

**CITY OF TALLAHASSEE**  
**ANNUAL REPORT**  
**TO**  
**BONDHOLDERS**

*For the Fiscal Year Ended  
September 30, 2022*

**March 2023**

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# City of Tallahassee

## Elected Officials

**John E. Dailey**  
MAYOR

**Dianne Williams-Cox**  
MAYOR PRO TEM - COMMISSIONER

**Jeremy Matlow**  
COMMISSIONER

**Jacqueline “Jack” Porter**  
COMMISSIONER

**Curtis Richardson**  
COMMISSIONER

## Administration

**Reese Goad**  
CITY MANAGER

**Jim Cooke**  
CITY TREASURER-CLERK

**Cassandra Jackson**  
CITY ATTORNEY

**Dennis Sutton**  
CITY AUDITOR/INSPECTOR GENERAL

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## PURPOSE OF THE ANNUAL REPORT TO BONDHOLDERS

The Fiscal Year (FY) 2022 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 FY 2022 Annual Report to Bondholders is available on the City's website at [www.tal.gov](http://www.tal.gov), and can also be found on the DAC website at [www.dacbond.com](http://www.dacbond.com) and on [www.tallahasseebonds.com](http://www.tallahasseebonds.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 an Annual Comprehensive Financial Report (ACFR), which includes audited financial statements in accordance with generally accepted accounting principles. This document is available from the City upon request. The ACFR is also hosted on the City's website as well as on the DAC site. The current external auditor for the City is Moore Stephens Lovelace, P.A., Tallahassee, Florida.

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

- \$6,035,000 Capital Bonds, Series 2021 dated December 8, 2021;
- \$27,320,000 Capital Bonds, Series 2018, dated July 10, 2018;
- \$40,225,000 Capital Bonds, Series 2014, dated June 12, 2014;
- \$49,165,000 Capital Bonds, Series 2012, dated November 27, 2012;
- \$26,975,000 Capital Bond, Series 2009, dated April 24, 2009;
- \$7,310,000 Public Improvement Revenue Note, Series 2020, dated October 1, 2020;
- \$7,994,600 Transportation Improvement Bond, Series 2019, dated May 10, 2019;
- \$60,730,000 Taxable Energy System Refunding Revenue Bond, Series 2022, dated June 22, 2022
- \$80,195,000 Energy System Refunding Revenue Bonds, Series 2020, dated August 6, 2020;
- \$104,975,000 Energy System Revenue Bonds, Series 2018, dated February 27, 2018;
- \$147,295,000 Energy System Refunding Revenue Bonds, Series 2017, dated July 20, 2017;
- \$94,615,000 Energy System Refunding Revenue Bonds, Series 2015, dated August 11, 2015;
- \$122,280,000 Energy System Revenue Bonds, Series 2010B, dated November 22, 2010;
- \$34,825,000 Taxable Consolidated Utility Systems Refunding Revenue Bond, Series 2022, dated July 13, 2022
- \$14,875,000 Consolidated Utility Systems Refunding Bonds, Series 2020, dated August 6, 2020;
- \$45,385,000 Consolidated Utility Systems Revenue Bonds, Series 2018, dated June 12, 2018;
- \$115,060,000 Consolidated Utility Systems Refunding Bonds, Series 2017, dated November 29, 2017;
- \$44,255,000 Consolidated Utility Systems Refunding Revenue Bonds, Series 2015, dated September 30, 2015; and
- \$117,015,000 Consolidated Utility Systems Revenue Bonds, Series 2010A, dated September 21, 2010.

The release of this report in conjunction with the City's ACFR 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 be 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 Annual Comprehensive 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:

Office of the City Treasurer-Clerk  
City of Tallahassee  
300 South Adams Street, Box A-32  
Tallahassee, Florida 32301-1731  
(850) 891-8130; FAX (850) 891-8389  
[treasury@talgov.com](mailto:treasury@talgov.com)

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## OVERVIEW

The City's Fiscal Year 2022 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, 2022.

### Borrowing in Fiscal Year 2022

In December of 2021, the City issued a \$6,035,000 Capital Bond, Series 2021, to purchase radios for use by public safety personnel. The bond was privately placed. In June of 2022, the City issued an Energy System Refunding Revenue Bond, Series 2022. The bond was privately placed, and the proceeds were used to refund the Energy System Refunding Revenue Bond, Series 2015. In July of 2022, the City issued a Consolidated Utility Systems Refunding Bond, Series 2022. The bond was privately placed, and the proceeds were used to refund the Consolidated Utility Systems Refunding Revenue Bond, Series 2015.

After September 30, 2022, the City issued a \$37,455,000 Capital Refunding Bond, Series 2022. The bond was privately placed, and the proceeds were used to refund the Capital Bonds, Series 2012 and the Capital Bonds, Series 2014.

### Ratings

In 2015, the City decided to have each of its bond programs rated by only two credit ratings agencies rather than three. The rating from Moody's for the Consolidated Utility Systems Bonds and the rating from Fitch for the Energy System Bonds, respectively, only apply to bonds issued before 2015.

Tallahassee's bond 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 Systems Bonds	Aa1	AA	AA+
Energy System Bonds	Aa3	AA	AA

### 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, and telecommunications), 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. 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 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, 2022, was approximately \$95 million.

## Pension

Based on the City's most recent actuarial report, dated October 1, 2022, the City of Tallahassee Pension Plan had a funded ratio of 89.7% at September 30, 2022. 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. Effective October 1, 2022, base rates for electricity, natural gas, water and sewer services increased by 8.5%.

## Ad Valorem Millage Rate

Property taxes can significantly impact the citizen's perception of economic success. The City's FY 2022 millage rate of 4.1000 mills is lower than all the comparable cities listed below. However, not all the comparable cities have implemented a separate fire services fee to cover the cost of fire protection as the City of Tallahassee has done.

<u>MILLAGE RATES</u>					
	2022				
<u>City</u>	<u>Population</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Miami	459,224	7.59	7.57	7.67	7.55
Tampa	401,512	6.21	6.21	6.21	6.21
St. Petersburg	264,220	6.76	6.76	6.66	6.66
Orlando	321,904	6.65	6.65	6.65	6.65
<b>Tallahassee</b>	<b>200,289</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>
Port St. Lucie	224,916	5.08	5.05	4.88	4.73
Fort Lauderdale	189,019	4.12	4.12	4.12	4.12
Gainesville	145,879	4.75	4.30	5.50	5.50
Lakeland	120,279	5.46	5.46	5.43	5.43

Jacksonville was not included in the table since it is a consolidated city/county with varying millage rates for different sections of the county. The above does not include voted debt service millage of 1.02 for Port St. Lucie. Population data is based upon April 1, 2020 estimates from the State of Florida, Office of Economic and Demographic Research.



## Property Tax Revenues

Property taxes are expected to provide 30.7% of General Fund revenues (including transfers) in FY 2023. Taxable values have increased moderately (between 3% and 7% annually) since 2014, as shown in the table below. Over the last ten years, millage rates have ranged from 3.70 to 4.20 mills as shown in the table below.

Property Tax Levies and Collections (in 000s of dollars)						
Fiscal Year	Millage Rates	Total Market Valuation	Taxable Assessed Valuation	Levy	Collection	Percentage <sup>(1)</sup>
2012	3.70	17,095,072	9,260,104	34,707	33,126	95%
2013	3.70	16,163,157	8,798,227	32,648	31,513	97%
2014	3.70	16,160,618	8,818,106	32,673	31,524	96%
2015	3.70	16,944,644	9,226,228	34,392	32,938	96%
2016	4.20	17,451,681	9,594,506	40,352	38,887	96%
2017	4.10	17,972,266	9,965,230	40,857	39,699	97%
2018	4.10	18,540,283	10,466,855	42,975	41,482	97%
2019	4.10	19,628,202	11,144,101	45,858	44,032	96%
2020	4.10	20,668,777	11,923,851	49,015	47,061	96%
2021	4.10	21,763,513	12,669,469	52,519	50,169	96%
2022	4.10	22,684,809	13,229,378	54,240	51,414	95%

(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

The methodology for calculating transfers calculates a three-year average of retail revenues and then multiplies this average by 6.99% to arrive at the transfer amount. This methodology applies to transfers from the gas, water, wastewater, and solid waste utilities. The electric transfer was set as a fixed amount of \$23.9 million in 2013 and is adjusted annually by the change in the consumer price index. The base transfer was increased by \$3.9 million in FY 2015. All transfers from utilities use the same methodology, adjusting the transfer amount annually by the change in the consumer price index.

The table below provides the transfer amounts (in dollars) to the General Fund from the various utility systems over the past five years.

<b>General Fund for Various Utility Systems (000's of dollars)</b>				
<b>Fiscal Year</b>	<b>Electric</b>	<b>Gas</b>	<b>Water and Sewer</b>	<b>Solid Waste</b>
2018	\$29,787,038	\$2,897,320	\$8,267,079	\$1,880,067
2019	\$30,501,927	\$2,966,856	\$8,465,489	\$1,925,189
2020	\$31,081,464	\$3,023,226	\$8,626,333	\$1,961,768
2021	\$31,547,686	\$3,068,574	\$8,755,728	\$1,991,195
2022	\$32,367,926	\$3,148,357	\$8,983,377	\$2,042,966

### **FY 2023 Capital Budget**

The City’s FY 2023 Capital Budget is appropriated at \$205.4 million, with \$51.2 million budgeted in the General Government Funds and \$154 million in the Enterprise and other funds. The City’s Five-Year Capital Improvement Plan (2023 – 2027) totals \$917 million, with appropriations made on an annual basis.

Significant projects planned in the Five-Year Capital Improvement Plan in various enterprise funds include the construction of Taxiway Rehabilitation (\$16.4 million) at the Tallahassee International Airport; distribution, transmission, and substation improvements for the electrical system (\$177.6 million); rehabilitation or replacement of sewer collection and treatment infrastructure to extend its expected life and reduce stormwater infiltration and inflow (\$33 million); water system distribution improvements (\$19.4 million); and various stormwater improvements (\$8.2 million).

General government projects in the five-year plan include the rehabilitation of the Kleman Plaza Garage (\$23 million) and the construction of a new Fire Station (\$2.5 million). Other projects include the construction of Phase IV improvements for FAMU Way (\$11 million), improvements on Maclay Commerce Drive (\$4.5 million), completion of quarter-mile reconstruction of Railroad Avenue (\$1.1 million), and other street and sidewalk improvements (\$38.4 million).

The City is considering additional projects in the coming years that will require the issuance of new debt. A new Public Safety Campus/Tallahassee Police Headquarters located at the Northwoods property site, a Northside Senior Center, and a new Fire station/Auxiliary Dispatch Facility/Community Center located on Lake Bradford Road are the major projects. These projects are still in the development phase, which includes design and cost analysis. These projects would need to be reviewed and approved by the City Commission prior to proceeding.

### **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 provide a stabilizing influence on the City of Tallahassee’s financial position. Leon County’s unemployment has consistently been lower than the national level and that was the case again in 2022.

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. The impact of the COVID-19 pandemic temporarily reduced the state government’s sales tax revenues. Since then, revenues have rebounded. The City continues to monitor other 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 and the City have helped attract 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 and supporting existing businesses. In 2021, Amazon began construction of a 635,000 square foot robotics fulfillment center. When completed, the center will provide 1,000 full-time jobs. In addition to this initial location on the east side of town, Amazon has acquired another 30 acres on the west side of Tallahassee for construction of a second facility; specifics for that site have not yet been announced. In Innovation Park, Danfoss Turbocor broke ground on construction of a new 167,000 square foot manufacturing facility. The expansion will nearly double its current workforce of 260 employees.

Another sign of economic activity is the number of new developments that have been completed or are under construction throughout the City. The first phase of The Cascades Project was completed in 2021. Adjacent to Cascades Park downtown, the mixed-use development includes a new 150-room AC Hotel, 161 apartments and office space. Another downtown development project, 4Forty North Apartments, will feature 231 apartments, 17 townhouses and 15,000 square feet of retail space. Construction is underway with completion expected in 2023. The Canopy Project, a mixed-use development of 505 acres, continues to build out apartments and hundreds of new single-family homes. Redevelopment of the Market District includes a Springhill Suites that opened in 2021 and construction of new retail space for an REI store among others. South of downtown, SoMo Walls has begun construction on 33,000 square feet of dining, retail, service, and office space. New subdivisions continue their construction of single-family homes in various sectors of the City while a number of apartment complexes and condominium units are planned or underway across the community. In addition to commercial activity, the Blueprint Intergovernmental Agency, has a five-year capital plan of over \$500 million. Projects include more than 20 miles of roadway improvements, 78 miles of bike and pedestrian facilities, 250 acres of developed public space and 8 new public parks.

TMH is the largest general hospital in the Big Bend area of Florida. TMH has historically served an area including the Florida counties of Leon, Gadsden, Wakulla, and Jefferson with a secondary service area comprised of six other adjacent Florida counties. TMH will expand its service footprint with the 2023 announcement of a health care campus in Panama City Beach in Bay County; TMH is partnering with Florida State University and the St. Joe Company on this project which will include an 80,000-square-foot medical office building slated to open in 2024 and a 100-bed hospital to be completed in 2027. FSU and TMH are also partnering to build an academic health center of the future in Tallahassee. The State Legislator and Governor Ron Desantis awarded Florida State University \$125 million in 2022. FSU has accepted TMH's offer of a parcel of land on the TMH campus to house the new center and plans to break ground later in 2023. The new facility will provide about 130,000 gross square feet of medical and research-related space. It will accommodate an estimated 30 principal investigators and is expected to produce an estimated \$40 million of additional annual grant funding.

## Significant Technology Improvements

The City is currently replacing the customer revenue management system and the smart metering data repository system with newer, modern, integrated systems. Customer Information Systems (CIS)-UMAX manages customer information, billing, and metering integration, among other essential data associated with the City's utility systems. The new system, which became fully operational on February 13, 2023, will facilitate compliance with utility regulations, business requirements, and policies.

## 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 makes use of electronic methods for dissemination of information. Information is available at several locations, including the City's website, [www.talgov.com](http://www.talgov.com), an investor relations website, [www.tallahassee.bonds](http://www.tallahassee.bonds), and the website of DAC, [www.dacbond.com](http://www.dacbond.com).

The City's website also has other useful information available, including the City's approved budgets and Annual Financial Reports for each of the last ten years as well as the Annual Report to Bondholders for the last ten years.

## 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 FY 2022 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 ACFRs 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.

## Bondlink

The City has engaged Bondlink to provide an additional website for the City's investor relations, [www.tallahasseebonds.com](http://www.tallahasseebonds.com). The new website is designed to increase transparency and drive more traffic to the website and expand our investor base with both institutions and retail buyers, ultimately lowering the City's financing costs.

## Contact

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

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

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## THE CITY OF TALLAHASSEE

### General

The City of Tallahassee (hereinafter referred to as “Tallahassee” or the “City”) was incorporated 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 105.06 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 2022 population of 200,289, 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, including public safety (fire and police), construction and maintenance of streets and sidewalks, stormwater management, recreation, planning and zoning, and general administrative services. The City owns and operates five utilities, including an electric generation, transmission and distribution system serving an average of 127,157 customers in the City and the adjacent urban area; a natural gas distribution system serving 34,561 customers; a water production and distribution system serving 88,183 metered water customers within the corporate City limits and the adjacent urban areas; a sewage collection and treatment system serving 75,927 customers, principally within the City limits; and a stormwater drainage utility system serving the area within the corporate City limits serving 82,212 customers. Additional enterprise activities owned and operated by the City include the Tallahassee International Airport and a public transit system.

The Tallahassee economy has grown moderately over the past several years, with increasing elements of diversification. The COVID-19 pandemic did have a meaningful impact on unemployment; however, Leon County and the State of Florida have seen unemployment rates return to pre-pandemic levels. The major economic factor historically has been the State government. The City 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 580,000.

### 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. In contrast to the Florida peninsula itself, the panhandle (which includes Tallahassee) experiences four seasons. Prevailing winds average 6.5 miles per hour. The City’s average temperature and rainfall are shown below.

## TEMPERATURE AND RAINFALL

Annual Average Temperature:	68.4 Degrees
Annual Average Rainfall:	58.8 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 freshwater fishing, including: Lake Iamonia, Lake Jackson, Lake Miccosukee, and Lake Talquin.

### Population

The 2020 American Community Survey (the “Survey”) results show a racially diverse community, with minorities accounting for 44% of the Leon County population. The population of the City of Tallahassee is young, with a median age of 27.7 years. Tallahassee residents have historically attained a comparatively high level of education. According to the Survey, 49.2% of City residents age 25 or older have completed at least four years of college, compared to 31.5% 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		
<u>Year</u>	<u>Population</u>	<u>Annual Change</u>	<u>Population</u>	<u>Annual Change</u>	<u>Population</u>	<u>Annual Change</u>	<u>Population</u>	<u>Annual Change</u>
1950	27,237 <sup>1</sup>	-	51,590 <sup>1</sup>	-	2,771,000 <sup>1</sup>	-	151,326,000 <sup>1</sup>	-
1960	48,174 <sup>1</sup>	5.9%	74,225 <sup>1</sup>	3.7%	4,952,000 <sup>1</sup>	6.0%	179,323,000 <sup>1</sup>	1.7%
1970	72,624 <sup>1</sup>	4.2%	103,047 <sup>1</sup>	3.3%	6,791,000 <sup>1</sup>	3.2%	203,304,000 <sup>1</sup>	1.3%
1980	81,548 <sup>1</sup>	1.2%	148,655 <sup>1</sup>	3.7%	9,740,000 <sup>1</sup>	3.7%	226,505,000 <sup>1</sup>	1.1%
1990	124,773 <sup>1</sup>	5.3%	192,493 <sup>1</sup>	2.6%	12,938,000 <sup>1</sup>	3.3%	248,710,000 <sup>1</sup>	1.0%
2000	150,624 <sup>1</sup>	1.9%	239,452 <sup>1</sup>	2.2%	15,982,400 <sup>1</sup>	2.1%	281,422,500 <sup>1</sup>	1.2%
2010	181,376 <sup>1</sup>	0.6%	275,487 <sup>1</sup>	1.4%	18,801,300 <sup>1</sup>	1.8%	308,745,500 <sup>1</sup>	0.9%
2020	196,169 <sup>2</sup>	0.8%	292,198 <sup>2</sup>	0.6%	21,538,187 <sup>2</sup>	1.4%	331,449,300 <sup>1</sup>	0.7%
<b>2022</b>	<b>200,289</b>	<b>1.0%</b>	<b>299,130</b>	<b>1.2%</b>	<b>22,276,132</b>	<b>1.7%</b>	<b>333,287,557</b>	<b>0.3%</b>
2030	215,200 <sup>3</sup>	0.9%	314,200 <sup>2</sup>	0.9%	24,426,200 <sup>2</sup>	1.2%	355,101,000 <sup>1</sup>	0.8%
2040	226,500 <sup>3</sup>	0.5%	327,300 <sup>2</sup>	0.4%	26,405,500 <sup>2</sup>	0.8%	373,528,000 <sup>1</sup>	0.5%

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 31% of all non-agricultural Tallahassee metro area employment in 2022, 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. In the Capital Region (Gadsden, Leon, and Wakulla counties), Education and Health Services, Professional and Business Services, and Leisure and Hospitality are projected to create the most jobs while Professional and Business Services is expected to experience the largest annual percentage growth in employment by major industry between 2022 and 2030.

In 2022, the State government employment was 44,000 for the Tallahassee metro area, about 23% of total employment. Since 1990, annual average State employment has only fluctuated between 39,000 and 45,900 with a median value of 44,400.

In an effort to diversify the area’s economy, the local government and the Chamber of Commerce work 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. In 2016, the Tallahassee-Leon County Blueprint Intergovernmental Agency, whose governing board consists of all of the elected officials of both the Tallahassee City Commission and the Leon County Commission, became the lead agency for economic development for the area, replacing the Economic Development Council. The newly created Office of Economic Vitality under Planning, Land Management and Community Enhancement (PLACE), the department that administers the workings of the Intergovernmental Agency, coordinates a variety of public and private organizations to attract and grow new businesses within Leon County.

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 that is often substantially below the State of Florida and United States averages as shown in the table below. Since these rates are annual averages, they are not seasonally adjusted. As of December 2022, both Leon County and the State of Florida unemployment rates were below 2.8%.

### ANNUAL AVERAGE UNEMPLOYMENT RATE

<u>Year</u>	<u>Leon County</u>	<u>Florida</u>	<u>United States</u>
2011	7.8%	10.0%	8.9%
2012	7.0%	8.5%	8.1%
2013	6.1%	7.2%	7.4%
2014	5.5%	6.3%	6.2%
2015	5.0%	5.5%	5.3%
2016	4.5%	4.8%	4.9%
2017	3.9%	4.2%	4.4%
2018	3.3%	3.6%	3.9%
2019	3.1%	3.2%	3.7%
2020	5.6%	7.6%	8.1%
2021	4.4%	4.7%	5.3%
2022	2.8%	2.7%	3.7%

Sources: Florida Department of Economic Opportunity, Labor Market Statistics, Data Center, Local Area Unemployment Statistics; U.S. Department of Labor, Bureau of Labor Statistics

The table below depicts the employment distribution within the Tallahassee MSA.

