

CITY OF AKRON, OHIO

2014

ANNUAL INFORMATIONAL STATEMENT



The City of Akron intends that this Annual Informational Statement will be used (1) together with information to be specifically provided by the City for that purpose, in connection with the original offering and issuance by the City of its bonds, notes and other obligations and (2) to provide information concerning the City on a continuing annual basis.

Questions regarding information contained in this Annual Informational Statement should be directed to Diane L. Miller-Dawson, Director of Finance, City of Akron, Municipal Building, 166 South High Street, Akron, Ohio 44308; telephone 330-375-2316; facsimile 330-375-2291; email DMiller-Dawson@akronohio.gov.

The date of this Annual Informational Statement is September 01, 2014

REGARDING THIS ANNUAL INFORMATIONAL STATEMENT

The information and expressions of opinion in this Annual Information Statement are subject to change without notice. Neither the delivery of this Annual Informational Statement nor any sale made in connection with the delivery should, under any circumstances, give rise to any inference that there has been no change in the affairs of the City since the date of this Annual Informational Statement.

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Cover Page..... | 1 |
| REGARDING THIS ANNUAL INFORMATIONAL STATEMENT | 2 |
| TABLE OF CONTENTS | 2 |
| INTRODUCTORY STATEMENT | 6 |
| THE CITY | 7 |
| General | 7 |
| City Government..... | 7 |
| Employees | 9 |
| Facilities | 12 |
| Capital Investment Program | 13 |
| Community and Economic Development Programs | 14 |
| Economic Development Program | 14 |
| Selected Updates | 14 |
| <i>Map 1</i> ; Industrial Parks, JEDDS, & Biomedical..... | 16 |
| Sweitzer Avenue Industrial Development Project | 17 |
| Bridgestone/Firestone Technical Center..... | 17 |
| Goodyear Tire & Rubber Company Project..... | 17 |
| Akron Global Business Accelerator | 18 |
| Ascot Industrial Park..... | 20 |
| West Akron | 22 |
| South Akron Redevelopment; Akron Square | 22 |
| Airport Development Area | 23 |
| Massillon Road Industrial Park..... | 23 |
| North Turkeyfoot Industrial Park | 24 |
| Central Business District (CBD) Development Program..... | 24 |
| Cascade Renewal/Plaza Project | 24 |
| Canal Park Stadium..... | 24 |
| O’Neil’s Building..... | 25 |
| <i>Map 2</i> ; Central Business District | 26 |
| Akron’s Historic District at Main and Market..... | 27 |
| Akron-Summit County Library System | 27 |
| Akron Art Museum | 27 |
| Summa Health Systems Inc. | 27 |
| Downtown Strategic Plan; Downtown Akron Partnership | 28 |
| Akron Biomedical Corridor | 28 |
| Other CBD Developments | 31 |
| City-Wide Programs and Projects | 32 |
| Highland Square Redevelopment | 32 |
| Akron Community Learning Centers | 32 |
| Brownfield Projects..... | 32 |
| Neighborhood Development Program | 33 |
| Neighborhood Business District (NBD) Projects..... | 33 |

| | |
|--|-----------|
| Neighborhood Housing Development Projects | 33 |
| New Residential Construction | 34 |
| Joint Economic Development Districts | 35 |
| Historical JEDD Revenues | 38 |
| Land Use/Annexation | 39 |
| Economic and Demographic Information | 39 |
| Population | 39 |
| Employment | 40 |
| Domestic & International Marketing | 42 |
| Outreach Assistance | 43 |
| Small Business Assistance | 43 |
| Income | 43 |
| Housing and Building Permits | 44 |
| Sewer System | 45 |
| General | 45 |
| Capital Improvements | 45 |
| Employees | 46 |
| Service Area and Users | 47 |
| Sewer Rates | 49 |
| Billing; Delinquent Sewer System Bills | 50 |
| Historical Operating Results | 51 |
| Water System | 51 |
| General | 51 |
| Water Supply, Treatment and Distribution | 52 |
| Capital Improvements | 53 |
| Employees | 54 |
| Service Area and Users | 55 |
| Water Rates | 58 |
| Billing; Delinquent Water System Bills | 58 |
| Historical Operating Results | 59 |
| Other Utilities | 60 |
| Solid Waste Collection and Disposal System | 60 |
| Heating and Cooling | 60 |
| Natural Gas; Electricity | 61 |
| Transportation | 61 |
| Education | 62 |
| Akron City School District | 62 |
| The University of Akron | 63 |
| Other Schools | 63 |
| Health Care | 64 |
| Recreation and Entertainment | 64 |
| FINANCIAL MATTERS | 67 |
| Introduction | 67 |
| Budgeting, Tax Levy and Appropriations Procedures | 67 |
| Financial Reports and Examinations of Accounts | 68 |
| Cash Balances and Investments | 69 |
| Financial Outlook | 71 |
| AD VALOREM PROPERTY TAXES AND SPECIAL ASSESSMENTS | 72 |
| Assessed Valuation | 72 |
| Overlapping Governmental Entities | 75 |
| Tax Rates | 76 |
| Tax Table A: Overlapping Tax Rates | 76 |
| Tax Table B: City Tax Rates | 77 |
| Collections | 78 |

| | |
|--|-----|
| Special Assessments | 79 |
| Delinquencies | 80 |
| MUNICIPAL INCOME TAX | 81 |
| OTHER GENERAL FUND REVENUE SOURCES | 82 |
| Nontax Revenues | 83 |
| Historical Collections of Nontax Revenues | 83 |
| Licenses and Permits | 84 |
| Charges for Services | 84 |
| Fines and Forfeitures | 84 |
| Interest Earnings | 84 |
| Expenditure Recoveries | 84 |
| Other | 84 |
| Local Government Assistance Funds | 84 |
| CITY DEBT AND OTHER LONG-TERM OBLIGATIONS | 85 |
| Security for General Obligation Debt | 85 |
| Bonds and Bond Anticipation Notes | 85 |
| Unvoted Bonds | 85 |
| Voted Bonds | 86 |
| BANs | 86 |
| Statutory Direct Debt Limitations | 86 |
| Indirect Debt and Unvoted Property Tax Limitations | 87 |
| Debt Outstanding | 87 |
| Debt Table A: Principal Amounts of Outstanding General Obligation Debt; Capacity for Additional Debt Within Direct Debt Limitations | 89 |
| Debt Table B: Various City and Overlapping General Obligation (GO) Debt Allocations (Principal Amounts) | 92 |
| Debt Table C: Projected Debt Service Requirements on Unvoted General Obligation Bonds | 93 |
| Payment of Debt Service | 94 |
| Debt Table D: Principal Amount of General Obligation Debt, the Debt Service on Which Was (or Will Be) Retired from these Sources | 95 |
| Changes in Indebtedness; Future Financings | 97 |
| Revenue Bonds | 99 |
| Water System Revenue Bonds | 99 |
| Sewer System Revenue Bonds | 99 |
| Special Revenue Bonds | 99 |
| Income Tax Revenue Bonds | 100 |
| Pension Bonds | 100 |
| General Obligation Bonds | 101 |
| Guarantees | 101 |
| Community Learning Centers (CLC) Bonds | 101 |
| Health Benefit Claims Bond Anticipation Notes (BANs) | 103 |
| Income Tax Revenue Bond Debt Service and Debt Service Coverage | 104 |
| Nontax Revenue Bonds | 106 |
| Long-Term Obligations Other Than Bonds and Notes | 108 |
| OWDA, ODOT, ODOD and OPWC Loans | 108 |
| Certificates of Participation | 113 |
| Other Obligations | 114 |
| Retirement Obligations | 115 |
| LEGAL MATTERS | 116 |
| Litigation | 116 |
| Bond Counsel | 116 |
| RATINGS | 116 |

| | |
|-----------------------------------|------------|
| CONCLUDING STATEMENT | 117 |
|-----------------------------------|------------|

Appendix A-1 - Comparative Summary of General Fund Receipts 2009 through 2013
and Budgeted 2014

Appendix A-2 - Comparative Summary of General Fund Expenditures 2009 through
2013 and Appropriated 2014

Appendix B - All-Funds Summary for 2009 through 2013

Appendix C - CUSIP Numbers for City of Akron Bonds and Other Obligations

*This Annual Informational Statement serves to comply with the City's Continuing Disclosure Agreements entered into in connection with the listed Bonds and Other Obligations of the City (see **INTRODUCTORY STATEMENT** and **Appendix C**).*

INTRODUCTORY STATEMENT

This Annual Informational Statement (the Annual Statement) has been prepared by the City of Akron, Ohio (the City) to provide, as of its date, financial and other information relating to the City. The City intends that this Annual Statement be used in conjunction with specific offering information to be provided by the City in connection with the original offering and issuance by the City of specific issues of bonds, notes, or other obligations. Such specific offering information, taken together with this Annual Statement, will serve as the Official Statement for each of those issues. Following the distribution of this Annual Statement and concurrently with the original offering by the City of a particular issue of its bonds, notes, or other obligations, the City may distribute or make available the specific offering information relating to that issue along with information updating or revising information contained in this Annual Statement.

The City has prepared and circulated to interested persons an annual informational statement such as this Annual Statement in each year since 1978 and intends to continue that practice. Since 1996, the City has entered into continuing disclosure agreements (the Agreements) pursuant to SEC Rule 15c2-12 in connection with the primary offering by the City of each of its issues of bonds and other obligations subject to that rule. The Agreements require the City to provide annually financial information and operating data for its immediately preceding fiscal year of the type included in the final official statement for each of the respective issues. This Annual Statement is provided in order to satisfy the obligation of the City under the Agreements. It will be filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. The list of bonds, notes and other obligations of the City to which this Annual Statement applies is set forth in **Appendix C** and includes the applicable CUSIP numbers for those issues. The City's audited financial statements for fiscal year 2013 will be filed with the State Auditor, the Single Audit Clearing House, the MSRB through its EMMA system, and various grant and other appropriate agencies and will be mailed upon written request.

Questions regarding information contained in this Annual Statement should be sent to Diane L. Miller-Dawson, Director of Finance, City of Akron, Municipal Building, 166 South High Street, Akron, Ohio 44308. The Director of Finance is the officer designated by the City to respond to questions concerning the Annual Statement and the financial matters of the City in general. She may be contacted at the above address or by telephone 330-375-2316, facsimile 330-375-2291 or email DMiller-Dawson@akronohio.gov.

All financial and other information in this Annual Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

This Annual Statement should be considered in its entirety and no one subject considered less important than another by reason of location in the text. Reference should be made to laws, reports, or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law, the Ohio Constitution, or the Charter of the City (the Charter) are references to those current provisions. Those provisions may be amended, repealed, or supplemented.

As used in this Annual Statement, "debt service" means principal of and interest on the obligations referred to, "County" means the County of Summit, "State" or "Ohio" means the State of Ohio, and "JEDD" means a Joint Economic Development District.

THE CITY

GENERAL

The City is located in the County of Summit in northeast Ohio, approximately 35 miles south of Cleveland. The City, which is the county seat, was incorporated in 1836.

In the 2000 Census classifications, the City was in the Akron Primary Metropolitan Statistical Area (PMSA), comprised of Summit and Portage Counties. It was also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area (CMSA). Effective in 2003, the PMSA was renamed the Akron Metropolitan Statistical Area (MSA). The CMSA was reclassified as the Cleveland-Akron-Elyria Combined Statistical Area (CSA). After new delineation standards were announced in 2013, Akron remains an MSA, defined as Summit and Portage Counties, and is part of the larger Cleveland-Akron-Canton Combined Statistical Area.

CITY GOVERNMENT

The City operates under and is governed by its Charter, which was first adopted by the voters in 1918 and which has been and may be amended by City voters from time to time. The City is also subject to certain general laws applicable to all cities in the State. Under the Ohio Constitution, the City may exercise all powers of local self-government, and may enact police, sanitary, and similar regulations to the extent not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government.

Legislative authority of the City is vested in a 13-member Council. Currently, three members are elected at-large for four-year terms; ten members are elected from wards for two-year terms. As approved by voters, starting with term beginning January 1, 2016, all members will serve four-year terms starting in 2016. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President of Council, who is elected by the Council to serve until a new President is elected. The Charter establishes certain administrative departments and authorizes the Council, by a two-thirds vote, to establish additional departments and divisions within the departments.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters to that office for a four-year term. The Mayor appoints the directors of the City departments. The major appointed officials are the Directors of Finance, Law, Planning, Public Service, and Neighborhood Assistance and the Deputy Mayors. The Mayor also appoints members to a number of boards and commissions and appoints and removes, in accordance with civil service requirements, all appointed officers and employees, with a few exceptions, such as Council officers and employees and personnel directors.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.

All elected officials, except the Mayor, serve part-time. The current elected officials and some of the major appointed officials are set forth in the following tables.

| <u>Elected Officials</u> | <u>Name</u> | <u>Ward No.</u> | <u>Date of Beginning of Service</u> | <u>Expiration Date of Present Term</u> |
|---------------------------------|--------------------------|------------------------|--|---|
| Mayor | Donald L. Plusquellic(a) | | January 3, 1987 | December 31, 2015 |
| Council: | | | | |
| President | Garry Moneypenny(b) | Ward 10 | January 9, 2011 | December 31, 2015 |
| Members | Jeff Fusco(c) | At Large | January 10, 2010 | December 31, 2015 |
| | Linda Omobien | At Large | January 10, 2010 | December 31, 2015 |
| | Michael Williams | At Large | January 1, 1988 | December 31, 2015 |
| | Rich Swirsky | Ward 1 | January 1, 2014 | December 31, 2015 |
| | James P. Hurley III | Ward 2 | February 12, 2007 | December 31, 2015 |
| | Margo Sommerville(d) | Ward 3 | January 7, 2013 | December 31, 2015 |
| | Russel C. Neal, Jr. | Ward 4 | January 1, 2010 | December 31, 2015 |
| | Tara Mosley-Samples | Ward 5 | January 1, 2014 | December 31, 2015 |
| | Bob Hoch | Ward 6 | January 9, 2011 | December 31, 2015 |
| | Donnie Kammer | Ward 7 | January 9, 2011 | December 31, 2015 |
| | Marilyn Keith | Ward 8 | January 9, 2011 | December 31, 2015 |
| | Mike Freeman | Ward 9 | January 1, 2002 | December 31, 2015 |
| | Bob Keith(e) | Clerk | | |

- (a) Mr. Plusquellic became Mayor upon the resignation of former Mayor Thomas C. Sawyer, who was elected to the U.S. House of Representatives representing the 14th Congressional District. Mr. Plusquellic was re-elected to a seventh full term as Mayor at the November 2011 election. Before becoming Mayor, Mr. Plusquellic served in City Council for 12 years, the last three of which as President of Council.
- (b) Mr. Moneypenny became President of Council in December, 2012.
- (c) Mr. Fusco previously served on Council from 1986-1997 before resigning to become one of the City's Deputy Service Directors; a post he resigned in December 2007.
- (d) Ms. Sommerville was appointed by Council to replace Marco Sommerville as Ward 3 council member on January 7, 2013.
- (e) The Clerk of Council is appointed by Council and is a classified employee. Council appointed Bob Keith, who formerly served as Ward 8 Councilperson for 11 years. He was appointed Clerk of Council effective January 13, 2009.

Mr. Plusquellic, the City's longest serving mayor, served from June 2004 to June 2005 as the 62nd president of the U.S. Conference of Mayors (USCM), a national non-partisan organization of mayors for cities with a population of more than 30,000. Before becoming president of the USCM, Mr. Plusquellic served as chairman of the organization's advisory board as well as vice president of the USCM, and received the prestigious City Livability Award, the highest honor bestowed on city leaders by the USCM.

| <u>Appointed Officials</u> | <u>Name</u> | <u>Date of Beginning of Service</u> |
|---|---------------------------|--|
| Director of Finance | Diane L. Miller-Dawson(a) | January 10, 2004 |
| Director of Law | Cheri Cunningham(b) | October 1, 2009 |
| Director of Public Service | John Moore(c) | January 1, 2009 |
| Director of Planning & Urban Development | Marco Sommerville(d) | January 1, 2013 |
| Deputy Mayor for Economic Development | Samuel D. DeShazior (e) | July 1, 2014 |
| Director of Neighborhood Assistance | John Valle(f) | May 18, 2012 |

All appointed officials serve at the pleasure of the Mayor.

- (a) Before her appointment as Director of Finance, Ms. Miller-Dawson served as Deputy Director of Finance for seven years. Before that, she served as the Finance Manager for the Publications/News Services Divisions at the University of Buffalo for six months. She also served in various capacities with the City's Department of Public Service, including Operations Research Manager for four years, Operations Analyst for five years, and Account Clerk for one year.
- (b) Before her appointment as the City's first female Director of Law, Ms. Cunningham served the City as an Assistant Director of Law for 25 years.
- (c) Before his appointment as Director of Public Service, Mr. Moore served in various positions in the Department of Planning and Urban Development during his career with the City, including Director as well as Zoning Manager for 12 years.
- (d) Mr. Sommerville was councilman of Ward 3 serving from February 1984, he served as President since January 1999.
- (e) Before his appointment as the Deputy Mayor for Economic Development, Mr. DeShazior worked at the Greater Akron Chamber for over 19 years as senior Director of Business Development before becoming the Deputy Planning Director in August 2006.
- (f) Before his appointment as Director of Neighborhood Assistance, Mr. Valle was a councilman, serving as President of Council from 1996-1998 before becoming Council Clerk. He served also as a Deputy Service Director for over six years before this appointment.

EMPLOYEES

As of January 1, 2014 the City had 1,802 full-time employees. The number of full-time employees increased by 94 in 2013. This is a 22% reduction in full-time employees since the same time in 2008. A statewide, public-employee, collective-bargaining law applies generally to public-employee relations and collective bargaining.

The following table sets forth the numbers of full-time employees, represented by and covered by agreements with the City negotiated by the bargaining units listed below as of January 1 for years 2010 through 2014, are set forth in the following table. The remaining full-time City employees have not elected to, or are not eligible to join, a bargaining unit.

| <u>Bargaining Unit</u> | <u>Expiration Date of Agreement with City</u> | <u>Number of Employees (as of January 1)</u> | | | | |
|--|--|---|--------------------|--------------------|--------------------|--------------------|
| | | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Akron Nurses Association (ANA) | NA | 20 | 17 | 0 | 0 | 0 |
| International Association of Fire Fighters, Local #330 (IAFF) | December 31, 2015 | 311 | 350 | 340 | 345 | 357 |
| Fraternal Order of Police Lodge #7 (FOP) | December 31, 2015 | 457 | 443 | 445 | 454 | 437 |
| Akron Civil Service Personnel Association (CSPA) | December 31, 2015 | 351 | 341 | 279 | 292 | 301 |
| American Federation of State, County and Municipal Employees, Local #1360 (AFSCME) | December 31, 2015 | 369 | 361 | 352 | 383 | 405 |

Generally, the terms of salaries, wages, and other economic benefits for City employees have been the products of negotiations with representatives of the stated bargaining units. All of the bargaining units have formal written agreements with the City covering working conditions, employee rights, grievance procedures, and other standard features of collective bargaining agreements.

In May 2010, the IAFF Firefighters Local # 330 approved a three-year contract, having agreed to no raises for two years, with a wage re-opener in 2012. Also approved were no premium pay for those who work five holidays this year, a deferment of longevity payments until 2012, and union assumption of a share of health-care premiums in 2012. In early 2012, American Federation of State, County, and Municipal Employees, local # 1360 (AFSCME) approved the wage reopener of a 1.5% wage increase beginning April 1 of 2012 with the city agreeing to move up the issuance of a longevity paycheck that was to be issued in November of 2012. The Akron Civil Service Personnel Association (CSPA) also reached agreement. They agreed to a 1.5% increase retroactive to April 1, 2012, to paying a portion of health insurance premiums, and to increases in prescription drug costs.

In late 2012, the Mayor creatively negotiated with all unions at once to unify purpose and reduce time and resources in negotiating. The CSPA, AFSCME, IAFF, and the FOP incorporated this singular agreement into their respective Collective Bargaining Agreements (CBAs), with respect to wages, creation of a Labor Management Health Care Committee with all non-conflicting terms of the current CBAs remaining in effect. The new collective bargaining agreements cover January 1, 2013 through December 31, 2015 and for CSPA shall constitute the wage reopener on their 2012-2014 CBA with a one year extension beginning January 1, 2015 through December 31, 2015. For calendar year 2013, all employees represented received a base increase of 2% and will receive a 1% base increase in calendar year 2014 and 2015. There are provisions for “lump sum” payments for each of the years 2014 and 2015 to be paid the following year, based on the net percentage increase of the City, with the combination of the 1% base salary and the potential additional percentage not to exceed 3%. Non-bargaining employees, the Mayor and members of Council can not receive a wage increase higher than that received by the union(s) during the term of the agreement. All groups agreed to participate in the Labor Management Health Care Committee whose responsibility is to examine and recommend health care savings.

A SAFER grant was awarded to the City in the amount of \$ 8,874,182, which was sufficient to bring all 38 firefighters back to work for two years. As 27 of these new cadets are veterans, the City was able to secure an additional year of salaries and benefits for these firefighters. In addition to the 2012 grant providing for the new hires, the City continues to benefit from the 2011 SAFR grant which is providing continued salary support for 36 incumbent firefighters.

The Mayor proposed, and the City has undertaken, the consolidation of certain services on a regional basis by entering into contracts with the County of Summit for Weights and Measures, copying and mailing services and, Building, Plans, Permits, and Inspections. In September 2010, an agreement was signed to consolidate public health services with the City contracting with the County

to provide all services starting in January 2011. Additionally, the City's Motor Equipment division handles repairs for the County's Health District fleet and sells fuel/washes to various County divisions. In the newest collaboration, City Council approved a partnership with the County for the 2011 road maintenance program. The consolidation of services resulted in cost-savings for the provision of these services and reduction of the number of city employees. The Housing Division merged into the Customer Service Division to enhance efficiencies for nuisance removal service and there have been further consolidations within the City's Service Department, including water and sewer, to increase efficiencies in workflow combined with the reduction of personnel. The creation of the new Neighborhood Assistance Department has more efficiently addressed processes and concerns in the City's neighborhoods and will further increase efficiencies and personnel streamlining in various divisions.

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FACILITIES

The City's buildings and facilities are briefly described in the following table. For discussion of other City facilities, see also **Capital Investment Program** and **Community and Economic Development Programs - Canal Park Stadium, Sewer System, Water System, and Recreation and Entertainment**.

| Facility | Date Built or Purchased | Size (sq. ft.) | Use |
|--|-----------------------------|-----------------|--|
| Municipal Building | Built 1925 | 99,000 | Administrative Offices (Mayor's Office, Council, Finance, Public Service, Planning) |
| CitiCenter Building and Parking Deck | Purchased 1993 | 200,000 | Administrative Offices (Fire, Personnel, Public Utilities, Neighborhood Assistance, AMATS) |
| H. K. Stubbs Justice Center | Built 1968 | 160,220 | Police Department, Municipal Courts, and Prosecutor's Office |
| Morley Health Center & Parking Deck | Built 1969 | 90,000 | Government Offices Public Parking |
| Cascade Parking Deck & Plaza; Main St. Tunnel & Transition Building/Walk | Built 1970 | 630,000 | Public Parking; Pedestrian Access |
| Opportunity Park Parking Deck & Skywalk | Built 1973 Rebuilt 2002 | 318,100 | Public Parking; Pedestrian Access |
| Broadway Parking Deck & Skywalk | Built 1996 | 166,150 | Public Parking; |
| Akron Centre Parking Deck | Built 1971 Expanded 2007 | 590,740 | Public Parking |
| State Street Parking Deck | Built 1998 | 151,000 | Public Parking |
| Municipal Service Center Complex (three buildings) | Built 1976 | 87,910 (total) | Administrative Offices (Public Works, Motor Equipment, Traffic Engineering); Fueling and repair of City vehicles |
| Motor Equipment Garage | Purchased 1985 | 43,600 | Fueling and repair of City vehicles |
| Westside Depot Garage | Built 1965 | 12,660 | Fueling and repair of City vehicles |
| Fire Stations (13) | Built 1920 to 1995 | 126,790 (total) | Fire-fighting personnel and equipment |
| Fire Maintenance Facility | Built 1963 | 21,190 | Equipment maintenance storeroom; hydrant repair and maintenance |
| High-Market Parking Deck | Built 2004 | 265,090 | Public Parking |

The City purchases fire and extended coverage insurance on all buildings and contents to \$175,000,000 (loss) per occurrence, with a deductible of \$250,000. Coverage is purchased on approximately 992 vehicles for combined single-limit liability of \$1,000,000. Settled claims have not exceeded the City's insurance coverage in any of the past three years.

CAPITAL INVESTMENT PROGRAM

The City's Department of Planning and Urban Development annually studies the future capital improvement needs of the City and prepares a five-year forecast of capital improvements. This Capital Investment Program establishes a long-range capital budget and provides for an annual review of progress and programs. The major source of funding for the Capital Investment Program is the 27% of municipal income tax revenue allocated to capital expenditures (see **Municipal Income Tax**). Other major sources of funding include Water System and Sewer System fees, special assessments, federal and State transportation funds and Community Development Block Grant (CDBG) Program funds. The award of grants, loans, and allocations through the American Recovery and Reinvestment Act of 2009 (ARRA) have allowed multiple projects to proceed ahead of schedule and significantly reduced the necessary local funding essential to complete these projects.

Since its inception in 1963, the Capital Investment Program has provided over \$3.7 billion in permanent public improvements for the City, including storm and sanitary sewers, street improvements (paving, curbs, sidewalks, and shade trees), water mains and services, bridges, parks, and many other public facility improvements. The Capital Investment Program has stimulated millions of dollars of private investment. This program has also been successful in maintaining and improving the City's many fine residential neighborhoods. While continuing these neighborhood improvements, the Capital Investment Program will also continue to emphasize improvements that encourage further industrial and commercial growth within the City.

The Director of Public Service is responsible for the construction, maintenance, and operation of the City's capital facilities. Maintaining and preserving the City's basic public facilities- its infrastructure- has been, and continues to be, a major priority for the City. As a result, the City considers its capital facilities to be in good condition. An example of the City's commitment to the preservation of its infrastructure is its investment in the City's street and expressway system, including bridges, highways, and local and arterial streets.

The City is responsible for 258 bridges on its streets and highways, some of which are railroad or State-owned bridges for which the City is only responsible for inspection and minor maintenance. Major bridge problems have been avoided through an active bridge rehabilitation and replacement program. The City conducts an annual inspection and assessment of all bridges. Since 1980, the City has spent over \$10.9 million on bridge maintenance and over \$128 million on major bridge reconstruction, replacement, and repair. The City has used the maximum federal funds available for these projects. In addition to continuing bridge maintenance, the City has programmed approximately \$30 million for major repairs or replacement in the next five years. The City anticipates that \$ 25.4 million of these improvements will be funded through federal and state sources.

The City is served by a number of interstate and State expressways, as well as by an inner-belt freeway. In cooperation with the State Department of Transportation, the City is continuing the rehabilitation of the 26 miles of expressway within the City by paving, repairing or replacing bridges, and making safety improvements at an estimated cost over the next five years of \$155 million. Approximately 99% of the total funding for these improvements will be provided by various federal and state programs.

In addition to maintaining and improving the bridges and expressways, the City has made a major investment in its residential and arterial street network. Since 1980, the City has made improvements- including new pavement, curbs, drainage, sidewalks, and storm sewers- to over 125 miles of formerly unimproved streets, as well as reconstruction and repair of existing streets. Various local and highway funds were used to pay the cost of these projects. The City's five-year capital budget provides approximately \$69.3 million for residential and arterial/collector street improvements. An additional \$13.3 million is budgeted for public improvements within the City's Community

Development Housing treatment areas and housing petition areas. In addition, \$17.5 million is to be used for street resurfacing throughout the City.

COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAMS

For historic economic development information and project descriptions, please refer to previous AIS documents posted on EMMA, or call the City of Akron Treasury Department at (330) 375-2330 to get historical Annual Informational Statement publications.

Economic Development Program

(See *Map 1*)

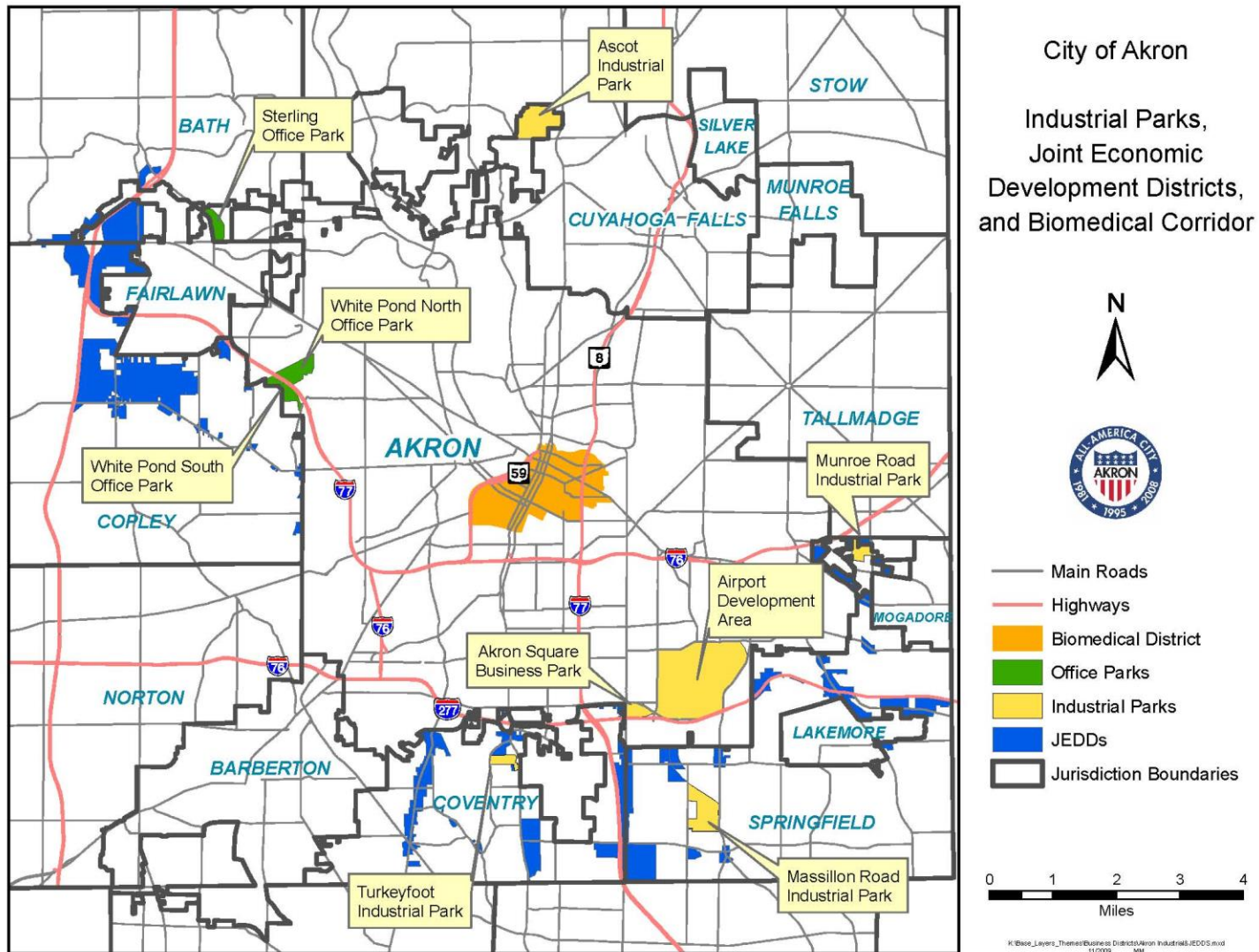
Community and Economic Development Programs - Selected Updates for 2013

- **Sterling Jewelers Incorporated** – The city, together with Sterling Jewelers, began construction on improvements to the office park retention pond in 2013. Approval was granted to expand the existing corporate headquarters and construction began in 2014.
- Involuta a data processing company announced a \$10M expansion plan to their facility at Switzer and Miller Road(s) expansion to their facility at Switzer and Miller Road(s).
- FMI Medical Systems, currently located in the Accelerator, received final approval from its investors to start the process of building a 150,000 square foot corporate headquarters/manufacturing plant in the corridor, pending approval of state and local incentives. Their sales have grown to \$27M. Intensive product development continues and FMI's first CT unit is scheduled for 2014 trials in China.
- **Adkins Internet Distribution Center** – The company on South Main Street is remodeling the former Star Boyz site. They added 10 new jobs and invest approximately \$1 million to renovate the existing building.
- **East End** – IRG started construction on a \$30 million new hotel in the East End district to support the new Goodyear Headquarters project.
- **Fenix Technologies** – The Company purchased the Wingate property and upgraded the building systems and added new equipment. They have invested approximately \$1.5 million in capital (\$900,000 for building acquisition) and will transfer 28 new employees with employment growth to 45.
- **First Energy / Mull/Frank** – Signed a development agreement with the City to acquire a 10 acre site at their West End Office Site. The company invested \$35M to construct a 70,000 square foot facility, creating 60-70 new jobs.
- **FirstMerit / Cascade Plaza**– FirstMerit Bank will invest \$16,300,000 and create 150 new jobs within three years, and retain 1,196 existing jobs. The projected payroll will be \$11,250,720. The City of Akron will offer a job creation grant for approximately \$550,000 and committed to \$4.6 M to improve the Cascade Plaza and parking deck.
- **Hickory Harvest**- The company will invest \$1.2M to expand their current facility in Turkeyfoot Industrial Park by 17,000 square foot and will add 10-15 employees.
- **Mesnac** – The City of Akron attracted the world's second largest producer of equipment in the rubber and tire industry to the City. They will build a research and technical center on Miller

and Ridgewood roads, allowing the company to serve North and Latin America. The company expects to add 35 employees by 2016.

- **Mustard Seed Market** – This City finalized an agreement to build a Mustard Seed Grocery store in Highland Square. Construction of the \$4M project began in October 2013 and will open in early 2015.
- **OrDerv Foods** – Relocated its business to Ascot Industrial Park, retaining their current nine employees with the hope of doubling this number by next year.
- **Repros** – The City assisted in locating this printing company into the old post office building on Copley Road. The company will immediately bring 10 new jobs and use best efforts to double that employment count within the next three years.
- **Steelastic** – The City retained 70 jobs and added approximately nine new jobs by consolidating facilities with RMS Equipment by relocating the company to the Ascot Industrial Park. The company is expected to add approximately 10 new jobs in the next year and will construct a 70,000 square foot building.
- **Symphony Financial Services** – The City assisted in attracting the financial services company to the building located at 4100 Embassy Parkway, investing \$200,000 in improvements. The company will retain approximately 20 jobs and hopes to add 15 within the next three years.
- **The Depot** – NRP purchased the former ABJ building at 80 Exchange Street and invested approximately \$30 million in the new student housing project. It was open for occupancy for the Fall 2014 semester.
- **University Edge** – The Levey Company has invested approximately \$50 million to construct student housing on Exchange Street. The facility was open for Fall 2014 student occupancy.

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Map # 1

Sweitzer Avenue Industrial Development Project. In 2010, the Involta Secure Data Systems Group of Des Moines, Iowa constructed a \$20 million secure data center on Miller Avenue adjacent to the original Firestone Tire manufacturing facility. This project invested in a Brownfield site that had previously been dormant for several decades and created 60 high-paying technology jobs in this redevelopment area. In early 2012, Involta dedicated its recently constructed \$20 million state of the art data facility. Involta announced in 2013, plans for a \$10M expansion to this facility.

The County constructed a \$40 million jail facility in this area of the City. Begun in 1990, this multiphase project provides approximately 715 total beds. Of these beds, approximately 100 are reserved for use by the City (for a discussion of the City's payment to the County, see **Long-Term Obligations other than Bonds and Notes**). A state-sponsored, 100-bed community-based correctional facility, located across from the County's facility, was dedicated in March 1992. There are approximately 214 people employed at these facilities.

Bridgestone/Firestone Technical Center. Bridgestone/Firestone has completed its new 246,500 square-foot technical center at the corner of South Main Street and Firestone Boulevard. In addition, a new 400-space parking deck has been constructed on land currently owned by the City near the Firestone Stadium, with a skywalk over South Main Street connecting the two structures. The total project has resulted in retention of 1,000 jobs and an approximate \$100 million investment, including \$10 million budgeted by the City for the implementation of the Firestone Park Redevelopment Plan and South Main-Wilbeth Urban Renewal Area Plan. The development agreement was approved by the parties in 2009, and the \$70 million first phase of financing closed on March 2010. The city continues to carry out several additional projects and provide oversight to development within the area, including: significant property acquisition for new mixed-use redevelopment of the blocks south of the Bridgestone/Firestone complex, transportation enhancements to South Main, Wilbeth, Firestone Parkway and Firestone Boulevard, and creation of the Confluence Park.

Goodyear Tire & Rubber Company Project. The Goodyear Tire & Rubber Company invested over \$150 million to convert its former tire plant into the company's worldwide Technical Center for new product and tire research and development. The Technical Center, completed in 1983, incorporates testing and development equipment and provides space for manufacturing, offices, a computer center, and a one-mile test track. The company also converted its industrial products plant adjacent to the Technical Center into a mechanical engineering building at a cost of another \$125 million. The City participated in the Technical Center project by constructing streets, sidewalks, and storm and sanitary sewers, installing street lights, providing landscaping, and improving the Little Cuyahoga River area for recreational activities. The City received an \$11.4 million UDAG, a \$1 million USEDGA grant and a \$1.25 million grant from the Ohio Department of Economic and Community Development to finance the major portion of the \$20 million of public improvements.

The Goodyear Tire & Rubber Company has made additional investments in its Akron facilities and programs:

- 1995, \$5.0 million expansion of its Polymer Production Plant;
- 1996, \$8.0 million expansion of its racing tire manufacturing program;
- \$32.1 million expansion of its Research and Development Center, providing state-of-the-art facilities for scientific tire-testing research and development;
- 1997, expansion of new tire development activities; and
- 1998, \$750,000 reopening of its Chemical Plant, which was subsequently acquired by Eliokem.

Goodyear Tire & Rubber Company undertook a \$12 million Utility Optimization (HVAC) Project in 2005, financed in part by bonds issued by Development Finance Authority of Summit County (DFA), formerly known as the Summit County Port Authority. In connection with this financing, the City agreed that if the Company did not meet its debt service obligations on the bonds, the City would pay the principal of and interest on those bonds when due from its non-tax revenues. These payments cannot be accelerated. It is not expected that

such payments will be required, but if needed, they would be approximately \$165,000 per year through December 2010 and then approximately \$810,000 per year through December 2014 (see **Nontax Revenue Bonds**).

In December 2007, Goodyear Tire & Rubber Company affirmed its long-term commitment to the City and announced plans to establish new facilities for its global and North American headquarters adjacent to its Akron Technical Center. Plans called for the developer, Industrial Real Estate Group (IRG), to construct new state-of-the-art facilities and enter into a long-term lease with the company. A total of 2,900 jobs were retained. The existing Goodyear buildings, totaling approximately 800,000 usable square feet, would be converted to a mixed-use complex of office, commercial, and retail space by IRG. Additional industrial, retail, commercial, and possible residential development is planned. The City, the County, the State, and other governmental entities have provided approximately \$200 million towards the \$900 million redevelopment cost. The largest part of the City's contribution will come from tax increment financing. In May 2009, in support of the project, the DFA issued \$17.2 million of bonds for land acquisition by IRG, which is to be leased to the company, initially for five years (10 years for the Tech Building). This public financing required Goodyear's agreement to remain in Akron for 25 years, leasing space through 2038 with potential options through 2093. The company broke ground in spring of 2011 and construction was completed in December, 2012. Employees have relocated to the new building and a dedication was held May 9th 2013. The company currently employs 3,100 people at this location.

In 2009, IRG the developer, was able to complete the acquisition of a majority of the Goodyear properties and began the redevelopment of those buildings. The infrastructure improvements have continued to move forward: the City reconstructed a major sewer line in the project area at a cost of \$2.8 million. The city has four consultants under contract and has started design on the roadway improvements. The design of Martha Avenue was completed in 2008 and is under construction. Funding applications were awarded for Archwood chemical assessment and for the removal of Building # 116 and this work has been completed. The City has pending applications to assist in various cleanup projects at the Riverwalk location. IRG started construction on the \$30 million new hotel portion of this East End district project.

Akron Global Business Accelerator. In 1983, the City, the County and The University of Akron jointly developed an "industrial incubator" to encourage the development and growth of new small businesses in the City. The Akron Global Business Accelerator (AGBA, formerly, Akron-Summit Industrial Incubator) is the largest incubator in the State and one of the largest worldwide. Management assistance is available directly through the professional staff of the accelerator, as well as its extended network of local and regional partners. In 1995, with the assistance of a \$1.2 million USED grant, the industrial incubator was moved into Building #5 in Canal Place with a total of 250,000 usable square feet: 100,000 for technology-driven companies and 150,000 for industrial production, housing 39 businesses and employing 360 people. The AGBA is funded by rental payments from portfolio companies as well as matching funds from the State of Ohio. The AGBA was awarded a \$500,000 operating funds grant from the Ohio Third Frontier Incubation Program for 2014. Over the past five years the Akron Global Business Accelerator has raised \$86M in investment, generated \$181M in company revenues, and has assisted its clients in creating 639 new high tech jobs. These jobs are professional engineers, scientists, and senior management needed to commercialize world-class technologies into world-class companies.

AGBA initiated its progressive Technology Company Acceleration program in fall 2013. The program matches the expertise of AGBA's talented staff of Entrepreneurs-in-residence (EIR) with the needs of each of its 38 Technology Tenant Clients. Each AGBA client is assigned an AGBA EIR with appropriate industry experience to assist in setting a direction for the entrepreneurs and obtaining resources to help each achieve milestones advancing the companies through the commercialization framework. Plans are in place for the City and the AGBA to open the Bit Factory IT Accelerator. The EDA awarded a \$2.5M grant in 2014 to assist with launching this new Center.

