakulla counties.

The City of Tallahassee is a full-service city providing citizens with a full complement of municipal services. The City owns and operates five utilities, including an electric generation, transmission and distribution system serving an average of 117,536 customers in the City and the adjacent urban area during FY 2015; a natural gas distribution system serving 29,659 customers; a water production and distribution system serving 83,554 metered water customers within the corporate City limits and the adjacent urban areas; a sewage collection and treatment system serving 71,556 customers, principally within the City limits; and a stormwater drainage utility system serving the area within the corporate City limits serving 91,034 customers. Additional enterprise activities owned and operated by the City include the Tallahassee International Airport and a public transit system.

The City also provides a full range of municipal services including public safety (fire and police), construction and maintenance of streets and sidewalks, stormwater management, recreation, planning and zoning, general administrative services, five utilities (electric, gas, sewer and solid waste collection, and water), a mass transit bus system and an international airport.

The Tallahassee economy is growing moderately, with increasing elements of diversification. The major economic factor historically has been the State government. However, the City also serves as an educational center, with three institutions of higher learning, and as the financial, trade and health center for a surrounding 13-county geographic region with a population of over 560,000. With over 290,000 acres of commercial forest in Leon County, forest and timber products add significantly to the economic diversification of the City.

Climate/Geography

Tallahassee has the mild, moist climate characteristic of the states located on the Gulf of Mexico and experiences a subtropical summer similar to the rest of Florida. However, in contrast to the Florida peninsula itself, the panhandle (which includes Tallahassee) experiences four seasons. Prevailing winds average 6.5 miles per hour. They are from a southerly direction in the spring and summer and then shift to a more northerly direction near the end of the year. The City's average temperature and rainfall are shown below.

TEMPERATURE AND RAINFALL

Annual Average Temperature:	68.1 Degrees
Annual Average Rainfall:	63.2 Inches

Tallahassee's rolling landscape, typical of regions further north, is unique among the major cities of Florida. Some areas of Leon County exceed elevations of 200 feet. However, south of the City, the hills yield to the terrain that is typical in the rest of Florida. The northern portion of the county consists of a thick layer of sand, silt and clay overlying limestone forms while most of the southern area is characterized by flat, sandy lowlands.

The Tallahassee-Leon County area possesses excellent wildlife reserves located in the terrain north of Tallahassee and in the Apalachicola National Forest south of Tallahassee. Numerous lakes are available for fresh water fishing, including: Lake Iamonia, Lake Jackson, Lake Miccosukee and Lake Talquin.

Population

The 2014 American Community Survey (the "Survey") results show a racially diverse community, with minorities accounting for 37% of the Leon County population. The population of the City of Tallahassee is young, with a median age of 26.2. Tallahassee residents have historically attained a comparatively high level of education. According to the Survey, 47.5% of area residents age 25 or older have completed at least four years of college, compared to 26.48% for the State of Florida. These population characteristics largely reflect the influence of the two major universities, a large community college, State government, and the resulting high level of professional employment.

The City and Leon County have generally experienced and are expected to continue to experience a steady increase in population as depicted in the following table:

POPULATION

	Tallahassee		Leon County		Florida		United States	
Year	Population	Annual Change	Population	Annual Change	Population	Annual Change	Population	Annual Change
1950	27,237[1]	-	51,590[1]	-	2,771,000[1]	-	151,326,000[1]	-
1960	48,174[1]	5.9%	74,225[1]	3.7%	4,952,000[1]	6.0%	179,323,000[1]	1.7%
1970	72,624[1]	4.2%	103,047[1]	3.3%	6,791,000[1]	3.2%	203,304,000[1]	1.3%
1980	81,548[1]	1.2%	148,655[1]	3.7%	9,740,000[1]	3.7%	226,505,000[1]	1.1%
1990	124,773[1]	5.3%	192,493[1]	2.9%	12,938,000[1]	3.3%	248,710,000[1]	1.0%
2000	150,624[1]	1.9%	239,452[1]	2.2%	15,982,400[1]	2.1%	281,422,500[1]	1.2%
2010	181,376[1]	0.6%	275,487[1]	1.5%	18,801,310[1]	1.8%	308,745,538[1]	0.9%
2015	187,996[2]	-	284,443[2]	-	19,815,183[2]	-	321,418,820[1]	-
2020	199,500[3]	-	298,300[2]	-	21,236,667[2]	-	334,503,000[1]	-
2030	220,700[3]	-	323,800[2]	-	23,872,566[2]	-	359,402,000[1]	-
2040	239,500[3]	-	346,400[2]	-	26,081,392[2]	-	380,219,000[1]	-

Source: (1) U.S. Census Bureau
(2) Bureau of Economic & Business Research
(3) Tallahassee-Leon County Planning Department

Employment

Tallahassee's employment is non-agrarian in nature and heavily oriented toward governmental employment. Historically this concentration of government employment, representing 35% of all non-agricultural employment in 2014, has helped to keep unemployment relatively low. In addition, due to government employment which calls for large numbers of professional and white collar employees, Tallahassee and Leon County enjoy relatively high income levels, especially when compared to surrounding counties.

Nationally, there is a trend to limit the scope and resources of government at all levels. Therefore, state government may in the future not fuel the local economy to the same extent as it has in the past. In an effort to diversify the area's economy, the local government and the Chamber of Commerce are working closely together to attract additional employers to the area and to assist the expansion of existing local industries. Since 1992 the Economic Development Council of Tallahassee-Leon County has marketed Tallahassee's economic advantages – research and high technology, healthcare providers and human resources – focusing on companies in financial services, education, technology, light manufacturing, distribution and healthcare.

The City's employment base has provided its citizens with an economic environment which historically has been insulated from national economic trends. As a result, the City and Leon County have been able to maintain an unemployment rate substantially below the State of Florida and United States averages as shown in the table below:

AVERAGE ANNUAL UNEMPLOYMENT RATE

Year	Leon County	Florida	United States
2005	3.2	3.7	5.1
2006	2.7	3.2	4.6
2007	3.1	4.0	4.6
2008	4.7	6.3	5.8
2009	7.1	10.4	9.3
2010	7.9	11.1	9.6
2011	7.8	10.0	8.9
2012	7.0	8.5	8.1
2013	6.1	7.3	7.4
2014	5.5	6.3	6.2

Source: Department of Economic Opportunity, Labor Market Statistics, Local Area Unemployment Statistics

The table below depicts the employment distribution within Leon County:

EMPLOYMENT DISTRIBUTION

	2014	Percent
State Government	35,210	24.9%
Trade, Transportation and Utilities	19,322	13.7%
Education and Health Services	18,860	13.4%
Leisure and Hospitality	16,296	11.5%
Professional and Business Services	15,864	11.2%
Local Government	11,808	8.4%
Financial Activities	6,504	4.6%
Other Services and Not Classified	5,558	3.9%
Construction	4,678	3.3%
Information	3,502	2.5%
Federal Government	1,720	1.2%
Manufacturing	1,562	1.1%
Natural Resources and Mining	287	0.2%
TOTAL	**141,217**	**100.00%**

Source: Department of Economic Opportunity, Labor Market Statistics, Quarterly Census of Employment and Wages.
Note: The above figures are non-agricultural employment and do not include self-employment, unpaid family or domestic personnel.

Principal Property Taxpayers Table

The following table shows the top ten principal taxpayers in Leon County for FY 2015 and FY 2006.

CITY OF TALLAHASSEE, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(thousands)

		2015			2006		
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Century Link (aka Embarq)	Communications	$128,568	1	1.39%	$255,543	1	1.51%
Smith Interest General Partnership	Retail	124,943	2	1.35%	135,016	2	0.71%
Florida Gas Transmission Company	Utilities	75,854	3	0.82%	42,626	8	0.24%
Tallahassee Medical Center, Inc.	Medical	67,950	4	0.74%	78,486	4	0.44%
Talquin Electric Coop	Utilities	62,671	5	0.68%	105,174	3	0.60%
DRA CRT Tallahassee Center	Real Estate	56,733	6	0.61%	52,731	6	0.30%
Walmart Stores, Inc.	Retail	50,047	7	0.54%	47,070	7	0.27%
St. Joe Company	Development	44,365	8	0.48%	NA	--	--
Comcast Cablevision, Inc.	Communications	43,473	9	0.47%	31,631	10	0.18%
Bainbridge Campus Apartments	Real Estate	41,161	10	0.45%	NA	--	--
Capital City Bank	Banking	NA	--	--	32,373	9	0.20%
Stiles, J.A. III Etal, Trust	Real Estate	NA	--	--	58,655	5	0.33%
Total		**$695,765**		**7.53%**	**$849,290**		**4.82%**

Source: Leon County Property Appraiser

Education

The largest and oldest university in the City is Florida State University ("FSU"), which was founded in 1851 and is the home of the Florida State University Seminoles. Its undergraduate and graduate colleges, schools and divisions were attended by approximately 41,000 students in the 2014-15 school year. FSU is nationally known for its outstanding programs in business, education, fine arts, law and natural sciences. A medical school, which now enrolls a full complement of 483 students, was created in June 2000.

The other nationally known university in Tallahassee is the Florida Agricultural and Mechanical University ("FAMU"), which was founded in 1887 and is the home of the Florida A & M Rattlers. FAMU offers extensive undergraduate and graduate courses to approximately 10,000 students. Programs offered at FAMU complement those at FSU and have received recognition in the fields of architecture, agriculture and pharmacy. Both universities offer programs leading to doctorate degrees.

Tallahassee Community College ("TCC") presently serves approximately 13,000 students. TCC offers the same curriculum for college transfer as that offered at the universities for the first two years. Associate degrees are awarded in over 30 fields, some through special cooperative programs with the local universities. TCC formed the first University Partnership with Flagler College in Fall 2000 and has since partnered with Embry-Riddle Aeronautical University in 2001, Barry University in 2003 and St. Leo University in 2006. TCC students can pursue bachelor and graduate degrees on TCC's campus through the programs of its four University Partners.

Enrollment at the universities and the community college is shown in the following table:

Students Enrolled in Tallahassee Area Universities and the Community College

Year	FSU	FAMU	TCC	Total
2006	40,474	11,913	13,526	65,913
2007	41,065	11,567	13,891	66,523
2008	39,136	11,848	14,016	65,000
2009	40,255	12,261	14,472	66,988
2010	40,838	13,277	14,756	68,871
2011	41,710	13,207	15,338	70,255
2012	41,301	12,051	14,613	67,965
2013	41,477	10,734	13,634	65,845
2014	41,773	10,229	13,045	65,047
2015	41,473	9,928	13,092	64,493

Source: All figures are for Fall semesters. Information provided by registrar for each respective institution.

Medical Facilities

Tallahassee also provides Northwest Florida and South Georgia with extensive medical facilities. There are currently two full service acute care facilities: Tallahassee Memorial Healthcare, Inc. ("TMH"), a 772-bed hospital, and Capital Regional Medical Center ("CRMC"), a 266-bed hospital. Founded in 1949, TMH is the largest general hospital in the Big Bend area of Florida and is the seventh largest hospital in Florida. TMH's primary service area is defined as the Florida counties of Leon, Gadsden, Wakulla and Jefferson. The secondary service area is comprised of six other adjacent Florida counties. In addition to TMH and CRMC, medical care is provided to the regional area through outside public and private facilities, including a number of skilled nursing, convalescent and extended care facilities.

Annexation - Process and History

The City of Tallahassee has had a long history of annexation activity as a means of achieving growth. During its first 150 years, Tallahassee expanded from one-quarter of a square mile in size to 28.12 square miles in 1980. During the last 35 years, the City embarked on an aggressive annexation program to ensure its economic stability and better manage the developing urban area. The City has successfully annexed numerous parcels of developed and undeveloped land since 1979. Fourteen of these annexations were passed through a double referendum as set forth by Florida law, requiring passage by the majority of the City residents and the residents in the affected area. Since 1985 virtually all of the City's annexations occurred when all of the property owners in the affected areas requested incorporation of their property into the City. Since 1980 these annexed areas have added 75.13 square miles to the City, swelling its size to 103.31 square miles.

Comprehensive Plan

In 1985, the Florida Legislature passed the Local Government Comprehensive Planning and Land Development Regulation Act (the "Planning Act"). This Act required all local governments to develop comprehensive plans designed to plan for and control the impact of growth. As applied to the City, the local plan includes the following elements:

- Future Land Use;
- Transportation;
- Utilities (except electric);
- Economic Development;
- Housing;
- Historic Preservation;
- Conservation;
- Recreation and Open Space;
- Intergovernmental Coordination; and
- Capital Improvements.

All local governmental plans must be fundable, implementable and consistent with State and regional plans. They must discuss existing facilities, adopt levels of service to be provided and project future demands. The plans have the force of law (mandated by State statute and adopted by local ordinance) and are implemented through local development regulations, local activities and programs, and intergovernmental agreements.

The City originally adopted its Comprehensive Plan (the "Plan") on July 16, 1990. As required by the Act, the Plan was submitted to the State of Florida Department of Community Affairs (the "Department") for consistency review with the State and regional plans and to ensure compliance with all aspects of the Act and adopted rules of the Department. Additionally, pursuant to Section 163.3191, Florida Statutes, "each local government shall adopt an evaluation and appraisal report (EAR) once every seven years assessing the progress in implementing the local government comprehensive plan." The last EAR for the City and the County was submitted and approved in 2007. Effective beginning in 2011, local governments no longer need to submit evaluation and appraisal reports to the Department for a sufficiency determination. At least every seven years, pursuant to Rule Chapter 73C-49, Florida Administrative Code, the local government determines whether the need exists to amend the comprehensive plan to reflect changes in state requirements since the last time the comprehensive plan was updated.

Enforcement of the Plan is achieved through three (3) elements provided in the Planning Act: concurrency, consistency and citizen standing. The City is prohibited from issuing permits for new construction or development (residential or commercial) until the City determines that all necessary infrastructure, including utilities, is available at the appropriate levels of service, concurrent with the construction, and that the development of the facility is consistent with all elements of the Plan. The required utilities services include electric service, although it is not

necessarily required that such electric service be provided by the City. This requires the City to more accurately project future needs and related capital improvements to ensure maintenance of standards set forth in the Plan.

The Act provides that all citizens are given standing in a court of law and, through appropriate judicial processes, can require the City to implement and enforce the Plan. The City may amend the Plan twice a year after conducting a public hearing and subject to approval by the Department.

City Investment Policy

The City Treasurer-Clerk administers the City's investment program and is responsible for insuring the proper management, internal controls, safekeeping, and recording of all investment assets held or controlled by the City. The City has promulgated a non-pension investment policy to govern the investment of all non-pension financial assets held or controlled by the City, not otherwise classified as restricted assets requiring separate investing (the "Investment Policy"). The Investment Policy sets forth standards for investing, safekeeping and custody requirements, and reporting requirements. Individual criteria consisting of, a minimum, objectives, authorized investments and performance evaluation criteria are established on an individual basis for specialized portfolios governed under specific legal constraints. Criteria for the City's core portfolio are also set forth in the Investment Policy. A copy of the Investment Policy may be obtained from the City Treasurer-Clerk's Office or the City's website.

City Debt Management Policy

The City Treasurer-Clerk administers the City's debt management program and is responsible for issuing the City's bonds. The Debt Management Policy sets forth standards for the issuance and management of the City's debt. A copy of the Debt Management Policy may be obtained from the City Treasurer-Clerk's Office or the City's website. The Policy provides targets for liquidity, operating margin and debt burden for each of the City's three (3) debt programs: general government, (capital bonds), energy system, and consolidated utility system. There are also targets for the percentage of debt that can be in variable rate and/or rolling medium term note debt. The table below indicates the targets and actual values for the liquidity measure as of September 30, 2015:

Debt Program	Liquidity – Target	Liquidity - Actual
General Fund	Spendable General Fund Balance of 15% of General Fund Expenditures	Spendable General Fund Balance of 20.4% of General Fund Expenditures
Consolidated Utility System	150 days cash on hand	378 days cash on hand
Energy System	210 days cash on hand	275 days cash on hand

The following table displays the target and actual for the operating margin component as of September 30, 2015:

Debt Program	Debt Service as % of Expenditures/Coverage Ratio-Target	Debt Service as % of Expenditures/Coverage Ratio-Actual
General Fund	Net Debt Service to be less than 10% of General Fund Expenditures	Net Debt Service of 8.4% of General Fund Expenditures
Consolidated Utility System	Debt Service Coverage of 1.50X or higher	Debt Service Coverage of 2.41X
Energy System	Debt Service Coverage of 2.0X or higher	Debt Service Coverage of 2.10X

The table below shows the target and actual for the debt burden as of the end of fiscal year 2015:

Debt Program	Debt Service as % of Expenditures/Coverage Ratio-Target	Debt Service as % of Expenditures/Coverage Ratio-Actual
General Fund	Debt as a % of Full Market Values less than 2%	Debt is 0.9% of Full Market Value
Consolidated Utility System	Debt as a % of Capital Assets less than 50%	Debt is 44.8% of Capital Assets
Energy System	Debt as a % of Capital Assets less than 60%	Debt is 68.5% of Capital Assets

GENERAL GOVERNMENT DEBT

Capital Bonds

The City's Capital Bonds are supported by four revenue sources: 1) the Local Government Half-Cent Sales Tax, 2) the Guaranteed Entitlement Revenues, 3) the Local Communications Services Tax, and 4) Public Service Tax. The following provides a discussion of each of these revenues.

Local Government Half-Cent Sales Tax: The State of Florida 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 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 program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half cent on every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized.

Effective July 1, 2004, the proportion of sales tax revenues deposited in the Local Government Half-Cent Sales Tax Trust Fund in the State Treasury (the "Trust Fund") was reduced to 8.714% of the sales tax remitted to the State of Florida by each sales tax dealer located within a particular county (the "Half-Cent Sales Tax Revenues"). Such proportion of the Half-Cent Sales Tax Revenues is deposited in the Trust Fund and is earmarked for distribution to the governing body of each county and each participating municipality within that county pursuant to a distribution formula. The Half-Cent Sales Tax Revenues are 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"). The general rate of sales tax in the State is currently 6%.

The amount of Half-Cent Sales Tax Revenues distributed to the City varies due to changes in sales within Leon County, as well as changes in the relative population of Leon County and the City.

In order to be eligible to receive distributions of the Local Government Half-Cent Sales Tax, each participating county and eligible municipalities must satisfy the conditions for eligibility for distribution of certain revenue-sharing monies pursuant to Section 218.23, Florida Statutes. Failure by the City to meet these eligibility requirements would result in the deposit of the City's share of the Local Government Half-Cent Sales Tax into the General Fund of the State for the 12-month period following the determination of noncompliance. Historically, the City has consistently complied with all the requirements for participation in the Local Government Half-Cent Sales Tax distribution as set forth in Chapter 218, Florida Statutes.

The Local Government Half-Cent Sales Tax collected within a county is distributed to each participating county and municipality in accordance with the formula set forth In Section 218.62, Florida Statutes. The distribution is as follows:

$$\text{County's share} = \frac{\text{unincorporated area population}}{\text{total county population}} + \frac{\text{2/3 incorporated area population}}{\text{2/3 incorporated area population}}$$

(percentage of total Local Government Half-Cent Sales Tax receipts)

$$\text{Municipality's share} = \frac{\text{municipality population}}{\text{total county population} + \text{2/3 incorporated area population}}$$

(percentage of total Local Government Half-Cent Sales Tax receipts)

As used in the above formula, "population" means the latest official state estimate of population certified pursuant to Section 186.901, Florida Statutes, prior to the beginning of the local government fiscal year. Revenues are distributed on a monthly basis to eligible cities and counties. For the fiscal year ended September 30, 2015, the City received 45.8% of the Half-Cent Sales Tax Revenues distributed within Leon County.

Guaranteed Entitlement Revenues: The definition of Guaranteed Entitlement, as it applies to Florida municipalities, was amended in 2003 and is currently defined in the Florida Revenue Sharing Act of 1972, which is contained in Chapter 218, Part II, Florida Statutes (the "Revenue Sharing Act") to mean the amount of revenue which must be shared with an eligible unit of local government so that no eligible municipality will receive less funds from the Revenue Sharing Trust Fund for Municipalities established by the Revenue Sharing Act in any State fiscal year, to the extent available, than the amount received by that municipality in the aggregate from certain State taxes in the State 1971 - 1972 fiscal years.

The guaranteed entitlement portion of State revenue sharing which accrues annually to the City totals $1,251,000, and this amount is received by the City in substantially equal monthly payments.

Local Communications Services Tax: The City levies a Local Communications Services Tax pursuant to Chapter 202, Florida Statutes. Communications services means the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method.

Purchases by the United States Government, the State of Florida, other public bodies and any religious institution or educational institution that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code are exempt from the Local Communications Services Tax.

If actual revenues do not reach expectations, as measured by comparing actual revenues to previously collected revenues increased by the average five-year growth rates, Section 202.20 (2), Florida Statutes, authorizes local governments to adjust its Local Communications Services Tax. In March 2006, based upon a study that documented that the City was experiencing a revenue shortfall in Local Communications Services Tax, the City increased its rate from 5.1% to 5.37% (neither rate includes the add-on of 0.12% for permits).

Beginning July 1, 2007, a government may make an adjustment in its rate only if the Department reallocates other Local Communication Services Tax revenues away from the local government. In July of 2008, the Department determined the State had remitted more funds to the City that should have been during fiscal years 2002 - 2006. After the adjustment for such reallocation, it was determined that in 2008, the City's Local Communication Service Tax

revenues were well below expectations and another increase in rate was necessary. In October 2008, the City authorized an increase in the tax rate from 5.37% to 5.98% (none of the rates include the add-on of 0.12%).

Public Service Tax: The City levies a Public Service Tax pursuant to Sections 166.231 – 166.235, Florida Statutes, which authorizes any municipality within the State to levy a public service tax (the "Public Service Tax") on the purchase of electricity, metered natural gas, liquefied petroleum gas (either metered or bottled), manufactured gas (either metered or bottled) and water services as well as any service competitive with the services specifically enumerated. The City levies its public service tax under the provisions of City Code Section 18-121. Under such provisions of the City Code, the City established a public service tax rate of ten percent (10%) and a rate of four cents ($0.04) per gallon on the purchase of fuel oil.

The Public Service Tax is not imposed against any fuel adjustment charge, which is defined as all increases in the cost of utility services to the ultimate customer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973. The City Code exempts from its provisions: (i) purchases of electricity, water or gas by the United States Government, the State of Florida, or by any recognized church for use exclusively for church purposes, and (ii) with respect to 50% of the tax on purchase of electric energy for up to and not exceeding five (5) years, certain qualified businesses located within the City's enterprise zone. The purchase of natural gas, manufactured gas or fuel oil by a public or private utility, either for resale or for use as fuel in the generation of electricity, or the purchase of fuel oil or kerosene for use as an aircraft engine fuel or propellant or for use in internal combustion engines is exempt from taxation under the Public Service Tax Law.

Selected General Government Statistics

Pledged Revenues (in 000s)
City of Tallahassee, Capital Bonds

For Fiscal Years Ending September 30	2011	2012	2013	2014	2015
Communication Services Tax	8,447	8,962	9,047	8,499	7,918
Half Cent Sales Tax	8,619	8,786	9,166	9,644	9,971
Guaranteed Entitlement	1,251	1,251	1,251	1,251	1,251
Public Service Tax	14,148	13,582	13,787	14,930	15,810
Total Revenue	32,465	32,581	33,251	34,324	34,950
Debt Service (with 2008 Capital Bonds)	10,471	9,542	8,180	9,101	11,899
Debt Service (without 2008 Capital Bonds)	8,007	7,080	6,790	7,708	10,508
Debt Service Coverage (with 2008 Cap Bonds)	**3.10x**	**3.41x**	**4.06x**	**3.77x**	**2.94x**
Debt Service Coverage (without 2008 Cap Bonds)	**4.05x**	**4.60x**	**4.90x**	**4.45x**	**3.33x**

2008 Capital Bonds have a pledge to budget and appropriate and not a specific pledge on any revenues, thus the reason for the split comparison.