<b>EMPLOYMENT DISTRIBUTION</b>		
	<u>2022</u>	<u>Percent</u>
State Government	46,000	23.26%
Education and Health Services	27,400	13.85%
Trade, Transportation and Utilities	26,900	13.60%
Professional and Business Services	26,500	13.40%
Leisure and Hospitality	20,800	10.52%
Local Government	14,700	7.43%
Other Services and Not Classified	9,200	4.65%
Construction	8,500	4.30%
Financial Activities	8,200	4.15%
Manufacturing	3,900	1.97%
Information	3,400	1.72%
Federal Government	<u>2,300</u>	<u>1.16%</u>
<b>TOTAL</b>	<b>197,800</b>	<b>100%</b>

Source: Florida Department of Economic Opportunity, Labor Market Statistics, Data Center, Current Employment Statistics

### Principal Property Taxpayers Table

The following table shows the top ten principal taxpayers in the City of Tallahassee for the Fiscal Year ending September 30, 2022.

<b>CITY OF TALLAHASSEE, FLORIDA</b>			
<b>PRINCIPAL TAXPAYERS</b>			
<b>Fiscal Year 2022</b>			
<i>(in thousands)</i>			
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Total Taxable Value</b>	<b>Percentage of Total City Taxable Value</b>
Smith Interest General Partnership	Real Estate	\$ 161,888	1.12%
Capital Regional Medical Center	Medical	88,251	0.61%
510 West Virginia Street	Real Estate	74,776	0.51%
District Joint Venture, LLC	Real Estate	72,158	0.50%
Grove Park Apartments LLC	Real Estate	54,179	0.37%
Tallahassee Westcott LLC	Real Estate	51,012	0.35%
Woodlands of Tallahassee LLC	Real Estate	50,999	0.35%
CK Evergreens at Mahan DST	Real Estate	47,196	0.32%
AC Tallahassee LLC	Real Estate	46,753	0.32%
Arbor Trace @ Canopy LLC	Real Estate	46,330	0.32%
<b>Total</b>		<b><u>\$ 693,542</u></b>	<b><u>4.77%</u></b>



## 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 had an enrollment of approximately 45,000 students as of the 2022 Fall semester. FSU is a top 20 public university according to the 2022 rankings of the U.S. News and World Report and is nationally known for its outstanding programs in business, education, fine arts, law, and natural sciences. A medical school, which enrolls 483 students, was created in June 2000.

Tallahassee is also home to the Florida Agricultural and Mechanical University (“FAMU”), which was founded in 1887 and is the home of the Florida A & M Rattlers. Offering extensive undergraduate and graduate courses to approximately 9,228 students, FAMU was ranked #7 among historically black colleges and universities by U.S. News and World Report and was the highest ranking public HBCU. 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”) was recently named one of 25 semifinalists for the 2023 Aspen Prize for Community College Excellence, the nation’s signature recognition of high achievement and performance among America’s community colleges. TCC presently serves approximately 12,000 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. In addition, certain local universities have partnered with TCC to offer a small number of bachelor’s degrees that can be earned on the TCC campus. TCC currently has University Partnerships with Flagler College Tallahassee and Thomas University at TCC.

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

<b>Students Enrolled in Tallahassee Area Universities and the Community College</b>				
<b><u>Year</u></b>	<b><u>FSU</u></b>	<b><u>FAMU</u></b>	<b><u>TCC</u></b>	<b><u>Total</u></b>
2012	41,301	12,051	14,613	67,965
2013	41,477	10,738	13,634	65,849
2014	41,773	10,233	13,045	65,051
2015	41,473	9,920	12,557	63,950
2016	41,867	9,614	12,500	63,981
2017	41,900	9,909	12,400	64,209
2018	41,717	10,021	12,174	63,912
2019	42,876	9,626	12,134	64,636
2020	43,953	9,184	11,250	64,387
2021	45,493	8,994	12,016	66,503
2022	44,597	9,228	12,000	66,825

Source: All figures are for Fall semesters. Information provided by the 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”) and HCA Florida Capital Hospital (“Capital Hospital”). TMH is a 772-bed hospital founded in 1949; Capital Hospital is a 288-bed facility that began serving patients in 1979. In addition to TMH and CRMC, medical care is provided to the region through outside public and private facilities, including a number of

skilled nursing, convalescent and extended care facilities, and a 192,000 square foot Veterans Administration outpatient health care center.

### **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 28.18 square miles in 1974. During the last 48 years, the City has made nearly 200 annexations, both of developed and undeveloped parcels, to ensure its economic stability and better manage the developing urban area. 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 1990, all but two 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 76.88 square miles to the City, swelling its size to 105.06 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. In practice, the Plan is amended as needed, each year, to ensure policies are up to date regarding community issues.

Enforcement of the Plan is achieved through the Land Development Code and other related City policies and procedures. 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.

### City Investment Policy

The City Treasurer-Clerk administers the City’s investment program and is responsible for ensuring 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 through this link [Non Pension Investment Policy \(talgov.com\)](http://talgov.com).

### 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 through this link [City Commission Policy 240 \(talgov.com\)](http://talgov.com). The Policy provides targets for liquidity, operating margin, and debt burden for each of the City’s three debt programs: general government (capital bonds), energy system, and consolidated utility systems. 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, 2022:

Debt Program	Liquidity – Target	Liquidity - Actual
General Fund	Spendable General Fund Balance of 15% of General Fund Expenditures	Spendable General Fund Balance of 13.4% of General Fund Expenditures
Consolidated Utility Systems	150 days cash on hand	480 days cash on hand
Energy System	210 days cash on hand	310 days cash on hand

The following table displays the target and actual for the operating margin component as of September 30, 2022:

<b>Debt Program</b>	<b>Debt Service as % of Expenditures/Coverage Ratio-Target</b>	<b>Debt Service as % of Expenditures/Coverage Ratio-Actual</b>
General Fund	Net Debt Service to be less than 10% of General Fund Expenditures	Net Debt Service of 5.85% of General Fund Expenditures
Consolidated Utility Systems	Debt Service Coverage of 1.50X or higher	Debt Service Coverage of 2.16X
Energy System	Debt Service Coverage of 2.0X or higher	Debt Service Coverage of 2.73X

The table below shows the target and actual for the debt burden as of the end of FY 2022:

<b>Debt Program</b>	<b>Debt Burden-Target</b>	<b>Debt Burden-Actual</b>
General Fund	Debt as a % of Full Market Values less than 2%	Debt is 0.31% of Full Market Value
Consolidated Utility Systems	Debt as a % of Capital Assets less than 50%	Debt is 37.67% of Capital Assets
Energy System	Debt as a % of Capital Assets less than 60%	Debt is 58.40% of Capital Assets

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## 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) the 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:

$$\begin{array}{l} \text{County's share} \\ \text{(Percentage of total Local} \\ \text{Government Half-Cent} \\ \text{Sales Tax receipts)} \end{array} = \begin{array}{l} \text{unincorporated} \\ \text{area population} \\ \text{total county} \\ \text{population} \end{array} + \begin{array}{l} \text{2/3 incorporated} \\ \text{area population} \\ \text{2/3 incorporated} \\ \text{area population} \end{array}$$

Continuation of the distribution is as follows:

$$\begin{array}{l} \text{Municipality's share} \\ \text{(Percentage of total Local} \\ \text{Government Half-Cent} \\ \text{Sales Tax receipts)} \end{array} = \frac{\text{municipality population}}{\text{total county population} + \frac{2}{3} \text{ incorporated area population}}$$

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 monthly to eligible cities and counties. For the fiscal year ended September 30, 2022, the City received 46% 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 1971 - 1972 fiscal years.

The guaranteed entitlement portion of State revenue sharing which accrues annually to the City totals \$1,250,000, 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.

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 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% for permits).

**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 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 and Debt Service*

*(in 000's of dollars)*

### *City of Tallahassee, Capital Bonds*

<i>For Fiscal Years Ending September 30</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Communication Services Tax	\$ 7,253	\$ 7,070	\$ 7,167	\$ 6,888	\$ 6,602
Half Cent Sales Tax	10,858	11,301	10,458	11,724	13,192
Guaranteed Entitlement	1,251	1,251	1,251	1,251	1,250
Public Service Tax	<u>16,438</u>	<u>17,193</u>	<u>17,218</u>	<u>17,545</u>	<u>18,152</u>
<b>Total Revenue</b>	<b><u>\$35,800</u></b>	<b><u>\$36,813</u></b>	<b><u>\$36,094</u></b>	<b><u>\$37,408</u></b>	<b><u>\$39,199</u></b>
Debt Service	\$10,998	\$13,211	\$13,210	\$13,210	13,207
<b>Debt Service Coverage</b>	<b>3.26x</b>	<b>2.79x</b>	<b>2.73x</b>	<b>2.83x</b>	<b>2.96X</b>

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

<b>Bond Year</b>		<b>\$6,035,000</b>	<b>\$27,320,000</b>	<b>\$40,225,000</b>	<b>\$49,165,000</b>	<b>\$26,975,000</b>
<b>Ending</b>	<b>Total *</b>	<b>Series 2021</b>	<b>Series 2018</b>	<b>Series 2014</b>	<b>Series 2012</b>	<b>Series 2009*</b>
<b>October 1</b>						
2022	\$ 739,451	\$ 739,451	-	-	-	-
2023	11,900,693	931,402	2,212,750	3,332,750	4,073,500	1,350,291
2024	11,896,278	930,676	2,212,000	3,335,000	4,068,750	1,349,852
2025	7,819,005	929,826	2,208,750	3,332,500	-	1,347,929
2026	7,831,531	933,852	2,213,000	3,335,250	-	1,349,429
2027	7,823,952	932,692	2,209,250	3,332,750	-	1,349,260
2028	7,100,213	931,408	2,207,750	3,335,000	-	626,055
2029	6,170,029	-	2,208,250	3,336,500	-	625,279
2030	6,171,261	-	2,210,500	3,337,000	-	623,761
2031	6,171,908	-	2,209,250	3,336,250	-	626,408
2032	5,543,500	-	2,209,500	3,334,000	-	-
2033	5,546,000	-	2,211,000	3,335,000	-	-
2034	5,542,250	-	2,208,500	3,333,750	-	-
2035	2,212,000	-	2,212,000	-	-	-
2036	2,211,000	-	2,211,000	-	-	-
2037	2,210,500	-	2,210,500	-	-	-
2038	2,210,250	-	2,210,250	-	-	-
<b>TOTALS</b>	<b>\$ 99,099,819</b>	<b>\$ 6,329,307</b>	<b>\$ 35,364,250</b>	<b>\$ 40,015,750</b>	<b>\$ 8,142,250</b>	<b>\$ 9,248,262</b>

\*There may be slight differences due to rounding.



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

<b>Bond Year Ending October 1</b>	<b>Total</b>	<b>\$6,035,000 Series 2021</b>	<b>\$27,320,000 Series 2018</b>	<b>\$40,225,000 Series 2014</b>	<b>\$49,165,000 Series 2012</b>	<b>\$26,975,000 Series 2009</b>
2022	\$ 680,000	\$ 680,000	-	-	-	-
2023	8,500,000	865,000	1,015,000	1,855,000	3,695,000	1,070,000
2024	8,875,000	875,000	1,065,000	1,950,000	3,875,000	1,110,000
2025	5,195,000	885,000	1,115,000	2,045,000	-	1,150,000
2026	5,420,000	900,000	1,175,000	2,150,000	-	1,195,000
2027	5,635,000	910,000	1,230,000	2,255,000	-	1,240,000
2028	5,130,000	920,000	1,290,000	2,370,000	-	550,000
2029	4,415,000	-	1,355,000	2,490,000	-	570,000
2030	4,630,000	-	1,425,000	2,615,000	-	590,000
2031	4,855,000	-	1,495,000	2,745,000	-	615,000
2032	4,450,000	-	1,570,000	2,880,000	-	-
2033	4,675,000	-	1,650,000	3,025,000	-	-
2034	4,905,000	-	1,730,000	3,175,000	-	-
2035	1,820,000	-	1,820,000	-	-	-
2036	1,910,000	-	1,910,000	-	-	-
2037	2,005,000	-	2,005,000	-	-	-
2038	2,105,000	-	2,105,000	-	-	-
<b>TOTALS</b>	<b><u>\$ 75,205,000</u></b>	<b><u>\$ 6,035,000</u></b>	<b><u>\$ 23,955,000</u></b>	<b><u>\$ 29,555,000</u></b>	<b><u>\$ 7,570,000</u></b>	<b><u>\$ 8,090,000</u></b>

**\$6,035,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Capital Bonds, Series 2021**

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Dated: December 8, 2021

**Purpose**

The Series 2021 Bonds were issued to finance the acquisition of radios for public safety personnel and pay certain cost of issuance.

**Security**

The Series 2021 Bonds is secured by a pledge of lien on the City's receipts from Guaranteed Entitlement Revenues, the Local Government Half-Cent Sales Tax, the Local Communications Services Tax, and the Public Service Tax revenues.

**Bond Reserve**

There are no debt service reserve fund requirements.

**Form**

\$6,035,000 Serial Bonds is fully registered and due October 1, 2028. The Note is book-entry-only and is not evidenced by a physical certificate. The Note was priced competitively and issued as a private placement, with Capital City Bank as the original purchaser. Interest is payable semi-annually on each April 1 and October 1, commencing April 1, 2022.

**Agents**

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

**Ratings at issuance**

**Moody's:** N/A

**Fitch:** N/A

**Standard & Poor's:** N/A

**Optional Redemption**

The Series 2021 Bond shall be subject to prepayment at the option of the Issuer, in whole or in part, at any time, with no penalty or premium, by paying to the Holder the principal amount on the Series 2021 Bond being prepaid, together with the unpaid interest accrued to the date of such prepayment.

**\$6,035,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**CAPITAL BONDS, SERIES 2021**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>	<b>Interest</b>			
<b>Ending</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>October 1</b>	<b>Rate</b>			
2022	1.240%	\$ 680,000	\$ 59,451	\$ 739,451
2023	1.240%	865,000	66,402	931,402
2024	1.240%	875,000	55,676	930,676
2025	1.240%	885,000	44,826	929,826
2026	1.240%	900,000	33,852	933,852
2027	1.240%	910,000	22,692	932,692
2028	1.240%	920,000	11,408	931,408
<b>TOTALS</b>		<b><u>\$ 6,035,000</u></b>	<b><u>\$ 294,307</u></b>	<b><u>\$ 6,329,307</u></b>

**\$27,320,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Capital Bonds, Series 2018**

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Dated: July 10, 2018

**Purpose**

The Series 2018 Bonds were issued to finance various road and sidewalk improvements within the City.

**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 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**

\$27,320,000 Serial Bonds, all fully registered, due October 1, 2038. 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, 2019.

**Agents**

<b>Registrar:</b>	The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida
<b>Paying Agent:</b>	The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida
<b>Bond Counsel:</b>	Bryant Miller Olive P.A., Tallahassee, Florida

**Ratings at issuance**

<b>Moody's:</b>	Aa2
<b>Fitch:</b>	AA+
<b>Standard &amp; Poor's:</b>	N/A

**Optional Redemption**

The Series 2018 Bonds maturing on or prior to October 1, 2025, are not subject to optional redemption prior to maturity. The Series 2018 Bonds maturing after October 1, 2025 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, 2025 at a redemption price of 100% of the principal amount of the Series 2018 Bonds to be redeemed, plus accrued interest to the date of redemption.

**\$27,320,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**CAPITAL BONDS, SERIES 2018**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>	<b>Ending</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>		
<b>October 1</b>	<b>Rate</b>						
2023	5.000%	\$	1,015,000	\$	1,197,750	\$	2,212,750
2024	5.000%		1,065,000		1,147,000		2,212,000
2025	5.000%		1,115,000		1,093,750		2,208,750
2026	5.000%		1,175,000		1,038,000		2,213,000
2027	5.000%		1,230,000		979,250		2,209,250
2028	5.000%		1,290,000		917,750		2,207,750
2029	5.000%		1,355,000		853,250		2,208,250
2030	5.000%		1,425,000		785,500		2,210,500
2031	5.000%		1,495,000		714,250		2,209,250
2032	5.000%		1,570,000		639,500		2,209,500
2033	5.000%		1,650,000		561,000		2,211,000
2034	5.000%		1,730,000		478,500		2,208,500
2035	5.000%		1,820,000		392,000		2,212,000
2036	5.000%		1,910,000		301,000		2,211,000
2037	5.000%		2,005,000		205,500		2,210,500
2038	5.000%		2,105,000		105,250		2,210,250
<b>TOTALS</b>			<b><u>\$ 23,955,000</u></b>		<b><u>\$ 11,409,250</u></b>		<b><u>\$ 35,364,250</u></b>

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

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Dated: June 12, 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 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, all fully registered, 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 at issuance**

**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***

<b>Bond Year</b>	<b>Ending</b>	<b>Interest</b>			
<b>October 1</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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%	<u>3,175,000</u>	<u>158,750</u>	<u>3,333,750</u>	
<b>TOTALS</b>		<b><u>\$ 29,555,000</u></b>	<b><u>\$ 10,460,750</u></b>	<b><u>\$ 40,015,750</u></b>	

**\$49,165,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Capital Refunding Bonds, Series 2012 (2004 Refunding)**

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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; 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, all fully registered, 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 at issuance**

**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***

<b>Bond Year</b>	<b>Ending</b>	<b>Interest</b>			
<b>October 1</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2023	5.000%	\$ 3,695,000	\$ 378,500	\$ 4,073,500	
2024	5.000%	<u>3,875,000</u>	<u>193,750</u>	<u>4,068,750</u>	
<b>TOTALS</b>		<b><u>\$ 7,570,000</u></b>	<b><u>\$ 572,250</u></b>	<b><u>\$ 8,142,250</u></b>	

**\$26,975,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Capital Improvement Refunding Revenue Bond, Series 2009**

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Dated: April 24, 2009

**Purpose**

The Series 2009 Bond was 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 bond is secured by a junior lien pledge 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 Bond, fully registered, due April 1, 2031. The Bond is book-entry-only and is not evidenced by a physical bond certificate. The Bond was priced competitively and issued as a private placement, with Bank of America, N.A., as the original purchaser. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2009.

**Agent**

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

**Optional Redemption**

The Series 2009 Bond may be prepaid at the option of the City in whole, or in part, on any date, with three 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 IMPROVEMENT REFUNDING REVENUE BOND,**  
**SERIES 2009**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>	<b>Ending</b>	<b>Interest</b>			
<b>October 1</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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%	<u>615,000</u>	<u>11,408</u>	<u>626,408</u>	
<b>TOTALS</b>		<b><u>\$ 8,090,000</u></b>	<b><u>\$ 1,158,264</u></b>	<b><u>\$ 9,248,264</u></b>	

## Covenant to Budget and Appropriate Bonds

The City's Covenant to Budget and Appropriate Bonds are supported by the Non-Ad valorem Revenues of the City's General Fund but does not include any ad valorem taxes (property taxes). The City has agreed to appropriate for the payment of principal and interest in its annual budget for each year that any bonds with such pledge remain outstanding. The City has further agreed not to incur any additional indebtedness payable from Non-Ad valorem Revenues unless such revenues will be greater than two times the maximum annual debt service on all outstanding debt payable from Non-Ad valorem revenues. The table provides the debt service coverage on existing Covenant to Budget and Appropriate Bonds.

<b>Selected General Government Debt Statistics</b>			
<i>Pledged Revenues (in 000s)</i>			
<i>City of Tallahassee</i>			
<i>Covenant to Budget and Appropriate Bonds</i>			
<i>For Fiscal Years Ending September 30</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Non-Ad Valorem Revenues	\$106,909	\$107,298	\$115,307
Debt Service	\$ 993	\$ 993	\$ 993
<b>Debt Service Coverage</b>	<b>107.66x</b>	<b>108.05x</b>	<b>116.11x</b>

**CONVENANT TO BUDGET AND APPROPRIATE BONDS  
(GENERAL GOVERNMENT DEBT)  
CITY OF TALLAHASSEE, FLORIDA  
CONSOLIDATED DEBT SERVICE**

<b>Bond Year Ending October 1</b>	<b>Total</b>	<b>\$7,310,000 Series 2020</b>	<b>\$7,994,660 Series 2019</b>
2023	\$ 1,097,610	\$ 104,533	\$ 993,077
2024	1,097,607	104,533	993,074
2025	8,407,610	7,414,533	993,077
2026	993,075	-	993,075
2027	993,077	-	993,077
2028	993,072	-	993,072
<b>TOTALS</b>	<b><u>\$ 13,582,052</u></b>	<b><u>\$ 7,623,599</u></b>	<b><u>\$ 5,958,453</u></b>

**CONVENANT TO BUDGET AND APPROPRIATE BONDS  
(GENERAL GOVERNMENT DEBT)  
CITY OF TALLAHASSEE, FLORIDA  
CONSOLIDATED DEBT SERVICE  
PRINCIPAL OUTSTANDING**

<b>Bond Year Ending October 1</b>	<b>Total</b>	<b>\$7,310,000 Series 2020</b>	<b>\$7,994,660 Series 2019</b>
2023	\$ 866,930	\$ -	\$ 866,930
2024	886,780	-	886,780
2025	8,217,090	7,310,000	907,090
2026	927,860	-	927,860
2027	949,110	-	949,110
2028	<u>970,840</u>	<u>-</u>	<u>970,840</u>
<b>TOTALS</b>	<b><u>\$ 12,818,610</u></b>	<b><u>\$ 7,310,000</u></b>	<b><u>\$ 5,508,610</u></b>

**\$7,310,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Public Improvement Revenue Note, Series 2020**

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Dated: October 1, 2020

**Purpose**

The Series 2020 Note was issued to finance the purchase of the Northwood Centre property and pay certain costs of issuance of the Series 2020 Note.