The City and the Accelerator have pursued global strategic alliances with high-tech companies that are looking to expand or enter into the US market, a direct result of the Technology Bridge Initiative, partnering international companies with technological ideas with the ability to enter and grow markets and jobs in the U.S. Market. These initiatives include:

- BioFinland Bridge - extended to five cities including Turko Science Park
- The PoliMat Slovenian Center for Excellence ; International incubator assistance in Northtown Technology Park and Kaunas Technical University.
- The Chemnitz Bridge
- The Israeli Targetech Bridge
- The China Bridge
- The LeMans Bridge
- Weihei Triangle Group

The businesses in the Accelerator have enjoyed a success rate of over 90%, compared with a 20% success rate among non-incubator start-ups. The 66 businesses that have completed the program have brought more than 700 jobs to the Akron area. Based in part on this success, the Accelerator won the 2008 Incubator Innovation Award from the National Business Incubation Association. In addition, portfolio company Summit Data Communications, won outstanding Incubator Client in the technology category for 2011.

2013 Accelerator Company Highlights Include:

- Vadxx Energy secured a \$19M investment from Liberation Capital in December 2013 paving the way for its first commercial scale plant in North America which will be located in Akron converting 20,000 tons of waste plastic to high grade crude oil (50,000 bbl/yr).
- 7Signal (Finland) continued their development of risk management systems for mission critical wireless networks by raising over \$7M in investment, gaining 20 new customers and creating 9 jobs in Akron.
- Niche Vision, a developer and marketer of forensic and DNA diagnostic machines and software, continued its growth with three new products this year.
- Secured equity investment in FMI Medical Imaging has grown to \$27M. Intensive product development continues at AGBA. FMI's first CT unit is scheduled for trials in China.
- Garden Art had begun selling their line of BodySafe™ cosmetics through the QVC TV network in Germany, gaining substantial new sales levels.
- My1HR has developed a software platform for private health insurance exchanges. My1HR secured private debt funding in 2013 to sustain the operation through the critical product development phases. In addition, My1HR secured two large strategic health insurance customers, each of who paid approximately \$250,000 in up-front licensing fees and committed to per-capita monthly service fees validating My1HR's SasS business model.
- Amicus is implementing its proprietary TAG™ technology system in South Central Ohio which brings greater efficiencies to judicial case management process.
- Fluence Therapeutics continues product development of Photodynamic Therapy (PDT) for severe psoriasis in partnership with UH/Case, Nottingham Spirk, Finnmedi and Modulight. They have raised nearly \$250,000 since receiving a \$25K grant for the Akron BioInvestment Fund.
- Forrester Research named Knotice one of the top five data management platform providers in the nation.
- Quest Medical Imaging which provides image guided technology for cancer surgery applications was attracted to AGBA from the Netherlands this year having received a \$250,000 rapid commercialization award from the Akron BioInvestment Fund. The process has begun and initial trials are scheduled to begin at Akron General Medical Center in late 2014/2015.
- Intellirod was awarded \$2.47 M and is finalizing a new miniaturized version of their sensor for animal studies. They expect to add key senior management in Quality and Clinical Affairs in order to accelerate pursuit of the CE Mark.

Alumni of the Accelerator include the following companies.

- American Analytical Laboratories, Inc., which constructed a 10,000 square-foot building in the Opportunity Park Renewal Project area, has 40 employees specializing in laboratory analysis and environmental counseling.
- DATAQ, a high-tech design printed circuit board manufacturer, has moved to a 3,000 square-foot space in the area.
- Western Reserve Controls, a company that designs and builds industrial- control products, graduated from the Incubator in 1999 and now occupies a 15,000 square-foot space in the City and employs 32 people.
- Automated Window Machinery, Inc., a company that manufactures customized window machinery, graduated in 2002 and purchased a building in the Akron-Springfield JEDD.
- Summit Data Communications was purchased by the British firm, Laird, Plc. for \$22 Million, and subsequently graduated to the Chase office complex in the downtown corridor.
- United Polymer Technology develops polymer products. They relocated to South Main Street in Akron.
- Novation Solutions LLC. Formulates and manufactures unique silicon compounds and are currently located in Akron.
- Industrial Technologies develops and manufactures aerospace and medical device molds. They relocated to the Akron-Springfield JEDD and currently employ 5 people.
- Echogen Power Systems converts waste industrial heat into electricity and are currently located in Akron.
- Polyflow Corporation uses green technology to convert polymer waste into chemical feedstock materials on South Main Street in Akron.
- Austen Bioinnovation Institute in Akron commercializes orthopedic and wound care medical devices in Akron.
- NicheVision uses software to analyze DNA mixtures for forensic applications. The currently employ 5 people in Akron.

Ascot Industrial Park. A 200-acre site in the northern portion of the City continues its development as the Ascot Industrial Park. The City initially invested approximately \$3.8 million for land acquisition and public improvements in this area. Additional infrastructure improvements were made in 1997 to meet the demands of new industrial development by businesses in the north area of this site, providing access to and utilities for a 13-acre section. Twenty acres in Ascot park remain for development. The following companies have located in the Ascot Industrial Park.

- Pneumatic Scale, formerly Akron Packaging Machinery, Inc., a division of Figgie International, manufactures equipment used in material handling for industries such as dairies, soft drinks, and household products. The company employs 225 people at its 100,000 square-foot facility.

- Graphic Arts Rubber Inc. is a specialist in calendaring and mixing of rubber compounds, particularly unvulcanized print rubber for the flexographic industry. The company employs 25 people in its 45,000 square-foot facility located on five acres.
- JMZ Properties LLC (Frontline International) entered into a capitalized ground lease with the City to lease 2.2 acres and constructed a 15,000 square-foot commercial building. Today, the company employs 11 people.
- NSK Company supplies metal fasteners to the transportation industry. The company invested approximately \$500,000 in the construction of a 12,000 square-foot building. NSK expanded its facility size in 1995 to 24,000 square feet. The company employs 40 people. NSK has constructed an additional 10,000 square feet on 1.93 acres of adjacent land.
- Main Street Gourmet is a manufacturer and distributor of frozen food products. Since 1995, the company has invested over \$4 million in a 51,700 square-foot food-production facility on a 4.4-acre parcel. The company employs 90 people.
- Spun-Fab Adhesive Fabrics is a manufacturer of adhesive fabrics. In 1996, the company completed construction of a 32,000 square-foot facility at an approximate cost of \$850,000. The company employs 85 people at the site.
- Win Plastics Extrusions invested \$1.6 million to build a 15,000 square-foot plastics-extrusion plant in the Ascot Industrial Park. In 1999, it added a 12,240 square-foot expansion of that plant and employs 32 people.
- Inter-Ion produces custom polymer coatings. In 1996, the company invested over \$350,000 to build a 12,000 square-foot manufacturing facility, followed by a 12,000 square-foot expansion in 2002. The company transferred 10 employees from the Akron Global Business Accelerator to the site and currently employs 18.
- Linden Industries, a manufacturer of plastics process machinery, has constructed a \$1 million, 25,960 square-foot production facility. The company employs 20 people and has plans for expansion.
- Spectrum Plastics, a custom injection molding company, completed construction of a \$450,000, 15,000 square-foot facility in 1998. Five people are employed at the site.
- DDI Global/Viasystems (formerly Coretec), a manufacturer of electronic printed circuit boards, constructed a 40,000 square-foot building with a cost over \$2.5 million at the north entrance of Ascot Industrial Park. The company currently employs 72 people.
- Becker Pumps, Inc. is a company that specializes in assembly and distribution of custom vacuum-pump systems. The company has constructed a 24,500 square-foot facility in the Ascot Industrial Park, at a cost of \$1.1 million. Becker Pumps transferred 18 employees from another facility within the City and employs 44 people at the site.
- Hydroteck AKA Atlas Fluid Components, which designs and assembles hydraulic systems, constructed a 16,000 square-foot facility and installed machinery and equipment, representing an investment of approximately \$600,000. The company employs 13 people.
- Illumtek Corp, formerly Tech Pro, Incorporated manufactures polymer laboratory instrumentation. The company constructed a 12,000 square-foot production facility on two acres for \$625,000. Thirty people are currently employed at the site.

- Coltene/Whaledent Inc., a world leading manufacturer of dental appliances, constructed an 180,000 square-foot production facility at a cost of \$10 million. The company added over one-hundred new jobs and now employs 342 people.
- Applied Vision develops and manufactures automated visual inspection systems for the container, packaging and printing industries. In 2004, Applied Vision completed its \$2 million, 32,900 square-foot corporate office and production facility. The company has 67 employees.
- Ultratech Polymers, a polymer extrusion and custom die cutting business, constructed a 10,000 square-foot, \$850,000 manufacturing facility. Forty-eight employees are currently working there.
- ASW Ascot Park, formerly ComDoc, Inc., a re-manufacturer of copy machine equipment, completed construction of a 55,000 square-foot facility on a 5.84-acre site in 2006. Seventy-eight employees work there.
- Summit Environmental Technologies, a laboratory and testing facility specializing in the chemical analysis of potentially hazardous environmental substances, constructed a 25,000 square-foot office, lab and warehouse building in 2008. The company currently employs 58 people.
- OrDerv Foods - Relocated business to Ascot Industrial Park, retained nine jobs with the hope of doubling in size by next year.
- Steelastic retained 70 jobs and added approximately nine new jobs by consolidating facilities with RMS Equipment by relocating the company to the Ascot Industrial Park. The company is expected to add approximately 10 new jobs in the next year and will construct a 70,000 square foot building.

West Akron. FirstEnergy Corp. completed construction of a 208,000 square-foot, \$35.5 million, LEED certified office building in summer 2008. The company agreed to this undertaking to accommodate Sterling Jewelers' expansion (see **Ghent Road Office Park**). There are currently 650 employees at this location. The City of Akron provided \$2 million to offset the costs of relocation, land acquisition, demolition and site clearance. FirstEnergy Corp., which has its headquarters in downtown Akron, is the nation's fifth largest investor-owned electric system and serves 4.5 million customers in Ohio, Pennsylvania and New Jersey. FirstEnergy and Allegheny Energy announced the completion of its merger. The combined company will retain the FirstEnergy name and will be headquartered in the City. First Energy invested \$35 million to build a 70,000 square foot facility, which will add an additional 60-70 jobs. Construction on the facility began in 2013 and was completed in 2014.

South Akron Redevelopment; Akron Square. In 1995, the City purchased the old Akron Square shopping complex and surrounding area for \$3.05 million. The City razed the buildings and graded and planted the entire 33-acre parcel to prepare the area for industrial and commercial development. Ameritech purchased approximately 10 acres of this land for development of a \$3 million, 17,000 square-foot customer-service center, which it completed in 1996, currently employing 83 people. Also in that year, the City spent \$558,000 to construct public roadways and related infrastructure improvements to service businesses in the area. These improvements supported the development of two new businesses. The first project on the site was D & L Machine, a specialty machining company, which built an 18,000 square-foot industrial facility at the cost of \$850,000. D & L Machine currently has 21 employees. The second is Airborne Express, which built a 34,000 square-foot commercial facility. JPMorgan Chase Bank, N.A. (formerly Bank One), constructed a \$1 million 4,000 square-foot banking facility to replace an older branch banking facility. Ferriot Inc., a plastic injection mold company, purchased 16 acres in the Akron Square development area. The company invested \$8 million in its new 175,400 square-foot manufacturing facility. Ferriot, Inc. added an additional 20 jobs in 2012 and currently employs a total of 124 people. Vadxx, an

AGBA graduate is constructing an 18,000 square foot facility on the remaining five acres of the park and will employ 18 persons upon completion.

Airport Development Area. JRB- a metal fabricating company in the City- relocated to a 78,500 square-foot building on a 7.3-acre site in the airport area in 1998. JRB's investment in the area totaled \$2.5 million. JRB currently employs 150 people.

Custom Craft Controls, formerly JJ Merlin, a manufacturer of abrasive grinding wheel and industrial lubricants, constructed a 7,400 square-foot facility at a cost of \$400,000. The company employs 18 people.

M.B. Kit Systems constructed a 20,250 square-foot facility in the Airport Development Area and plans to expand this facility to 40,000 square feet. The company's total investment in the project is \$900,000, and there are 33 employees at the facility.

Advanced Poly-Packaging constructed a 43,000 square-foot, \$1.6-million, manufacturing facility at the Airport Development Area. Advanced Poly-Packaging employs 152 people at the site.

Summit Air is a new airport fixed-base operator located in Building E of the former Lockheed Martin complex, as a tenant of LMA Commerce (see below). The City assisted with FAA approval of airport access for the former occupant, Williams Aviation.

Trelleborg Wheel Systems Americas, Inc., a full-line supplier of tire and wheel solutions to multiple industries, relocated its main distribution and subassembly operations for North America to Akron along with 18 employees with a payroll of \$770,000.

The Landmark Plastics Corporation completed construction of its 200,000 square-foot facility on 55.6 acres. The manufacturing, warehousing, and office facility cost approximately \$8 million and employs 169 people. The company has also invested over \$8 million to expand its facility and to acquire new machinery and equipment to continue producing horticultural packaging products, which are sold throughout the United States and in eight other countries. In November 2007, the City provided a \$250,000 loan at 5% to be repaid over seven years as the local share of a state-sponsored 166 Loan of \$750,000.

Network Polymers, constructed a \$2.2 million facility of 28,000 square feet in 1989 to house its office and manufacturing operations and has 75 employees. On December 2, 2013, A. Schulman, Inc. acquired Network Polymers. A. Schulman is a leading international supplier of high-performance plastic compounds and resins. Together, A. Schulman and Network Polymers can offer customers a broad spectrum of custom resins and alloys to meet customer-specific product design and manufacturing requirements.

Massillon Road Industrial Park. This 98-acre, City-owned industrial park is located in the Springfield-Akron Joint Economic Development District and is being redeveloped for industrial and commercial use. In 2000, the City was awarded a \$1.27 million grant from the U.S. Economic Development Administration to fund utility and roadway construction for public improvements to this industrial park. Quality Mold, Inc., the world's largest, independent, tire-mold manufacturer, constructed an 84,000 square-foot industrial facility at a cost of \$4 million. Quality Mold has consolidated several facilities in the area and employs approximately 160 people at the site. Airborne Electronics, Inc., formerly AESCO Electronics, Inc., a manufacturer of computer wiring and cabling systems, has completed a 50,000 square-foot facility, investing approximately \$3.4 million. The company employs 110 people at its facility. Universal Tire Mold bought nine acres in 2007 to construct a 40,000 square-foot facility and invested \$1 million in new equipment. The company expects an additional 60,000 square feet to be added within five years. It hopes to grow its workforce from 30 to 100 during this time. Currently, Universal Tire Mold has 32 employees.

In 2011, Röchling Automotive USA selected Akron as their newest North American manufacturing facility, which brought 120 new jobs to the city. The company spent nearly \$20 million, completing a 75,000 square-foot manufacturing facility in the Massillon Road Industrial park. In 2012, the company doubled the original capacity to 150,000 square feet. Röchling does injection molding of automotive parts. Akron and regional partners

worked closely together as a team to attract Röchling: Akron, Summit county, the State of Ohio, Springfield Township, FirstEnergy Corp., the Greater Akron Chamber, NEOTEC, and Team NEO worked with the Binswanger Company - Röchling's site location consultant- on behalf of the three Northeast Ohio communities of Akron, Hudson, and Stow.

This was the first City-owned industrial park located in a joint economic development district. Under the JEDD Contract, discussed more fully at **Joint Economic Development Districts**, the City will receive a portion of the District's income-tax revenues generated by these projects and other projects undertaken at the Massillon Road Industrial Park.

North Turkeyfoot Industrial Park. The City acquired a 33-acre parcel in the Coventry-Akron Joint Economic Development District to be developed as an industrial park. The Gardner Pie Company, which produces pies for in-store bakery sales, constructed a 46,000 square-foot production facility on a six-acre site. Gardner invested approximately \$5 million, and 75 employees work at the site. The International Brotherhood of Electrical Workers (IBEW) Local #306 invested \$2.7 million to construct a 25,000 square-foot electrician-training facility and union office on 6.7 acres in the park. SJI Industries completed construction of a 17,000 square-foot field repair facility in 2005, at an estimated cost of \$2 million. This facility was further expanded by 5,000 SF in 2012. The company has 129 employees at this location. The City sold a 6.2-acre site for the construction of a 35,000 square-foot facility to Hickory Harvest, a company that specializes in the roasting of nuts and production of packaged trail mixes, dried fruits, and snack mixes. The company will consolidate the current Hickory Harvest facility located in the Coventry JEDD with its Canton-based IM Good operation. The company has completed construction of the building, and it is fully occupied. Hickory Harvest will retain or create 30 jobs. Hickory Harvest will also invest approximately \$1.2 million for a 17,000 square foot expansion and expects to add 10-15 employees due to this expansion. The City acquired a 19-acre parcel of land adjacent to North Turkeyfoot Industrial Park for industrial and commercial development. The land will create expansion areas for Gardner Pie Company and SJI Industries. As a result, the Mayor's Office of Economic Develop continues to market the approximately 10 acres of developable land for commercial or industrial use.

Central Business District (CBD) Development Program

(See Map 2)

Cascade Renewal/Plaza Project. In 1963, the City initiated this project with the demolition and clearance of a deteriorated 45-acre area in the CBD. The City constructed a \$16 million municipal parking garage and plaza in partnership with the federal government to relieve a critical parking shortage, to provide a downtown gathering place, and to act as a cornerstone for the project. As a commitment to First Merit and the adjacent headquarters project, the City will complete a multi-million dollar beautification upgrade to the plaza. This will include a new \$1.3M LED lighting program in the parking deck located below the plaza, which services the entire area.

The City's inner-belt freeway runs adjacent to the Cascade Renewal Project, providing direct access from all portions of the County via major State and interstate highways to the Project and the City.

Canal Park Stadium. The City completed construction of its municipal baseball stadium by opening day on April 10, 1997. The stadium is home to the Akron RubberDucks, a Class AA minor league baseball team. Excluding site acquisition, the construction cost for the stadium, which includes 25 loges, was approximately \$20 million. Additional improvements to the area, including street and sidewalk improvements and a new recreational area at the adjacent Ohio & Erie Canal, cost approximately \$10 million. The stadium is located in the CBD between South Main Street and the Canal. The City believes that this central location is assisting in the redevelopment of downtown, with particular emphasis on the Ohio & Erie Canal. The stadium has seating for 9,097 people with expansion capabilities of up to 12,500. It hosts 71 regular season baseball games, as well as University, high school, and amateur baseball games and other sporting and entertainment events. A public boardwalk runs from South Main Street past the stadium to the Ohio & Erie Canal, with a public picnic area located along the Canal above the left field wall. The stadium and site improvements were financed in part with an issue of Certificates of Participation (see **Long-Term Obligations Other Than Bonds and Notes**) and a grant from the Ohio Arts and Sports Facilities Commission.

The inaugural season of the Cleveland Indians affiliate was an outstanding success, with attendance in excess of 470,000, a record for Eastern League Class AA baseball. In 2013, the Ducks drew over 295,000 fans to Canal Park. The Ducks have broken the Eastern League total annual attendance mark six times since moving to the City in 1997 and won the Eastern League Championship in 2003, 2005, 2009, and 2012.

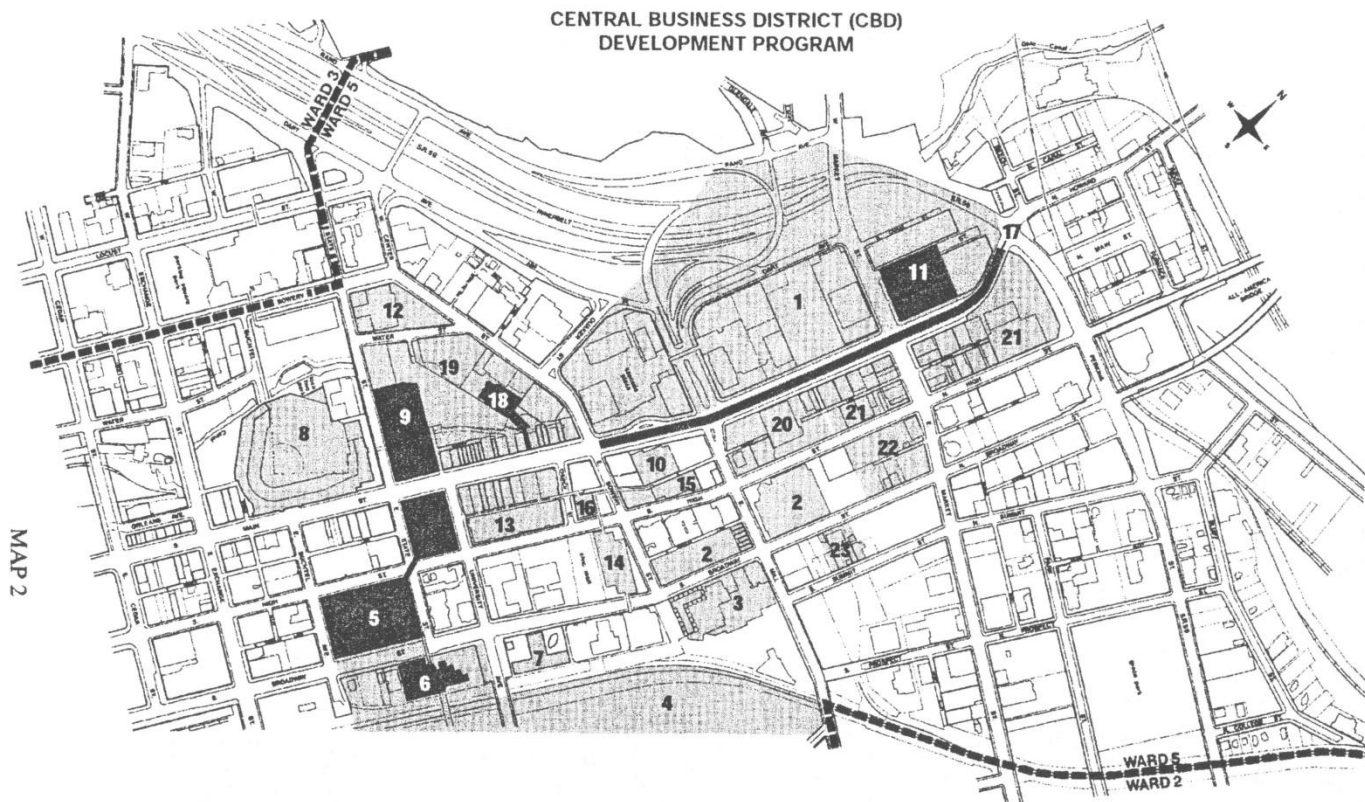
The Akron Aeros (now Ducks) were acquired by a new owner and entered into a new lease of Canal Park. The new lease is for 25 years with a five-year renewal option. The lease requires \$3.5M in capital improvements be made to the stadium including a \$1M renovation to the scoreboard as well as the rehabilitation of the restaurant and opening with the 2014 season. A four year PDC (Player Development Contract) extension was entered into, thereby insuring that the Akron Aeros will remain a Cleveland Indians affiliate.

O'Neil's Building. In January 1989, the May Company closed its O'Neil's department store that had served downtown for 60 years. The six-story building had undergone remodeling, including converting approximately one-half of its space to offices. The company repaid the City a \$2.5 million UDAG that was loaned to assist in that project. In early 1989, the City accepted the downtown building as a gift from the May Company. The May Company also paid \$250,000 annually to the City for three years to help pay expenses while the building was adapted to a new use.

The City issued \$35 million Nontax Revenue Economic Development Bonds in 1997 to finance the renovation of this structure into an office/retail/restaurant/entertainment/ parking complex (see **Nontax Revenue Bonds**). The rear portion of the building was demolished and a new 525-car parking deck was constructed in that space. The 100,000 square feet on the top five floors in the front portion of the building along South Main Street is office space. The remaining 85,000 square feet on its first floor and lower levels is retail and commercial space. The City completed its renovation work in 1998. The bonds are special obligations of the City, payable from nontax revenues (including fees for licenses, fines, interest earnings, and other non-tax sources); they are not general obligation debt of the City.

In accordance with a development agreement with the City, Roetzel & Andress, LPA purchased five floors of the building and occupies 60,000 square feet of space. Roetzel & Andress, LPA leases space to Ernst & Young LLP on the third floor, and Key Bank/McDonald Investments Inc. and Apple Growth Partners occupy the second floor. The City and the George Development Group have negotiated a development agreement for the first floor and basement of the building for entertainment and retail use. On the first floor, The Barley House Restaurant occupies 12,500 square feet. The Roetzel & Andress occupied floors of the O'Neil's building currently employ approximately 230 people.

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1. Cascade Renewal Project
2. J. S. Knight Convention Center and Parking Deck
3. Quaker Square Development Project
4. University Area Expansion & Development
5. Polsky Building and Parking Deck
6. University of Akron School of Business Administration
7. National Inventors Hall of Fame
8. Canal Park Baseball Stadium
9. Roetzel & Andress Bldg. & Parking Deck

10. Main Place Project
11. Summa Health Systems Headquarters Project
12. Canal Square (YMCA Project)
13. Ohio Building and Parking Deck
14. O'casek Building
15. CitiCenter Building and Parking Deck
16. Municipal Building
17. Main Street Transitway
18. Akron Civic Theatre

19. Lock III Redevelopment Area
20. Akron-Summit County Main Library
21. Akron Historical District
22. Akron Art Museum
23. Fire Station One

Akron's Historic District at Main and Market. A local developer initiated restoration of this area in the central business district, naming it "Akron's Own Historic District." The initial redevelopment was the Nantucket Building, located on South Main Street, with an investment of \$1.8 million. The 28,000 square-foot office building is now fully occupied, principally with small corporate headquarters. The Everett Building at the South Main and Market Street intersection was most recently used as a bank building. Originally a turn-of-the-century opera house, it was a historical landmark needing restoration. The City believes that the \$2.5 million renovation of this 85,000 square-foot facility is one of the best historic restorations in Northeast Ohio. The former Hermes Building was also renovated into office space at a cost of \$750,000. The landmark United Building is also being restored. This art deco landmark is on the National Register of Historic Places. A \$2.5 million rehabilitation is used by Western Reserve Public Television (PBS 45/49). The City completed construction of a new \$14.5 million High-Market parking deck to provide much needed public parking to Akron's Own Historic District and the surrounding area.

Akron-Summit County Library System. Voters approved an \$80 million bond-issue for the Akron-Summit County Public Library system in 1997 to support an upgrade of the current library facilities. Of that total, \$57 million was used to renovate the existing 142,000 square feet of, and add 128,000 square feet to, the Main Library in the central business district. The City constructed the High-Market Parking Deck adjacent to the new library. The expansion includes all new public service facilities, integrating new technology that makes the Library's resources more accessible to the public. The Akron-Summit County Public Library system is using \$13.2 million to upgrade and expand its eight branch libraries within the City. The remaining amount will be used for six other Library facilities in the County. The Highland Square Branch Library opened in August 2007 and the Kenmore Library opened in September 2008 (see **City-Wide Programs and Projects**). All renovation/construction has been completed.

Akron Art Museum. The Akron Art Museum- one of the top modern art museums in the Country- broke ground in May 2004 to increase the size of its gallery space from 8,000 to 20,000 square feet and to increase outdoor space for events and sculpture. The Museum was located in a former turn-of-the-century 25,000 square-foot post office. The 65,000 square-foot new building is adjacent to the existing building and was designed by the world-renowned architectural firm Coop Himmelbl(l)au. The \$38 million dollar investment received over \$10 million in financial support from the Knight Foundation, Akron Community Foundation, and the GAR Foundations. The State also contributed approximately \$7 million to this project. The remaining funds were secured from private donations. The City provides parking for visitors at the \$14.5 million High-Market parking deck and through a donation of land for additional parking. The new facility opened on July 7, 2007. In 2011, exhibition of works by M.C. Escher at the Museum broke attendance records for the Museum and helped push 2011 attendance to approximately 62,000.

Summa Health System (see also Community Summary Page and Healthcare). As the largest employer in the County and City, Summa understands the importance of leadership for the health and well being of the individuals that live and work in the area. As the nation changes its approach to healthcare, Summa must change their local approach. Much of this has come through community partnerships, in particular, the Austen BioInnovation Institute in Akron. Along with Akron Children's Hospital, Akron General, NEOMED, and the University of Akron, they capitalize on the region's strengths in research, education and healthcare to transform the Akron area into a model for biomedical discovery, innovation, and enterprise. Furthermore, Summa and the Akron area YMCA are partnered to build the University Park YMCA on the Summa campus. The 60,000 square-foot facility, bringing YMCA youth and community programming to the 50 block University Park neighborhood, opened in early 2011. Summa, in joint venture with Vibra Healthcare, completed construction and operates a 60-bed, free-standing, acute rehabilitation hospital within the City Hospital campus.

In 2001, Summa Health System relocated to its new 93,000 square-foot headquarters facility on 6.9 acres at the corner of Market and South Main Streets in the central business district. This \$13 million, five-story building accommodates 336 employees. In 2009, renovation and new construction was completed in the old post office building on West Market Street and adjoining new construction in the City- acquired Legacy area. There are currently 176 employees at this location.

Downtown Strategic Plan; Downtown Akron Partnership. In 1996, as part of the revitalization of the downtown area, the Downtown Akron Partnership (DAP) was formed. DAP is a nonprofit organization dedicated to bringing people, activity, business, and a thriving civic life back to the heart of downtown Akron. DAP members include property owners, business leaders, and City officials who want to improve the image of downtown. DAP is governed by a board of trustees from all parts of the community. Sponsorship for DAP since its founding has come from the City and Akron Tomorrow, a group of 26 Akron CEO's and community leaders. Beginning in 1999, DAP was organized and funded as an Ohio Special Improvement District (SID). Property owners within a SID may be assessed annually to fund activities and services within such a district. These proceeds have been used to improve the physical appearance and maintenance of downtown and have also increased marketing and promotion. Recently, DAP implemented the Downtown Ambassador Program and safety initiative.

DAP's "First Night" was a resounding success for its eighteenth straight year, bringing over 9,000 people into downtown for New Year's Eve celebrations. First Night is a community-based New Year's Eve celebration that focuses on the performing arts. Artists of all kinds perform in non-traditional locations throughout downtown Akron, and the celebration ends with a parade to Canal Park Stadium and a spectacular fireworks display.

DAP also initiated and coordinates Artwalk. On the first Saturday of each month the Artwalk features nearly two dozen destinations for art, shopping, dining and entertainment with varied offerings. Hand-blown glass, pottery, ceramic, paintings, textiles, jewelry and eclectic house wares are found on the footprint of this monthly event. The participating spaces change every month, as do the exhibitions, food and entertainment.

Akron Biomedical Corridor. Created in 2006, this 564 acre corridor connecting Akron General Hospital, Akron City Hospital and Akron Children's Hospital continues to evolve and embrace new developments in the corridor and coordinate with the University Park Alliance Master Plan. The Mayor's Advisory Committee has developed a vision, mission, goals, objectives, and future use plan coupled with and possible incentives for the corridor. In addition, the Biomedical Corridor representatives have been working with the Austen BioInnovation Institute (ABIA) to coordinate corridor efforts and market the Corridor's assets to prospective biomedical companies and support uses. (See Map on the next page).

Akron Polymer Systems broke ground and completed a new office, lab, and production facility in the heart of the corridor. It received a low interest loan from the Ohio Department of Development to finance the construction on City-leased land, which will allow the transfer of at least 12 employees upon completion of construction. The company transferred 12 employees and plans to hire 40 new employees within five years. The company started from a partnership of an Akron University dean and a professor; specializes in optical films, fuel cells, photovoltaic cells, and biomedical materials.

Akron has been recognized by the Governor as an Ohio Innovation Hub for Biomaterial commercialization with focus on orthopedics and wound healing. This Hub has been integrated into the broader Biomedical Corridor and work closely with ABIA. As part of this designation, the State provided \$ 250,000 in planning money and development assistance.

The Akron BioInvestments Funds, LLC, supports the attraction and establishment of biomedical companies in the Corridor/Akron. Created by The City of Akron through its Akron Development Corporation, the fund's initial size is \$1.5M with most of the initial investments made by private organizations such as Medical Mutual, First Energy, Cascade Capital and NEOMED. The Akron BioInvestments Funds are used to target domestic and international companies focusing on orthopedics, wound healing and cardiovascular science, as well the use of biomaterials, the use of medical information technology, and the development of medical devices. All companies receiving investment must commit to maintain an Akron headquarters, or plan to establish a material presence in Akron, with an emphasis on the Biomedical Corridor. The Akron BioInvestments Funds saw its first year of operations. Overall the Fund received 28 applications and awarded 3 Product Development Grants and 2 Rapid Commercialization Loans. Companies approved for funding include:

- 7signal - quality assurance and risk management of wireless networks
- Fluence - photodynamic therapy (PDT) of psoriasis
- NichVision - human identity software development used by forensics and post bone-marrow transplant monitoring labs
- Orthodata - sensors for spine surgeries
- Sterionics - novel cold plasma device for accelerating wound healing
- FMI - FMI Medical Systems, currently located in the Accelerator, to begin the process of building a 150,000 square foot corporate headquarters/manufacturing plant in the corridor, pending approval of state and local incentives. Approximately 200 local people will be hired to work in the facility which will be located at the corner of Perkins and Union, directly off Route 8. The company currently employs 60 people and is building the first ten of its multi-modal medical imaging systems.

The Akron BioInvestments Funds is composed of two parts:

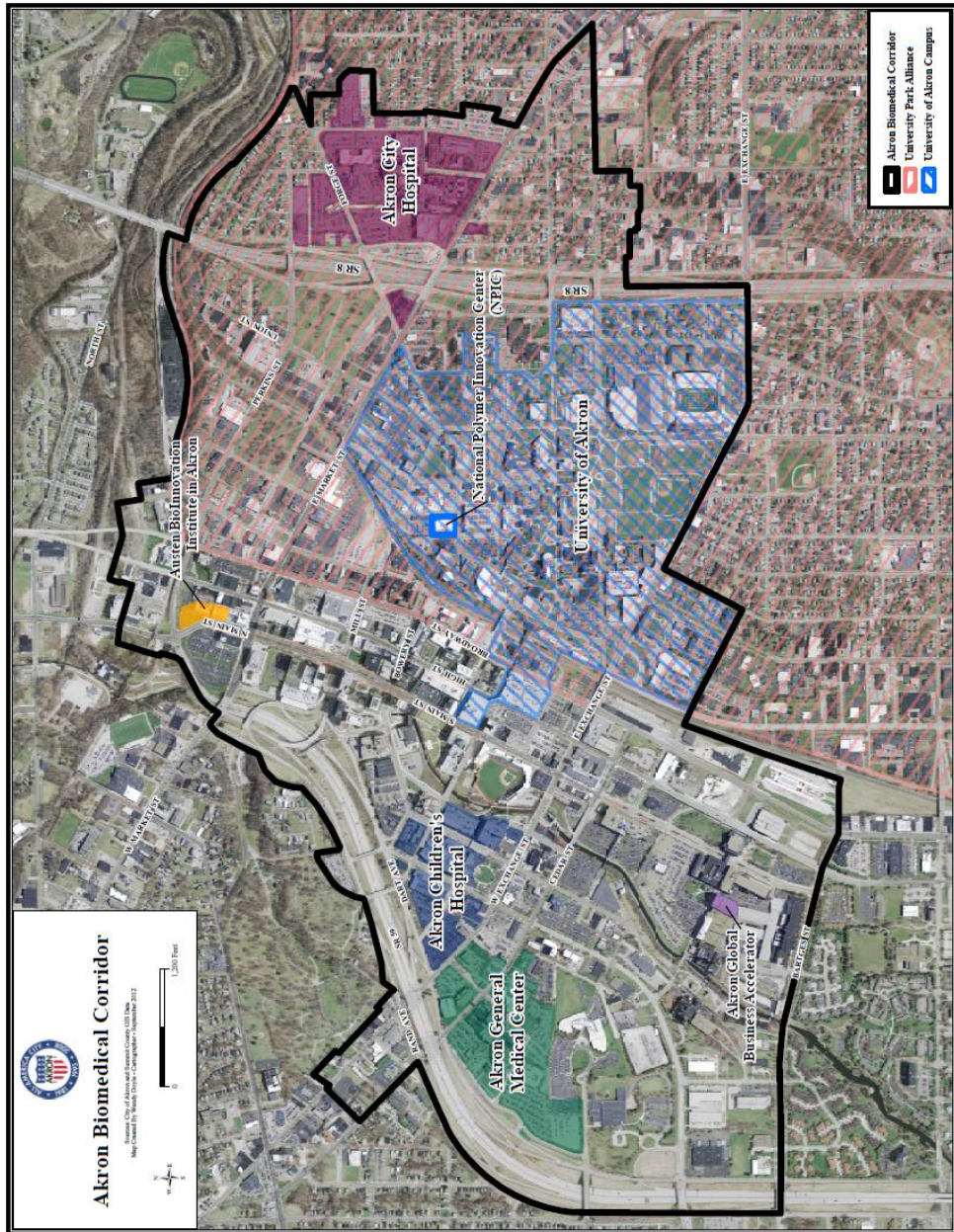
Rapid Commercialization Loans (up to \$250,000)

The **Rapid Commercialization Loan Fund** supports the commercialization of high potential biomedical early-stage technologies by providing low-interest loans to companies that are close to commercialization, creating at least ten jobs in Akron within three years, and commits to a long-term presence in Akron. The main emphasis here is on companies that are closer to commercialization, which accelerates job creation and fits with the State's new strategy.

Product Development Grants (up to \$25,000)

The **Product Development Fund** supports the demonstration and validation of high-potential local biomedical start-up companies by providing funds for proof of concept, prototyping, market assessment and business plan development, among other things. This fund operates in collaboration with the Austen BioInnovation Institute in Akron (ABIA) and its GOODTEC initiative.

Phase II of capitalization of this loan program is seeking upwards of \$10M of capital influx to be used for prototype through production loans for the program.



Austen BioInnovation Institute in Akron (ABIA) In 2012 ABIA celebrated the opening of a new \$13.3 million headquarters, which combines research, product development and simulation training. The facility is unique to Northeast Ohio and is among the leading centers of its kind in the country. ABIA has established a unique partnership with the U.S. Federal Drug Administration (FDA) to further enhance the knowledge and understanding of the properties of biomaterials and their implementation for regulations. In addition, ABIA received funding from Ohio Third Frontier's Entrepreneurial Signature Program to increase technology-based entrepreneurship and commercialization in the Greater Akron region. The Akron BioInnovation Institute in Akron Received a \$1.3 million National Science Foundation grant, along with The University of Akron, for a personal wellness management project. ABIA has assisted in the creation of six companies in the past two years, including four launched through the advanced Women's Entrepreneurship Program. Through the Basic Life Support and Advanced Cardiac Life Support programs, it has assisted in the training of more than 2,000 professionals. Furthermore, ABIA celebrated the creation of an innovation community that has produced 17 prototypes, four of which have progressed to licensing discussions, including AptoOrthopaedics, ABIA's first company.

ABIA relocated their headquarters into the bottom three floors of the Summit County Job & Family Services building at 47 North Main Street. This facility serves as the cornerstone for healthcare and biomedical innovation for the City and the region with laboratories and classrooms for use by researchers and area students.

In 2014, the organization secured upwards of \$5M in operational support from area partners for the next three years, starting in 2015. These partners include, the Knight foundation, the Hospital Networks, and the University of Akron.

Other CBD Developments. In cooperation with participating banks, the City has established a program to provide below-market interest rates for business-development loans for all businesses and property owners in the CBD. Since the program's inception in 1977, 82 projects have received subsidized loans totaling approximately \$11 million. The City also has a Facade Improvement Grant Program that provides matching grants for exterior improvements to buildings in the CBD. A total of 82 projects have received grants since the program began in 1985. Lockview Restaurant converted the Lime Spider nightclub to a new restaurant format. The City assisted with a matching Facade Improvement Grant.

The Main Street Business Incentive Program provides matching grants to retail businesses that locate in unoccupied property on South Main Street. The grants may be used to assist in leasing, purchasing, or improving the property. Since the program commenced in 1986, grants have been awarded to 86 businesses.

Other new CBD Projects/Businesses in 2013:

- The Economic Development staff continues to work with several development groups to study different options for creating hotels in downtown Akron.
- **401 Lofts** – Construction has continued on the 5-story student housing complex which has approximately 209 units/310 beds, swimming pool and fitness center. Building was occupied.
- **The Depot** – NRP purchased the former ABJ building at 80 Exchange Street and invested approximately \$30 million in the project. It is anticipated to be complete in 2014.

- **High-Market Parking Deck** - City is continuing to market the retail space for entertainment/restaurant use.
- **Baxter's and Peanut Shoppe** – Awarded Façade and Lease grant for approximately \$45,000. The companies retained five jobs, created approximately 10, and invested approximately \$250,000 in the facilities.

City-Wide Programs and Projects

Highland Square Redevelopment. At the end of 2010, the city acquired title to the buildings and 1.7 acres previously owned by Albrecht Inc. for \$3.1 million. Together with a triangle of land (.67 acre) already owned by the city, the parcel will provide room for a store and parking. A new branch library, new retail space, and public parking have been completed. The retail space is fully leased and includes: Chipotle, MarketPath, Next, Wally Waffles and Georgio's Pizza. In March 2011, the City announced the intentions to finalize an agreement to locate a third Mustard Seed Grocery, a locally-owned organic and health food store, in the vacant retail space. Construction for this new grocery store began in 2013. The store applied and was approved for a \$3.8 million grant from HUD as a low interest loan to develop the store. The City has worked with the developer and architects to design a store that most efficiently uses the available space and received approval from the UDFA group. In addition, a new developer purchased the and razed the Von-Crescent building. Construction began in 2013 with plans to open four new retail sites in 2015.