The Public Services Tax Revenues were not pledged to secure the Bonds until 2014. The historical numbers and coverage figures are shown for comparative purposes.

CAPITAL BONDS (GENERAL GOVERNMENT DEBT)
CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED DEBT SERVICE

Bond Year Ending October 1	Total	$9,400,000 Series 2008	$26,975,000 Series 2009	$49,165,000 Series 2012	$40,225,000 Series 2014
2016	$ 11,998,752	$ 1,390,865	$ 2,458,187	$ 5,249,200	$ 2,900,500
2017	12,099,960	-	2,458,810	5,787,000	3,854,150
2018	10,998,386	-	2,456,836	5,543,000	2,998,550
2019	10,998,641	-	1,353,041	6,498,500	3,147,100
2020	10,996,925	-	1,353,075	6,496,750	3,147,100
2021	10,997,909	-	1,351,809	6,497,500	3,148,600
2022	10,996,496	-	1,349,246	6,500,000	3,147,250
2023	8,756,541	-	1,350,291	4,073,500	3,332,750
2024	8,753,602	-	1,349,852	4,068,750	3,335,000
2025	4,680,429	-	1,347,929	-	3,332,500
2026	4,684,679	-	1,349,429	-	3,335,250
2027	4,682,010	-	1,349,260	-	3,332,750
2028	3,961,055	-	626,055	-	3,335,000
2029	3,961,779	-	625,279	-	3,336,500
2030	3,960,761	-	623,761	-	3,337,000
2031	3,962,658	-	626,408	-	3,336,250
2032	3,334,000	-	-	-	3,334,000
2033	3,335,000	-	-	-	3,335,000
2034	3,333,750	-	-	-	3,333,750
TOTALS	**$ 136,493,331**	**$ 1,390,865**	**$ 22,029,266**	**$ 50,714,200**	**$ 62,359,000**

CAPITAL BONDS (GENERAL GOVERNMENT DEBT)
CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED DEBT SERVICE - PRINCIPAL OUTSTANDING

Bond Year Ending October 1	Total	$9,400,000 Series 2008	$26,975,000 Series 2009	$49,165,000 Series 2012	$40,225,000 Series 2014
2016	$ 7,530,000	$ 1,345,000	$ 1,835,000	$ 3,305,000	$ 1,045,000
2017	7,910,000	-	1,905,000	3,975,000	2,030,000
2018	7,080,000	-	1,975,000	3,890,000	1,215,000
2019	7,365,000	-	925,000	5,040,000	1,400,000
2020	7,715,000	-	960,000	5,285,000	1,470,000
2021	8,090,000	-	995,000	5,550,000	1,545,000
2022	8,450,000	-	1,030,000	5,830,000	1,590,000
2023	6,620,000	-	1,070,000	3,695,000	1,855,000
2024	6,935,000	-	1,110,000	3,875,000	1,950,000
2025	3,195,000	-	1,150,000	-	2,045,000
2026	3,345,000	-	1,195,000	-	2,150,000
2027	3,495,000	-	1,240,000	-	2,255,000
2028	2,920,000	-	550,000	-	2,370,000
2029	3,060,000	-	570,000	-	2,490,000
2030	3,205,000	-	590,000	-	2,615,000
2031	3,360,000	-	615,000	-	2,745,000
2032	2,880,000	-	-	-	2,880,000
2033	3,025,000	-	-	-	3,025,000
2034	3,175,000	-	-	-	3,175,000
TOTALS	**$ 99,355,000**	**$ 1,345,000**	**$ 17,715,000**	**$ 40,445,000**	**$ 39,850,000**

$40,225,000
CITY OF TALLAHASSEE, FLORIDA
Capital Bonds, Series 2014

Dated: May 20, 2014

Purpose
The Series 2014 Bonds were issued to finance the cost of construction for the City's portion of the public safety complex, a new fire station and various road and sidewalk improvements.

Security
The bonds are secured by a pledge of and lien on the City's receipts from the Local Government Half-Cent Sales Tax; the City's Guaranteed Entitlement Revenues; the proceeds from the City's Local Communications Services Tax; the City's Public Service Tax revenues; and together with earnings on the investment of all funds and accounts created under the Resolution, except the Rebate Fund and the Unrestricted Revenue Account.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$40,225,000 Serial Bonds Series due October 1, 2034. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semi-annually on each April 1 and October 1, commencing April 1, 2015.

Agents
Registrar:	US Bank, Jacksonville, Florida
Paying Agent:	US Bank, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's:	Aa2
Fitch:	AA
Standard & Poor's:	N/A

Optional Redemption
The Series 2014 Bonds maturing on or prior to October 1, 2022 are not subject to optional redemption prior to maturity. The Series 2014 Bonds maturing after October 1, 2022 are subject to redemption prior to maturity at the option of the City, as a whole or in part at any time (if in part, the maturities and the principal amounts to be redeemed are to be determined by the City in its sole discretion) on or after October 1, 2022 at a redemption price of 100% of the principal amount of the Series 2014 Bonds to be redeemed, plus accrued interest to the date of redemption.

$40,225,000
CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2014

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	3.000%	$ 1,045,000	$ 1,855,500	$ 2,900,500
2017	2.000%	2,030,000	1,824,150	3,854,150
2018	3.000%	1,215,000	1,783,550	2,998,550
2019	5.000%	1,400,000	1,747,100	3,147,100
2020	5.000%	1,470,000	1,677,100	3,147,100
2021	3.000%	1,545,000	1,603,600	3,148,600
2022	5.000%	1,590,000	1,557,250	3,147,250
2023	5.000%	1,855,000	1,477,750	3,332,750
2024	5.000%	1,950,000	1,385,000	3,335,000
2025	5.000%	2,045,000	1,287,500	3,332,500
2026	5.000%	2,150,000	1,185,250	3,335,250
2027	5.000%	2,255,000	1,077,750	3,332,750
2028	5.000%	2,370,000	965,000	3,335,000
2029	5.000%	2,490,000	846,500	3,336,500
2030	5.000%	2,615,000	722,000	3,337,000
2031	5.000%	2,745,000	591,250	3,336,250
2032	5.000%	2,880,000	454,000	3,334,000
2033	5.000%	3,025,000	310,000	3,335,000
2034	5.000%	3,175,000	158,750	3,333,750
TOTALS		**$ 39,850,000**	**$ 22,509,000**	**$ 62,359,000**

$49,165,000

CITY OF TALLAHASSEE, FLORIDA
Capital Bonds, Series 2012

Dated: November 27, 2012

Purpose
The Series 2012 Bonds were issued to advance refund the Capital Bonds, Series 2004.

Security
The bonds are secured by a pledge of and lien on the City's Guaranteed Entitlement Revenues; the City's receipts from the Local Government Half-Cent Sales Tax; the proceeds from the City's Local Communications Services Tax; the City's Public Service Tax revenues; and earnings on the investment of all funds and accounts created under the Resolution except the Rebate Fund.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$49,165,000 Serial Bonds Series due October 1, 2024. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semi-annually on each April 1 and October 1, commencing April 1, 2013.

Agents
Registrar:	US Bank, Jacksonville, Florida
Paying Agent:	US Bank, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's:	Aa2
Fitch:	AA
Standard & Poor's:	N/A

Optional Redemption
The Series 2012 Bonds maturing on or prior to October 1, 2022 are not subject to optional redemption prior to maturity. The Series 2012 Bonds maturing after October 1, 2022 are subject to redemption prior to maturity at the option of the City, as a whole or in part at any time (if in part, the maturities and the principal amounts to be redeemed are to be determined by the City in its sole discretion) on or after October 1, 2022 at a redemption price of 100% of the principal amount of the Series 2012 Bonds to be redeemed, plus accrued interest to the date of redemption.

$49,165,000
CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2012 (2004 Refunding)

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	4.000%	$ 3,305,000	$ 1,944,200	$ 5,249,200
2017	4.000%	3,975,000	1,812,000	5,787,000
2018	5.000%	3,890,000	1,653,000	5,543,000
2019	5.000%	5,040,000	1,458,500	6,498,500
2020	5.000%	5,285,000	1,211,750	6,496,750
2021	5.000%	5,550,000	947,500	6,497,500
2022	5.000%	5,830,000	670,000	6,500,000
2023	5.000%	3,695,000	378,500	4,073,500
2024	5.000%	3,875,000	193,750	4,068,750
TOTALS		**$ 40,445,000**	**$ 10,269,200**	**$ 50,714,200**

$26,975,000
CITY OF TALLAHASSEE, FLORIDA
Capital Bonds, Series 2009

Dated: April 24, 2009

Purpose
The Series 2009 Bonds were issued to repay a portion of the outstanding principal amount of the obligation evidenced by a loan agreement between the City of Tallahassee and the Sunshine State Governmental Financial Commission.

Security
The bonds are secured by a pledge of and lien on the City's Guaranteed Entitlement Revenues; the City's receipts from the Local Government Half-Cent Sales Tax; the proceeds from the City's Local Communications Services Tax; and earnings on the investment of all funds and accounts created under the Resolution except the Rebate Fund.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$26,975,000 Capital Improvement Refunding Revenue Bonds Series 2009 due October 1, 2031. These bonds were issued as a private placement. Interest is payable semi-annually on each April 1 and October 1, commencing April 1, 2009.

Agents
Bond Counsel: Bryant Miller Olive P.A., Tallahassee, Florida

Optional Redemption
The Series 2009 Bonds may be prepaid at the option of the City in whole, or in part, on any date, with 3 days prior written notice to the Owner by payment in an amount equal to the principal amount to be prepaid plus accrued interest thereon to the date of prepayment plus the prepayment fee.

$26,975,000
CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2009

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	3.710%	$ 1,835,000	$ 623,187	$ 2,458,187
2017	3.710%	1,905,000	553,810	2,458,810
2018	3.710%	1,975,000	481,836	2,456,836
2019	3.710%	925,000	428,041	1,353,041
2020	3.710%	960,000	393,075	1,353,075
2021	3.710%	995,000	356,809	1,351,809
2022	3.710%	1,030,000	319,246	1,349,246
2023	3.710%	1,070,000	280,291	1,350,291
2024	3.710%	1,110,000	239,852	1,349,852
2025	3.710%	1,150,000	197,929	1,347,929
2026	3.710%	1,195,000	154,429	1,349,429
2027	3.710%	1,240,000	109,260	1,349,260
2028	3.710%	550,000	76,055	626,055
2029	3.710%	570,000	55,279	625,279
2030	3.710%	590,000	33,761	623,761
2031	3.710%	615,000	11,408	626,408
TOTALS		**$ 17,715,000**	**$ 4,314,266**	**$ 22,029,266**

$9,400,000
CITY OF TALLAHASSEE, FLORIDA
Capital Bonds, Series 2008

Dated: December 11, 2008

Purpose
The Series 2008 Bonds were issued to repay a portion of the outstanding principal amount of the obligation evidenced by a loan agreement between the City of Tallahassee and the Sunshine State Governmental Financial Commission dated November 16, 1996, amended and restated on April 25, 2001, in the original principal amount of $18,200,000.

Security
The bonds are secured by a covenant to budget and appropriate in the annual budget an amount legally available from all non-ad valorem revenues of the City.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$9,400,000 Capital Improvement Refunding Revenue Bonds Series 2008 due October 1, 2016. These bonds were issued as a private placement. Interest is payable semi-annually on each April 1 and October 1, commencing April 1, 2009.

Agents
Bond Counsel: Bryant Miller Olive P.A., Tallahassee, Florida

Optional Redemption
The Series 2008 Bonds may be prepaid at the option of the City in whole, but not in part, on any scheduled payment date, at a prepayment price equal to 101% the principal amount thereof to be paid, plus accrued interest to the redemption date.

$9,400,000
CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2008

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	3.410%	$ 1,345,000	$ 45,865	$ 1,390,865
TOTALS		**$ 1,345,000**	**$ 45,865**	**$ 1,390,865**

ENERGY SYSTEM

The Energy System is the City's Electric and Gas Systems grouped together primarily for the purpose of debt financing. The 1992 General Resolution created the Energy System, which consisted solely at that time of the City's Electric System. The 1998 General Resolution allowed the City to add other utility functions to the Energy System. In 1999, pursuant to the provisions of the 1998 General Resolution, the City Commission approved migration of the City's Gas System from the Consolidated Utility System (CUS) to create the Combined Energy System, for financing purposes only.

Administration

The City has consolidated all of its utility operations under a single Assistant City Manager for Utilities Services. The Utility Services area consists of the Electric Utility, Underground Utility (formerly Water and Sewer Utility, Gas Utility and Stormwater Utility), Solid Waste Utility, and one support department - Utility Services. Each of the utility departments is responsible for operational aspects associated with its respective service areas. Utility Services provide support across the three utilities. Utility Services provides centralized support to all three operating utilities for services such as: billing, customer service, connect/disconnect, meter reading, marketing, and retail rate design.

In 2014, the City's Energy Services Department's (ESD) was reorganized to improve demand side (conservation) and supply side (power production) planning and customer care. Functional activities of the Energy Services Department were consolidated into the Electric Utility and Utility Services departments. Five positions tasked with demand side and alternative energy responsibilities were transferred to Electric's System Planning Division, and newly organized as a Strategic Integrated Planning Division. Twenty five positions tasked with retail energy and wholesale energy were consolidated with utility customer services and wholesale services. The reorganization is addressed in detail in each respective narrative that follows. Other City departments provide other support activities such as: accounting, payroll, human resources, and fleet management. The cost of these services is allocated to the utility operating departments.

UTILITY SERVICES DEPARTMENT

The Wholesale Services Division of the Utility Services Department's primary mission is to optimize the economic dispatch of the Electric Utility's generation resources and manage the fuels and energy supply portfolios for the City's Electric and Gas Utilities (Energy System). Utility Services forecasts the daily load requirements for the City's Electric and Gas Utilities, schedules generation resources and purchases natural gas to meet both Utility Systems' needs in an economical and reliable manner. Utility Services actively participates in the wholesale energy market, looking for economic opportunities in the daily, weekly and long-term markets. When market prices are lower or higher than the City's cost of generation, Utility Services purchases or sells power in the wholesale marketplace to reduce system costs and generate revenues whenever economical. These activities help to deliver the lowest cost power in a reliable manner to the City's utility customers. Starting in 2009, Utility Services expanded its utility fuel management activities to hedge gasoline and diesel fuel supplies for StarMetro and Fleet Management.

Utility Services has taken advantage of the City's municipal tax-exempt status to enter into "prepay" natural gas supply agreements. These agreements allow the City to capture the value between tax-exempt and taxable bonds without putting any funds directly at risk. Beginning August 1, 2006 the City signed a 20-year agreement with the Tennessee Energy Acquisition Corporation (TEAC) to provide discounted natural gas supplies to the City. The agreement originally committed the City to purchase 4,000 MMBtu of natural gas daily, about 6% of current requirements, for a period of 20 years at a discount to the market estimated to be $0.45/MMBtu. This has resulted in savings to the customers of the Electric and Gas utilities of $657,000 annually. The original agreement was expected to save approximately $13 million over the life of the contract. In January 2013, the City allowed the supplier to buy down part of the remaining contract by paying the City $1.8 million in return for reducing the quantity of discounted supply volumes in future years. Another prepay agreement with Royal Bank of Canada (RBC) through MainStreet Natural Gas, which began on June 1, 2010, provides natural gas supplies to the City. Under this agreement, the City will purchase between 4,000 and 6,000 MMBtu of natural gas daily for a period of 30 years at an average discount to the market estimated to be $0.65/MMBtu. This will result in variable savings to the customers of the Electric and Gas utilities of no less than $365,000 annually (based on 5,000 MMBtu per day), and is forecasted to yield about $35 million in savings over the life of the contract. This supply will represent about 7% of current gas requirements for the Electric and Gas utilities. The Utility Services Division continues to pursue pre-pays and other opportunities for long term discounted fuel supplies.

In addition to the traditional roles of fuels and energy acquisition for the utilities, Utility Services also markets and trades natural gas and pipeline capacity in the wholesale market. Acquisitions of natural gas supply have traditionally involved fixed price long-term and short-term forward physical contracts for natural gas with various energy companies and other utilities. In an effort to diversify the City's credit risk, while providing rate stability, the City began utilizing financial contracts for the purchase of natural gas on the New York Mercantile Exchange (NYMEX)/Chicago Mercantile Exchange (CME). The City also engaged in financial trades with various counterparties using the Over-the-Counter International Swap Dealers Association (ISDA) agreement. These instruments help stabilize the City's budget and protect its customers from volatile price movements.

The City Commission established the Energy Risk Policy Committee (ERPC) for policy development and oversight of the hedging and energy cost recovery programs. The ERPC is comprised of the City's appointed officials and executive staff from the City's Utility, Financial, and Administrative units. The City Commission has approved utilization of fuel and energy expense accounts for (NYMEX/CME-related) financial trades for the current

fiscal year, and up to $30 million from the Electric Operating Reserve for financial trades beyond the current fiscal year. All trading is consistent with the approved policy, pre-established market risk tolerances, and the City's budgetary and utility rate objectives. Financial contracts using ISDA agreements for the purchase of natural gas are individually negotiated with each counterparty. Credit thresholds are based on the individual company's credit risk profile and established in consultation with the City's risk management consultant.

The City's Energy Risk Management Program identifies, measures, monitors, manages, controls, and reports the market-based financial risks of the organization on a regular basis. The program mainly focuses on the market and credit risks associated with the City's electric energy production and wholesale business activities. Under this program, Utility Services will adhere to the approved policy by operating under the following guidelines:

- Transactions obligating the City to liquidated damages are not offered;
- Non-performance liability for the City is limited to the transaction's revenue margin;
- Long-term firm transactions are coordinated and reviewed by an Electric and Gas Strategy Group and Energy Business Committee that includes: the Assistant City Manager for Utilities and representatives from Utility Business and Customers Services, Utility Services, Electric, and Gas Utilities; and
- Wholesale market trading partners' credit worthiness determinations, including trade limits, are performed by an independent consultant on a continuous basis.

In accordance with the City's Energy Risk Policies and Procedures, Utility Services procures natural gas supplies in the open market from numerous producers and other market participants for physical delivery to the City via long-term transportation agreements with Florida Gas Transmission and Southern Natural Gas. When available, Utility Services re-markets excess capacity in the secondary market to help reduce the City's total transportation costs. Utility Services may also bundle transportation and fuel to capture less traditional economic trading opportunities. Utility Services purchases fuel oil in order to hedge against volatile natural gas prices, and to provide a reliable back-up fuel source. Fuel oil is acquired mostly through short-term contracts, and deliveries are made by barge or truck. Utility Services also hedges gasoline for Fleet Management and diesel fuel oil for both StarMetro and Fleet Management consumption. Utility Services' role in hedging the cost of commodities consumed by the City will expand if economic opportunities become available.

The Utility Services Retail Division includes energy conservation and customer services functions that are responsible for direct services to customers. In February 2008, the City Commission adopted a Demand Side Management (DSM) plan that identifies several programs and strategies designed to achieve aggressive demand and energy savings throughout the community. To help implement the plan, the City contracted with a DSM Program Manager in June 2010 to develop and deploy a combination of automated commercial demand response, residential smart thermostats, and a variety of demand reduction and energy efficiency measures. Supporting the commercial demand response efforts is an award of $8.9 million from the U.S. Department of Energy (DOE) under the Smart Grid Investment Grant program. The award, which was received in April 2010, also provides for enhanced electric transmission and distribution capabilities. The grant work was completed in April 2014. The City received a second DOE award, in September 2009, for $1.78 million under the Energy Efficiency and Conservation Block Grant program to further support DSM efforts. With this funding the City has enhanced its energy audit program, implemented new financial incentives for energy efficiency and demand reduction, developed new innovative rate options that take advantage of the City's emerging smart grid infrastructure, and provided energy retrofits for City buildings, installed LED streetlights and demonstrated new solar water heating technologies. The grant work was completed in 2013.

The Utility Services Department's Retail Division provides various incentives and conservation programs under the Energy Smart PLUS (e+) program as follows:

- Energy Star appliance rebates for the purchase of energy efficient appliances. Local retailers have partnered with the City to promote the program with in-store displays and distribution of rebate application forms;
- Energy Star Homes incentives for new or renovated homes achieving Energy Star qualification;
- Solar water heating rebates;
- Ceiling insulation grant program for all customers and a special insulation grant program for low-income customers;
- Net-metering for Photovoltaic (PV) installations allowing kWh credits to customers sending excess power back to the City grid;
- Low-income programs targeting HVAC repairs that lower operating cost, as well as hot water leak repairs;
- Neighborhood REACH program which provides energy and weatherization assistance to residential customers using a whole-neighborhood, door-to-door delivery strategy;
- Energy assistance programs that provide home and business energy audits;
- Investigations of high utility bills;
- Low interest loans for energy efficiency improvements in homes and businesses; and
- Customer Retention/Key Accounts programs that establish and maintain communication with high-use utility customers, including development and administration of long-term contracts.

Tallahassee was recognized as "Most Livable City in America" by the U.S. Conference of Mayors in 2011 for its work in the Neighborhood REACH program, and in 2012 the REACH program won the "Energy Innovator Award" from the American Public Power Association. Since launching the program in December 2010, REACH has served over 6,600 customers in the Bond, Frenchtown, Levy Park, Indianhead Acres, South City, Apalachee Ridge Estates, Seminole Manor, Mabry Manor, Macon Town & Country, Parkside/Park Terrace, FAMU, Jake Gaither, Pine Street, Jim Lee Road, Lakewood, Liberty Park, and Jackson Bluff neighborhoods.

ELECTRIC UTILITY

The City owns, operates and maintains an electric generation, transmission and distribution system that presently supplies electric power and energy to 117,536 customers in a service area consisting of approximately 221 square miles located within Leon County and the City's municipal facilities in Wakulla County. During the fiscal year ending September 30, 2015, the City sold 2,677,292 MWh of electric energy to ultimate customers and 96,075 MWh to other utilities and received total operating revenues of approximately $283,713,000. The City experienced modest growth in customers of 0.90% from 116,487 in FY 2014 to 117,536 in FY 2015, while retail sales increased by 1.8% during FY 2015 to 2,677,292 MWh. The City's ten-year forecast projects an average annual growth in customers of approximately 1% and an average annual growth in retail energy sales of 1%, which includes the forecasted impact of the City's aggressive energy efficiency and Demand Side Management program.

The current installed capacity at the Sam O. Purdom Generating Station (the Purdom Station) is 278 MW (winter net rating). The Purdom Station includes Purdom Unit 8, a 250 MW class combined cycle generating unit added in 2000 and two small simple cycle gas turbines. The current installed capacity at the Arvah B. Hopkins Generating Station (the Hopkins Station) is 544 MW (winter net rating). The Hopkins Station includes the repowered Unit 2, which was converted from a conventional steam unit to a combined cycle unit in 2008, Hopkins Unit 1, a conventional steam unit, two LM-6000 peaking units and two small simple cycle gas turbines. The C.H. Corn Hydroelectric Plant (the C.H. Corn Station) consists of three generating units with a total capacity of 11 MW. In 1977, the City acquired a 1.3333% (11 MW) undivided ownership interest in Crystal River Unit No. 3 (CR-3), a nuclear plant operated and owned in part by what was then Florida Power Corporation and is now Duke Energy. The City transferred its ownership interest in CR-3 and the decommissioning trust account balance to Florida Power on October 1, 1999. The terms of the transfer included purchasing equivalent replacement electric capacity (11.4 MW) through 2016. The purchased power contract was mutually terminated on December 31, 2012 for economic savings expected to exceed $1 million per year for each of the remaining four years of the contract.

Management Discussion of Operations

During the last several years, the City has aggressively addressed positioning all phases of its electric utility infrastructure for changing business requirements, environmental requirements, and customer needs. These efforts have included, but not been limited to, a new Energy Management System/Supervisory Control and Data Acquisition (EMS/SCADA) system, a new Outage Management System (OMS), conversion to solid state relays, new substation facilities, new transmission facilities, new gas turbine peaking generators and repowering Hopkins Unit No. 2 to a combined-cycle generating unit. While many of these types of improvements are ongoing, including the deployment of a comprehensive "Smart Grid Program", these initiatives have already improved system reliability, efficiency, and customer service.