**Security**

The Note is secured by a covenant to budget and appropriate pledge to deposit Non-Ad Valorem Revenues sufficient to pay the principal and interest on the subject financing.

**Bond Reserve**

There are no debt service reserve fund requirements.

**Form**

\$7,310,000 Revenue Note, fully registered, due October 1, 2025. The Note is book-entry-only and is not evidenced by a physical certificate. The Note was priced competitively and issued as a private placement, with Key Government Finance, Inc. as the original purchaser. Interest is payable semi-annually on each April 1 and October 1, commencing April 1, 2021.

**Agent**

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

**Ratings at issuance**

**Moody's:** NR

**Fitch:** NR

**Standard & Poor's:** NR

**Optional Redemption**

The Series 2020 Note may be prepaid at the option of the City in whole, or in part, on any date, with 21 business days prior written notice to the Owner by payment in an amount equal to the principal amount to be prepaid plus accrued interest to the prepayment date.

**Events of Default**

Upon the occurrence and during the continuation of any Event of Default, the Owner of the Note may, in addition to any other remedy authorized in the Note, may enforce and compel the Issuer to pay off the outstanding balance immediately.

**\$7,310,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**PUBLIC IMPROVEMENT REVENUE NOTE, SERIES 2020**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year Ending October 1</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	1.430%	\$ -	\$ 104,533	\$ 104,533
2024	1.430%	-	104,533	104,533
2025	1.430%	<u>7,310,000</u>	<u>104,533</u>	<u>7,414,533</u>
<b>TOTALS</b>		<b><u>\$ 7,310,000</u></b>	<b><u>\$ 313,599</u></b>	<b><u>\$ 7,623,599</u></b>



**\$7,994,660**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Transportation Improvement Revenue Bond, Series 2019**

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Dated: May 10, 2019

**Purpose**

The Series 2019 Bond was issued to finance the purchase of electric buses and charging stations and pay certain costs of issuance of the Series 2019 Bond.

**Security**

The bond is secured by a covenant to budget and appropriate pledge to deposit Non-Ad Valorem Revenues sufficient to pay the principal and interest on the subject financing.

**Bond Reserve**

There are no debt service reserve fund requirements.

**Form**

\$7,994,660 Serial Bond, fully registered, due May 1, 2028. The Bond is book-entry-only and is not evidenced by a physical bond certificate. The Bond was priced competitively and issued as a private placement, with Capital City Bank as the original purchaser. Interest is payable semi-annually on each November 1 and May 1, commencing November 1, 2019.

**Agents**

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

**Ratings at issuance**

**Moody's:** NR

**Fitch:** NR

**Standard & Poor's:** NR

**Optional Redemption**

The Series 2019 Bond may be prepaid at the option of the City in whole, or in part, on any date, with three days prior written notice to the Owner by payment in an amount equal to the principal amount to be prepaid plus accrued interest to the prepayment date.

**Events of Default**

Upon the occurrence and during the continuation of any Event of Default, the Owner of the Bond may, in addition to any other remedy authorized in the Bond, may enforce and compel the Issuer to pay off the outstanding balance immediately.

**\$7,994,660**  
**CITY OF TALLAHASSEE, FLORIDA**  
**TRANSPORTATION IMPROVEMENT REVENUE BOND, SERIES 2019**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year Ending October 1</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	2.290%	\$ 866,930	\$ 126,147	\$ 993,077
2024	2.290%	886,780	106,294	993,074
2025	2.290%	907,090	85,987	993,077
2026	2.290%	927,860	65,215	993,075
2027	2.290%	949,110	43,967	993,077
2028	2.290%	<u>970,840</u>	<u>22,232</u>	<u>993,072</u>
<b>TOTALS</b>		<b><u>\$ 5,508,610</u></b>	<b><u>\$ 449,843</u></b>	<b><u>\$ 5,958,453</u></b>

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## ENERGY SYSTEM

The City's Energy System is comprised of the City's Electric and Gas Utilities. The 1992 General Resolution created the Energy System, which consisted solely 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 Systems (CUS) to create the Energy System, for financing purposes only.

### Administration

In the Fall of 2018, the City Manager announced several organizational changes which included consolidating the Electric Utility, Gas Utility and Wholesale Energy (aka Energy Services) functions under a single General Manager who is responsible for all energy related operations at the City. This consolidated department is now known as the Electric and Gas Utility (E&G) and has seven divisions. Other City departments will continue to provide other support activities, such as accounting, payroll, and human resources. The cost of these services is allocated to the utility departments.

Each of the seven divisions, except for the Finance and Administration Services Division, are led by an Assistant General Manager – E&G. The Finance and Administrative Services Division is led by the Chief Financial and Administrative Services Manager.

### Electric and Gas Utility System

The Electric Utility is a vertically integrated system that owns, operates and maintains an electric generation, transmission and distribution system providing electric power and energy to 126,134 customers in a service area of approximately 221-square miles located within Leon County and the City's municipal facilities in Wakulla County.

The table below depicts the current power supply resources available to the City (more details are available in the Energy Supply Section of this report).

Station	Summer Rating	Winter Rating
Hopkins Power Plant	484 MW	518 MW
Purdom Power Plant	222 MW	258 MW
Sub Station #12 – Distributed Generation	18 MW	18 MW
Solar Farm 1 <sup>1</sup>	20 MW	20 MW
Solar Farm 4 <sup>2</sup>	42 MW	42 MW

<sup>1</sup>SF1 is owned and operated by FL Solar 1, LLC and provides 100% of the output to the City under a 20-year Purchased Power Agreement.

<sup>2</sup>SF4 is owned and operated by FL Solar 4, LLC and provides 100% of the output to the City under a 20-year Purchased Power Agreement.

The Electric Utility owns and operates approximately 219 miles of 115/230kv transmission system, 28 substations and 3,688 miles of overhead and underground primary/secondary distribution lines. The utility operates as a balancing authority, generator owner/operator and transmission owner/operator. Florida is unique in that it is a peninsula with limited import/export capability from the north. The City is one of four Florida utilities that own rights to the import capability known as the Southern/Florida interface. The City's current share of the import capacity is 200 MW.

The Gas Utility owns, operates, and manages a natural gas distribution system that provides firm and interruptible gas service to over 34,800 customers in Leon County, as well as the surrounding counties of Wakulla and Gadsden. 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 975 miles of gas main infrastructure. The Gas Utility Division is responsible for administration, engineering, business development, and field operations of the City's Gas System. Activities include sales and outreach, customer service, dispatching and controlling the delivery of gas, maintaining above and below ground facilities and infrastructure, managing new facility construction, and maintaining system maps. The Gas Utility has 35 full-time employees who maintain and operate the gas system.

## Electric and Gas Utility Sales

Both the Electric and Gas Utility sales are normally impacted by a number of factors including, but not limited to, weather, economic conditions in the service territories, and emphasis on conservation/sustainability. During 2021, electric and gas sales were also impacted by the business and community response to COVID-19. Much like most communities in the country, Tallahassee saw its major universities and school system move to virtual learning for a portion of the year and local businesses were adversely impacted due to closures and students not being in Tallahassee. These community response activities impacted the retail sales of electricity and gas to the City's customers primarily by shifting consumption from commercial to residential as employees worked from home in large numbers.

During the fiscal year that ended September 30, 2022, Electric and Gas saw the following sales and customer changes:

- **Electric:** The City sold 2,624,260 MWh of electric energy to ultimate customers and 266,507 MWh to other utilities and received total operating revenues of approximately \$290,974,887. The City experienced modest growth in customers of 0.81% from 126,136 in FY 2021 to 127,157 in FY 2022, and retail sales increased by 1.41% from 2,588,286 MWh in FY 2021 to 2,624,660 MWh in FY 2022. The City's ten-year forecast projects an average annual growth in customers of 0.9% and an average annual growth in retail energy sales of 1.0%, which includes the forecasted impact of the City's aggressive energy efficiency and Demand Side Management program. For FY 2022, electric retail sales were approximately 3.5% below the forecasted sales. During FY 2022, sales for resale were approximately 36% higher than those experienced in FY 2021.
- **Gas:** Annual system sales for FY 2022 were 2,911,805 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 FY 2022. The City experienced modest growth in customers from 34,342 in FY 2021 to 34,890 in FY 2022. Due to slightly warmer winter temperatures sales decreased by 3.1%. Fiscal Year 2022 was approximately 5% cooler than the five-year norm, but 8% warmer than the previous year. The combination of successful sales campaigns and keeping operational expenses in check resulted in the Gas Utility's revenues exceeding expenses by approximately \$2.4 million. Furthermore, the Gas Utility was able to meet its financial commitments to the City and transferred over \$3.1 million to the City's general fund in accordance with the City's budgetary policy. The Gas Utility's new construction and infill programs continue to be successful in FY 2022. Most new homes being built use natural gas for water heating, as well as other natural gas appliances.

## Electric and Gas Awards

During 2022, the Electric and Gas Utility received multiple commendations from the American Public Power Association and Florida Municipal Electric Association for providing mutual aid support to other Public Power communities to quickly restore power and repair damage to their system sustained

from severe weather impacts. The Electric Utility Power Delivery team was dispatched to three different Public Power communities in Florida and North Carolina.

In 2021, the City of Tallahassee was awarded the APPA's most prestigious award, the E.F. Scattergood Award. The City previously received this honor in 2012. This national designation recognizes the top public utility in the country for demonstrated sustained achievement, commitment to clean energy, and customer service to its community. The City also earned the 2021 Award of Continued Excellence (ACE) from APPA's Demonstration of Energy & Efficiency Developments (DEED) program. This award recognizes continued commitment to the DEED program and its ideals, including support of research development and demonstration, improving efficiency, renewable resources, and support of public power. In prior years, the City has been awarded the 2012 APPA DEED Energy Innovator Award, has been recognized as a "Most Livable City in America" by the U.S. Conference of Mayors in 2011 for the Neighborhood REACH program, and has received the 2014 APPA DEED Energy Innovator Award for the Double Rebates Program.

In 2019, the City's Gas Utility was recognized with the American Public Gas Association (APGA) Public Gas Achievement Award. This is the highest recognition that APGA awards to one deserving public gas system out of over 1,000 systems. The recognition underscores the City's widely recognized exemplary performance and substantial contributions to the community and gas industry.

In 2020, the American Public Gas Association (APGA) recognized the Gas Utility with the Gold-level System Operational Achievement Recognition (SOAR). SOAR recognizes public gas utilities for best practices. Tallahassee's Gas Utility has been recognized at the Gold-level every cycle since the SOAR program was developed and is the only public gas utility to have this achievement.

In 2019, and again in 2021, the American Public Power Association (APPA) recognized the City's Electric Utility with the Smart Energy Provider designation. This recognition is given to public power communities that demonstrate leading practices in four key disciplines: smart energy program structure, energy efficiency and distributed energy programs, environmental and sustainability initiatives, and customer experience. In 2018, APPA recognized the City's Electric Utility with the prestigious Reliable Public Power Provider (RP3) Diamond level for demonstrated excellence in reliability, safety, workforce development and system improvement. The Diamond level is the highest level attainable in the RP3 program and was valid from May 1, 2018 through April 30, 2021.

In 2018 the City was awarded the Project of the Year – Environmental (more than \$25M) award from the American Public Works Association for Solar Farm #1. In 2019, the American Public Works Association awarded the City with the 2019 Project of the Year – Environmental (more than \$75M) for Solar Farm #4.

In 2022, Earl Lively, a Journey Level Employee in the Gas Utility Department, was awarded the Florida Natural Gas Association's prestigious Operating Person of the year. This marks the second time that one of the Gas Utility team members has received this recognition.

## **Electric and Gas Utility Management Discussion of Operations**

### **General**

During the last several years, the City has aggressively addressed positioning all phases of its energy infrastructure for changing business requirements, environmental requirements, and customer needs. These efforts have included, but were not limited to, construction of new transmission facilities, conversion of 115kv transmission facilities to 230kv, retirement of older less efficient generation and the addition of 111 MW of clean efficient natural gas reciprocating engine/generators, the addition of two Solar Farms (FL Solar 1, LLC and FL Solar 4, LLC) and continued expansion of the gas utility infrastructure. These initiatives continue to improve system reliability, efficiency, and customer service.

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

- 100% of the City’s electric generating fleet has a weighted average life of fewer than 15.5 years with the oldest generating unit being Purdom Unit 8 that went into commercial operations in 2000. For FY 2022, the average system heat rate was 7,637 Btu/kwh;
- The City’s Demand Side Management (DSM) program continues to minimize the amount of additional power supply resources needed to meet planning reserve margins; and
- The DSM program will increase the City’s load factor approximately 2% over a ten-year timeframe, and the efficiency of the generating fleet, coupled with the Energy Risk Management Program, will provide competitive, environmentally responsible production costs.

In FY 2022 the Gas Utility enhanced its commitment to its Pipeline Safety Management System by initiating a utility-wide safety culture survey. The Utility used the results of the survey to make some changes to the operations that have shown positive safety results. The continued focus on safety and employee knowledge enhancement was a contributor to the Utility receiving its thirteenth consecutive flawless Florida Public Service Commission Gas Utility safety audit.

As the COVID-19 pandemic unfolded in 2020, the Electric and Gas Utility undertook several activities to reduce the potential impacts from the pandemic on its operations. Many of these activities continued through FY 2021 and FY 2022. Examples of these measures include remote work, when possible, modified schedules, utilization of the backup control center, and lighting and HVAC improvements. Additionally, the City implemented utility customer changes such as temporarily suspending disconnections, deferred payments, and CARES Act funding to eligible customers to aid in the payment of outstanding utility bills.

### **General Electric Long-Term Services Agreement**

The City currently has a Long-Term Services Agreement (LTSA) with General Electric International, Inc. (GE) for Purdom Unit 8 (PP8) and Hopkins Unit 2 (HP2). Under the terms of the LTSA, GE performs all scheduled preventative maintenance work on the City’s PP8 combustion and steam turbine/generators and HP2 combustion turbine/generator 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 City renegotiated an extension to the contract in 2015 to modify certain terms of the LTSA to include one additional major inspection cycle for each generation unit, modify the PP8 maintenance cycle from 24,000 to 32,000-hour intervals, modify the escalation provisions to a fixed 2% annual escalation, and extend the term of the agreement to 2029. As a result of these negotiations, the annual cost of the agreement has been reduced by approximately \$2 million as compared to prior LTSA costs and projections.

### **Power Supply Resources**

The City has a long-standing commitment to ensuring efficient, reliable, and environmentally sustainable power supply resources. To that end, the City has committed significant financial resources to modernization of the power supply fleet. This has included:

- Repowering of Hopkins Unit 2 to a combined cycle generating unit in 2008 to gain significant fuel efficiency and continued reduction in permitted and actual emissions;
- Construction of a distributed generation facility at the City’s Substation 12 (BP12), located adjacent to 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 was done primarily for distribution reliability and storm hardening purposes. Two 9.3 MW (18.6 MW total) Wartsila gas fired reciprocating internal combustion engine/generators have been installed for this project. These units went into commercial

- operation in October of 2018. This facility is equipped to provide black start capability as well as operating in island mode;
- Construction of five Wartsila gas fired reciprocating engine/generators at the Hopkins facility. Each of these units is rated at 18.6 MW and achieved commercial operation between January of 2019 and April of 2020;
  - Retirement of Hopkins Unit 1, Hopkins CTs 1 and 2, and Purdom CTs 1 and 2;
  - Addition of Solar Farm 1, 20 MW, that achieved commercial operation in December of 2017; and
  - Addition of Solar Farm 4, 42 MW, that achieved commercial operation in December of 2019.

The new reciprocating engine/generators added at BP12 and Hopkins provide the City with the following benefits:

- These engines are significantly more efficient than the units they replaced, resulting in fuel cost savings to our customers;
- These units can be started in 5 minutes to meet the system demand quickly, as opposed to Hopkins 1 that took about 10 hours to start;
- The CO2 emissions are much less from these units compared to the units that were replaced; and
- The addition of the quick start engines will allow for nimbler operations of the electric system that will support the current and future-plans for intermittent (solar and wind) power additions when they are cost effective.

With the above power supply additions and retirements, the City has the following fleet available to serve its electric customers in a reliable, cost-effective, and environmentally responsible manner.

Unit	Commercial Operations Year	Unit Type	Fuel (primary/alternative)	Summer Output MW (95°F)	Winter Output MW (29°F)
Hopkins Unit 2	2008 <sup>1</sup>	7FA Combined Cycle	Natural Gas/Diesel	300	330
Hopkins CT3	2005	LM-6000 Simple Cycle Combustion	Natural Gas/Diesel	46	48
Hopkins CT4	2005	LM-6000 Simple Cycle Combustion	Natural Gas/Diesel	46	48
Hopkins IC1	2019	RICE <sup>2</sup>	Natural Gas	18.6	18.6
Hopkins IC2	2019	RICE	Natural Gas	18.6	18.6
Hopkins IC3	2019	RICE	Natural Gas	18.6	18.6
Hopkins IC4	2019	RICE	Natural Gas	18.6	18.6
Hopkins IC5	2020	RICE	Natural Gas	18.6	18.6
Purdum Unit #8	2000	7FA Combined Cycle	Natural Gas/Diesel	238	265
BP12 1C1	2018	RICE	Natural Gas	9.3	9.3
BP12 1C2	2018	RICE	Natural Gas	9.3	9.3
Solar Farm 1	2017	Solar	Solar	20	20
Solar Farm 4	2019	Solar	Solar	42	42

<sup>1</sup>This is the CO date for the repowered HP2

<sup>2</sup>Reciprocating Internal Combustion Engine/Generator

As part of the City’s commitment to environmental sustainability and a diverse power supply portfolio, the City has entered into Purchase Power Agreements (PPA) for two solar farms. The two PPA’s are with FL Solar 1, LLC for Solar Farm 1 with a contracted output of 20 MW alternating current (AC) and FL Solar 4, LLC for Solar Farm 4 with a contracted output of 42 MW AC. The terms of the PPA call for the City to purchase 100% of the facility output for 20 years at a pre-determined pricing schedule. The City has two five-year renewal options that it can exercise at the end of the initial contract term. Starting in the ninth year of each PPA, the City has an annual right to acquire the facilities. The facilities are located on City-owned land at the Tallahassee International Airport. FL Solar 1, LLC and FL Solar 4, LLC each have land leases for the underlying land for a 35-year period. To meet specific FAA requirements, the Electric Utility is responsible for compensating the airport with an annual lease payment. While the City is purchasing the energy, the respective lease payments will be made from Electric revenues. Should either PPA be terminated, the respective company will reimburse the Electric Utility for the annual lease payments while their facility remains on the site.

The City continually monitors changing regulatory, legislative and industry trends that could potentially impact the selection of future power supply resources. This includes regularly evaluating 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.

The City continues to be committed to a robust Demand Side Management (DSM) program that was identified through a prior preferred resource plan and is currently under review through a new resource planning effort in support of the City's clean energy goals (discussed in the next section). Based on the projected impacts associated with their DSM 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 identify options the City could consider should the anticipated savings not be achieved as planned. In addition, the City continues to analyze the number, sizes and expected duty cycles of the City's electric generating units (referred to as "capacity mix"), inter-utility transmission capabilities, and other potential sources of risk to economical and reliable electric service.

Capacity mix is an essential 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 are 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.

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. For these reasons, the City continues to evaluate alternatives to its current load reserve margin supplement fleet criterion that may better balance resource adequacy and operational needs with utility and customer costs. The results of these evaluations suggested that the City's current load reserve margin supplemental criterion should be supplemental by a criterion that considers the number and sizes of power supply resources (unit size diversity) to ensure adequacy and reliability. Addressing this criterion led to the replacement generation project at Hopkins and the distributed generation project BP12.