Akron Community Learning Centers. With joint funding through the City, Akron Public Schools, and the State more than \$800 million is being invested to transform the Akron public school facilities into Community Learning Centers (CLCs). Under the City's leadership, City voters approved a .25% income tax increase to rebuild and remodel Akron's schools. The new Community Learning Centers are providing modern school facilities for Akron City School District students and are available to the community during evenings, weekends, and summers for recreation, civic meetings, adult education, and training, and a wide variety of City programs and other community activities. The City and APS formed a partnership with the Akron Urban League and constructed a join facility – the Helen Arnold CLC and Urban League. Currently under construction are; Harris Elementary CLC, and the Litchfield Middle School/ Firestone HS CLC. The STEM (Science Technology Mathematics and Engineering) High School opened in the fall of 2012 in a renovated section of Central High School on the University of Akron Campus. The total project cost was \$1.8 million. There are approx 100 ninth graders, most from the STEM Middle School, and the balance from other APS Schools and outside the districts. Grades 10-12 will be added in subsequent years. The Akron CLC project represents the largest construction project in the history of the City. (See also **Education – Akron City School District.**)

Brownfield Projects. The City has continued to research and respond to inquiries from various developers, property owners, and businesses on Brown Field cleanup and remediation issues. Middlebury Market Place; Environmental Cleanup to proceed at an estimated cost of \$1.1 million. A CleanOhio grant of \$750,000 was used. The remedial system was designed, bid, and constructed off site. Installation and start up of the system was completed in late 2010.

Imperial Electric/XX Century Furnace; City used \$200,000 U.S. EPA remediation grant to facilitate demolition and cleanup of the site. Environmental testing was completed in 2008, indicating additional site cleanup was necessary. A Clean Ohio Revitalization Fund clean up application has been prepared and submitted to the

Ohio Department of Development. The grant application project area also includes the adjacent XXth Century property.

Akron Airdock and Haley's Ditch were remediated.

U.S. EPA City-wide Hazardous Assessment Grants; Various City-wide hazardous substances assessment & City-wide petroleum assessment grants will be used for the assessment of contaminated properties associated with the Goodyear redevelopment project (see **Goodyear Tire & Rubber Company Project.**)

Middlebury Market Place and AES – Properties are owned by the City of Akron, and the buildings are owned by the developer. The City maintains environmental status.

Neighborhood Development Program

Neighborhood Business District (NBD) Projects. Initiated in 1976, the City's program for neighborhood business districts assists in the revitalization of some of these older business districts so that they can maintain a high level of economic viability and be an asset to the neighborhoods in which they are located. A key element of this program is the establishment of a cooperative effort involving City government and the business people in the districts. In all of the business district projects, the City requires that private investment cover at least 50% of the project improvement costs.

The program has focused on these major areas of improvements;

- provision of adequate off-street parking facilities
- exterior façade improvements including signage and lighting
- provision of landscaping

Since 1987, over \$18 million has been invested in the Kenmore Boulevard, South Arlington Street, Copley Road, Temple Square, Canton Road, East Market Street/Union Street, Market Maple, Wallhaven, Middlebury, South Main Street, Tallmadge Avenue, and West Market Street NBDs.

Neighborhood Housing Development Projects. For the past 30 years, the City has undertaken a program of targeted neighborhood improvement that focused on housing rehabilitation. Mandatory housing code enforcement was coupled with technical and financial assistance to property owners to encourage housing rehabilitation. Assistance was provided in the form of grants to homeowners and to investor owners, and home ownership was encouraged with low-interest loans for rehabilitation and an incentive program to assist home purchases. Public infrastructure in each neighborhood was upgraded with installation or repair of streets, sidewalks, sewers, and water lines. The rehabilitation of 29 neighborhood development areas was completed under the old Neighborhood Development Area program. This program was combined with the Neighborhood Housing Petition Program for smaller, low-income neighborhoods in the inner city. Residents could secure program benefits by circulating a petition for their neighborhood. The same grant and loan funds were available for housing repairs as in the Neighborhood Development Program. Since 1992, 30 petitioned areas were completed. The City committed nearly \$230 million in Community Development Block Grant (CDBG) and HOME funds to its neighborhood rehabilitation and petition programs, rehabilitating over 20,000 homes.

In 2005, the old Neighborhood Development Area and Petition programs were replaced with new programs for targeted redevelopment. Neighborhood Redevelopment Areas were established that combine housing rehabilitation with acquisition and clearance. The emphasis was

on creating space for new housing construction (see **New Residential Construction**). The Neighborhood Housing Petition Program was replaced by the Neighborhood Initiatives Area program where property owners apply to receive voluntary rehabilitation assistance in the form of grants and low interest or deferred loans. Since 2005, over 350 homes have received rehabilitation assistance under the Neighborhood Initiative Area and Redevelopment Area programs.

Beginning in 2009 and again in 2011, the City received a total allocation of approximately \$14.3 million in Federal and State Neighborhood Stabilization Program (NSP) funds to address foreclosures in the City. The City purchased 173 vacant homes for either rehabilitation and resale or demolition. Of these, approximately 30 have been resold. Due to time constraints required with the inspection and rehabilitation requirements of the NSP funding, the City is undertaking housing rehabilitation activities in conjunction with Lead Abatement Program funding the City is receiving thru the Department of Housing and Urban Development. By combining housing rehabilitation activities with lead abatement the City is addressing housing concerns for many Akron residents most in need of assistance.

The City also conducts other housing programs:

- grants are available averaging \$4,500 for minor home repair to correct emergency problems or code violations, available to low income, elderly or disabled homeowners
- purchase and removal of deteriorated structures
- assistance to homeowners for exterior improvements
- in order to prevent blight in the downturn in the residential markets, incubating a property foreclosure registry program

New Residential Construction. The City pursues opportunities to initiate, support, and promote new housing construction throughout the City. New housing construction is under way in the Hickory Corridor/Cascade Locks Neighborhood Redevelopment Area where existing deteriorated housing was removed and lots were re-platted and sold to owner-occupants. The City also supports new housing construction projects undertaken by area non-profits such as the East Akron Neighborhood Development Corporation.

Since 1979, approximately 415 new, single-family homes have been built utilizing the Urban Neighborhood Housing Development Corporation, a nonprofit organization representing private and public interests in the housing industry, in cooperation with the City. This program is part of the City's continuing effort to revitalize the inner city and encourage home ownership. Under the program, reduced-interest mortgage loans are available to potential homebuyers through local financial institutions. Initial funding for the project was provided through a \$1.1 million UDAG and by local financial institutions and the City. It is being continued with CDBG funds. Approximately five new homes a year are built through this program.

The City also remains involved in land assembly and infrastructure support for new private residential developments. Recent projects include the \$25 million 22 East Exchange project, the \$12 million 401 Lofts project, the \$40 million The Edge at University Square project on East Exchange Street and the \$20 million student housing development, named the Depot, at the intersection of South Broadway and Exchange Street. All four of these projects involve the addition of new student housing with retail components in and around downtown. In total, these developments add approximately 2,000 beds for new student housing. Previous residential projects assisted by the City included the Northside lofts projects on Furnace Street and the Spicertown development south of the University of Akron campus.

JOINT ECONOMIC DEVELOPMENT DISTRICTS

(See *Map 1*)

A Joint Economic Development District (JEDD or District) is created by a contract entered into between a city and a township. The City has joined with four of the surrounding townships to create the Copley-Akron Joint Economic Development District, the Coventry-Akron Joint Economic Development District, the Springfield-Akron Joint Economic Development District, and the Bath-Akron-Fairlawn Joint Economic Development District. Each JEDD is made up of several areas within the respective township. These are almost exclusively commercial and industrial areas of the townships.

Each JEDD is a distinct, separate political subdivision. It has powers granted to it by State law and the JEDD contract. The purpose of the JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the City, the township, and the District. Each of the JEDD contracts became effective after approval by the voters in the respective townships in 1994 (1998 for the Bath-Akron-Fairlawn JEDD), and each has a term that extends to December 31, 2093 (2097 for the Bath-Akron-Fairlawn JEDD) and may be extended by any party to the JEDD contract for two additional 50-year terms. The JEDD Contract may be terminated by mutual consent of the parties.

Each JEDD is governed by a Board of Directors in accordance with the JEDD contract. Each JEDD Board is made up of the Mayor and two City Council members and the three township trustees. The Bath-Akron-Fairlawn JEDD Board also includes the mayor and two council members from the City of Fairlawn.

Certain taxpayers in the original three JEDDs (Copley, Coventry, and Springfield) filed suit in 1995 against the JEDD Boards of Directors, the townships, and the City challenging the constitutionality of the statute authorizing the JEDDs. In March 1999, the Supreme Court, in a unanimous decision, resolved the issue in favor of the City and the JEDDs by ruling that the JEDD statute is constitutional. In May 2007, the Ohio Supreme Court declined to hear an appeal from a developer involving the Bath-Akron-Fairlawn JEDD. The trial court and appellate court had dismissed the developer's lawsuit for lack of standing to sue.

The JEDD Contracts generally provide that the City will extend water and sewer services to the JEDDs and, in some cases, to other areas within the townships. Each JEDD Contract describes the water and sewer facilities that are to be constructed and installed, as well as the extent of the City's obligations to fund those projects. The City has been and is continuing to extend water and sewer facilities to the JEDDs under the JEDD contracts as part of its contribution to the economic development of the region. Approximately 80 construction projects (both water and sewer) have been completed since this program began. The City has expended over \$64.5 million so far for these projects. To fund these facilities, the City has issued the Special Revenue Bonds as described in **Special Revenue Bonds**, which are payable solely, first from revenues received by the City from the JEDD and then, if necessary, from net available revenues from the respective municipal utility system, after payment of any debt service on revenue bonds for that system. The Special Revenue Bonds are subordinate obligations to the City's revenue bonds issued for the Water System and the Sewer System, respectively. See **City Debt and Other Long-Term Obligations – Revenue Bonds**. The City does not expect to have to use the utility revenues to pay debt service on any of these Special Revenue Bonds.

In order to provide water to Springfield, Coventry, and Copley Townships in accordance with the JEDD contracts, the City must use water from its system in the Lake Erie basin. The Townships are across the continental divide in the Ohio River watershed. The City has entered into an agreement with the Ohio Department of Natural Resources (ODNR) for a

“no-net-loss” plan whereby water in the Portage Lakes is released by ODNR into the Ohio Canal and eventually Lake Erie to make up for any water from the City that is not returned to Lake Erie through the City’s sanitary sewer system. The City’s plan was submitted to the other Great Lakes states for review and comment and each has approved the plan. Several nearby communities challenged the plan in a lawsuit, but the plan was upheld by the Ohio Supreme Court.

The statutes authorizing the creation of JEDDs provide that JEDDS may levy an income tax at a rate up to but not exceeding the rate levied by the city participating in the creation of the JEDD. Each JEDD contract provides for, and each District has levied, an income tax at the rate of 2% on all earned income (wages and salaries of workers and net profit on businesses or professions) in the JEDD. Beginning April 1, 2005, the income tax rate increased to 2.25% in the Copley, Coventry, and Springfield JEDDs because of the contract provision providing for the rate to change so that it equals the City’s municipal income tax rate. The revenues generated from this increase are allocated one-third to the respective township and two-thirds to the City. Beginning January 1, 2006, the income tax rate increased to 2.25% in the Bath-Akron-Fairlawn JEDD. As the contract stipulates, the revenues generated from the tax increase are allocated one-third to Bath Township, one-third to the City of Fairlawn, and one-third to the City.

In accordance with the JEDD contracts, each JEDD has entered into a separate agreement with the City to administer and collect the JEDD income taxes. The income tax receipts for each JEDD are collected, and are accounted for separately from each other District and the City, by the City’s Tax Administrator. All taxes on property within the JEDDs continue to be levied and collected by the overlapping subdivisions: the County, school districts, and the townships.

The JEDD contracts for the Coventry, Copley, and Springfield JEDDs provide that 1% of the JEDD income tax is to be used by the District for its operation and administration. The remaining portion is allocated to the City. The Bath-Akron-Fairlawn JEDD Contract also provides for 1% of the income tax revenues to be used for operation of that JEDD. It also provides, however, for certain other payments to Bath Township. The township is to be paid \$250,000 per year for 10 years and on March 13, 2006 was paid a one-time payment of \$3,282,387, which is an amount equal to 10% of the net JEDD revenue for the years 2000 to 2005 (income tax revenues less administrative costs and costs of capital improvements in the JEDD). Under separate agreements between the City and the City of Fairlawn, the City shares one-half of the net JEDD Revenues from the Bath-Akron-Fairlawn JEDD with the City of Fairlawn.

JEDD income tax receipts increased approximately 16% from 2009 to 2013, inclusive (see **Historical JEDD Revenues**). Overall, JEDD income tax receipts decreased by 3.7% in 2009 as compared to 2008 and by less than 1% in 2010 compared to 2009. These decreases reflect employment reductions locally due to the current economic downturn (see **Employment**). However, in 2011, the JEDD’s income tax revenue saw the first increase since 2007, increasing again in 2012 and 2013.

The following table sets forth the private and public employers within the JEDDS with 100 or more employees. There are also other businesses with fewer than 100 employees.

| <u>Nature of Activity</u> <u>Employer</u> | <u>Approximate Number</u> <u>or Business</u> | <u>of Employees</u> |
|--|---|----------------------------|
| InfoCision Management, Inc.(b) | Telemarketing | 1,440 |
| Fedex Corporate Services Inc.(b) | Technology services | 600 |
| Saint Gobail Performance Plastics(d) | Flexible Plastic Products | 337 |
| Akron General Health and Wellness(b) | Health-care and Fitness | 237 |
| Quality Mold (d) | Mold Design and production | 160 |
| Airborne Electronics, Inc (d) | Electronic Assemblies | 144 |
| Montrose Ford (a) | Automobile dealership | 110 |
| Home Depot (a)(d) | Retail Home Improvement | 110 |

(a) Copley-Akron JEDD

(b) Bath-Akron-Fairlawn JEDD

(c) Coventry-Akron JEDD

(d) Springfield-Akron JEDD

Source: Greater Akron Chamber of Commerce.

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The following table sets forth the receipts and expenditures of the income tax collections in the JEDDs and the resulting JEDD revenues of the City for the past five years.

Historical JEDD Revenues

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|---------------------|---------------------|---------------------|---------------------|------------------------|
| <u>Income Tax Revenues:</u> | | | | | |
| Bath JEDD | \$ 5,729,764 | \$ 5,653,785 | \$ 6,067,627 | \$ 6,078,405 | \$ 6,679,648 |
| Copley JEDD | 4,939,590 | 4,742,839 | 4,994,386 | 5,378,477 | 5,254,877 |
| Coventry JEDD | 2,261,984 | 2,323,128 | 2,387,904 | 2,470,971 | 2,469,772 |
| Springfield JEDD | <u>2,725,112</u> | <u>2,596,564</u> | <u>2,811,168</u> | <u>2,896,242</u> | <u>2,792,489</u> |
| Total Revenues | \$15,656,450 | \$15,316,316 | \$16,261,086 | \$16,824,095 | \$17,196,786 |
| <u>Expenditures:</u> | | | | | |
| Administrative Expenses | \$ 106,232 | \$ 156,565 | \$ 153,163 | \$ 162,611 | \$ 168,241 |
| Refunds | 343,213 | 660,358 | 259,824 | 286,728 | 297,472 |
| Distribution to Bath | 250,000 | 0 | 0 | 0 | 0 |
| Distribution to Fairlawn | 2,650,980 | 2,772,250 | 2,575,723 | 2,795,401 | 3,042,551 |
| Distribution to Townships(a) | 599,156 | 549,555 | 561,020 | 584,621 | 584,621 |
| Distribution to Akron City School District(b) | <u>1,025,962</u> | <u>1,000,558</u> | <u>952,680</u> | <u>1,197,386</u> | <u>1,221,353</u> |
| Total Expenditures | \$4,975,543 | \$5,139,286 | \$4,502,410 | \$5,026,747 | \$5,335,571 |
| JEDD Revenues(c) | \$10,680,907 | \$10,177,030 | \$11,758,676 | \$11,797,348 | \$11,861,215 |
| Debt Service on Sanitary Sewer System Special Revenue Bonds(d) | \$1,943,288 | \$1,948,533 | \$1,945,338 | | |
| Debt Service on Waterworks System Special Revenue Bonds(d) | <u>2,361,497</u> | <u>2,359,865</u> | <u>2,363,616</u> | <u>1,085,415</u> | <u>1,149,262.50</u> |
| Total Debt Service | \$ 4,304,785 | \$ 4,308,398 | \$ 4,308,954 | \$1,085,415 | \$1,149,262.50 |
| Debt Service Coverage(e) | 2.48 | 2.36 | 2.73 | 10.88 | 10.32 |
| Balance of JEDD Revenues(f) | \$ 6,376,123 | \$ 5,868,632 | \$ 7,449,722 | \$10,711,934 | \$10,711,952.50 |

(a) Sharing of income tax revenues generated by the 0.25% increase in the tax rate as described above.

(b) Payment pursuant to an agreement between the School District and the City.

(c) JEDD Revenues for previous years are as follows: 1995- \$3,452,322, 1996- \$6,771,752, 1997- \$6,569,792, 1998 - \$6,828,956, 1999- \$9,764,530, 2000- \$12,202,582, 2001- \$10,624,460, 2002- \$10,198,426, 2003 - \$9,463,937, 2004 - \$10,509,641, 2005- \$9,331,755, 2006 - \$ 9,310,444, 2007- \$ 11,905,374 , 2008- \$ 11,243,830

(d) These bonds were issued in 2000 and 2002, then refinanced in 2011. Debt Service for Combined Refunder. (See **Special Revenue Bonds**.)

- (e) In accordance with the trust indentures for these bonds, “coverage” is calculated by (1) multiplying the JEDD Revenues by a percentage equal to the debt service on the respective bond issue divided by the total debt service on the Waterworks System Special Revenue Bonds and on the Sanitary Sewer System Special Revenue Bonds, and (2) dividing those “adjusted” JEDD Revenues by the debt service on the respective bond issue. Those trust indentures require a debt service coverage of at least 1.25. (See **Special Revenue Bonds**.)
- (f) Available to pay costs of capital improvements, to meet other obligations under the JEDD Contracts, and for other municipal purposes as determined by the City.

LAND USE/ANNEXATION

The City’s area is approximately 62 square miles. Land use in the City is as follows:

| | Acres | Percent of Area |
|------------------------------------|--------------|----------------------------|
| Residential | 14,092 | 35.4% |
| Commercial | 2,349 | 5.9 |
| Industrial | 2,747 | 6.9 |
| Agricultural..... | 400 | 1.0 |
| Public and Unusable Open Land..... | 7,285 | 18.3 |
| Usable Open Land | 6,248 | 15.7 |
| Transportation Facilities | 6,688 | 16.8 |

By the mid-1970s, the supply of land available for new development within the City’s corporate limits had become very limited. As a result, the City began an aggressive program of annexation in order to increase available land for new development, particularly for industrial and commercial purposes.

From 1978 to 1995, the City’s program of annexing adjacent township land resulted in the addition of 5,372 acres (approximately eight square miles) to the City, but also met with increasing opposition from the townships. Consequently, starting in 1995, the City and its township neighbors entered into the cooperative agreements to form JEDDs, which effectively ended the City’s annexation program. No annexations to the City have occurred since 1995. (See **Joint Economic Development Districts**.)

In accordance with the JEDD Contracts, a total of 422 acres of previously annexed land were detached from the City and returned to the townships between 1995 and 1997. These included 147 acres of primarily business property in Coventry Township, 49 acres of residential property in Copley Township, and 226 acres of mixed-use land in Springfield Township. Approximately 160 acres of the land detached to Springfield Township are now under development as the City’s Massillon Road Industrial Park (see **Industrial Development Program**).

ECONOMIC AND DEMOGRAPHIC INFORMATION

Census population since 1940 has been:

| <u>Year</u> | <u>City</u> | <u>County</u> | <u>MSA</u> |
|-------------|-------------|---------------|------------|
| 1940 | 244,791 | 339,405 | 386,065 |
| 1950 | 274,605 | 410,032 | 473,986 |
| 1960 | 290,351 | 513,569 | 605,367 |
| 1970 | 275,425 | 553,371 | 679,239 |
| 1980 | 237,177 | 524,472 | 660,328 |
| 1990 | 223,019 | 514,990 | 657,575 |
| 2000 | 217,074 | 542,899 | 694,960 |
| 2010 | 199,110 | 541,781 | 703,200 |

The 2010 census figures show the following breakdown by age groups of the population of the City:

| <u>Under 5</u> | <u>5-18</u> | <u>19-65</u> | <u>65+</u> | <u>Total</u> |
|----------------|-------------|--------------|------------|--------------|
| 13,340 | 32,256 | 128,426 | 25,088 | 199,110 |

The City's 2000 population made it the fifth largest city in the State. An estimated population of approximately 2,500,000 resides within a 50-mile radius of the City.

Employment

The following table shows comparative average annual employment and unemployment statistics for the indicated years.

| Year(a) | Number (000) | | | | | | Unemployment Rate(%) | | | | |
|-----------|-----------------|--------|-------|-------------------|--------|-------|----------------------|--------|-----|------|------|
| | <u>Employed</u> | | | <u>Unemployed</u> | | | | | | | |
| | City | County | MSA | City | County | MSA | City | County | MSA | Ohio | U.S. |
| 2004 | 98.2 | 268.8 | 351.3 | 7.1 | 17.3 | 22.3 | 6.8 | 6.0 | 6.0 | 6.1 | 5.5 |
| 2005 | 99.5 | 273.7 | 358.0 | 6.8 | 16.7 | 21.6 | 6.4 | 5.7 | 5.7 | 5.9 | 5.1 |
| 2006 | 101.0 | 279.1 | 364.8 | 6.3 | 15.4 | 20.0 | 5.9 | 5.2 | 5.2 | 5.4 | 4.6 |
| 2007 | 101.2 | 280.7 | 367.8 | 6.4 | 15.9 | 20.8 | 5.9 | 5.4 | 5.4 | 5.6 | 4.6 |
| 2008 | 101.0 | 280.1 | 367.0 | 7.3 | 18.3 | 24.1 | 6.7 | 6.1 | 6.2 | 6.5 | 5.8 |
| 2009 | 94.4 | 262.2 | 344.6 | 11.2 | 28.9 | 37.8 | 10.6 | 9.9 | 9.9 | 10.1 | 9.6 |
| 2010 | 89.6 | 259.3 | 342.9 | 11.0 | 28.6 | 37.5 | 11.00 | 9.9 | 9.9 | 10 | 9.6 |
| 2011 | 87.5 | 260.0 | 344.2 | 9.3 | 24.0 | 31.7 | 9.3 | 8.5 | 8.4 | 8.6 | 8.9 |
| 2012 | 89.7 | 259.9 | 343.8 | 7.6 | 19.7 | 25.9 | 7.8 | 7.0 | 7.0 | 8.1 | 7.4 |
| Jan 2013 | 87.6 | 253.8 | 335.7 | 8.8 | 23.1 | 30.7 | 9.1 | 8.3 | 8.4 | 8.7 | 8.5 |
| Feb 2013 | 88.5 | 256.2 | 338.9 | 8.3 | 21.6 | 29.0 | 8.6 | 7.8 | 7.9 | 8.1 | 8.1 |
| Mar 2013 | 88.7 | 256.9 | 339.9 | 7.9 | 20.5 | 27.5 | 8.1 | 7.4 | 7.5 | 7.5 | 7.6 |
| Apr 2013 | 89.4 | 259 | 342.6 | 7.3 | 18.9 | 25.2 | 7.5 | 6.8 | 6.8 | 6.9 | 7.1 |
| May 2013 | 90.3 | 261.5 | 345.9 | 7.5 | 19.0 | 25.2 | 7.7 | 6.8 | 6.8 | 7.0 | 7.3 |
| Jun 2013 | 90.1 | 260.8 | 345.0 | 8.1 | 21.0 | 27.7 | 8.3 | 7.4 | 7.4 | 7.7 | 7.8 |
| July 2013 | 90.8 | 262.8 | 347.7 | 8 | 20.7 | 27.5 | 8.1 | 7.3 | 7.3 | .6 | 7.7 |
| Aug 2013 | 90.4 | 261.9 | 346.4 | 7.7 | 19.8 | 25.9 | 7.8 | 7.0 | 7.0 | 7.2 | 7.3 |
| Sep 2013 | 900 | 260.6 | 344.8 | 7.4 | 19.6 | 25.60 | 7.6 | 7.0 | 6.9 | 7.1 | 7.0 |
| Oct 2013 | 90.5 | 261.9 | 346.5 | 7.5 | 19.6 | 25.7 | 7.7 | 7.0 | 6.9 | 7.1 | 7.0 |
| Nov 2013 | 91.3 | 264.3 | 349.7 | 7.2 | 18.8 | 24.9 | 7.3 | 6.6 | 6.6 | 6.9 | 6.6 |
| Dec 2013 | 91.0 | 263.7 | 348.8 | 6.8 | 18.1 | 24.1 | 7.0 | 6.4 | 6.5 | 6.6 | 6.5 |

(a) Not seasonally adjusted.

Source: Ohio Department of Job and Family Services.

The following table sets forth the private and public employers that have the largest manufacturing and nonmanufacturing workforces within the City.

| | <u>Nature of Activity or Business</u> | <u>Approximate Number of Full-Time Employees</u> |
|--------------------------------|--|---|
| Summa Health System | Hospital/Medical | 11,000* |
| FirstMerit Corporation | Banking | 4,894 |
| Akron General Health Systems | Hospital/Medical | 3,843 |
| Akron Children's Hospital | Hospital/Medical | 3,220 |
| Goodyear Tire & Rubber Company | Rubber Products/Research | 3,000 |
| County of Summit | Government | 2,969 |
| Akron Public Schools | Education | 2,827 |
| The University of Akron | Higher Education | 2,622 |
| FirstEnergy Corporation | Utility | 2,500 |
| Sterling Jewelers Inc | Jewelry Retail/Headquarters | 2,300 |

Source: Greater Akron Chamber of Commerce. * A number of employees of certain employers are located in areas adjacent to the City.

The City enjoys a diverse economy both in its manufacturing and its increasingly important service sectors. An analysis of 2010 Harris Ohio Industrial Directory data shows that 2,327 firms in the County employ approximately 145,827 people in such diverse fields as the rubber and plastic industry, metal fabrication, food processing, and the manufacture and distribution of electrical and electronic machinery, equipment, and supplies. The abundance of smaller operations adds to this diversity and productivity. The Directory has also reported that there are approximately 86 manufacturing companies in the City with 50 or more employees each. Such firms within the City manufacture a wide variety of products, including toys, books, soft drinks, bakery goods, auto wheel rims, clay products, salt, industrial machinery, dies, molds, chemicals, wood products, and plastics. The number of small plants with just a few employees is increasing, while some of the larger plants are downsizing or closing completely.

The City's economy- historically associated with the rubber industry- is continuing a transition away from reliance on the manufacturing of rubber products, especially tires. The rubber industry's contributions to the local economy remain substantial, but the nature of the contribution has changed from manufacturing to research and development and administration. See **Community and Economic Development Programs – Industrial Development Program**. The elimination of bias-ply tire production, the closing of inefficient, obsolete facilities, and consolidation within the industry have been the prime causes for reduction in hourly positions in the rubber industry, not only in the City but throughout the country. The rubber and related plastics industries remain an important segment of the City's manufacturing economy. The Greater Akron Region is home to the largest number of polymer companies in Ohio, and the industry employs more than 31,000 people in the area. The majority of rubber production workers, who constitute less than 4 % of the City's total work force, are employed in the production of specialty items such as aircraft tires and brakes, off-road tires, chemicals, and adhesive products

The City believes its efforts in establishing and completing the University Area Renewal Project and in creating the sites for the expansion of The University of Akron, its implementation of the Opportunity Park Renewal Project, and its support of the Goodyear Technical Center Project and new corporate headquarters project (see **Community and Economic Development Summary and Goodyear Tire & Rubber Company project**), have been

economically advantageous to the City during this period of change in the rubber industry's makeup. The City also believes that its continuing capital investment program, its ongoing development program in its central business district, and its continuing efforts to maintain the City's infrastructure create the environment necessary to encourage the expansion of this segment of the City's evolving manufacturing and rubber/polymer economy.

The State of Ohio is currently recognized as the 3rd largest manufacturing state and, with close to 21% of the City's work force in manufacturing trades, compares favorably to the national average of 13%. In mid-2011 Akron was ranked third among 100 of the largest cities in the United States in the growth of manufacturing jobs over the past year, accordingly to one of the nation's biggest business publishers, and ranked eighth in the country with respect to private-sector job growth. The City was again recognized for the thousands of jobs retained, citing the City's and the State's efforts to keep both Goodyear and Bridgestone/Firestone in the City and the state. In October 2011, Akron was ranked second among metro areas in the rate of job growth year over the previous year. It had moved up seven notches based on these commitments coupled with the city attracting foreign parts manufacturers who want to be near automakers.

Following the national trend, there has been an increase in the service industry and a reduction in the production of goods. Contributing to this trend is the employment at two regional shopping malls in the area, the continuing redevelopment of the CBD, and the increase in governmental (City and County), educational (The University of Akron), and healthcare services and facilities employment. The Akron area has worked diligently to maintain its manufacturing base.

Domestic and International Marketing. The City works diligently to market these attributes and activities to companies both nationally and internationally. A special focus has recently been given to technologically advanced manufacturing companies and site-location consultants at various trade shows and conferences that coincide with the region's industrial clusters. The City continues joint marketing efforts that leverage the resources of the Greater Akron Chamber, NEOTEC, TeamNEO, and Team Ohio. This year's domestic activities include;

- 2013 Radiology Society of North America – Chicago, Ill
- The American Chemical Society Rubber Division
- The FIME Show
- Medical Design and Manufacturing Show – New York, NY
- Business Roundtable
- Hosted German American Chamber of Commerce
- Akron Boards of Trade

Another key to the City's success was the early steps by the Mayor to support the attraction of international investment by attracting foreign companies, expanding the capabilities of foreign companies currently located in the area, encouraging joint ventures, and supporting purchase/acquisitions. Since 1994, the City has participated in marketing the area through various international trade shows as well as direct visits and company contacts and has produced \$46.5 million in initial foreign investment, \$110.4 million expansion investment, \$2.9 million in sales, and 2,447 employment positions. In 2010, we continued to implement and expand the international marketing strategy through our International Incubator program via Targatech (Israel), Chemnitz TCC (Germany), Helsinki Science & Business Park (Finland) and ICSME (China) and support those efforts through targeted trades shows, other marketing venues, and coordinated services. The year's international activities include:

- A2 (Akron Accelerates)
- Slovenia's Polimat
- Hannover Messe 12/ City of Chemnitz/Berlin/Finland Mission
- Kunststoffe Messe 2013
- 2013 Medica Fair
- Continual cooperation with the Chemnitz Technical Center
- ACS Rubber Show
- The City of Akron and the National Tooling and Machining Association
- Watec and Aquatech Water Conferences
- BioMed 2013, Israel
- Akron Bio Investment Funds, LLC
- Assistance to Foreign Companies

Outreach and Assistance. In 2013, the Mayor's Office of Economic Development reached out to 85 local existing businesses in Akron through its partnership and contract with the Greater Akron Chamber.

Small Business Assistance. The highlights are as follows:

- Summit Business Alliance. The City contracts with the greater Akron Chamber to visit Akron and JEDD area businesses as part of Summit County's program. There were 108 businesses visitations conducted in 2013.
- Small Business Development Center. In 2013, 146 Akron clients were served, with 6 new start-ups, 45 jobs created, 500 jobs retained, and 29 businesses trained.
- Minority Business Development Center. In 2013, while housed in the Akron Urban League, 205 Akron clients were served, which created, 412 jobs, and retained 367 existing jobs.
- Cascade Capital Corporation. Providing SBA 504 funding as an accredited CDC, the group approved three (3) projects in Akron in the amount of \$ 1,305,000. The companies assisted include Fred Marvin Associates, Stellar Private Cable Systems, and Rosati Sales, Inc.
- Score. Akron SCORE (Service Corps of Retired Executives) is a non-profit association sponsored by the U.S. Small Business Administration (SBA) dedicated to mentoring, educating, and training entrepreneurs to the formation, growth, and success of small business nationwide.

Income

The 2010 median family and household incomes (five year average), as reported by the Census Bureau, are set forth in the following table.

| | <u>2010 Median Income</u> | |
|---------------|----------------------------------|-------------------------|
| | <u>Family</u> | <u>Household</u> |
| City | \$49,892 | \$34,190 |
| County | 64,800 | 48,790 |
| State | 61,400 | 48,071 |
| United States | 69,824 | 52,762 |

According to the Ohio Department of Taxation, the average federal adjusted gross income for residents within the Akron City School District filing Ohio personal income tax returns for calendar year 2012 was \$38,098 compared to the average of \$57,259 for all Ohio school districts and \$67,204 for all school districts in the County.

Housing and Building Permits

The following is Census information concerning housing in the City, with comparative County and State statistics.

| | 2010 Median Value of Owner- Occupied Homes | % Constructed Prior to 1940 | Number of Housing Units | | % Change |
|--------|---|--|------------------------------------|-------------|-----------------|
| | | | 2000 | 2010 | |
| City | \$ 89,900 | 35.6% | 97,265 | 97,714 | +0.46% |
| County | 140,700 | 20.6 | 230,880 | 244,817 | +6.1 |
| State | 135,600 | 21.6 | 4,783,051 | 5,119,693 | +7.1 |

The number and value of all building permits- including commercial, industrial, residential, and public, and both remodeling and new construction- issued by the City are shown in the following table.

| Year | <u>Building Permits</u> | |
|---------------------------|--------------------------------|----------------------------|
| | <u>Number</u> | <u>Value</u> |
| 2004 | 2,257 | 171,475,696 ^(a) |
| 2005 | 2,202 | 199,018,354 ^(a) |
| 2006 | 1,745 | 157,965,112 ^(a) |
| 2007 ^(b) | 6,031 | 350,480,777 ^(a) |
| 2008 | 2,406 | 235,333,080 ^(a) |
| 2009 ^(c) | 1,578 | 171,272,993 |
| 2010 ^(c) | 1,111 | 118,466,569 |
| 2011 ^(c) | 1,073 | 137,198,072 |
| 2012 ^(c) | 522 | 61,086,528 |
| 2013 ^(c) | 1,156 | 241,422,431 |

(a) Includes approximately (in millions):

| 2004 | 2005 | 2006 | 2007 | 2008 | |
|-------------|-------------|-------------|----------------------|-------------|--|
| \$33.6 | \$38.6 | \$26.1 | \$25.9 | \$20.8 | for new residential properties, |
| 12.2 | 8.1 | 10.6 | 35.9 | 18.3 | for residential properties: alteration and additions, |
| 35.2 | 60.6 | 53.8 | 50.9 | 67.6 | for institutional buildings and alteration and additions, |
| 47.1 | 42.1 | 28.2 | 160.9 ^(b) | 32.5 | for office buildings and alteration and additions, |
| 22.3 | 24.8 | 32.9 | 44.3 | 88.1 | for commercial buildings and alteration and additions, and |
| 21.1 | 24.8 | 6.4 | 32.6 | 8.0 | for miscellaneous construction. |

- (b) Severe hail storms caused widespread damage to property resulting in a very significant increase in the number and value of building permits, other development projects and Community Learning Centers contributed to this increase.
- (c) As mentioned in other sections, the majority of the City of Akron Building and Inspection Department was contracted-out to Summit County in 2009 causing a significant reduction in permits issued by the City. In addition, there is no break-out of permit types issued by the County commencing 2009 .

SEWER SYSTEM

General

The City owns and operates a wastewater collection and treatment system (the Sewer System) that serves the City and 12 other subdivisions in a 75 square mile service area. The estimated replacement value of the Sewer System exceeds \$2.2 billion. The existing collection system consists of 649 miles of sanitary sewers, which includes local, combined, and trunk sewers. Over 70% by length of these sewers carry only sanitary sewage, while the remaining 30% carry both sanitary sewage and storm water in periods of wet weather. Approximately 60% of the sewers are over 40 years in age. The City, however, conducts a regular maintenance and replacement program to maintain operational efficiency of the collection system. The collection system also includes 33 pump stations and one retention tanks. In addition, the City has 382 miles of storm sewers and 309 miles of storm and combined sewer inlet lead connections. The sewer collection system carries sewage to the Water Pollution Control Station- the City's wastewater treatment plant- which was constructed in 1928. Over the years, the treatment plant has been continuously expanded and upgraded to meet increasing demands on the Sewer System based on increased volume and regulatory requirements. The existing wastewater treatment plant provides primary and advanced secondary treatment of wastewater, followed by disinfection prior to discharge into the Cuyahoga River. In 2013, the plant treated a total flow of 25.2 billion gallons of wastewater, at an average rate of 69.1 million gallons per day.

The Sewer System is operated as a self-supporting enterprise. Rates are set so as to provide sufficient funds for operation, for an adequate level of maintenance, and for debt service requirements on revenue bonds, on certain general obligation bonds or notes issued for Sewer System purposes, and on obligations to the Ohio Water Development Authority and the Ohio Public Works Commission (see **Revenue Bonds** and **City Debt and Other Long-Term Obligations**). The U.S. EPA has approved the City's user charge system for Sewer System customers, both inside and outside the City.

The City agreed to a consent decree with the United States Environmental Protection Agency and the Ohio Environmental Protection Agency in order to avoid complicated, protracted, and expensive litigation with those agencies. As part of the consent decree, the City upgraded the Water Pollution Control Station to a minimum secondary treatment capacity of 130 million gallons a day, will separate a number of combined sewer overflow outfalls, will develop and implement a Final Long Term Control Plan. Implementation measures are underway to eliminate overflows from the Mud Run Pump Station, and the City is in the process of implementing the fifth year of a five-year Capacity, Management, Operation and Maintenance Program, and will pay a civil penalty and fund a portion of a supplemental environmental project.

Capital Improvements

Over the past eight years, the City has constructed approximately \$117 million worth of capital improvements to the Sewer System. This extensive capital improvements program has had a major positive impact on the operating efficiency of the Sewer System and its compliance with environmental regulations. The table below sets forth the Sewer System's capital improvement expenditures for the years 2009 through 2013, and includes expenditures from Sewer System revenues and the proceeds of bonds and other obligations.

Capital Improvement Expenditures

| | 2009 | 2010 | 2011 | 2012 | 2013 | Total |
|---------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Water Pollution | | | | | | |
| Control Station | \$62,738 | \$964,756 | \$2,020,667 | \$5,989,072 | \$4,479,802 | \$13,517,035 |
| Sewer | | | | | | |
| Reconstruction | 3,346,808 | 1,539,300 | 3,827,909 | 5,510,722 | 3,741,138 | 17,965,877 |
| Combined Sewer | | | | | | |
| Overflow | 458,193 | 5,769,694 | 7,570,996 | 18,126,131 | 29,862,312 | 61,787,326 |
| New Sewers: | | | | | | |
| City | 0 | 0 | 0 | 0 | 0 | 0 |
| JEDDs | 308,699 | 356,374 | 14,970 | 9,295 | 2,589,000 | 3,278,338 |
| Total | | | | | | |
| Sewer System | \$4,176,438 | \$8,630,124 | \$13,434,542 | \$29,635,220 | \$40,672,252 | \$96,548,576 |

The following table sets forth the projected capital improvement expenditures planned for the years 2014 through 2018, including expenditures from bond proceeds and Sewer System revenues, subject to availability of those revenues. As discussed under **The City – Joint Economic Development Districts**, the City is extending the Sewer System’s collection system into the neighboring townships in which Joint Economic Development Districts have been established. A portion of the revenues received by the City pursuant to the JEDD contracts will be used to pay costs of extending these facilities (see **Special Revenue Bonds**).

Projected Capital Improvement Expenditures (000’s)

| | 2014 | 2015 | 2016 | 2017 | 2018 | Total |
|---------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Water Pollution Control Station | \$2,000 | \$6,000 | \$30,000 | \$40,000 | \$0 | \$78,000 |
| Sewer Reconstruction | 19,300 | 20,545 | 3,995 | 3,700 | 3,700 | 51,310 |
| Combined Sewer Overflow | 42,615 | 84,907 | 91,650 | 193,572 | 187,949 | 600,693 |
| New Sewers: | | | | | | |
| City | 0 | 0 | 0 | 0 | 0 | 0 |
| JEDDs | 1,820 | 0 | 0 | 720 | 0 | 2,540 |
| Total Sewer System | \$65,735 | \$111,452 | \$125,645 | \$238,062 | \$191,649 | \$732,543 |

In 2005, the City and the facility operator, KB Compost Services, Inc., entered into an agreement to design, build, and operate a 5,000 dry-ton-per-year anaerobic-digestion system with a combined heat and power unit capable of generating up to 335 kW of electricity. The initial phase is sized to process about one-third of the wastewater treatment plant sludge production; it went into operation in late 2007. In 2010, the electricity produced reduced the plant’s cost for electricity by 28%. In 2013, the City eliminated composting, and KB BioEnergy (formerly KB Compost Services) handles all former City composting in this manner.

Employees

As of December 31, 2013, the City had 117 permanent employees involved in the operation and maintenance of the Sewer System. The Sewer Bureau, which includes all functions of the Sewer System as well as the Water Supply Bureau is under the supervision of the Director of

Public Service except the Finance Department's Akron Utilities Business Office (See **Water System - Employees**).