Based on the decisions made by the City Commission during the past five years, the City's power supply portfolio is well positioned to meet the near term (10+ years) resource requirements, while providing for an efficient, economic and environmentally responsible generation fleet. The highlights of the power supply portfolio include:

- With completion of the Hopkins Repowering in 2008 and the retirement of Purdom Unit 7 at the end of 2013, 81% of the City's electric generating fleet has a weighted average age of less than 11 years. For FY 2015, the average system heat rate was 8071 btu/kwh.
- The City's Demand Side Management (DSM) program has allowed the City to delay the need for additional power supply resources to meet planning reserve margins.

Based on the 2015 Ten Year Site Plan, the next increment of generation will be needed in 2021. The timing for this generation is driven by the planned retirement of Hopkins Unit 1.

- The DSM program will increase the City's load factor approximately 5% over a ten-year time frame, and the efficiency of the generating fleet, coupled with the Energy Risk Management Program, will provide competitive, environmentally responsible production costs.

The City continues to be an active participant in State and Federal legislative and regulatory activities related to electric industry restructuring, electric reliability, electric transmission facilities, climate change and financing issues that may have an impact on the City and its customers. The accrual of operating reserves have positioned the City competitively while providing a great deal of flexibility, including the ability to defease a portion of existing indebtedness and directly fund certain capital projects that would otherwise be debt-financed. The Electric Operating Reserve had a balance of $89.7 million at September 30, 2015 with $30 million of this amount committed to supporting financial trades through the City's Energy Risk Management Program. The City's residential base rates are below the state average in Florida, and the predominant use of abundant and affordable natural gas for its generating units has allowed the City's total rates to remain competitive and below statewide averages.

General Electric Long Term Services Agreement

In 1999, the City entered into a Long Term Services Agreement (LTSA) with General Electric International, Inc. (GE) for Purdom Unit 8 (PP8). With the repowering of Hopkins Unit 2 in 2008, the LTSA was modified to include HP2A 7FA gas turbine. Under the terms of the LTSA, GE performs all of the scheduled preventative maintenance work on the city's PP8 combustion and steam turbine/generators for a fixed cost. The LTSA incorporates availability and heat rate guarantees, including liquidated damages and bonus provisions. These damages and bonus provisions are capped at $500,000 per year. The LTSA also provides for discounts for any additional parts or services needed outside the scope of the agreement and caps the rate of increase for these parts and services to published indices with an absolute cap of 7.5% per year. The City is in the process of negotiating an extension to the contract that will modify certain terms of the LTSA to: 1) include one additional major inspection cycle for each generating unit; 2) modify the PP8 maintenance cycle from 24,000 hour to 32,000 intervals; 3) modify the escalation provisions to a fixed 2% annual escalation; and 4) reduce annual costs by approximately $2 million annually as compared to current LTSA costs. As a result of these changes, the contract term will be extended to 2028.

Future Power Supply Resources

The City's DSM portfolio was designed to significantly reduce future load and energy requirements and, as such, has delayed future capacity needs. However, Hopkins Unit 1 is scheduled for retirement in January of 2021 and the City is now considering replacement of that capacity. In the meantime, notwithstanding the absence of a current capacity need, the City has continued to pursue opportunities to diversify its power supply portfolio and provide for continued long term reliability and cost effectiveness. Toward this end, the City issued an RFP for the construction of a 10MW solar photovoltaic plant to be interconnected to the City's electric grid. The City will not own the project, but will buy the energy output under a Power Purchase Agreement. This project has been expanded to 20 MW and is expected to be completed in 2017. Electric System Integrated Planning continues to pursue other alternative energy opportunities as they arise.

Included in the FY 2015 budget was funding to begin the engineering and permitting for a small distributed generating (~20MW) facility to be located at the City's BP-12 substation adjacent to the Tallahassee Memorial Hospital. This substation is radially fed, and the addition of the distributed generation will provide for enhanced reliability to the customers served by this substation. While this additional capacity will aid in meeting the City's long term power supply needs, it is being done for distribution reliability and storm hardening purposes.

The City also continues to monitor changing regulatory and legislative trends that could potentially impact the selection of future resources. The electric utility regularly evaluates the current resource plan for risk exposure, primarily through the use of sensitivity cases that are analyzed to determine if the resource plan is sufficiently robust to remain stable (reliable service at the lowest cost) for variations in key assumptions. While there are several assumptions that are routinely tested in the resource planning process (such as load growth and fuel prices), there continues to be significant areas of uncertainty that represent potential near-term risk to the City; such as continued changing environmental regulations, and the evolving mandatory reliability standards framework.

In addition to these industry-wide areas of risk, the City is also monitoring the risk associated with the DSM portfolio that is currently part of the preferred resource plan. Based on the projected impacts associated with this portfolio, the City's need for new capacity has been deferred. However, uncertainty remains about how responsive the City's customers will be in adopting additional DSM measures that can achieve the capacity and energy savings identified in the portfolio. The electric utility continues to assess the risk exposure related to this DSM portfolio, and to identify options the City could consider should the anticipated savings not be achieved as planned.

The number, sizes and expected duty cycles of the City's electric generating units (referred to as "capacity mix") and inter-utility transmission capabilities are other potential sources of risk to economic and reliable electric service. To mitigate these risks the City is currently reviewing the timing of the next new power supply resources to satisfy load, as well as reserve operational requirements.

Capacity mix is an important consideration in the City's planning process. To satisfy expected electric system requirements, the City currently assesses the adequacy of the total capability of power supply resources versus a 17% load reserve margin criterion. But the evaluation of reserve margin is made only for the annual electric system peak demand and assumes all power supply resources is available. Resource adequacy must also be evaluated during other times of the year to determine if the City is maintaining the appropriate amount and mix of power supply resources.

Currently, about two-thirds of the City's power supply comes from two generating units, Purdom Unit 8 and Hopkins Unit 2. The outage of either of these units can present operational challenges, especially when coupled with transmission limitations (discussed below). Further, the projected retirement of older generating units will reduce the number of local power supply resources available to ensure resource adequacy. For these reasons, the City is actively evaluating alternatives to its current load reserve margin supplemental fleet criterion that may better balance resource adequacy and operational needs with utility and customer costs. The initial results of these evaluations suggest that the City's current load reserve margin supplemental fleet criterion may need to be supplemented by a criterion that takes into account the number and sizes of power supply resources (unit size diversity) to ensure adequacy and reliability.

The City's projected transmission impact capability continues to impact the need for future power supply resource additions. The City's internal transmission studies have reflected a gradual deterioration of the system's transmission import (and export) capability into the future, due in part to the lack of investment in the regional transmission system by neighboring utilities around Tallahassee as well as the impact of unscheduled power flow-through on the City's transmission system. The City has worked with its neighboring utilities, Duke Energy Florida ("Duke") and Southern Company ("Southern"), to plan and maintain, at minimum, sufficient transmission import

capability to allow the City to make emergency power purchases in the event of the most severe single contingency, the loss of the system's largest generating unit.

The prospects for significant expansion of the regional transmission system around Tallahassee hinge on the City's ongoing discussions with Duke and Southern, the Florida Reliability Coordinating Council's (FRCC) regional transmission planning process, and the evolving set of mandatory reliability standards issued by the North American Electric Reliability Corporation (NERC). None of these efforts is expected to produce substantive improvements to the City's transmission import/export capability in the short-term. In consideration of the City's limited transmission import capability the results of power supply resource studies tend to favor local generation alternatives as the means to satisfy future requirements.

Environmental

The City's Electric Utility is subject to a number of environmental laws, regulations, and permitting requirements by a variety of entities at the federal, state, and local levels including, but not limited to, the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (DEP). In general, environmental requirements continue to increase in number and stringency, and as a result they have the potential to substantially increase the City's system costs by requiring alterations in the equipment or mode of operation of existing and proposed new facilities. Due to the dynamic nature of environmental laws and regulations, there is no assurance that the City's facilities will remain subject to the regulations currently in effect, will always be in compliance with future regulations, or will always be able to obtain or maintain all required permits. An inability to comply with environmental standards or deadlines could result in fines or legal action, as well as reduced operating levels or a shutdown of individual electric generating units or facilities not in compliance. The City's Electric Utility believes it has been and currently is in compliance with all of the applicable environmental requirements. The City also actively monitors and participates in the development of proposed new laws and rules to try and prepare for the range of potential future impacts.

Acid Rain Program: The City's generating plants are subject to the Clean Air Act's Acid Rain cap and trade program. The City currently holds more than sufficient allowances of both sulfur dioxide (SO2) and nitrogen oxides (NOx).

Cross State Air Pollution Rule (CSAPR): In 2015, the Cross State Air Pollution Rule was instituted in order to address interstate ozone transport under the 1997 ozone National Ambient Air Quality Standards (NAAQS). Under the program, the state of Florida operated under a cap and trade program specifically for ozone season (May 1 to September 30) of each year to reduce emissions of ozone season NOs. Recently, the interstate transport rule was updated to reflect the newly promulgated 2008 ozone NAAQS. Under the 2008 NAAQS, Florida was not found to be a significant contributor to downwind interstate ozone transport. As the 2008 standard is more stringent than the 1997 standard, EPA has proposed removing the state of Florida from CSAPR beginning in 2017. If this proposal successfully reaches promulgation, Tallahassee would be subject only during the 2016 ozone season to CSAPR. The City believes that it has more than sufficient CSAPR allowances in order to achieve compliance, as it will be allowed to use surplus allowances from 2015 purchases in 2016.

Clean Power Plan (CPP) Final Rule: On October 23, 2015, the EPA finalized the CPP which establishes final emission guidelines for states to follow in developing plans to reduce greenhouse gas (GHG) emissions from existing fossil fuel-fired electric generating units (EGUs). Specifically, the EPA is establishing carbon dioxide (CO2) emission performance rate limits for combustion turbines. The CPP also sets state specific CO2 goals reflecting the CO2 emission performance rates, which may be accomplished by meeting the state goals. Units that are not affected by the rule are new fossil fuel-fired units (built after January 8, 2014), which are regulated under a separate new source rule and existing simple-cycle combustion turbines. The

aforementioned units are regulated by new source performance standards that were promulgated in 2015. In the table below are the State of Florida's emissions targets under the CPP.

State of Florida's Emissions Targets

Timeframe	Rate-Based Target (lb. CO_2/MWh)	Mass-Based Target Existing Units (Tons/year)	Mass-Based Target (Total) Existing and New System Emissions (Tons/year)
2022 – 2024	1097	119,380,477	121,133,753
2025 – 2027	1006	110,754,683	112,507,959
2028 – 2028	949	106,736,177	108,489,453
2030 and beyond	919	105,094,704	106,641,595
2014 actual emissions	1410	121,428,730	

State Implementation Plans, where a state develops its own regulations to address the emissions guidelines, must be submitted to the EPA for approval. Currently the deadline for submission of initial state plans is September 6, 2016, but states may request a two year extension to delay this date until September 6, 2018. States that do not submit plans or are not granted extensions must comply with the Federal Implementation Plan (FIP). Currently the EPA has published a draft FIP and is seeking comments. The proposed FIP includes a rate-based plan and a mass-based plan. Both plans use a cap and trade approach to achieve program reductions. EPA intends to promulgate only one type of plan in the final FIP, which is expected in the summer of 2016. The proposed Model Trading Rules are designed to assist states in developing their plans, and they include rate-based and mass-based approaches from which the states can choose. EPA also intends to finalize the Model Trading Rules in the summer of 2016.

Currently, the City believes that it is well positioned to comply with the rule. However, depending on the allocation of allowances under a cap and trade program, electric entities like the City who make early transitions to clean fuels such as natural gas may find their allocations of allowances to be minimal compared to larger power producers which use higher carbon emitting fuels such as heavy oil or coal. The City is actively monitoring the CTP and examining the potential impact of a rate-based versus mass-based approach.

Startup, Shutdown and Malfunction (SSM) Provisions: In Florida, the operating permits for generating units typically have an emissions limiting standard for a particular pollutant with an averaging time built into the standard. Generally, these emissions limiting standards are based on typical or normal modes of operation (generally 40% to 100% of maximum heat input rate). However, it is universally recognized that periods of SSM will almost always result in excess emissions due to less than optimal combustion and operating conditions during these transient periods. For years, allowable excess emissions provisions were part of operating permits. As long as sources utilized best operational practices to minimize the duration of any excess emissions, typically sources were able to defend these provisions, as long as the excess emissions were not caused entirely or in part by poor performance, poor operation, or any other preventable equipment or process failure. Due to new interpretations of EPA's excess emissions rules, facilities are no longer allowed to waive these periods of excess emissions. Currently, the City is examining which excess emissions provisions are employed and what measures can be implemented in order to ensure compliance. These measures may therefore require the City to consider such things as longer run times, less frequent shutdowns, and new control technologies. This could result in higher costs, depending on the compliance measures chosen.

Petroleum Storage Tank Leak: A leak was discovered from diesel tank number 4 at the Hopkins Generating Station in January 2012, and a multiphase extraction remediation system

was installed and operated from March 2012 to July 2012. This system collected more than 270,000 gallons of groundwater and more than 7 million cubic meters of soil vapors. Following system shutdown, the site entered into a DEP approved natural attenuation monitoring program whereby quarterly groundwater sampling would be conducted. Based on the results of three years of quarterly sampling, additional low levels of contamination still exist at the site. In addition, due to the physical presence of the tank, assessment and remedial activities could not be targeted to the area directly under the tank. The City is unsure at this time of the amount of residual contamination that might exist under the tank or the extent of efforts that may be needed to address it. The City continues to sample on a quarterly basis.

Petroleum Storage Tank Conversion: The Hopkins Generating Station is in the process of converting tank number 3 (DEP tank number 10) from Bunker "C" fuel to diesel. Among other environmental protections, the project as bid will include a double bottom tank and sufficient secondary containment as required by the DEP.

National Pollutant Discharge Elimination System (NPDES) Permits: The City is currently operating in compliance with all of its NPDES permit conditions for both the Hopkins and Purdom Generating Stations. The Hopkins Generating Station was granted a total recoverable copper limit of 50 parts per billion (ppb) based on a successful metal translator study that was conducted by the City. Prior to the submission of the NPDES permit renewal application, the City conducted three seasonally different sampling events to demonstrate that the copper ratios are still similar in order to renew the translator as per permit conditions. The results were favorable to continue receiving the total recoverable copper limit of 50 ppb and although the permit is still pending, it is expected to be renewed by the DEP.

Numeric Nutrient Criteria Rule: The Numeric Nutrient Criteria (NNC) rule has been promulgated and published by the DEP. The Hopkins Generating Station, upon NPDES Permit renewal, will be required to comply with the NNC rule for streams and estuaries. The City has received the Purdom Generating Station NPDES Permit along with a Consent Order to allow the facility to evaluate its processes, operations, chemical additives, and industrial reuse and reclaimed waters to ensure that the intermittent discharge will no longer contribute to the non-attainment of the NNC rule. A report will be required to be submitted to DEP that will include an implementation schedule with completion dates and milestones. This report will be due on February 28 of each year throughout the duration of the permit.

Stream Conditions Index (SCI) Scores: DEP had completed three SCI studies for Hopkins (one in 2013 and two in 2014) and found the average core of the three sampling events to be 39. Per the requirements of the NNC rule, if a facility cannot meet the limit for total phosphorus (0.18 mg/L), then they have to alternatively show that the facility has healthy flora and fauna. A healthy flora was demonstrated during the fifth year biological assessment that was conducted by DEP. A healthy Fauna is demonstrated by having an average score of 40 for two temporarily independent samples (more than 3 months apart) at the same location with no one score less than 35. The City believes the Hopkins facility is in compliance with the NNC rule for total phosphorous based on the SCI scores and the healthy flora. The City is currently engaged in discussions with FDEP and based on a December 22, 2015 DEP meeting, an SCI study will be included as a permit condition to achieve compliance.

Lake Talquin Total Maximum Daily Lead (TMDL): The Hopkins facility is being included in the Lake Talquin Model and will be assigned a waste load allocation for allowable total phosphorus (TP) contribution to the lake. Based on a December 22, 2015 meeting with DEP, the City will be allowed a waste load allocation of 2055 kg/year for TP and 1316 kg/year for Total Nitrogen. These numbers were modeled based on actual current discharge flows and concentrations at the point of discharge and afforded an additional 25% of allocation based on attenuation. The City feels comfortable in meeting these waste load allocations based on current operations.

Electric Rates

Under existing Florida law, the City Commission has the exclusive authority to establish the level of electric rates. Rate level refers to the total amount of revenue to be recovered by the Electric System. The Florida Public Service Commission (PSC) has jurisdiction over the City's rate structure. Rate structure addresses how the total revenue requirements are allocated to and recovered from the Electric System's various rate classes.

The City's current electric rates include a customer charge that varies by customer class, a demand charge (for large commercial customers), a non-fuel energy charge, and an Energy Cost Recovery Charge (ECRC). The City has an optional residential time-of-use rate (known as Nights and Weekends) that became a permanent offering in April 2012.

Electric rate revenues are composed of two categories: ECRC and base rate revenues. The ECRC is a pass-through charge that recovers the cost of fuel used in the City's power generating facilities, and the cost of wholesale power purchased from other utilities. The City reviews the actual over or under-recovery of these costs on a monthly basis and modifies the ECRC charge, if required, on at least a semi-annual basis. All other rates (referred to as base rates) are reviewed and adjusted periodically to ensure rate level sufficiency and equitable rate structure.

The City continues to place emphasis on managing the cost of fuel and purchased power passed onto its customers through the ECRC. The City actively manages its fuel supply and energy supply portfolio to minimize the impact of natural gas price volatility. Due to the declining cost of natural gas, the ECRC rate has decreased steadily since April of 2009. As of the end of FY 2015, the City's monthly residential bill for 1,000 kWh was $114.55; which was below the statewide average of $121.00. The ECRC was further reduced effective January 1, 2016, which resulted in a reduction in the residential bill to $111.11. In addition to competitive rates, the city also offers a Preferred Customer Electric Service Agreement to our largest customers, which further reduces their rates and ensures that they remain City customers in the long term.

Based upon the results of a fully allocated cost of service study completed in October 2014 by the City's rate consultant, LEIDOS Engineering, LLC, the City's base rates were updated effective November 1, 2014 as follows:

- The ECRC (fuel cost) charge was unchanged for all customers;
- Residential electric rates were not changed; and
- Electric base rates were increased for the following rate classes: GS, GSD, GSLD, Curtailable GSD, Interruptible GSD, Standby, Interruptible Standby, Lighting and Traffic Control Devices. The base rate changes resulted in overall increases to small commercial customers IGS) of about 4.9% and increases to medium and large (GSD and GSLD) customers of about 5.7%, although the increases varied based on the usage characteristics of individual customers. Even with this base rate adjustment, the City's retail rates remain below the statewide average.

In order to adjust rates over time to reflect the cost of service while avoiding undue rate shock, Section 21-241 of the Tallahassee Code of Ordinances requires an increase to electric base rates on October 1 of each year equal to the most recently available 12-month change in the Consumer Price Index (CPI). Pursuant to this ordinance, base rates were increased on October 1, 2015 by 0.0% as there was no growth in CPI.

Capital Improvement Program

The City, as part of its annual budget process, adopts a five-year capital improvement program for the Electric Utility. The first year of this program becomes an appropriation, and the remaining four years constitute a planning document, which identifies anticipated capital expenditures and the related funding sources. The approved program additions for FY 2015 were $34.4 million with the total five-year plan totaling $255.4 million. Funding sources include charges

to customers (2.5%), existing and future bond funds (54.5%) and deposits to the renewal and replacement fund (42.9%).

As noted above, the Capital Improvement Program (CIP) includes $30 million in funding for the small distributed generation facility at the City's BP12 substation. This additional peaking generation will provide additional system support and serve as distributed generation, but is not targeted to support the need for additional capacity identified in the ten year site plan. Funding of $39.5 million for the next increment of generation to replace Hopkins Unit 1 when it retires is included in the five year capital plan in FY 2019.

The Electric Utility has completed the construction of BP-14 and BP-21 distribution substations, and the reconstruction of substation BP-3. Construction of new feeder lines was also completed for these substations as well as those for BP-17. Major transmission projects to recondition lines 15-A, 15-B and 15-C and extend line 31 to BP-5 were completed. These improvements have been located and designed to provide greater service reliability by alleviating loading problems in the area over the last few years, and providing backup for other substations.

The City has been on the forefront in the practice of installing underground distribution feeders for over 30 years; therefore, much of the system is 20 to 30 years in age. These feeders that are now serving both our residential as well as commercial load have started to show signs of deterioration. System Refurbishment capital funding provides for the replacement of these underground feeders with priority given to the worst performing feeder segments. During the FY 2015 budget year, the City was able to refurbish the following areas: Killearn Estates, Lakeshore Drive, Rolling Hills Apartments, and various other smaller loops. This increases the reliability for the customers that are served by these circuits. This is a recurring project so that the City's system is maintained to provide reliable electric service.

Long-Term Retail Electric Contracts

In the spring of 1999, the City developed a tariff for long-term contracting with all demand-metered non-residential electric customers. The tariff, referred to as the "Preferred Customer Electric Service Agreement" (PCES), was approved by the City Commission on April 28, 1999 and by the Florida Public Service Commission on May 4, 1999. Under this Agreement, rate discounts are provided to the customer in return for a ten-year commitment from the customer to use the City as its electricity provider. The rate discounts are 5% for the General Service Demand (GSD) class of non-residential accounts and 7% for the General Service Large Demand (GSLD) accounts. Progress to date and relevant statistics associated with this initiative are as follows:

- Approximately 2,200 demand metered electric accounts are eligible. These accounts represent around 2,600 demand-metered service points;
- Eligible customers comprise approximately 80% of the annual revenue from all non-residential classes on the City's electric system. About 52% of electric retail revenue comes from the non-residential classes; and
- Overall, 69 demand-metered utility customers have executed PCES Agreements.

Transmission and Distribution

The City's existing transmission system includes approximately 213 circuit miles of transmission lines that are operated at voltages of 230kV and 115kV. The 115kV transmission network forms a 115kV loop that extends around and through the City limits. The Electric System has substations at 26 locations, one each at the Hopkins and Purdom stations, 20 bulk power substations, two transmission substations and two 12.47kV distribution step-down substations. At the 20 bulk power substations, the power is transformed from the transmission voltage of 115kV to the distribution network voltage of 12.47kV. The transmission, distribution

and generation facilities are monitored and controlled remotely from the City's Electric Control Center utilizing a Supervisory Control and Data Acquisition/Energy Management System (SCADA/EMS).

The City is interconnected with Duke Energy at seven locations on its system and with The Southern Company and its operating affiliates at one location.

The City continues to evaluate its transmission system to maintain the reliability of its grid and to ensure compliance with the North American Electric Reliability Corporation (NERC) standards. Recent contingency analysis indicated that additional transmission facilities are needed in the future to address projected limitations related to the transfer of power from the west side of the system (Hopkins Plant) to loads on the east side. Several alternatives were reviewed to address this concern. The best decision to address this concern was to construct an eastern 230kV transmission loop around the City electric system. The first phase of this project was completed in 2013 by constructing a new 230kV line from the southwest side of Tallahassee to the southeast side of Tallahassee. The second phase, which is underway, requires the upgrade of two existing 115kV lines to 230kV to complete the loop. The first line was upgraded in the first quarter of 2015. The 230kV transmission loop is expected to be complete in the first quarter of 2017 with the upgrade of the second line.

A new transmission line (Line 55) that will connect the new substation BP14 to existing substation BP7 is expected to be complete in the fourth quarter of 2017. This connection will close the loop and connect the eastern transmission line to BP7.

Awards

In 2015, the City of Tallahassee's Arvah B. Hopkins Generating Station continued 12 years without a single lost-time accident. This unprecedented achievement exhibits the City's commitment to safety while maintaining excellence in electric service. The 10-year milestone was achieved on April 28, 2013 and represents more than 1.25 million employee hours worked at the Hopkins power plant without a single lost-time accident. Utility-wide safety is an objective and the utility has been recognized with a 1st place Florida Municipal Electric Association award.