### **General Mutual Aid Agreement**

The City is a participant in the Second Amended and Restated Mutual Aid Agreement for Extended Generation Outages (the "Agreement") with Florida Municipal Power Agency (All-Requirements Power Supply Project), Gainesville Regional Utilities, the Jacksonville Electric Authority (JEA), the City of Lakeland, the Orlando Utility Commission and the Municipal Electric Authority of Georgia. Under the terms of this Agreement, should one of the parties have a named unit experience an extended forced outage of 60-consecutive days or more, the party may call upon the other parties to provide replacement energy, up to the amount identified for the named unit, for a period from 61<sup>st</sup> day to the 365<sup>th</sup> day of the event. For the City of Tallahassee, Hopkins Unit 2 and Purdom Unit 8 are named units and the capacity covered by the Agreement is 150 MW for each unit. The Agreement provides for a known means to price the energy that is provided under the Agreement. While not an obligation to take energy under the Agreement, the Agreement provides the City with an option to obtain replacement energy should there be an extended forced outage of one of the City's two largest units.

## Clean Energy Plan

In October of 2017, the City Commission directed staff to begin work on a plan to increase the use of renewable energy with a target of 100% renewable by a date certain. On February 20, 2019, the City Commission adopted a Clean Energy Plan (CEP) resolution. This resolution recognized the City's historical focus on the environment and sustainability and set new goals to move the City and community to 100% renewable energy by 2050. This would include all segments of energy use in the City and community including electricity, natural gas, and transportation. The resolution also adopted interim goals for City operations that include: movement of all City facilities to 100% renewable by 2035; conversion of the City's mainline buses to 100% electric by 2035; conversion of 100% of the City's light duty vehicles to 100% electric by 2035; and conversion of the City's medium and heavy-duty vehicles to 100% electric as the technology is available. A third-party consultant, GDS Associates, has been engaged to develop an Energy Integrated Resource Plan (EIRP). The EIRP is the start of the blueprint for moving the City and community to the 100% goal while maintaining the required reliability demands of our customers and perform the conversion in a cost-effective manner.

Since 2020, the following CEP activities occurred:

- Under the City's solar subscription program for SF4, the City subscribed to have 100% of its occupied buildings powered by 100% solar, making Tallahassee the first of 33 public power utilities in Florida to power 100% of its City buildings with solar energy;
- The City conducted a series of community forums to provide opportunities for the public to contribute to the clean energy planning process. An initial round of public engagement took place in late 2020 and early 2021, followed by a second round in late 2021 and final round in late 2022. The input received from the public will help shape the clean energy roadmap for the community;
- The City was authorized to install up to four public electric vehicle charging stations throughout Tallahassee as a pilot project. Staff is now working on design and engineering. These stations will feature Level III DC Fast Chargers. The stations will be owned and operated by the City;
- Approximately one-third of the City's main line bus fleet is all-electric. Primarily serving Florida State University, this fleet has become the first all-electric campus bus system in the nation; and
- As of 2022, the City has 54 light-duty electric vehicles in its fleet along with another 58 hybrid electric vehicles.

## Wholesale Energy Services (Formally known as Energy Services)

Wholesale Energy Services' (WES) primary mission is to optimize the economic dispatch of the Electric Utility's generation resources, manage fuel supply for the City's Electric and Gas Utilities and provide power marketing services for the Electric Utility. WES forecasts daily load requirements for the City's Electric and Gas Utilities, schedules generation resources and purchases natural gas to meet both the Electric and Gas Utility's needs in an economical and reliable manner. WES leverages the City's generation resources to create revenues through buying and selling power in the short-term and long-term wholesale markets. These activities help to deliver the lowest cost power in a reliable manner to the City's utility customers.

WES also takes advantage of the City's municipal tax-exempt status through "prepay" natural gas supply agreements. These agreements allow the City to receive discounted gas supplies through joint participation in prepay gas supply agreements. The discounts are generated by leveraging the value between tax-exempt and taxable bonds without putting any funds directly at risk. The City currently has seven prepay agreements identified by counterparty, term, volume, discount and estimate savings as follows:

- Tennessee Energy Acquisition Corporation (TEAC)/Goldman, August 2006 – July 2026, 3,300 MMBtu/day, \$0.45 discount, \$542k/year, \$10.8 million over the term;
- TEAC/Goldman, April 2018 – March 2053, 6,000 MMBtu/day, \$0.28 discount, \$613k/year, \$18.4 million over the term;
- Blackbelt/Goldman, November 2018 – October 2048, 12,000 MMBtu/day, \$0.40 discount, \$1.75 million/year \$52 million savings over the term;
- TEAC/Goldman, April 2019 – August 2022, 5,000 MMBtu/day, \$0.25 discount, \$456k/year, \$1.5 million over the term;
- TEAC/Goldman, April 2022 – March 2052, 8,000 MMBtu/day, \$0.38 discount, \$1.1 million/year, \$33 million over the term;
- Municipal Gas Authority of Georgia (MGAG)/Citadel – July 2022 – June 2052, 3,000 MMBtu/day, \$0.54 discount, \$592k/year, \$17.7 over the term;
- Municipal Gas Authority of Georgia (MGAG)/Citibank – August 2022 – July 2052, 5000 MMBtu/day, \$0.30 discount, \$547k/year, \$16.4 over the term; and
- Southeast Energy Authority (SEA)/Morgan Stanley – December 2022 – November 2052. 5000 MMBtu/day, \$0.32 discount, \$584k/year, \$17.5 over the term. This agreement was approved January 18, 2023.

The City had another pre-pay with Mainstreet/Royal Bank of Canada. This pre-pay was established in July 2010 and was scheduled to run through June of 2040 for 5,000 MMBtu/day, at a \$0.40 discount. Due to the significant decline in interest rates, Mainstreet notified the City in 2020 that they were exercising their early termination provisions and closed the transaction in October 2020. As a result, Mainstreet returned \$6,033,095.86 to the City as a settlement distribution. These funds were deposited in the City's Energy Cost Recovery Charge Fund.

The City is currently awaiting pricing in the market for another prepay transaction with the Southeast Energy Authority (SEA). This transaction is for 5,000 MMBtus/day over 30-years.

The sum of the City's existing prepay savings is estimated to exceed \$110 million over the full terms of the various prepay agreements. The prepay contract volumes represent approximately 58% of the gas supply for the Electric and Gas Utilities in 2022 and taper off to 40% in 2048 and 0% after 2054. Management will continue to evaluate the need for additional prepay volumes in conjunction with the Clean Energy Plan and long-term system planning objectives.

WES markets and trades natural gas and pipeline capacity in the wholesale market to reduce the cost of pipeline capacity and generate revenues if market conditions allow. Short-term supplies of natural gas are purchased in the physical market and long-term supplies are hedged with financial contracts through the Chicago Mercantile Exchange (CME) and the Over-the-Counter (OTC) market using International Swap Dealers Association (ISDA) agreements. 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 City's fuel purchases and hedging program. 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 up to \$30 million from the Electric Operating Reserve for CME related 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 to purchase 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 hedging program proved extremely valuable to the City and its customers during FY 2022. Natural gas prices increased significantly throughout FY 2022 due to a strong rebound in the post-COVID-19 economy, inflationary pressures and above average usage due to weather. The market price for natural gas averages \$6.54/MMBtu for the full year, but the City only paid \$2.62/MMBtu for 80% of

our gas supplies due to hedging. Fiscal Year 2022 gas supplies were hedged during March 2020 when gas prices were at their lowest point in several years due to the economic impact from COVID-19. As a result of the hedges, the City's electric and gas utility customers saved over \$75 million on their utility bills during FY 2022.

The City's Energy Risk Management Program monitors and reports the market-based financial risks of the organization regularly. The program mainly focuses on the market and credit risks associated with the City's electric energy production and wholesale business activities. The Energy Risk Management Policies and Procedures were revised in 2019 to update processes and streamline procedures. Under this program, WES adheres to 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 transaction revenue margins;
- Long-term firm transactions are coordinated and reviewed by the City Manager, Electric and Gas Utility and the ERPC; and
- Wholesale market trading partners' credit worthiness determinations, including trade limits, are performed in accordance with the City's independent consultant continuously.

In accordance with the City's Energy Risk Policies and Procedures, WES procures natural gas supplies from numerous producers and other market participants for physical delivery to the City via long-term transportation agreements with Florida Gas Transmission of Southern Natural Gas. WES purchases diesel fuel to provide backup for the Electric Utility's generating units if natural gas or pipeline capacity is constrained.

### **City Electric Transmission System**

The City's existing transmission system includes approximately 219 circuit miles of transmission lines operated at voltages of 230kV and 115kV. With the completion of the last of the 115kV installations (line 55) and the 230kV upgrades, the City now has a transmission network that forms 115kV and 230kV loops that extend around and through the City limits. The Electric System has substations at 28 locations, one each at the Hopkins and Purdom stations, 21 bulk power substations, three transmission substations and two 12.47kV distribution step-down substations. At the 21 bulk power substations, the power is transformed from the transmission voltage of 115/230kV 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 Florida ("Duke") at five locations on its system and with The Southern Company ("Southern") 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. Due to NERC requirements, Purdom Plant's capacity is marginally limited under some transmission outage scenarios. A project is underway to upgrade the capacity of Line 3B to address some of the limitations. While the initial plans had been to have this work done by the end of 2020 or early 2021, the project was delayed due to COVID-19 work restrictions. The project was completed by the end of calendar year 2022.

The City's projected transmission import 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 is working with its neighboring utilities, Duke and Southern, to plan and maintain, at minimum, sufficient transmission import and export capability to allow the City to make emergency power purchase and sales in the event

of the most severe single contingency (the loss of the system's largest generating unit) or to alleviate operation constraints such as minimum generation load levels.

The prospects for significant expansion of the regional transmission system around Tallahassee hinge on the City's ongoing discussions with Duke and Southern, and now Florida Power and Light (FPL) and Gulf as they are constructing a new transmission line between the two companies. The FPL-Gulf line may provide improved opportunities as it will require a review of all the transmission pathways in the North Florida area, including the effect on the Florida-Southern Interface (See "Gulf Transmission Line" section below for more details). The City also continues to work within the Florida Reliability Coordinating Council's (FRCC) regional transmission planning process, and the evolving set of mandatory reliability standards issued by NERC. It is unclear at this time if any of these opportunities will 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 recent power supply resource studies tend to favor local generation alternatives as the means to satisfy future requirements.

## Regulatory

The City's Electric and Gas Utility is subject to various regulatory laws and requirements, including among other things, environmental, safety and reliability, by a variety of entities at the federal, state, and local levels. These laws and requirements generally can 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 constantly changing nature of these 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 regulatory standards or deadlines could result in fines or legal action, as well as impacting various operational aspects of the utility. This section summarizes the major regulatory and environmental issues facing the Electric and Gas Utility but is not intended to describe each, and every regulatory requirement the Utility must adhere to.

## Environmental

Several factors could significantly impact future operations of the City's utilities, and they are categorized below by environmental sector.

**General:** Over the past couple of years, there has been an uptick in environmental regulatory inspections and enforcement actions across the state. In September 2019, the State of Florida Department of Environmental Protection ("FDEP") issued a memo limiting the use of Compliance Assistance Offers ("CAO"), a method of informal enforcement where the responsible party comes back into compliance without the assessment of civil penalties or orders of corrective action. The memo limits CAO's to two per permitted facility within a rolling five-year period. It is expected that if a third violation is noted, and an exception to this memo is not received, a warning letter will be issued. If both parties are willing, a warning letter generally resolves itself through the entrance of a Consent Order. If a resolution cannot be reached, the FDEP may initiate an administrative action by issuing a Notice of Violation or a civil action through filing a Complaint. Legislation became effective July 1, 2020, that increased maximum imposition of environmental civil penalties by 50%. To maintain environmental compliance, the City performs proactive internal audits to discover and address any potential non-compliance issues.

**Air:** The City's generating plants are subject to the Acid Rain cap and trade program and the City holds more than sufficient allowances of both sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>2</sub>).

The United States Environmental Protection Agency ("EPA") has issued several indefinite stays, remands or appeals for a number of environmental regulations that previously impacted the City's operations. While the future of these stayed rules is unclear, presently the City is in compliance with air

regulations. It is generally expected that there will be a significant increase in litigation and legal challenges for the EPA. The following air regulations are not expected to impact the City's operations or environmental compliance status.

**Emissions Standards for Combustion Turbines:** In February 2022, the US EPA reinstated 40 Code of Federal Register Part 63, Subpart YYYY, National Emissions Standards for Hazardous Air Pollutants for Stationary Combustion Turbines. For combustion turbines (CTs) at major sources of hazardous air pollutants (HAPS), Subpart YYYY imposed a formaldehyde emissions limit of 90 ppb on natural gas fired CTs that would require extensive monitoring and air pollutant testing. The City of Tallahassee owns and operates four CTs that would have been potentially subject. Through extensive testing of the City's CTs, TAL was able to reclassify both Hopkins and Purdom as area sources of HAPS and thus the units at those facilities were not subject to Subpart YYYY. This reclassification to an area source was codified in both recent Title V permit renewals and allowed the City some cost savings now that several regulations were no longer applicable.

**Climate Change and Greenhouse Gas Regulations (Affordable Clean Energy (ACE) Rule):** The Affordable Clean Energy Rule was promulgated on July 8, 2019 with the intention of regulating greenhouse gases (GHGs) from existing coal-fired electricity generating units. This action by EPA repealed the 2015 Clean Power Plan and implemented emissions guidelines for coal-fired boilers; gas and oil-fired boilers are excluded. The City no longer operates any electric generating units that are subject to ACE; future GHG regulation is likely to be forthcoming. It is expected that the new rules to address greenhouse gases from electricity generating units is not likely to be constrained to just coal-fired units. Compliance with the greenhouse gas emission reduction requirements could require the City, at significant cost, to purchase allowances or offsets, change or modify technology used at City facilities. Estimating costs of compliance with expected greenhouse gas legislation is subject to significant uncertainty. The City cannot predict the impact or timing of any federal or state legislative or regulatory proposals regarding greenhouse gas control strategies due to the preliminary stages of such proposals. That being said, the City is seeking to create and implement a Clean Energy Plan of its own.

**Environmental Justice:** The Biden administration has brought renewed focus to issues involving environmental justice and has provided new guidance on ensuring that all people in the United States, regardless of race, color, national origin, disability, age, sex, or income will not be denied equal access to a healthy environment. EPA's guidance encourages EPA regions to work with state, local and tribal permittees to incorporate the following principles into all air permitting actions: identify communities with potential EJ concerns, engage early and promote meaningful participation and fair treatment, enhance public involvement, conduct a fit for purpose EJ analysis, minimize and mitigate disproportionately high and adverse impacts, provide federal support, enhance transparency, and build capacity to enhance consideration of EJ issues. For the City of Tallahassee, although there are currently no major capital projects that have the potential for significant air permitting planned, it would be imperative for the City to take a look into the potential for EJ issues and be prepared to demonstrate that attempts were made to resolve those EJ issues with the communities involved. EPA has provided an EJ screening tool to assist communities and by extension air pollutant emitting facilities in determining which areas nearby are potentially at risk for an EJ lawsuit.

**Hopkins Tank Leak:** In January 2012, a leak was discovered from the diesel tank number 4 at the Hopkins Generating Station, 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 seven million cubic meters of soil vapors. Following system shutdown, the site entered into a FDEP-approved natural attenuation monitoring program whereby quarterly groundwater sampling would be conducted. Based on the diminishing contaminants of concern and the stability of the plume, the FDEP agreed to regulatory closure through the entrance of a Declaration of Restrictive Covenants (DRC). The DRC provides an engineering control and groundwater/stormwater restrictions within the affected area. The DRC was recorded in Leon County official records on July 3,

2018, and the City received regulatory closure through a Conditional Site Rehabilitation Completion Order (SRCO) on July 18, 2018. There are plans to demolish tank number 4. The tank bottom will be left in place to comply with the engineering control requirement of the DRC.

**Sulfuric Acid Leak:** In the early morning hours of May 2, 2020, City staff at the Hopkins Generation Facility responded to a sulfuric acid leak discovered on the property. A small acid feed line had developed a leak that resulted in approximately 1,800 gallons of sulfuric acid being spilled on the plant site. Plant staff took immediate actions to isolate the leak and mitigate the impacts. A small amount of acid was released from the plant site. Plant staff was able to recover most of the release. Notifications were made to the appropriate local, state and federal entities.

**Tank Inspections:** To maintain compliance with EPA and FDEP rules and regulations, all aboveground storage tanks must go through API 653 inspections. Upon inspection, recommendations will be received on what necessary repairs must be made.

**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 NPDES permit for Purdom Generating Station was reissued on December 9, 2022; and the Hopkins Generating Station Permit has been administratively extended since 2015 while waiting for the Lake Talquin Total Maximum Daily Load (TMDL) to be established in Rule 62-304.305, Florida Administrative Code (F.A.C.). The Rule was adopted in May 2022 and included waste load allocations (WLA) for Hopkins, NPDES Permit FL0025518. In March 2023, updated information was submitted to the Florida Department of Environmental Protection (FDEP) for the renewal of the permit. Previously, Hopkins was granted a total recoverable copper limit of 50 parts per billion (“ppb”) based on a successful metal translator study the City conducted. The total recoverable copper limit is expected to be renewed by the FDEP.

**Numeric Nutrient Criteria Rule:** The Numeric Nutrient Criteria (“NNC”) rule has been promulgated and published by the FDEP. Upon NPDES Permit renewal, the Hopkins Generating Station will be required to comply with the NNC rule for streams and estuaries. The Purdom Generating Station demonstrated that the facility was able to comply with the total nitrogen and total phosphorus limitations listed in Part I.B.1 of the NPDES Permit, and the Administrative Order was satisfied and terminated March 14, 2019. It is anticipated that no impacts will result from this new rule.

**Stream Conditions Index (“SCI”) Scores:** The Arvah B. Hopkins Generating Station (Hopkins) Industrial Wastewater (IW) National Pollutant Discharge Elimination System (NPDES) permit has been administratively extended since 2015 while waiting for the Lake Talquin Total Maximum Daily Load (TMDL) to be established in Rule 62-304.305, Florida Administrative Code (F.A.C.). The Rule was adopted in May 2022 and included waste load allocations (WLA) for Hopkins, NPDES Permit FL0025518. In March 2023, updated information was submitted to the Florida Department of Environmental Protection (FDEP) for renewal of the IW NPDES permit. The City has requested data submitted in 2015 satisfy the renewal requirements. If FDEP does not accept the previous data, a Stream Conditions Index Study and additional wastewater effluent analysis will be required. The timing of the study and effluent analysis would be 2023 or early 2024.

**Lake Talquin Total Maximum Daily Load (“TMDL”):** The Lake Talquin Nutrient Total Maximum Daily Load (TMDL), was established in Rule 62-304.305, F.A.C, dated May 16, 2022. Waste load allocations (WLA) for the Hopkins Generating Station (NPDES Permit FL0025518) of 986 kilograms per year (kg/year) of total nitrogen (TN) and 2,409 kg/yr of total phosphorus (TP) are included in the Rule. The WLAs are expected to be obtainable under current operating conditions. Updated draft permit language is currently under review by the FDEP. Issuance of the permit with the WLAs is expected.

## **Florida Public Service Commission Gas Regulations**

The Gas Utility is subject to regulation by the Florida Public Service Commission (FPSC) concerning safety and operational aspects of its operations. Annually the FPSC performs a complete operational and safety audit of the Gas Utility. During 2022, for the thirteenth consecutive year, the FPSC audit had no findings. This is a significant milestone for the Gas Utility.

## **North American Electric Reliability Corporation (NERC) Standards**

The North American Electric Reliability Corporation (NERC), acting in its role as the FERC certified Electric Reliability Organization (ERO), has adopted Operations & Planning (O&P) and Cyber & Physical Security Standards that apply to the City's Electric utility operations. The initial standards became effective in June 2007 and continue to evolve over time. FERC has approved the NERC compliance and monitoring programs and has authorized NERC to utilize Regional Entities to conduct these activities. NERC, and its applicable Regional Entity, are authorized to require corrective measures and levy financial penalties of up to \$1,000,000 per day per violation. Historically, the City's Electric utility has fallen under the Florida Regional Coordinating Council (FRCC) Regional Entity for the compliance and monitoring of these requirements. During 2019, the FRCC Regional Entity was dissolved, and the City's compliance and monitoring was moved under the SERC region. As a "Balancing Authority" and "Transmission Operator", the City is subject to on-site compliance audits every three years for both Operations/Planning and Cyber Security Standards. Spot checks can be performed in the off years. The City is also subject to annual certifications and can self-report violations. For any audit findings or self-reports, there are three potential outcomes: 1) the issue can be deemed to be minor and addressed under NERC's "Find-Fix-and-Track" program, which results in no sanctions or fines; 2) be declared a Compliance Exception by NERC, which results in no sanctions or fines, or 3) be found as a violation with associated penalties to include fine or sanctions.

The City has a robust internal compliance program concerning the NERC standards. This program includes utilizing a dedicated Electric System Compliance Division dedicated to the oversight of the Cyber/Physical Security standards. As a result of these audits and the pre-work, the City was not subject to any formal violations that resulted in fines or sanctions.

In 2021, the City was subject to its first compliance audits for both the O&P and Cyber/Physical Security standards under the SERC region. Both audits were performed remotely due to the COVID-19 protocols in place at SERC. The O&P audit closed with one finding for incorrect settings applied at one generating unit. The documentation required to dispose of the violation was completed in 2022 resulting in no fine or sanction. The Cyber/Physical Security audit resulted in no findings of non-compliance.