Service Area and Users

The Sewer System supplies the only sanitary sewage collection and treatment service in the City and also serves users located outside the City in the Cities of Stow, Cuyahoga Falls, Tallmadge, and Fairlawn; the Villages of Silver Lake, Munroe Falls, Lakemore, and Mogadore; and the Townships of Bath, Copley, Coventry, and Springfield. The City acquired the water and sewer lines of the Copley Square Water Company on June 4, 2010. This utility provided water and sewer service to approximately 700 accounts in Copley Township. This utility connected its water and sewer lines to Akron's water and sewer system as a condition of the purchase. The city serves these accounts on a retail basis. The numbers of users served by the Sewer System for the last five years are set forth in the following table.

| | | | | | |
|--|--------|--------|--------|--------|--------|
| SEWER SYSTEM | | | | | |
| NUMBER OF USERS (Excluding Master Meter Communities) | | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Within City | | | | | |
| Residential | 66,887 | 66,840 | 66,222 | 65,803 | 65,481 |
| Commercial | 2,969 | 3,020 | 3,033 | 3,050 | 3,032 |
| Industrial | 1,391 | 1,423 | 1,464 | 1,461 | 484 |
| Other | * | * | 61 | 69 | 73 |
| Subtotal | 71,247 | 71,283 | 70,780 | 70,383 | 69,070 |
| | 90.5% | 90.2% | 90.0% | 89.9% | 89.7% |
| Outside City | | | | | |
| Residential | 7,415 | 7,617 | 7,330 | 7,346 | 7,363 |
| Commercial | * | * | 438 | 444 | 456 |
| Industrial | 83 | 85 | 95 | 98 | 100 |
| Other | * | * | 4 | 5 | 5 |
| Subtotal | 7,498 | 7,702 | 7,868 | 7,893 | 7,924 |
| | 9.5% | 9.8% | 10.0% | 10.1% | 10.3% |
| Total Users | | | | | |
| Residential | 74,302 | 74,457 | 73,552 | 73,148 | 72,844 |
| Commercial | * | * | 3,472 | 3,494 | 3,488 |
| Industrial | 1,474 | 1,508 | 1,558 | 1,559 | 584 |
| Other | * | * | 65 | 74 | 78 |
| Total | 78,745 | 78,985 | 78,648 | 78,276 | 76,994 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

The Sewer System serves five master-metered areas under separate sewer-service agreements. The flow from each of these areas is metered and sampled for biochemical oxygen demand (B.O.D.) and suspended solids (S.S.). Each community is then billed based on the flow and strength of sewage delivered to the Sewer System. Each master-meter customer is billed for flow at a designated rate per million gallons, and then receives a debit or credit for over-or-under-assigned strength sewage. Finally, a monthly billing charge is added to recover costs associated with Accounting Department services rendered. Master-meter customers account for approximately 17% of the total flow treated at the City's wastewater treatment plant. Master-meter customers handle billing to individual users.

The total billed wastewater discharge by each category of users for the years 2009 through 2013 is set forth in the following table.

SEWER SYSTEM

| USER DISCHARGE VOLUME (Millions of Gallons) | | | | | |
|---|----------|----------|----------|----------|----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Akron Billed Discharge | | | | | |
| Residential | 4,022.8 | 3,929.5 | 3,820.5 | 3,847.5 | 3,641.4 |
| Commercial | 1,124.7 | 1,123.9 | 1,086.0 | 1,059.9 | 1,024.9 |
| Industrial | 643.3 | 618.0 | 639.3 | 520.2 | 457.8 |
| Other | * | * | 78.0 | 71.9 | 64.9 |
| Subtotal | 5,790.8 | 5,671.4 | 5,623.8 | 5,499.4 | 5,189.0 |
| | 53.6% | 53.2% | 49.0% | 52.3% | 51.0% |
| Suburban Billed Discharge | | | | | |
| Residential | 423.8 | 430.7 | 405.5 | 414.9 | 391.4 |
| Commercial | 174.9 | 180.6 | 174.9 | 180.7 | 178.0 |
| Industrial | 76.1 | 60.0 | 44.3 | 55.4 | 47.9 |
| Other | * | * | 2.6 | 1.7 | 0.2 |
| Subtotal | 674.8 | 671.3 | 627.2 | 652.6 | 617.5 |
| | 6.2% | 6.3% | 5.5% | 6.2% | 6.1% |
| Subtotal Billed Discharge | | | | | |
| Residential | 4,446.6 | 4,360.2 | 4,225.9 | 4,262.3 | 4,032.8 |
| Commercial | 1,299.6 | 1,304.5 | 1,260.9 | 1,240.6 | 1,202.9 |
| Industrial | 719.4 | 678.0 | 683.6 | 575.5 | 505.7 |
| Other | * | * | * | * | * |
| Subtotal | 6,465.6 | 6,342.7 | 6,251.0 | 6,152.1 | 5,806.4 |
| | 59.8% | 59.5% | 54.4% | 58.5% | 57.0% |
| Master Metered Suburban Communities | | | | | |
| Cuy. Falls | 1,101.9 | 1,083.5 | 1,246.3 | 961.8 | 955.2 |
| Montrose | 368.5 | 359.9 | 417.5 | 381.0 | 348.5 |
| Mud Brook | 1,935.5 | 1,826.1 | 2,262.0 | 1,946.2 | 1,951.2 |
| Lakemore | 290.0 | 274.2 | 346.0 | 290.8 | 291.6 |
| Tallmadge | 645.9 | 772.6 | 959.4 | 783.4 | 826.4 |
| Subtotal | 4,341.8 | 4,316.3 | 5,231.2 | 4,363.2 | 4,372.9 |
| | 40.2% | 40.5% | 45.6% | 41.5% | 43.0% |
| Total | 10,807.4 | 10,659.0 | 11,482.2 | 10,515.2 | 10,179.3 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Average Daily Discharge Volume

| | | | | | |
|---------------------|--------|--------|--------|--------|--------|
| Millions of Gallons | 29.609 | 29.203 | 31.458 | 28.809 | 27.889 |
|---------------------|--------|--------|--------|--------|--------|

* - Amounts were not split out for this time period

The total user volume billed by the Sewer System for 2013 was 10.2 billion gallons. The ten largest retail users by volume, based on billings, and the master meter customers for the last three years are set forth in the following table.

SEWER SYSTEM

| Ten Largest User Accounts | | Discharge Volume in Millions of Gallons | | | Billing Revenue | | |
|-----------------------------------|-------------|---|--------------|--------------|---------------------|---------------------|---------------------|
| Customer | Entity Type | 2011 | 2012 | 2013 | 2011 | 2012 | 2013 |
| | | | | | \$ | \$ | \$ |
| IRG RC Lessor LLC | Industrial | 206.0 | 146.7 | 168.5 | 1,627,945 | 1,327,226 | 1,684,245 |
| University of Akron | Education | 70.4 | 92.2 | 72.8 | 437,377.0 | 658,011.0 | 566,220 |
| Summa Health Systems | Medical | 61.6 | 59.6 | 54.9 | 371,459 | 410,610 | 417,626 |
| University of Akron | Education | 34.9 | 40.9 | 49.8 | 216,777 | 292,082 | 387,638 |
| Akron General Medical Center | Medical | 80.0 | 55.3 | 45.9 | 496,430 | 395,043 | 357,497 |
| Childrens Hospital Medical Center | Medical | 42.6 | - | 44.4 | 306,184 | * | 330,254.0 |
| St Thomas Hospital | Medical | * | 31.6 | 29.2 | * | 219,503.0 | 223,034 |
| Summit County Jail | Government | * | 26.9 | 27.8 | * | 190,355.0 | 215,251 |
| Firestone Tire & Rubber | Industrial | 42.7 | 26.8 | 25.9 | 354,040.0 | 260,589.0 | 264,100 |
| GenCorp Polymer Products | Industrial | * | 30.6 | 25.8 | * | 220,046.0 | 194,513 |
| Eliokem Inc | Industrial | * | 32.3 | * | * | 305,951.0 | * |
| Akron Energy System | Energy | 69.2 | * | * | 550,592 | * | * |
| Akron Energy System | Energy | 33.0 | * | * | 263,572.0 | * | * |
| LMA Commerce Two LLC | Commercial | 31.9 | * | * | 251,036.0 | * | * |
| Total | | 672.3 | 542.9 | 544.9 | \$ 4,875,412 | \$ 4,279,416 | \$ 4,640,378 |

SEWER SYSTEM

| Master Meter Communities (b) | | Discharge Volume in Millions of Gallons | | | Billing Revenue | | |
|------------------------------|--|---|----------------|----------------|---------------------|---------------------|---------------------|
| Customer | | 2011 | 2012 | 2013 | 2011 | 2012 | 2013 |
| | | | | | \$ | \$ | \$ |
| Cuyahoga Falls | | 1,246.3 | 961.8 | 955.2 | 2,044,485 | 1,829,019 | 1,919,432 |
| Montrose (Summit County) | | 417.5 | 381.0 | 380.6 | 899,856 | 904,710 | 921,122 |
| Mud Brook (Summit County) | | 2,262.0 | 1,946.2 | 1,951.2 | 3,775,011 | 3,984,295 | 4,035,700 |
| Lakemore | | 346.0 | 290.8 | 291.6 | 494,447 | 462,150 | 507,166 |
| Tallmadge | | 959.4 | 783.4 | 826.4 | 1,406,492 | 1,326,725 | 1,446,682 |
| Total | | 5,231.2 | 4,363.2 | 4,404.9 | \$ 8,620,291 | \$ 8,506,898 | \$ 8,830,101 |

* Not part of top ten largest users for specified year

(a) Wholesale contract

(b) Governmental, wholesale contracts

Sewer Rates

Council passed Ordinance 26-2014 establishing a revised schedule of sewerage service charges. Those revised rates are effective starting January 1, 2014, are shown in the following tables.

SEWER SYSTEM

Rates For Sewer Service

Effective January 1 of each year

| | 2012 | | | 2013 | | | 2014 | | | 2015 | | |
|-------------------|---------------------|------------|------------|---------------------|------------|------------|---------------------|------------|------------|---------------------|------------|------------|
| Customer | Residential | Commercial | Industrial | Residential | Commercial | Industrial | Residential | Commercial | Industrial | Residential | Commercial | Industrial |
| | Rate (\$/HCF) | | | Rate (\$/HCF) | | | Rate (\$/HCF) | | | Rate (\$/HCF) | | |
| Akron | \$5.463 | \$5.340 | \$6.997 | \$5.995 | \$5.821 | \$7.627 | \$8.393 | \$8.393 | \$8.542 | \$10.659 | \$10.659 | \$9.567 |
| Akron HEAP * | 4.708 | - | - | 5.026 | - | - | 6.031 | - | - | 6.845 | - | - |
| JEDD | 5.463 | 5.340 | 6.997 | 5.995 | 5.821 | 7.627 | 8.393 | 8.393 | 8.542 | 10.659 | 10.659 | 9.567 |
| Suburban | 3.990 | 3.980 | 5.136 | 4.190 | 4.179 | 5.393 | 4.693 | 4.680 | 6.040 | 5.256 | 5.242 | 6.765 |
| Fairlawn Contract | 3.503 | 3.492 | 4.648 | 3.677 | 3.666 | 4.881 | 4.118 | 4.106 | 5.467 | 4.612 | 4.599 | 6.123 |
| | | | | | | | | | | | | |
| Master Meter | Rate (\$/1,000 gal) | | | Rate (\$/1,000 gal) | | | Rate (\$/1,000 gal) | | | Rate (\$/1,000 gal) | | |
| Cuy. Falls | \$2.024 | | | \$2.125 | | | \$2.493 | | | NA | | |
| Montrose | 2.241 | | | 2.353 | | | 2.287 | | | | | |
| Mud Brook | 1.876 | | | 1.970 | | | 2.352 | | | | | |
| Lakemore | 1.908 | | | 2.003 | | | 2.129 | | | | | |
| Tallmadge | 1.968 | | | 2.066 | | | 2.099 | | | | | |

The City applies a surcharge to master meter customers that discharge wastewater to the Sewer System that is of greater strength than certain defined levels as follows:

| | <u>B.O.D. (mg/L)</u> | <u>Suspended Solids (mg/L)</u> |
|----------------------------|-----------------------------|---------------------------------------|
| Residential User | 182 | 290 |
| Commercial User | 289 | 572 |
| Industrial User | 399 | 771 |
| Suburban Master Meter User | 182 | 290 |

Those master-meter customers that discharge wastewater with strengths in excess of these levels are charged \$0.237 per pound of excess B.O.D. per day and \$0.201 per pound of excess suspended solids per day.

Billing and Collection

Bills to most users of the Sewer System are mailed monthly. The City adds a 10% surcharge to all Sewer System bills not paid within 15 days after the date they are mailed. If those bills remain unpaid for 45 days from the original bill, the City delivers a termination notice to the user, and service may be terminated 10 days after that by discontinuing water service. If service is terminated, it will not be restored until the bill is paid or a payment arrangement is signed. When such bills (and penalties) are not paid when due, the City may do either or both of the following: (a) collect them by actions at law, and after that (b) for those that arise under service contracts made directly with users, certify them to the County Fiscal Officer to be placed on the tax duplicate together with the interest and penalties allowed by law, to be collected as property taxes are collected. The City's practice with respect to bills and penalties not paid has been to place them on

the tax duplicate. In 2013, the number of total Sewer System accounts receivable over 60 days decreased slightly due to increased account management and aggressive collection efforts. The amounts past due as of 12/31/2013 are as follows; 30 day- \$711,861, 60 day- \$435,422, and 90+ days - \$2,471,219. It is the general policy of Akron Utilities Business Office to continue to try to collect charges rather than write them off.

Historical Income, Expenditures and Debt Service Coverage

The following table sets forth historical comparative income and expenditures for the Sewer System for the past five years as well as debt-service coverage for those years reported and computed on a cash basis (see **Revenue Bonds**).

Historical Income and Expenditures and Debt Service Coverage

| | 2009 | 2010(c) | 2011 | 2012(c) | 2013 |
|--|-------------------|---------------------|----------------------|----------------------|---------------------|
| Total Operating Revenues | \$35,173,239 | \$41,792,872 | \$44,622,570 | \$53,150,619 | \$58,864,479 |
| Total Operating Expenses | 23,499,390 | 22,206,203 | 23,585,273 | 25,701,431 | 26,553,056 |
| Net Revenues | 11,673,849 | 19,586,669 | 21,037,297 | 27,449,188 | \$32,311,423 |
| Debt Service on Outstanding Bonds | 5,081,910 | \$ 5,083,265 | 5,083,905 | 5,262,303 | \$5,080,331 |
| Debt Service Coverage on Outstanding Bonds (a) | 2.30 | 3.85 | 4.14 | 5.22 | 6.36 |
| Net Revenues Available for Other Utility Obligations | 6,591,939 | \$ 14,503,404 | 15,953,392 | 22,186,885 | \$27,231,091 |
| Repayment of OWDA/OPWC Loans (b) | 6,073,432 | 5,862,492 | 5,587,208 | 4,065,251 | 7,870,858 |
| General Obligation Bond Payments | 0 | 0 | 0 | 0 | 0 |
| Balance Available | \$ 518,507 | \$ 8,640,912 | \$ 10,366,184 | \$ 18,121,634 | \$19,360,233 |

(a) Net Revenues divided by Debt Service on Revenue Bonds. The Trust Indenture for the Sewer System Improvement Revenue Bonds requires a debt-service coverage of at least 1.25.

(b) See **City Debt and Other Long-Term Obligations**.

(c) Amounts have been updated to reflect findings from subsequent review of revenue and expenditures

WATER SYSTEM

General

The City has owned and operated its water supply, treatment, and distribution system (the Water System) since 1912. The watershed for the Water System covers 207 square miles and offers a potential supply of 120 million gallons per day. In 2013, the average daily pumpage was approximately 33.99 million gallons. According to the Ohio EPA, approved treatment plant capacity is 67 million gallons per day (M.G.D.) and approved instantaneous flow rate is 76 M.G.D. The Water System includes over 1,226 miles of pipe, 15 distribution-storage reservoirs, elevated tanks and standpipes, and 11 booster-pump stations. It serves over 90,000 customers in the City, six other municipalities, and parts of five adjacent townships.

The Water System is operated as a self-supporting enterprise. Rates are set so as to provide sufficient funds for operation, for an adequate level of maintenance, for capital

improvements, and for debt-service requirements on revenue bonds, on certain general obligation bonds or notes issued for Water System purposes, and on obligations to the Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) (see **Revenue Bonds** and **City Debt and Other Long-Term Obligations**).

The City's extensive water system is not confined to the sale of water. Other sources of revenues (totaling approximately \$2.95 million for 2013) include: (a) billing services for sewer and curb service (\$2.484 million) and (b) rental revenue from cell phone towers and oil/gas production (\$.47 million).

Water Supply, Treatment and Distribution

The Cuyahoga River is the source of the City's water supply. The river's headwater is 15 miles from Lake Erie; it flows south to the City and then north into Lake Erie at the City of Cleveland.

The Water System's four reservoirs and their locations and capacities are set forth in the following table.

| <u>Reservoir</u> | <u>Location (County)</u> | <u>Surface Area (acres)</u> | <u>Capacity (Billion Gallons)</u> |
|-------------------------|-------------------------------------|--|--|
| Lake Rockwell | Portage | 769 | 2.1/2.4(a) |
| East Branch | Geauga | 420 | 1.5 |
| LaDue | Geauga | 1,500 | 5.7/6.8(a) |
| Mogadore | Portage | 900 | 2.3/3.3(a) |

(a) Increased capacity is available through use of flashboards, which are temporary wood additions to the dam to increase its height.

The City has underground resources to add to its surface reservoirs. Preliminary studies indicate that development of well fields in the upper portions of the watershed could provide a potential supplemental capacity of 22 M.G.D.

Untreated water flows from Lake Rockwell to the water plant about one-half mile away. All water supplied to the City passes through the treatment plant and pumping station at Lake Rockwell. Originally built in 1915, this plant has been enlarged, remodeled, and modernized over the years.

Upon entering the plant at Lake Rockwell, the raw water is chemically treated to kill bacteria and to coagulate, flocculate, and settle suspended particles. From there, the partially clarified water flows through filters that remove the particles and solid impurities remaining in the water after the settling process. A one-million gallon clear well collects the filtered water, which is further treated with additional chemicals: chlorine as a disinfectant, fluoride to prevent tooth decay, and pH stabilization and corrosion inhibitor agents to prevent corrosion and encrusting of the water mains. After the final chemical treatment, the water is pumped to the City by six pumps located in the high-lift pumping station. Under normal conditions, this is the first time that pumps are used; until this point, water has flowed to and through the system by force of gravity.

The treated water is pumped through about 28 miles of force mains to two equalizing reservoirs in the City. About 53 miles of feeder mains distribute water from the force mains and the equalizing reservoirs to a network of approximately 963 miles of distribution mains in the City and over 140 miles of mains in areas outside of the City. Water is stored within the distribution system at 12 different locations.

In addition to the domestic water supply, the City has an industrial water supply that is rarely used but stands ready to service the needs of industry in the event of a serious breakdown at the Lake Rockwell facility. Because this industrial watershed comes into the Cuyahoga River in the City, it does not flow through the Lake Rockwell facilities. This industrial water is untreated and not potable. The primary source of this industrial water is the Mogadore Reservoir in the valley of the Little Cuyahoga River. Because of the capacity and smooth operation of Lake Rockwell and the East Branch and LaDue Reservoirs, Mogadore Reservoir has been used exclusively in recent years for recreation and to control the flow of the Little Cuyahoga River. Deep wells owned by private industry are also a source of industrial water.

Capital Improvements

Over the past ten years, the City has constructed approximately \$80 million worth of capital improvements to the Water System. This extensive capital improvements program has had a major positive impact on the operating efficiency of the Water System.

An example of this increased efficiency is the Water System's water service connections replacement program that began in 1964. The Water System assumed the responsibility of maintaining and replacing water service connections at no direct cost to the consumer. The replacement of house lines by the customer and water-service connections by the Water System with copper materials has reduced the operating expenses incurred in finding and repairing recurrent leaks as well as the unaccounted-for loss of water because of leaks. The Water System uses this program to reduce operating and capital costs further by systematically replacing all non-copper water service connections during the excavation phase of a street paving project rather than implementing a random replacement program that would increase surface restoration costs. The City expects that the copper replacement program will assist it in reducing the number of leaking water service connections and in complying with the requirements of the national lead/copper regulations of the U.S. EPA. The Water System has also instituted and maintains an active repair and replacement program for its distribution system, much of which was constructed before the 1930s. The Water System expects to reduce the rate of breaks through the continuation of the Water System's water-main-replacement program. Replacement of the older, iron pipes with new, cement-lined, ductile, iron pipes has reduced pumping costs and the occurrences of pavement damage, while meeting U.S. EPA drinking water regulations.

Construction of a \$535,000 potassium permanganate water treatment system is complete. Under a \$2.85 million contract, replacement of 2.31 miles of the old (1920-1922) parallel 48 inch force mains was substantially completed in 2002. Under the JEDD contracts, water mains have been extended by 4.3 miles. A sedimentation basin rehabilitation project was completed in 2001 at a cost of approximately \$8.6 million. Construction of a \$4.4 million chemical building for the Water Plant was completed in 2004. The City has completed installation of a "drive-by" meter reading system in approximately 85,000 residential, commercial, and industrial accounts. A meter reader drives a vehicle equipped with a reading device that automatically collects meter readings. The automated meter-reading initiative began during 2003 with replacement of all residential meters. This project was completed in 2005 at an approximate cost of \$17.47 million. The automated meter-reading initiative for commercial and industrial meters began during 2008. The project was completed during 2009 at an approximate cost of \$2.97 million.

The following table sets forth the Water System's capital improvement expenditures for the years 2009 through 2013 and includes expenditures from bond proceeds and Water System revenues.

Capital Improvement Expenditures

| | 2009 | 2010 | 2011 | 2012 | 2013 | Totals |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Water Treatment Plant(a) | \$ 1,529,884 | \$705,694 | \$4,397,405 | \$ 3,103,533 | \$2,268,808 | \$12,005,324 |
| Transmission and Distribution: City | 317,638 | 2,538,648 | 2,775,640 | 2,228,375 | 1,535,891 | 9,396,192 |
| JEDDs | 885,053 | 0 | 3,530 | 445,463 | 575,000 | 1,909,046 |
| General | 1,052,328 | 0 | 80,756 | 654,307 | 324,145 | 2,111,536 |
| Total Water System | \$3,784,903 | \$3,244,342 | \$7,257,331 | \$6,431,678 | \$4,703,844 | \$25,422,098 |

(a) Includes pumping equipment and source of supply (reservoirs and supply mains).

(b) Includes meter reading systems and customer service.

The following table sets forth the projected capital improvement expenditures planned for the years 2014 through 2018, including expenditures from proceeds of bonds and other obligations, State grants, and Water System revenues, subject to availability of those revenues. As discussed in **The City-Joint Economic Development Districts**, the City has extended the Water System's transmission and distribution system into the neighboring townships in which Joint Economic Development Districts have been established. A portion of the revenues received by the City under the JEDD contracts will be used to pay costs of extending these facilities (see **Special Revenue Bonds**).

Projected Capital Improvement Expenditures (000's)

| | 2014 | 2015 | 2016 | 2017 | 2018 | Total |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Water Treatment Plant(a) | \$ 225 | \$ 225 | \$225 | \$225 | \$225 | \$ 1,125 |
| Transmission and Distribution: City | 4,675 | 4,675 | 4,675 | 4,675 | 4,675 | 23,375 |
| JEDDs | 880 | 880 | 880 | 880 | 880 | 4,400 |
| General | 35 | 35 | 35 | 35 | 35 | 175 |
| Total Water System | \$5,815 | \$5,815 | \$5,815 | \$5,815 | \$5,815 | \$29,075 |

(a) Includes pumping equipment and source of supply (reservoirs and supply mains).

(b) Includes meter reading systems and customer service.

Employees

As of December 31, 2013, the City had 141 permanent employees involved in the operation and maintenance of the Water System. The Water Bureau, which includes all functions of the Water System as well as the Water Pollution Control Division and the Sewer Utilities Field Operations, is under the supervision of the Director of Public Service except the Finance Department's Manager of the Akron Utilities Business Office (see **Sewer System – Employees**).

Service Area and Users

As of December 31, 2013, the Water System provided water to 74,442 accounts inside the City and 9,201 accounts outside the City's corporate limits. Those outside accounts represent 11.0 % of the total accounts serviced by the Water System and 15.4% of the Water System's metered water. These figures include the sale of water to the City of Tallmadge and the City of Stow on a wholesale basis.

The Water System's total billings and metered water volume use are detailed, in terms of account type, in the table that follows.

| WATER SYSTEM BILLED WATER REVENUE | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Within City | | | | | |
| Residential | \$12,872,827 | \$14,965,709 | \$14,233,779 | \$17,202,942 | \$16,734,218 |
| Commercial | 5,356,078 | 6,052,990 | 5,741,532 | 6,426,696 | 6,270,224 |
| Industrial | 1,885,626 | 2,684,031 | 2,008,804 | 2,113,963 | 1,883,690 |
| Other | 176,958 | 219,572 | 183,415 | 324,041 | 188,803 |
| Subtotal | \$20,291,489 | \$23,922,302 | \$22,167,530 | \$26,067,642 | \$25,076,935 |
| | 74.9% | 75.8% | 74.2% | 83.4% | 83.7% |
| Outside City | | | | | |
| Residential | * | * | 3,283,343 | 3,665,720 | \$3,551,092 |
| Commercial | * | * | 1,487,257 | 1,054,081 | 1,044,573 |
| Industrial | * | * | 98,550 | 104,513 | 92,345 |
| Other | * | * | 2,854,441 | 359,140 | 211,748 |
| Subtotal | \$6,782,025 | \$7,656,930 | \$7,723,590 | \$5,183,453 | \$4,899,757 |
| | 25.1% | 24.2% | 25.8% | 16.6% | 16.3% |
| Total Users | | | | | |
| Residential | * | * | 17,517,122 | 20,868,662 | \$20,285,309 |
| Commercial | * | * | 7,228,789 | 7,480,777 | 7,314,797 |
| Industrial | * | * | 2,107,353 | 2,218,476 | 1,976,035 |
| Other | * | * | 3,037,856 | 683,181 | 400,551 |
| Total | \$27,073,514 | \$31,579,232 | \$29,891,120 | \$31,251,095 | \$29,976,692 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

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WATER SYSTEM

METERED WATER CONSUMPTION (1,000 cubic feet)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|-----------|-----------|-----------|-----------|-----------|
| Within City | | | | | |
| Residential | 419,855 | 534,349 | 404,564 | 524,122 | 495,630 |
| Commercial | 307,401 | 344,937 | 287,101 | 299,813 | 282,881 |
| Industrial | 113,008 | 110,049 | 101,124 | 98,526 | 90,561 |
| Other | 27,028 | 28,002 | 21,214 | 29,071 | 19,350 |
| Subtotal | 867,292 | 1,017,337 | 814,003 | 951,533 | 888,422 |
| | 71.6% | 73.5% | 71.3% | 84.5% | 84.6% |
| Outside City | | | | | |
| Residential | * | * | 83,361 | 124,038 | 117,919 |
| Commercial | * | * | 51,334 | 32,443 | 31,294 |
| Industrial | * | * | 6,428 | 7,805 | 6,801 |
| Other | * | * | 185,738 | 10,604 | 5,791 |
| Subtotal | 344,146 | 366,009 | 326,861 | 174,890 | 161,806 |
| | 28.4% | 26.5% | 28.7% | 15.5% | 15.4% |
| Total Users | | | | | |
| Residential | * | * | 487,925 | 648,160 | 613,549 |
| Commercial | * | * | 338,435 | 332,256 | 314,175 |
| Industrial | * | * | 107,552 | 106,332 | 97,362 |
| Other | * | * | 206,952 | 39,675 | 25,141 |
| Total | 1,211,438 | 1,383,346 | 1,140,864 | 1,126,423 | 1,050,227 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

* - Amounts were not split out for this time period

The area served with the Water System's water includes the Cities of Akron, Hudson, Tallmadge, Stow, Fairlawn, and a portion of Cuyahoga Falls; the Village of Mogadore; parts of the Townships of Bath, Boston, Springfield, Copley, and Coventry; and the Great Lakes Canning Company plant and the Chrysler Stamping plant in the City of Twinsburg.

Most customers outside the City pay a retail rate equal to the amount charged to customers within the City plus a 10% to 60% retail surcharge. The City of Tallmadge is paying a rate equivalent to the City rate plus a 22.5% surcharge. The City of Fairlawn customers currently pay a retail rate equal to the City rate plus a 15% surcharge. Customers in the Village of Mogadore, the west portion of the City of Cuyahoga Falls, and the Townships of Bath and Boston, as well as the Great Lakes Canning Company plant, pay a retail surcharge of 45% to 60%. Those customers in Joint Economic Development Districts within the Townships of Copley, Coventry, Springfield, and Bath generally pay a surcharge of 10%.

The County formerly operated a water distribution system, but sold the majority of that system to the City of Stow in 2001 and the remainder of that system to them in 2006. Akron signed a wholesale water supply contract with Stow in 2006, providing for a 15% surcharge. The contract also provides for tax-sharing from new business development in selected areas of Stow and adjacent areas made possible by the availability of water from the City's system. The City acquired the water and sewer lines of the Copley Square Water Company on June 4, 2010. This utility provided water and sewer service to approximately 700 accounts in Copley Township. The utility connected its water and sewer lines to Akron's water and sewer as a condition of the purchase. The City serves these accounts on a retail basis. The following table sets forth the ten largest users of water in 2011-2013.

WATER SYSTEM

| Ten Largest User Accounts | | Water Volume in Million Cubic Feet | | | Billing Revenue | | |
|-----------------------------------|-----------------|------------------------------------|--------------|--------------|---------------------|---------------------|---------------------|
| | | 2011 | 2012 | 2013 | 2011 | 2012 | 2013 |
| Customer | Entity Type | | | | | | |
| City of Stow (a) | Government | 116.3 | 128.0 | 120.1 | \$ 1,644,347 | \$ 1,941,570 | \$ 1,857,874 |
| City of Tallmadge (a) | Government | 62.5 | 60.4 | 57.6 | 980,417 | 1,026,759 | 1,000,493 |
| IRG RC Lessor LLC | Industrial | 36.6 | 40.9 | 39.7 | 523,198 | 540,891 | 601,263 |
| University of Akron*** | Education | 21.1 | 28.8 | 26.6 | 268,183 | 352,000 | 336,136 |
| Coca Cola Bottling Co. | Food Production | * | 7.1 | 9.3 | * | 239,572 | 302,391 |
| Akron General Medical Center | Medical | 13.7 | 10.9 | 9.2 | 205,039 | 176,959 | 164,740 |
| Bridgestone/Firestone | Industrial | 9.0 | 11.7 | 7.5 | 177,411 | 189,247 | 168,709 |
| Summa Health Systems | Medical | 8.4 | 8.1 | 7.5 | 157,754 | 163,561 | 160,611 |
| Childrens Hospital Medical Center | Medical | 6.6 | 8.4 | 7.5 | 137,201 | 126,933 | 150,605 |
| St Thomas Hospital | Medical | * | 6.6 | 5.3 | * | 120,764 | 109,145 |
| City of Akron | Government | 12.1 | * | * | 232,716 | * | * |
| LMA Commerce Two LLC | Commercial | 6.9 | * | * | 110,163 | * | * |
| Total | | 293.2 | 310.9 | 290.2 | \$ 4,436,428 | \$ 4,878,257 | \$ 4,851,966 |

* Not part of top ten largest users for specified year

** Information not available for specified year

*** Restated for 2011 and 2012 to include secondary account

(a) Wholesale contract

The following table sets forth the water sales and number of meters in service for the Water System for the years 2008 through 2012.

WATER SALES & NUMBER OF METERS

| For the Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------|---------------|---------------|---------------|---------------|
| Total Sales Volume for Year | | | | | |
| Billions of Gallons | 9.062 | 10.347 | 8.534 | 8.426 | 7.856 |
| Average Daily Sales Volume | | | | | |
| Millions of Gallons | 24.826 | 28.349 | 23.380 | 23.084 | 21.522 |
| Approximate Number of Meters in Service | | | | | |
| | 84,138 | 84,348 | 83,794 | 82,830 | 83,643 |

Water Rates

Rates and charges for the products and services of the Water System are set by the Director of Public Service. The Service Director is bound by the rate covenant in the bond legislation and trust indentures relating to the various revenue bond issues (see **City Debt and Other Long-Term Obligations – Revenue Bonds** and **Special Revenue Bonds**). The Service Director approved a water rate schedule effective May 1, 2010 as follows (as of 5/1/2013 rates for 2013 and beyond had not been established);

City of Akron Water System

Water Rates - 2010-2012

WATER SYSTEM

Quarterly Rates Per 100 Cubic Feet

| Effective May 1 of each year | | 2010 | 2011 | 2012 |
|------------------------------|---------------------------|--------|---------|---------|
| Block 1 | 0 - 9,000 cu.ft. | \$2.34 | \$2.53 | \$2.73 |
| Block 2 | 9,001 - 1,500,000 cu.ft. | 2.1 | 2.27 | 2.45 |
| Block 3 | 1,500,001 cu.ft. and over | 1.11 | 1.19 | 1.29 |
| Billing Charge Per Quarter | | \$9.66 | \$10.43 | \$11.26 |

WATER SYSTEM

Quarterly Rates For Fire Service

| Effective May 1 of each year | | 2010 | | 2011 | | 2012 | |
|------------------------------|-----|----------|-----------|----------|-----------|----------|-----------|
| | | Metered* | Unmetered | Metered* | Unmetered | Metered* | Unmetered |
| Size of Line | 1" | \$18.49 | \$55.32 | \$19.97 | \$59.74 | \$21.57 | \$64.52 |
| | 2" | 37.01 | 110.69 | 39.97 | 119.55 | 43.17 | 129.11 |
| | 3" | 46.18 | 147.58 | 49.87 | 159.39 | 53.86 | 172.14 |
| | 4" | 64.58 | 209.05 | 69.75 | 225.77 | 73.33 | 243.83 |
| | 6" | 92.39 | 307.59 | 99.78 | 332.19 | 107.76 | 358.77 |
| | 8" | 147.58 | 492.17 | 159.39 | 531.54 | 172.14 | 574.07 |
| | 10" | 239.89 | 781.07 | 259.39 | 843.56 | 279.81 | 911.05 |
| | 12" | 387.48 | 1285.41 | 418.47 | 1388.24 | 451.95 | 1499.3 |

* Includes installations with full flow and detector check assemblies

As previously noted, City Council establishes various other retail rates for accounts outside the City. The quarterly charge per fire hydrant applicable to retail users outside the City is \$12.50.

Billing and Collection

Bills are rendered on a monthly basis. Bills indicate a net amount; a user may pay the net amount during the first 20 days after the bill is mailed. After 70 days the City initiates a shut-off procedure, and the user may have to pay up to \$40 to have service reinstated.

Water accounts are only in the name of the owner of the property. The City has the right to discontinue water service to any other property in the service area owned by a delinquent customer. It is the general policy of the Finance Department's Akron Utilities Business Office to collect charges rather than to write them off.

Ohio law provides additional water-charge collection procedures for cities, counties, and villages. When water charges are not paid when due, they may be sought either by court action or by certification to the county auditor for collection as taxes, with partial payments (\$10 minimum) permitted before that certification. Certification may be made only if the charges have been due and unpaid for at least 60 days and the owner of the property has received written notice of the impending certification at least 30 days before the certification. After certification, the lien created by certification may be released upon full payment to the county fiscal officer of the unpaid water charge plus associated penalties, if any. The City began to use these procedures for the collection of delinquent water charges in 2004. The amounts outstanding at 12/31/2013 end are as follows; 30 day- \$420,108, 60 day- \$266,014, and 90+ days- \$2,680,544.

Historical Operating Results

The following table sets forth historical comparative revenue and expenses for the Water System for the past five years, as well as debt service coverage for those years, reported and computed on a cash basis(see **Revenue Bonds**).

Historical Income and Expenditures and Debt Service Coverage

| | 2009(e) | 2010 | 2011 | 2012(e) | 2013 |
|--|----------------|--------------|--------------|----------------|--------------|
| Operating Revenues(a) | \$32,266,085 | \$32,082,808 | \$34,741,226 | \$39,879,776 | \$37,190,630 |
| Operating and Maintenance Expenditures (a) | 22,765,462 | 22,239,021 | 24,168,940 | 24,527,650 | 24,539,664 |
| Net Operating Revenues | \$9,500,623 | \$9,843,787 | \$10,572,286 | 15,352,126 | \$12,650,966 |
| Maximum Annual Debt Service | \$ 5,491,264 | \$ 5,461,206 | \$ 5,476,595 | \$4,947,495 | \$4,948,370 |
| Debt Service Coverage(b) | 1.73 | 1.80 | 1.93 | 3.10 | 2.56 |
| Actual M/R Debt Service(c) | \$ 8,156,755 | \$ 7,558,991 | \$5,542,016 | \$ 5,155,945 | \$5,023,595 |
| Balance Available for Capital Additions, Reserves and Other Purposes | \$ 1,343,868 | \$ 2,284,796 | \$ 5,030,270 | \$10,196,181 | \$7,627,371 |
| Other Debt Service:(d) | | | | | |
| OWDA/OPWC Loans | 1,503,311 | 1,643,726 | 1,736,162 | 1,494,904 | 1,440,663 |
| General Obligation Bonds | 61,284 | 0 | 0 | 0 | 0 |
| Balance Available | \$ (159,443) | \$ 641,070 | \$ 3,294,108 | \$8,701,277 | \$6,186,708 |

(a) As defined in the indenture for the Waterworks System Improvement Revenue Bonds.

(b) Net Revenues divided by Maximum Annual Debt Service. The indenture requires a debt service coverage of at least 1.25.

(c) Amount paid to the bond trustee for debt service by the Water System in the calendar year indicated on the City's outstanding water revenue bonds. Proceeds of bonds are not included in this table.

(d) See **City Debt and Other Long-Term Obligations**.

(e) Amounts have been updated to reflect findings from subsequent review of revenue and expenditures

OTHER UTILITIES

Solid Waste Collection and Disposal System

The City provides residential garbage collection services through use of its own employees and a contract with a private firm. Solid waste collected by the City's curbside service is delivered to a Waste Management transfer station located in the City and then transferred to the American Landfill (a Waste Management facility located in nearby Stark County). In 1989, the City initiated a curbside recycling program to recover aluminum, glass, tin, and plastic, which was expanded in 1992 to all 64,000 households in the City. Newspapers, paper, and magazines were added to the recycling program in 1995. Before this time all recycles were handled as regular collection.

The City's Hardy Road Landfill was closed in June 2002. In 2004, Waste Management, the City, and the City of Cuyahoga Falls entered into an agreement to help manage waste from each city and throughout the County in an environmentally efficient manner.

Pursuant to requirements of Ohio law, the County, the City, and other political subdivisions within the County have established the Summit-Akron Solid Waste Management District that is governed by the Summit-Akron Solid Waste Management Authority.

In 2011, Hull & Associates, Inc and the City of Akron entered into an agreement to recover landfill gas from this former site to utilize in producing electricity for the adjacent city-owned waste-water treatment plant. The project will produce approximately 7,000 megawatt hours of electricity annually, or about 30 percent of the wastewater plant annual electric requirements. The closed landfill produces approximately 17,500 standard cubic feet per hour of landfill gas which is currently burned off.

Heating and Cooling

Akron Energy Systems, LLC manages and operates the City's downtown heating and cooling system. AES is using a boiler powerhouse donated to the City by The B.F. Goodrich Company in 1987, with the other boilers at the City's former solid waste burning facility as back-up, to provide energy for heating (steam and hot water) and cooling to customers in the Opportunity Park Renewal Project area, the University area, and downtown, including hospitals and municipal buildings. The City created a task force of customers to study the operation of the system. Upon its recommendation, the City sought to replace its operator, Akron Thermal, who then filed for Chapter 11 bankruptcy protection. The federal bankruptcy court allowed Akron Thermal to extend its lease until 2017. The City appealed that decision to the U.S. District Court. While the case was pending, Akron Thermal abandoned the system. AES has operated the system on behalf of the City since the former operator abandoned the property in September 2009.

In November, the voters passed a ballot that would allow the City to donate the steam system to Children's Hospital, one of the largest users of the system. The hospital is in the midst of a major expansion, and along with neighboring Akron General Hospital, wants to know it has a reliable system in their control to provide service. The passage allows the City to donate the system to Children's, which would then, with the assistance of the City, find a company to buy or enter into a lease to operate the system. This would provide heating and cooling to the two hospitals, and largest employers in the area as well as other important employers and facilities downtown, at an improved cost as opposed to installing their own systems.

Natural Gas; Electricity

Natural gas is supplied in the City by Dominion East Ohio. FirstEnergy Corp. provides electricity in the City, the County, and major portions of the State. FirstEnergy Corp., which has headquarters in downtown Akron, is the fifth largest investor-owned utility in the nation, servicing approximately 4.5 million customers in Ohio, Pennsylvania, and New Jersey. FirstEnergy Corp. is a member of the Central Area Power Coordination Group (CAPCO), which is made up of seven electric utility companies in northern Ohio and western Pennsylvania.

TRANSPORTATION

The City is a major trucking center with 10 motor freight carriers having offices or terminals in the City. An additional 37 motor freight carriers have offices and terminals outside the City in the surrounding areas of Summit, Medina and Portage Counties. Interstate Routes 71, 76, 77, 80, 271, and 277, as well as nine State highways, serve the area.

Railroads serving the City and the area include CSX, Wheeling & Lake Erie Railway Co., and Akron-Barberton Cluster Railway (owned by Wheeling & Lake Erie Railway Co.). The City is also served by Greyhound bus line.

Three airports Akron-Canton Regional Airport in the County, Akron-Fulton International Airport in the City, and Cleveland Hopkins International Airport in the City of Cleveland, serve the air travel needs of the region. The Akron-Canton Regional Airport underwent a \$60 million, five-year capital improvement program launched in 2001. In March 2010, a \$110 million capital expansion project was announced with \$16.1 million from the FAA that will add many improvements including runway extensions, an expanded baggage claim wing, improved entrances, new and improved gate concourses, additional parking, a new food court, and free wireless internet access. In 2012, CAK broke its passenger record by November, topping 1.83 million fliers, making it the third consecutive record-breaking year. This was accomplished as the airport welcomed Southwest to its family of airlines and every carrier at the airport saw an increase in total passengers in 2012.

The Akron-Fulton International Airport has experienced a resurgence of aviation activity. Airspace Place, Ltd. constructed 61 condominium style hangars with a flight-planning center. The company constructed an \$8 million corporate jet hangar in 2002. There are currently 132 planes based at the airport. According to the Ohio Department of Transportation, the airport generates over \$8.4 million of economic impact annually to the local economy.

The METRO Regional Transit Authority, a separate political subdivision, provides public transportation in the City and throughout the County. Its operations are supported from the proceeds of a County-wide increase of 0.25% in the general sales tax approved by voters in 1990. In March 2008 the voters approved an additional ¼ of 1 percent continuous sales and use tax to maintain service levels. The increased sales tax began to be collected in October 2008. In 2013, the amount collected was \$15.2 million. The City transferred ownership of an 8.3-acre site on the south part of the downtown to METRO. Construction of a new central transit transfer station was completed in December 2008. (See **Industrial Development Program – University Technology Park**).