In 2014, the City's Electric Utility maintained the prestigious Reliable Public Power Provider (RP3) Platinum level recognition from the American Public Power Association (APPA) for demonstrated excellence in reliability, safety, workforce development and system improvement. The award has been awarded for two, and now, three-year periods, and Electric has been recognized as a Platinum recipient for 2008 – 2009, 2010 – 2011, and 2012 – 2014.

In 2012, the City of Tallahassee was awarded the American Public Power Association's (APPA) most prestigious award, the E.F. Scattergood Award. The award recognizes the Public Power utility that has demonstrated sustained achievement and customer service to its community. The City was also awarded the 2012 APPA DEED Energy Innovator Award for the Neighborhood REACH program and the 2014 APPA DEED Energy Innovator Award for the Double Rebates Program.

Out of thousands of utility systems throughout the nation, the City of Tallahassee has become a leading authority on smart grid innovation and adaptive strategies to meet rapidly changing customer needs. The Neighborhood REACH program exceeded 6,000 customers serviced since the program's inception, with an estimated 1,200 customers served in FY 2015. Additionally, REACH has implemented a fire safety segment in the program, which provided fire safety educational materials to all participants, and installed over 1,900 smoke detectors and over 1,100 fire extinguishers through FY 2015.

GAS UTILITY

The City owns, operates and manages a natural gas distribution system, which currently provides firm and interruptible gas service to approximately 29,800 customers in Leon County and the surrounding counties of Wakulla and Gadsden.

The Gas Utility management team is responsible for administration, engineering, business development, and field operations of the City's Gas System. Activities include sales and marketing, customer service, dispatching and controlling the delivery of gas, maintaining above ground facilities and infrastructure, managing new facility construction, maintaining system maps, ensuring operating of system valves and performing periodic leak surveys. The success of the Gas Utility and its ability to meet future challenges is the direct result of the talent, skills and dedication of the Gas Utility employees.

The Gas Utility has two pipeline suppliers: Kinder Morgan and Florida Gas Transmission. The Gas Utility operates four main gate stations strategically located throughout its service area and has over 902 miles of gas main infrastructure. The Gas Utility has 35 full-time employees who maintain and operate the gas system. Annual system sales for FY 2015 were 2,930,029 Mcf (a measure of volume of natural gas); one Mcf equals 1,000 cubic feet of natural gas. Total operating revenues were approximately $31.1 million in FY2015.

Financial Results

New home growth continued through FY 2015, with 80% of new homes being built using natural gas. The growth in new homes using natural gas, as well as the Gas Utility's continued sales and marketing efforts in retrofitting existing homes from other fuel sources to natural gas, led to an overall customer growth of 2.4%. Growth in commercial new construction led to a continued increase in natural gas customers in FY 2015. This increase in the commercial sector allowed the Gas Utility to maintain a high level of commercial sales.

Fiscal year 2015 was another warmer than average winter. However, even with this warmer than average winter, the Gas Utility's revenues exceeded expenses by more than $2.1 million. Furthermore, the Gas Utility was able to meet its financial commitments to the City and transferred $2,801,441 to the City's general fund in accordance with the City's budgetary policy. As part of its annual budget process, the Gas Utility management team developed a five-year capital improvement program for FY 2015 through FY 2019 planning period totaling $17,730,000 that funds gas system expansion projects, gas system relocation projects, gas meter service projects and gas service tap projects. The majority of these projects are funded as master projects where subprojects can be issued as new development occurs during the fiscal year. This financial mechanism gives Gas Utility staff the flexibility to meet developers' tight deadlines in receiving services and improves customer service. Approximately 80% of the capital budget appropriations are geared towards system expansion and the remaining 20% are allocated to upgrading the distribution system and enhancing system integrity, as well as providing funding for system automation, and smart metering initiatives. All of these projects are expected to be funded with cash flow from operations. The first year of this financial program allocation becomes an appropriation and the remaining four years constitute a planning document that identifies anticipated capital expenditures and the associated funding sources for appropriate capital projects.

Management Discussion of Operations

Sales in FY 2015 were almost equal to the record sales of the previous fiscal year. The Gas Utility continued to grow its residential and commercial bases due to strong marketing and sales efforts, as well as a responsible fiscal approach to operations. The Gas Utility sustained its commitment to growth and customer service to the citizens of Leon, Gadsden, and Wakulla counties.

The Gas Utility continues to be a best management practices operational leader in the gas industry, and received its sixth consecutive flawless Florida Public Service Commission (FPSC) safety audit in 2015. Continual adjustments to operational and management practices are required to meet the increased federal and state regulatory requirements, and the Gas Utility continues to be a trailblazer in meeting these requirements without significant financial impacts.

Along with operational excellence, the Gas Utility was again recognized in 2015 by the American Public Gas Association (APGA) for its marketing excellence. The Gas Utility's marketing and sales team was recognized by its peers and received two national awards from the APGA: marketing and sales awards for Digital Marketing and System Growth.

The Digital Marketing Award was for the utility's digital marketing campaign to provide natural gas service for an extension over 8 miles long to the 300 residents of Centerville Conservation Conservancy and the surrounding developments. For this campaign, the Gas Utility created a dedicated website to provide updates on the project's progress. An information phone "hot-line" was established with daily and weekly updates, so customers could call the hot-line and receive construction progress updates. The utility also utilized its existing Facebook page to provide information on the project's progress. After construction was complete, potential customers were able to follow-up via email and the website for information on connection procedures, rebates, account setup, and other issues relevant to the City's Gas Utility.

The Gas Utility was also presented with the System Growth Award. The utility received this award for its partnership with the Tallahassee Builder's Association (TBA). This alliance allows the Gas Utility and the TBA to co-sponsor events such as the North Florida Home Show, a green living expo, and the annual Parade of Homes. Along with co-sponsored events, support for the TBA includes active participation on committees and co-op advertising. These activities have helped the Gas Utility expand market development in new residential construction to 82% market penetration.

In FY 2015, gas sales were at near record levels. Sales used for compressed natural gas (CNG) increased 25% and continues to be a significant contributor to the utility's record sales. Projections are that CNG sales will again increase by 25% in FY 2016, ensuring that FY 2016 will be another excellent year. The Gas Utility will continue to modify its approaches and methods to meet the ever changing needs of its current and future customers, meet the federal and state regulatory rule adaptions, and maintain the reliability of the gas system.

Gas Rates

The Gas Utility's retail rate structure includes a base rate and a fuel recovery charge. The base rate is comprised of a fixed customer charge and a variable consumption charge. The base rate is designed to recover the operating expenses exclusive of fuel, plus scheduled transfers for debt service; renewal, replacement and investment; and a transfer to the City's general fund. The fuel recovery charge, officially called the Purchased Gas Recovery Charge (PGRC), is a pass-through recovery mechanism designed to recover fuel and other related costs on a dollar-for-dollar basis.

SELECTED ENERGY SYSTEM STATISTICS

Electric System - Sales to Ultimate Customers, by Customer Class

For Fiscal Years Ended September 30	2011	2012	2013	2014	2015
Residential					
Average Annual Customers	95,681	96,340	96,887	97,788	98,739
Energy Sales (MWh)	1,133,280	1,028,273	1,008,192	1,079,202	1,103,073
Average Annual Use Per Customer (kWh)	11,844	10,673	10,406	11,036	11,172
Average Annual Revenue per Customer	**$ 1,504**	**$ 1,274**	**$ 1,224**	**$ 1,302**	**$ 1,316**
Commercial and Industrial					
Average Annual Customers	14,115	14,178	14,209	14,403	14,465
Energy Sales (MWh)	1,576,644	1,547,776	1,504,219	1,521,105	1,543,337
Average Annual Use Per Customer (kWh)	111,700	109,167	105,864	105,610	106,695
Average Annual Revenue Per Customer	**$ 10,985**	**$ 9,822**	**$ 9,110**	**$ 9,067**	**$ 9,563**
Public Street Lighting					
Average Annual Customers	4,298	4,272	4,297	4,296	4,333
Energy Sales (MWh)	30,678	30,850	30,201	30,373	30,881
Average Annual Use Per Customer (kWh)	7,138	7,221	7,028	7,070	7,127
Average Annual Revenue per Customer	**$ 906**	**$ 857**	**$ 821**	**$ 826**	**$ 880**
Total Sales to Ultimate Customers					
Average Annual Customers	114,094	114,790	115,393	116,487	117,536
Energy Sales (MWh)	2,740,602	2,606,900	2,542,612	2,630,580	2,677,292
Average Annual Use Per Customer (kWh)	**24,021**	**22,710**	**22,034**	**22,583**	**22,813**
Off System Sales					
Sales for Resale (MWh)	108,288	91,117	95,481	133,257	96,075
Total Sales (MWh)	**2,848,890**	**2,698,016**	**2,638,093**	**2,763,937**	**2,773,366**

Electric System - Selected Operating Costs and Ratios

For Fiscal Years Ended September 30	2011	2012	2013	2014	2015
Revenue per kWh					
Residential Customers	0.127	0.119	0.118	0.118	0.118
Commercial and Industrial Customers	0.098	0.090	0.086	0.086	0.090
Public Street Lighting	0.127	0.119	0.117	0.119	0.123
Expenses Per kWh					
Total Operating Expense per kWh	0.0894	0.0918	0.0852	0.0823	0.0817
Financial Ratios					
Debt to Total Assets	0.647	0.634	0.559	0.618	0.552
Operating Ratio	0.778	0.873	0.848	0.821	0.799
Current Ratio	5.440	5.250	4.648	5.485	5.468

Electric System - General Statistics

For Fiscal Years Ended September 30	2011	2012	2013	2014	2015
Generating Capacity (MW) (Summer)	794	794	794	746	746
Capacity Purchases (MW) (Summer)	11	11	-	-	-
Net System Energy Generated (MWh)	2,798,795	2,425,758	2,660,414	2,801,842	2,728,417
Net Peak Demand (MW) Summer	590	557	543	565	600
Net Peak Demand (MW) Winter	584	516	480	574	556
Average Residential Monthly Bill ($)	138	118	113	121	123
Number of Street Lights	17,998	18,040	18,049	18,188	18,494
Average Residential Monthly Bill ($) per Service Point	125	106	102	109	110

Electric System - Summary of Projected Demand and Energy Requirements (MW)

For Fiscal Years Ending September 30	2016	2017	2018	2019	2019
Annual 60-Minute Peak Demand [1]					
Summer (MW)	561	557	557	556	556
Winter (MW)	514	516	520	522	522
Annual Energy Sales (GWh) [2]	2,653	2,667	2,690	2,708	2,708
Sales to Talquin Customers Served by the City (GWh)	20	20	21	21	21
Purchases from Talquin (GWh)	25	25	26	26	26
Losses and Unaccounted for Energy (GWh)	146	146	148	148	148
Annual Energy System Requirements (GWh)	2,799	2,813	2,838	2,856	2,856
Annual System Load Factor [3]	56.96%	57.65%	58.16%	58.64%	58.64%

(1) Includes estimated reduction in seasonal peak demands associated with demand-side management (DSM) program and coincident demand of approximately 5 MW associated with sales to Talquin.

(2) Includes estimated reduction in sales associated with DSM program.

(3) Equals Annual Energy Requirements divided by the product of peak demand multipled by 8,760 hours.

Gas System - Sales to Ultimate Customers, by Customer Class

For Fiscal Years Ended September 30	2011	2012	2013	2014	2015
Residential (firm)					
Average No. of Customers	25,905	26,234	26,737	27,380	27,742
Usage (Mcf)	710,240	563,107	636,421	702,352	707,456
Average Sales Per Customer (Mcf)	27	21	24	26	26
Non-residential (firm)					
Average No. of Customers	1,723	1,759	1,815	1,872	1,893
Usage (Mcf)	752,451	721,886	795,131	947,195	941,806
Average Sales Per Customer (Mcf)	437	410	438	506	498
Special Contract Interruptible					
Average No. of Customers	6	6	6	5	5
Usage (Mcf)	854,338	859,315	914,460	916,519	888,787
Average Sales Per Customer (Mcf)	142,390	143,219	152,410	183,304	177,757
Flexible Contract Interupptible					
Average No. of Customers	4	4	4	4	4
Usage (Mcf)	199,372	199,042	207,960	221,440	230,463
Average Sales Per Customer (Mcf)	49,843	49,761	51,990	55,360	57,616
Standard Interruptible					
Average No. of Customers	16	15	14	14	15
Usage (Mcf)	179,460	161,821	160,506	143,556	161,517
Average Sales Per Customer (Mcf)	11,216	10,788	11,465	10,254	11,139
Total Gas System					
Average No. of Customers	27,654	28,018	28,576	29,275	29,659
Usage (Mcf)	2,695,860	2,505,171	2,714,478	2,931,062	2,930,029
Average Sales Per Customer (Mcf)	97	89	95	100	99
Miles of Gas Lines	860	869	878	893	902
Heating Degree Days (HDD)	1,801	1,057	1,334	1,360	1,442

Gas System - Projected Sales Volumes in MCF*

For Fiscal Years Ending September 30	2016	2017	2018	2019	2020
Residential	743,429	761,144	769,400	768,400	775,000
Commercial	796,107	810,652	819,000	835,400	850,000
Contract Interruptible	870,652	870,652	870,652	870,652	888,000
Small Interruptible	199,042	199,042	199,042	199,042	160,000
Flexible Interruptible	189,434	189,434	189,434	189,434	230,000
Total	**2,798,664**	**2,830,924**	**2,847,528**	**2,862,928**	**2,903,000**

*Forecast prepared by the Gas System and reflects normalized weather.

Electric System Ten Largest Retail Customers

Fiscal Year Ended September 30, 2015

			Percent of Total Retail Sales	
Customers	***Revenue***	***kWh***	***Revenue***	***kWh***
Florida State University	$ 19,324,950	267,006,164	7.10%	9.97%
State of Florida	11,463,345	133,325,040	4.21%	4.98%
City of Tallahassee	9,314,582	95,437,550	3.42%	3.56%
Florida A & M University	4,779,000	65,088,742	1.76%	2.43%
Tallahassee Memorial HealthCare	4,158,647	53,912,145	1.53%	2.01%
Leon County School Board	4,858,300	45,857,279	1.79%	1.71%
Leon County	2,647,661	31,261,853	0.97%	1.17%
Federal Government	2,437,739	28,543,344	0.90%	1.07%
Wal-Mart	2,430,669	27,997,060	0.89%	1.05%
Publix Markets	2,150,261	27,174,186	0.79%	1.01%
TOTAL	**$ 53,565,154**	**775,603,363**	**23.36%**	**28.97%**

Gas System Five Largest Customers by Consumption

Fiscal Year Ended September 30, 2015

			Percent of Total Retail Sales	
Customers	***Revenue***	***Gas Usage***	***Revenue***	***Gas Usage***
Florida State University	$ 3,124,519	518,577	9.86%	17.70%
St. Marks Powder, Inc.	1,504,438	283,554	4.75%	9.68%
Florida A & M University	1,079,781	167,799	3.41%	5.73%
Tallahassee Memorial HealthCare	1,180,357	157,483	3.72%	5.37%
Nopetro	813,356	84,416	2.57%	2.88%
TOTAL	**$ 7,702,451**	**1,211,829**	**24.30%**	**41.35%**

Electric Rates (effective 10/01/15)

	Current [1]
Residential	
Customer Charge - Single Phase Service	$7.34
Customer Charge - Three Phase Service	$25.71
Energy Charge per kWh	$0.06796
General Service Non - Demand	
Customer Charge - Single Phase Service	$9.99
Customer Charge - Three Phase Service	$36.64
Energy Charge per kWh	$0.05378
General Service Demand	
Customer Charge	$68.78
Demand Charge per kW	$12.72
Energy Charge-The first 500 kWh per kW	$0.02170
Excess kWh per kW @	$0.00306
General Service Large Demand	
Customer Charge	$68.78
Demand Charge per kW	$12.72
Energy Charge-The first 500 kWh per kW	$0.02115
Excess kWh per kW @	$0.00306

(1) A fuel and purchased power charge is also applied to all kWh sold.

Gas Rates

	Current [1]
Residential	
Customer Charge (per month)	$10.73
Energy Charge (per 100 cubic feet)	$0.76600
Commercial	
Customer Charge (per month)	$19.20
Energy Charge (per 100 cubic feet)	$0.59696
Commercial Small Interruptible	
Customer Charge (per month)	$169.41
Energy Charge (per 100 cubic feet)	$0.24724
Commercial Interruptible	
Customer Charge (per month)	$254.12
Energy Charge (per 100 cubic feet)	$0.19076
Commercial Large Interruptible	
Customer Charge (per month)	$254.12
Energy Charge (per 100 cubic feet)	$0.09250

(1) A fuel charge is also applied to all 100 Cubic Feet sold.

Energy System Debt Service Coverage (in 000s)

Fiscal Year Ended September 30	2011	2012	2013	2014	2015
Electric Operating Revenues					
Retail Sales	$297,355	$274,226	$244,744	$262,565	$274,355
Sales for Resale	5,080	3,655	4,109	5,888	4,460
Other Operating Revenues	12,421	5,769	6,691	8,547	4,898
Transfers (to) from	8,668	9,423	6,172	(2,980)	7,318
Total Electric Operating Revenue	323,524	293,073	261,716	274,020	276,395
Electric Operating Expenses					
Fuel	160,268	127,367	97,569	108,161	103,974
Purchased Power	9,707	14,660	6,959	4,816	7,355
Other	75,118	72,509	79,271	77,980	81,477
Total Electric Operating Expenses	245,093	214,536	183,799	190,957	192,806
Net Electric Revenues	78,431	78,537	77,917	83,063	83,589
Non-Operating Revenues:					
Other Income & Deductions	2,644	3,942	2,916	2,380	3,392
Total Net Electric Revenues	81,075	82,479	80,833	85,443	86,981
Gas Operating Revenues					
Total Gas Operating Revenues	33,564	29,072	27,445	30,821	31,094
Gas Operating Expenses	26,306	22,085	18,841	20,451	22,348
Net Gas Revenues	7,258	6,987	8,604	10,370	8,746
Non-Operating Revenues	208	175	189	113	181
Total Net Gas Revenues	7,466	7,162	8,793	10,483	8,927
Total Available for Debt Service	**$ 88,541**	**$ 89,641**	**$ 89,626**	**$ 95,926**	**$ 95,908**
Existing Debt Service	$ 42,623	$ 43,531	$ 43,533	$ 43,530	$ 45,766
Coverage	2.08x	2.06x	2.06x	2.20x	2.10x

ENERGY SYSTEM
CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED DEBT SERVICE

Bond Year Ending October 1	Total	$ 94,615,000 Series 2015	$ 3,440,000 Series 2011	$ 35,485,000 Series 2010C	$ 122,280,000 Series 2010B	$ 43,245,000 Series 2010A	$ 77,845,000 Series 2010	$ 203,230,000 Series 2007	$ 17,680,000 Series 2001
2016	$ 43,529,969	$ 8,542,418	$ 102,751	$ 3,206,913	$ 7,298,893	$ 1,891,325	$ 9,157,244	$ 12,270,150	$ 1,060,275
2017	43,529,555	8,546,800	1,163,205	3,200,163	7,298,893	1,890,950	9,167,644	12,261,900	-
2018	43,530,840	8,546,000	1,169,515	3,197,563	7,298,893	1,894,900	9,157,819	12,266,150	-
2019	43,529,490	8,547,000	1,169,065	3,198,313	7,298,893	1,893,000	9,171,319	12,251,900	-
2020	43,595,875	8,547,500	-	4,444,313	7,298,893	1,890,950	9,164,569	12,249,650	-
2021	43,593,325	8,547,000	-	4,438,063	7,298,893	1,893,150	9,162,819	12,253,400	-
2022	43,594,575	8,545,000	-	4,243,813	7,298,893	9,184,400	2,070,069	12,252,400	-
2023	43,594,325	8,546,000	-	4,440,563	7,298,893	9,177,400	4,075,069	10,056,400	-
2024	43,595,025	8,544,250	-	4,453,813	7,298,893	9,173,600	5,744,819	8,379,650	-
2025	43,582,419	8,544,250	-	1,641,813	7,298,893	9,177,400	5,750,563	11,169,500	-
2026	43,579,319	8,540,250	-	1,064,613	7,298,893	9,178,000	5,747,563	11,750,000	-
2027	43,581,419	8,546,750	-	1,053,213	7,298,893	-	14,944,813	11,737,750	-
2028	43,574,519	8,542,500	-	1,055,813	7,298,893	-	14,931,813	11,745,500	-
2029	36,317,268	8,542,250	-	939,375	8,228,893	-	-	18,606,750	-
2030	36,241,632	8,540,000	-	-	9,098,382	-	-	18,603,250	-
2031	36,208,157	8,545,000	-	-	9,062,657	-	-	18,600,500	-
2032	33,310,455	5,691,000	-	-	8,257,455	-	-	19,362,000	-
2033	27,596,439	-	-	-	8,223,439	-	-	19,373,000	-
2034	27,569,536	-	-	-	8,202,036	-	-	19,367,500	-
2035	27,541,850	-	-	-	8,172,350	-	-	19,369,500	-
2036	36,056,429	-	-	-	15,814,679	-	-	20,241,750	-
2037	35,864,653	-	-	-	15,625,903	-	-	20,238,750	-
2038	35,665,938	-	-	-	35,665,938	-	-	-	-
2039	35,036,059	-	-	-	35,036,059	-	-	-	-
2040	34,381,642	-	-	-	34,381,642	-	-	-	-
TOTALS	**$ 968,200,713**	**$ 142,403,968**	**$ 3,604,536**	**$ 40,578,344**	**$ 290,655,042**	**$ 57,245,075**	**$ 108,246,123**	**$ 324,407,350**	**$ 1,060,275**

ENERGY SYSTEM
CITY OF TALLAHASSEE, FLORIDA
ALL BOND ISSUES
PRINCIPAL OUTSTANDING

Bond Year Ending October 1	Total	$ 94,615,000 Series 2015	$ 3,440,000 Series 2011	$ 35,485,000 Series 2010C	$ 122,280,000 Series 2010B	$ 43,245,000 Series 2010A	$ 77,845,000 Series 2010	$ 203,230,000 Series 2007	$ 17,680,000 Series 2001
2016	$ 14,798,000	$ 3,275,000	$ 23,000	$ 1,735,000	$ -	$ 215,000	$ 5,380,000	$ 3,165,000	$ 1,005,000
2017	16,064,000	4,020,000	1,084,000	1,815,000	-	220,000	5,610,000	3,315,000	-
2018	16,746,000	4,180,000	1,116,000	1,885,000	-	230,000	5,850,000	3,485,000	-
2019	17,527,000	4,390,000	1,142,000	1,980,000	-	235,000	6,135,000	3,645,000	-
2020	18,435,000	4,610,000	-	3,325,000	-	240,000	6,435,000	3,825,000	-
2021	19,350,000	4,840,000	-	3,485,000	-	250,000	6,755,000	4,020,000	-
2022	20,315,000	5,080,000	-	3,465,000	-	7,550,000	-	4,220,000	-
2023	21,255,000	5,335,000	-	3,835,000	-	7,845,000	2,005,000	2,235,000	-
2024	22,240,000	5,600,000	-	4,040,000	-	8,155,000	3,775,000	670,000	-
2025	23,245,000	5,880,000	-	1,430,000	-	8,485,000	3,960,000	3,490,000	-
2026	24,305,000	6,170,000	-	910,000	-	8,825,000	4,155,000	4,245,000	-
2027	25,425,000	6,485,000	-	935,000	-	-	13,560,000	4,445,000	-
2028	26,680,000	6,805,000	-	975,000	-	-	14,225,000	4,675,000	-
2029	20,745,000	7,145,000	-	900,000	930,000	-	-	11,770,000	-
2030	21,710,000	7,500,000	-	-	1,855,000	-	-	12,355,000	-
2031	22,780,000	7,880,000	-	-	1,930,000	-	-	12,970,000	-
2032	21,040,000	5,420,000	-	-	1,240,000	-	-	14,380,000	-
2033	16,390,000	-	-	-	1,280,000	-	-	15,110,000	-
2034	17,195,000	-	-	-	1,335,000	-	-	15,860,000	-
2035	18,040,000	-	-	-	1,385,000	-	-	16,655,000	-
2036	27,470,000	-	-	-	9,110,000	-	-	18,360,000	-
2037	28,740,000	-	-	-	9,465,000	-	-	19,275,000	-
2038	30,070,000	-	-	-	30,070,000	-	-	-	-
2039	31,235,000	-	-	-	31,235,000	-	-	-	-
2040	32,445,000	-	-	-	32,445,000	-	-	-	-
TOTALS	**$ 554,245,000**	**$ 94,615,000**	**$ 3,365,000**	**$ 30,715,000**	**$ 122,280,000**	**$ 42,250,000**	**$ 77,845,000**	**$ 182,170,000**	**$ 1,005,000**

$94,615,000
CITY OF TALLAHASSEE, FLORIDA
Energy System Refunding Revenue Bonds, Series 2015

Dated: August 11, 2015

Purpose
The net proceeds of the Series 2015 Bonds, together with certain other available funds, will be used to (i) refund on a current basis the portion of the City's outstanding Energy System Revenue Bonds, Series 2005 maturing on October 1 in the years 2016 through 2035 in the aggregate principal amount of $107,240,000 (the Refunded Bonds), and (ii) pay certain costs of issuance related to the Series 2015 Bonds.