## **Electric and Gas Retail Rates**

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

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 had an optional residential time-of-use rate (known as Nights and Weekends) since April 2012. The City's current gas rates include a customer charge, that varies by customer class, a non-fuel energy charge and a Purchased Gas Recovery Charge (PGRC).

Electric and Gas rate revenues are composed of two categories: ECRC/PGRC and base rate revenues. The ECRC/PGRC is a pass-through charge that recovers the cost of fuel used in the City's



power generating facilities, the cost of wholesale power purchased from other utilities, and the gas purchased for the Gas Utility. The City reviews the actual over or under-recovery of these costs on a monthly-basis and modifies the FCRC/PGRC 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 emphasize 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. The City's residential rates continue to be competitive with the statewide average, with an average 1,000 kWh bill of \$126.60 in FY 2022. As of October 2022, the statewide average was \$147.36 (this includes the 6% franchise fee applied to all investor-owned rates and storm hardening fees, if applicable).

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 FPSC 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.

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 and gas rates on October 1 of each year equal to the increase in the Consumer Price Index (CPI) for the 12 months ended the preceding March 31<sup>st</sup>. Pursuant to this ordinance, electric base rates were increased on October 1, 2022 by 8.5%.

With the addition of the City's first solar farm, the City offered its customers a solar subscription program. Under this program, customers may subscribe for all or part of their energy needs to be supplied from the solar farm for a 20-year period. Customers will continue to pay the customer charge and the non-fuel energy charge. For solar subscribers, their ECRC reflects the levelized solar cost for the energy; 50% of the ECRC is at the current ECRC and 50% will be at \$0.05 per kwh. The \$0.05 per kwh for the solar subscription program is a levelized cost for the 20-year period and is reflective of the City's Operation of the second solar farm (FL Solar 4). The City opened subscriptions in Spring 2020 for the second solar farm. As part of the City's Clean Energy Plan commitment, the City has enrolled all of its occupied buildings in the subscription program.

## **Capital Improvement Program**

The City, as part of its annual budget process, adopts a Five-Year Capital Improvement Program for the Electric and Gas 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. For FY 2022, the Electric approved additions were \$37.1 million with a five-year plan totaling \$225.6 million, while the Gas approved additions were \$2.9 million with a five-year plan totaling \$14.8 million.

Currently, the City has no plans on issuing new energy systems debt in the next few years. Both the Electric and Gas utilities plan on utilizing cash to finance the capital programs within each utility.

The following provides the status or a description of major capital projects:

- Electric and Gas utility system expansions to support customer demands;
- Downtown Secondary Network System – South Network Vault Modernization Project;
- BP9 Mobile Substation Connection Project;
- Tram Road/Woodville Highway Relocation;
- Capital Circle SW Transmission Line Relocation;
- Demolition of HP1 Cooling Tower, HP1 Stack, and Fuel Oil Tank 4;

- LM6000 HM1 Replacement;
- New Utilities Warehouse;
- SCADA System Modifications and upgrades;
- Clean Energy Plan and Solar Capacity Expansion; and
- Public Electric Vehicle Charging Station Pilot Project.

**SELECTED ENERGY SYSTEM STATISTICS****Electric System - Sales to Ultimate Customers, by Customer Class**

<i>For Fiscal Years Ended September 30</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Residential</b>					
Average Annual Customers	102,001	103,673	105,035	106,472	107,327
Energy Sales (MWh)	1,111,847	1,141,544	1,155,310	1,153,518	1,156,562
Average Annual Use Per Customer (kWh)	10,900	11,011	10,999	10,834	10,776
<b>Average Annual Revenue per Customer</b>	<b>\$ 1,256</b>	<b>\$ 1,250</b>	<b>\$ 1,260</b>	<b>\$ 1,240</b>	<b>\$ 1,308</b>
<b>Commercial and Industrial</b>					
Average Annual Customers	14,711	14,847	14,943	15,171	15,333
Energy Sales (MWh)	1,522,878	1,523,871	1,430,187	1,401,780	1,435,189
Average Annual Use Per Customer (kWh)	101,119	102,641	95,710	92,398	93,601
<b>Average Annual Revenue Per Customer</b>	<b>\$ 9,026</b>	<b>\$ 8,579</b>	<b>\$ 7,976</b>	<b>\$ 7,979</b>	<b>\$ 8,617</b>
<b>Public Street Lighting</b>					
Average Annual Customers	4,528	4,555	4,549	4,491	4,498
Energy Sales (MWh)	31,634	32,252	32,527	32,988	32,909
Average Annual Use Per Customer (kWh)	6,986	7,080	7,150	7,345	7,316
<b>Average Annual Revenue per Customer</b>	<b>\$ 851</b>	<b>\$ 830</b>	<b>\$ 834</b>	<b>\$ 887</b>	<b>\$ 940</b>
<b>Total Sales to Ultimate Customers</b>					
Average Annual Customers	121,240	123,075	124,527	126,134	127,157
Energy Sales (MWh)	\$2,666,358	\$2,697,666	\$2,618,025	\$2,588,286	\$2,624,660
<b>Average Annual Use Per Customer (kWh)</b>	<b>21,992</b>	<b>21,919</b>	<b>21,024</b>	<b>20,520</b>	<b>20,641</b>
<b>Off System Sales</b>					
Sales for Resale (MWh)	127,069	159,575	169,032	196,077	266,507
<b>Total Sales (MWh)</b>	<b>\$2,793,013</b>	<b>\$2,857,241</b>	<b>\$2,787,057</b>	<b>\$2,784,362</b>	<b>\$2,891,167</b>

**Electric System - Selected Operating Costs and Ratios**

<i>For Fiscal Years Ended September 30</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Revenue per kWh</b>					
Residential Customers	\$0.116	\$0.112	\$0.111	\$0.114	\$0.121
Commercial and Industrial Customers	0.087	0.084	0.083	0.086	0.092
Public Street Lighting	0.122	0.117	0.117	0.121	0.129
<b>Expenses Per kWh</b>					
Total Operating Expense per kWh	0.083	0.081	0.091	0.082	0.073
<b>Financial Ratios</b>					
Debt to Total Assets	0.609	0.592	0.594	0.546	0.509
Operating Ratio	0.784	0.823	0.891	0.838	0.871
Current Ratio	4.637	5.317	6.283	4.656	5.324

**Electric System - General Statistics***For Fiscal Years Ended September 30*

	2018	2019	2020	2021	2022
Generating Capacity (MW) (Summer)	700	706	725	725	725
Capacity Purchases (MW) (Summer)	-	-	-	-	-
Net System Energy Generated (MWh)	2,779,588	2,879,682	2,685,677	2,767,933	2,867,593
Net Peak Demand (MW) Summer	596	616	576	573	590
Net Peak Demand (MW) Winter	621	508	528	504	538
Average Residential Monthly Bill (\$)	\$ 119	\$ 116	\$ 117	\$ 115	\$ 126
Number of Street Lights	19,024	19,302	19,529	19,926	20,073
Average Residential Monthly Bill (\$) per Service Point	\$ 105	\$ 102	\$ 102	\$ 104	\$ 109

**Electric System - Summary of Projected Demand and Energy Requirements (MW)***For Fiscal Years Ending September 30*

	2023	2024	2025	2026	2027
Annual 60-Minute Peak Demand <sup>1</sup>					
Summer (MW)	621	627	627	626	624
Winter (MW)	571	574	576	578	580
Annual Energy Sales (GWh) <sup>2</sup>	2,755	2,788	2,812	2,830	2,849
Sales to Talquin Customers Served by the City (GWh)	30	30	30	30	30
Purchases from Talquin (GWh)	3	3	3	3	3
Losses and Unaccounted for Energy (GWh)	129	141	126	118	108
Annual Energy System Requirements (GWh)	2,894	2,929	2,938	2,948	2,957
Annual System Load Factor <sup>3</sup>	53%	53%	53%	54%	54%

(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 multiplied by 8,760 hours.

## Gas System - Sales to Ultimate Customers, by Customer Class

<i>For Fiscal Years Ended September 30</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Residential (firm)</b>					
Average No. of Customers	29,263	29,996	30,852	31,554	32,409
Usage (MCF)	685,170	665,346	654,461	731,626	691,349
Average Sales Per Customer (MCF)	23	22	21	23	21
<b>Non-residential (firm)</b>					
Average No. of Customers	1,995	2,054	2,103	2,077	2,127
Usage (MCF)	872,859	921,283	857,300	928,378	930,332
Average Sales Per Customer (MCF)	438	449	408	445	437
<b>Special Contract Interruptible</b>					
Average No. of Customers	7	7	7	7	7
Usage (MCF)	1,004,435	970,246	968,449	1,005,658	981,234
Average Sales Per Customer (MCF)	143,491	138,667	138,350	143,665	140,176
<b>Flexible Contract Interruptible</b>					
Average No. of Customers	4	4	4	4	4
Usage (MCF)	208,987	208,069	186,089	182,916	184,608
Average Sales Per Customer (MCF)	52,247	52,022	46,522	45,729	46,152
<b>Standard Interruptible</b>					
Average No. of Customers	15	14	14	13	13
Usage (MCF)	203,288	187,252	154,536	157,486	124,312
Average Sales Per Customer (MCF)	13,553	13,375	11,038	12,114	9,562
<b>Total Gas System</b>					
Average No. of Customers	31,284	32,074	32,975	33,655	34,561
Usage (MCF)	2,971,531	2,952,814	2,820,844	3,006,064	2,911,835
Average Sales Per Customer (MCF)	95	92	86	89	84
Miles of Gas Lines	923	930	949	962	975
Heating Degree Days (HDD)	1,330	1,205	1,076	1,334	1,239

## Gas System - Projected Sales Volumes in MCF\*

<i>For Fiscal Years Ending September 30</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Residential	775,000	775,000	775,000	775,000	830,000
Commercial	900,000	925,000	950,000	975,000	1,000,000
Contract Interruptible	950,000	1,000,000	1,000,000	1,000,000	1,000,000
Small Interruptible	210,000	220,000	220,000	220,000	170,000
Flexible Interruptible	230,000	230,000	230,000	230,000	200,000
<b>Total</b>	<b><u>3,065,000</u></b>	<b><u>3,150,000</u></b>	<b><u>3,175,000</u></b>	<b><u>3,200,000</u></b>	<b><u>3,200,000</u></b>

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

\*Figures reported in are million cubic feet (MCF).

**Electric System Ten Largest Retail Customers***Fiscal Year Ended September 30, 2022***Percent of Total Retail Sales**

<b>Customers</b>	<b>Revenue</b>	<b>kWh</b>	<b>Revenue</b>	<b>kWh</b>
Florida State University	\$ 18,556,539	242,528,230	6.70%	9.24%
State of Florida	9,923,691	115,861,623	3.59%	4.41%
City of Tallahassee	9,616,614	92,444,671	3.47%	3.52%
Tallahassee Memorial HealthCare	5,037,788	61,550,472	1.82%	2.35%
Florida A & M University	4,374,661	57,046,269	1.58%	2.17%
Leon County School Board	5,096,242	43,541,285	1.84%	1.66%
Leon County	2,470,899	27,446,662	0.89%	1.05%
Publix Markets	2,702,653	26,872,839	0.98%	1.02%
Wal-Mart	2,225,484	23,980,058	0.80%	0.91%
Federal Government	<u>2,076,904</u>	<u>22,963,625</u>	<u>0.75%</u>	<u>0.87%</u>
<b>TOTAL</b>	<b><u>\$ 54,419,656</u></b>	<b><u>714,235,734</u></b>	<b><u>21.17%</u></b>	<b><u>27.21%</u></b>

**Gas System Five Largest Customers by Consumption***Fiscal Year Ended September 30, 2022***Percent of Total Retail Sales**

<b>Customers</b>	<b>Revenue</b>	<b>Gas Usage</b>	<b>Revenue</b>	<b>Gas Usage</b>
Florida State University	\$ 2,889,863	469,028	9.72%	16.11%
St. Marks Powder, Inc.	1,686,480	293,069	5.67%	10.06%
Tallahassee Memorial HealthCare	1,466,903	172,227	4.93%	5.91%
Florida A&M University	952,566	161,783	3.20%	5.56%
Nopetro LLC	<u>1,736,950</u>	<u>148,819</u>	<u>5.84%</u>	<u>5.11%</u>
<b>TOTAL</b>	<b><u>\$ 6,341,343</u></b>	<b><u>1,244,926</u></b>	<b><u>29.36%</u></b>	<b><u>42.75%</u></b>

**Electric Rates (effective 10/01/22)****Current<sup>1</sup>****Residential**

Customer Charge - Single Phase Service	\$8.95
Customer Charge - Three Phase Service	\$31.32
Energy Charge per kWh	\$0.08280

**General Service Non - Demand**

Customer Charge - Single Phase Service	\$12.16
Customer Charge - Three Phase Service	\$44.64
Energy Charge per kWh	\$0.06550

**General Service Demand**

Customer Charge	\$83.79
Demand Charge per kW	\$15.50
Energy Charge-The first 500 kWh per kW	\$0.02645
Excess kWh per kW @	\$0.00373

**General Service Large Demand**

Customer Charge	\$83.79
Demand Charge per kW	\$15.50
Energy Charge-The first 500 kWh per kW	\$0.02576
Excess kWh per kW @	\$0.00373

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

**Gas Rates (effective 10/01/22)****Current<sup>1</sup>****Residential**

Customer Charge (per month)	\$11.25
Energy Charge (per 100 cubic feet)	\$0.80281

**Commercial**

Customer Charge (per month)	\$20.12
Energy Charge (per 100 cubic feet)	\$0.62564

**Commercial Small Interruptible**

Customer Charge (per month)	\$201.54
Energy Charge (per 100 cubic feet)	\$0.29412

**Commercial Interruptible**

Customer Charge (per month)	\$302.30
Energy Charge (per 100 cubic feet)	\$0.22693

**Commercial Large Interruptible**

Customer Charge (per month)	\$302.30
Energy Charge (per 100 cubic feet)	\$0.11004

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

## Energy System Debt Service Coverage (in 000s)

<i>Fiscal Year Ended September 30</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Electric Operating Revenues</b>					
Retail Sales	\$ 255,988	\$ 262,498	\$ 248,583	\$ 246,319	\$ 289,094
Sales for Resale	5,608	6,356	5,810	7,514	14,584
Other Operating Revenues	18,598	15,219	16,771	17,692	18,558
Transfers (to) from	—	—	—	—	—
Total Electric Operating Revenue	<u>280,194</u>	<u>284,073</u>	<u>271,164</u>	<u>271,526</u>	<u>322,236</u>
<b>Electric Operating Expenses</b>					
Fuel	88,652	83,126	66,736	67,878	107,507
Purchased Power	7,098	6,503	9,227	5,832	6,159
Other	<u>83,705</u>	<u>92,241</u>	<u>109,936</u>	<u>99,851</u>	<u>99,546</u>
Total Electric Operating Expenses	<u>179,455</u>	<u>181,870</u>	<u>185,899</u>	<u>173,561</u>	<u>213,212</u>
<b>Net Electric Revenues</b>	100,739	102,203	85,265	97,964	109,024
<b>Non-Operating Revenues:</b>					
Other Income & Deductions	<u>5,164</u>	<u>6,883</u>	<u>6,150</u>	<u>2,603</u>	<u>800</u>
<b>Total Net Electric Revenues</b>	<b><u>105,903</u></b>	<b><u>109,086</u></b>	<b><u>91,415</u></b>	<b><u>100,567</u></b>	<b><u>109,824</u></b>
<b>Gas Operating Revenues</b>					
Total Gas Operating Revenues	29,070	26,763	27,038	27,032	31,084
<b>Gas Operating Expenses</b>	<u>19,054</u>	<u>19,193</u>	<u>17,614</u>	<u>19,001</u>	<u>22,102</u>
<b>Net Gas Revenues</b>	10,016	7,750	9,424	8,031	8,982
<b>Non-Operating Revenues</b>	<u>175</u>	<u>273</u>	<u>248</u>	<u>141</u>	<u>42</u>
<b>Total Net Gas Revenues</b>	<u>10,191</u>	<u>8,023</u>	<u>9,672</u>	<u>8,172</u>	<u>9,024</u>
<b>Total Available for Debt Service</b>	<b><u>\$ 116,094</u></b>	<b><u>\$ 117,109</u></b>	<b><u>\$ 101,087</u></b>	<b><u>\$ 108,739</u></b>	<b><u>\$ 118,848</u></b>
Existing Debt Service	\$ 47,399	\$ 47,887	\$ 48,245	\$ 45,275	\$ 45,078
Coverage	2.45x	2.45x	2.10x	2.41x	2.64x



**ENERGY SYSTEM  
CITY OF TALLAHASSEE, FLORIDA  
CONSOLIDATED DEBT SERVICE**

<b>Bond Year Ending October 1</b>	<b>Total</b>	<b>\$60,730,000 Series 2022</b>	<b>\$80,195,000 Series 2020</b>	<b>\$104,975,000 Series 2018</b>	<b>\$147,295,000 Series 2017</b>	<b>\$94,615,000 Series 2015</b>	<b>\$122,280,000 Series 2010B</b>
2023	\$ 44,583,665	\$ 2,279,772	\$ 13,740,500	\$ 5,683,000	\$ 9,979,750	\$ 5,601,750	\$ 7,298,893
2024	44,584,076	7,881,183	14,794,500	6,310,500	8,299,000	-	7,298,893
2025	44,940,394	7,883,751	12,279,500	6,389,750	11,088,500	-	7,298,893
2026	44,935,364	7,876,471	11,630,000	6,461,500	11,668,500	-	7,298,893
2027	44,933,875	7,884,482	11,617,500	6,475,750	11,657,250	-	7,298,893
2028	44,933,873	7,877,230	11,560,500	6,490,000	11,707,250	-	7,298,893
2029	48,442,635	7,879,992	-	14,794,000	17,539,750	-	8,228,893
2030	49,368,484	7,877,352	-	15,478,000	16,914,750	-	9,098,382
2031	44,748,718	7,884,311	-	11,512,000	16,289,750	-	9,062,657
2032	37,298,158	5,025,453	-	7,350,500	16,664,750	-	8,257,455
2033	36,869,939	-	-	11,656,750	16,989,750	-	8,223,439
2034	31,478,536	-	-	6,511,750	16,764,750	-	8,202,036
2035	31,463,850	-	-	14,756,750	8,534,750	-	8,172,350
2036	30,522,429	-	-	7,069,000	7,638,750	-	15,814,679
2037	28,628,653	-	-	6,939,000	6,063,750	-	15,625,903
2038	37,582,438	-	-	1,916,500	-	-	35,665,938
2039	36,901,809	-	-	1,865,750	-	-	35,036,059
2040	36,281,642	-	-	1,900,000	-	-	34,381,642
2041	8,015,000	-	-	8,015,000	-	-	-
2042	8,011,500	-	-	8,011,500	-	-	-
<b>TOTALS</b>	<b><u>\$ 734,525,035</u></b>	<b><u>\$ 70,349,994</u></b>	<b><u>\$ 75,622,500</u></b>	<b><u>\$ 155,587,000</u></b>	<b><u>\$ 187,801,000</u></b>	<b><u>\$ 5,601,750</u></b>	<b><u>\$ 239,562,791</u></b>

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

<b>Bond Year Ending October 1</b>	<b>Total</b>	<b>\$60,730,000 Series 2022</b>	<b>\$80,195,000 Series 2020</b>	<b>\$104,975,000 Series 2018</b>	<b>\$147,295,000 Series 2017</b>	<b>\$94,615,000 Series 2015</b>	<b>\$122,280,000 Series 2010B</b>
2023	\$ 20,295,000	\$ 175,000	\$ 10,520,000	\$ 750,000	\$ 3,515,000	\$ 5,335,000	-
2024	21,750,000	6,225,000	12,100,000	1,415,000	2,010,000	-	-
2025	23,055,000	6,400,000	10,190,000	1,565,000	4,900,000	-	-
2026	24,060,000	6,570,000	10,050,000	1,715,000	5,725,000	-	-
2027	25,115,000	6,760,000	10,540,000	1,815,000	6,000,000	-	-
2028	26,220,000	6,940,000	11,010,000	1,920,000	6,350,000	-	-
2029	30,885,000	7,135,000	-	10,320,000	12,500,000	-	930,000
2030	33,205,000	7,330,000	-	11,520,000	12,500,000	-	1,855,000
2031	30,100,000	7,540,000	-	8,130,000	12,500,000	-	1,930,000
2032	24,005,000	4,890,000	-	4,375,000	13,500,000	-	1,240,000
2033	24,680,000	-	-	8,900,000	14,500,000	-	1,280,000
2034	20,535,000	-	-	4,200,000	15,000,000	-	1,335,000
2035	21,560,000	-	-	12,655,000	7,520,000	-	1,385,000
2036	21,710,000	-	-	5,600,000	7,000,000	-	9,110,000
2037	20,990,000	-	-	5,750,000	5,775,000	-	9,465,000
2038	31,085,000	-	-	1,015,000	-	-	30,070,000
2039	32,250,000	-	-	1,015,000	-	-	31,235,000
2040	33,545,000	-	-	1,100,000	-	-	32,445,000
2041	7,270,000	-	-	7,270,000	-	-	-
2042	7,630,000	-	-	7,630,000	-	-	-
<b>TOTALS</b>	<b>\$ 479,945,000</b>	<b>\$ 59,965,000</b>	<b>\$ 64,410,000</b>	<b>\$ 98,660,000</b>	<b>\$ 129,295,000</b>	<b>\$ 5,335,000</b>	<b>\$ 122,280,000</b>

**\$60,730,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Taxable Energy System Refunding Revenue Bond, Series 2022**

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Dated: June 22, 2022

**Purpose**

The Series 2022 Bond was issued to fund a deposit to the Debt Service Reserve Fund, refund the Energy System Refunding Revenue Bonds, Series 2015, and pay certain cost of issuance.