EDUCATION

All educational systems and institutions discussed below operate independently of the City government. The City is not involved in the operation or financial matters of any educational system or institution, except as noted.

Akron City School District

The Akron City School District (the School District) is the principal school system in the City, the largest school system in the County, and the City's fifth largest employer. It serves approximately 21,089 pupils in 52 elementary, middle, junior high, and senior high schools. The Board of Education of the School District administers an annual operating budget of approximately \$305 million. The School District's funding is derived from local sources, including primarily property taxes, but also tuition and interest income (36 %), State appropriations (60%), and federal programs (4%). In November 2006, voters in the School District approved an additional 7.9-mill operating levy. The voters also approved, in 1999, a 3.56 mill permanent improvement levy for a continuing period, which produces approximately \$4 million each year.

In 1999, the State established its \$10.2 billion Rebuild Ohio Plan to rebuild school buildings statewide using, in part, money from Ohio's share of a national tobacco lawsuit settlement. The Akron Board of Education approved a \$774 million construction plan in May 2002, which has been approved by State officials. The original plan called for 35 rebuilds, 21 renovations, two decommissions, and one new construction. The current plan includes 36 rebuilds, 4 renovations, 16 decommissions, and the construction of three new buildings that were not part of the original plan. Thirty of the buildings are now complete and being occupied by students and staff. Three additional buildings (Harris, Litchfield and Firestone) are under construction. There are no building currently in design. The program is divided into five segments and is currently in the fourth segment. The Ohio School Facilities Commission will pay 59% of the construction cost (\$409 million) and the School District will pay the other 41% (\$284 million). The School District also requires approximately \$81 million to fund "local funding initiatives," such as site acquisitions, special funding for additional classroom facilities to reduce class size, auditoriums and athletic facilities, for which the State will not share the cost.

Under a State statute, a municipal corporation and a school district may jointly construct, equip, operate, maintain, and use community centers and may appropriate money for their community centers. Community centers are facilities that may be used for governmental, civic, or educational operations or recreational activities. The City and the School District have joined together to create and finance these community centers, which the City and the School District have named "Community Learning Centers," and which will serve both the educational needs of the School District as well as the civic, governmental, educational, and recreational needs of the City. These shared facilities also constitute the School District's share of the construction plan to be funded in part by the State through the Ohio School Facilities Commission.

Rather than funding these facilities through a School District voted property tax, the City has increased its municipal income tax by 0.25% and will use the income tax revenues generated there from for the Community Learning Centers. The City Council enacted an ordinance to increase the income tax for the period 2004 through 2033. The ordinance provided that the revenues collected would be "paid into a separate fund, the Community Learning Center Income Tax Fund, and applied solely for the purpose of acquiring, constructing, renovating, repairing, enlarging, adding to, reconstructing, maintaining, equipping, furnishing, acquiring interests in real property in connection therewith, improving the sites thereof, and otherwise improving" Community Learning Centers. Under that ordinance, the City is authorized to enter into cooperative agreements with the School District to provide for the Community Learning Centers in the City. In

accordance with State law, the ordinance was submitted for approval by the City's voters at the May 6, 2003 election. Passage of the ordinance levying the increased income tax was approved by 64% of the voters at that election. The City and the School District entered into a Cooperative Agreement for Community Learning Centers on December 15, 2003 (the "Cooperative Agreement"), to provide for the joint use and operation of these facilities. The Cooperative Agreement also provides for the construction of the Community Learning Centers by the School District with the cooperation of the City.

The City issued \$215,000,000 City of Akron Community Learning Centers Income Tax Revenue Bonds (CLC Bonds) to fund the initial phases of this project in January 2004 (See **Income Tax Revenue Bonds**). The City issued an additional \$45,000,000 City of Akron Community Learning Center Income Tax Revenue Bonds (CLC Bonds) in 2010 as well as \$50,000,000 in early 2014. The School District in the Cooperative Agreement has pledged \$3.0 million each year from the annual amount of the permanent improvement levy described above, to the payment of the CLC Bonds.

As of January 1, 2013, the School District had no outstanding debt.

The University of Akron

The University, the third largest of Ohio's 13 State universities and the City's sixth largest employer, is one of the City's most valuable assets, attracting both industry and research and development activities that provide jobs and enhance the economic livelihood of the community. The University has approximately 27,000 students attending for credit and approximately 4,700 people participating in noncredit programs in the City. The University is one of the largest employers in the City with approximately 3,900 full- and part-time employees, plus over 3,500 student employees and graduate assistants who work part-time while completing their degrees. Since July 1, 1967, when the City transferred ownership of the University to the State, the University has invested over \$800 million in building construction within the City. In less than twelve years, 16 new buildings have been added to the Akron Campus: Polymer Engineering Academic Center, East Campus Parking Deck, Administrative Services Building, College of Arts & Sciences Classroom/Office Building, North Campus Parking Deck, Student Union, Student Recreation Center, Athletic Field House and Indoor Varsity Golf Practice Facility, Simmons Hall, Honor's Complex, Gas Turbine Testing Facility, Exchange Street Housing, Multiplex Football Stadium, Multiplex Student housing Facility and an Outdoor Living Room. Completed renovation projects include: three residence halls, six parking decks, energy conservation projects, E.J. Thomas Hall, Auburn Science Technology Library addition, Whitby Hall, Schrank Hall, Leigh Hall, Polsky Building, Guzzetta Hall addition, Fir Hill Plaza, Robertson Café, and four streetscapes for College Street, South Union Street, Carroll Street, Lee Jackson Field, and Wolf Ledges. Ongoing additions and renovation projects include: signage, lighting, tree planting, Auburn West Tower rehabilitation, open-lawn amphitheater, fountains, green spaces, and walks that will provide an area for students to gather, socialize, and study and also serve as a green "welcome mat" for employees and visitors to the campus.

Other Schools

Portions of the City are located in five other public school districts. (See **Ad Valorem Property Taxes and Special Assessment – Overlapping Governmental Entities**.) Only a very small number of the students within the City are within these other school districts. There are also 29 private and parochial schools in the City, as well as twelve charter schools, with upwards of 3,600 students. Vocational education is offered by the Cuyahoga Valley Joint Vocational School District and the Portage Lakes Joint Vocational School District, as well as by the Akron City School District. Within 50 miles of the City, there are 32 private and public colleges and universities.

HEALTH CARE

The City is served by six acute care hospitals: Akron City Hospital and Saint Thomas Hospital Medical Center, operating as Summa Health System (1,120 beds), Akron General Medical Center, operating as Akron General Health System (520 beds), and Children's Hospital Medical Center of Akron (350 beds), all of which are in the City. None of these hospitals is operated by the City.

In 1996, Akron General Medical Center, the City's second largest employer, opened its \$32 million Health & Wellness Center, bringing together outpatient surgery, diagnostic services, sports medicine, cardio and pulmonary services, physical therapy and rehabilitation, and a medically supervised exercise program in one location. In recent years, Akron General Medical Center has made significant investments in its cancer, heart and vascular facilities. Akron General's \$17 million Heart and Vascular Center opened in late 2006 with state-of-the-art facilities, including cath labs, cardiac testing, and cardiac rehabilitation. In March 2010, it was announced that Akron General is investing more than \$11 million to upgrade the electronic medical record system. In August 2014, the Cleveland Clinic finalized a deal to acquire a minority ownership stake in Akron General for \$ 100 M. The initial plans will focus on enhancing the hospital's cancer and heart care centers but other targeted areas include wellness programs, physician/medical education and group purchasing. A substantial portion of the investment will be used to upgrade information technology to become the same as the Clinic's.

In 1998, Summa Health System, the City's largest employer, completed a \$22 million, 74,000 square-foot Surgical Pavilion at Akron City Hospital. The Pavilion has 16 surgical suites, one of which is dedicated specifically to trauma patients. The Pavilion also includes an outpatient facility. In 1999, Summa Health System opened a health-care complex composed of a 22,600 square-foot primary care/medical office building, a 34,000 square-foot outpatient health center that includes physical therapy, radiology, laboratory, and other diagnostic services, and a 35,000 square-foot fitness center, which was built and is owned and operated by the Akron YMCA. In 2003, Summa Health System completed construction of a \$75 million project that includes a Men's Health Clinic, a Women's Health Clinic, and a Trauma Center at Akron City Hospital. Summa Health System constructed a \$28 million, free-standing outpatient cancer center on the Akron Hospital campus. This 60,000 square-foot facility houses physician and staff offices, a conference center, and outpatient cancer services. Construction was completed in fall 2008.

Akron Children's Hospital, the City's seventh largest employer, is known for its advanced medical care, including neonatal care and treatment of burn victims of all ages. Children's Hospital serves 17 counties in Northeast Ohio. In 1993, Children's Hospital completed construction of a \$75 million expansion that added a 250,000 square-foot building, renovated an additional 57,000-square-foot building, mostly for patient care, and added a 350 car parking deck. This major expansion added approximately 75 employees. In 2003, Akron Children's Hospital completed a \$45 million investment including a new 200,000 square-foot building and parking deck, which expands its tertiary care capacity. Currently, Children's Hospital provides tertiary care in neonatal, orthopedic, and renal dialysis; this investment will add cardiopulmonary treatment to its services. With this expansion, Children's Hospital has become one of the nation's leading pediatric cardiopulmonary hospitals.

RECREATION AND ENTERTAINMENT

Canal Park Stadium is home to the Akron RubberDucks, a Class AA minor league baseball team affiliated with the Cleveland Indians. In addition to the professional baseball games, the stadium is used by University, amateur and high school teams. (See **Central Business District Development Program**.)

The City is host to the Akron Racers, one of seven women's professional fastpitch softball teams around the country that compete in the premier National Professional Fastpitch League (NPF). The City pioneered support for professional women's fastpitch softball recognizing the importance of access to professional sports careers for women and young girls. In 2005, the Akron Racers captured the National NPF Championship.

The City is host to the annual LeBron James Shooting Stars Classic, a basketball tournament highlighting the best boys' teams from all over the country ages 10 to 17. More than 465 teams compete in the tournament in gymnasiums throughout the Akron area and on The University of Akron's campus. Nearly 200 NCAA Division I, II & III colleges and universities are represented by coaches and scouts. This event, a partnership between the City, the Northeast Ohio Basketball Association and LeBron James of the Miami Heat, elevates the City's status in the national sports arena.

The E.J. Thomas Center for Performing Arts is located on the campus of The University of Akron. This modern building seats up to 3,000 people. Because of its movable acoustical ceiling, it can adapt to the needs of various performances and audiences. The Center serves as the home for the Akron Symphony Orchestra and the resident ballet company of The University of Akron, and is used for a variety of musical and theatrical productions.

Blossom Music Center, located in the northern part of the County, is the summer home of the internationally renowned Cleveland Orchestra and hosts a variety of musical programs throughout the summer. The outdoor pavilion seats approximately 5,000, and the lawn accommodates an additional 15,000. Located near the intersection of major expressways, it attracts audiences from a 60-mile radius.

Community theaters within the City include Weathervane Community Playhouse, Coach House Theatre, and Akron Children's Theatre. The University regularly stages plays and musicals. The Akron Civic Theatre is one of the few surviving "Theme Theaters" in the country. It is used for unique movies, and stage and musical productions (see **Central Business District Development Program – Other CBD Developments**).

The Akron Art Museum is one of a few in the country specializing in American art of the 19th and 20th centuries. The Museum presents works by nationally prominent artists, in addition to its permanent collection, and offers concerts and lectures. The Museum has undergone a major renovation and expansion (see **Central Business District Development Program – Akron Art Museum**).

A number of facilities of historic significance are located in the City, including Hower House, a restored High Victorian mansion built in 1871 on the campus of The University of Akron, and Stan Hywet Hall, a 65-room manor house furnished with antiques and works of art dating from the 14th century and considered the finest example of Tudor Revival architecture in the United States. Hale Farm and Village in nearby Bath Township is a working farm and community recreated from the early 19th century and features a homestead, restored buildings, and live demonstrations of early American crafts. The history of the rubber industry, from Charles Goodyear's home laboratory through the growth of a major corporation, is displayed in the Goodyear World of Rubber Museum. The Summit County Historical Society has restored the Simon Perkins Mansion constructed in 1830 by the City's founder and the John Brown Home, residence of the famous abolitionist. A \$1 million renovation of the historic Mustill House and Store located along the Ohio & Erie Canal near downtown Akron, sponsored by the National Park Service, along with the City and Metro Parks' Cascade Locks Park Association, has been completed.

The City is the home of the national finals for the Soap Box Derby races, which have been held annually in the City since 1935, except during the war years 1942 through 1945. Improvements totaling \$1.2 million, including reconstructing the grandstands and resurfacing the track, were completed in 1999. In recent years, there has been financial difficulty at the Derby with the loss of National Spokes-groups. In early 2010, the City and County agreed to guarantee a line of credit which the Derby holds with First Merit Bank, allowing the bank to withdraw its call on the line. In an effort to save this tradition and raise awareness of the derby Corbin Bernson recently completed production of a movie, 25 Hill, which was filmed here in Akron and was launched at the 2011 Derby.

The City operates over 135 parks covering over 2,100 acres. The Akron Zoo sits on 52 acres, 30 of which are owned by the City. The Zoo is a nonprofit organization that is supported by a countywide property tax. The seven-year, 0.8-mill levy generates \$8.1 million annually for the Zoo. In the past several years, numerous improvements have been made to the Zoo including a new entrance; additional parking; Barnhardt Family Welcome Center with visitor amenities and gift shop; Komodo Kingdom Education Center with indoor/outdoor dining and cafe, classrooms, and animal exhibits. Thirty-six new animal exhibits have been built in themed spaces such as Legends of the Wild, Lehner Family Zoo Garden, Penguin Point, and Wild Prairie. The latest project, Jellies: Rhythm in the Blue opened in 2008 and features seven species of jellyfish in 10 tanks, making it the largest jellyfish exhibit in the State. The Zoo cares for more than 700 animals from around the world such as tigers, lions, snow leopards, jaguars, penguins, flamingos, Komodo dragons, bats, lemurs, bears and red pandas. With the additions to the Zoo, attendance has increased to over 320,000 visitors annually making it one of Summit County's most attended cultural attractions. Opened in July 2010, was a carousel with 33 hand carved animals for people to ride such as an elephant, polar bear, Komodo dragon, penguin, giraffe, and more.

More than 40 private and public golf courses are located within the City and the surrounding area of the County. To provide recreational opportunities for children through the First Tee of Akron program, the City completed construction of a new nine-hole golf course on 85 acres within the City. The World Golf Championship-Bridgestone Invitational was held at the Firestone Country Club in August 2013 and will be held there again in 2014.

The Portage Lakes chain located in nearby Coventry and Franklin Townships, with 75 miles of shoreline, is available for swimming, fishing and boating. The Akron Metropolitan Park District (Metro Parks), a separate political subdivision substantially coterminous with the County, operates a park system of over 6,600 acres in the County and in neighboring Medina County. In 2008, the City hosted the seventh annual world-class Road Runner Akron Marathon with almost 10,000 runners participating. Road Runner High Speed Online is the main sponsor for this event.

The Cuyahoga Valley National Park, a national park of approximately 33,000 acres, is located primarily in the County adjacent to the City's north boundary. The National Park Service has estimated that approximately 8.5 million people annually use this national park and the numerous, non-federal facilities within its boundaries for recreational activities. This recreation area preserves rural, natural land and open space along 22 miles of the Cuyahoga River. In 1994, the \$4 million Cuyahoga Valley Environmental Education Center was completed and opened to the public. In addition, the Park received approximately \$9 million in federal funds for various construction projects in 1994 and 1995. In 1996, the \$1.1 million Boston Interpretive Center was opened. The Park's Towpath along the Ohio & Erie Canal is part of the 87-mile Ohio & Erie National Heritage Corridor designated by Congress in 1996. Previously, the City completed a 6.6-mile extension of the Towpath through northwest Akron. The balance of the Towpath's extension through the City was completed in 2008 with the Towpath Bridge dedication on August 22, 2008. The City has also purchased a site adjacent to Lock 1 in downtown Akron to be redeveloped as a visitors center for the Ohio & Erie National Heritage Corridor.

FINANCIAL MATTERS

INTRODUCTION

The City's fiscal year corresponds with the calendar year. The main sources of City revenue are property taxes, income taxes, certain non-tax revenues, and State distributions as described herein.

The responsibilities for the major financial functions of the City are divided among the Mayor, the Director of Finance, and the Council. The Director of Finance is the City's fiscal and chief accounting officer. Her duties include: to keep the books and accurate statements of all money received and expended and of all taxes and special assessments; at the end of each fiscal year, or more often if requested by the Mayor, to examine all accounts of City officers and departments; and not to allow the amount set aside for any appropriation to be overdrawn, or the amount appropriated for any one item of expense to be drawn upon for any other purpose, or a voucher to be paid unless sufficient funds are in the City treasury to the credit of the fund on which the voucher is drawn. The Director of Finance is responsible for receiving, maintaining custody of, and disbursing all City funds. Other important financial functions include: general financial recommendations and planning by the Mayor; budget preparation by the Mayor with the assistance of the Director of Finance; and approval of all budgeting and appropriations by the Council.

In 2002, the electors of the County voted to eliminate the positions of County Auditor and County Treasurer and combine their duties into a single position. The duties formerly performed by the County Auditor and County Treasurer are now performed by the County Fiscal Officer. For property taxation purposes, assessment of real property is made by the County Fiscal Officer subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is made by the State Tax Commissioner. Property taxes and special assessments are billed and collected by the County Fiscal Officer.

BUDGETING, TAX LEVY AND APPROPRIATIONS PROCEDURES

Detailed provisions for City budgeting, tax levies and appropriations are made in the Revised Code and the City Charter. The procedures involve review by County officials at several steps.

City budgeting for a fiscal year formally begins with the preparation and the adoption of a tax budget for the fiscal year. For debt service, the tax budget must show the amounts required, the estimated receipts from sources other than ad valorem property taxes, the net amount for which a property tax levy must be made, and the portions of that levy to be inside and outside the Charter tax rate limitation. The tax budget then is presented for review by the County Budget Commission comprised of the County Executive, County Fiscal Officer, and County Prosecuting Attorney.

As part of that review, the County Budget Commission determines and approves levies for debt service outside and inside the Charter tax rate limitation. The Revised Code provides that "if any debt charge is omitted from the budget, the commission shall include it therein."

After its approval of the tax budget, the County Budget Commission certifies its action to the City together with the estimate by the County Fiscal Officer of the tax rates outside and inside the Charter tax rate limitation. Thereafter, and before the end of the then calendar year, the Council approves the tax levies and certifies them to the proper County officials. The approved and

certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are billed in two installments, the first usually in or before January and the second in July.

The City's Department of Finance is responsible for appropriation preparation. Each of the City's operating departments submits an appropriation request supported by detailed explanations of need by early October. The Department of Finance adjusts these requests in accordance with projected resources and then reviews the adjusted requests with each of the departments and the Mayor to determine final funding priorities. This process is completed by mid-November and the appropriation document is then finalized and submitted to City Council in early December. The Council reviews the appropriation request as submitted by the Mayor and adopts a permanent appropriation. A temporary appropriation is passed by December 31 if Council decides to continue appropriation review into the new year. At the conclusion of the appropriation review, Council adopts a permanent appropriation. This appropriation provides funding for the calendar year commencing January 1 and includes both operating and capital expenditures. State law requires the adoption of the appropriation measure by April 1. The appropriation ordinance for calendar year 2013 was enacted by the Council on March 11, 2013. The appropriation ordinance for calendar year 2014 was enacted on March 07, 2014. Annual appropriations may not exceed the County Budget Commission's official estimate of resources, and the County Fiscal Officer must certify that the City's appropriation measures do not appropriate money in excess of the amounts set forth in those estimates.

The Department of Finance continues to monitor and adjust the appropriations throughout the year. At the request of an operating department, the Director of Finance may transfer funds within certain categories of expenditures, but may not change the total amount of the appropriations for each individual fund. The Department of Finance also regularly compares actual receipts to projected receipts and reduces the rate of expenditure, if such action is necessary. City Council must authorize by ordinance any increase in appropriations. The Department reports quarterly to Council a comparison of actual and projected receipts and expenditures.

FINANCIAL REPORTS AND EXAMINATIONS OF ACCOUNTS

The City maintains its accounts, appropriations, and other fiscal records in accordance with the procedures established and prescribed by the Auditor of State (the Auditor). The Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

City receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the Auditor, which are generally applicable to all Ohio political subdivisions. The records of these cash receipts and expenditures are converted annually for audit purposes to a modified accrual and accrual basis of accounting. These accounting procedures conform to generally accepted accounting principles as recommended by the Governmental Accounting Standards Board. Those recommendations, among other things, provide for a basic set of financial statements, which include a government-wide statement of net assets and a government-wide statement of activities on a full accrual basis. In addition, the basic financial statements also include a balance sheet and statement of revenues, expenditures and changes in fund balances on a modified accrual basis of accounting for the general fund, each major special revenue, debt service (bond retirement) and capital project fund (referred to as governmental funds) and all other governmental funds; a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows on a full accrual basis of accounting for all major enterprise funds, other enterprise funds and internal service funds (referred to as proprietary funds); and a statement of net assets and a statement of changes in net assets for the City's fiduciary funds on a full accrual basis.

The City's Audit and Budget Division within the Department of Finance is responsible for finalization of City accrual financial statements, monitoring and improvement of internal controls for accounting, cash management and other fiscal activities, and special reviews of the City's accounting system.

Beginning with the audit of 1981 and continuing through the audit of 2002, the Auditor authorized the City to contract with an independent public accounting firm for an audit of the City's finances. The audit of the City's general-purpose financial statements for each of the years 2004 through 2013 was performed by the Auditor, the most recent of which was completed through December 31, 2013. The City formally received the report of that audit on June 20, 2014. Copies of the full 2013 Comprehensive Annual Financial Report (CAFR) are available and may be obtained by writing to the Director of Finance at the address set forth in the **Introductory Statement**.

The City has issued a CAFR for each of the calendar years 1983 through 2013. The City's CAFR for the years 1984 through 2012, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). As explained by the GFOA, the Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has also received the GFOA Distinguished Budget Presentation Award for the years 1985 through 2013.

See **Appendix A** for a comparative summary of general fund receipts and expenditures for the last five fiscal years and budgeted for 2014. **Appendix B** sets forth receipts and expenditures for all funds for 2009 to 2013.

CASH BALANCES AND INVESTMENTS

Listed below are the year-end cash balances and investments for 2009 to 2013:

| As of December 31 | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------|--------------|--------------|--------------|--------------|---------------|
| General Fund: | | | | | |
| Cash | \$ 1,147,733 | \$ 1,188,893 | \$220,078 | \$973,314 | \$1,383,476 |
| Investments | 4,061,699 | 4,074,288 | 4,990,111 | 4,148,347 | \$3,991,223 |
| Debt Service Funds: | | | | | |
| Cash | 1,836,767 | 1,970,451 | 397,736 | 1,572,242 | \$1,358,305 |
| Investments | 6,500,113 | 6,752,657 | 9,018,359 | 6,701,029 | \$3,918,605 |
| Enterprise Funds: | | | | | |
| Cash | 1,716,022 | 1,789,499 | 392,180 | 2,440,902 | \$4,848,308 |
| Investments | 6,072,809 | 6,132,542 | 8,892,381 | 10,403,329 | \$13,986,996 |
| All Other Funds: | | | | | |
| Cash | 1,861,703 | 2,751,239 | 1,754,406 | 9,079,224 | \$18,343,289 |
| Investments | 6,588,360 | 9,428,387 | 39,779,821 | 38,696,413 | \$52,918,978 |
| Total Cash and Investments | \$29,785,206 | \$34,087,956 | \$65,445,072 | \$74,014,800 | \$100,749,181 |

Investments of City funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all subdivisions and by the Charter and Sections 37.30 through 37.42 of the Code of Ordinances, enacted December 15, 1986 (the Investment Policy Ordinance). Section 37.38 of the Investment Policy Ordinance sets forth the City's investment objectives as follows.

“The achievement of good fiscal management for the City requires effective cash management of public money and, in turn, effective bank management practices with respect to the investment and deposit of this public money. The following investment and deposit objectives shall be applied in the management of public money:

- (A) The primary objective of the City's investment activities is the preservation of capital and the protection of investment principal.
- (B) The City's investments shall remain sufficiently liquid to enable the City to meet operating requirements that might reasonably be anticipated.
- (C) Those responsible for investing public money shall strive to maximize the return on the investments but shall avoid assuming unreasonable investment risks.
- (D) The City's investments shall be diversified to avoid the assumption of unreasonable and avoidable risks associated with specific types of securities or individual financial institutions. To the extent practicable, of the public money allocated to the general depository account, it is intended that no more than 50% will be invested in repurchase agreements, no more than 50% will be invested with any one eligible institution, and no more than 20% will be invested with any one maturity date.
- (E) Investments shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.
- (F) Price and rate quotations for all eligible investments may be obtained from eligible institutions within or outside of the City or the State. However, in the case of the sale or purchase of eligible investments where all other factors considered by the Investment Officer are equal, placement shall be made with the eligible institution situated within the City. The right is reserved to reject all bids or proposals or any bid if such is inconsistent with the City's investment objectives.”

The Director of Finance is responsible for the City's investments. The Treasurer of the City, as the designee of the Director of Finance, is charged with the day-to-day responsibility of carrying out the investment objectives and practices of the City. Under recent and current practices, investments are made in direct obligations of the United States, obligations guaranteed by the United States (including obligations of certain federal agencies), certificates of deposit, repurchase agreements (with the underlying securities held on the City's behalf by third-party institutions or in the customer safekeeping account of the Federal Reserve account of the City's depository institutions), and certain of the City's own bonds and notes, including the bond anticipation notes issued in anticipation of the levy and collection of special assessments (see **Special Assessments and Bond Anticipation Notes**).

The City from time to time also invests in STAR Ohio (State Treasury Asset Reserve), which is an investment pool managed by the Ohio Treasurer of State. STAR Ohio is similar in concept to a registered investment company issuing redeemable securities, commonly called a “money market mutual fund.” A treasurer, governing board or investment authority of a subdivision may deposit public money of the subdivision with the Treasurer of State. Subdivision is defined in Section 135.01(L) of the Ohio Revised Code as any county, municipal corporation, school district, township, municipal or school district sinking fund, special taxing or assessment district, and other district or local authority electing or appointing a treasurer. The Treasurer of State will invest the public money deposited in STAR Ohio in the same types of instruments as are provided for the investment of interim money of the State. STAR Ohio seeks to obtain as high a level of current income as is consistent with prudent investment management, the preservation of capital, and maintenance of liquidity. STAR Ohio has been awarded Standard & Poor’s highest rating, AAAm. STAR Ohio is the only money market mutual fund in which the City may invest.

The City does not invest in any securities that would be characterized as derivatives or in reverse repurchase agreements and purchases all investments with the intent to hold to maturity. The average days to maturity for the entire portfolio is 413 days. The average yield to maturity at cost for bonds/notes is .321%. The following table presents a summary of the City’s investment portfolio as of December 31, 2013.

| | <u>Investments</u> | <u>% of Portfolio</u> |
|-------------------------|--------------------|-----------------------|
| Repurchase Agreements | \$ 7,825,000 | 10.46% |
| Money Market Savings | 49,464,094.07 | 66.12 |
| City bonds and notes(a) | 2,505,147 | 3.35 |
| Star Ohio | 15,021,561 | 20.07 |
| Total(b) | \$74,815,801.81 | 100.00% |

(a) See **Bond Anticipation Notes**.

(b) Does not include cash (\$25,933,379); see prior table.

FINANCIAL OUTLOOK

The City, as with most cities across the country, continues to be impacted by global economic conditions. The City’s income tax collections increased by over 5.36% for 2011 (compared to 2010), increased 4.6% for 2012, (compared to 2011) and 5.35% in 2013, (compared to 2012). Global economic conditions have impacted other sources of City revenue. Property tax revenues have continued to decline due to the housing market conditions. The Total Assessed Value decreased in 2010 by .42 % and it rose by a meager .38% in 2011, and then dropped by 11.42% in 2012. It was slightly down in 2013 and is expected to remain flat in 2014. Interest earnings continue to remain nominal however service revenues have increased for the first time in two years and are anticipated to increase again in 2014. General Fund receipts increased from \$143,046,403 in 2012 to \$158,259,428 in 2013 due to an increase of income tax revenues, revenues associated with the purchase of capital equipment and increased service revenues.

The State of Ohio, in response to these same economic and budgetary constraints, has implemented changes to the State budget directly affecting funding to the City of Akron. The State budget has reduced Local Government Funding (LGF), which directly impacts the City’s General Fund. In 2010, the LGF collections were slightly higher than the 2009 collections of \$ 12,515,342. However, this amount was reduced by 25% and then to 50% over the state’s current biennial budget. The City continues to see the effects of the reduction. In 2012, the LGF revenues

were \$3.7 million less than in 2011. In 2013, LGF were over \$2.2 million less when compared 2012, revenues were \$6,640,387 compared to \$8,668,934, a reduction of over 23%.

As a result of the consolidation of City services into regional offices, combined with other attrition and previous years' pro-active measures, employment declined from 2008 to 2012 by 489 positions or 22%. In 2013, employees numbered 1,802. As of today, employment currently stands at 1,819, which is a slight increase from 2013. The City received several grants for the Police and Fire departments which allowed the City to increase the ranks of police and firefighters. The City will continue to review and implement cost savings wherever possible.

In 2014, the City is experiencing an increase in various expenditures compared to 2013. The increases are associated with the Combined Sewer Overflow (CSO) project in the Sewer Fund as well as the increase in cost of health benefits. For 2014, the City anticipates a 3% increase in expenses as well as a corresponding 3% increase in revenues over 2013. The General Fund balance is expected to remain stable for 2014.

On September 30, 2011, the Ohio State Auditor declared the City to be in fiscal caution. The declaration and the State Auditor's guidelines for fiscal caution may be viewed on the State Auditor's website at <http://www.auditor.state.oh.us>. In accordance with Section 118.025, Revised Code, the City developed a written proposal for corrective actions to address the fiscal practices and conditions that led to the declaration. The City delivered that proposal by the end of November 2011, within the 60-day period required by the law. The State asked for additional information and they received the supplemental information in January 2012. The City implemented all corrective actions necessary to discontinue and correct those fiscal practices and conditions, in order to be released from the declaration.

AD VALOREM PROPERTY TAXES AND SPECIAL ASSESSMENTS

ASSESSED VALUATION

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the City, and the estimated total actual valuations (in thousands).

| Tax Collection Year | Assessed Valuation (000) | | | | Estimated Total Actual Valuation (000) |
|------------------------------------|---------------------------------|------------------------------------|---------------------------------|--------------|---|
| | Real(a) | Tangible Personal(b)(c) | Public Utility(c)(d) | Total | |
| 2005 | 2,752,404 | 321,451 | 127,741 | 3,201,596 | 9,294,977 |
| 2006 | 3,005,544(e) | 234,182 | 115,393 | 3,355,119 | 9,655,123 |
| 2007 | 3,007,188 | 160,594 | 112,378 | 3,280,160 | 9,362,047 |
| 2008 | 2,992,093 | 99,393(h) | 77,877(g) | 3,169,363 | 9,034,905 |
| 2009 | 2,921,342(f) | 13,607(h) | 82,703(g) | 3,017,652 | 8,495,101 |
| 2010 | 2,911,817 | 7,025(h) | 86,082(g) | 3,004,924 | 8,445,399 |
| 2011 | 2,928,343 | 0 | 88,008 | 3,016,351 | 8,466,705 |
| 2012 | 2,580,090 | 0 | 92,022 | 2,672,112 | 7,476,256 |
| 2013..... | 2,550,583 | 0 | 111,892 | 2,662,476 | 7,414,532 |
| 2014..... | 2,493,126 | 0 | 126,778 | 2,619,904 | 7,485,440 |

- (a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Fiscal Officer. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.

- (b) Other than public utility.
- (c) The State (i) has reduced the valuation of tangible personal property of general businesses and railroads in increments beginning in 2006 to zero in 2009 and (ii) is reducing the valuation of tangible personal property of telephone and telecommunications companies in increments beginning in 2007 to zero in 2011; see the discussion of those reductions and related State makeup payments below.
- (d) Tangible personal property of all public utilities and real property of railroads; see footnotes (a) and (c).
- (e) Reflects triennial adjustment.
- (f) Reflects sexennial reappraisal.
- (g) Reflects effect of State legislation that, beginning with collection year 2002, reduced the assessed valuation of electric utility production equipment from 100% to 25% of true value and of natural gas utility property from 88% to 25% of true value.
- (h) Reflects, in part, the reclassification of tangible personal property of telephone and telecommunications companies from Public Utility to Tangible Personal.

Source: County Fiscal Officer.

Taxes collected on “Real” in a calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected on “Tangible Personal” in a calendar year are levied in the same calendar year on assessed values during and at the close of the taxpayer’s most recent fiscal year that ended on or before December 31 of the preceding calendar year, and at the tax rates determined in the preceding year. “Public Utility” (real and tangible personal) taxes collected in a calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Based on County Fiscal Officer records of assessed valuations for the 2013 tax collection year (2012 for tangible personal), the ten largest City ad valorem property tax payers are set forth in the following table.

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Total Assessed Valuation</u> (000) | <u>% of Total Assessed</u> |
|------------------------------------|--------------------------------------|--|---|
| Ohio Edison | Utility | \$76,101 | 2.90% |
| American Transmissions | Utility | 25,537 | .90 |
| East Ohio Gas | Utility | 12,205 | .47 |
| Albrecht Incorporated | Propetry Mgt | 11,660 | .45 |
| CHM Akron LLC | Health Care | 10,233 | .39 |
| Ohio Edison Tower Limited | Utility | 8,154 | .31 |
| Busson, Berhard B | Builder/Dev | 7,501 | .29 |
| Hampton Knoll Apartments | Builder/Dev | 7,455 | .28 |
| Plaza Chapel Hill LTD | Builder/Dev. | 6,592 | .25 |
| Akron Management Corp | Builder/Dev. | 6,328 | .24 |

Pursuant to statutory requirements for sexennial reappraisals, in 2008 the County Fiscal Officer adjusted the true value of taxable real property to reflect then current fair market values. These adjustments will first be reflected in the 2008 tax list (collection year 2009) and in the ad valorem taxes distributed to the City in 2009 and thereafter. The County Fiscal Officer is required to, and has, adjusted taxable real property value triennially to reflect true values. The last Triennial was completed in 2011. This is done without the individual appraisal of properties except when done as part of the sexennial reappraisal.

The assessed valuation of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

The taxation of all tangible personal property used in general businesses (excluding certain public utility tangible personal property) has been phased out over four years, from tax year 2006 to tax year 2009. Previously, machinery and equipment and furniture and fixtures were generally taxed at 25% of true value, and inventory was taxed at 23%. The taxation of all tangible personal property used by telephone, telegraph or inter-exchange telecommunications companies (“telecommunications property”) is also being phased out over tax years 2007 to 2011. Previously, telecommunications property was taxed at 25% or 46% of true value (depending on the type of equipment and when it was placed into service). The percentages of true value of such property taxed have been, and are being, reduced to those set forth in the following table:

| Tax Year | General Business Property | Telecommunications Property |
|-----------------|--------------------------------------|--|
| 2006 | 18.75% | (a) |
| 2007 | 12.50 | 20.00% |
| 2008 | 6.25 | 15.00 |
| 2009 | 0.00 | 10.00 |
| 2010 | 0.00 | 5.00 |
| 2011 | 0.00 | 0.00 |

(a) 25% or 46%; see discussion above.

Certain tangible personal property not previously used in business in Ohio is not subject to tangible personal property taxation.

Initially, to compensate for decreased revenue as the tangible personal property tax is phased out, the State in 2006 commenced making distributions to taxing subdivisions (such as the City) from revenue generated by a newly enacted commercial activity tax (the “CAT”). The CAT is levied annually on all persons or entities doing business in the State with taxable gross receipts from their business activities greater than \$150,000. Generally, these distributions are expected to fully compensate taxing subdivisions for such tax revenue losses from the phase-out of tangible personal property tax on general business tangible personal property through 2010, with gradual reductions in the reimbursement amount from 2011 through 2017, and for such tax revenue losses from the phase-out of tangible personal property tax on telecommunications property through 2011, with gradual reductions in the reimbursement amount from 2012 through 2018. Reimbursements for tax losses relating to levies for voted debt service (currently, not applicable to the City) are generally to continue at 100% until the debt is retired, subject to a ½-mill threshold adjustment (for all fixed-sum levies). That adjustment basically requires real property taxpayers to absorb up to ½ mill of increased property taxes (in order to continue to generate a fixed dollar amount) due to the phase-out of tangible personal property taxes. The State is to provide any necessary reimbursement above that amount. However, in 2010 the State reduced the timeline and amount of reimbursement for several items to local jurisdictions: CAT tax reimbursement, Tangible/Utility personal property, eliminating them almost altogether by 2013.

Litigation had been pending since 2006 challenging the permissibility of the inclusion in the CAT tax base of food sales for off-premises consumption, and litigation was filed in March 2008 challenging the application of the CAT to motor fuels. On September 2, 2008, an appeals court held that the CAT may not be applied to the wholesale and retail sale of food for human consumption off premises. On September 17, 2009 the Ohio Supreme Court reversed the judgment of the Court of Appeals, holding that the CAT is not an excise tax upon the sale or purchase of food. When fully phased in, the CAT is projected by the State to produce approximately \$1,680,000,000 annually with \$188,000,000 of that annual amount derived from its application to those food sales and \$139,100,000 of that amount attributable to its application to motor fuels.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year

2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value; makeup payments in varying and declining amounts are to be made through 2016 to taxing subdivisions such as the City by the State from State resources.

Commencing in tax year 2006, the assessment rate for electric utility transmission and distribution equipment was reduced from 88% to 85%, and the assessment rate for all electric company taxable property was reduced from 25% to 24%, commencing in tax year 2006. Taxation of all personal property used by telephone companies, telegraph companies or interchange telecommunications companies is also being phased out by tax year 2011, with State reimbursement payments to be made in declining amounts through 2018.

The first \$10,000 of taxable value of tangible personal property has historically been exempted from taxation; reimbursement of resulting reduced local collections has been made in the past from State sources. This reimbursement is being phased out such that no reimbursement payments are to be made after the State's fiscal year, June 30, 2009.

The General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and do not apply to un-voted tax levies, or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A** under **Tax Rates**.

OVERLAPPING GOVERNMENTAL ENTITIES

The major political subdivisions or other governmental entities that overlap all or a portion of the territory of the City are listed below. The "(%)" figure is that percentage of the assessed valuation of the entity that is located within the City.

1. The County (functions allocated to counties by Ohio law, such as elections, health and human services and a portion of the judicial system). (23.32%)
2. A portion (99.74%) of the Akron City School District, which includes 91.10% of the territory within the City (K-12 educational responsibilities). Portions of other school districts are also included in the City as follows: the Copley-Fairlawn City School District (1.96%), which includes 0.89% of the territory within the City, and the Revere Local School District (3.15%), the Springfield Local School District (7.84%), Woodridge Local School District (30.21%) and the Coventry Local School District (9.40%), which together include 7.98% of the territory within the City. (See **The City – Education**.)
3. METRO Regional Transit Authority (public mass transit). (23.32%)
4. Akron Metropolitan Park District (park and recreation areas). (24.54%)

5. Cuyahoga Valley Joint Vocational School District (.50%) and Portage Lakes Joint Vocational School District (3.69%) (vocational education programs).
6. Akron-Bath-Copley Joint Hospital District. (73.13%)
7. Akron-Summit County Library District (public library facilities). (34.51%)
8. Muskingum Watershed Conservancy District. (7.18%)

Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. Only those entities listed as 1 through 4 above may levy ad valorem property taxes within the ten-mill limitation described under **Indirect Debt and Unvoted Property Tax Limitations**.

TAX RATES

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The Charter provides that the maximum total tax rate that may be levied without a vote of the electors for all purposes is 10.5-mills. See **Indirect Debt and Unvoted Property Tax Limitations**.

The following are the rates for recent years at which the City and the overlapping taxing subdivisions (within the Akron City School District) levied ad valorem property taxes.

Tax Table A: Overlapping Tax Rates

| <u>Collection Year</u> | <u>City</u> | <u>Akron City School District</u> | <u>County</u> | <u>Akron Metropolitan Park District</u> | <u>Total</u> |
|----------------------------|-------------|---|---------------|---|--------------|
| 2005..... | 10.30 | 63.76 | 14.36 | .85 | 89.27 |
| 2006..... | 10.30 | 63.76 | 14.26 | .85 | 89.17 |
| 2007..... | 10.30 | 71.66 | 15.14 | 1.46 | 98.56 |
| 2008..... | 10.30 | 71.66 | 14.87 | 1.46 | 98.29 |
| 2009..... | 10.30 | 71.66 | 14.78 | 1.46 | 98.20 |
| 2010..... | 10.30 | 71.66 | 14.80 | 1.46 | 98.22 |
| 2011..... | 10.30 | 71.66 | 14.80 | 1.46 | 98.22 |
| 2012..... | 10.30 | 71.66 | 14.80 | 1.46 | 98.22 |
| 2013..... | 10.30 | 79.56 | 14.84 | 1.46 | 106.16 |
| 2014..... | 10.30 | 79.56 | 14.81 | 1.46 | 106.13 |

Source: County Fiscal Officer.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year, and
- amount(s) realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

As noted above, all of the City's property tax levies, as Charter tax rates and taxes for debt service charges, are exempt from these tax credit provisions. The tax credit provisions do not apply to amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service charges, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the tax levies subject to these tax credits. A resulting "effective tax rate" reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2014 tax collection year of 106.13 mills within the City (in the portion overlapping the Akron City School District) is reduced by reduction factors of 0.260776 for residential/agricultural property and 0.142365 for all other property, which results in "effective tax rates" of 78.453878 mills for residential and agricultural property and 91.00795 mills for all other property. See **Tax Table A**.

Real property tax amounts are generally further reduced by an additional 12.5% in the case of owner-occupied residential property. The State biennial budget bill eliminated the 10% "rollback" for certain commercial and industrial real property (while it remains for all other real property), effective for the 2005 tax year and thereafter. See **Collections** for a discussion of reimbursement by the State for this reduction.