The Series 2005 Bonds were issued to fund the acquisition and construction of two 47 megawatt simple cycle combustion turbine units at the Hopkins station, extensions and improvements to electric transmission lines, electric distribution facilities and gas transmission and distribution facilities.

Security
The Bonds are payable solely from and secured by a lien and pledge of the Net Revenues of the City's Energy System on a parity with the Energy System Refunding Revenue Bonds, Series 2011, Energy System Revenue Bonds, Series 2010C, Energy System Revenue Bonds, Series 2010B, Energy System Refunding Revenue Bonds, Series 2010A, Energy System Refunding Revenue Bonds, Series 2007, and Energy System Refunding Revenue Bonds, Series 2001.

Bond Reserve
There are no debt service reserve requirements.

Form
$94,615,000 Serial Bonds, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semi-annually on each April 1 and October 1, commencing April 1, 2016.

Agents
Registrar: US Bank, NA, Jacksonville, Florida
Paying Agent: US Bank, NA, Jacksonville, Florida
Bond Counsel: Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's: Aa3
Standard & Poor's: AA

Optional Redemption
The Series 2015 Bonds maturing on and prior to October 1, 2023 are not subject to redemption prior to maturity. The Series 2015 Bonds maturing on or after October 1, 2024 are subject to redemption prior to maturity on or after October 1, 2023 or on any date thereafter, at the option of the City, as a whole or in part at any time (by lot if less than all of a maturity) at the redemption price of 100% of the principal amount thereof, without premium, (plus accrued interest to the redemption date on the principal amount, if any).

$94,615,000
CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2015

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	3.000%	$ 3,275,000	$ 5,267,418	$ 8,542,418
2017	4.000%	4,020,000	4,526,800	8,546,800
2018	5.000%	4,180,000	4,366,000	8,546,000
2019	5.000%	4,390,000	4,157,000	8,547,000
2020	5.000%	4,610,000	3,937,500	8,547,500
2021	5.000%	4,840,000	3,707,000	8,547,000
2022	5.000%	5,080,000	3,465,000	8,545,000
2023	5.000%	5,335,000	3,211,000	8,546,000
2024	5.000%	5,600,000	2,944,250	8,544,250
2025	5.000%	5,880,000	2,664,250	8,544,250
2026	5.000%	6,170,000	2,370,250	8,540,250
2027	5.000%	6,485,000	2,061,750	8,546,750
2028	5.000%	6,805,000	1,737,500	8,542,500
2029	5.000%	7,145,000	1,397,250	8,542,250
2030	5.000%	7,500,000	1,040,000	8,540,000
2031	5.000%	7,880,000	665,000	8,545,000
2032	5.000%	5,420,000	271,000	5,691,000
TOTALS		**$ 94,615,000**	**$ 47,788,968**	**$ 142,403,968**

$3,440,000
CITY OF TALLAHASSEE, FLORIDA
Energy System Refunding Revenue Bonds, Series 2011

Dated: August 9, 2011

Purpose
The Series 2011 Bonds were issued to repay a portion of the outstanding principal amount of the Energy System Refunding Revenue Bonds, Series 2001.

Security
The Bonds are payable solely from and secured by a lien and pledge of the Net Revenues of the City's Energy System on a parity with its Energy System Refunding Revenue Bonds, Series 2015, Energy System Revenue Bonds, Series 2010C, Energy System Revenue Bonds, Series 2010B, Energy System Refunding Revenue Bonds, Series 2010A, Energy System Refunding Revenue Bonds, Series 2010, Energy System Refunding Revenue Bonds, Series 2007, and Energy System Refunding Revenue Bonds, Series 2001.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$3,440,000 Energy System Refunding Revenue Bonds, Series 2011 due October 1, 2019. These bonds were issued as a private placement. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2011.

Agents
Registrar: US Bank, NA, Jacksonville, Florida
Paying Agent: US Bank, NA, Jacksonville, Florida
Bond Counsel: Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's: Aa3
Standard & Poor's: AA
Fitch: AA-

Redemption Provisions
The Series 2011 Bond is subject to redemption prior to its maturity, at the option of the issuer, (i) in whole, but not in part, on any Debt Service Payment Date through the fifth anniversary of the date of closing or (ii) in whole on any date or in part on any Interest Payment Date after the fifth anniversary of the date of closing, at the redemption prices (expressed as a percentage of the principal amount of such Series 2011 Bond to be redeemed) set forth below, together with accrued interest to the date fixed for redemption.

Redemption Period (Both Dates inclusive)	Redemption Price
Date of Closing through the Fifth Anniversary	101%
After the Fifth Anniversary	100%

$3,440,000
CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2011

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.000%	$ 23,000	$ 79,751	$ 102,751
2017	4.000%	1,084,000	79,205	1,163,205
2018	5.000%	1,116,000	53,515	1,169,515
2019	5.000%	1,142,000	27,065	1,169,065
TOTALS		**$ 3,365,000**	**$ 239,536**	**$ 3,604,536**

$35,485,000
CITY OF TALLAHASSEE, FLORIDA
Energy System Revenue Bonds, Series 2010C

Dated: November 22, 2010

Purpose
The Series 2010C Bonds were issued to (i) finance the acquisition and construction of improvements to the distribution, production plant, transmission line, substation and other modernization projects including telecommunications/fiber optics, bulk power feeders, new substations or modifications as well as transmission line reconductor and expansion, and (ii) refund $33,855,000 of Refunded Sunshine State Loans.

Security
The Bonds are payable solely from and secured by a lien and pledge of the Net Revenues of the City's Energy System on a parity with its Energy System Refunding Revenue Bonds, Series 2015, Energy System Refunding Revenue Bonds, Series 2011, Energy System Revenue Bonds, Series 2010B, Energy System Refunding Revenue Bonds, Series 2010, Energy System Refunding Revenue Bonds, Series 2007, and Energy System Refunding Revenue Bonds, Series 2001.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$35,485,000 Serial Bonds, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semiannually on each April 1 and October 1, commencing April 1, 2011.

Agents
Registrar:	US Bank, NA, Jacksonville, Florida
Paying Agent:	US Bank, NA, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's:	Aa3
Standard & Poor's:	AA
Fitch:	AA-

Optional Redemption
The Series 2010C Bonds maturing on or prior to October 1, 2020 are not subject to optional redemption prior to the maturity thereof. The Series 2010C Bonds maturing after October 1, 2020 may be redeemed prior to their stated dates of maturity at the option of the City, in such manner as the City shall determine, as a whole or in part at any time on or after October 1, 2020 and if in part, in any order of maturity selected by the City and by lot within a maturity if less than a full maturity is to be redeemed, at par, plus accrued interest to the redemption date.

$35,485,000
CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REVENUE BONDS, SERIES 2010C

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.000%	$ 1,735,000	$ 1,471,913	$ 3,206,913
2017	4.000%	1,815,000	1,385,163	3,200,163
2018	5.000%	1,885,000	1,312,563	3,197,563
2019	5.000%	1,980,000	1,218,313	3,198,313
2020	5.000%	3,325,000	1,119,313	4,444,313
2021	5.000%	3,485,000	953,063	4,438,063
2022	5.000%	3,465,000	778,813	4,243,813
2023	5.000%	3,835,000	605,563	4,440,563
2024	5.000%	4,040,000	413,813	4,453,813
2025	4.000%	1,430,000	211,813	1,641,813
2026	4.000%	910,000	154,613	1,064,613
2027	4.000%	935,000	118,213	1,053,213
2028	4.250%	975,000	80,813	1,055,813
2029	4.375%	900,000	39,375	939,375
TOTALS		**$ 30,715,000**	**$ 9,863,344**	**$ 40,578,344**

$122,280,000
CITY OF TALLAHASSEE, FLORIDA
Energy System Revenue Bonds, Series 2010B
(Federally Taxable Build America Bonds)

Dated: November 22, 2010

Purpose
The Series 2010B Bonds were issued to finance (i) the acquisition and construction of improvements to the distribution, production plant, transmission line, substation and other modernization projects including telecommunications/fiber optics, bulk power feeders, new substations or modifications as well as transmission line reconductor and expansion.

Security
The Bonds are payable solely from and secured by a lien and pledge of the Net Revenues of the City's Energy System on a parity with its Energy System Refunding Revenue Bonds, Series 2015, Energy System Refunding Revenue Bonds, Series 2011, Energy System Revenue Bonds, Series 2010C, Energy System Refunding Revenue Bonds, Series 2010A, Energy System Refunding Revenue Bonds, Series 2010, Energy System Refunding Revenue Bonds, Series 2007, and Energy System Refunding Revenue Bonds, Series 2001.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$122,280,000 Term Bonds, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semiannually on each April 1 and October 1, commencing April 1, 2011.

Agents
Registrar:	US Bank, NA, Jacksonville, Florida
Paying Agent:	US Bank, NA, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's:	Aa3
Standard & Poor's:	AA
Fitch:	AA-

Optional Redemption
The Series 2010B Bonds are subject to redemption at the option of the City prior to their stated maturities in whole or in part at any time, at a redemption price equal to the greater of (i) 100% of the principal amount of the Series 2010B Bonds, or portions thereof, to be redeemed or (ii) the Discounted Value thereof, except for the purposes of calculating such Discounted Value, the Discounted Yield shall be equal to the Blended Treasury Yield plus 0.3%, plus unpaid accrued interest thereon to the redemption date. All calculations and determinations referred to in this subsection will be made by a financial advisor selected by City.

"Discounted Value" means, with respect to the Series 2010B Bonds of each maturity thereof to be redeemed, the sum of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) on such Series 2010B

Bonds from their respective scheduled payment dates to the applicable redemption date, at a yield (computed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the applicable Discount Yield.

"Blended Treasury Yield" means, with respect to the Series 2010B Bonds of each maturity to be redeemed, the yield computed by the linear interpolation of two Market Treasury Yields such that the theoretical maturity that corresponds to the interpolated Market Treasury of such maturity to be redeemed. The first Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no earlier than the date corresponding to the remaining average life of the Series 2010B Bonds of such maturity to be redeemed. Notwithstanding the foregoing, if the date that corresponds to the remaining average life of the Series 2010B Bonds of a particular maturity to be redeemed is later than the latest maturity of any actively traded U.S. Treasury security or U.S. Treasury index having such latest maturity.

"Market Treasury Yield" means, with respect to the Series 2010B Bonds, that yield, assuming semiannual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to: (i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date on the display designated as "Page PX1" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury securities); or (ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation date or (iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of an actively traded U.S. Treasury security shall be based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m. New York City time, on the Valuation Date received from no less than five primary dealers in U.S. government securities selected by the City.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) above shall be determined using the average of the bid and ask prices for that security.

"Valuation Date" means, with respect to the Series 2010B Bonds to be redeemed, the Business Day preceding the date on which notice of such redemption is given.

Extraordinary Optional Redemption. The Series 2010B Bonds are subject to redemption prior to their stated maturities, at the option of City, whole or in part on any date following the occurrence of an Extraordinary Event, at a redemption price equal to the greater of (i) 100% of the principal amount of the Series 2010B Bonds, or portions thereof, to be redeemed or (ii) the Discounted Value thereof, except that for purposes of calculating such Discounted Value, the Discount Yield shall be equal to the Blended Treasury Yield plus 1.00%, plus unpaid accrued interest thereon to the redemption date. All calculations and determinations referred to in this subsection will be made by a financial advisor selected by City.

"Extraordinary Event" means that a material adverse change has occurred to Section 54AA or Section 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 pertaining to "Build America Bonds") or there is any guidance published by the IRS or the U.S. Treasury with respect to such Sections or any other determination by the IRS or the U.S. Treasury, which qualify to receive the 35% Direct Subsidy Payments from the U.S. Treasury, pursuant to which the City's 35% Direct Subsidy Payments from the U.S. Treasury is reduced or eliminated.

Mandatory Redemption

The Series 2010B Bonds are subject to mandatory sinking fund redemption prior to maturity by operation of Amortization Installments in part, by lot, on October 1, 2029 and thereafter, at a redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from mandatory sinking fund payments as follows:

October 1	Amount
2029	$930,000
2030	$1,855,000
2031	$1,930,000
2032	$1,240,000
2033	$1,280,000
2034	$1,335,000
2035	$1,385,000
2036	$9,110,000
2037	$9,465,000
2038	$30,070,000
2039	$31,235,000
2040	$32,445,000

$122,280,000
CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REVENUE BONDS, SERIES 2010B

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.969%	$ -	$ 7,298,893	$ 7,298,893
2017	5.969%	-	7,298,893	7,298,893
2018	5.969%	-	7,298,893	7,298,893
2019	5.969%	-	7,298,893	7,298,893
2020	5.969%	-	7,298,893	7,298,893
2021	5.969%	-	7,298,893	7,298,893
2022	5.969%	-	7,298,893	7,298,893
2023	5.969%	-	7,298,893	7,298,893
2024	5.969%	-	7,298,893	7,298,893
2025	5.969%	-	7,298,893	7,298,893
2026	5.969%	-	7,298,893	7,298,893
2027	5.969%	-	7,298,893	7,298,893
2028	5.969%	-	7,298,893	7,298,893
2029	5.969%	930,000	7,298,893	8,228,893
2030	5.969%	1,855,000	7,243,382	9,098,382
2031	5.969%	1,930,000	7,132,657	9,062,657
2032	5.969%	1,240,000	7,017,455	8,257,455
2033	5.969%	1,280,000	6,943,439	8,223,439
2034	5.969%	1,335,000	6,867,036	8,202,036
2035	5.969%	1,385,000	6,787,350	8,172,350
2036	5.969%	9,110,000	6,704,679	15,814,679
2037	5.969%	9,465,000	6,160,903	15,625,903
2038	5.969%	30,070,000	5,595,938	35,665,938
2039	5.969%	31,235,000	3,801,059	35,036,059
2040	5.969%	32,445,000	1,936,642	34,381,642
TOTALS		**$ 122,280,000**	**$ 168,375,042**	**$ 290,655,042**

$43,245,000
CITY OF TALLAHASSEE, FLORIDA
Energy System Refunding Revenue Bonds, Series 2010A

Dated: July 23, 2010

Purpose
The Series 2010A Bonds were issued to refund on a current basis the Series 1998A Bonds maturing on October 1, 2026 in the aggregate principal amount of $40,050,000.

Security
The Bonds are payable solely from and secured by a lien and pledge of the Net Revenues of the City's Energy System on a parity with its Energy System Refunding Revenue Bonds, Series 2015, Energy System Refunding Revenue Bonds, Series 2011, Energy System Refunding Revenue Bonds, Series 2010C, Energy System Refunding Revenue Bonds, Series 2010B, Energy System Refunding Revenue Bonds, Series 2010, Energy System Refunding Revenue Bonds, Series 2007, and Energy System Refunding Revenue Bonds, Series 2001.

Bond Reserve
The Reserve Requirement for the Series 2010A Bonds under the Series Resolution shall be the lesser of (i) the maximum Debt Service Requirement on the Series 2010A Bonds from time to time, (ii) 125% of the Average Annual Debt Service Requirement on such Series 2010A Bonds from time to time, or (iii) the maximum amount allowed under the Internal Revenue Code of 1986, as amended.

Form
$43,245,000 Serial Bonds, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semiannually on each April 1 and October 1, commencing October 1, 2010.

Agents
Registrar:	US Bank, NA, Jacksonville, Florida
Paying Agent:	US Bank, NA, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's:	Aa3
Standard & Poor's:	AA
Fitch:	AA-

Optional Redemption
The Series 2010A Bonds maturing on or prior to October 1, 2020, are not subject to optional redemption prior to the maturity thereof. The Series 2010A Bonds maturing after October 1, 2020, are subject to redemption prior to maturity on or after October 1, 2020, at the option of the City, as a whole or in part at any time (by lot if less than all of a maturity) at the redemption price of 100% of the principal amount thereof, without premium, (plus accrued interest on the principal amount, if any).

$43,245,000
CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	2.500%	$ 215,000	$ 1,676,325	$ 1,891,325
2017	2.750%	220,000	1,670,950	1,890,950
2018	3.000%	230,000	1,664,900	1,894,900
2019	3.000%	235,000	1,658,000	1,893,000
2020	3.250%	240,000	1,650,950	1,890,950
2021	3.500%	250,000	1,643,150	1,893,150
2022	4.000%	7,550,000	1,634,400	9,184,400
2023	4.000%	7,845,000	1,332,400	9,177,400
2024	4.000%	8,155,000	1,018,600	9,173,600
2025	4.000%	8,485,000	692,400	9,177,400
2026	4.000%	8,825,000	353,000	9,178,000
TOTALS		**$ 42,250,000**	**$ 14,995,075**	**$ 57,245,075**

$77,845,000
CITY OF TALLAHASSEE, FLORIDA
Energy System Refunding Revenue Bonds, Series 2010

Dated: April 7, 2010

Purpose
The Series 2010 Bonds were issued to refund on a current basis the Series 1998A Bonds maturing on October 1, 2016 through 2021, inclusive, and on October 1, 2028, and all of the outstanding Series 1998B Bonds.

Security
The Bonds are payable solely from and secured by a lien and pledge of the Net Revenues of the City's Energy System on a parity with its Energy System Refunding Revenue Bonds, Series 2015, Energy System Refunding Revenue Bonds, Series 2011, Energy System Revenue Bonds, Series 2010C, Energy System Revenue Bonds, Series 2010B, Energy System Refunding Revenue Bonds, Series 2010A, Energy System Refunding Revenue Bonds, Series 2007, and Energy System Refunding Revenue Bonds, Series 2001.

Bond Reserve
The Reserve Requirement for the Series 2010 Bonds under the Series Resolution shall be the lesser of (i) the maximum Debt Service Requirement on the Series 2010 Bonds from time to time, (ii) 125% of the Average Annual Debt Service Requirement on such Series 2010 Bonds from time to time, or (iii) the maximum amount allowed under the Internal Revenue Code of 1986, as amended.

Form
$77,845,000 Serial Bonds, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semiannually on each April 1 and October 1, commencing October 1, 2010.

Agents
Registrar:	US Bank, NA, Jacksonville, Florida
Paying Agent:	US Bank, NA, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's:	Aa3
Standard & Poor's:	AA
Fitch:	AA-

Optional Redemption
The Series 2010 Bonds maturing on or prior to October 1, 2020, are not subject to optional redemption prior to the maturity thereof. The Series 2010 Bonds maturing after October 1, 2020, are subject to redemption prior to maturity on or after October 1, 2020, at the option of the City, as a whole or in part at any time (by lot if less than all of a maturity) at the redemption price of 100% of the principal amount thereof, without premium, (plus accrued interest on the principal amount, if any).

$77,845,000
CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	(1)	$ 5,380,000	$ 3,777,244	$ 9,157,244
2017	(2)	5,610,000	3,557,644	9,167,644
2018	(3)	5,850,000	3,307,819	9,157,819
2019	5.000%	6,135,000	3,036,319	9,171,319
2020	5.000%	6,435,000	2,729,569	9,164,569
2021	5.000%	6,755,000	2,407,819	9,162,819
2022	-	-	2,070,069	2,070,069
2023	5.000%	2,005,000	2,070,069	4,075,069
2024	(4)	3,775,000	1,969,819	5,744,819
2025	5.000%	3,960,000	1,790,563	5,750,563
2026	5.000%	4,155,000	1,592,563	5,747,563
2027	5.000%	13,560,000	1,384,813	14,944,813
2028	(5)	14,225,000	706,813	14,931,813
TOTALS		**$ 77,845,000**	**$ 30,401,123**	**$ 108,246,123**

(1) Bonds maturing 2016 are in two issues: $2,470,000 at 3.00% interest rate and $2,910,000 at 5.00% interest rate.
(2) Bonds maturing 2017 are in two issues: $2,045,000 at 3.50% interest rate and $3,565,000 at 5.00% interest rate.
(3) Bonds maturing 2018 are in two issues: $1,400,000 at 3.50% interest rate and $4,450,000 at 5.00% interest rate.
(4) Bonds maturing 2024 are in two issues: $1,085,000 at 4.125% interest rate and $2,690,000 at 5.00% interest rate.
(5) Bonds maturing 2028 are in two issues: $710,000 at 4.375% interest rate and $13,515,000 at 5.00% interest rate.

$203,230,000
CITY OF TALLAHASSEE, FLORIDA
Energy System Revenue Bonds, Series 2007

Dated: October 1, 2007

Purpose
The Series 2007 Bonds were issued to finance the acquisition and construction of a combined cycle unit for Hopkins Unit No. 2, new transmission facilities, distribution facilities, general plant facilities and certain Gas System facilities.

Security
The Bonds are payable solely from and secured by a lien and pledge of the Net Revenues of the City's Energy System on a parity with its Energy System Refunding Revenue Bonds, Series 2015, Energy System Refunding Revenue Bonds, Series 2011, Energy System Revenue Bonds, Series 2010C, Energy System Revenue Bonds, Series 2010B, Energy System Refunding Revenue Bonds, Series 2010A, Energy System Refunding Revenue Bonds, Series 2010, and Energy System Refunding Revenue Bonds, Series 2001.

Bond Reserve
The Reserve Requirement for the Series 2007 Bonds under the Series Resolution shall be the lesser of (i) the maximum Debt Service Requirement on the Series 2007 Bonds from time to time, (ii) 125% of the Average Annual Debt Service Requirement on such Series of Bonds from time to time, or (iii) the maximum amount allowed under the Internal Revenue Code of 1986, as amended.

Form
$203,203,000 Serial Bonds, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semi-annually on each April 1 and October 1, commencing April 1, 2008.

Agents
Registrar:	US Bank, NA, Jacksonville, Florida
Paying Agent:	US Bank, NA, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida
Insurance:	MBIA

Ratings
Moody's:	Aa3 underlying
Standard & Poor's:	AA underlying
Fitch:	AA- underlying

Optional Redemption
The Series 2007 Bonds maturing on and prior to October 1, 2017 are not subject to optional redemption. The Series 2007 Bonds maturing after October 1, 2017 are subject to redemption prior to maturity on or after October 1, 2017, at the option of the City, as a whole or in part at any time (by lot if less than all of a maturity) at the redemption price of 100% of the principal amount thereof, without premium, (plus accrued interest to the redemption date on the principal amount, if any).