The Series 2022 Bond was issued on a taxable basis in a principal amount not to exceed \$62,500,000. The Series 2022 Bond was issued at a taxable fixed-rate of interest for one year, and then will convert to a tax-exempt fixed-rate of interest for nine years.

**Security**

The Series 2022 Bond is payable solely from and secured by a lien on and pledge of the Net Revenues of the City's Energy System on a parity with the Energy System Refunding Revenue Bonds, Series 2020, the Energy System Revenue Bonds, Series 2018, the Energy System Refunding Revenue Bonds, Series 2015 and Energy System Revenue Bonds, Series 2010B.

**Bond Reserve**

The initial Reserve Requirement for the 2022 Bond shall be deposited in the account in the Debt Service Reserve Fund created pursuant to the 1998 General Resolution for the benefit of the Series 2022 Bond, and shall be used only for the purpose provided, therefore.

**Form**

The 2022 Series Bond, all fully registered, due October 1, 2032. The Note is book-entry-only and is not evidenced by a physical certificate. The Note was priced competitively and issued as a private placement, with Truist as the original purchaser. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2022.

**Agents**

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

**Ratings at issuance**

**Moody's:** N/A

**Fitch:** N/A

**Standard & Poor's:** N/A

**Optional Redemption**

The Series 2022 Bond is subject to mandatory tender at the option of the Issuer, in whole on any date on or after July 3, 2023, subject to the terms in the resolution and with fourteen days' prior written notice to the Original Purchaser.

**\$60,730,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**TAXABLE ENERGY SYSTEM REFUNDING REVENUE BOND, SERIES 2022**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>	<b>Interest</b>			
<b>Ending</b>	<b>Rate*</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>October 1</b>				
2023	3.510%	\$ 175,000	\$ 2,104,772	\$ 2,279,772
2024	3.510%	6,225,000	1,656,183	7,881,183
2025	3.510%	6,400,000	1,483,751	7,883,751
2026	3.510%	6,570,000	1,306,471	7,876,471
2027	3.510%	6,760,000	1,124,482	7,884,482
2028	3.510%	6,940,000	937,230	7,877,230
2029	3.510%	7,135,000	744,992	7,879,992
2030	3.510%	7,330,000	547,352	7,877,352
2031	3.510%	7,540,000	344,311	7,884,311
2032	3.510%	4,890,000	135,453	5,025,453
<b>TOTALS</b>		<b><u>\$ 59,965,000</u></b>	<b><u>\$ 10,384,994</u></b>	<b><u>\$ 70,349,994</u></b>

\*Interest rate will decrease from 3.51% to 2.71% beginning 10/01/2023 for all maturities.

**\$80,195,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Energy System Refunding Revenue Bonds, Series 2020**

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Dated: August 6, 2020

**Purpose**

The Series 2020 Bonds were issued to refund on a current basis the City's outstanding Energy System Refunding Revenue Bonds, Series 2010, the City's outstanding Energy System Refunding Revenue Bonds, Series 2010A, and the City's outstanding Energy System Revenue Bonds, Series 2010C.

The Series 2010 Bonds and the Series 2010A Bonds were issued to refinance outstanding debt obligations issued in 1998. The Series 2010C Bonds were issued to finance the acquisition and construction of certain capital improvements to the City's Energy System as well as to refinance some outstanding Sunshine State Loans.

**Security**

The Series 2020 Bonds are payable solely from and secured by a lien on and pledge of the Net Revenues of the City's Energy System on a parity with the Energy System Revenue Bonds, Series 2018, the Energy System Refunding Revenue Bonds, Series 2017, the Energy System Refunding Revenue Bonds, Series 2015 and Energy System Revenue Bonds, Series 2010B.

**Bond Reserve**

There are no debt service reserve requirements.

**Form**

The 2020 Series Bonds, all fully registered, due October 1, 2028. 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, 2021.

**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 at issuance**

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

**Optional Redemption**

The Series 2020 Bonds are not subject to optional redemption prior to maturity.

**\$80,195,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2020**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>	<b>Interest</b>			
<b>Ending</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>October 1</b>				
2023	5.000%	\$ 10,520,000	\$ 3,220,500	\$ 13,740,500
2024	5.000%	12,100,000	2,694,500	14,794,500
2025	5.000%	10,190,000	2,089,500	12,279,500
2026	5.000%	10,050,000	1,580,000	11,630,000
2027	5.000%	10,540,000	1,077,500	11,617,500
2028	5.000%	<u>11,010,000</u>	<u>550,500</u>	<u>11,560,500</u>
<b>TOTALS</b>		<b><u>\$ 64,410,000</u></b>	<b><u>\$ 11,212,500</u></b>	<b><u>\$ 75,622,500</u></b>

**\$104,975,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Energy System Revenue Bonds, Series 2018**

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Dated: February 27, 2018

**Purpose**

The Series 2018 Bonds, together with certain other available funds, were used to finance the acquisition and construction of a new generating facility, the acquisition and installation of additional fast start gas-fired reciprocating engines as replacement generating capacity at the City's Hopkins Station electric facility, and ancillary improvements.

**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 2020, Energy System Refunding Revenue Bonds, Series 2017, Energy System Refunding Revenue Bonds, Series 2015 and Energy System Revenue Bonds, Series 2010B.

**Bond Reserve**

There are no debt service reserve requirements.

**Form**

\$104,975,000 Serial Bonds, all fully registered, due October 1, 2042. 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, 2018.

**Agents**

<b>Registrar:</b>	The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida
<b>Paying Agent:</b>	The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida
<b>Bond Council:</b>	Bryant Miller Olive P.A., Tallahassee, Florida

**Ratings at issuance**

<b>Moody's:</b>	Aa3
<b>Standard &amp; Poor's:</b>	AA

**Optional Redemption**

The Series 2018 Bonds maturing on and prior to October 1, 2024, are not subject to redemption prior to maturity. The Series 2018 Bonds maturing after October 1, 2024 are subject to redemption prior to maturity on October 1, 2024 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).

**\$104,975,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**ENERGY SYSTEM REVENUE BONDS, SERIES 2018**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year Ending October 1</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	5.000%	\$ 750,000	\$ 4,933,000	\$ 5,683,000
2024	5.000%	1,415,000	4,895,500	6,310,500
2025	5.000%	1,565,000	4,824,750	6,389,750
2026	5.000%	1,715,000	4,746,500	6,461,500
2027	5.000%	1,815,000	4,660,750	6,475,750
2028	5.000%	1,920,000	4,570,000	6,490,000
2029	5.000%	10,320,000	4,474,000	14,794,000
2030	5.000%	11,520,000	3,958,000	15,478,000
2031	5.000%	8,130,000	3,382,000	11,512,000
2032	5.000%	4,375,000	2,975,500	7,350,500
2033	5.000%	8,900,000	2,756,750	11,656,750
2034	5.000%	4,200,000	2,311,750	6,511,750
2035	5.000%	12,655,000	2,101,750	14,756,750
2036	5.000%	5,600,000	1,469,000	7,069,000
2037	5.000%	5,750,000	1,189,000	6,939,000
2038	5.000%	1,015,000	901,500	1,916,500
2039	5.000%	1,015,000	850,750	1,865,750
2040	5.000%	1,100,000	800,000	1,900,000
2041	5.000%	7,270,000	745,000	8,015,000
2042	5.000%	<u>7,630,000</u>	<u>381,500</u>	<u>8,011,500</u>
<b>TOTALS</b>		<b><u>\$ 98,660,000</u></b>	<b><u>\$ 56,927,000</u></b>	<b><u>\$ 155,587,000</u></b>



**\$147,295,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Energy System Refunding Revenue Bonds, Series 2017**

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Dated: July 20, 2017

**Purpose**

The Series 2017 Bonds were issued to refund on a current basis the City's outstanding Energy System Revenue Bonds, Series 2007.

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 the Energy System Refunding Revenue Bonds, Series 2020, Energy System Revenue Bonds, Series 2018, Energy System Refunding Revenue Bonds, Series 2015 and Energy System Revenue Bonds, Series 2010B.

**Bond Reserve**

There are no debt service reserve requirements.

**Form**

\$147,295,000 Serial Bonds, all fully registered, due October 1, 2037. 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, 2018.

**Agents**

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

**Ratings at issuance**

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

**Optional Redemption**

The Series 2017 Bonds maturing on and prior to October 1, 2025, are not subject to redemption prior to maturity. The Series 2017 Bonds maturing after October 1, 2025 are subject to redemption prior to maturity on October 1, 2025 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).

**\$147,295,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2017**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year Ending October 1</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	5.000%	\$ 3,515,000	\$ 6,464,750	\$ 9,979,750
2024	5.000%	2,010,000	6,289,000	8,299,000
2025	5.000%	4,900,000	6,188,500	11,088,500
2026	5.000%	5,725,000	5,943,500	11,668,500
2027	5.000%	6,000,000	5,657,250	11,657,250
2028	5.000%	6,350,000	5,357,250	11,707,250
2029	5.000%	12,500,000	5,039,750	17,539,750
2030	5.000%	12,500,000	4,414,750	16,914,750
2031	5.000%	12,500,000	3,789,750	16,289,750
2032	5.000%	13,500,000	3,164,750	16,664,750
2033	5.000%	14,500,000	2,489,750	16,989,750
2034	5.000%	15,000,000	1,764,750	16,764,750
2035	5.000%	7,520,000	1,014,750	8,534,750
2036	5.000%	7,000,000	638,750	7,638,750
2037	5.000%	<u>5,775,000</u>	<u>288,750</u>	<u>6,063,750</u>
<b>TOTALS</b>		<b><u>\$ 129,295,000</u></b>	<b><u>\$ 58,506,000</u></b>	<b><u>\$ 187,801,000</u></b>

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

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Dated: August 11, 2015

**Purpose**

The Series 2015 Bonds were issued to refund on a current basis the City's outstanding Energy System Revenue Bonds, Series 2005.

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 2020, Energy System Revenue Bonds, Series 2018, Energy System Refunding Revenue Bonds, Series 2017 and Energy System Revenue Bonds, Series 2010B.

**Bond Reserve**

There are no debt service reserve requirements.

**Form**

\$94,615,000 Serial Bonds, all fully registered, due October 1, 2032. 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 at issuance**

**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 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***

<b>Bond Year</b>	<b>Interest</b>			
<b>Ending</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>October 1</b>				
2023	5.000%	\$ 5,335,000	\$ 266,750	\$ 5,601,750
<b>TOTALS</b>		<b><u>\$ 5,335,000</u></b>	<b><u>\$ 266,750</u></b>	<b><u>\$ 5,601,750</u></b>

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

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Dated: November 22, 2010

**Purpose**

The Series 2010B Bonds were issued to 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.

**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 2020, Energy System Revenue Bonds, Series 2018, Energy System Refunding Revenue Bonds, Series 2017 and Energy System Refunding Revenue Bonds, Series 2015.

**Bond Reserve**

There are no debt service reserve fund requirements.

**Form**

\$122,280,000 Term Bonds, all fully registered, due October 1, 2040. 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 at issuance**

**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:

<u>October 1</u>	<u>Amount</u>
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***

<b>Bond Year</b>	<b>Interest</b>				
<b>Ending</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>		
<b>October 1</b>	<b>Rate</b>			<b>Total</b>	
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	
<b>TOTALS</b>		<b><u>\$ 122,280,000</u></b>	<b><u>\$ 117,282,791</u></b>	<b><u>\$ 239,562,791</u></b>	



**\$20,735,220**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Master Equipment Lease Purchase Agreement (AMI Loans)**  
**Energy System**

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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 CORPORATION**

***Summary of Remaining Lease Payments***

<b>Bond Year</b>				
<b>Ending</b>	<b>Interest</b>			
<b>October 1</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	3.9459%	\$ 1,826,926	\$ 129,204	\$ 1,956,130
2024	3.9459%	<u>1,899,726</u>	<u>56,404</u>	<u>1,956,130</u>
<b>TOTALS</b>		<b><u>\$ 3,726,652</u></b>	<b><u>\$ 185,608</u></b>	<b><u>\$ 3,912,261</u></b>

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## CONSOLIDATED UTILITY SYSTEMS

For the purposes of debt financing, the City’s Water System, Wastewater System, and Stormwater Management System are collectively referred to as the Consolidated Utility Systems. The Systems are defined herein as the Utility System (the “Water System and the Wastewater System”) and the Stormwater Management System. Included as part of the Wastewater System are the facilities, costs, and revenues associated with the City’s Reclaimed Water System.

While the City’s Water System and Wastewater System are two separate utilities for accounting and rate setting purposes, they are operationally similar and under the direction of the same General Manager. Revenue requirements, rate-setting, billing, and collection are determined and carried out in a similar manner for both systems, consistent with the methods of other publicly-owned utilities.

The City has exclusive authority to provide water and wastewater services to customers within the incorporated boundaries of Tallahassee. The City is also a franchise-provider of water and wastewater services to areas of Leon County (the “County”) not served by other providers. Limited water service is additionally provided to Wakulla County. The City’s Stormwater Drainage System covers 105.06 square miles within the City limits.

The City has established Water, Wastewater, and Treatment Master Plans, which are updated every five years and provide 20-year frameworks for meeting the community’s needs. As the products of comprehensive examination, these planning tools present analyses of supply, demand, system performance, reliability, resilience, and sustainability. Based on these analyses, the master plans recommend specific projects for inclusion in the Capital Improvements Program (CIP). The CIP is revised annually and guides the City’s investments in public infrastructure over a five-year time horizon. The City’s annual Capital Budget is based on the first year of needs in the CIP and funds major improvements to Water, Wastewater, and Stormwater Management System Facilities. The most recent master plans for the Utility System were adopted by the City Commission in September 2021.

### Other Service Providers

Talquin Electric Cooperative (Talquin), a member-owned utility, has provided 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 (FDEP) 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 1.03 MGD. An additional seven other minor sanitary sewer systems are in operation, with a combined total capacity of 1.1 MGD.

### Water Production and Reclamation Division

The City 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 is certified under the National Environmental Laboratory Accreditation Program administered through the Florida Department of Health’s Environmental Certification Program, Chapter 64E, and Florida Administrative Code (FAC). The Laboratory performs compliance environmental testing for the City’s public drinking water facilities and the Thomas P. Smith Water Reclamation Facility, as well as contracted laboratory services for other City departments, neighboring communities, and other community-related laboratory services. The Laboratory has a high level of sophistication, providing for the testing of complex organic, inorganic, and microbiological organisms. To better serve the community and maintain compliance with regulations and standards, the City completed construction and relocated its operations to a new laboratory in August 2022 featuring state-of-the-art equipment, processes, and testing methods.

The City's Water Production and Reclamation Division (WPRD) also administers: 1) the Cross Connection Control Program, mandated by FDEP, which identifies and prevents potential contamination sources to the Public Water System, 2) the Aquifer Protection Program, which is administered under a joint agreement between the County and the City and is designed to prevent contamination of the area's drinking water source, and 3) the Industrial Pretreatment Program, which monitors and regulates the introduction of certain substances into the Wastewater System to protect the wastewater treatment facility.

The WPRD supports the City's utility systems with 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 wastewater pumping stations and controls operations in some of the larger stations. In a lesser role, the WPRD assists and provides similar services to other City departments and assets, such as the regional stormwater facilities, assisting with operational monitoring, and control to prevent potential discharges not in compliance with the National Pollution Discharge Elimination System (NPDES), and the natural gas system, monitoring key facilities such as gas regulating stations. SCADA also serves as the dispatch center for emergency activities related to the repair and maintenance of the water, wastewater, and natural gas systems.

## **Rate Setting**

The City Commission is vested with the sole authority to establish water, wastewater, and stormwater rates for the facilities and other services provided by the Systems, subject to Section 180.191 of the Florida Statutes. Additionally, this provision establishes a limitation on the differential that can be charged to customers outside of the municipal boundaries.

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

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 Management System.

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 wastewater 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. Rates are also adjusted annually on October 1 based on changes in the Consumer Price Index (CPI).

## Water and Wastewater Rates

In May 2005, the City and the County executed a 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 requires undeveloped property to connect to the City’s Water System and Wastewater System if available within specified distances.

In March 2006, the City approved a change to its ordinance that provides for Water and Wastewater rates to be automatically adjusted annually on October 1, by an amount equal to the positive percentage change in the Consumer Price Index (CPI).

Early in 2021, the City engaged the services of a third-party engineering firm to conduct an in-depth analysis of factors impacting the business model of the Utility System, to assess the adequacy of existing rates to meet current and future capital project funding requirements and to maintain adequate debt service coverage.

The analysis determined that two primary drivers are creating the need for rate increases, which are necessary to fund the repair and replacement of aging infrastructure. Those are: 1) the need for major capital expenditures in accordance with the FY 2022 – 2026 Capital Improvement Program, and 2) declining water sales and water usage per customer in recent years due to the success of conservation measures implemented several years ago. The rate study was completed in late August 2021.

In short, the rate study recommended, and the City implemented, an increase in Water rates of 4.6% in January 2022 in addition to a 2.6% CPI increase in October 2021. No rate increases were recommended for fiscal years 2022 or 2023, however, because of the impacts of higher than anticipated inflation, a CPI adjustment of 8.45% became effective on October 1, 2022.

The study also recommended, and the City Commission approved, a change in the methodology used to bill for residential wastewater treatment. Beginning in April 2023, the maximum number of gallons billed will be based on the highest level of consumption during the winter months of December through March as opposed to the second highest level of consumption as previously billed. This change will generate sufficient additional revenue to offset the need for an across-the-board rate increase other than annual CPI adjustments. Commercial wastewater treatment is not subject to a maximum number of gallons billed and will therefore continue to be based on actual usage each month.

These increases are intended to fully satisfy transfers to the Renewal, Replacement and Improvement Fund at internal policy levels and to minimize borrowing yet remain competitive with rates charged by other Water and Advanced Wastewater Treatment Systems across the state.

## Financial Update

For the Water Utility, revenues increased from \$41.2 million in FY 2021 to \$43.8 million in FY 2022 and are attributed to an increase in retail water sales, up 6.71% over the prior year. Operating revenues and expenditures were within 1% of budget targets, resulting in a fiscal year surplus of \$487,319, transferred first to the Operating Reserve for \$454,910 and the remaining \$32,409 to Water’s RR&I fund. For the Wastewater System, revenues increased from \$72.8 million in FY 2021 to \$78.5 million in FY 2022 and are attributed to an increase in residential and commercial sales, up 6.16% over the prior year. Operating expenditures were 4.36% below budget targets, resulting in a fiscal year surplus of \$3,746,801, transferred first to the Operating Reserve for \$781,995 and the remaining \$2,694,806 to Wastewater’s RR&I fund. The financial performance of both utilities reflects a continued recovery from the impacts of the COVID-19 pandemic and the expansion of a healthy local economy. Both utilities maintained their transfers to the General Fund and to their respective Renewal, Replacement, and Improvement Funds in accordance with the City’s financing policy and budget.

## Water and Wastewater System Development Charges

The City has System Development Charges in place to fund a portion of the capital costs associated with growth of the Utility System. The revenues collected are reserved for the exclusive use of the Water System and Wastewater System and are used solely to provide for the capital costs directly related to the extension and expansion of the respective systems. From 2006 - 2021, the System Development Charges for the Water System (the “Water System Development Charges”) remained at \$630 per equivalent residential unit (“ERU”) and \$3,000 for the Sewer System (the “Sewer System Development Charges”) within the incorporated area. Each of these were included as part of the 2021 rate study and recommendations were made and adopted to increase both the Water and Wastewater System Development charges. Effective January 1, 2022, the new Water Systems Charge is \$1,000 per ERU and the Wastewater Systems Charge is \$3,100 per ERU. As before, these System Development Charges are increased by 50% for customers located outside the City limits in Leon and Wakulla counties.

### System Charges by Equivalent Residential Units:

Nominal Meter Size (inches)	Residential Equivalents
5/8	1.0
1	2.5
1½	5.0
2	8.0
3	16.0
4	25.0
6	50.0
8	80.0

## 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 single-family residential developments within the City where water and wastewater lines are financed and installed by the developer to the City’s specifications. This policy is designed to encourage developers to install water and wastewater 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 wastewater mains. It also encourages annexation into the City. The on-site rebate must be approved in advance by the City. The maximum limit is \$1,200 per ERU for wastewater lines and \$600 per ERU for water lines. Further, the rebate is paid to the developer only as the permanent customers are connected to the Utility System and rebate opportunities expire 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 of the actual reimbursement amounts as calculated for each ERU connection is paid to the City’s Affordable Housing Trust Fund.