The following are the rates at which the City levied property taxes for the general categories of purposes in recent years both outside and inside the Charter tax rate limitation:

Tax Table B: City Tax Rates

| <u>Collection Year</u> | <u>Inside 10.5-mill Charter Rate Limitation:</u> | | | | <u>Voted(a):</u> | <u>Total Tax Rate</u> |
|-----------------------------------|---|----------------------------------|--------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| | <u>Operating</u> | <u>Police Pension</u> | <u>Fire Pension</u> | <u>Debt Retirement</u> | <u>Debt Retirement</u> | |
| 2005 | 9.15 | .30 | .30 | .44 | .11 | 10.30 |
| 2006 | 9.28 | .30 | .30 | .42 | -- | 10.30 |
| 2007 | 9.28 | .30 | .30 | .42 | -- | 10.30 |
| 2008 | 9.28 | .30 | .30 | .42 | -- | 10.30 |
| 2009 | 9.28 | .30 | .30 | .42 | -- | 10.30 |
| 2010 | 9.28 | .30 | .30 | .42 | -- | 10.30 |
| 2011 | 9.28 | .30 | .30 | .42 | -- | 10.30 |
| 2012 | 9.28 | .30 | .30 | .42 | -- | 10.30 |
| 2013 | 9.28 | .30 | .30 | .42 | -- | 10.30 |
| 2014 | 9.28 | .30 | .30 | .42 | -- | 10.30 |

(a) The voted levies for "Debt Retirement" continue for the life of the bonds authorized by the electors, in annual amounts sufficient to pay debt service on those bonds as it becomes due.

Source: County Fiscal Officer.

See the discussion of the Charter tax rate limitation, and the priority of claim on that millage for debt service on un-voted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

COLLECTIONS

The following are the amounts billed and the percent collected for City ad valorem property taxes for recent tax collection years. "Billed" includes current charges, plus current and delinquent additions and also current and current delinquent abatements. "% Collected" includes collections of current "Billed" and current delinquent additions.

| Collection Year | Current Billed | City Current Collected (a) | County Collected(b) | % City Collected | % County Collected | Delinquent | |
|-------------------------|-------------------|-------------------------------|------------------------|---------------------|-----------------------|------------|----------------|
| | | | | | | Current | Accumulated(c) |
| Real and Public Utility | | | | | | | |
| 2004 | 25,924,487 | 25,866,285 | 24,300,721 | 99.8 | 93.74 | 1,623,766 | 2,338,092 |
| 2005 | 29,665,733 | 29,185,735 | 29,185,735 | 98.4 | 98.40 | 2,008,310 | 2,962,137 |
| 2006 | 32,145,893 | 31,243,117 | 31,243,117 | 97.2 | 97.19 | 2,732,216 | 3,882,004 |
| 2007 | 32,131,608 | 30,741,341 | 29,150,861 | 95.7 | 90.72 | 2,980,746 | 4,356,443 |
| 2008 | 31,706,811 | 31,218,568 | 29,288,188 | 98.5 | 92.37 | 2,418,623 | 3,997,850 |
| 2009 | 30,939,477 | 30,099,260 | 28,422,839 | 97.3 | 91.87 | 2,516,639 | 4,603,844 |
| 2010 | 30,874,452 | 30,084,952 | 28,383,628 | 97.4 | 91.93 | 2,490,824 | 5,508,050 |
| 2011 | 31,064,531 | 29,726,017 | 27,798,721 | 95.7 | 89.49 | 3,265,810 | 7,278,527 |
| 2012 | 27,518,858 | 26,316,201 | 24,477,858 | 95.6 | 88.95 | 3,041,000 | 6,736,036 |
| 2013 | 27,419,595 | 27,002,737 | 25,174,172 | 98.5 | 91.81 | 2,245,424 | 5,896,432 |

| Collection Year | Current Billed | City Current Collected (a) | County Collected(b) | % City Collected | % County Collected | Delinquent | |
|----------------------------|-------------------|-------------------------------|------------------------|---------------------|-----------------------|------------|-----------------|
| | | | | | | Current | Accumulated (c) |
| Tangible Personal Property | | | | | | | |
| 2004 | 3,067,614 | 3,114,834 | 2,969,682 | 101.5 | 96.81 | 97,932 | 428,337 |
| 2005 | 3,369,543 | 3,313,357 | 3,066,697 | 98.3 | 91.01 | 302,846 | 914,325 |
| 2006 | 2,573,578 | 2,634,715 | 2,480,696 | 102.4 | 96.39 | 92,882 | 886,647 |
| 2007 | 1,975,643 | 1,988,483 | 1,852,467 | 100.6 | 93.77 | 123,176 | 779,695 |
| 2008 | 999,793 | 1,051,594 | 936,010 | 105.2 | 93.62 | 63,782 | 455,411 |
| 2009 | 144,732 | 262,668 | 142,855 | 181.5 (d) | 97.80 | 1,877 | 92,080 |
| 2010 | 79,284 | 90,642 | 79,283 | 114 | 100.00 | 2 | 131,443 |
| 2011 | 0 | 9,364 | 0 | - | 0 | 0 | 80,014 |
| 2012 | 0 | 0 | | - | | 0 | 52,688 |
| 2013 | 0 | 0 | 0 | - | 0 | 0 | 48,618 |

(a) Actual Current City receipts.

(b) Total County Current Collected.

(c) The County's calculation: delinquent billed minus previous years annual collection plus the current delinquent.

(d) As the amount billed is significantly reduced and the amount of delinquencies collected remained relatively stable, the percentage collected increased dramatically.

Source: County Fiscal Officer.

Current and delinquent taxes are billed and collected by the County Fiscal Officer for all taxing subdivisions in the County.

Included in the “Billed” and “% Collected” figures above are payments from State revenue sources under two statewide real property tax relief programs (these relief programs do not apply to special assessments). Homestead exemptions are available for persons over 65 and the disabled. Payments to taxing subdivisions have been made in amounts equal to approximately 10% (12-1/2% with respect to owner-occupied residential property) of all ad valorem real property taxes levied, thereby reducing the tax obligations of real property owners in any given year by the applicable 10% or 12-1/2%. This State assistance reflected in the City’s tax collections for 2013 was \$1,092,87.10 for the elderly/disabled homestead payment and \$2,234,467.92 for the rollback payment.

Real Property taxes are payable in two installments, the first usually in January and the second in July. Tangible personal property taxes for taxpayers owning property in more than one county are payable in September, and for taxpayers owning property in one county are payable in two installments (usually in April and September).

SPECIAL ASSESSMENTS

As indicated in **Capital Investment Program**, the City conducts an ongoing residential street improvement program, which includes paving, resurfacing, draining, planting shade trees and constructing curbs, sidewalks, storm sewers and sanitary sewers. The City pays approximately 65% of the cost of these improvements; the remaining portion is paid from special assessments levied against the property benefiting from those improvements.

Typically, owners of such property commence a street improvement project by filing a petition with City Council requesting the improvement. If accepted, the project becomes part of the City’s five-year capital plan. At the commencement of construction, bond anticipation notes are issued to pay the property owners’ portion of the project cost. These notes are purchased and held by the City’s Treasury Investment Account as investments until the project is completed, usually within approximately two years. Following completion of the work and determination of final costs, the special assessments are levied by Council against the benefiting property. Special assessments not paid within 30 days are certified to the County Fiscal Officer for collection over a period of time (10 years for almost all projects). Bonds are issued in anticipation of the collection of the special assessments to refund (together with any cash payments of special assessments) those notes. The special assessments certified for collection bear the same interest as the bonds. Under State law, those bonds are to be paid from the anticipated special assessments, but they are also general obligations of the City, payable from ad valorem property taxes to the extent not paid from those special assessments (see **City Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations, Indirect Debt and Unvoted Property Tax Limitations** and **Debt Tables A and B**). The City has never been required to levy an ad valorem property tax for debt service on bonds issued in anticipation of the collection of special assessments because special assessments have been collected as required and sufficient balances have been available in the Bond Payment Fund to cover any temporary shortfall.

The City conducts annual programs for the provision of street lighting and street cleaning services (including sprinkling, sweeping and removing snow and leaves) for its streets, alleys and other public ways. A portion of the cost of these programs is paid by the City from general funds; the remaining portion is financed by the levy each year of special assessments upon the benefited properties. Notes may be issued in anticipation of those special assessments to fund these programs. If issued, these notes have a maturity of one year or less and are payable solely from those special assessments. The notes are not general obligations of the City. By statute, no property tax may be pledged or used for their payment.

Real property taxes levied on any property against which special assessments have been levied cannot be paid unless those special assessments are also paid. During the five most recent years, the collections of the current amount of special assessments levied and of delinquencies have averaged 73.76% of the amount levied. The following are the amounts billed and percent collected for City special assessments for the indicated years (special assessments are collected in conjunction with ad valorem taxes). “Billed” are the amounts of current special assessments certified by the City to the County Fiscal Officer to be collected. “% Collected” includes the amounts of special assessments received by the City and collections of current “Billed” amounts and delinquencies.

| <u>Collection Year</u> | <u>Billed</u> | <u>City Current Collected(a)</u> | <u>County Collected (b)</u> | <u>% City Collected</u> | <u>% County Collected</u> | <u>Current</u> | <u>Delinquent Accumulated(c)</u> |
|----------------------------|---------------|--------------------------------------|---------------------------------|-----------------------------|-------------------------------|----------------|--------------------------------------|
| <i>Special Assessments</i> | | | | | | | |
| 2003 | 11,262,716 | 11,283,129 | NA | 100.2 | NA | 2,713,227 | NA |
| 2004 | 11,285,597 | 11,359,415 | NA | 100.7 | NA | 2,474,047 | NA |
| 2005 | 11,610,231 | 11,667,389 | 10,860,774 | 100.5 | 84.42 | 2,238,596 | 2,238,596 |
| 2006 | 12,567,716 | 12,151,839 | 11,271,655 | 96.7 | 86.62 | 3,405,722 | 3,405,722 |
| 2007 | 13,023,706 | 12,547,988 | 14,326,747 | 96.4 | 88.63 | 2,091,614 | 2,091,614 |
| 2008 | 14,410,775 | 13,372,381 | 15,628,772 | 92.8 | 89.08 | 4,096,210 | 2,601,877 |
| 2009 | 15,023,300 | 13,462,398 | 16,059,778 | 89.6 | 85.06 | 3,775,491 | 3,775,491 |
| 2010 | 15,421,700 | 13,297,398 | 12,642,461 | 86.2 | 79.10 | 4,602,272 | 4,602,272 |
| 2011 | 16,431,680 | 14,422,201 | 13,077,748 | 87.8 | 79.59 | 3,353,932 | 4,162,729 |
| 2012 | 15,648,186 | 13,981,452 | 12,506,889 | 89.3 | 79.93 | 3,141,297 | 4,932,541 |
| 2013 | 23,333,13 | 16,488,089 | 15,648,740 | 78.4 | 67.07 | 7,684,383 | 4,565,847(d) |

- (a) This collection includes monies received from the county’s sale of delinquent tax liens and is the actual current city receipts.
- (b) Total County Current Collected.
- (c) The County’s calculation: delinquent billed minus previous year’s annual collection plus the current delinquent.
- (d) As of 5/2/2014 Summit County hasn’t provided an updated amount for delinquencies. Used a three year average from 2010-2012 below.
2010- 4,602,272; 2011 – 4,162,29; 2012 – 4,932,541 divided by the three years = 4,565,847

Source: County Fiscal Office

DELINQUENCIES

The following table sets forth the number of delinquent parcels in the City and the number of parcels against which foreclosures were commenced.

| <u>Collection Year</u> | <u>Total Nonexempt Parcels</u> | <u>Total Delinquent (a)</u> | <u>Foreclosures Commenced Against</u> |
|----------------------------|--|---------------------------------|---|
| 2004 | 98,072 | 13,920 | 163 |
| 2005 | 94,156(b) | 11,855 | 222 |
| 2006 | 98,513 | 14,369 | 168 |
| 2007 | 97,350 | 15,270 | 183 |
| 2008 | 96,795 | 14,000 | 245 |
| 2009 | 96,479 | 12,241 | 211 |
| 2010 | 96,012 | 12,738 | 161 |
| 2011 | 95,642 | 13,318 | 96 |
| 2012 | 95,642 | 13,318 | 96 |
| 2013 | 94,583 | 8,451 | 74 |

- (a) Certified delinquent to the County Prosecutor for the then current year only. Parcels must be delinquent two years prior to certification.
- (b) The decrease is due in part to conversion to exempt parcels and combining parcels for development projects. Source: County Fiscal Officer.

There is no one taxpayer that accounts for more than 5% of any of the delinquencies of ad valorem real property taxes or special assessments identified above.

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties, but written as practiced by the County. Real estate taxes and special assessments not paid in the due year are to be certified by the county fiscal office as delinquent. A list of delinquent properties then is published. If the delinquent taxes and special assessments are not paid within one year after certification, the properties are then to be certified as delinquent to the county prosecuting attorney. The property owner may arrange a payment plan with the county fiscal officer providing for payments over a period not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer's participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county fiscal office employees. They employ a notification procedure and judicial proceedings to collect delinquent tangible personal property taxes. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

A program authorized by State legislation permits certain of the larger counties to "sell" the right to collect delinquent real estate taxes. That program was implemented by the County in each of the years 1999 through 2013. The County expects to use the program in 2014.

MUNICIPAL INCOME TAX

In 1962, City electors approved a Charter provision authorizing the Council to levy a 1% income tax for a six-year period. The tax was renewed on a continuing basis in 1968 with the passage of another Charter provision. In 1969, the electors authorized an increase in the rate of income tax to 1.3% in 1970, 1.4% in 1971, and 1.5% in 1972 and thereafter. In 1981, the electors authorized subsequent increases in the rate of income tax to 1.8% effective March 1, 1981, and 2% effective January 1, 1982, and thereafter. The voters of the City approved each of these income tax issues submitted to them. At the May 2003 election, the voters approved a 0.25% increase in the income tax rate to fund, in cooperation with the School District, Community Learning Centers.

(See **The City – Education – Akron City School District.**) The increase in the tax rate became effective on January 1, 2004. The voters approved a 30 year levy. The City, pursuant to Council action and that voter authorization, currently levies the income tax at the rate of 2.25% on both business income and individuals' wages and salaries. In a May 2007 election, the voters did not approve an income tax rate increase of 0.33% to fund additional police officers, equipment and facilities for public safety forces, economic development projects, neighborhood improvements and other purposes.

The income tax is collected and administered by the City.

The following table sets forth the annual income tax revenues for the last ten years and budgeted for 2014.

| <u>Year</u> | <u>2% Income Tax Amount</u> | <u>.25% CLC Income Tax Amount</u> | <u>Total</u> |
|----------------|---------------------------------|---------------------------------------|--------------|
| 2004..... | 98,231,448 | \$10,210,818 | 108,442,266 |
| 2005..... | 111,929,483 | 13,104,103 | 125,033,586 |
| 2006..... | 109,137,656 | 12,943,119 | 122,080,775 |
| 2007..... | 119,389,280 | 14,737,185 | 134,126,465 |
| 2008..... | 117,549,893 | 14,542,597 | 132,092,490 |
| 2009..... | 108,803,515 | 12,164,205(a) | 120,967,720 |
| 2010..... | 107,180,499 | 12,940,652 | 120,121,151 |
| 2011..... | 115,015,815 | 11,545,777 | 126,561,592 |
| 2012 | 116,295,017 | 16,144,392 | 132,439,409 |
| 2013..... | 124,560,193 | 14,970,130 | 139,530,323 |
| 2014(est)..... | 127,051,397 | 15,269,533 | 142,320,930 |

(a) 2009 CLC Income Tax revenues were adjusted down to correct overstatements in prior years.

The recent fluctuations in income tax revenues are partially due to varying returns from the larger employers in the City. (See also **Financial Outlook** for further discussion.)

Pursuant to a 1991 Charter amendment and applicable only to the 2% portion of the City's income tax rate, income tax proceeds are allocated 27% for capital expenditures and 73% for the General Fund. This income tax authorization is a major component of the City's Capital Investment Program (see **Capital Investment Program**).

Residents are currently permitted, as a credit against their City income tax liability, up to a maximum of 2.25%, paid as municipal income tax on the same income in another municipal corporation. Based on employer payments of corporate and salary withholding income taxes, there are two employers that contributed 5% or more of that collection. Certain types of the income subject to the municipal income tax is also subject to State income tax.

OTHER GENERAL FUND REVENUE SOURCES

Other sources of revenue to the General Fund, in addition to ad valorem property taxes and the municipal income tax, include certain non-tax revenues and State local government

assistance distributions. See **Appendix A-1** for further information regarding other revenue sources for the General Fund.

NONTAX REVENUES

The City's General Fund receives significant revenues from non-tax sources, such as licenses and permits, fines and interest earnings. (See also **Nontax Revenue Bonds**.) The Nontax Revenues include: (a) grants from the United States of America and the State of Ohio; (b) payments in lieu of taxes authorized by State statute; (c) fines and forfeitures that are deposited in the General Fund; (d) fees deposited in the General Fund from properly imposed licenses and permits; (e) investment earnings on the General Fund that are credited or transferred to the General Fund; (f) investment earnings of other funds of the City that are credited or transferred to the General Fund; (g) proceeds from the sale of assets that are deposited in the General Fund; (h) rental income that is deposited in the General Fund; (i) gifts and donations; and (j) charges for services and payments received in reimbursement for services; provided that Nontax Revenues do not include any funds in the City's Knight Estate Fund.

Historical Collections of Nontax Revenues

The following table summarizes historical collections for the past ten years of the revenues identified by the City from its General Fund as Nontax Revenues. No assurance can be given that the full amount of such collections will be available to pay debt service on the Nontax Revenue Bonds (see **Nontax Revenue Bonds**). Moreover, no assurance can be given that the collection of such Nontax Revenues will remain at the levels historically collected by the City.

Historical Collections - General Fund Nontax Revenues

| <u>Year</u> | <u>Licenses & Permits</u> | <u>Charges for Services</u> | <u>Fines & Forfeitures</u> | <u>Interest Earnings(a)</u> | <u>Expenditure Recoveries</u> | <u>Other</u> | <u>Total</u> |
|--------------------|--------------------------------------|------------------------------------|---------------------------------------|------------------------------------|--------------------------------------|---------------------|---------------------|
| 2004 | 1,761,193 | 13,527,776 | 3,767,414 | 990,000 | 3,344,210 | 3,444,829(d) | 26,835,422 |
| 2005 | 2,742,547 | 14,396,312 | 3,927,525 | 1,100,000 | 3,626,666 | 345,416 | 26,138,466 |
| 2006 | 2,461,563 | 16,450,089 | 3,840,095 | 623,020 | 3,561,785 | 263,526 | 27,200,078 |
| 2007 | 2,975,741 | 16,929,944 | 3,559,135 | 125,000 | 3,582,706 | 691,099 | 27,863,625 |
| 2008 | 2,714,828 | 16,279,187 | 3,489,072 | 147,895 | 3,474,708 | 379,272 | 26,484,962 |
| 2009 | 912,936 (e) | 16,134,723 | 3,562,705 | 44,484 | 3,552,927 | 2,778,981(f) | 26,986,757 |
| 2010 | 823,815 | 16,356,358 | 3,593,364 | 21,632 | 3,577,182 | 430,663 | 24,803,014 |
| 2011 | 327,737 | 16,700,483 | 3,390,685 | 75,932 | 3,667,007 | 644,313 | 24,806,157 |
| 2012 | 370,292 | 17,117,884 | 3,239,029 | 39,172 | 4,527,672 | 526,146 | 25,820,195 |
| 2013 | 359,512 | 17,915,758 | 3,259,025 | 31,001 | 4,562,730 | 1,563,26 | 27,690,151 |
| Avg% | (g) 2.2 | 66% | 13.2% | .2% | 15.6% | 2.8% | |

(a) Amount transferred from the City's Investment Earnings Fund.

(b) Includes approximately \$788,400 rebate from Workers' Compensation.

(c) Includes \$185,777 insurance reimbursement from 2002.

(d) Includes \$3,034,183 refund of a loan guarantee account and \$244,749 refund of a project contingency fund, both of which were no longer needed.

(e) Contracting-out of the majority of the City of Akron Building Department to Summit County caused reduction in license and permit revenues.

(f) Includes \$2,249,244 local grant from First Energy Corporation.

(g) Approximate percentage of the total General Fund Nontax Revenues averaged over the years 2009 through 2013 for each category.

Licenses and Permits. Revenue in this category is derived from the issuance of sidewalk permits and a variety of inspection permits. Fees charged to contractors for examinations, building plan reviews and various zoning fees are included in this category. Revenue is also generated from the issuance of operating licenses, including licenses for ambulances, burglar alarms, carnivals, gasoline pumps, taxis, and solid waste haulers. In total, the City issues over 60 different types of licenses or permits. Fees vary with the type of license or permit and are set by City ordinance.

Charges for Services. This category of revenue includes a variety of fees and charges collected by the City for the provision of services. The major services provided are solid waste and recyclable collection and Health Department charges for services provided at several clinics throughout the City.

Fines and Forfeitures. These revenues are derived from City fines, parking violations, court costs, highway patrol, and civil filing fees.

Interest Earnings. The City Treasurer invests City funds pursuant to the Ohio Revised Code and the City's Investment Policy. See **Financial Matters – Cash Balances and Investments**. The City uses the Investment Earnings Fund to record all investment earnings and then distributes the earnings almost entirely to the General Fund. The Knight Estate Fund, the Akron Development Corp. Incubator Fund and certain federal grant funds are required to receive their share of investment earnings.

Expenditure Recoveries. Revenue in this category is derived from reimbursements to the General Fund for costs and expenses it has incurred on behalf of other funds. These other funds include the Engineering, Fire Pension, Police Pension, Golf Course, Management Information Systems, Off-Street Parking, Sewer and Water Funds.

Other. This category includes a wide variety of types of revenue collected by City divisions. Due to the nature of these revenues, which frequently includes one time receipt of revenues, the total may fluctuate from year to year. Included in these totals are loan payments, refunds, rental payments from leased land, gifts, donations, and proceeds from the sale of personal property by the City's Police Department.

LOCAL GOVERNMENT ASSISTANCE FUNDS

Statutory State-level local government assistance funds are comprised of designated State revenues. Most are distributed to each county and then allocated on a formula basis or, in some cases (as in the County) on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. City receipts from those funds for the past 10 years are:

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| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2003 | 14,545,453 |
| 2004 | 14,405,110 |
| 2005 | 14,441,757 |
| 2006 | 14,374,069 |
| 2007 | 14,418,325 |
| 2008 | 14,227,271 |
| 2009 | 12,349,228 |
| 2010 | 12,515,342 |
| 2011 | 12,378,170 |
| 2012 | 8,668,934 |
| 2013 | 6,640,387 |

The amounts of and formula for distribution of these funds have been, and based on the State's approved budget, will be reduced significantly in the future.

The State also distributes significant portions of the State estate tax to decedents' communities of residence. Due to the very nature of this tax, the annual amounts received can vary significantly. The City received \$ 3,804,916, \$4,454,46 and \$4,855,475 from this source in 2011, 2012, and 2013. The City credits these distributions to its General Fund. The collection of this tax has been eliminated by the State of Ohio and this source of funding has been eliminated from future City collection projections beginning in 2014.

CITY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations, outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the City. Certain overlapping subdivisions may issue voted and un-voted general obligation debt. As used in the discussions that follow, BANs refers to notes issued in anticipation of the issuance of general obligation bonds.

SECURITY FOR GENERAL OBLIGATION DEBT

The following describes security for City general obligation debt.

Bonds and Bond Anticipation Notes

Unvoted Bonds. The basic security for un-voted City general obligation debt is the City's ability to levy, and its levy pursuant to constitutional and statutory requirements of, an ad valorem tax on all real and tangible personal property subject to ad valorem taxation by the City, within the Charter tax rate limitation described below. This tax must be in sufficient amount to pay (to the extent not paid from other sources) as it comes due the debt service on un-voted City general obligation bonds, both outstanding and in anticipation of which BANs are outstanding. The law provides that the levy necessary for debt service has priority over any levy for current expenses within that tax limitation; that priority may be subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. See the discussion below, under **Indirect Debt and Unvoted Property Tax Limitations**, of the Charter tax limitation and the priority of claim on it for debt service on un-voted general obligation debt of the City.

Voted Bonds. The basic security for voted City general obligation debt is the authorization by the electors for the City to levy to pay debt service on those bonds, without limitation as to rate or amount, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the City. The tax is outside of the Charter tax limitation and is to be in sufficient amount to pay (to the extent not paid from other sources) as it comes due the debt service on the voted bonds (subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion). The City has no voted general obligation debt.

BANs. Ohio law requires, while BANs are outstanding, the levy of an ad valorem property tax in an amount not less than that which would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months (20 years) from the date of issuance of the original notes (the maximum maturity for special assessment BANs is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period. As of December 31, 2013, the City has no General Obligation BANs outstanding.

In addition to the basic ad valorem property tax security described above, each ordinance authorizing the issuance of the City's general obligation bonds or notes issued in anticipation thereof provides further security by making a pledge of the full faith and credit of the City for the payment of the debt service on those bonds or notes as it becomes due. Included in that pledge are all funds of the City, except those specifically limited to another use or prohibited from that use by the Ohio Constitution or by Ohio or federal law or by revenue bond trust agreements. These exceptions include tax levies voted for specific purposes, special assessments pledged to particular bonds or notes, and certain utility revenues. As discussed herein, only voted general obligation debt is payable from unlimited ad valorem property taxes.

As is shown in **Debt Table C**, the City expects that almost all of the debt service on the un-voted general obligation debt of the City will in fact be paid from sources other than the ad valorem property tax, such as the City's income tax revenues, utility revenues, and special assessments. Should income tax revenues or other revenues for any reason become insufficient to pay debt service on City bonds and bond anticipation notes, the City will be required by Ohio law to levy, collect, and use the above-described ad valorem taxes to pay that debt service.

STATUTORY DIRECT DEBT LIMITATIONS

The Revised Code provides that the net principal amount of both voted and un-voted general obligation debt of a city, excluding "exempt debt" (discussed below), may not exceed 10-1/2% of the total value of all property in the city as listed and assessed for taxation, and that the net principal amount of the un-voted nonexempt debt of a city may not exceed 5-1/2% of that value. These two limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

A city's ability to incur un-voted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt a city may issue is exempt from the direct debt limitations ("exempt debt"). Exempt debt includes: general obligation debt issued for improvements for municipal

utility, off-street parking, garbage and refuse collection or disposal, hospital, and airport purposes, to the extent it is “self-supporting” (that is, revenues from the category of facilities are sufficient to pay operating and maintenance expenses and related debt service and other requirements); bonds issued in anticipation of the collection of special assessments; revenue bonds; notes issued in anticipation of the collection of current revenues or in anticipation of the proceeds of a specific tax levy; notes issued for certain emergency purposes; bonds issued to pay non-contractual final judgments; and un-voted general obligation bonds to the extent that debt service will be met from lawfully available municipal income taxes to be applied to that debt service pursuant to ordinance covenants. Notes issued in anticipation of exempt bonds are also exempt debt.

In the calculation of the debt subject to the direct debt limitations, the amount of money in a city’s bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of money in the City’s Bond Payment Fund and based on outstanding debt and current tax valuation, the City’s voted and un-voted nonexempt debt capacities as of July 1, 2014 were:

| <u>Debt Limitation</u> | <u>Outstanding Debt</u> | <u>Additional Borrowing Capacity Within Limitation</u> |
|-------------------------|-------------------------|--|
| 10-1/2% - \$275,089,915 | \$125,482,960 | \$149,606,955 |
| 5-1/2% - \$144,094,717 | \$125,482,960 | \$18,611,757 |

See **Debt Table A** for further details.

INDIRECT DEBT AND UNVOTED PROPERTY TAX LIMITATIONS

Voted general obligation debt may be issued by the City if authorized by a vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt service on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the City without a vote of the electors. This un-voted debt may not be issued unless the highest ad valorem property tax for the payment of debt service on (a) those bonds (or the bonds in anticipation of which BANs are issued) and (b) all outstanding un-voted general obligation bonds (including bonds in anticipation of which notes are issued) of the City resulting in the highest tax required for such debt service, in any year is 10.5 mills or less per \$1.00 of assessed valuation. This indirect debt limitation is imposed by the Charter.

In lieu of the ten-mill limitation briefly discussed below, the electors of a charter municipality such as the City may establish a different tax rate limitation. The electors of the City have authorized the Council to levy, for all purposes of the City, each year a tax of up to the Charter tax rate limitation on all the taxable property in the City without further authorization from the electors, but subject to change by further action of the electors. See **Ad Valorem Tax Rates**. No portion of the 10.5-mills can be preempted by another overlapping taxing subdivision. In the case of BANs issued in anticipation of un-voted general obligation bonds, the highest annual debt service estimated for the anticipated bonds is used to calculate the millage required. These debt service estimates are included in **Debt Table C**.

This Charter millage is required to be used first for the payment of debt service on un-voted general obligation debt of the City, unless provision has been made for its payment from other sources, and the balance may be used for general fund purposes.

The indirect limitation applies to all un-voted general obligation debt even if debt service on some of it is expected to be paid in fact from special assessments, utility revenues, or other sources. Revenue bonds, notes issued solely in anticipation of special assessments, and bonds and notes payable only from City income tax revenues are not included in debt subject to the Charter tax rate limitation because they are not general obligations of the City and the full faith and credit of the City is not pledged for their payment.

The highest debt service requirement in any year for all City debt subject to the Charter tax rate limitation (including unvoted, general obligation bonds already outstanding and bonds to be issued to fund those BANs) is estimated to be \$26,825,502. The payment of that annual debt service would require a levy of 10.24 mills based on current assessed valuation. This maximum debt service requirement (except debt service on certain final judgment bonds) is expected by the City to be paid from sources other than ad valorem property taxes, such as the City income tax revenues and special assessments (see **Debt Table C**). If those other sources for any reason are not available, the debt service could be met from the amounts produced by the millage currently levied for all purposes by the City within the Charter tax rate limitation.

The total millage theoretically required by the City for its outstanding unvoted bonds (including bonds in anticipation of which notes are outstanding) is, as shown above 10.24 mills for 2014, the year of the highest potential debt service. There thus remain 0.26 mills within the Charter tax rate limitation that has yet to be allocated to debt service by the City and that is available to the City in connection with the issuance of additional unvoted general obligation debt. The City could, for example, issue additional debt in the principal amount of approximately \$8,890,796 (maturing over 20 years with substantially equal annual debt service payments and with an estimated interest rate of 5.0%) within this limitation. The estimated principal amount of that additional debt would be reduced accordingly if the estimated interest rate exceeded 5.0% or if the City's total assessed valuation continued to decrease (see **Ad Valorem Property Taxes and Special Assessments - Assessed Valuation** in the **Annual Information Statement**).

In the absence of the Charter tax limitation, the applicable indirect debt limitation would be the product of what is commonly referred to as the "ten-mill limitation" imposed by a combination of provisions of the Ohio Constitution and of the Revised Code. The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied without elector approval on a single piece of property by *all* overlapping taxing subdivisions, with the ten mills being allocated among certain overlapping taxing subdivisions (including the cities) pursuant to a statutory formula. The inside millage so allocated is required by Ohio law to be used first for the payment of debt service on un-voted general obligation debt of the subdivisions (unless provision has been made for its payment from other sources) and the balance may be used for other purposes of the subdivisions. If the ten-mill limitation applied to the City (that is, if the City did not have the Charter tax rate limitation), un-voted obligations could not be issued by the City unless the tax required to be imposed in any one year would be ten mills or less per \$1.00 of assessed valuation for payment of annual debt service on those obligations (if BANs, the bonds in anticipation of which the BANs are issued) and all outstanding un-voted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the City resulting in the highest tax rate required for that debt service. To the extent that this inside millage is required for debt service of a taxing subdivision (which may exceed the formula allocation for that subdivision), the amount that would otherwise be available to that subdivision or to other overlapping subdivisions for general fund purposes would be reduced. A law applicable to all Ohio cities and villages, however, requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt service on City un-voted debt before

the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

DEBT OUTSTANDING

The following tables list the City's outstanding general obligation debt represented by bonds and notes and certain other debt service information as of July 1, 2014.

DEBT TABLE A

Principal Amounts of Outstanding General Obligation Debt; Capacity for Additional Debt within Direct Debt Limitations

| | | | |
|----|--|------------|-------------|
| A. | Total debt (a)..... | | 225,007,067 |
| B. | Exempt debt: (all unvoted) | | |
| | Bonds issued to pay final judgments | 2,604,067 | |
| | Bonds issued for public improvements under Chapter 725 of the Revised Code | 1,961,920 | |
| | Bonds issued for various improvements with a specific pledge of income tax under Section 133.05(B)(7) of the Revised Code: | | |
| | Ascot Park Improvement | 49,331 | |
| | CitiCenter Building..... | 232,562 | |
| | Community Centers | 695,760 | |
| | Convention Center | 450,118 | |
| | Economic Development..... | 3,270,800 | |
| | Fire Department Facilities..... | 747,890 | |
| | Furnace/Howard Renewal..... | 125,000 | |
| | High Street Renewal | 196,431 | |
| | Industrial Incubator..... | 120,000 | |
| | Inventure Place..... | 345,960 | |
| | Justice Center Plaza | 184,490 | |
| | Motor Vehicles/Equipment..... | 725,170 | |
| | Municipal Facilities | 14,344,228 | |
| | Off-Street Parking..... | 7,912,888 | |
| | Real Estate Acquisition..... | 242,195 | |
| | Recreational Facilities..... | 23,176,903 | |
| | Storm Sewers | 1,153,548 | |
| | Streets..... | 34,764,088 | |
| | Total..... | 88,737,362 | |
| | Bonds issued in anticipation of the collection of special assessments | 6,220,758 | |
| | Total exempt debt | | 99,524,107 |
| C. | Nonexempt debt: | | |
| | Unvoted bonds and BANs issued for the following improvements: | | |

| | | |
|--|-------------------|-------------|
| Community Centers | 477,140 | |
| Convention Center | 236,658 | |
| Fire Department Facilities | 145,380 | |
| Furnace/Howard Renewal Area | 2,875,395 | |
| High Street Renewal Area | 1,065,546 | |
| Industrial Incubator..... | 2,735,000 | |
| Justice Center Plaza | 158,905 | |
| Motor Vehicles/Equipment | 8,508,690 | |
| Municipal Facilities | 6,212,135 | |
| Parking Facilities | 13,384,939 | |
| Real Estate Acquisition..... | 4,725,528 | |
| Recreational Facilities..... | 27,404,316 | |
| Streets..... | <u>57,553,328</u> | |
| Total non exempt debt | | 125,482,960 |
| D. 5-1/2% of assessed valuation (unvoted direct debt limitation)..... | | 144,094,717 |
| E. Total limited tax nonexempt bonds and notes out-standing: | | |
| Bonds outstanding..... | 125,482,960 | |
| Notes outstanding..... | <u>0</u> | |
| Total..... | | 125,482,960 |
| F. Debt capacity within 5-1/2% unvoted debt limitation (but subject to indirect debt limitation) (D minus E) (b) | | 18,611,757 |
| G. 10-1/2% of assessed valuation (voted and unvoted direct debt limitation)..... | | 275,089,915 |
| H. Total nonexempt bonds and notes outstanding: | | |
| Bonds outstanding..... | 125,482,960 | |
| Notes outstanding..... | <u>0</u> | |
| Total..... | | 125,482,960 |
| I. Debt capacity within 10-1/2% direct debt limitation (G minus H) (b)..... | | 149,606,955 |

-
- (a) Other City debt and long-term obligations, which are not general obligations of the City and thus are not set forth in this table, include:
- Health benefit claims BANs (\$6,500,000) payable solely from income tax revenues (see **Income Tax Revenue Bonds – Health Benefit Claims Bond Anticipation Notes** in the Annual Information Statement).
 - Special Assessment Street Improvement Notes (\$13,000,000 payable solely from special assessment revenues.
 - Water system mortgage revenue bonds payable solely from revenues (\$33,835,000) and Sewer System revenue bonds payable solely from revenues (\$15,385,000) (see **Revenue Bonds** in the Annual Information Statement).
 - Loan payments payable to: (i) the OWDA, (ii) the OPWC, (iii) the ODOT, and (iv) the ODOT, and certain lease agreements (see **Long-Term Obligations Other Than Bonds and Notes** in the Annual Information Statement).

- Certificates of Participation for: (i) Canal Park Stadium project (\$17,275,000), (ii) Municipal Parking Facilities projects (\$18,075,000 and \$16,060,000), (iii) Steam System Utility (\$12,305,000) (see **Long-Term Obligations Other Than Bonds and Notes** in the Annual Information Statement).
 - Nontax Revenue Economic Development Bonds (\$48,475,000) (see **Nontax Revenue Bonds** in the Annual Information Statement)
Pension Income Tax Revenue Refunding Bonds, Series 201 (\$6,060,000) (see **Income Tax Revenue Bonds** in the Annual Information Statement)
Community Learning Centers Income Tax Revenue Bonds, Series 2010A (\$17,880,000), Series 2010B (\$12,060,000), Series 2010C (\$15,060,000), Series 2012A (\$155,360,000) and Series 2012B (\$7,025,000) (see **Income Tax Revenue Bonds** in the Annual Information Statement).
Joint Economic Development District Special Revenue Bonds (\$27,165,000), payable solely from JEDD Revenues (see **Special Revenue Bonds** in the Annual Information Statement).
- (b) Debt capacity in this table is determined without considering money in the Bond Payment Fund (estimated \$525,761), which is available to pay Debt Service on general obligation bonds and bond anticipation notes.

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DEBT TABLE B

Various City and Overlapping General Obligation (GO) Debt Allocations (Principal Amounts)

| | Amount | Per Capita(b) | % of City's Current Assessed Valuation(d) | % of City's Estimated Actual Valuation(e) |
|--|---------------|---------------|--|--|
| City Nonexempt GO Debt(a) | \$125,482,960 | \$ 630 | 4.79% | 1.72% |
| Total City GO Debt (exempt and nonexempt) | \$225,007,067 | \$ 1,130 | 8.59% | 3.08% |
| Total Overlapping GO Debt(c) | \$255,682,078 | \$ 1,284 | 9.76% | 3.50% |

(a) Total City GO debt, less exempt debt (see **Debt Table A**).

(b) Based on 2010 census population of 199,110 for the City.

(c) Includes, in addition to "Total City GO Debt," allocations of the total GO debt of overlapping debt issuing subdivisions resulting in the calculation of total overlapping debt based on percent of assessed valuation of territory of the subdivisions located within the City (% figures are resulting percent of total debt of subdivisions allocated to the City in this manner), as follows:

\$ 10,061,414 of County debt (23.32%);
 \$ 10,915,513 of Summit County Library District debt (34.51%);
 \$ 40,723 of Copley-Fairlawn City School District debt (1.96%);
 \$ 88,063 of Revere Local School District debt (3.15%);
 \$ 2,283,876 of Woodridge Local School District debt (30.21%);
 \$ 4,700,000 of Coventry Local School District debt (9.40%);
 \$ 2,560,936 of Springfield Local School District debt (7.84%);
 \$ 24,486 of METRO Regional Transit Authority debt (23.32%).

(d) The assessed valuation of the City is \$2,619,903,950.

(e) The estimated actual valuation of the City is \$7,295,976,553.

Source of assessed valuation and estimated actual valuation: County Fiscal Officer.

Source of GO debt figures for overlapping subdivisions: Ohio Municipal Advisory Council (OMAC)*.

*Statement provided by OMAC: "OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose."

DEBT TABLE C

Projected Debt Service Requirements on Unvoted General Obligation Bonds (Payable from Ad Valorem Taxes Levied within the City's 10.5-Mill Charter Tax Rate Limitation)

| Year | Bonds | Bonds in Anticipation of Which Notes are Outstanding | Total Debt Service | Portion of Total Debt Service Anticipated to be Paid From: | | | | | |
|------|-------------|---|-----------------------|--|---------------------------|---------------------|------------------------|-------------------------------|-----------------------------------|
| | | | | Income Tax | Pledged Income Tax (a) | Ad Valorem Taxes | Special Assessments | Tax Increment Financing | Off-Street Parking Revenues |
| 2014 | 26,825,502 | 0 | 26,825,502 | 13,302,326 | 9,813,851 | 411,600 | 2,277,849 | 559,516 | 460,362 |
| 2015 | 26,356,853 | 0 | 26,356,853 | 13,490,569 | 10,387,095 | 401,889 | 1,334,846 | 575,229 | 167,225 |
| 2016 | 26,032,011 | 0 | 26,032,011 | 14,429,742 | 9,220,423 | 404,959 | 1,039,403 | 351,259 | 586,225 |
| 2017 | 25,353,741 | 0 | 25,353,741 | 13,931,027 | 9,565,528 | 400,682 | 509,234 | 359,846 | 587,425 |
| 2018 | 24,222,000 | 0 | 24,222,000 | 13,069,505 | 9,470,480 | 336,381 | 386,685 | 372,873 | 586,075 |
| 2019 | 23,439,338 | 0 | 23,439,338 | 12,152,627 | 9,711,238 | 219,091 | 388,357 | 382,683 | 585,344 |
| 2020 | 21,406,383 | 0 | 21,406,383 | 11,939,864 | 7,897,375 | 219,661 | 377,763 | 384,202 | 587,519 |
| 2021 | 23,123,689 | 0 | 23,123,689 | 12,544,429 | 9,130,373 | 220,515 | 373,943 | 265,680 | 588,750 |
| 2022 | 18,608,944 | 0 | 18,608,944 | 11,267,971 | 6,753,873 | 0 | 0 | 0 | 587,100 |
| 2023 | 17,171,554 | 0 | 17,171,554 | 10,175,466 | 6,996,088 | 0 | 0 | 0 | 0 |
| 2024 | 14,515,193 | 0 | 14,515,193 | 7,941,586 | 6,573,606 | 0 | 0 | 0 | 0 |
| 2025 | 10,301,644 | 0 | 10,301,644 | 5,225,006 | 5,076,638 | 0 | 0 | 0 | 0 |
| 2026 | 11,768,831 | 0 | 11,768,831 | 5,231,506 | 6,537,325 | 0 | 0 | 0 | 0 |
| 2027 | 7,712,838 | 0 | 7,712,838 | 2,166,988 | 5,545,850 | 0 | 0 | 0 | 0 |
| 2028 | 6,240,950 | 0 | 6,240,950 | 773,300 | 5,467,650 | 0 | 0 | 0 | 0 |
| 2029 | 4,315,531 | 0 | 4,315,531 | 0 | 4,315,531 | 0 | 0 | 0 | 0 |
| 2030 | 4,254,631 | 0 | 4,254,631 | 0 | 4,254,631 | 0 | 0 | 0 | 0 |
| 2031 | 4,194,644 | 0 | 4,194,644 | 0 | 4,194,644 | 0 | 0 | 0 | 0 |
| | 295,844,277 | 0 | 295,844,277 | 147,641,912 | 130,912,196 | 2,614,777 | 6,688,080 | 3,251,287 | 4,736,025 |

(a) Debt service on general obligation bonds and notes secured with a specific pledge of income tax revenues under Section 133.05(B)(7) of the Revised Code. (See **Debt Outstanding - Debt Table A** and **Income Tax Revenue Bonds** in the Annual Information Statement.)