Mandatory Redemption

The Series 2007 Bonds maturing on October 1, 2027 will be subject to mandatory redemption by operation of Amortization Installments, in part prior to maturity by lot, at redemption prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on October 1, 2026 and on each October 1 thereafter in the following principal amounts in the year specified:

Year	Amount
2026	$4,245,000
2027 (final maturity)	$4,445,000

The Series 2007 Bonds that mature on October 1, 2032, will be subject to mandatory redemption by operation of Amortization Installments, in part prior to maturity by lot, at redemption prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on October 1, 2028 and on each October 1 thereafter in the following principal amounts in the year specified:

Year	Amount
2028	$4,675,000
2029	$11,770,000
2030	$12,355,000
2031	$12,975,000
2032 (final maturity)	$14,380,000

The Series 2007 Bonds that mature on October 1, 2037, will be subject to mandatory redemption by operation of Amortization Installments, in part prior to maturity by lot, at redemption prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on October 1, 2033 and on each October 1 thereafter in the following principal amounts in the year specified:

Year	Amount
2033	$15,110,000
2034	$15,860,000
2035	$16,655,000
2036	$18,360,000
2037 (final maturity)	$19,275,000

$203,230,000
CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2007

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.000%	$ 3,165,000	$ 9,105,150	$ 12,270,150
2017	5.000%	3,315,000	8,946,900	12,261,900
2018	5.000%	3,485,000	8,781,150	12,266,150
2019	5.000%	3,645,000	8,606,900	12,251,900
2020	5.000%	3,825,000	8,424,650	12,249,650
2021	5.000%	4,020,000	8,233,400	12,253,400
2022	5.000%	4,220,000	8,032,400	12,252,400
2023	5.000%	2,235,000	7,821,400	10,056,400
2024	4.500%	670,000	7,709,650	8,379,650
2025	5.000%	3,490,000	7,679,500	11,169,500
2026	4.640%	4,245,000	7,505,000	11,750,000
2027	4.640%	4,445,000	7,292,750	11,737,750
2028	4.710%	4,675,000	7,070,500	11,745,500
2029	4.710%	11,770,000	6,836,750	18,606,750
2030	4.710%	12,355,000	6,248,250	18,603,250
2031	4.710%	12,970,000	5,630,500	18,600,500
2032	4.710%	14,380,000	4,982,000	19,362,000
2033	4.750%	15,110,000	4,263,000	19,373,000
2034	4.750%	15,860,000	3,507,500	19,367,500
2035	4.750%	16,655,000	2,714,500	19,369,500
2036	4.750%	18,360,000	1,881,750	20,241,750
2037	4.750%	19,275,000	963,750	20,238,750
TOTALS		**$ 182,170,000**	**$ 142,237,350**	**$ 324,407,350**

$17,680,000
CITY OF TALLAHASSEE, FLORIDA
Energy System Refunding Revenue Bonds, Series 2001

Dated: May 1, 2001

Purpose
The Series 2001 Bonds were issued to refund a portion of the City's outstanding Consolidated Utility System Revenue Bonds attributable to the Gas System to allow the Gas System to become part of the City's combined Energy System.

Security
The Bonds are payable solely from and secured by a lien and pledge of the Net Revenues of the City's Energy System on a parity with its Energy System Refunding Revenue Bonds, Series 2015, Energy System Refunding Revenue Bonds, Series 2011, Energy System Revenue Bonds, Series 2010C, Energy System Revenue Bonds, Series 2010B, Energy System Refunding Revenue Bonds, Series 2010A, Energy System Refunding Revenue Bonds, Series 2010, and Energy System Refunding Revenue Bonds, Series 2007.

Bond Reserve
The Reserve Requirement for the Series 2001 Bonds under the 1998 Series Resolution shall be the lesser of (i) the maximum Debt Service Requirement on such Series of Bonds from time to time, (ii) 125% of the Average Annual Debt Service Requirement on such Series of Bonds from time to time, or (iii) the maximum amount allowed under the Internal Revenue Code of 1986, as amended.

Form
$14,325,000 Serial Bonds, $3,355,000 5.00% Term Bonds due October 1, 2019, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semiannually on each April 1 and October 1, commencing October 1, 2001.

Agents
Registrar:	US Bank, NA, Jacksonville, Florida
Paying Agent:	US Bank, NA, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida
Insurance:	Ambac

Ratings
Moody's:	Aa3 underlying
Standard & Poor's:	AA underlying
Fitch:	AA- underlying

Optional Redemption
The Series 2001 Bonds maturing on or prior to October 1, 2011, are not subject to optional redemption prior to the maturity thereof. The Series 2001 Bonds maturing after October 1, 2011, are subject to redemption prior to maturity on or after October 1, 2011, at the option of the City, as a whole or in part at any time (by lot if less than all of a maturity) during the following redemption periods at the following redemption prices (plus accrued interest on the principal amount, if any):

Redemption period (both sides inclusive)	**Redemption Prices**
October 1, 2011 through September 30, 2012	101%
October 1, 2012 and thereafter	100%

$17,680,000
CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2001

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.500%	$ 1,005,000	$ 55,275	$ 1,060,275
TOTALS		**$ 1,005,000**	**$ 55,275**	**$ 1,060,275**

$23,478,378

CITY OF TALLAHASSEE, FLORIDA
Master Equipment Lease Purchase Agreement (AMI Loans)
Energy System

Dated: 2007 and 2009

Purpose
The Master Lease Purchase Agreement was utilized to fund the acquisition of Smart Energy Metering and Management Systems, consisting of meters and communication devices, to create a network of approximately 220,000 electric, gas and water meters.

Security
The rental payments are to be made only from lessee's legally available revenues appropriated on an annual basis (covenant to budget and appropriate).

Purchase Option
Upon payment in full of all rental payments then due and all other amounts then owing under the lease, and the payment of $1.00 to lessor.

Lessor: Banc of America

$20,735,220
CITY OF TALLAHASSEE, FLORIDA - ENERGY
MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT - 1
BANC OF AMERICA PUBLIC CAPITAL CORP.

Summary of Remaining Lease Payments

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	3.9459%	$ 1,389,732	$ 566,398	$ 1,956,130
2017	3.9459%	1,445,111	511,019	1,956,130
2018	3.9459%	1,502,696	453,434	1,956,130
2019	3.9459%	1,562,576	393,554	1,956,130
2020	3.9459%	1,624,842	331,288	1,956,130
2021	3.9459%	1,689,589	266,541	1,956,130
2022	3.9459%	1,756,916	199,214	1,956,130
2023	3.9459%	1,826,926	129,204	1,956,130
2024	3.9459%	1,899,726	56,404	1,956,130
TOTALS		**$ 14,698,114**	**$ 2,907,056**	**$ 17,605,170**

$2,743,158
CITY OF TALLAHASSEE, FLORIDA - ENERGY
MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT - 2
BANC OF AMERICA PUBLIC CAPITAL CORP.

Summary of Remaining Lease Payments

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	4.590%	$ 236,109	$ 31,279	$ 267,388
2017	4.590%	247,071	20,317	267,388
2018	4.590%	256,633	8,846	265,479
TOTALS		**$ 739,813**	**$ 60,442**	**$ 800,255**

CITY OF TALLAHASSEE, FLORIDA
AMI LOANS - ENERGY
CONSOLIDATED DEBT SERVICE

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Total	$20,735,220 AMI LOAN	$2,743,158 AMI LOAN 2
2016	$ 2,223,518	$ 1,956,130	$ 267,388
2017	2,223,518	1,956,130	267,388
2018	2,221,609	1,956,130	265,479
2019	1,956,130	1,956,130	-
2020	1,956,130	1,956,130	-
2021	1,956,130	1,956,130	-
2022	1,956,130	1,956,130	-
2023	1,956,130	1,956,130	-
2024	1,956,130	1,956,130	-
TOTALS	**$ 18,405,425**	**$ 17,605,170**	**$ 800,255**

CONSOLIDATED UTILITY AND STORMWATER DRAINAGE SYSTEMS

The Consolidated Utility and Stormwater Drainage System refers to two of the City's utilities and one of its special revenue funds, grouped together primarily for the purpose of debt financing. The Systems are defined herein as the Utility System (the Water System and the Sewer System) and the Stormwater Drainage System.

While the City's Water System and Sewer System comprise two separate utilities for accounting and rate setting purposes, operationally they are very similar and are under the direction of the same General Manager. Billing, rate setting and, to some extent, territory served are determined in a similar manner for each system.

The City has exclusive authority to provide water and sewer services to all customers within the corporate City limits. In addition, the City is a provider of water and sewer services to portions of Leon County (the "County") and, to a limited degree, in Wakulla County. The City's Stormwater Drainage System covers the 103.5 square miles within the City limits.

Other Service Providers

Talquin Electric Cooperative (Talquin), a member-owned utility, has been providing limited water and sanitary sewer services to specific developments in the unincorporated areas of the County since 1963. According to Florida Department of Environmental Protection (DEP) records, Talquin owns ten water systems within the County, with total design capacity of 13.4 million gallons per day (mgd). Talquin also owns four sewer systems in the County and is permitted for approximately 1.8 mgd of wastewater. A local drilling company owns six water systems with design capacity of 2.1 mgd. There are seven very small sanitary sewer systems with total capacity of 1.1 mgd.

Water Quality Division

The City of Tallahassee Underground Utilities operates and maintains its own water-quality testing laboratory (the "Laboratory") in compliance with Section 403.850, Florida Statutes, and the "Florida Safe Drinking Water Act". The Laboratory has become certified under the National Environmental Laboratory Accreditation Program administered through the Florida Department of Health's Environmental Certification Program, Chapter 64E, and FAC. The Laboratory performs compliance environmental testing for drinking water facilities and the wastewater treatment plants. The Laboratory has a high level of sophistication, providing for the testing of complex organic, inorganic, and microbiological organisms.

The Water Quality Division also administers: the Cross Connection Control Program, mandated by DEP, which identifies and prevents potential contamination sources to the Water System; the Aquifer Protection Program, which is administered under a joint agreement between the County and the City and is designed to prevent contamination to the area's drinking water source, the Floridan Aquifer; and the Industrial Pretreatment Program, which monitors and regulates the introduction of certain substances into the Sewer System.

The Water Quality Division supports the Utility System through the use of a Supervisory Control and Data Acquisition System (SCADA). SCADA remotely monitors and controls water production wells and elevated storage tanks, maintaining optimal pressure and availability of potable water. The SCADA system also monitors the sewer pumping stations and controls operations in some of the larger stations. In a lesser role, the Water Quality Division assists and provides similar services to other City departments. Water Quality Division staff assists the Stormwater Drainage System in investigations and in identifying potential discharges not in compliance with the National Pollution Discharge Elimination System.

In order to assure continuous support of the City of Tallahassee services, the laboratory is in the process of design and construction of a new building near the current site. The existing laboratory building, built in the early 1970's and renovated several times, has exceeded its life expectancy and workflow.

Rate Setting

The City Commission is vested with the sole authority to establish water, sewer and stormwater rates for the facilities and other services afforded by the Systems, subject to Section 180.191, Florida Statutes. This provision establishes a limitation on the differential that may be charged customers outside of the municipal boundaries as opposed to those within the municipal boundaries.

Pursuant to the Resolution, rates and charges for the Utility System will not be changed except upon the recommendation of a Qualified Independent Consultant. The City retains a number of vendors to assist the City in performing the rate studies for the Utility System and for various other utility matters. The City does not retain a Qualified Independent Consultant to assist in setting rates for the Stormwater Drainage System. The Commission establishes stormwater drainage fees based on an amount deemed sufficient to cover the Stormwater Drainage System's projected operational, maintenance and capital improvements.

The City's financing policy is to fund general government services from various fees and charges, entitlements from other governmental agencies, taxes, and transfers from utility revenues. The City has established a targeted transfer from its various utilities to help fund these general government services. These transfer requirements are a factor in setting the City's Utility System rates and charges. There is no transfer requirement with respect to the Stormwater Drainage System.

In order to ensure that rates and charges are sufficient to meet the rate covenant as set forth in the Resolution and to provide adequate revenues to fund the Utility System's Five-Year Capital Improvement Program (the "Five-Year Capital Improvement Program") and other system requirements, the City has established a process of reviewing the water and sewer rates and charges for the Utility System. The Commission approves rates through adoption of a rate ordinance after advertising and conducting public hearings. Historically, the ordinance implementing the findings of the rate study and the public hearing process has provided, to the extent needed, changes in the rates for the first, second, and third year of the study period. The most recent rate study also provided for adjustments based on CPI in years beyond the three-year study period.

Water and Sewer Rates

In 2008, following a comprehensive rate study by R.W. Beck, the Commission adopted a series of water and sewer rate increases to address the capital impacts for the five year period from FY 2008 through FY 2012. Also, as part of this rate study, an inverted rate structure was implemented for the water system to promote conservation, resulting in a three-tiered rate structure for commercial service. In addition to the scheduled increases, the Commission approved automatic annual increases based on the Consumer Price Index (CPI) beginning in October 2011.

In 2014, a one year water rate study was conducted by Leidos Engineering, LLC to determine whether or not the CPI adjustments have been adequate to sustain viable operations and to permit the ongoing funding of repair and replacement obligations given the current economic environment. It was determined at that time that the existing rates needed to be increased in order to meet revenue projections through the end of FY 2015. Rates were

subsequently increased to the recommended rates. A comprehensive water and sewer rate study is planned in 2016.

In May 2005, the County and the City executed a new Water and Sewer Franchise Agreement (the "Franchise Agreement") that grants the City the exclusive water and/or sewer franchise for all remaining un-franchised areas in the unincorporated area of the County. The Franchise Agreement includes criteria that require undeveloped property to connect to the City's Water System and Sewer System if available within specified distances.

The financial requirements of the Advanced Wastewater Treatment Improvements were revised in the latest (2011) Wastewater and Reclaimed Water Rate Study that is discussed in detail herein under the section entitled Wastewater System.

Financial Update

For the water utility, operating revenues rose from $28.8 million in FY 2014 to $29.8 million in FY 2015, while operating income grew from $5.8 million to $7.1 million during this same period. Operating revenues for the wastewater system increased from $52.2 million in FY 2014 to $53.0 million in FY 2015, with operating income improving from $6.4 million to $7.2 million. Once again, both utilities maintained their transfers to RR&I and the General Fund in accordance with the City's financing policy.

Water and Sewer System Development Charges

The City has in place System Development Charges to fund a portion of the capital costs associated with growth for both the Water System and the Sewer System. In April 2006, the System Development Charge for the Water System (the "Water System Development Charges") was increased to $630 per residential equivalent unit within the incorporated area, and for the Sewer System (the "Sewer System Development Charges") was increased to $3,000 within the incorporated area for the same standard residential connection. For customers located outside the City limits, these System Development Charges are increased by 50% in Leon County and in Wakulla County. The System Development Charges were not included as part of the most recent (2014) rate study and remain unchanged.

Rebates to Developers

The City provides for the rebate of on-site costs (costs incurred within the boundaries of a development project) to developers in the case of certain approved developments within the City where water and sewer lines are financed and installed by the developer to the City's specifications. This policy is designed to encourage developers to install water and sewer lines at the initial stage of a development, thereby providing additional customers for the City, and as a means of preventing the much higher future cost associated with retrofitting existing developments with either water or sewer mains. It also encourages annexation into the City. The on-site rebate must be approved in advance by the City and is limited to the maximum limit. The maximum limit is $1,200 per residential equivalent unit for sewer lines and $600 per residential equivalent unit for water lines. Further, the rebate is paid to the developer only as the customers are connected to the Utility System and will be discontinued after 20 years even if the developer has not received full reimbursement. The on-site rebates are not applicable to commercial and multi-family residential developments. Ten percent (10%) of each of the actual reimbursement amounts as calculated for each residential equivalent connection is paid to the City's Affordable Housing Trust Fund.

With respect to both Water and Sewer Master Plan Projects, off-site line extension costs (meaning costs incurred outside the development area) that are within City limits are funded

directly by the City. However, should a developer desire off-site line extensions that are not within the Master Planning period or when funding is not available, the developer will be allowed to fund the extension and will be reimbursed as funds become available.

Development projects *outside* the City limits are defined as "scheduled" and "unscheduled" projects. Scheduled projects are those that are part of the Master Plan and may be funded by the developer if funds are not available at the time the service extension is required. As before, the developer will be reimbursed when funds become available.

The City has an ordinance that addressed the treatment of "unscheduled" Water and Sewer projects that are outside the City limits in different ways, such as feasibility studies of possible implementation of special water and sewer districts, which may or may not involve developer rebates, depending on the nature and scope of the projects.

WATER SYSTEM

General

The City owns, operates and maintains the Water System, which currently serves approximately 83,000 service points (metered customers) and is comprised of 27 water supply wells, 8 elevated storage tanks with a combined capacity of 5.2 million gallons, approximately 1,250 miles of water mains, and 7,932 fire hydrants. Twenty-one of the 27 wells are equipped with standby generators or engines that provide pumping capacity during emergency situations. The wells have aggregate total production capacity of approximately 76 mgd. The wells vary in depth from 190 - 483 feet and extend into the Floridan Aquifer, which is a series of consolidated water-bearing strata that underlies the state of Florida and portions of Georgia, Alabama and South Carolina. The Floridan Aquifer is one of the most abundant groundwater sources in the world.

The Water System provides treated water to all developed areas of the City and certain contiguous unincorporated urbanized areas of Leon County. The City also provides water service to the City of St. Marks and portions of Wakulla County, including the City of St. Marks by means of a master meter.

Consumptive Use Permit (CUP)

Ground water from the Upper Floridan Aquifer (UFA) is the sole source of potable water supply for Tallahassee and the surrounding area. With an estimated flow of 130 billion gallons annually, the UFA offers an abundant source of drinking water for the community. The City of Tallahassee public water supply is the single largest withdrawal in the region, with a total of approximately 9.3 billion gallons pumped in 2015 or approximately 7.2% of the total available water supply. A significant portion of this water is returned to the aquifer as treated wastewater effluent applied through spray irrigation at the City's Southeast Farm.

The withdrawal of ground water for public supply is regulated by the Northwest Florida Water Management District (NWFWMD) via the Consumptive Use Permitting program. In 2011, the City applied for and received a renewal/modification for its Consumptive Use Permit (Permit No.: 19830061). The City's permitted annual average daily withdrawal capacity remained unchanged at 33.7 MGD (million gallons per day); however, the combined maximum daily withdrawal rate was adjusted to 61.5 MGD (an increase of approximately 3.7%), and a total monthly maximum withdrawal rate was adjusted to 1.470 billion gallons (an increase of approximately 3.9%). The City's Consumptive Use Permit is scheduled to expire in July 2016.

A permit renewal application was submitted to the NWFWMD in December 2015. The requested withdrawal amounts for the renewal application remain unchanged at 33.7 MGD annual average daily withdrawal and 1.470 billion gallons combined monthly total withdrawal. However, the City requested that the NWFWMD issue a 20-year permit duration. The permit was approved on February 11, 2016, marking the first 20-year permit ever granted by the NWFWMD.

Current Planning and Major Capital Projects

The Water Master Plan Update (WMPU) has been completed and it is anticipated that it will be adopted by the City Commission on January 27, 2016. Based on the WMPU evaluation of the City's downtown water system, approximately $11 million will be needed through the year 2023 for upgrades, rehabilitation, and replacement of existing aging pipes and water valves.

In 2015, the City continued to make significant progress towards the implementation of the recommendations presented in the Water Master Plan. Such progress included water main

replacement design projects for 4th Avenue and St. Francis Street, and construction of water mains on Crest Street and Jefferson Street, all of which were funded by the Water Master Plan downtown budget.

Advanced Metering Infrastructure (AMI)

A significant portion of the Water Capital Improvement Program comprises the Smart Grid project team's efforts to implement Advanced Metering Infrastructures. The AMI program has resulted in each existing gas and water meter being outfitted with a radio module to provide for remote automated reading of gas, water, and electric metered services. All electric meters were completely swapped out and also provide remote capability and interval data.

The AMI program will eliminate the costs and liabilities associated with manual reading of meters, as well as provide detailed consumption data for all three metered services. The AMI program enhances customer service by allowing a service representative to remotely poll a water meter at a specific location and review recent and past consumption history to verify a reading. The system will also allow for the eventual creation of a proactive water leak detection process. The final installation of the gas and water radio modules was completed in calendar year 2015. All electric meters have been installed and for those gas and water modules that have been installed, so far they are now being utilized to gather billing and consumption data. Further refinements and upgrades to the Wide Area Network (WAN) and the wireless radio communications continue.

WASTEWATER SYSTEM

General

The City owns, operates, and maintains a sanitary sewer system (the "Sewer System") that serves the City and portions of the County. The Sewer System currently consists of one treatment plant and one screening facility having a combined treatment design capacity of 26.5 mgd, 4,000 acre spray field, 1.2 MGD public access reuse facility, approximately 908 miles of gravity mains, 111 pumping stations, and approximately 140 miles of force (pressurized) main. There are approximately 72,000 sewer service points (customers).

All houses and buildings within the City limits situated on property within 200 feet of any completed sewer line or any future sewer line when constructed are required to be connected to the Sewer System and are required by City ordinance to physically connect to the Sewer System when any evidence of septic tank failure occurs. In addition, connection to the Sewer System is required for any developments within the City limits with four or more residential units. All customers of the Sewer System are required to connect to the Water System if it is available or provide metering of their water well if not connected to the Water System.

Treatment Plants

The City operates two sewage treatment plants (the "Plants"): the Thomas P. Smith Treatment Plant ("TPS Plant") and the Lake Bradford Road Wastewater Treatment Plant ("LBR Plant"). Note that the LBR Plant is currently offline and is being re-permitted to serve solely as a contingent screening facility. Permitting of these Plants is carried out by the Florida Department of Environmental Protection (DEP). The operational permits (the "DEP Operation Permits") for the TPS Plant set forth certain general and specific conditions, effluent limitations and disposal requirements. The sampling, monitoring, and reuse water restrictions for these Plants are set in the DEP Operating Permits, which include permitted flow, pH, chlorine residual, total suspended solids (TSS), Biochemical Oxygen Demand (BOD), Total Nitrogen, Phosphorus and fecal coliform. The biosolids generated by the Sewer System are required to be treated and disposed of as set out by the DEP Operating Permits. In addition, EPA has regulatory authority over biosolids in the state of Florida.

The TPS Plant consists of advanced wastewater treatment facilities with a total capacity of 26.5mgd. The treatment facility has made over $227 million of improvements to meet a new Florida Department of Environmental Regulation permit requirement that reduces nutrients down to very low levels. In addition, a deep bed filtration system was installed with additional chlorination capacity to treat its water to public access reuse standards. The TPS Plant also has new sludge digestion, dewatering, and drying facilities to produce Class AA biosolids that are sold to wholesale distributors or large commercial customers for use as fertilizers and soil conditioners.

Any future capacity needs will be constructed at the TPS facility. It is anticipated that we will not exceed the capacity at the TPS facility until after 2030.

Advanced Wastewater Treatment Improvements

In January 2008 DEP renewed the operating permits for the LBR Plant and the TPS Plant for five-year periods. The TPS permit also includes the Southwest Spray Field (located on the TPS site) and the Southeast Spray Field located on Tram Road. The DEP permits included upgrading each plant to advanced wastewater treatment (AWT) standards in accordance with phased construction and nitrogen reduction schedules and also upgrading the solids treatment facilities at TPS to reliably produce Class AA biosolids.

In March 2010, the City applied for a minor permit modification: 1) to indefinitely defer the LBR AWT improvements, and 2) to extend the construction schedules by six months for the Biological Nutrient Reduction (BNR) upgrades to each of the three aeration treatment trains at TPS. In April 2011, an individual citizen filed a challenge against the proposed permit modifications, and in August 2011 a hearing was held before an Administrative Law Judge, who subsequently issued the permit modifications in November 2011.