Development projects planned for inside the City limits that require off-site water and/or wastewater line extensions to serve the development are evaluated based on economic feasibility as per City of Tallahassee Code of Ordinances (Section 21-90 and 21-91). If it is determined that the off-site water and/or wastewater extension is economically feasible, the off-site extensions will be funded by the City in accordance with the Five-Year Capital Improvement Program. Should a developer desire off-site line extensions that are not within the current Five-Year Capital Improvement Plan period, the developer may negotiate a written agreement with the City wherein the developer will fund the extension and be reimbursed from the City as funds become available.

Development projects planned for outside the City limits that require off-site water and/or wastewater line extensions to serve the development are evaluated and funded as above and are eligible for similar reimbursements. However, reimbursements for off-site extensions outside the City limits will be made only for the length of the extension between the existing water and/or wastewater lines and the point where water and/or wastewater lines would be considered available to the developer as determined in accordance with the Franchise Agreement.

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## **WATER SYSTEM**

### **General**

The City owns, operates, and maintains an integrated network of water production, treatment, and distribution infrastructure. Collectively referred to as the Water System, it is comprised of 27 water supply wells, 8 elevated storage tanks, 1,237 miles of water mains, and 7,258 fire hydrants. With few exceptions, it serves all developed parcels within the legal boundaries of Tallahassee and the contiguous Urban Service Area of unincorporated Leon County. The City also provides water service to portions of Wakulla County, and water in bulk to the City of St. Marks. In 2022, the Water System served an average of 88,183 metered service points.

The wells have an aggregate total production capacity of approximately 79.4 million gallons per day (MGD). Twenty-one of the 27 wells are equipped with standby generators or auxiliary engines, capable of providing alternative power should the supply from the Electric System be interrupted. 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 City's elevated storage tanks have a combined capacity of 5.325 million gallons that serves to augment the network of wells during peak demand periods and to maintain the City's favorable Class III fire rating by the Insurance Services Office.

### **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 9.2 billion gallons pumped in 2022 or approximately 7.1% 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 (NFWFMD) via the Consumptive Use Permitting program. The City continues to operate in full compliance with the permit issued by the NFWFMD in 2016. The permit duration is 20 years and is scheduled to expire on February 1, 2036. The permit allows for the annual average daily withdrawal of groundwater of 33.7 MGD. In 2022, the City's annual average daily withdrawal was 25.21 MGD, down 3.8% from 26.12 MGD in 2021. The most recent three-year average is 26.3 MGD.

### **Current Planning and Major Capital Projects**

The most recent Water Master Plan Update (WMPU) was adopted by the City Commission in September 2021. Based on the WMPU evaluation of the City's downtown water system, approximately \$10 million will be needed through the year 2040 for upgrades, rehabilitation, and replacement of aging pipes and water valves.

In 2022, following recommendations presented in the Water Master Plan, notable projects were completed that replaced aging infrastructure to improve system reliability, increase capacity, and improve fire protection, specifically within the City's Downtown Infrastructure Area, and the Betton Hills neighborhood along Hickory Avenue, Spruce Avenue, and Lee Avenue. Upgrades made to the water system included the rehabilitation of pump motors at Wells 3, 6, 9 and 13, piping and lighting improvements within several well buildings, exterior cleaning of Tanks 1, 2, and 8, rehabilitation and repainting of Tank 7, and the installation of a new generator at Well 23.



## **Advanced Metering Infrastructure (AMI)**

In 2009, the City deployed the Nation's first Advanced Metering Infrastructure (AMI) system that supports the Electric, Gas and Water Utilities. AMI is an integrated network of smart meters, communication technologies, and data management systems. Implementation of the AMI program involved outfitting existing meters with a radio module that allows for two-way communication and remote automated reading of gas, water, and electric metered services.

The AMI program eliminates the costs and liabilities associated with manual meter reads and provides detailed consumption data for all three metered services. The AMI program enhances customer service by allowing a representative to remotely poll a water meter at a specific location and review recent and past consumption history to verify a reading. The system also provides the technology that supports the City's proactive water leak detection program.

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## WASTEWATER SYSTEM

### General

The City owns, operates, and maintains a Wastewater Collection and Reclamation System (the “Wastewater System”) that serves the City and portions of Leon County. The Wastewater System consists of one treatment facility having a treatment design capacity of 26.5 MGD, a 4,000-acre spray field, a 1.2 MGD public access reuse facility, approximately 934 miles of gravity mains, 112 pumping stations, and approximately 143 miles of force (pressurized) main. In 2022, the Wastewater System served an average of 75,927 service points.

City ordinance requires all houses and buildings situated within the City limits and on property within 200 feet of any completed wastewater line, or any future wastewater line when constructed, to be connected to the Wastewater System. Ordinance further requires physical connection to the Wastewater System when evidence of septic tank failure occurs. Connection to the Wastewater System is also required for new developments within the City limits with four or more residential units regardless of its distance to an existing wastewater main. All customers of the Wastewater System are required to connect to the City’s Water System if it is available or provide metering of their water source if not connected to the Water System.

### Treatment Facility

The City operates one wastewater treatment facility: the Thomas P. Smith Water Reclamation Facility (“TPS Facility”). Permitting of this facility is carried out by the Florida Department of Environmental Protection (FDEP). The operational permits (the “FDEP Operations Permits”) for the TPS Facility set forth certain general and specific conditions, effluent limitations, and disposal requirements. The current ten-year permit extends through August 2028 and regulates sampling, monitoring, and reuse water restrictions including limits for permitted flow, pH, chlorine residual, total suspended solids (TSS), Biochemical Oxygen Demand (BOD), Total Nitrogen, Phosphorus, and fecal coliform. The FDEP Operating Permits also specify requirements for the treatment and disposal of biosolids generated by the Wastewater System. Ultimately, the Environmental Protection Agency (EPA) maintains regulatory authority over biosolids in the State of Florida.

The TPS Facility is classified as an Advanced Wastewater Treatment Facility with a total capacity of 26.5 MGD. The City has invested more than \$227 million in improvements to the facility to meet a FDEP permit requirement to reduce nutrients load. In addition, a deep bed filtration system was installed with an updated chlorine contact basin to treat effluent to public access reuse standards. The TPS Facility also has sludge thickening, 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. At this point, 100% of materials leaving the facility are for beneficial reuse.

Previously, the City also operated the Lake Bradford Road Wastewater Treatment Plant (“LBR Plant”). The plant was demolished, and a portion of the site was recently used for a major roadway extension. The remainder of the site is under consideration for use by other City Departments. Any future wastewater capacity needs will be constructed at the TPS Facility. It is anticipated that capacity at the TPS Facility will not be exceeded until after 2040. The TPS Facility permit also includes the Southwest Spray Field (located on the TPS site) and the Southeast Farm (SEF) located on Tram Road. The SEF is permitted by FDEP as a slow-rate restricted public-access land application irrigation system. Most of the reclaimed water from TPS Facility is used for the irrigation of non-edible crops and select vegetation growing on 16 center-pivot farm plots at SEF. This practice of beneficial reuse irrigation at the SEF results in the reduction or elimination of impacts to the area’s natural resources, as compared to

other methods of effluent disposal. The City contracts with a local farmer to manage the complex operation of the farm and to meet the permit requirements and compliance obligations.

### **Master Wastewater Plan and Master Wastewater Treatment Plan**

The 2040 Master Wastewater Plan includes a Capital Improvement Program (CIP) that focuses on capacity and operational improvements. The planning period for these improvements is 2021 to 2040, and the estimated cost is \$71 million. It is anticipated that funding for these improvements will be generated from revenues based on rates proposed as the result of periodic comprehensive rate analyses (see “Wastewater Rates” above). The proposed phasing of these improvements will allow funding to be available for other operational and maintenance needs of the Systems. The 20-year Master Wastewater Plan was reviewed and approved by both the City and the Leon County Commissions.

The Master Wastewater Treatment Plan was finalized in early 2022. It includes a Capital Improvement Plan (CIP) that focuses on improvements to capacity and efficiency as well as the continued operation of wastewater treatment facilities. Capital costs for recommended improvements are estimated at \$172 million over a 20-year planning period. A comprehensive schedule for these improvements is in development.

### **Wastewater System Recent Capital Improvement Projects**

During 2022, the City continued its ongoing evaluation of the gravity wastewater system using a closed-circuit television (CCTV) inspection process designed to identify piping infrastructure requiring rehabilitation or replacement. These repairs and/or projects were implemented as part of the capital budget. The City also continued upgrades and replacements of wastewater pumping stations and replaced hundreds of wastewater services in advance of roadway resurfacing projects. The relining of two storage ponds at the Southeast Farm was also completed in 2022, as was the design of a centrate equalization facility and a new septage receiving station. These projects will provide better nutrient management and increased service levels to septage haulers in the surrounding community. Installation of new aeration blowers and the rehabilitation of an electrical control center were also initiated.

Projects still to be completed include the replacement of biogas blowers, refurbishment of Digester #3, influent piping network improvements, and the installation of additional screening and dewatering equipment. Also on the list for future completion are major subsurface coatings at the headworks of the TPS Facility that will increase reliability during high flow events and will extend the useful life of the structure.

### **Environmental Management and Safety System**

Underground Utilities and Public Infrastructure (UUPI) has been certified to the International Organization for Standardization (ISO) for the Environmental Management System (ISO 14001 EMS) since August 2007. This certification was issued by a global certifying body known as NSF International Strategic Registrations (NSF) and affirms that the City’s EMS meets ISO 14001. This international standard 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. In 2015, this standard for EMS was revised and now places a greater emphasis on leadership and the integration of environmental management into the core business process of the organization to achieve environmental performance and outcomes. The standard also recognizes that organizations can control and influence the way products, services, and activities are provided through a sound approach to the way assets are planned, designed, constructed, operated and maintained. UUPI was the first utility in the world to receive certification from NSF to the new standard, and a recertification audit completed in July 2022 by NSF verified consistent conformance with those standards.

In 2018, a similar standard for Occupational Health and Safety Systems was established by ISO. The ISO 45001 principles were integrated into the existing EMS and third-party certification was received, also through NSF, in November 2020. The implementation of these two ISO standards helps UUPI reduce risk to our employees, customers, and equipment, prevents the occurrence of workplace accidents, protects the environment, maintains regulatory compliance, and achieves continual improvement.

In 2020, the Florida Legislature passed Senate Bill 712 that amended Chapter 403 Florida Statutes and requires the Florida Department of Environmental Protection to adopt rules targeted at reducing the incidence of wastewater overflows from utility-owned collection systems.

In October 2021, some of these new requirements were placed into Florida Administrative Code. Other portions of the new requirements remain in the “workshop” phase but are expected to be implemented in 2023. These anticipated changes will require utilities to file annual reports that detail collection system expenditures, assets, rehabilitation projects, emergency planning activities, and the rehabilitation of infrastructure. Reporting will also include wastewater pipe assessment programs and inflow/infiltration and will need to encompass a minimum five-year planning cycle. Although not all of the new requirements are in effect, the City has already implemented a vast majority of the anticipated requirements.

### **Asset Management (AM)**

This program is a coordinated effort throughout the Consolidated Utility Systems. Programs are established to evaluate and maintain the infrastructure and critical assets of the City. The established AM programs for Water, Wastewater, and Stormwater utilize leading edge technology such as Pipeline Observation System Management (POSM), Geographical Information System (GIS) and Computerized Work Management Systems (CWMMS). These systems are used to inspect, manage repairs, evaluate replacement, and plan the maintenance of the City’s critical infrastructure. An additional program was fully implemented for the TPS Facility and more than 100 wastewater pumping stations to complement the ongoing AM program. The program incorporates the framework of the Environmental Management System (EMS) into a sustainable continuous improvement program. This program is designed to safeguard the \$227 million investment from bondholders to upgrade the TPS 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” including asset criticality, service levels, asset condition, planned maintenance, and business case evaluations. Asset criticality is used to evaluate how assets impact organizational performance requirements 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.

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## STORMWATER MANAGEMENT SYSTEM

The City operates and maintains the Stormwater Management System to serve the City's incorporated limits. It consists of approximately 434 stormwater management facilities, 29,246 drainage structures, 440 miles of enclosed storm drains, 228 miles of roadside ditches, 58 miles of minor to medium outfall ditches, and 23 miles of major outfall canals.

Funding for operations, maintenance, and expansion of the Stormwater Management System is generated through a stormwater utility fee. As opposed to an ad valorem tax assessment, this method of funding provides an equitable and reasonable approach to satisfying the community-wide cost of providing stormwater management services. Stormwater runoff is highly correlated to the impervious surface area on any given property and not well correlated to taxable value; therefore, the City uses the measurable impervious surface area of a property as the basis for the stormwater fee.

### Management Discussion of Operations

During FY 2022, operating revenues from the stormwater utility fee were \$20.6 million. Operating expenditures were \$15.6 million, and the stormwater replacement, renewal, and improvement transfer (RR&I) totaled \$3.0 million, bringing total funds used to \$18.6 million. In accordance with City policy, the \$2,030,901 surplus was transferred to the Stormwater RR&I fund. This surplus was a result of revenues exceeding budgeted forecast by 6.2%. This was based on conservative projections that assumed no customer growth in FY 2022. Expenditures for the fiscal year ended 4.2% less than the budgeted forecast.

The Stormwater Management System is operated on a full cost recovery basis with associated revenues and expenditures accounted for within the Stormwater Fund. In FY 2022, the budget for maintenance activities was approximately \$9.7 million. A significant portion of annual revenue also supports capital improvements designed to enhance and expand the physical Stormwater Management System. The FY 2023 – FY 2027 Five-Year Capital Improvement Program includes 12 projects with the reinvestment of Stormwater revenue into the local economy and further improvement of infrastructure. The estimated cost of these projects is approximately \$29,060,000. At this time, no debt funding is anticipated for any ongoing or future stormwater projects.

During FY 2022 the monthly base stormwater fee was \$8.83 per equivalent residential unit (ERU). On October 1, 2022, this fee increased to \$9.45 per ERU using the positive percentage change in the Consumer Price Index (CPI), as per City resolution. This change will generate estimated FY 2023 revenues of \$19.75 million from residential and nonresidential service accounts.

For stormwater purposes, an ERU is the estimated impervious surface area associated with a typical single-family unit. This has statistically been determined to be 1,990 square feet. Non-residential land uses typically feature substantially more impervious surface area than do residential uses. To determine the stormwater fee for a non-residential parcel, the actual impervious surface area of the site is measured. This is then divided by the ERU base and the resulting multiple number of ERUs are then multiplied by the base monthly fee of \$9.45.

The Stormwater Maintenance System had 83,228 customers (98,864 service locations) at the end of FY 2022. While approximately 93% of the customer base is residential, the remaining 7% is non-residential and generates approximately 53% of the annual revenue.

Pollution from stormwater is referred to as “non-point source pollution” as it originates from rainwater 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.

Due to its ubiquitous nature, non-point source (stormwater) pollution is very difficult to manage. The City of Tallahassee, the Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP) have a variety of programs and regulations that provide a systematic

approach to reduce stormwater pollution. Total maximum daily load (TMDL) regulations are one such example. These rules are directed toward entities that operate stormwater systems (e.g. cities, counties, universities, state highway departments, etc.) and limit the amount of pollution that can be discharged from storm sewers. These entities must take steps to regulate private property discharge into their systems. Construction of infrastructure designed to remove pollutants collected by runoff from older areas that were built before modern regulations were in effect is also required.

Another requirement designed to reduce stormwater pollution is the 2011 Florida Numeric Nutrient Criteria (NNC) rule that regulates nutrient concentration levels (primarily nitrogen and phosphorous) in lakes, streams, and springs. Cities and counties are required to develop both structural and non-structural techniques to assist in meeting these limits. Structural methods include 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 like public education as well as regulations such as fertilizer ordinances that minimize nutrient levels. As local waters are assessed in the next few years using the NNC rule, one can expect that stormwater regulatory compliance will continue to be more complicated and increasingly expensive. The City of Tallahassee has taken proactive steps to develop a funding source designed to meet the increasing costs of stormwater pollution reduction.

## SELECTED CONSOLIDATED UTILITY SYSTEMS STATISTICS

### Water System

<i>Fiscal Year Ended September 30</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Miles of Water Mains	1,211	1,218	1,223	1,231	1,237
Plant Capacity	76	76	79.4	79.4	79.4
Daily Average Consumption (MGD) <sup>1</sup>	25	27	28	26	25
<b>Residential</b>					
Average Number of Customers <sup>2</sup>	69,931	70,579	71,238	71,715	71,664
Average Number of Service Points <sup>3</sup>	76,645	77,209	77,790	78,579	78,830
Water Sold (000 gallons)	4,610,417	4,705,097	5,126,443	4,761,462	4,594,530
Average Sales Per Service Point (gallons)	60,152	60,943	65,900	60,595	58,284
<b>Commercial</b>					
Average Number of Customers <sup>2</sup>	6,869	6,870	6,916	6,905	6,905
Average Number of Service Points <sup>3</sup>	9,004	9,090	9,211	9,312	9,353
Water Sold (000 gallons)	3,968,281	4,062,097	4,174,047	3,953,073	4,162,151
Average Sales Per Service Point (gallons)	440,724	446,875	453,160	424,514	445,007

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

(2) Number of customers reflects bill recipients. Multiple service points may be consolidated into a single bill. Therefore, service points are greater than customers billed.

(3) Service Points reflect the number of service points (i.e., service connections) billed.

### Wastewater System

<i>Fiscal Year Ended September 30</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Miles of Sanitary Sewers	1,050	1,057	1,064	1,071	1,077
Annual Flow-Millions of Gallons	6,238	6,863	5,971	6,447	6,283
Daily Average Treatment (MGD)	16.05	19.20	16.28	17.67	17.21
Rainfall (fiscal year totals)	59.99	52.49	60.68	51.30	59.73
Gallons Treated Per Customer	95,080	103,483	79,638	85,119	92,982
<b>Average Number of Service Points</b>					
Residential	66,811	67,408	68,145	68,849	69,089
Commercial	6,641	6,738	6,832	6,891	6,838
Rated Capacity (MGD)	27	27	27	27	27

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**Water Rates (Effective October 1, 2022)**

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**Monthly Rate:**

Customer Charge \$9.71/month

**Usage Charges:**Residential

First 5,000 gallons \$2.29/1,000 gallons

Next 10,000 gallons \$3.15/1,000 gallons

Additional gallons \$3.96/1,000 gallons

Commercial

Up to monthly usage allowance \$2.29/1,000 gallon

Additional gallons \$2.73/1,000 gallons

Irrigation

Up to monthly usage allowance \$2.29/1,000 gallons

Additional gallons \$3.96/1,000 gallons

**Monthly Minimum Charge:**Nominal Meter Size (inches)

	<b>Amount</b>
5/8 or Smaller	\$ 15.44
1	\$ 38.34
1 1/2	\$ 76.58
2	\$ 122.61
3	\$ 244.89
4	\$ 382.52
6	\$ 764.95
8	\$1,223.87

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**Wastewater Rates (Effective October 1, 2022)**

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**Monthly Minimum Charge:**Nominal Meter Size (inches)

	<b>Amount</b>
5/8 or Smaller	\$ 22.70
1	\$ 56.75
1 1/2	\$ 113.47
2	\$ 181.54
3	\$ 363.05
4	\$ 567.25
6	\$1,134.50
8	\$1,815.24

**Monthly Usage Charge:**

Usage Charge Per 1000 Gallons Per Month \$7.26/month



### Water System Ten Largest Customers by Consumption (as of September 30, 2022)

Customer	Water Usage (cgals)	Billed Amount	Percentage of Revenues
Florida State University	3,317,110	\$ 1,006,693	2.80%
Tallahassee Memorial Healthcare	1,640,161	541,691	1.50%
City of Tallahassee	1,478,763	652,305	1.81%
State of Florida	1,421,875	478,395	1.33%
Florida A & M University	1,190,399	385,204	1.07%
Federal Government	902,624	250,639	0.70%
Leon County	755,939	265,414	0.74%
Leon County School Board	650,132	257,725	0.72%
510 W Virginia St Fl Owner Inc	512,418	139,688	0.39%
Apartments at Blairstone LLC	300,363	81,665	0.23%
<b>TOTAL</b>	<b><u>12,169,784</u></b>	<b><u>\$ 4,059,419</u></b>	<b><u>11.30%</u></b>

### Wastewater System Ten Largest Customers by Consumption (as of September 30, 2022)

Customer	Wastewater Usage (cgals)	Billed Amount	Percentage of Revenues
Florida State University	1,950,539	\$ 1,678,737	2.53%
Florida A & M University	982,454	889,589	1.34%
Federal Government	900,337	699,905	1.06%
Tallahassee Memorial Healthcare	861,785	650,440	0.98%
State of Florida	847,415	869,363	1.31%
Leon County	667,434	564,274	0.85%
510 W Virginia St Fl Owner Inc	501,244	351,895	0.53%
Leon County School Board	497,748	523,493	0.79%
City of Tallahassee	410,919	447,030	0.67%
Apartment at Blairstone LLC	300,363	204,533	0.31%
<b>TOTAL</b>	<b><u>7,920,329</u></b>	<b><u>\$ 6,043,444</u></b>	<b><u>10.39%</u></b>

### Consolidated Utility Systems Debt Service Coverage (in 000's)

<i>Fiscal Year Ended September 30</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Operating Revenues					
Water	\$ 33,936	\$ 36,859	\$ 40,458	\$ 39,816	\$ 42,690
Sewer	<u>59,012</u>	<u>62,451</u>	<u>64,302</u>	<u>64,876</u>	<u>70,644</u>
<b>Total Operating Revenues</b>	<u>92,948</u>	<u>99,310</u>	<u>104,760</u>	<u>104,692</u>	<u>113,334</u>
Operating Expenses					
Water	25,164	23,430	26,220	27,728	28,932
Sewer	<u>34,756</u>	<u>35,204</u>	<u>40,678</u>	<u>42,965</u>	<u>41,702</u>
<b>Total Operating Expenses</b>	<u>59,920</u>	<u>58,634</u>	<u>66,898</u>	<u>70,693</u>	<u>70,634</u>
Net Operating Revenue	33,028	40,676	37,862	33,999	42,700
Gross Stormwater Revenue	19,078	19,573	19,631	20,865	20,756
Other Revenue	<u>630</u>	<u>988</u>	<u>1,060</u>	<u>500</u>	<u>192</u>
<b>Total Available for Debt Service excluding system charge</b>	<u>52,736</u>	<u>61,237</u>	<u>58,553</u>	<u>55,364</u>	<u>63,648</u>
System Development Charges <sup>1</sup>	1,627	1,472	2,007	2,043	2,454
<b>Total Pledged Revenue Available for Debt Service</b>	<u>\$ 54,363</u>	<u>\$ 62,709</u>	<u>\$ 60,560</u>	<u>\$ 57,407</u>	<u>\$ 66,102</u>
<b>Existing Debt Service</b>	\$ 22,641	\$ 25,938	\$ 26,257	\$ 25,922	\$ 25,400
<b>Coverage</b>	2.40x	2.42x	2.31x	2.21x	2.60x

(1) The maximum amount that can legally be pledged to make debt service payments is \$2.673 million.