NOTE: Columns may not total due to rounding to the nearest dollar

PAYMENT OF DEBT SERVICE

General obligation debt of the City, unless paid from other sources, is to be paid by the levy of ad valorem property taxes, which taxes are unlimited as to amount or rate as to voted issues and within the 10.5-mill Charter tax rate limitation as to un-voted issues. The actual source of payment of debt service on general obligation debt has shifted during the last 48 years from property taxes to other sources, as indicated below. The property tax continues to be pledged to the payment of that debt even though payment is made from other sources. At the end of 1963, the City's outstanding general obligation debt totaled \$41,127,332; of this amount, \$25,856,432, or 62.87%, was expected to be retired from property taxes. By the end of 2013 the City's outstanding general obligation debt had risen to \$221,992,067, but only \$9,447,804, or 4.26%, of this amount was expected to be retired from property taxes.

Debt Table D sets forth the principal amount of the City's total general obligation debt, outstanding as of January 1 in the years indicated, divided according to the source of funds used and expected to be used in 2014 to retire that debt. Of that total debt, 90.68% is to be paid from the City's municipal income tax (see **Municipal Income Tax**) and another 3.25% is to be paid from the collection of special assessments (see **Special Assessments**).

Tax increment payments support 1.82% of the outstanding general obligation debt. Under certain tax increment financing statutes, the City may declare the future increase in assessed valuation of parcels being developed to be exempt from real property taxation for a certain period of time. Owners of that property then make payments to the City in lieu of the taxes that would have been paid. The City uses these payments to pay debt service on general obligation debt issued to fund public improvements, including bonds issued under Chapter 725 of the Revised Code (see **Debt Table A**). The City has entered into several agreements with the Akron City School District that provide, in part, for limitations on the exemption period and for certain payments by the City to the School District.

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DEBT TABLE D

Principal Amount of General Obligation Debt, the Debt Service on Which Was (or Will Be) Retired from these Sources

| <u>Outstanding as of January 1,</u> | <u>Total</u> | <u>Income Taxes(a)</u> | <u>Ad Valorem Taxes</u> | <u>Special Assessments</u> | <u>Water and Sewer Revenue</u> | <u>Off-Street Parking Revenue</u> | <u>Tax Increment Payments</u> | <u>County-Wide Bed Tax</u> |
|---|--------------|------------------------|-----------------------------|--------------------------------|------------------------------------|---|-----------------------------------|--------------------------------|
| 2005 | 240,155,763 | 195,444,902 | 10,183,873 | 20,491,318 | 600,000 | 4,060,000 | 8,280,670 | 1,095,000 |
| 2006 | 214,589,786 | 178,142,440 | 10,078,149 | 18,363,662 | 300,000 | -0- | 6,860,535 | 845,000 |
| 2007 | 225,634,970 | 190,782,790 | 10,287,564 | 17,433,196 | -0- | -0- | 6,496,778 | 634,642 |
| 2008 | 233,149,295 | 189,346,094 | 10,794,138 | 16,285,403 | -0- | 10,420,040 | 5,978,799 | 324,821 |
| 2009 | 246,059,447 | 204,584,645 | 10,278,052 | 16,077,013 | -0- | 9,659,431 | 5,460,306 | -0- |
| 2010 | 271,488,713 | 232,375,027 | 10,278,196 | 13,412,622 | -0- | 9,991,106 | 5,431,762 | -0- |
| 2011 | 281,471,862 | 244,813,495 | 9,927,639 | 12,415,297 | -0- | 9,227,680 | 5,087,751 | -0- |
| 2012 | 292,990,209 | 257,623,859 | 9,723,524 | 12,219,202 | -0- | 8,677,052 | 4,746,572 | -0- |
| 2013 | 238,585,598 | 207,893,539 | 9,260,389 | 9,107,829 | -0- | 7,952,907 | 4,370,934 | -0- |
| 2014 | 221,992,067 | 201,292,597 | 9,447,804 | 7,220,254 | -0- | -0- | 4,031,412 | -0- |

(a) Includes general obligation debt expected to be paid from the City's income taxes as well as general obligation debt secured with a specific pledge of income tax revenues (see **Debt Outstanding – Debt Table A** and **Debt Table C**).

Shown below is the annual debt service on general obligation debt paid from income tax revenues and from unlimited ad valorem taxes pursuant to elector authorization and ad valorem taxes within the 10.5-mill Charter tax rate limitation.

| <u>Calendar Year</u> | <u>Debt Service Paid from^(a)</u> | | |
|---------------------------|---|---|--|
| | <u>Income Tax Revenues</u> | <u>Unlimited Ad Valorem Taxes^(b)</u> | <u>Ad Valorem Taxes within 10.5-mill Limit^(b)</u> |
| 2004 | 19,859,927 | 350,000 | 754,854 |
| 2005 | 17,350,072 | 350,000 | 917,171 |
| 2006 | 17,172,914 | -0- | 971,250 |
| 2007 | 18,815,310 | -0- | 921,511 |
| 2008 | 19,500,503 | -0- | 929,212 |
| 2009 ^(c) | 8,217,966 | -0- | 259,361 |
| 2010 | 15,182,974 | -0- | 777,252 |
| 2011 | 17,428,822 | -0- | 818,183 |
| 2012 | 16,115,523 | -0- | 780,743 |
| 2013 | 21,817,913 | -0- | 810,435 |

(a) See **Debt Tables A** and **C** for amount of future debt service anticipated to be paid from these sources.

(b) See **Tax Table B** for millage levied for this debt service.

(c) General Obligation maturities totaling \$12,925,000 were refinanced in 2009.

As indicated in **Debt Table C** and **Debt Table D**, the City's un-voted general obligation bonds and bond anticipation notes are anticipated to be paid from income tax revenues, special assessments, off-street parking revenues and other sources. Because the City has provided for the levy of taxes within the 10.5-mill Charter tax rate limitation (as required by law), should those revenue sources fail for any reason to produce amounts sufficient for debt service, the City would be required to preempt the levy for current expenses for its General Fund to the extent of the revenue shortfall in order to provide for debt service on those bonds and notes. The City has not been in default on any of its general obligation debt since March 1, 1936.

CHANGES IN INDEBTEDNESS; FUTURE FINANCINGS

The City's amortization schedule of its general obligation bonds provides that 75.9% of those bonds currently outstanding will mature and be paid within 10 years.

A summary of the general obligation debt of the City, outstanding as of January 1 for the years indicated, is set forth in the following table.

| <u>January 1</u> | <u>Bonds</u> | <u>General Obligation Debt (Principal Amount)</u> | | | <u>% of Then Current Assessed Valuation(b)</u> | <u>% of Then Estimated Actual Valuation(b)</u> |
|------------------|--------------|---|--------------|--------------------------|--|--|
| | | <u>Bond Anticipation Notes</u> | <u>Total</u> | <u>Per Capita(a)</u> | | |
| 2005 | 205,570,263 | 34,585,500 | 240,155,763 | 1,106 | 7.50 | 2.49 |
| 2006 | 211,767,928 | 2,821,858 | 214,589,786 | 989 | 6.40 | 2.15 |
| 2007 | 222,776,617 | 2,858,353 | 225,634,970 | 1,039 | 6.88 | 2.19 |
| 2008 | 230,369,113 | 2,780,182 | 233,149,295 | 1,074 | 7.36 | 2.58 |
| 2009 | 214,782,947 | 31,276,500 | 246,059,447 | 1,134 | 8.15 | 2.90 |
| 2010 | 212,191,513 | 59,297,200 | 271,488,713 | 1,251 | 9.03 | 3.21 |
| 2011 | 257,573,662 | 23,898,200 | 281,471,862 | 1,414 | 9.33 | 3.32 |
| 2012 | 252,361,509 | 40,628,700 | 292,990,209 | 1,471 | 10.96 | 3.92 |
| 2013 | 238,069,598 | 516,000 | 238,585,598 | 1,198 | 10.05 | 3.61 |
| 2014 | 221,992,067 | 0 | 221,992,067 | 1,115 | 9.49 | 3.41 |

(a) Based on Bureau of Census 2010 population figure of 199,110 for the City.

(b) For the current assessed valuation and estimated actual valuation see table under **Ad Valorem Property Taxes and Special Assessments -- Assessed Valuation**.

The following table sets forth the types and principal amounts of debt retired and issued in the last calendar year and projections for the current year.

| Principal Amount of Debt (000) | | | | | | |
|--|--------------------------------------|---------|-----------|--------------------------------------|---------------|--------------------|
| | 2013 | | | 2014 | | |
| | Outstanding as of January 1(b) | Paid | Issued(a) | Outstanding as of January 1(b) | To be Paid | To be Issued(c) |
| Revenue Bonds(d)..... | \$56,690 | \$7,470 | \$-0- | \$49,220 | \$7,785 | \$ 0- |
| Special Revenue Bonds(e) | 27,165 | -0- | -0- | 27,165 | 1,920 | -0- |
| Nontax Revenue Bonds(f)..... | 50,080 | 1,605 | -0- | 48,475 | 3,620 | -0- |
| Special Assessment Notes(g) | 11,280 | 11,280 | 13,000 | 13,000 | 13,000 | 13,000 |
| Income Tax Revenue Bonds(h)... | 248,230 | 6,977 | 4,849 | 246,102 | 7,700 | 50,000 |
| Income Tax Revenue Notes(h)... | 21,115 | 21,115 | 33,730 | 33,730 | 33,730 | 16,500 |
| General Obligation | | | | | | |
| Voted – | | | | | | |
| Bonds..... | -0- | -0- | -0- | -0- | -0- | -0- |
| Notes | -0- | -0- | -0- | -0- | -0- | -0- |
| Unvoted utility or off-street parking(i) | | | | | | |
| Bonds..... | 22,338 | 1,040 | -0- | 21,298 | 1,721 | -0- |
| Notes | -0- | -0- | -0- | -0- | -0- | -0- |
| Unvoted in anticipation of special assessments(j) | | | | | | |
| Bonds..... | 8,592 | 2,371 | -0- | 6,221 | 2,066 | -0- |
| Notes | 516 | 516 | -0- | -0- | -0- | -0- |
| Unvoted-general purposes | | | | | | |
| Bonds..... | 207,139 | 12,667 | -0- | 194,473 | 13,430 | -0- |
| Notes..... | -0- | -0- | -0- | -0- | -0- | -0- |

- (a) For description of note issues see **Bond Anticipation Notes**.
- (b) For detail see **Debt Table A**.
- (c) Estimated amounts, currently expected to be issued.
- (d) Non-GO debt payable from revenues of utilities.
- (e) Non-GO debt payable from JEDD revenues and utility revenues if necessary.
- (f) Non-GO debt payable solely from non-tax revenues.
- (g) Non-GO debt payable solely from special assessments.
- (h) Non-GO debt payable solely from municipal income tax revenues.
- (i) Exempt GO debt expected to be paid from revenues of utilities or off-street parking facilities.
- (j) Exempt GO debt expected to be paid from the collection of special assessments.

The City also plans to issue, from time to time, notes in anticipation of the levy and collection of special assessments and of the issuance of bonds for various street, sewer, and water improvement projects. It is expected that consistent with City policy these general obligation notes will be purchased by the City as investments in its Treasury Investment Account. (See **Special Assessments**.)

REVENUE BONDS

The City has issued revenue bonds for its Water System and for its Sewer System (see **The City – Water System** and **Sewer System**). These bond issues are summarized in the following tables.

Water System Revenue Bonds

| <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Original Principal Amount</u> | <u>Principal Outstanding as of Dec. 31, 2013</u> | <u>Principal and Interest Payment Due in 2014</u> |
|----------------------|-----------------------|----------------------------------|--|---|
| July 1, 2003 | 2014 | 28,045,000 | 2,560,000 | 2,604,800 |
| August 10, 2006 | 2026 | 13,340,000 | 9,885,000 | 1,000,995 |
| September 17, 2009 | 2034 | 22,100,000 | 21,390,000 | 1,340,213 |

The bonds dated July 1, 2003 were issued to advance refund a prior issue of Water System Revenue Bonds dated May 15, 1994 in the outstanding aggregate principal amount of \$19,405,000. The bonds dated August 1, 2006 were issued to finance improvements to the Water System. The bonds dated September 17, 2009 were issued to finance improvements to the Water System and to refund prior issues of Water System Revenue Bonds dated January 15, 1996 in the outstanding aggregate principal amount of \$7,780,000 and bonds dated February 1, 1998 in the outstanding aggregate principal amount of \$6,570,000. The Water System Revenue Bonds are payable from the revenues of the Water System. They are not general obligations of the City. The Water System Revenue Bonds are secured by a mortgage on that utility.

Sewer System Revenue Bonds

| <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Original Principal Amount</u> | <u>Principal Outstanding as of Dec. 31, 2013</u> | <u>Principal and Interest Payment Due in 2014</u> |
|----------------------|-----------------------|----------------------------------|--|---|
| December 1, 2005 | 2017 | 33,855,000 | 15,385,000 | 5,079,250 |

In December 2005, the City issued \$33,855,000 Sanitary Sewer System Improvement and Refunding Revenue Bonds, Series 2005, to finance improvements to the Sewer System and to partially advance refund prior issues of Sewer Revenue Bonds issued in 1996, 1997 and 1998 in the outstanding principal amount of \$30,065,000. Sewer System Revenue Bonds are payable from the revenues of the Sewer System and are not general obligations of the City.

SPECIAL REVENUE BONDS

On December 21, 2011, the City issued \$27,165,000 Joint Economic Development District Revenue Refunding Bonds. These bonds refunded \$8,080,000 Waterworks System Special Revenue Bonds, Series 2000, dated as of July 1, 2000, \$10,060,000 Waterworks System Special Revenue Bonds, Series 2002, dated as of September 1, 2002, \$8,100,000 Sanitary Sewer System Special Revenue Bonds, Series 2000, dated as of August 1, 2000, and \$6,340,000 Sanitary Sewer System Special Revenue Bonds, Series 2002, dated as of

November 1, 2002. These Special Revenue Bonds are special obligations of the City; they are not general obligations of the City. These bonds are payable solely from revenues received by the City from joint economic development districts. See **Joint Economic Development Districts** for a table showing debt service coverage provided by JEDD revenues. The City has agreed that, so long as the Special Revenue Bonds are outstanding, it will not suffer the repeal, amendment, or any other change in the City legislation authorizing those bonds or the JEDD contracts that in any way materially and adversely affects or impairs (i) the sufficiency of the JEDD Revenues available for the payment of those bonds, or (ii) the application of the JEDD Revenues to the payment of those bonds.

INCOME TAX REVENUE BONDS

Pension Bonds

In May 1999, the City issued \$10,090,000 of Pension Refunding Income Tax Revenue Bonds, Series 1999 (the Pension Bonds), to refund the obligation of the City to the Ohio Police and Fire Pension Fund for employer's accrued liability. The refunding eliminated the City's obligation to pay \$738,365 per year through 2035 to that Fund for the City's allocable share of the accrued liability. The 1999 bonds were refunded by the \$6,405,000 Pension Refunding Income Tax Revenue Bonds, Series 2011 on December 15, 2011. The City will pay, on average, approximately \$702,737 in debt service per year through 2023 to retire the Pension Bonds in 2023.

As provided in the bond ordinance for the Pension Bonds, the City will levy and collect annually income taxes to first produce an amount sufficient to pay interest (and any premium) on and principal of the Pension Bonds when due, and to meet the coverage requirements included in the Trust Indenture relating to the Pension Bonds (the Indenture), and then to meet other obligations of the City to be discharged from its income tax revenues. To secure the payment of the debt service on the Pension Bonds and any additional bonds issued under the Indenture, the City pledged its income tax revenues (the Income Tax Revenues) to the Trustee and assigned and created a security interest in the Pledged Income Tax Revenues to and in favor of the Trustee. The Pledged Income Tax Revenues comprise all money in the Pledged Funds and all income and profit from the investment of that money. The City has created two funds under the Indenture as Pledged Funds, the Bond Fund and the Bond Reserve Fund. These Pledged Funds are in the custody of the Trustee.

The Pension Bonds are not a general obligation debt or pledge of the faith or credit of the City. The Pension Bonds are special obligations of the City payable solely from the income tax revenues. The holders of the Pension Bonds have no right to have taxes, other than the City income tax, levied by the City, the State, or the taxing authority of any other political subdivision of the State for the payment of debt service on the Pension Bonds.

Holders of the Pension Bonds do not have a security interest in the City's Income Tax Revenues other than the Pledged Income Tax Revenues. The City is permitted to and intends to use its Income Tax Revenues for other lawful purposes, including but not limited to the payment of City general obligation debt. See **City Debt and Other Long-Term Obligations**. Under the Indenture, the City may issue additional bonds, although the City has no present expectation of doing so. The Indenture also permits the City to incur other obligations payable from and secured by a pledge of Income Tax Revenues on a parity with the Pension Bonds, including any general obligation bonds of the City, any City guarantees of debt or other obligations (such as the CLC Bonds) that are secured by a pledge of Income Tax Revenues (Parity Obligations). As provided in the Indenture, the City may issue additional Pension Bonds or incur Parity Obligations if the City can demonstrate that the average annual Income Tax Revenues for the previous two calendar years, taking into account any income tax rate changes then in effect, aggregate at least 300% (3.0x) of the

largest amount required to be paid in any succeeding calendar year to (i) be paid into the Bond Fund to pay debt service on all Pension Bonds to be outstanding immediately after the issuance of any additional bonds and (ii) pay all required payments on outstanding other Parity Obligations. See **Municipal Income Tax**. The coverage calculated for 2013 is 716% (7.12x). See **Income Tax Revenue Bond Debt Service and Debt Service Coverage**.

General Obligation Bonds

The City has issued general obligation bonds and bond anticipation notes for various improvements secured with a pledge of income tax under Section 133.05(B)(7) of the Revised Code, with aggregate outstanding principal of \$88,737,362. Those bonds and notes were issued for various purposes including: Convention Center, Community Centers, Inventure Place, Justice Center Plaza, Fire Department Facilities, Motor Vehicles, Street Improvements, Municipal Facilities and Recreational Facilities. See **Debt Outstanding - Debt Table A**. Although not secured under the Indenture, those bonds and notes are on a parity with the Pension Bonds and are “Parity Obligations” as defined in the Indenture. For purposes of determining whether the coverage requirement in the Indenture is satisfied prior to the issuance of additional bonds or Parity Obligations, the City will include the aggregate amount of Income Tax Revenues pledged by the City to pay debt service on these Parity Obligations.

Guarantees

In 2001, the Summit County Port Authority (the Port Authority) issued \$14,646,070 of revenue bonds to fund, in part, the renovation, expansion, and equipping of the Akron Civic Theatre (see **Central Business District (CBD) Development Program**). The Development Finance Authority of Summit County (formerly known as the Summit County Port Authority) refinanced the original bonds with a \$15,295,000 refunding bond issued dated July 12, 2012. These revenue bonds are to be paid from a County-wide bed tax. As part of a cooperative agreement between the City, the County, the Port Authority, and the Akron Civic Theatre, the City has guaranteed the payment of debt service on these bonds, but only from its income tax revenues. The Guaranty by the City is not a general obligation of the City. Under the cooperative agreement, the County’s bed-tax collections that are not needed to pay debt service on these revenue bonds will be paid to the City. The City’s guaranty of debt service commenced in 2004 and extends through 2033. Although the City expects that the debt service on these bonds will be fully paid from the bed tax revenues, the amount of that debt service will be included in the coverage calculation for all bonds secondly to a pledge of the income tax revenues, including the Pension Bonds, general obligation bonds secured by the pledge and the CLC Bonds. See **Income Tax Bond Debt Service and Debt Service Coverage**.

Community Learning Centers (CLC) Bonds

As noted in **Education - Akron City School District** and **Municipal Income Tax**, the City, pursuant to voter approval, increased its income tax rate by an additional 0.25% (the CLC Income Tax) effective January 1, 2004. The revenues generated by the CLC Income Tax are to be used solely to fund Community Learning Centers, including payment of debt service on bonds issued for that purpose. The City covenanted in the Trust Agreement securing the CLC Bonds (the Trust Agreement) not to suffer the repeal or the amendment of the City’s income tax ordinances in any way that materially and impairs the security for the CLC Bonds. In January 2004, the City issued \$215,000,000 City of Akron Community Learning Centers Income Tax Revenue Bonds (the CLC Bonds) to fund the initial phases of the Community Learning Centers project. In July 2010, the City issued an additional \$45,000,000 of City of Akron Community Learning Center Income Tax Revenue Bonds to fund additional Community Learning Center projects. On June 27, 2012, the City refunded \$165,000,000 of the Series 2004A bonds with a \$155,360,000 CLC Bonds Series 2012A refunding issue. The City also refunded \$6,895,000 the Series 2004B bonds with a

\$7,025,000 CLC Bonds Series 2012B refunding issue. On May 7, 2014 the City issued an additional \$50,000,000 of City of Akron Community Learning Center Income Tax Revenue Bonds to fund additional Community Learning Center projects.

The City will levy and collect annually income taxes to produce an amount sufficient to pay debt service on the CLC Bonds when due and to meet other obligations of the City to be discharged from its municipal income tax revenues (the Income Tax Revenues). To secure the payment of the debt service on the CLC Bonds including additional bonds issued under the Trust Agreement, the City has pledged its Income Tax Revenues to the Trustee and has assigned and created a security interest to and in favor of the Trustee in all money in the Pledged Funds and all income and profit from the investment of that money (the Pledged Income Tax Revenues). The City has created two funds under the Trust Agreement as Pledged Funds—the Bond Fund and the Bond Reserve Fund. Those Pledged Funds are in the custody of the Trustee. The Bond Reserve Fund will not be funded unless and until the City fails to meet the coverage ratio as provided in the Trust Agreement.

In the Cooperative Agreement, the School District has agreed to transfer \$3,000,000 each year to the Trustee for deposit in the Bond Fund (the School Contribution). The School Contribution is to be made in two installments (\$1,500,000 on or before February 15 and \$1,500,000 on or before May 15) each year from 2004 through 2033 or until all the CLC Bonds are fully paid. The City intends that all debt service on the CLC Bonds will be paid from the income tax revenues generated from the CLC Income Tax (the CLC Income Tax Revenues) and the annual School Contribution (collectively, the CLC Revenues). If for any reason, that debt service could not be paid from those sources, it will be paid from other Income Tax Revenues. The City has agreed in the Trust Agreement to transfer to the Trustee for deposit in the Bond Fund from CLC Income Tax Revenues, an amount sufficient to pay debt service due and payable on the CLC Bonds for the then current year taking into account the School Contribution and any amounts then remaining in the Bond Fund after all debt service for the prior year has been paid. The transfers are to occur well in advance of the debt service payment dates.

The CLC Bonds are not a general obligation debt or pledge of the faith or credit of the City, the School District, the State, or any other political subdivision. The CLC Bonds are special obligations of the City payable solely from the CLC Revenues and the Income Tax Revenues of the City. The Holders of the CLC Bonds have no right to have taxes, other than the City income tax, levied by the City, the School District, the State, or the taxing of the debt for the payment of debt service on the CLC Bonds. Holders of the Bonds do not have a security interest in the City's Income Tax Revenues other than the Pledged Income Tax Revenues. The City is permitted to and intends to use its Income Tax Revenues for other lawful purposes, including but not limited to the payment of City general obligation debt. See **City Debt and Other Long-Term Obligations**.

The City must meet a coverage test in order to issue Additional Bonds under the Trust Agreement (the Additional Bonds) and in order to incur Parity Obligations. As noted above, Parity Obligations are other obligations payable from and secured by a pledge of Income Tax Revenues on a parity with the CLC Bonds, including any general obligation bonds or notes of the City additionally secured by a pledge of Income Tax Revenues and any guarantees of the City secured by a pledge of the Income Tax Revenues. Parity Obligations are not secured by the Trust Agreement or the Pledged Income Tax Revenues under the Trust Agreement. The coverage test under the Trust Agreement for both Additional Bonds and Parity Obligations requires the City to certify that the average annual Income Tax Revenues for the previous two calendar years, taking into account any income tax rate changes then in effect, aggregate at least 300% of the largest amount required in any succeeding calendar year to (a) be paid into the Bond Fund to pay debt

service on all CLC Bonds to be outstanding immediately after the issuance of the Additional Bonds and (b), pay all required payments on outstanding Parity Obligations.

A second coverage test is also required to be met in order to issue Additional Bonds under the Trust Agreement. For each of the years that all CLC Bonds will be outstanding, the projected CLC Revenues must equal an amount not less than 100% of the debt service due on all CLC Bonds in each corresponding year. For this second coverage test, (a) the projected CLC Revenues will be computed based on the actual CLC Income Tax Revenues for the preceding year as increased annually at a rate not to exceed 2.5% per year, and (b), if necessary, an amount from the Accumulated CLC Income Tax Fund will be included in the CLC Income Tax Revenues for the purposes of this test and allocated to pay debt service as needed for each of those years.

Health Benefit Claims Bond Anticipation Notes

On March 17, 2010, the City issued \$14,000,000 of Health Benefit Claims Bond Anticipation Notes. These notes were issued to pay medical, dental, vision and life insurance claims associated with the City's self-insured health benefits program. The City has issued renewal notes annually in 2011, 2012, 2013 and 2014 to retire portions of the maturing notes. The remaining portions of the maturing notes were retired with funds available in the City's self-insurance fund. The Series 2010 Notes, Series 2011 Notes, Series 2012 Notes, Series 2013 Notes, Series 2014 Notes and any additional renewal notes, and the Bonds are not general obligations of the City and are not secured by a pledge of the full faith and credit of the City or any revenues of the City other than those specifically anticipated or pledged. The Health Benefit Claims Notes and Bonds are payable solely from the Basic Income Tax revenues of the City. The City expects to retire any additional renewal notes at their maturity from the revenues of the Charged Funds, and the proceeds of renewal notes. The City expects to fully retire all renewal notes no later than 2015. The City does not expect to issue the Bonds to retire the Series 2014 Notes or any renewal notes. The maximum maturity of the Bonds is 20 years from their issuance date. That maximum maturity is reduced by any period of time any renewal notes are outstanding after five Fiscal Years after the Series 2010 Notes were issued.

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Income Tax Revenue Bond Debt Service and Debt Service Coverage

The following table sets forth past and projected debt service on bonds and other obligations subject to a pledge of and payable from the City's income tax revenues.

Debt Service Payments Pledged With Income Tax Revenues

| <u>Year</u> | <u>GO Bonds(a)</u> | <u>Income Tax Bonds</u> | <u>Non-CLC Obligations</u> | | <u>Total</u> | <u>CLC Bonds</u> | <u>Total</u> |
|-------------|------------------------|-----------------------------|--------------------------------|----------------------|--------------|------------------|--------------|
| | | | <u>Income Tax BANS</u> | <u>Guarantees(b)</u> | | | |
| 2010 | 9,970,468 | 704,973 | | 837,293 | 11,512,734 | 15,591,254 | 27,103,988 |
| 2011 | 9,905,063 | 704,133 | | 860,118 | 11,469,314 | 17,595,110 | 29,064,424 |
| 2012 | 9,883,379 | 155,003 | | 438,218 | 10,476,600 | 12,822,750 | 23,299,350 |
| 2013 | 7,907,067 | 2,547,138 | 811,654 | 803,381 | 12,069,240 | 16,137,722 | 28,206,962 |
| 2014 | 9,813,851 | 3,170,795 | | 824,181 | 13,808,827 | 18,844,968 | 32,653,795 |
| 2015 | 10,387,095 | 3,168,293 | 2,505,976 | 853,081 | 16,914,445 | 19,586,941 | 36,501,386 |
| 2016 | 9,220,423 | 3,611,024 | 2,505,976 | 876,281 | 16,213,703 | 19,667,241 | 35,880,944 |
| 2017 | 9,565,528 | 3,606,170 | 2,505,976 | 898,881 | 16,576,555 | 19,783,441 | 36,359,996 |
| 2018 | 9,470,480 | 3,605,217 | 2,505,976 | 925,881 | 16,507,554 | 19,903,416 | 36,410,970 |
| 2019 | 9,711,238 | 3,619,739 | 2,505,976 | 950,006 | 16,786,959 | 20,042,341 | 36,829,300 |
| 2020 | 7,897,375 | 3,610,086 | 2,505,976 | 975,019 | 14,988,456 | 19,968,041 | 34,956,497 |
| 2021 | 9,130,373 | 3,611,833 | 2,505,976 | 998,025 | 16,246,207 | 21,404,701 | 37,650,908 |
| 2022 | 6,753,873 | 3,628,056 | 2,505,976 | 1,028,850 | 13,916,755 | 21,237,764 | 35,154,519 |
| 2023 | 6,996,088 | 3,600,136 | 2,505,976 | 1,052,763 | 14,154,962 | 21,074,076 | 35,229,038 |
| 2024 | 6,573,606 | 2,882,567 | 2,505,976 | 1,084,013 | 13,046,162 | 20,917,639 | 33,963,801 |
| 2025 | 5,076,638 | 2,870,679 | 2,505,976 | 1,112,013 | 11,565,305 | 20,766,952 | 32,332,257 |
| 2026 | 6,537,325 | 2,861,323 | 2,505,976 | 1,142,813 | 13,047,436 | 20,718,514 | 33,765,950 |
| 2027 | 5,545,850 | 2,849,298 | 2,505,976 | 1,243,313 | 12,144,436 | 20,633,764 | 32,778,200 |
| 2028 | 5,467,650 | 2,834,604 | 2,505,976 | 1,271,813 | 12,080,042 | 20,815,897 | 32,895,939 |
| 2029 | 4,315,531 | 2,482,484 | 2,505,976 | 1,306,638 | 10,610,629 | 21,031,375 | 31,642,004 |
| 2030 | 4,254,631 | 2,478,334 | 2,505,976 | 1,337,669 | 10,576,610 | 21,216,121 | 31,792,731 |
| 2031 | 4,194,644 | 2,480,365 | 2,505,976 | 1,366,163 | 10,547,148 | 21,411,123 | 31,958,271 |
| 2032 | | 2,480,522 | 2,505,976 | 1,400,600 | 6,387,098 | 21,606,135 | 27,993,233 |
| 2033 | | 441,334 | 2,505,976 | 1,398,800 | 4,346,110 | 21,793,284 | 26,139,394 |
| 2034 | | 441,334 | 2,505,976 | | 2,947,310 | | 2,947,310 |
| 2035 | | 441,334 | | | 441,334 | | 441,334 |

(a) Includes bond anticipation notes (see **Debt Table C**).

(b) To date, no payments have been required on any guarantees..

The following table sets forth information on Income Tax Revenues and debt service on bonds, notes, and obligations necessary to determine the applicable coverage requirements related to the Pension Bonds and the CLC Bonds as discussed above.

| Income Tax Debt Service Coverage | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Income Tax Revenues(a): | | | | |
| 2.00% Income Tax | \$107,992,007 | \$111,098,157 | \$115,655,416 | \$120,427,605 |
| 0.25% CLC Income Tax | 12,552,429 | 12,243,215 | 13,845,085 | 15,557,261 |
| Total Income Tax Revenues | \$120,544,436 | \$123,341,372 | \$129,500,501 | \$135,984,866 |
| Debt Service(b): | | | | |
| Highest Non-CLC Obligations(c) | \$ 16,854,645 | \$ 15,394,600 | \$ 16,148,087 | \$ 16,914,445 |
| Highest Total Debt Service | \$ 35,092,253 | \$ 33,541,425 | \$ 32,398,317 | \$ 37,650,908 |
| Debt Service Coverage(d): | | | | |
| CLC Bonds | 344% | 368% | 400% | 361% |
| Pension Bonds(e) | 641% | 722% | 716% | 712% |

(a) Annual average for most recent two years (the year indicated at the column heading and the preceding year). See **Municipal Income Tax**. For purposes of this table, the coverage tests are determined as of January 1 of the year following the year indicated.

(b) Projected highest total debt service; see prior table.

(c) Based on the highest projected debt service as of the then current year.

(d) Average income tax revenues divided by highest total debt service. Under the Indenture for the Pension Bonds and the Trust Agreement for the CLC Bonds, the coverage required must be at least 300%.

(e) Excludes debt service on CLC Bonds and CLC Income Tax Revenues (which are specifically pledged only to CLC Bonds). Since CLC Bond debt service is fully paid from CLC Revenues, it does not impact the coverage for the Pension Bonds; otherwise this coverage would be the same as for the CLC Bonds.

The following table sets forth the debt service and revenue information necessary to determine coverage under the CLC Revenues Coverage Test provided in the Trust Agreement for the CLC Bonds. CLC Revenues Coverage is provided for 2010 through 2013 and projected through 2019 based on current information. It is expected that Additional Bonds will be issued prior to-2019.

| <u>Year</u> | <u>CLC Bonds Debt Service</u> | <u>CLC Revenues</u> | | <u>Accumulated CLC Revenues(a)(b)(c)</u> | <u>CLC Revenues Coverage(d)</u> |
|-------------|-----------------------------------|---------------------------------------|--------------------------------|--|---|
| | | <u>CLC Income Tax Revenues(a)</u> | <u>School Contribution</u> | | |
| 2010 | 15,591,254 | 12,940,652 | 3,000,000 | 15,853,223 | 102 |
| 2011 | 17,595,110 | 11,545,777 | 3,000,000 | 14,041,145 | 100 |
| 2012 | 12,822,750 | 16,144,392 | 3,000,000 | 18,299,149 | 149 |
| 2013 | 16,137,722 | 14,970,030 | 3,000,000 | 21,207,313 | 111% |
| 2014 | 18,844,968 | 15,344,281 | 3,000,000 | 20,206,626 | 100% |
| 2015 | 19,586,941 | 15,727,888 | 3,000,000 | 18,847,573 | 100% |
| 2016 | 19,667,241 | 16,121,085 | 3,000,000 | 17,801,416 | 100% |
| 2017 | 19,783,441 | 16,524,112 | 3,000,000 | 17,042,088 | 100% |
| 2018 | 19,903,416 | 16,937,215 | 3,000,000 | 16,575,886 | 100% |
| 2019 | 20,042,341 | 17,360,645 | 3,000,000 | 16,394,191 | 102% |

- (a) Assumes a 2.5% annual increase in years 2014 through 2019. The Trust Agreement for the CLC Bonds permits the projection of annual increases of up to 2.5% per year. (See also **Municipal Income Tax**.) There can be no assurances that the CLC Income Tax Revenues will increase as projected.
- (b) In 2014 and each year thereafter, \$500,000 is subtracted to cover possible other CLC-related expenses. To the extent such amount is not required; it will remain in the Accumulated CLC Revenue Account.
- (c) Actual through 2013; estimated for 2014 and thereafter.
- (d) The CLC Revenues, plus, if necessary, an amount of the Accumulated CLC Revenues needed to meet coverage, divided by Bond Service Charges in each year. Under the Trust Agreement for the CLC Bonds, the coverage required in order to issue additional CLC Bonds is at least 100%.

NONTAX REVENUE BONDS

The City issued \$35,000,000 City of Akron Nontax Revenue Economic Development Bonds, Series 1997, dated as of November 1, 1997 (the 1997 Nontax Revenue Bonds), to finance the renovation of the vacant O'Neil's Department Store Building in the central business district into an office/retail/restaurant/entertainment/parking complex (see **The City – Community and Economic Development Programs**). The 1997 bonds were refunded by the \$14,035,000 Nontax Revenue Economic Development Refunding Bonds, Series 2011 issue on December 15, 2011. The City issued \$19,500,000 City of Akron Taxable Economic Development Revenue Bonds, Series 2006, dated December 15, 2006 (the 2006 Nontax Revenue Bonds), to acquire real property and, as applicable, to improve it for sale or lease for economic development purposes in order to create and preserve jobs and employment opportunities. The City also issued \$20,150,000 Taxable Economic Development Revenue Bonds, Series 2008, dated September 18, 2008 (the 2008 Nontax Revenue Bonds, and together with the 1997 Nontax Revenue Bonds and the 2006 Nontax Revenue Bonds, the Nontax Revenue Bonds) to (i) acquire real property and, as applicable, improve it for use, lease or sale for economic development purposes and (ii) construct and renovate buildings, parking facilities and related structures and otherwise improve the same for use, lease or sale for economic development purposes, in order to create and preserve jobs and employment opportunities.

The Nontax Revenue Bonds are special obligations of the City payable from Nontax Revenues (including fees for licenses, fines, interest earnings, and other nontax sources) (see **Nontax Revenues**). They are not general obligation debt of the City. The Nontax Revenue Bonds and any additional bonds (the Additional Bonds) issued under the trust indentures applicable to the Nontax Revenue Bonds (the Indentures) are to be paid by the City from certain pledged nontax revenues. Holders of the Nontax Revenue Bonds do not have a security interest in the City's Nontax Revenues other than those pledged under the respective Indentures, and the City is permitted to and intends to use its Nontax Revenues for other lawful purposes.

The City has guaranteed the payment of certain third-party obligations by pledging Nontax Revenues for that payment. The City is making debt service payments on one of these guarantees which will total \$42,730 in 2014.

The City may, however, only issue Additional Bonds under the Indentures or incur other obligations payable from and secured by a pledge on Nontax Revenues on a parity with those Nontax Revenue Bonds such as the guarantees or other non-tax revenue bonds (the NT Parity Obligations) if the City can demonstrate that the average annual Nontax Revenues for the previous two years, taking into account any rate changes then in effect, have aggregated at least 150% (with respect to the 2011 Nontax Revenue Bonds) or 300% (with respect to the 2006 Nontax Revenue Bonds and the 2008 Nontax Revenue Bonds) of the highest amount of (a) debt service on all outstanding Nontax Revenue Bonds (taking into account, with respect to the 2006 Nontax Revenue Bonds and the 2008 Nontax Revenue Bonds, the amount of Project Revenues, as that term is defined in the respective Indentures for those bonds, available to pay debt service) and (b) required payments on the proposed Additional Bonds or NT Parity Obligations and any outstanding NT Parity Obligations due in any succeeding year.

The following table sets forth the debt service on the Series 2006 Nontax Revenue Bonds, the 2008 Nontax Revenue Bonds, the 2011 Nontax Revenue Bonds, and the non-tax revenue guarantee obligations. The highest amount required for all Nontax Parity Obligations occurs in 2017.

| <u>Year</u> | <u>2006 Nontax Revenue Bonds</u> | <u>2008 Nontax Revenue Bonds</u> | <u>2011 Nontax Revenue Bonds</u> | <u>Guarantees(a)</u> | <u>Total Debt Service</u> |
|-------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------|-------------------------------|
| 2014 | 1,694,033 | 1,681,194 | 2,829,538 | 1,228,182 | 7,432,947 |
| 2015 | 1,697,558 | 2,282,600 | 2,833,538 | 497,587 | 7,311,283 |
| 2016 | 1,693,333 | 2,282,429 | 2,834,925 | 364,781 | 7,175,468 |
| 2017 | 1,701,633 | 2,282,685 | 2,831,625 | 589,642 | 7,405,585 |
| 2018 | 1,694,133 | 2,282,000 | 2,832,325 | 509,156 | 7,317,614 |
| 2019 | 1,688,748 | 2,282,079 | -- | 469,218 | 4,440,045 |
| 2020 | 1,695,166 | 2,282,479 | -- | 474,688 | 4,452,333 |
| 2021 | 1,696,250 | 2,282,758 | -- | 479,931 | 4,458,939 |
| 2022 | 1,693,752 | 2,282,473 | -- | 480,006 | 4,456,231 |
| 2023 | 1,697,673 | 2,282,181 | -- | 479,913 | 4,459,767 |
| 2024 | 1,696,097 | 2,282,368 | -- | 484,706 | 4,463,171 |
| 2025 | 1,695,313 | 2,282,441 | -- | 489,275 | 4,467,029 |
| 2026 | 1,695,041 | 2,282,813 | -- | 488,675 | 4,466,529 |
| 2027 | -- | 2,282,818 | -- | 492,906 | 2,775,724 |
| 2028 | -- | 2,282,793 | -- | 499,413 | 2,782,206 |
| 2029 | -- | -- | -- | 405,694 | 405,694 |
| 2030 | -- | -- | -- | 411,863 | 411,863 |

(a) The City is currently making payments on one of its guarantees.

The following table sets forth information on Nontax Revenues and debt service on bonds and obligations necessary to determine the applicable coverage requirements related to the 2006 Nontax Revenue Bonds, the 2008 Nontax Revenue Bonds and the 2011 Nontax Revenue Bonds.

Nontax Revenue Debt Service Coverage

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Nontax Revenues(a) | \$25,894,886 | \$24,804,586 | \$25,313,176 | \$26,755,173 |
| Debt Service(b) | \$7,576,031 | \$7,345,585 | \$7,345,585 | \$7,432,947 |
| Debt Service Coverage (c) (d) | 342% | 338% | 345% | 360% |

(a) Annual average for most recent two years. See **Nontax Revenues**.

(b) Projected highest total debt service; see prior table.