The City has continued to move forward with construction of the Capital Improvement Program for the TPS AWT and Biosolids improvements. The work being performed consists of three major phases or work packages (WP): (WP1) is the liquids upgrades, (WP2) is the solids upgrades, and (WP3) is the BNR upgrades. WP2 is further broken down into three sub packages: 2A – Solids Dewatering, 2B – Solids Digestion, and 2C – Biosolids Drying. WP3 is also broken down into 3A – Early Electrical and Structural, and 3B – Aeration Train Upgrades. The City executed contracts with MWH Constructors to build the various improvements under a modified Construction Manager at Risk (CMAR) project delivery method. The modified CMAR entails the negotiation of a fixed price Task Order for a single WP or combined WP's. As depicted in the table below, all have been completed:

Work Package	**Start Date**	**Completion Date**
1	Completed	April 2011
2A	Completed	August 2011
2B	Completed	March 2012
2C	Completed	January 2013
3A	Completed	August 2012
3B	Completed	March 2015

All of these WP's have been placed into service. As previously reported, during the startup of these digesters, a rapid rise of digester gas and foam resulted in excessive tilting and damage to one of the digester floating covers. Repair of the damaged cover, including replacement of ballast blocks, has been completed. The re-startup of the digester was completed, and the digester was restored to full service in February 2015. The City retained an engineering consultant with expertise in digester construction and operation to investigate and report on the incident that resulted in the cover damage. The engineering consultant's report findings indicated several contributing factors and have been provided to the insurance company. The report also included recommendations for proper installation and startup to preclude a recurrence of the incident.

The City has budgeted $227 million for the AWT improvements project. The City implemented sewer rate increases in three phases to support the bond financing for the project. Rate increases were effective April 2008, January 2009 and October 2010. Funding for the project was provided by the proceeds of bond issuances in 2007 and 2010.

Master Sewer Plan and Master Treatment Plan

The 2035 Master Sewer Plan includes a Capital Improvement Program (CIP) which focuses on capacity and operational improvements. The planning period for these improvements is from 2015 to 2035, with an estimated cost of $36.2 million. It is anticipated the funding for these improvements will be generated from revenues based on current rates. The proposed phasing will allow funding to be available for the other programs and costs in the utility system's sewer collection/transmission budget. The FY 2015 appropriation for Master Sewer Plan implementation was $2.1 million, while $2.5 million has been appropriated in FY 2016.

Sewer System Recent Capital Improvement Projects

During 2015, the City replaced approximately 1.5 mile of gravity sewer mains and manholes, continued upgrades and replacements of sewage pumping stations, and replaced hundreds of sewer services in advance of roadway resurfacing projects. A system-wide evaluation of the clay gravity sewer system was initiated in 2011 using a closed circuit television (CCTV) inspection process to identify piping infrastructure that requires rehabilitation or replacement. Significant projects identified as a result of the inspection process will be included in future Capital budgets for implementation. Projects identified for 2016 include modifications to the influent valving system at the TPS Plant, the rehabilitation of one pumping station, rehabilitation or completion of hundreds of repairs to the clay collection system identified during the CCTV inspections noted above, and the replacement of sewer services in advance of roadway resurfacing projects.

The City's utility infrastructure asset management plan was further developed in 2011 to establish procedures and guidelines for ensuring that the wastewater system is operated and maintained in an appropriate fashion, providing for reliable, cost effective and code compliant operations. The plan will continue to be developed and refined over the next several years.

Environmental Management System

The City received certification in August 2007 from the International Organization for Standardization (ISO) for the Environmental Management System (EMS) that was developed for the City's wastewater treatment facilities, including the TPS and LBR Plants and the Southwest and Southeast Spray Fields. The certification affirms that the City's EMS meets ISO Standard 14001:2004, which establishes a framework and criteria for a management system that allows an organization to analyze, control and reduce the environmental impact of its activities, products and services and operate with greater efficiency and control. The most recent three annual surveillance audits by the ISO independent auditor have indicated no issues of non-conformance. The ISO certification was the first for a wastewater utility in Florida. The development of an EMS in the Wastewater Collection Systems and Water Quality was completed and fully certified in July 2011 and recertified on July 13, 2013 and converted into one EMS under Underground Utilities. Water Distribution and the Gas Departments were included within the certification in 2014.

Asset Management (AM)

This program is a coordinated effort throughout Underground Utilities. Programs are established to evaluate and maintain the infrastructure and critical assets of the City. The established AM programs are for Water, Wastewater, Stormwater and Natural Gas utilizing leading edge technology such as the Pipeline Observation System Management (POSM), Geographical Information System (GIS) and Computerized Work Management Systems

(CWMMS). These systems are used to inspect, manage the repair, evaluate replacement, and plan the maintenance of the City's critical infrastructure. An additional program was fully implemented for the wastewater treatment plant and over 100 wastewater pumping stations in 2011 to complement the ongoing AM program. The program incorporates the framework of the Environmental Management System (EMS) into a sustainable continuous improvement programs. This program is designed to safeguard the $227 million investment by bondholders in the upgrade of the Thomas P. Smith Water Reclamation Facility and to meet Advanced Wastewater Treatment (AWT) standards as well as protect the critical assets of the distributed system.

The AM plan has five elements that embody "best practices". They are asset criticality, service levels, asset condition, planned maintenance, and business case evaluations. Asset criticality is used to evaluate how assets impact organizational performance and support various maintenance decision-making models. Service level describes the necessary measures and performance of the system or assets to meet operational goals. The condition assessment provides a numerical rating to allow for the qualitative and quantitative evaluation of an asset by its reliability, operational performance, and physical deterioration. Planned maintenance is a scheduled service visit carried out to ensure that an asset is performing correctly and to avoid any unscheduled breakdown or downtime. Business case evaluation is a methodology that provides a framework for evaluating alternative solutions for capital projects or set of projects, and scrutinizing those against a list of criteria that go beyond the typical financial and environmental consideration that also include community and social value benefits.

STORMWATER MANAGEMENT SYSTEM

The City operates and maintains the Stormwater Drainage System (i.e. a network of pipes, channels, and stormwater management facilities) to serve the City's incorporated limits. The Stormwater Drainage System consists of approximately 433 stormwater management facilities, 23,826 drainage structures, 376 miles of enclosed storm drains, 224 miles of roadside ditches, 52 miles of minor to medium outfall ditches, and 26 miles of major outfall canals.

The operation, maintenance and expansion of the Stormwater Drainage System are funded through a stormwater utility fee. The stormwater utility fee method of funding is more equitable than an ad-valorem tax assessment for two reasons. First, the community-wide cost of managing stormwater runoff is more closely related to the amount of runoff generated from a property than it is to the taxable value of a property. The runoff generated from a property is closely associated with its impervious area, so the City uses impervious area as the basis for the storm water fee. Property taxes would only be poorly correlated to runoff, if at all. The second reason the stormwater utility fee method of funding is used is that over half of the property on the tax rolls in the City is tax-exempt. If the Stormwater Drainage System were funded through property taxes, the owners of these tax-exempt properties would not contribute any part of the cost of managing runoff despite their generating a large portion of the demand for services.

Management Discussion of Operations

During FY 2015, the actual operating revenue from the stormwater utility fee was $17.2 million. Operating expenditures were $11.3 million and the stormwater replacement, renewal and improvement transfer (RR&I) totaled $5 million, bringing total fund uses to $16.3 million. For the fiscal year, the Stormwater Fund had a surplus of $891,405. This was a result of revenues coming in 2% above budget and expenditures coming in 3% lower than estimates. In accordance with the financing policy, the surplus was transferred to the RR&I fund.

The Stormwater Drainage System is operated on a full cost recovery basis with associated revenues and expenditures accounted for within the Stormwater Fund. Stormwater maintenance activities are provided by the Public Works Department, but are funded from the Stormwater Fund. In FY 2015, the budget for those activities was approximately $6.8 million. In addition to maintenance, a major portion of annual revenue goes to capital improvements to improve and expand the physical Stormwater Drainage System. The FY 2016 – FY 2020 Five-Year Capital Improvement Program includes 27 projects with the reinvestment of Stormwater revenue into the local economy and further improvement of our infrastructure. For the FY 2016 – FY 2020 Capital Projects planning period, the total cost of these projects is approximately $43.8 million. At this time, no debt funding is anticipated for any ongoing or future stormwater projects.

During FY 2015 the base stormwater fee was $7.95 per ERU per month. An ERU is the amount of impervious area associated with a typical single-family unit. This has been determined statistically to be 1,990 square feet. In these terms, then, the base monthly stormwater fee can be considered to be $7.95 per residence. Nonresidential land uses typically have substantially more impervious surface than do residential uses. To determine the stormwater fee for a non-residential parcel, the actual impervious area on the site is measured. The total impervious area is then divided by the ERU base area (1,990 square feet). The resulting multiple number of ERU's is then multiplied by the base monthly fee ($7.95 per ERU) to get the monthly fee for that specific non-residential site.

The Stormwater Drainage System has approximately 91,034 customers. While approximately 92% of the customer base is residential, the 8% nonresidential customer base generates approximately 53% of the annual revenue. This again reflects the higher density of impervious area on nonresidential sites.

A series of stormwater fee increases was completed in October 2009, resulting in the current monthly stormwater fee of $7.95 per ERU. The stormwater fee has not changed since that last increase. The projected FY 2016 annual stormwater fee revenue for residential and non-residential services is $16.2 million.

Pollution from stormwater is referred to as "non-point source pollution" because it originates from rainwater simply running off the land where it picks up a variety of pollutants. This is to be contrasted to "point sources" such as an industrial plant discharge pipe, or a municipal sewage treatment plant discharging into a stream.

Due to its ubiquitous nature, non-point source (stormwater) pollution is very difficult to manage, but the US EPA and Florida DEP have a variety of programs and regulations to implement a systematic approach to reduce stormwater pollution. Total maximum daily load (TMDL) regulations are one such example. These rules are aimed at entities that operate storm sewer systems (e.g. cities, counties, universities, state highway departments, etc.) and will limit the amount of pollution that can be discharged from storm sewers. That will in turn require that those entities take steps to regulate private property discharging into their systems and will also require the construction of infrastructure to try to remove pollutants that get in the water from older areas that were constructed before modern regulations were in effect.

Another example is the recently adopted Florida Numeric Nutrient Criteria rule, which regulates the amount of nutrients (primarily nitrogen and phosphorous) that can be in lakes, streams and springs. Once again, this will require cities and counties to develop both structural and non-structural techniques to try to comply with these limits. Structural methods involve the construction of ponds and other treatment systems to remove pollutants before the stormwater runoff reaches downstream waters (lakes and streams). Non-structural methods include programs such as public education and regulations such as fertilizer ordinances to try to prevent nutrients from getting into the water. As local waters are assessed in the next few years using the new criteria, one can expect that stormwater regulatory compliance will continue to be more complicated and more expensive in the coming decade. Tallahassee is fortunate to have already taken steps to develop a funding source for stormwater pollution reduction.

SELECTED CONSOLIDATED UTILITY SYSTEM STATISTICS

Water System

Fiscal Year Ended September 30	2011	2012	2013	2014	2015
Miles of Water Mains	1,197	1,103	1,203	1,206	1,212
Plant Capacity	72	74	74	74	76
Daily Avg. Consumption (MGD)[1]	27	26	26	26	26
Residential					
Avg. No. of Customers[2]	68,392	68,382	68,687	68,677	68,679
Avg. No. of Service Points[3]	73,652	74,053	74,472	74,653	74,801
Water Sold (000 gallons)	5,491,089	5,186,764	4,686,482	4,768,240	4,649,514
Avg. Sales Per Service Point (gallons)	74,555	70,041	62,929	63,872	62,158
Commercial					
Avg. No. of Customers[2]	6,904	6,894	6,908	6,865	6,761
Avg. No. of Service Points[3]	8,481	8,554	8,623	8,732	8,753
Water Sold (000 gallons)	4,390,206	4,166,295	3,806,340	4,033,290	3,890,740
Avg. Sales Per Service Point (gallons)	517,652	487,058	441,417	461,898	444,521

(1) Daily Average Consumption represents water produced, not a representation of amounts billed.

(2) Number of customers reflects bill recipients. Customer number represents actual values.

(3) Service points reflect meters in service. Multiple service points may be consolidated into a single bill. Therefore, service points are greater than customers billed.

Sewer System

Fiscal Year Ended September 30	2011	2012	2013	2014	2015
Miles of Sanitary Sewers	1,017	1,034	1,042	1,046	1,048
Annual Flow-Millions of Gallons	5,922	5,886	6,363	5,938	5,110
Daily Average Treatment (MGD)	15.00	16.30	17.60	16.27	16.74
Rainfall (fiscal year totals)	38.30	58.27	61.53	58.21	57.78
Gallons Treated Per Customer	84,264	83,300	89,402	92,028	85,388
Avg. No. of Service Points					
Residential	63,968	64,343	64,818	64,985	65,081
Commercial	6,311	6,317	6,355	6,455	6,475
Rated Capacity (MGD)	31	31	27	27	27

Water Rates (Effective October 1, 2015)

Monthly Rate:

Customer Charge	$ 10.55

Usage Charges:

Residential	
First 7,000 gallons	$1.57/1000 gallons
Next 13,000 gallons	$2.14/1000 gallons
Additional gallons	$2.70/1000 gallons
Commercial	
Up to monthly usage allowance	$1.49/1000 gallon
Additional gallons	$1.86/1000 gallons
Irrigation	
Up to monthly usage allowance	$1.49/1000 gallons
Additional gallons	$2.70/1000 gallons

Monthly Minimum Charge:

Nominal Meter Size (inches)	Amount
5/8 or Smaller	$ 10.55
1	$ 26.25
1 1/2	$ 52.46
2	$ 84.02
3	$ 167.86
4	$ 262.22
6	$ 524.41
8	$ 893.03

Sewer Rates (Effective October 1, 2015)

Monthly Minimum Charge:

Nominal Meter Size (inches)	Amount
5/8 or Smaller	$ 17.03
1	$ 42.56
1 1/2	$ 85.08
2	$ 136.15
3	$ 272.28
4	$ 425.42
6	$ 850.85
8	$1,361.39

Monthly Usage Charge:

Usage Charge Per 1000 Gallons Per Month	$ 5.440

Water System Ten Largest Customers by Consumption (as of September 30, 2015)

Customer	Water Usage (cgals)	Billed Amount	Percentage of Revenues
Florida State University	3,194,649	$ 713,564	2.82%
State of Florida	1,928,333	476,298	1.88%
City of Tallahassee	1,732,280	565,325	2.23%
Florida A & M University	1,273,290	319,355	1.26%
Tallahassee Memorial HealthCare	1,173,348	268,237	1.06%
Federal Government	894,866	181,031	0.72%
Leon County School Board	780,232	200,567	0.79%
Leon County	751,685	190,405	0.75%
Capital Regional Medical Center	369,011	76,997	0.30%
Tallahassee Community College	265,460	69,840	0.28%
TOTAL	**12,366,154**	**$ 3,063,619**	**12.11%**

Sewer System Ten Largest Customers by Consumption (as of September 30, 2015)

Customer	Sewer Usage (cgals)	Billed Amount	Percentage of Revenues
Florida State University	2,198,581	$ 1,493,921	2.99%
Florida A & M University	1,103,323	786,092	1.57%
State of Florida	987,082	812,345	1.62%
Federal Government	882,830	559,120	1.12%
Leon County	745,540	545,069	1.09%
Tallahassee Memorial HealthCare	677,540	426,435	0.85%
Leon County School Board	780,232	200,567	0.40%
City of Tallahassee	449,313	377,382	0.75%
Blairstone Apartments	252,191	140,356	0.28%
Capital Regional Medical Center	184,140	109,260	0.22%
TOTAL	**8,260,570**	**$ 5,450,547**	**14.43%**

Consolidated Utility System Debt Service Coverage (in 000s)

Fiscal Year Ended September 30	2011	2012	2013	2014	2015
Operating Revenues					
Water	$ 29,357	$ 28,764	$ 26,539	$ 28,759	$ 29,828
Sewer	53,299	53,801	51,351	52,219	53,090
Total Operating Revenues	82,656	82,565	77,890	80,978	82,918
Operating Expenses					
Water	21,815	20,412	20,373	18,282	18,830
Sewer	31,813	33,456	30,803	32,664	33,599
Total Operating Expenses	53,628	53,868	51,176	50,946	52,429
Net Operating Revenue	29,028	28,697	26,714	29,176	30,489
Gross Stormwater Revenue	16,378	16,530	17,324	17,689	17,664
Other Revenue	503	492	527	397	505
Total Available for Debt Service excluding system charge	45,909	45,719	44,565	47,262	48,658
System Development Charges [(1)]	2,130	2,133	2,132	2,133	1,011
Total Pledged Revenue Available for Debt Service	**$ 48,039**	**$ 47,852**	**$ 46,697**	**$ 49,395**	**$ 49,669**
Existing Debt Service	$ 20,953	$ 22,949	$ 22,949	$ 22,947	$ 20,584
Coverage	2.29x	2.09x	2.03x	2.15x	2.41x

(1) Actual System Development Charges were greater than $2.673 million from 2011 through 2015. However, the amount that can legally be pledged to make a debt service payments is shown above.

CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEM
CONSOLIDATED DEBT SERVICE

Bond Year Ending October 1	Total	$44,255,000 Series 2015	$117,015,000 Series 2010A	$25,820,000 Series 2010B	$164,460,000 Series 2007	$23,900,000 Series 2001
2016	$ 24,525,869	$ 2,462,741	$ 6,084,303	$ 2,290,850	$ 11,458,425	$ 2,229,550
2017	24,563,128	2,497,750	6,084,303	2,293,100	11,457,425	2,230,550
2018	24,590,828	2,530,250	6,084,303	2,293,800	11,456,425	2,226,050
2019	24,624,728	2,560,250	6,084,303	2,294,200	11,459,925	2,226,050
2020	24,939,728	3,982,750	6,084,303	3,415,500	11,457,175	-
2021	25,072,038	4,108,000	6,084,303	3,422,500	11,457,235	-
2022	23,328,494	2,366,707	6,084,303	3,419,750	11,457,735	-
2023	22,778,481	1,820,543	6,084,303	3,415,750	11,457,885	-
2024	23,515,228	2,559,011	6,084,303	3,415,250	11,456,665	-
2025	22,684,007	1,723,239	6,084,303	3,417,750	11,458,715	-
2026	25,247,303	4,288,000	6,084,303	3,417,750	11,457,250	-
2027	25,241,053	4,283,500	9,499,303	-	11,458,250	-
2028	25,187,231	4,287,750	9,441,231	-	11,458,250	-
2029	25,123,830	4,285,000	9,382,330	-	11,456,500	-
2030	25,114,848	4,345,250	9,312,348	-	11,457,250	-
2031	26,966,038	4,405,000	11,101,538	-	11,459,500	-
2032	26,932,764	4,473,750	11,001,764	-	11,457,250	-
2033	25,031,804	2,685,500	10,891,554	-	11,454,750	-
2034	25,024,408	2,787,500	10,780,908	-	11,456,000	-
2035	25,018,304	2,899,250	10,664,304	-	11,454,750	-
2036	25,011,231	3,009,750	10,546,481	-	11,455,000	-
2037	24,995,918	3,118,500	10,421,918	-	11,455,500	-
2038	21,745,354	-	21,745,354	-	-	-
2039	21,403,805	-	21,403,805	-	-	-
2040	21,054,122	-	21,054,122	-	-	-
TOTALS	**$ 609,720,538**	**$ 71,479,991**	**$ 244,174,287**	**$ 33,096,200**	**$ 252,057,860**	**$ 8,912,200**

CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEM
ALL BOND ISSUES
PRINCIPAL OUTSTANDING

Bond Year Ending October 1	Total	$44,255,000 Series 2015	$117,015,000 Series 2010A	$25,820,000 Series 2010B	$164,460,000 Series 2007	$23,900,000 Series 2001
2016	$ 7,275,000	$ 300,000	$ -	$ 1,155,000	$ 4,020,000	$ 1,800,000
2017	7,685,000	350,000	-	1,215,000	4,220,000	1,900,000
2018	8,070,000	400,000	-	1,240,000	4,430,000	2,000,000
2019	8,505,000	450,000	-	1,290,000	4,655,000	2,110,000
2020	9,230,000	1,895,000	-	2,450,000	4,885,000	-
2021	9,770,000	2,115,000	-	2,555,000	5,100,000	-
2022	9,310,000	1,300,000	-	2,680,000	5,330,000	-
2023	9,380,000	1,000,000	-	2,810,000	5,570,000	-
2024	10,260,000	1,485,000	-	2,950,000	5,825,000	-
2025	10,195,000	1,000,000	-	3,100,000	6,095,000	-
2026	12,225,000	2,590,000	-	3,255,000	6,380,000	-
2027	12,830,000	2,715,000	3,415,000	-	6,700,000	-
2028	13,420,000	2,855,000	3,530,000	-	7,035,000	-
2029	14,030,000	2,995,000	3,650,000	-	7,385,000	-
2030	14,725,000	3,205,000	3,765,000	-	7,755,000	-
2031	17,315,000	3,425,000	5,745,000	-	8,145,000	-
2032	18,160,000	3,665,000	5,945,000	-	8,550,000	-
2033	17,180,000	2,060,000	6,145,000	-	8,975,000	-
2034	18,045,000	2,265,000	6,355,000	-	9,425,000	-
2035	18,955,000	2,490,000	6,570,000	-	9,895,000	-
2036	19,910,000	2,725,000	6,795,000	-	10,390,000	-
2037	20,905,000	2,970,000	7,025,000	-	10,910,000	-
2038	18,715,000	-	18,715,000	-	-	-
2039	19,350,000	-	19,350,000	-	-	-
2040	20,010,000	-	20,010,000	-	-	-
TOTALS	**$ 345,455,000**	**$ 44,255,000**	**$ 117,015,000**	**$ 24,700,000**	**$ 151,675,000**	**$ 7,810,000**

$44,255,000
CITY OF TALLAHASSEE, FLORIDA
Consolidated Utility Systems Refunding Revenue Bonds, Series 2015

Dated: September 30, 2015

Purpose
The proceeds of the Series 2015 Bonds will be used to (i) pay the cost of acquisition and construction of certain capital improvements to the City's Utility System, (ii) refund the Series 2005 Bonds, and (iii) pay certain costs of issuance in connection with the issuance of Series 2015 Bonds.

A portion of the proceeds of the Series 2015 Bonds is being used to acquire and construct, or reimburse the City for prior expenditures with respect to, certain capital improvements to the City's Utility System consisting of master sewer plan improvements, pumping station replacements, a central SCADA system upgrade, advanced wastewater treatment program improvements, pump station 12 force main improvements, master water plan improvements, water minor line extensions and other associated improvements (collectively, the "Series 2015 Project").

Security
The Bonds are secured by a pledge of and lien on the Net Revenues of the City's Utility System, and the Gross Revenues of the City's Stormwater Drainage System on a parity with the City's Consolidated Utility Systems Revenue Bonds, Series 2010A, Consolidated Utility Systems Revenue Bonds, Series 2010B, Consolidated Utility Systems Revenue Bonds, Series 2007 and Consolidated Utility Systems Revenue Bonds, Series 2001.

Bond Reserve
There are no debt service reserve requirements.

Form
$44,255,000 Serial Bonds due October 1, 2035, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable on each April 1 and October 1, commencing April 1, 2016.

Agents
Registrar:	US Bank National Association, Jacksonville, Florida
Paying Agent:	US Bank National Association, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Fitch:	AA+
Standard & Poor's:	AA+

Optional Redemption
The Series 2015 Bonds maturing on or after October 1, 2024 are subject to redemption at the option of the City prior to their stated maturities in whole or in part at any time on or after October 1, 2023, in the order directed by the City, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, and in the event that less than all of such Series 2015 Bonds of any maturity are called for redemption, the particular Series 2015 Bonds of such maturity to be redeemed shall be selected by lot.