**CITY OF TALLAHASSEE, FLORIDA  
CONSOLIDATED UTILITY SYSTEMS  
CONSOLIDATED DEBT SERVICE**

<b>Bond Year</b>			<b>\$34,825,000</b>	<b>\$14,875,000</b>	<b>\$45,385,000</b>	<b>\$115,060,000</b>	<b>\$44,255,000</b>	<b>\$117,015,000</b>
<b>Ending</b>		<b>Total</b>	<b>Series 2022</b>	<b>Series 2020</b>	<b>Series 2018</b>	<b>Series 2017</b>	<b>Series 2015</b>	<b>Series 2010A</b>
<b>October 1</b>								
2023	\$	25,772,933	\$ 1,372,630	\$ 2,953,250	\$ 3,643,500	\$ 9,135,000	\$ 2,584,250	\$ 6,084,303
2024		25,769,711	3,958,408	2,951,750	3,640,000	9,135,250	-	6,084,303
2025		25,768,561	3,958,009	2,949,250	3,642,500	9,134,500	-	6,084,303
2026		25,767,705	3,960,153	2,950,500	3,640,500	9,132,250	-	6,084,303
2027		26,230,998	3,954,696	-	3,644,000	9,133,000	-	9,499,303
2028		26,236,513	4,016,782	-	3,642,500	9,136,000	-	9,441,231
2029		26,233,219	4,079,389	-	3,641,000	9,130,500	-	9,382,330
2030		26,230,220	4,147,372	-	3,639,250	9,131,250	-	9,312,348
2031		26,236,230	2,355,442	-	3,642,000	9,137,250	-	11,101,538
2032		26,235,222	2,457,209	-	3,643,750	9,132,500	-	11,001,764
2033		26,231,905	2,569,351	-	3,639,250	9,131,750	-	10,891,554
2034		26,239,844	2,681,436	-	3,643,500	9,134,000	-	10,780,908
2035		26,226,623	2,788,319	-	3,640,750	9,133,250	-	10,664,304
2036		23,316,231	-	-	3,641,000	9,128,750	-	10,546,481
2037		23,195,418	-	-	3,643,750	9,129,750	-	10,421,918
2038		25,388,854	-	-	3,643,500	-	-	21,745,354
2039		21,403,805	-	-	-	-	-	21,403,805
2040		21,054,122	-	-	-	-	-	21,054,122
<b>TOTALS</b>	<b>\$</b>	<b><u>453,538,112</u></b>	<b><u>42,299,194</u></b>	<b><u>11,804,750</u></b>	<b><u>58,270,750</u></b>	<b><u>136,995,000</u></b>	<b><u>2,584,250</u></b>	<b><u>201,584,168</u></b>

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

<b>Bond Year</b>								
<b>Ending</b>		<b>\$34,825,000</b>	<b>\$14,875,000</b>	<b>\$45,385,000</b>	<b>\$115,060,000</b>	<b>\$44,255,000</b>	<b>\$117,015,000</b>	
<b>October 1</b>	<b>Total</b>	<b>Series 2022</b>	<b>Series 2020</b>	<b>Series 2018</b>	<b>Series 2017</b>	<b>Series 2015</b>	<b>Series 2010A</b>	
2023	\$ 11,085,000	\$ 105,000	\$ 2,430,000	\$ 1,670,000	\$ 4,395,000	\$ 2,485,000	-	
2024	11,870,000	2,955,000	2,550,000	1,750,000	4,615,000	-	-	
2025	12,400,000	3,040,000	2,675,000	1,840,000	4,845,000	-	-	
2026	12,955,000	3,130,000	2,810,000	1,930,000	5,085,000	-	-	
2027	14,000,000	3,215,000	-	2,030,000	5,340,000	-	3,415,000	
2028	14,640,000	3,370,000	-	2,130,000	5,610,000	-	3,530,000	
2029	15,300,000	3,530,000	-	2,235,000	5,885,000	-	3,650,000	
2030	15,990,000	3,700,000	-	2,345,000	6,180,000	-	3,765,000	
2031	16,720,000	2,015,000	-	2,465,000	6,495,000	-	5,745,000	
2032	17,525,000	2,175,000	-	2,590,000	6,815,000	-	5,945,000	
2033	18,365,000	2,350,000	-	2,715,000	7,155,000	-	6,145,000	
2034	19,255,000	2,530,000	-	2,855,000	7,515,000	-	6,355,000	
2035	20,165,000	2,710,000	-	2,995,000	7,890,000	-	6,570,000	
2036	18,220,000	-	-	3,145,000	8,280,000	-	6,795,000	
2037	19,025,000	-	-	3,305,000	8,695,000	-	7,025,000	
2038	22,185,000	-	-	3,470,000	-	-	18,715,000	
2039	19,350,000	-	-	-	-	-	19,350,000	
2040	20,010,000	-	-	-	-	-	20,010,000	
<b>TOTALS</b>	<b><u>\$ 299,060,000</u></b>	<b><u>\$ 34,825,000</u></b>	<b><u>\$ 10,465,000</u></b>	<b><u>\$ 39,470,000</u></b>	<b><u>\$ 94,800,000</u></b>	<b><u>\$ 2,485,000</u></b>	<b><u>\$ 117,015,000</u></b>	

**\$34,825,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Taxable Consolidated Utility Systems Refunding Revenue Bond, Series 2022**

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Dated: July 13, 2022

**Purpose**

The Series 2022 Bond was issued to fund a deposit to the special account in the Senior Lien Research Fund, if required, refund the Consolidated Utility System Refunding Revenue Bonds, Series 2015, and pay certain costs of issuance.

The Series 2022 Bond was issued on a taxable basis in a principle amount not to exceed \$36,000,000. The Series 2022 Bond was issued at a taxable fixed-rate of interest for one year, and then will convert to a tax-exempt fixed-rate of interest for 12 years.

**Security**

The Series 2022 Bond is secured by a lien on and pledge of 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 2020, Consolidated Utility Systems Revenue Bonds, Series 2018, Consolidated Utility Systems Refunding Revenue Bonds, Series 2015 and Consolidated Utility Systems Revenue Bonds, Series 2010A.

**Bond Reserve**

The initial Reserve Requirement for the 2022 Bond shall be deposited in the account in the Debt Service Reserve Fund created pursuant to the 1998 General Resolution for the benefit of the Series 2022 Bond, and shall be used only for the purposes provided, therefore.

**Form**

The 2022 Series Bond is fully registered, due October 1, 2035. The note is book-entry-only and is not evidenced by a physical certificate. The Note was priced competitively and issued as a private placement, Truist as the original purchaser. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2022.

**Agents**

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

**Ratings at issuance**

**Fitch:** N/A

**Standard & Poor's:** N/A

**Optional Redemption**

The Series 2022 Bond is subject to mandatory tender at the option of the Issuer, in whole on any date on or after July 3, 2023, subject to the terms in the resolution and with fourteen days' prior written notice to the Original Purchaser.

**\$34,825,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**TAXABLE CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BOND,**  
**SERIES 2022**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>	<b>Interest</b>			
<b>Ending</b>	<b>Rate*</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>October 1</b>				
2023	3.640%	\$ 105,000	\$ 1,267,630	\$ 1,372,630
2024	3.640%	2,955,000	1,003,408	3,958,408
2025	3.640%	3,040,000	918,009	3,958,009
2026	3.640%	3,130,000	830,153	3,960,153
2027	3.640%	3,215,000	739,696	3,954,696
2028	3.640%	3,370,000	646,782	4,016,782
2029	3.640%	3,530,000	549,389	4,079,389
2030	3.640%	3,700,000	447,372	4,147,372
2031	3.640%	2,015,000	340,442	2,355,442
2032	3.640%	2,175,000	282,209	2,457,209
2033	3.640%	2,350,000	219,351	2,569,351
2034	3.640%	2,530,000	151,436	2,681,436
2035	3.640%	<u>2,710,000</u>	<u>78,319</u>	<u>2,788,319</u>
<b>TOTALS</b>		<b><u>\$ 34,825,000</u></b>	<b><u>\$ 7,474,194</u></b>	<b><u>\$ 42,299,194</u></b>

\*Interest rate will decrease from 3.64% to 2.89% beginning 10/01/2023 for all maturities.

**\$14,875,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Consolidated Utility Systems Refunding Revenue Bonds, Series 2020**

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Dated: August 6, 2020

**Purpose**

The Series 2020 Bonds were issued to refund on a current basis the City's outstanding Consolidated Utility Systems Revenue Bonds, Series 2010B.

The Series 2010B Bonds were issued to pay the cost of the 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.

**Security**

The Series 2020 Bonds are secured by a lien on and pledge of 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 2018, Consolidated Utility Systems Refunding Bonds, Series 2017, Consolidated Utility Systems Refunding Revenue Bonds, Series 2015 and Consolidated Utility Systems Revenue Bonds, Series 2010A.

**Bond Reserve**

There are no debt service reserve requirements.

**Form**

The 2020 Series Bonds, all fully registered, due October 1, 2026. 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, 2021.

**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 at issuance**

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

**Optional Redemption**

The Series 2020 Bonds are not subject to optional redemption prior to maturity.

**\$14,875,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**CONSOLIDATED UTILITY SYSTEMS**  
**REFUNDING REVENUE BONDS, SERIES 2020**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>				
<b>Ending</b>	<b>Interest</b>			
<b>October 1</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	5.000%	\$ 2,430,000	\$ 523,250	\$ 2,953,250
2024	5.000%	2,550,000	401,750	2,951,750
2025	5.000%	2,675,000	274,250	2,949,250
2026	5.000%	<u>2,810,000</u>	<u>140,500</u>	<u>2,950,500</u>
<b>TOTALS</b>		<b><u>\$ 10,465,000</u></b>	<b><u>\$ 1,339,750</u></b>	<b><u>\$ 11,804,750</u></b>



**\$45,385,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Consolidated Utility Systems Revenue Bonds, Series 2018**

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Dated: June 12, 2018

**Purpose**

The Series 2018 Bonds were used to finance the cost of well and water distribution improvements and Sewer System transmission upgrades.

**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 Refunding Revenue Bonds, Series 2020, Consolidated Utility Systems Refunding Bonds, Series 2017, Consolidated Utility Systems Refunding Revenue Bonds, Series 2015 and Consolidated Utility Systems Revenue Bonds, Series 2010A.

**Bond Reserve**

There are no debt service reserve requirements.

**Form**

\$45,385,000 Serial Bonds, all fully registered, due October 1, 2038. 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 October 1, 2018.

**Agents**

<b>Registrar:</b>	The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida
<b>Paying Agent:</b>	The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida
<b>Bond Counsel:</b>	Bryant Miller Olive P.A., Tallahassee, Florida

**Ratings at issuance**

<b>Fitch:</b>	AA+
<b>Standard &amp; Poor's:</b>	AA

**Optional Redemption**

The Series 2018 Bonds maturing on or prior to October 1, 2025, are not subject to redemption prior to maturity. The Series 2018 Bonds maturing after October 1, 2025 are subject to redemption at the option of the City prior to their stated maturities in whole or in part at any time (if in part, the maturities and principal amount to be redeemed are to be determined by the City in its sole discretion) on or after October 1, 2025, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

**\$45,385,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**CONSOLIDATED UTILITY SYSTEMS REVENUE BONDS, SERIES 2018**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Ending</b>	<b>Rate</b>			
<b>October 1</b>				
2023	5.000%	\$ 1,670,000	\$ 1,973,500	\$ 3,643,500
2024	5.000%	1,750,000	1,890,000	3,640,000
2025	5.000%	1,840,000	1,802,500	3,642,500
2026	5.000%	1,930,000	1,710,500	3,640,500
2027	5.000%	2,030,000	1,614,000	3,644,000
2028	5.000%	2,130,000	1,512,500	3,642,500
2029	5.000%	2,235,000	1,406,000	3,641,000
2030	5.000%	2,345,000	1,294,250	3,639,250
2031	5.000%	2,465,000	1,177,000	3,642,000
2032	5.000%	2,590,000	1,053,750	3,643,750
2033	5.000%	2,715,000	924,250	3,639,250
2034	5.000%	2,855,000	788,500	3,643,500
2035	5.000%	2,995,000	645,750	3,640,750
2036	5.000%	3,145,000	496,000	3,641,000
2037	5.000%	3,305,000	338,750	3,643,750
2038	5.000%	<u>3,470,000</u>	<u>173,500</u>	<u>3,643,500</u>
<b>TOTALS</b>		<b><u>\$ 39,470,000</u></b>	<b><u>\$ 18,800,750</u></b>	<b><u>\$ 58,270,750</u></b>

**\$115,060,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Consolidated Utility Systems Refunding Bonds, Series 2017**

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Dated: November 29, 2017

**Purpose**

The Series 2017 Bonds were issued to refund on a current basis the portion of the City's outstanding Consolidated Utility Systems Revenue Bonds, Series 2007.

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 a parity with the City's Consolidated Utility Systems Refunding Revenue Bonds, Series 2020, Consolidated Utility Systems Revenue Bonds, Series 2018, Consolidated Utility Systems Refunding Revenue Bonds, Series 2015 and Consolidated Utility Systems Revenue Bonds, Series 2010A.

**Bond Reserve**

There are no debt service reserve requirements.

**Form**

\$115,060,000 Serial Bonds, all fully registered, due October 1, 2037. 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, 2018.

**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 at issuance**

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

**Optional Redemption**

The Series 2017 Bonds maturing on or prior to October 1, 2024, are not subject to redemption prior to maturity. The Series 2017 Bonds maturing 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 (if in part, the maturities and principal amount to be redeemed are to be determined by the City in its sole discretion) on or after October 1, 2024, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

**\$115,060,000**  
**CITY OF TALLAHASSEE, FLORIDA**  
**CONSOLIDATED UTILITY SYSTEMS**  
**REFUNDING BONDS, SERIES 2017**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year</b>	<b>Interest</b>			
<b>Ending</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>October 1</b>	<b>Rate</b>			
2023	5.000%	\$ 4,395,000	\$ 4,740,000	\$ 9,135,000
2024	5.000%	4,615,000	4,520,250	9,135,250
2025	5.000%	4,845,000	4,289,500	9,134,500
2026	5.000%	5,085,000	4,047,250	9,132,250
2027	5.000%	5,340,000	3,793,000	9,133,000
2028	5.000%	5,610,000	3,526,000	9,136,000
2029	5.000%	5,885,000	3,245,500	9,130,500
2030	5.000%	6,180,000	2,951,250	9,131,250
2031	5.000%	6,495,000	2,642,250	9,137,250
2032	5.000%	6,815,000	2,317,500	9,132,500
2033	5.000%	7,155,000	1,976,750	9,131,750
2034	5.000%	7,515,000	1,619,000	9,134,000
2035	5.000%	7,890,000	1,243,250	9,133,250
2036	5.000%	8,280,000	848,750	9,128,750
2037	5.000%	<u>8,695,000</u>	<u>434,750</u>	<u>9,129,750</u>
<b>TOTALS</b>		<b><u>\$ 94,800,000</u></b>	<b><u>\$ 42,195,000</u></b>	<b><u>\$ 136,995,000</u></b>

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

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Dated: September 30, 2015

**Purpose**

The Series 2015 Bonds were issued to pay the cost of acquisition and construction 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, and refund the Series 2005.

**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 Refunding Revenue Bonds, Series 2020, Consolidated Utility Systems Revenue Bonds, Series 2018, Consolidated Utility Systems Refunding Bonds, Series 2017 and Consolidated Utility Systems Revenue Bonds, Series 2010A.

**Bond Reserve**

There are no debt service reserve requirements.

**Form**

\$44,255,000 Serial Bonds, all fully registered, due October 1, 2035. 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**

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

**Ratings at issuance**

<b>Fitch:</b>	AA+
<b>Standard &amp; Poor's:</b>	AA+

**Optional Redemption**

The Series 2015 Bonds maturing on or 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 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***

<b>Bond Year</b>	<b>Interest</b>			
<b>Ending</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>October 1</b>	<b>Rate</b>			
2023	(1)	\$ 2,485,000	\$ 99,250	\$ 2,584,250
<b>TOTALS</b>		<b><u>\$ 2,485,000</u></b>	<b><u>\$ 99,250</u></b>	<b><u>\$ 2,584,250</u></b>

(1) Bonds maturing 2023 are in two issues: \$1,485,000 at 5.00% interest rate and \$1,000,000 at 2.50% interest rate.

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

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Dated: September 21, 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 2020, Consolidated Utility Systems Revenue Bonds, Series 2018, Consolidated Utility Systems Refunding Bonds, Series 2017 and Consolidated Utility Systems Refunding Revenue Bonds, Series 2015.

**Bond Reserve**

There are no debt service reserve fund requirements.

**Form**

\$117,015,000 Serial Bonds, all fully registered, due October 1, 2040. 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, 2011.

**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 at issuance**

**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:

<u>Year</u>	<u>Amount</u>
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:

<u>Year</u>	<u>Amount</u>
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 REVENUE BONDS**  
**SERIES 2010A BABS**

***Summary of Remaining Debt Service Requirements***

<b>Bond Year Ending October 1</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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%	<u>20,010,000</u>	<u>1,044,122</u>	<u>21,054,122</u>
<b>TOTALS</b>		<b><u>\$ 117,015,000</u></b>	<b><u>\$ 84,569,172</u></b>	<b><u>\$ 201,584,172</u></b>

**\$14,564,780**  
**CITY OF TALLAHASSEE, FLORIDA**  
**Master Equipment Lease Purchase Agreement (AMI Loans)**  
**Water System**

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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**  
**BANC OF AMERICA PUBLIC CAPITAL CORPORATION**

***Summary of Remaining Lease Payments***

<b>Bond Year</b>				
<b>Ending</b>	<b>Interest</b>			
<b>October 1</b>	<b>Rate</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	3.9459%	\$ 1,283,265	\$ 90,754	\$ 1,374,019
2024	3.9459%	<u>1,334,400</u>	<u>39,619</u>	<u>1,374,019</u>
<b>TOTALS</b>		<b><u>\$ 2,617,665</u></b>	<b><u>\$ 130,373</u></b>	<b><u>\$ 2,748,038</u></b>

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## **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, a number of other Florida cities and counties joined the Commission. 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. On June 27, 2022, the Board of Directors adopted a plan of dissolution which will dissolve the Commission on April 5, 2023.

### **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 four 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, 2022, there were four series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled \$357,300,000, and the outstanding balance is \$340,835,000; and
- As of September 30, 2022, there was one Lease Revenue Bond outstanding. The original issue amount totaled \$18.1 million, and the outstanding balance is \$5,663,000.

### **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, 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, 2022, the outstanding balance on the Series 2011 Industrial Revenue Bonds is \$4,603,000.