$44,255,000
CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEMS
REFUNDING REVENUE BONDS, SERIES 2015

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	3.000%	$ 300,000	$ 2,162,741	$ 2,462,741
2017	5.000%	350,000	2,147,750	2,497,750
2018	5.000%	400,000	2,130,250	2,530,250
2019	5.000%	450,000	2,110,250	2,560,250
2020	5.000%	1,895,000	2,087,750	3,982,750
2021	5.000%	2,115,000	1,993,000	4,108,000
2022	5.000%	1,300,000	1,066,707	2,366,707
2022	2.500%	1,000,000	820,543	1,820,543
2023	5.000%	1,485,000	1,074,011	2,559,011
2023	2.500%	1,000,000	723,239	1,723,239
2024	5.000%	2,590,000	1,698,000	4,288,000
2025	5.000%	2,715,000	1,568,500	4,283,500
2026	5.000%	2,855,000	1,432,750	4,287,750
2027	5.000%	2,995,000	1,290,000	4,285,000
2028	5.000%	3,205,000	1,140,250	4,345,250
2029	5.000%	3,425,000	980,000	4,405,000
2030	5.000%	3,665,000	808,750	4,473,750
2031	5.000%	2,060,000	625,500	2,685,500
2032	5.000%	2,265,000	522,500	2,787,500
2033	5.000%	2,490,000	409,250	2,899,250
2034	5.000%	2,725,000	284,750	3,009,750
2035	5.000%	2,970,000	148,500	3,118,500
TOTALS		**$ 44,255,000**	**$ 27,224,991**	**$ 71,479,991**

$117,015,000
CITY OF TALLAHASSEE, FLORIDA
Consolidated Utility Systems Revenue Bonds, Series 2010A
(Federally Taxable Build America Bonds)

Dated: October 1, 2010

Purpose
The Series 2010A Bonds were issued to pay the cost of (i) plan, design and construction of upgrades to the Thomas P. Smith Wastewater Treatment Plant, to include a new biosolids building and equipment and improvements to reduce effluent nitrogen, and other changes to accommodate nutrient removal, and (ii) Water System improvements, including but not limited to water line relocations, water main upgrades, well renovations, replacements and upgrades and building improvements.

Security
The Bonds are secured by a pledge of and lien on the net revenues of the City's Utility System, and the gross revenues of the City's Stormwater Drainage System on parity with the City's Consolidated Utility Systems Refunding Revenue Bonds, Series 2015, Consolidated Utility Systems Revenue Bonds, Series 2010B Bonds, Consolidated Utility Systems Revenue Bonds, Series 2007 Bonds, and Consolidated Utility Systems Revenue Bonds, Series 2001 Bonds.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$117,015,000 Serial Bonds due October 1, 2040, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2010.

Agents
Registrar:	US Bank National Association, Jacksonville, Florida
Paying Agent:	US Bank National Association, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's:	Aa1
Standard & Poor's:	AA+
Fitch:	AA+

Optional Redemption
The Series 2010A Bonds are subject to redemption at the option of the City prior to their stated maturities in whole or in part at any time, in the order directed by the City and in the event that less than all of such Series 2010A Bonds of any maturity are called for redemption, the particular Series 2010A Bonds of such maturity to be redeemed shall be selected as described below under *"Partial Redemption of Series 2010A Bonds"* at a redemption price equal to the Make-Whole Redemption Price. The "Make-Whole Redemption Price" is equal to the greater of: (1) the Issue Price (as defined below) (but not less than 100%) of the principal amount of the Series 2010A Bonds to be redeemed, plus accrued interest on the Series 2010A Bonds to be redeemed to the redemption date; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010A Bonds to be redeemed, not

including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010A Bonds are to be redeemed, discounted to the date on which the Series 2010A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below), plus 25-basis points, plus accrued interest on the Series 2010A Bonds to be redeemed to the redemption date.

"Issue Price" shall mean 100% of the Series 2010A Bonds to be redeemed.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2010A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than for 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the period from the redemption date to the maturity date of the Series 2010A Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The redemption price of Series 2010A Bonds to be redeemed pursuant to the *Optional Redemption* provision described above will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense to calculate such redemption price. The Registrar and the City may conclusively rely on such determination of redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance. The Series 2010A Bonds are subject to optional redemption at the option of the City prior to their stated maturities in whole or in part at any time, in the order directed by the City and in the event that less than all of such Series 2010A Bonds of any maturity are called for redemption, the particular Series 2010A Bonds of such maturity to be redeemed at a redemption price equal to the Make-Whole Redemption Price. The Make-Whole Redemption Price is equal to the greater of any order of maturity selected by the City and by lot within a maturity if less than full maturity is to be redeemed, at par, plus accrued interest to the redemption date.

Extraordinary Optional Redemption

The Series 2010A Bonds are subject to redemption prior to their respective stated maturity dates, at the option of the City and in the order directed by the City, in whole or in part at any time upon the occurrence of an Extraordinary Event (as defined below), from any source of available funds, and in the event that less than all of such Series 2010A Bonds of any maturity are called for redemption, the particular Series 2010A Bonds of such maturity to be redeemed shall be selected as described below under *"Partial Redemption of Series 2010A Bonds,"* at a redemption price equal to the Extraordinary Redemption Price (as defined below).

The "Extraordinary Redemption Price" is equal to the greater of: (1) the Issue Price (as described above) (but not less than 100%) of the principal amount of the Series 2010A Bonds to be redeemed, plus accrued interest on the Series 2010A Bonds to be redeemed to the redemption date; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2010A Bonds to be redeemed to the maturity date of such Series 2010A Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010A Bonds are to be redeemed, discounted to the date on which the Series 2010A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year containing

twelve 30-day months, at the Treasury Rate (described above) plus 100-basis points, plus accrued interest on the Series 2010A Bonds to be redeemed to the redemption date. An "Extraordinary Event" will have occurred if a material adverse change has occurred to Sections 54AA or 6431 of the Code (as such Sections were added by the ARRA pertaining to Build American Bonds) pursuant to which the City's 35% Direct Subsidy Payments from the United States Department of the Treasury is reduced or eliminated. The redemption price of Series 2010A Bonds to be redeemed pursuant to the Extraordinary Optional Redemption provision described above will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense to calculate such redemption price. The Registrar and the City may conclusively rely on such determination of redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Mandatory Redemption

The Series 2010A Bonds maturing on October 1, 2030 are subject to mandatory sinking fund redemption prior to maturity by operation of Amortization Installments in part, by lot, on October 1, 2027 and thereafter, at redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from mandatory sinking fund payments as follows:

Year	Amount
2027	$3,415,000
2028	$3,530,000
2029	$3,650,000
2030 (final maturity)	$3,765,000

The Series 2010A Bonds maturing on October 1, 2040 are subject to mandatory sinking fund redemption prior to maturity by operation of Amortization Installments in part, by lot, on October 1, 2031 and thereafter, at a redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from mandatory sinking fund payments as follows:

Year	Amount
2031	$5,745,000
2032	$5,945,000
2033	$6,145,000
2034	$6,355,000
2035	$6,570,000
2036	$6,795,000
2037	$7,025,000
2038	$18,715,000
2039	$19,350,000
2040 (final maturity)	$20,010,000

Pursuant to the provisions of the Bond Resolution, the Registrar has been instructed to apply mandatory sinking fund redemption payments in the manner set forth under "*Partial Redemption of the Series 2010A Bonds"* herein.

Partial Redemption of Series 2010A Bonds. If less than all of the Series 2010A Bonds of a particular maturity are called for optional redemption as set forth under *"Optional Redemption"*

above, extraordinary optional redemption as set forth under *"Extraordinary Optional Redemption"* above, or mandatory redemption as set forth under *"Mandatory Sinking Fund Redemption"* hereof, the City has directed the Registrar to treat as a return of principal on the Series 2010A Bonds within such maturity as a Pro Rata Pass-Through Distribution of Principal (as hereinafter defined); provided, however, that so long as the Series 2010A Bonds are held in book-entry form, the redemption of the Series 2010A Bonds as a Pro Rata Pass-Through Distribution of Principal shall be effected by the Registrar pursuant to the rules or procedures of DTC or any successor securities depository. Such payments are subject to rules and procedures of DTC and none of the City, the Underwriters or any affiliate thereof can provide assurance that DTC, the direct and indirect DTC participants or any other intermediaries will be able to allocate redemptions of the Series 2010A Bonds of a particular maturity among the Holders of the Series 2010A Bonds on such a pro rata basis. In any case, the Registrar will be directed to pay such amounts to the Holders of the Series 2010A Bonds using any method as it deems fair and appropriate, including by lot where required by DTC's governing procedures; however, it is the intent of the City that principal is paid to the Holders of the Series 2010A Bonds under the Pro Rata Pass-Through Distribution of Principal.

"Pro Rata Pass-Through Distribution of Principal" means a return of principal to Holders of the Series 2010A Bonds in an amount derived from applying a fraction to the amount of Series 2010A Bonds owned by a Holder of Series 2010A Bonds where the numerator is equal to the principal amount of the Series 2010A Bonds to be redeemed and the denominator is equal to the original principal amount of the Series 2010A Bonds of such maturity being redeemed.

$117,015,000
CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEMS
SERIES 2010A BABS

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.200%	-	6,084,303	6,084,303
2017	5.200%	-	6,084,303	6,084,303
2018	5.200%	-	6,084,303	6,084,303
2019	5.200%	-	6,084,303	6,084,303
2020	5.200%	-	6,084,303	6,084,303
2021	5.200%	-	6,084,303	6,084,303
2022	5.200%	-	6,084,303	6,084,303
2023	5.200%	-	6,084,303	6,084,303
2024	5.200%	-	6,084,303	6,084,303
2025	5.200%	-	6,084,303	6,084,303
2026	5.200%	-	6,084,303	6,084,303
2027	5.068%	3,415,000	6,084,303	9,499,303
2028	5.068%	3,530,000	5,911,231	9,441,231
2029	5.068%	3,650,000	5,732,330	9,382,330
2030	5.068%	3,765,000	5,547,348	9,312,348
2031	5.218%	5,745,000	5,356,538	11,101,538
2032	5.218%	5,945,000	5,056,764	11,001,764
2033	5.218%	6,145,000	4,746,554	10,891,554
2034	5.218%	6,355,000	4,425,908	10,780,908
2035	5.218%	6,570,000	4,094,304	10,664,304
2036	5.218%	6,795,000	3,751,481	10,546,481
2037	5.218%	7,025,000	3,396,918	10,421,918
2038	5.218%	18,715,000	3,030,354	21,745,354
2039	5.218%	19,350,000	2,053,805	21,403,805
2040	5.218%	20,010,000	1,044,122	21,054,122
TOTALS		**$ 117,015,000**	**$ 127,159,287**	**$ 244,174,287**

$25,820,000
CITY OF TALLAHASSEE, FLORIDA
Consolidated Utility Systems Revenue Bonds, Series 2010B

Dated: October 1, 2010

Purpose
The Series 2010B Bonds were issued to pay the cost of (i) plan, design and construction of upgrades to the Thomas P. Smith Wastewater Treatment Plant, to include a new biosolids building and equipment and improvements to reduce effluent nitrogen, and other changes to accommodate nutrient removal and (ii) Water System improvements, including but not limited to water line relocations, water main upgrades, well renovations, replacements and upgrades and building improvements.

Security
The Bonds are secured by a pledge of and lien on the net revenues of the City's Utility System, and the gross revenues of the City's Stormwater Drainage System on parity with the City's Consolidated Utility Systems Refunding Revenue Bonds, Series 2015, Consolidated Utility Systems Revenue Bonds, Series 2010A Bonds, Consolidated Utility Systems Revenue Bonds 2007 Bonds, and Consolidated Utility Systems Revenue Bonds, Series 2001 Bonds.

Bond Reserve
There are no debt service reserve fund requirements.

Form
$25,820,000 Serial Bonds due October 1, 2040, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2010.

Agents

Registrar:	US Bank National Association, Jacksonville, Florida
Paying Agent:	US Bank National Association, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings

Moody's:	Aa1
Standard & Poor's:	AA+
Fitch:	AA+

Optional Redemption
The Series 2010B Bonds maturing on October 1, 2021 or thereafter may be redeemed prior to their stated dates of maturity at the option of the City, in such manner as the City shall determine, as a whole or in part at any time on or after October 1, 2020 and if in part, in any order of maturity selected by the City and by lot within a maturity if less than a full maturity is to be redeemed, at par, plus accrued interest to the redemption date.

$25,820,000
CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEMS
REVENUE BONDS, SERIES 2010B

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.000%	$ 1,155,000	$ 1,135,850	$ 2,290,850
2017	2.000%	1,215,000	1,078,100	2,293,100
2018	4.000%	1,240,000	1,053,800	2,293,800
2019	3.000%	1,290,000	1,004,200	2,294,200
2020	4.000%	2,450,000	965,500	3,415,500
2021	5.000%	2,555,000	867,500	3,422,500
2022	5.000%	2,680,000	739,750	3,419,750
2023	5.000%	2,810,000	605,750	3,415,750
2024	5.000%	2,950,000	465,250	3,415,250
2025	5.000%	3,100,000	317,750	3,417,750
2026	5.000%	3,255,000	162,750	3,417,750
TOTALS		**$ 24,700,000**	**$ 8,396,200**	**$ 33,096,200**

$164,460,000
CITY OF TALLAHASSEE, FLORIDA
Consolidated Utility Systems Refunding Revenue Bonds, Series 2007

Dated: October 1, 2007

Purpose
The Series 2007 Bonds were issued to pay the cost of construction of a new preliminary treatment facility at the Lake Bradford Road Wastewater Treatment Plant, and the design and construction of upgrades to the Thomas P. Smith Wastewater Treatment Plant.

Security
The Bonds are secured by a pledge of and lien on the net revenues of the City's Utility System, and the gross revenues of the City's Stormwater Drainage System on parity with the City's Consolidated Utility Systems Refunding Revenue Bonds, Series 2015, Consolidated Utility Systems Revenue Bonds, Series 2010A, Consolidated Utility Systems Revenue Bonds, Series 2010B, and Consolidated Utility Systems Revenue Bonds, Series 2001.

Bond Reserve
Reserve Requirement, with respect to the Series 2007 Bonds, shall mean the lesser of (i) the maximum Senior Lien Debt Service Requirement on the Series 2007 Bonds occurring in any year, (ii) 125% of Average Annual Senior Lien Debt Service Requirement on the Series 2007 Bonds, and (iii) the maximum amount as shall not adversely affect the exclusion of interest on the Series 2007 Bonds from the gross income of the holders thereof for purposes of Federal income taxation.

Form
$164,460,000 Serial Bonds due October 1, 2037, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2010.

Agents
Registrar:	US Bank National Association, Jacksonville, Florida
Paying Agent:	US Bank National Association, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida

Ratings
Moody's:	Aa1
Fitch:	AA+
Standard & Poor's:	AA+

Optional Redemption
The Series 2007 Bonds maturing on and prior to October 1, 2017 are not subject to optional redemption. The Series 2007 Bonds maturing after October 1, 2017 are subject to optional redemption at the option of the City, in such manner as the City shall determine, as a whole or in part at any time on or after October 1, 2017 and if in part, in any order of maturity selected by the City and by lot within a maturity if less than full maturity is to be redeemed, at par, plus accrued interest to the redemption date.

Mandatory Redemption

The Series 2007 Bonds maturing on October 1, 2032 are subject to mandatory sinking fund redemption prior to maturity by operation of Amortization Installments in part, by lot, on October 1, 2028 and thereafter, at redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from mandatory sinking fund payments as follows:

Year	Amount
2028	$7,035,000
2029	$7,385,000
2030	$7,755,000
2031	$8,145,000
2032 (final maturity)	$8,550,000

The Series 2007 Bonds maturing on October 1, 2037 are subject to mandatory sinking fund redemption prior to maturity by operation of Amortization Installments in part, by lot, on October 1, 2033 and thereafter, at redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from mandatory sinking fund payments as follows:

Year	Amount
2033	$8,975,000
2034	$9,425,000
2035	$9,895,000
2036	$10,390,000
2037 (final maturity)	$10,910,000

$164,460,000
CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEMS
REFUNDING REVENUE BONDS, SERIES 2007

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.000%	$ 4,020,000	$ 7,438,425	$ 11,458,425
2017	5.000%	4,220,000	7,237,425	11,457,425
2018	5.000%	4,430,000	7,026,425	11,456,425
2019	5.000%	4,655,000	6,804,925	11,459,925
2020	4.400%	4,885,000	6,572,175	11,457,175
2021	4.500%	5,100,000	6,357,235	11,457,235
2022	4.500%	5,330,000	6,127,735	11,457,735
2023	4.600%	5,570,000	5,887,885	11,457,885
2024	4.600%	5,825,000	5,631,665	11,456,665
2025	4.700%	6,095,000	5,363,715	11,458,715
2026	5.000%	6,380,000	5,077,250	11,457,250
2027	5.000%	6,700,000	4,758,250	11,458,250
2028	5.000%	7,035,000	4,423,250	11,458,250
2029	5.000%	7,385,000	4,071,500	11,456,500
2030	5.000%	7,755,000	3,702,250	11,457,250
2031	5.000%	8,145,000	3,314,500	11,459,500
2032	5.000%	8,550,000	2,907,250	11,457,250
2033	5.000%	8,975,000	2,479,750	11,454,750
2034	5.000%	9,425,000	2,031,000	11,456,000
2035	5.000%	9,895,000	1,559,750	11,454,750
2036	5.000%	10,390,000	1,065,000	11,455,000
2037	5.000%	10,910,000	545,500	11,455,500
TOTALS		**$151,675,000**	**$100,382,860**	**$252,057,860**

$23,900,000
CITY OF TALLAHASSEE, FLORIDA
Consolidated Utility Systems Refunding Revenue Bonds, Series 2001

Dated: May 1, 2001

Purpose
The Series 2001 Bonds were issued to refund the following outstanding bonds: (i) $245,000 of the Series 1991A Bonds; (ii) $1,435,000 of the Series 1991B Bonds; and (iii) $23,040,000 of the Series 1994 Bonds.

Security
The Bonds are secured by a pledge of and lien on the net revenues of the City's Utility System, and the gross revenues of the City's Stormwater Drainage System on parity with the City's Consolidated Utility Systems Refunding Revenue Bonds, Series 2015, Consolidated Utility Systems Revenue Bonds, Series 2010A, Consolidated Utility Systems Revenue Bonds, Series 2010B Bonds, and Consolidated Utility Systems Revenue Bonds, Series 2007.

Bond Reserve
Reserve Requirement, with respect to the Series 2001 Bonds, shall mean the lesser of (i) the maximum Senior Lien Debt Service Requirement on the Series 2001 Bonds occurring in any year, (ii) 125% of Average Annual Senior Lien Debt Service Requirement on the Series 2001 Bonds, and (iii) the maximum amount as shall not adversely affect the exclusion of interest on the Series 2001 Bonds from the gross income of the holders thereof for purposes of Federal income taxation.

Form
$23,900,000 Serial Bonds due October 1, 2019, all fully registered. The Bonds are book-entry-only and are not evidenced by physical bond certificates. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2001.

Agents
Registrar:	US Bank, NA, Jacksonville, Florida
Paying Agent:	US Bank, NA, Jacksonville, Florida
Trustee:	US Bank, NA, Jacksonville, Florida
Bond Counsel:	Bryant Miller Olive P.A., Tallahassee, Florida
Insurance:	FGIC

Ratings
Moody's:	Aa1 underlying
Fitch:	AA+ underlying
Standard & Poor's:	AA+ underlying

Optional Redemption
The Series 2001 Bonds are not subject to redemption prior to maturity.

$23,900,000
CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEMS
REFUNDING REVENUE BONDS, SERIES 2001

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	5.500%	$ 1,800,000	$ 429,550	$ 2,229,550
2017	5.500%	1,900,000	330,550	2,230,550
2018	5.500%	2,000,000	226,050	2,226,050
2019	5.500%	2,110,000	116,050	2,226,050
TOTALS		**$ 7,810,000**	**$ 1,102,200**	**$ 8,912,200**

$16,491,622
CITY OF TALLAHASSEE, FLORIDA
Master Equipment Lease Purchase Agreement (AMI Loans)
Water System

Dated: 2007 and 2009

Purpose
The Master Lease Purchase Agreement was utilized to fund the acquisition of Smart Energy Metering and Management Systems, consisting of meters and communication devices, to create a network of approximately 220,000 electric, gas and water meters.

Security
The rental payments are to be made only from lessee's legally available revenues appropriated on an annual basis (covenant to budget and appropriate).

Purchase Option
Upon payment in full of all rental payments then due and all other amounts then owing under the lease, and the payment of $1.00 to lessor.

Lessor: Banc of America

$14,564,780
CITY OF TALLAHASSEE, FLORIDA - WATER
MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT - 1
BANC OF AMERICA PUBLIC CAPITAL CORP.

Summary of Remaining Lease Payments

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	3.9459%	$ 976,172	$ 397,847	$ 1,374,019
2017	3.9459%	1,015,071	358,948	1,374,019
2018	3.9459%	1,055,520	318,499	1,374,019
2019	3.9459%	1,097,580	276,439	1,374,019
2020	3.9459%	1,141,317	232,702	1,374,019
2021	3.9459%	1,186,796	187,223	1,374,019
2022	3.9459%	1,234,088	139,931	1,374,019
2023	3.9459%	1,283,265	90,754	1,374,019
2024	3.9459%	1,334,400	39,619	1,374,019
TOTALS		**$ 10,324,209**	**$ 2,041,962**	**$ 12,366,171**

$1,926,842
CITY OF TALLAHASSEE, FLORIDA - WATER
MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT - 2
BANC OF AMERICA PUBLIC CAPITAL CORP.

Summary of Remaining Lease Payments

Bond Year Ending October 1	Interest Rate	Principal	Interest	Total
2016	4.590%	$ 165,847	$ 21,971	$ 187,818
2017	4.590%	173,547	14,271	187,818
2018	4.590%	180,263	6,214	186,477
TOTALS		**$ 519,657**	**$ 42,456**	**$ 562,113**

CITY OF TALLAHASSEE, FLORIDA
AMI LOANS - WATER
CONSOLIDATED LEASE PAYMENTS

Summary of Remaining Debt Service Requirements

Bond Year Ending October 1	Total	$14,564,780 AMI LOAN	$1,926,842 AMI LOAN 2
2016	$ 1,561,837	$ 1,374,019	$ 187,818
2017	1,561,837	1,374,019	187,818
2018	1,560,496	1,374,019	186,477
2019	1,374,019	1,374,019	-
2020	1,374,019	1,374,019	-
2021	1,374,019	1,374,019	-
2022	1,374,019	1,374,019	-
2023	1,374,019	1,374,019	-
2024	1,374,019	1,374,019	-
TOTALS	**$ 12,928,284**	**$ 12,366,171**	**$ 562,113**

OTHER DEBT FINANCING

Sunshine State Governmental Financing Commission

The Sunshine State Governmental Financing Commission (the "Commission") was created in 1985 through an interlocal agreement between the City of Tallahassee and the City of Orlando, Florida. Subsequently, other Florida governments joined the Commission, including 13 additional cities and four counties. The Commission was created to provide active and more sophisticated debt issuers the opportunity to work together to create low cost, flexible financing instruments. While the City does not have any remaining debt outstanding with the Commission, the City continues to have a representative on its Board of Directors.

Conduit Issues, Non-Profit Organizations

The City has also acted as a conduit for the issuance of bonds for three non-profit organizations in the City: Tallahassee Memorial HealthCare, Inc., Florida State University Schools, Inc., and Tallahassee Community College Foundation, Inc. Tallahassee Memorial HealthCare, Inc. currently has two bond issues outstanding for which the City has acted as a conduit. Florida State University Schools, Inc. has one Lease Revenue bond issue outstanding.

- As of September 30, 2015, there were two series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled $107.89 million, and the outstanding balance is $107,890,000; and
- As of September 30, 2015, there was one Lease Revenue Bonds outstanding. The original issue amount totaled $18.1 million, and the outstanding balance is $13,672,638.

Conduit Issues, Industrial Development and Industrial Revenue Bonds

From time to time the City also acts as a conduit issuer for private industries in the issuance of Industrial Development Revenue Bonds. On August 15, 2011, additional conduit bonds were issued as $5,400,000 City of Tallahassee, Florida Industrial Revenue Bonds (SunnyLand Solar, LLC Project), Series 2011. Under the terms of the bond, the entity on whose behalf the bonds are issued (Tallahassee Economic Partners, LLC) is solely responsible for their repayment with no resulting liability on behalf of the City.

- As of September 30, 2015, the outstanding balance on the Series 2011 Industrial Revenue Bonds is $5,270,686.