(c) Average Nontax Revenues divided by highest total debt service. Under the Indenture for the 2011 Nontax Revenue Bonds, the coverage required must be at least 150%. Under the Indentures for the 2006 Nontax Revenue Bonds and for the 2008 Nontax Revenue Bonds, the coverage required must be at least 300%, but includes any Project Revenues as Nontax Revenues.

(d) Does not include any Project Revenues for the 2006 Nontax Revenue Bonds or the 2008 Nontax Revenue Bonds.

LONG-TERM OBLIGATIONS OTHER THAN BONDS AND NOTES

OWDA, ODOT, ODOD and OPWC Loans

The City has entered into loan agreements with the Ohio Water Development Authority (OWDA), the Ohio Department of Transportation (ODOT), the Ohio Department of Development (ODOD) and the Ohio Public Works Commission (OPWC) for its Water System and Sewer System, for other public improvements and for certain economic development projects. These loan agreements are summarized in the following tables.

[Remaining portion of page intentionally left blank.]

| <u>Year of Agreement</u> | <u>Project Number</u> | <u>Project Purpose</u> | <u>Outstanding Amount as of December 31, 2013</u> | <u>Annual Principal & Interest Payment</u> | <u>Final Payment Year</u> |
|--------------------------|-----------------------|--|---|--|---------------------------|
| <u>OWDA</u> | | | | | |
| 1995 | #2658 | Sewage treatment plant computerization #CS91884-01 | 2,225,086 | 1,176,439 | 2015 |
| 1995 | #2659 | Sewage collection - relief sewers #CS391900-01 | 2,594,050 | 1,371,789 | 2015 |
| 1999 | #3246 | Water mains - clean and line #FS390009-01 | 476,814 | 78,827 | 2020 |
| 2000 | #3326 | Sedimentation basin rehabilitation #FS90027-01 | 3,708,693 | 626,574 | 2020 |
| 2004 | #4066 | Post chemical building replacement #FS390113-01 | 170,143 | 173,121 | 2014 |
| 2004 | #4160 | Water meter replacement #FS390309-01 | 1,903,767 | 997,645 | 2015 |
| 2005 | #4218 | Storage Basin for CSO #CS39261-01 | 1,533,358 | 1,571,990 | 2016 |
| 2008 | #4997 | Water meter replacement #FS390368-01 | 2,131,572 | 369,744 | 2020 |
| 2010 | #5577 | Sand Run sewer reconstruction | 858,839 | 67,660 | 2030 |
| 2010 | #5578 | Mill Street sewer lining | 142,407 | 10,969 | 2030 |
| 2010 | #5581 | WWTP Influent screen | 21,113 | 21,584 | 2015 |
| 2010 | #5582 | WPC control system | 255,217 | 48,790 | 2020 |
| 2010 | #5583 | WPCS primary roof replacement | 75,299 | 5,932 | 2030 |
| 2011 | #5849 | Lake of the Woods Pump Station | 734,111 | 65,844 | 2032 |
| 2011 | #5850 | Massillon Rd Sewer | 2,060,935 | 189,850 | 2032 |
| 2011 | #5851 | 2 nd Street Pump Station | 387,873 | 30,657 | 2032 |
| 2011 | #5939 | Goodyear CSO Retention Tank | 282,450 | 13,750 | 2017 |
| 2011 | #5994 | Shullo Pump Station Design | 17,749 | 16,898 | 2017 |
| 2011 | #5995 | Weathervane Pump Station Design | 8,185 | 8,922 | 2017 |
| 2011 | #6078 | Large Diameter Pipe Inspection | 1,567,361 | 360,010 | 2017 |
| 2011 | #6079 | CSO Rack 8 Sewer Separation | 2,573,828 | 196,077 | 2032 |
| 2011 | #6080 | Water Wall | 3,527,742 | 311,386 | 2032 |
| 2011 | #6081 | 2011 Sanitary Sewer Reconstruction | 851,424 | 59,282 | 2032 |
| 2011 | #6098 | Stow Road Bolt Replacement | 453,021 | 35,252 | 2032 |
| 2011 | #6108 | WPCS Step Feed Phase 1 | 19,543,969 | 1,581,293 | 2033 |
| 2011 | #6109 | CSO Rack 25 Separation | 1,219,282 | 83,850 | 2033 |
| 2011 | #6110 | Northside Interceptor Rehabilitation | 869,854 | 64,613 | 2032 |
| 2012 | #6202 | CSO Ohio Canal Tunnel Design | 12,600,264 | 3,390,247 | 2018 |
| 2012 | #6203 | WPCS High Rate Treatment | 1,548,363 | 377,381 | 2019 |
| 2012 | #6280 | 2011 Water Main Replacement | 14,734 | 14,711 | 2033 |
| 2012 | #6316 | Large Diameter Pipe Inspection | 621,421 | 161,783 | 2018 |
| 2012 | #6319 | CSO Rack 21 Sewer Separation | 49,336 | 56,035 | 2018 |
| 2013 | #6402 | Mud Run Pump Station Prog | 992,056 | 448,694 | 2018 |
| 2013 | #6414 | Little Cuyahoga Interceptor Replacement | 342,688 | | 2034 |
| 2013 | #6417 | CSO Design Program Management Team | 5,461,751 | 1,288,957 | 2018 |
| 2013 | #6418 | Rack 15 CSO Storage Basin Design | 0 | 164,084 | 2018 |

| | | | | | |
|------|-------|---|---------------|------------|------|
| 2013 | #6419 | Sewer System I & I Study | 0 | 82,044 | 2018 |
| 2013 | #6473 | 2013 Large Diameter Pipe Cleaning | 0 | 1,109,836 | 2018 |
| 2013 | #6483 | Main Outfall Sewer Rehabilitation | 1,098,746 | 168,232 | 2033 |
| 2013 | #6484 | High Service Pumps VFD Installation | 277,377 | 0 | 2034 |
| 2013 | #6486 | Chlorine Dioxide Feed System Improvements | 21,708 | 23,158 | 2034 |
| 2013 | #6507 | Water Main Replacement 2013 | 11,144 | 0 | 2034 |
| 2013 | #6510 | Mud Run Trunk Sewer Lining | 260,797 | 0 | 2035 |
| 2013 | #6550 | Spillway Improvements | 1,067 | 7,555 | 2023 |
| | | Total OWDA | \$ 73,495,594 | 16,831,465 | |

ODOT

| | | | | | |
|------|--------|-----------------------|--------------|------------|------|
| 2004 | SB0412 | U.S. 224 upgrading | \$ 635,308 | \$ 649,638 | 2014 |
| 2004 | SB0418 | Bridge improvements | 489,749 | 500,796 | 2014 |
| 2005 | SB0417 | Cascade Locks Bikeway | 617,222 | 320,270 | 2015 |
| | | Total ODOT | \$ 1,742,279 | 1,470,704 | |

ODOD

| | | | | | |
|------|--|---------------------------------------|--------------|------------|------|
| 2003 | | University Technology Park Project | 482,636 | \$ 122,582 | 2018 |
| 2011 | | Goodyear Akron Riverwalk(a) | 5,000,000 | -0- | 2030 |
| | | Total ODOD | \$ 5,482,636 | 122,582 | |

(a) Debt service on ODOD Goodyear Riverwalk Loan begins in 2016.

| <u>Year of Agreement</u> | <u>Project No.</u> | <u>Project Name</u> | <u>Outstanding Amount as of December 31, 2013</u> | <u>Annual Principal & Interest Payment</u> | <u>Final Payment Year</u> |
|--------------------------|--------------------|--------------------------------|---|--|---------------------------|
| <u>OPWC</u> | | | | | |
| 1994 | CH804 | WPCS Activated Treatment | 106,548 | 21,310 | 2018 |
| 1996 | CH903 | Water Main Replacement | 307,247 | 51,208 | 2019 |
| 1996 | CH006 | Water Outfall Sewer | 294,861 | 45,363 | 2019 |
| 1997 | CH09A | Willow Run Sewer | 223,125 | 29,750 | 2020 |
| 1997 | CH10A | Boxwood Ave. et al. | 190,000 | 38,000 | 2018 |
| 1998 | CH08B | Lakeshore Blvd. Sewer | 354,900 | 50,700 | 2020 |
| 1998 | CH09B | Tallmadge Ave. | 350,127 | 33,345 | 2023 |
| 1999 | CH05C | Wooster Ave./East Ave. | 254,363 | 29,925 | 2021 |
| 1999 | CH09C | Lakeshore Blvd. Outfall | 104,039 | 12,240 | 2021 |
| 1999 | CH10C | Bye Street Storm Outlet | 117,000 | 14,625 | 2021 |
| 2000 | CH05D | Post Chemical Building | 492,250 | 44,750 | 2023 |
| 2000 | CH06D | Bishop Street | 54,900 | 6,100 | 2021 |
| 2000 | CH07D | Northwest Storm Outlets | 216,245 | 21,624 | 2022 |
| 2000 | CH08D | Arlington St. Bridge | 149,180 | 16,576 | 2022 |
| 2001 | CH08E | Darrow Road | 432,489 | 41,189 | 2023 |
| 2003 | CH06G | U.S. 224 Upgrade Phase II | 541,688 | 43,335 | 2025 |
| 2005 | CH05I | Manchester Rd. Phase I | 41,850 | 2,700 | 2028 |
| 2005 | CH11I | E. Market St. Widening | 1,267,650 | 93,900 | 2027 |
| 2005 | CH08I | S. Arlington St. Signalization | 547,110 | 37,732 | 2027 |
| 2005 | CH10I | Barcelona Sewer Lining | 118,731 | 9,133 | 2025 |
| 2006 | CH04J | Hawkins to Pershing | 790,400 | 49,400 | 2028 |
| 2006 | CH09J | Tallmadge Ave. Signalization | 129,080 | 9,220 | 2027 |
| 2006 | CH10J | Brown & Power Street | 667,200 | 41,700 | 2028 |
| 2008 | CH09L | Mill Street Bridge | 1,299,000 | 43,300 | 2039 |
| 2008 | CH06M | Barbara Avenue | 173,725 | 6,204 | 2039 |
| 2008 | CH08M | Dover Avenue, et al | 353,096 | 12,840 | 2030 |
| 2008 | CH09M | Newton Street | 565,788 | 19,510 | 2039 |
| 2010 | CH06N | Carroll Street | 642,134 | 22,933 | 2041 |
| Total OPWC | | | \$10,784,725 | 848,613 | |

Where applicable, the payments under these loan agreements are required to be made from revenues of the appropriate system after payment of operation and maintenance expenses of the system and the requirements of any revenue bonds issued for that system. The loan agreements grant no security or property interest to the OWDA or the OPWC in any property of the City, and do not pledge the general credit of the City, or create a debt subject to the direct or indirect debt limitations, or require the application of the general resources of the City for repayment. All of the OPWC loans are interest-free.

Certificates of Participation

Canal Park Baseball Stadium Project. In November 2013, the City issued \$14,910,000 Taxable Refunding Certificates of Participation, Series 2013 (the Series A 2013 Stadium COPs), to advance refund the outstanding principal amount of the Series 2005 Stadium COPs. In July 2005, the City issued \$32,065,000 Refunding Certificates of Participation, Series 2005 (the Series 2005 Stadium COPs), to advance refund the outstanding principal amount of a prior issue of Certificates of Participation dated November 7, 1996. Those original COPs were issued as part of the funding for the Canal Park Stadium (see **Central Business District Development Program**). In December of 2013, the City issued \$2,365,000 Taxable Certificates of Participation, Series 2013 (the Series B 2013 Stadium COPs). The Series B 2013 Stadium COPs were issued to pay costs associated with improvements made to the Canal Park Stadium. The Series A & B 2013 Stadium COPs evidence the owners' proportionate interest in the rent to be paid by the City under an amended lease-purchase agreement (the Amended Lease). The obligations of the City under the Amended Lease, including making rental payments, are subject to and dependent upon annual appropriations by the City. The City's obligation to make rental payments does not constitute a debt of the City within the meaning of any constitutional or statutory limitation. The City has made such an appropriation for each fiscal year from 1997 through 2013. The rental payments for the Series A 2013 Stadium COPs continue through 2021. The remaining aggregate principal component is \$14,910,000 and the average annual payment over the life of the Series A 2013 Stadium COPs is approximately \$2.09 million. The rental payments for the Series B 2013 Stadium COPs continue through 2023. The remaining aggregate principal component is \$2,365,000 and the average annual payment over the life of the Series B 2013 Stadium COPs is approximately \$284,000.

Parking Facilities Project. In September 2005, the City issued \$31,940,000 Certificates of Participation, Series 2005-A (the Series 2005-A Parking COPs), to finance and refinance the costs of constructing and equipping various municipal off-street parking facilities, including parking decks, garages and surface parking lots. As part of this financing, the Series 2005-A Parking COPs refunded \$21,820,000 of outstanding general obligation bonds and notes of the City previously issued to fund municipal parking facilities. The Series 2005-A Parking COPs evidence the owners' proportionate interest in the rent to be paid by the City under a lease-purchase agreement (the Lease). In December 2007, the City issued \$19,610,000 Certificate of Participation, Series 2007 (the Series 2007 Parking COPs, and together with the Series 2005-A Parking COPs, the Parking COPs), to finance the costs of constructing and equipping certain municipal off-street parking facilities. The Series 2007 Parking COPs were issued as additional obligations under the Lease pursuant to a First Supplement Lease Purchase Agreement. The obligations of the City under the Lease, including making rental payments, are subject to and dependent upon annual appropriations by the City. The City's obligation to make these rental payments does not constitute a debt of the City within the meaning of any constitutional or statutory limitation. The City has made such an appropriation for each fiscal year from 2006 through 2013. The Lease, and the payments there-under, continue through 2028. The remaining aggregate principal component is \$34,135,000, and the average annual payment over the life of the Parking COPs is approximately \$3.20 million. The City expects that a portion of the payments will be made from revenues from the parking facilities.

Akron District Energy Project. On November 3, 2010, the City issued \$13,200,000 Certificates of Participation (the "Energy COPs") to finance improvements to its district energy system consisting of a steam, hot water, and chilled water distribution system, a steam power plant, and a chilled water production unit currently operated by Akron Energy Systems LLC ("AES"). In connection with the Energy COPs, the City entered into a Financing Agreement with AES. Under the Financing Agreement, the City agreed to make payments to AES, subject

to and dependent upon annual appropriations by the City, in amount sufficient to pay to principal and interest on the certificates when due. The City's obligation to make payments under the Financing Agreement does not constitute a debt of the City within the meaning of any constitutional or statutory limit. The Lease, and the payments there-under, continue through 2030. The remaining aggregate principal component is \$12,305,000, and the average annual payment over the life of the Energy COPs is approximately \$1.1 million.

Other Obligations

The City has a lease with the Ohio Building Authority for space in the Ocasek Government Office Building. The operations and maintenance fees for 2014 are \$ 198,985 and the lease has an annual option to renew. This space is being used for City offices. (See **Central Business District Development Programs – State, County and City Projects.**)

The City and County have entered into a prisoner housing agreement under which the County houses certain prisoners for the City in the County Jail (see **Industrial Development Program – Sweitzer Avenue Industrial Development Project**). The City's annual payments include an amount to pay debt service on a portion of the County's bonds issued to construct and improve its jail facilities. The City's payment in 2013 was \$4,705,273.84, including \$509,911 to pay debt service. The agreement continues until 2018 with an option to extend for an additional 25 years.

The City also has the following 7 leases for vehicles and equipment used by the Department of Public Service.

2006 Sanitation Equipment - 10-year lease with 1st Source Bank for the purchase of automated trash trucks and trash carts to be used for its residential trash collection throughout the City. The lease calls for a semiannual payment of \$576,486 with the final payment due October 15, 2016.

2009 Public Works Vehicles - 7 year lease-purchase agreement with Bank of America Public Capital Corporation to purchase \$2,000,000 of equipment (motor vehicles) for the Department of Public Service. Lease payments of \$338,183 will be made annually beginning on January 15, 2011 and ending January 15, 2017.

2012 Public Works Vehicles – 6 year lease with Capital One Public Funding to purchase \$7,154,080 of equipment (motor vehicles) for the Department of Public Service. Annual lease payments averaging \$1,273,486 will begin on October 1, 2013 and end on October 1, 2018.

2012 Street Sweepers – 4 year lease with US Bancorp Public Leasing for the purchase of 3 street sweepers for the Department of Public Service. Annual payments of \$107,675 began on February 28, 2013 and end on February 28, 2016.

2012 Street Sweepers– 5 year lease with US Bancorp Public Leasing for the purchase of 3 street sweepers for the Department of Public Service. Annual payments of \$92,587 began on February 28, 2013 and end on December 28, 2017.

2013 Public Works Vehicles - 5 year lease with Capital One Public

Funding to purchase \$1,541,382 of equipment (motor vehicles) for the Department of Public Service. Annual lease payments averaging \$323,924 began on October 1, 2013 and end on October 1, 2017.

2013 Public Works Vehicles - 4 year lease with Capital One Public Funding to purchase \$1,235,577 of equipment (motor vehicles) for the Department of Public Service. Annual lease payments averaging \$324,877 began on January 15, 2014 and end on January 1, 2017.

The City has no other long-term financial obligations, other than the bonds and notes and other obligations described above.

RETIREMENT OBLIGATIONS

Present and retired employees of the City are covered under two statewide public retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund (OPF) covers uniformed members of the police and fire departments. All other eligible City employees are covered by the Ohio Public Employees Retirement System (OPERS).

Employees covered by OPERS contribute at a statutory rate of 10% of earnable salary or compensation. The City's current employer contribution rate is 14.00%. OPERS reports a total, unfunded, actuarial, accrued pension liability (both State and local government employees, but excluding health care) of \$16 billion at December 31, 2012, the most recent date as of which information is available.

OP&F-covered employees contribute at a statutory rate of 10% of gross earnings. The City contributes at rates (actuarially established and fixed by the OP&F Board), applying to earnable salary or compensation, of 19.5% for police personnel and 24% for fire personnel. OP&F reports, as of January 1, 2013, a total, unfunded, actuarial, accrued liability of \$5.7 billion. In 1999, the City issued Income Tax Revenue Bonds to refund the City's obligation for its unfunded accrued liability, which was determined in 1967 when this Statewide system was established (see **Income Tax Revenue Bonds**).

Federal law requires City employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, City employees who are covered by a State retirement system are not currently covered under the federal Social Security Act.

The City's current employer contributions to OPERS and OPF have been treated as current expenses and included in the City's operating expenditures, except to the extent paid from the proceeds of the "Police and Fire Pension" levy referred to above under **Tax Rates**.

OP&F and OPERS are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974. Both OP&F and OPERS are created by and operate pursuant to Ohio law. The General Assembly could determine to amend the format of either fund and could revise rates or methods of contributions to be made by the City into the pension funds and revise benefits or benefit levels.

In addition to the post-retirement benefits provided by OP&F and OPERS, the City provides post-retirement health care and life insurance benefits, in accordance with union

agreements and City Council ordinances, for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. As of December 31 2013, approximately 2,850 retirees met those eligibility requirements. The City pays 100% of the cost of health care and life insurance benefits. These benefits are financed on a pay-as-you go basis; as such, the cost of retiree health care and life insurance benefits is recognized as expenditure/expense as claims are incurred. For 2013, those costs totaled \$4,347,834.

LEGAL MATTERS

LITIGATION

The City is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. These proceedings are unrelated to any outstanding City debt, or the security therefore, or the permanent improvements being financed. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the City Director of Law, have a material adverse effect on any outstanding City debt, or the security therefore, or those improvements.

Under current Ohio law, City money, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the City.

The City has been self-insured for liability coverage for non-auto-related incidents since 1985. The City has secured traditional insurance for other types of coverage, such as property insurance, airport liability, employee life, auto liability, and boiler and machinery coverage. The City is assisted in its insurance program by an independent consulting firm that writes no insurance, but has expertise in the insurance industry. The City relies on the advice provided by the consultant in securing any insurance.

BOND COUNSEL

The City has retained the legal services of Squire, Sanders & Dempsey LLP, Vorys, Sater, Seymour and Pease LLP, and Roetzel & Andress Co. L.P.A. as bond counsel in connection with the issuance of certain bonds, notes and other obligations of the City. Legal matters incident to the issuance of that debt and with regard to the tax-exempt status of the interest are subject to the respective legal opinions of those bond counsel.

RATINGS

The City's general obligation bonds are rated "AA-" by Standard & Poor's Ratings Services, "AA-" by Fitch Ratings and "Aa3" by Moody's Investors Service, Inc.

The ratings reflect only the respective views of the rating services, and any explanation of the meaning or significance of the ratings may be obtained only from the respective rating service. The City furnished to each rating service certain information and materials, some of which may not have been included in this Annual Statement, relating to the outstanding obligations and the City. Generally, rating services base their ratings on such information and materials and on their own investigation, studies, and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the outstanding

obligations. The City may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on outstanding obligations.

CONCLUDING STATEMENT

To the extent that any statements made in this Annual Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Annual Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

This Annual Statement has been prepared and delivered by the City and signed for and on behalf of the City by its Director of Finance in her official capacity.

CITY OF AKRON, OHIO

Dated: September 1, 2014

By: /s/ Diane Miller-Dawson
Director of Finance

APPENDIX A-1

Comparative Summary of General Fund Receipts 2009 through 2013 and Budgeted 2014

| <u>SOURCE</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>Budgeted 2014</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------------------|
| Taxes: | | | | | | |
| Real Estate & Public Utility | 21,915,675 | 21,212,845 | 20,983,845 | 16,566,693 | 17,147,362 | 17,490,000 |
| Local Government | 12,349,228 | 12,515,342 | 12,378,170 | 8,668,934 | 6,640,387 | 6,140,000 |
| Estate (Inheritance) | 6,553,799 | 3,718,987 | 3,804,916 | 4,454,446 | 4,855,477 | 0 |
| Casino | 0 | 0 | 0 | 705,873 | 3,059,893 | 3,366,000 |
| Charges for Services: | | | | | | |
| General Government Revenue | 2,936,220 | 268,359 | 523,586 | 336,094 | 504,717 | 320,476 |
| Service Revenues | 20,569,975 | 20,768,746 | 20,277,655 | 21,654,781 | 24,160,219 | 25,140,000 |
| Interfund Transfer: | 571,419 | 94,711 | 9,305,370 | 3,162,500 | 0 | 0 |
| Licenses, Permits and Inspections: | 2,746,554 | 2,901,899 | 2,570,388 | 2,896,429 | 2,257,247 | 1,433,269 |
| Other Receipts: | | | | | | |
| JEDD Revenues | 2,400,000 | 2,256,000 | 1,472,000 | 1,037,500 | 4,107,500 | 4,210,000 |
| Miscellaneous | 1,875,222 | 1,412,481 | 3,443,103 | 2,417,331 | 9,333,726 | 5,926,570 |
| Investment Earnings | 44,484 | 21,632 | 55,904 | 39,172 | 31,001 | 19,685 |
| Income Tax Collection | 74,824,900 | 74,504,530 | 79,803,195 | 80,106,650 | 86,161,900 | 88,316,000 |
| Total Receipts | 146,787,476 | 139,675,532 | 154,618,132 | 143,046,403 | 158,259,428 | 152,362,000 |
| Balance January 1 | 6,562,349 | 5,205,947 | 5,261,878 | 5,210,190 | 5,121,662 | 5,374,699 |
| Total Receipts and Balance | 153,349,825 | 144,881,479 | 159,880,010 | 148,256,593 | 163,381,090 | 157,736,699 |

APPENDIX A-2

Comparative Summary of General Fund Expenditures 2009 through 2013 and Appropriated 2014

| <u>Source</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>Appropriated 2014</u> |
|---|----------------------|----------------------|----------------------|----------------------|-------------------|------------------------------|
| Legislative: | | | | | | |
| Council | \$ 825,792 | \$ 802,707 | \$ 838,922 | \$ 912,153 | 927,410 | 963,110 |
| Council Clerk's Office | 322,984 | 248,893 | 289,292 | 300,280 | 364,653 | 316,030 |
| Total Legislative | \$ 1,148,776 | \$ 1,051,600 | \$ 1,128,214 | \$ 1,212,433 | 1,292,063 | 1,279,140 |
| Judicial: | | | | | | |
| Municipal Court - Judges | \$ 3,513,136 | \$ 3,485,405 | \$ 3,881,883 | \$ 3,828,176 | 4,030,160 | 4,215,180 |
| Court Clerk's Office | 3,198,225 | 3,198,142 | 3,375,126 | 3,328,740 | 3,354,196 | 3,575,100 |
| Total Judicial | \$ 6,711,361 | \$ 6,683,547 | \$ 7,257,009 | \$7,156,916 | 7,384,356 | 7,790,280 |
| Law Enforcement: | | | | | | |
| Law Director's Office | \$ 3,656,362 | \$ 3,501,197 | \$ 3,463,759 | \$ 3,639,964 | 3,493,582 | 3,543,920 |
| Indigent Defense | 331,176 | 401,988 | 336,507 | 369,807 | 344,538 | 350,000 |
| Total Law Enforcement | \$ 3,987,538 | \$ 3,903,184 | \$ 3,800,266 | \$ 4,009,771 | 3,838,120 | 3,893,920 |
| Commissions and Executive: | | | | | | |
| Planning | \$ 1,340,046 | \$ 1,199,700 | \$ 1,718,317 | \$ 1,001,364 | 1,041,761 | 1,110,180 |
| Civil Service Commission | 1,014,299 | 967,964 | 871,220 | 762,018 | 777,680 | 814,080 |
| Mayor's Office | 2,817,469 | 2,631,912 | 2,056,960 | 2,243,915 | 2,068,468 | 2,117,630 |
| Total Commissions and Executive | \$ 5,171,814 | \$ 4,799,576 | \$ 4,646,497 | \$ 4,007,297 | 3,887,909 | 4,041,890 |
| Finance Department: | | | | | | |
| Director's Office and Budget Management | \$ 230,650 | \$ 250,753 | \$ 258,254 | \$ 320,376 | 201,204 | 262,670 |
| Purchasing | 705,471 | 682,153 | 823,819 | 803,131 | 1,581,829 | 2,495,350 |
| Accounting, Payroll and Audit | 1,308,909 | 1,095,593 | 1,176,663 | 1,213,190 | 1,351,041 | 1,429,810 |
| Treasury | 49,531 | 1,245 | 4,154 | 15,394 | 12,980 | 11,200 |
| City-Wide Other Expense(a) | 3,816,471 | 4,608,509 | 3,923,718 | 5,196,457 | 4,330,515 | 3,140,000 |
| Total Finance Department | 6,111,032 | 6,638,253 | 6,186,608 | 7,548,548 | 7,477,569 | 7,339,030 |
| Subtotal for General Government | \$ 23,130,521 | \$ 23,076,160 | \$ 23,018,593 | \$ 23,934,965 | 23,880,017 | 24,344,260 |

Safety Department:

| | | | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|------------|
| Police | \$ 47,470,566 | \$ 44,930,970 | \$ 48,301,614 | \$ 47,312,080 | 48,933,274 | 50,182,250 |
| Corrections | 9,090,423 | 8,331,841 | 8,078,919 | 8,142,583 | 8,721,509 | 8,800,000 |
| Fire | 27,197,544 | 24,429,137 | 27,566,083 | 28,547,705 | 29,960,948 | 27,041,330 |
| Communications | 1,454,347 | 1,724,741 | 1,071,840 | 622,944 | 938,155 | 1,285,120 |
| Traffic Engineer | 1,235,027 | 1,027,919 | 0 | 0 | 0 | |
| Combined Dispatch Center | 3,866,763 | 4,005,872 | 4,190,901 | 4,626,128 | 4,575,001 | 4,944,300 |
| Inspection-Building | 429,919 | 157,648 | 221,313 | 83,139 | 87,647 | 87,500 |
| Inspection-Weights & Measures | 57,682 | 56,789 | 58,973 | 58,250 | 54,744 | 60,150 |
| Disaster Services | 64,974 | 108 | 207 | 63 | 464 | 5,000 |
| Total Safety Department | \$ 90,867,245 | \$ 84,125,026 | \$ 89,489,850 | \$ 89,392,892 | \$ 93,271,742 | 92,405,650 |

Health Department:

| | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|-----------|
| Administration | \$ 1,172,903 | \$ 626,473 | \$ 41,778 | \$ 303 | \$ 0 | |
| Environmental Health and Housing | 2,450,593 | 1,691,082 | 152,285 | 786 | 0 | |
| Health Education | 873,424 | 1,434,224 | 116,732 | 1,067 | 0 | |
| Medical & Nursing Services | 1,894,639 | 1,784,449 | 231,413 | 1,183 | 0 | |
| Laboratory | 358,907 | 8,558 | 9 | 0 | 0 | |
| Vital Statistics | 353,863 | 460,420 | 0 | 90 | 0 | |
| Counseling Services | 303,492 | 168,632 | 23,117 | 0 | 0 | |
| Health Consolidated | | 330,877 | 4,121,644 | 3,058,616 | 3,869,447 | 4,224,220 |
| Total Health Department | \$ 7,407,821 | \$ 6,504,715 | \$ 4,686,978 | \$ 3,062,045 | \$ 3,869,447 | 4,224,220 |

Service Department:

| | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|
| Service Director's Office | \$ 782,151 | \$ 603,387 | \$ 610,792 | \$ 510,015 | \$ 621,886 | 467,360 |
| Customer Service | 691,301 | 643,065 | 777,726 | 680,446 | 542,677 | 607,230 |
| Customer Service Call Center | 590,074 | 397,255 | 577,388 | 268,858 | 0 | |
| Plan Center | 172,256 | 166,737 | 290,800 | 175,936 | 193,870 | 129,810 |
| Street Lighting | 301,337 | 186,648 | 187,039 | 51 | 31,894 | 190,850 |
| Building Maintenance | 3,512,952 | 3,618,121 | 5,589,751 | 2,854,705 | 1,636,610 | 3,139,570 |
| Airport | 260,160 | 230,160 | 230,160 | 18,000 | 128,384 | 130,000 |
| Parks Maintenance | 3,015,742 | 2,876,780 | 3,215,215 | 3,352,231 | 3,956,640 | 3,450,960 |
| Steam System | | | | 2,475,000 | 1,918,000 | 1,500,000 |
| Recreation & Zoo | 3,558,352 | 3,282,723 | 5,120,308 | 3,417,523 | 4,019,568 | 3,998,760 |
| Sanitation Services & Landfill | 9,375,534 | 9,137,789 | 10,287,410 | 9,060,176 | 18,518,954 | 11,126,880 |
| Highway Maintenance | 2,455,000 | 2,550,000 | 901,058 | (149,313) | 533,358 | 1,500,000 |

| | | | | | | |
|--|-----------------------|-----------------------|-----------------------|----------------------|----------------------|--------------------|
| Sewer Maintenance | 485,328 | 107,482 | 160,804 | 56,010 | 52,772 | 39,430 |
| Public Works Administration | 438,100 | 272,196 | 336,569 | 395,282 | 451,284 | 430,670 |
| Recycling | 1,100,003 | 1,357,126 | 1,077,040 | 1,156,123 | 1,224,691 | 1,193,990 |
| Engineering Services | 0 | 0 | 0 | 893 | 1,589 | |
| Housing | | 397,255 | 1,089,897 | 825,657 | 823,885 | 998,980 |
| Traffic Engineering | | 484,232 | 852,252 | 1,219,801 | 1,106,286 | 1,200,040 |
| Neighborhood Assistance | | | 3,648,577 | 427,635 | 1,222,553 | 1,277,530 |
| Total Service Department | \$ 26,738,290 | \$ 25,913,701 | \$ 34,952,784 | \$26,745,029 | \$36,985,184 | 31,382,060 |
| Total General Fund Expenditures | \$ 148,143,877 | \$ 139,619,601 | \$ 152,148,206 | \$152,148,206 | \$158,006,391 | 152,356,190 |

APPENDIX B

Cash Basis Financial Statement Summary for 2009 through 2013

FISCAL YEAR 2009

| <u>Funds</u> | <u>Balance at Beginning</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at Close</u> |
|----------------------------|--|--------------------------------|--------------------------------|------------------------------------|
| General Fund | \$ 6,562,348.65 | \$146,787,475.89 | \$148,143,877.27 | \$ 5,205,947.27 |
| Special Revenue Fund | 25,394,389.84 | 149,992,441.28 | 141,955,531.67 | 33,431,299.45 |
| Debt Service Fund | 7,180,902.77 | 185,084,520.82 | 183,929,746.31 | 8,335,677.28 |
| Capital Projects Fund..... | (13,384,657.78)(a) | 50,838,328.32 | 52,971,226.15 | (15,517,555.61)(a) |
| Enterprise Fund | 2,316,245.52 | 88,744,342.57 | 83,271,101.10 | 7,789,486.99 |
| Internal Service Fund..... | (4,802,050.10)(b) | 50,356,893.95 | 55,038,063.94 | (9,483,220.09)(b) |
| Trust & Agency Fund | 23,113.28 | 9,163.40 | 8,706.42 | 23,570.26 |
| Total | <u>\$23,290,292.18</u> | <u>\$671,813,166.23</u> | <u>\$665,318,252.86</u> | <u>\$29,785,205.55</u> |

- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.
- (b) Deficit a result of delays in charges to various departments and divisions in connection with self-insurance program.

FISCAL YEAR 2010

| <u>Funds</u> | <u>Balance at Beginning</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at Close</u> |
|----------------------------|--|--------------------------------|--------------------------------|------------------------------------|
| General Fund | \$ 5,205,947.27 | \$139,675,532.27 | \$139,619,601.12 | \$ 5,261,878.42 |
| Special Revenue Fund | 33,431,299.45 | 145,582,367.88 | 163,671,022.05 | 15,342,645.28 |
| Debt Service Fund | 8,335,677.28 | 267,493,003.84 | 267,104,496.54 | 8,724,184.58 |
| Capital Projects Fund..... | (15,517,555.61)(a) | 60,164,202.55 | 51,422,259.29 | (6,775,612.35)(a) |
| Enterprise Fund | 7,789,486.99 | 84,042,735.42 | 83,909,548.89 | 7,922,673.52 |
| Internal Service Fund..... | (9,483,220.09)(b) | 66,451,761.03 | 53,377,522.67 | 3,591,018.27 |
| Trust & Agency Fund | 23,570.26 | 10,873.00 | 13,274.97 | 21,168.29 |
| Total | <u>\$29,785,205.55</u> | <u>\$763,420,475.99</u> | <u>\$759,117,725.53</u> | <u>\$34,087,956.01</u> |

- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

FISCAL YEAR 2011

| <u>Funds</u> | <u>Balance at Beginning</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at Close</u> |
|----------------------------|--|--------------------------|----------------------------|------------------------------------|
| General Fund | \$ 5,261,878.42 | \$ 154,618,132.36 | \$ 152,148,205.99 | \$ 5,210,189.84 |
| Special Revenue Fund | 15,342,645.28 | 174,975,992.56 | 161,128,208.53 | 31,712,044.26 |
| Debt Service Fund | 8,724,184.58 | 174,741,657.73 | 174,049,747.34 | 9,416,094.97 |
| Capital Projects Fund..... | (6,775,612.35) ^(a) | 100,830,311.01 | 91,385,835.25 | 2,668,863.41 |
| Enterprise Fund | 7,922,673.52 | 96,641,265.37 | 95,279,378.05 | 9,284,560.84 |
| Internal Service Fund..... | 3,591,018.27 | 55,578,738.81 | 52,112,987.21 | 7,056,769.87 |
| Trust & Agency Fund | 21,168.29 | 88,394.05 | 13,012.77 | 96,549.57 |
| Total | <u>\$ 34,087,956.01</u> | <u>\$ 757,474,491.89</u> | <u>\$ 726,117,375.14</u> | <u>\$ 65,445,072.76</u> |

-
- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

FISCAL YEAR 2012

| <u>Funds</u> | <u>Balance at Beginning</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at Close</u> |
|----------------------------|--|--------------------------|----------------------------|------------------------------------|
| General Fund | \$5,210,189.84 | \$143,046,403.00 | \$143,134,931.06 | \$5,121,661.78 |
| Special Revenue Fund | 31,712,044.26 | 161,446,523.21 | 157,791,504.55 | 35,367,062.92 |
| Debt Service Fund | 9,416,094.97 | 158,844,047.56 | 159,986,871.45 | 8,273,271.08 |
| Capital Projects Fund..... | 2,668,863.41 | 20,828,542.27 | 21,151,124.97 | 2,346,280.71 |
| Enterprise Fund | 9,284,560.84 | 117,216,865.02 | 113,657,195.09 | 12,844,230.77 |
| Internal Service Fund..... | 7,056,769.87 | 54,263,953.65 | 51,356,711.20 | 9,964,012.32 |
| Trust & Agency Fund | 96,549.57 | 12,439.00 | 10,707.91 | 98,280.66 |
| Total | <u>\$ 65,445,072.76</u> | <u>\$ 655,658,773.71</u> | <u>\$ 647,089,046.23</u> | <u>\$ 74,014,800.24</u> |

-
- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

FISCAL YEAR 2013

| <u>Funds</u> | <u>Balance at Beginning</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at Close</u> |
|----------------------------|--|------------------------|----------------------------|------------------------------------|
| General Fund | \$5,121,661.78 | \$158,259,428.40 | \$158,006,391.04 | \$5,374,699.14 |
| Special Revenue Fund | 35,367,062.92 | 173,858,959.58 | 159,265,789.73 | 49,960,232.77 |
| Debt Service Fund | 8,273,271.08 | 130,836,929.01 | 133,833,250.11 | 5,276,949.98 |
| Capital Projects Fund..... | 2,346,280.71 | 28,217,748.51 | 20,444,364.11 | 10,119,665.11 |
| Enterprise Fund | 12,844,230.77 | 126,825,906.17 | 120,834,832.24 | 18,835,304.70 |
| Internal Service Fund..... | 9,964,012.32 | 52,681,894.56 | 51,640,043.87 | 11,005,863.01 |
| Trust & Agency Fund | <u>98,280.66</u> | <u>116,847.63</u> | <u>38,622.14</u> | <u>176,506.15</u> |
| Total | <u>74,014,800.24</u> | <u>670,797,713.86</u> | <u>644,063,293.24</u> | <u>100,749,220.86</u> |

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- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

APPENDIX C

CUSIP Numbers* for City of Akron Bonds, Notes and Other Obligations

* Final maturity of the issue.

2005

| Name | Amount | Date | CUSIP # |
|---|---------------|--------------------|----------------|
| Various Purpose Imp. & Refunding Bonds, Series 2005 | \$80,640,000 | September 14, 2005 | 010033 VV7 |
| Certificates of Participation, Series 2005-A (Parking Facilities Project) | \$31,940,000 | September 14, 2005 | 010047 BS6 |
| Street Improvement SA Bonds, Series 2005 | \$2,375,000 | September 29, 2005 | 010033 WF1 |
| Sanitary Sewer Imp. & Refunding Bonds, Series 2005 | \$33,855,000 | December 1, 2005 | 010086 FH4 |

2006

| Name | Amount | Date | CUSIP # |
|---|---------------|--------------------|----------------|
| Waterworks System Mortgage Revenue Improvement Bonds, Series 2006 | \$13,340,000 | August 10, 2006 | 010122 JE0 |
| Street Improvement Special Assessment Bonds, Series 2006 | \$1,310,000 | September 14, 2006 | 010033 WR5 |
| Taxable Economic Development Revenue Bonds, Series 2006 | \$19,500,000 | December 15, 2006 | 010053 AV8 |
| Various Purpose Improvement Bonds, Series 2006 | \$22,440,000 | December 21, 2006 | 010033 XJ2 |

2007

| Name | Amount | Date | CUSIP # |
|---|--------------|-------------------|------------|
| Various Purpose Improvement Bonds, Series 2007 | \$20,735,000 | December 3, 2007 | 010033 YG7 |
| Certificates of Participation, Series 2007 (Parking Facilities Project) | \$19,610,000 | December 20, 2007 | 010047 CN6 |

2009

| Name | Amount | Date | CUSIP # |
|---|--------------|--------------------|------------|
| Waterworks System Mortgage Revenue Improvement & Refunding Bonds, Series 2009 | \$22,100,000 | September 17, 2009 | 010122 KB4 |
| Various Purpose Improvement Refunding Bonds, Series 2009 | \$12,920,000 | November 30, 2009 | 010033 YV4 |

2010

| Name | Amount | Date | CUSIP # |
|---|--------------|-------------------|------------|
| Community Learning Centers Income Tax Revenue Bonds, Series 2010A | \$17,880,000 | July 28, 2010 | 010056 CP2 |
| Community Learning Centers Income Tax Revenue Bonds, Series 2010B | \$12,060,000 | July 28, 2010 | 010056 CV9 |
| Community Learning Centers Income Tax Revenue Bonds, Series 2010C | \$15,060,000 | July 28, 2010 | 010056 CW7 |
| Certificates of Participation, Series 2010 (Akron Energy Systems Project) | \$13,200,000 | November 3, 2010 | 010047 CZ9 |
| Various Purpose Refunding Bonds, Series 2010A | \$24,045,000 | November 30, 2010 | 010033 ZN1 |
| Various Purpose Bonds, Series 2010B | \$21,350,000 | November 30, 2010 | 010033 A57 |
| Various Purpose Refunding Bonds, Series 2010C | \$27,320,000 | November 30, 2010 | 010033 B64 |
| Recovery Zone Economic Development Bonds, Series 2010D | \$7,375,000 | December 8, 2010 | 010033 B98 |

2011

| Name | Amount | Date | CUSIP # |
|---|--------------|-------------------|------------|
| Pension Income Tax Refunding Bonds, Series 2011 | \$6,405,000 | December 15, 2011 | 010056 DJ5 |
| Nontax Revenue Economic Development Bonds, Series 2011 | \$14,035,000 | December 15, 2011 | 010069 AF9 |
| JEDD Revenue Refunding Bonds, Series 2011 | \$27,165,000 | December 21, 2011 | 010057 AJ6 |
| General Obligation Various Purpose Refunding Bonds, Series 2011 | \$44,190,000 | December 21, 2011 | 010033 G28 |

2012

| Name | Amount | Date | CUSIP # |
|---|---------------|-------------------|------------|
| Various Purpose Income Tax Revenue Bond Anticipation Notes, Series 2012 | \$10,115,000 | November 14, 2012 | 010056 EN5 |
| Various Purpose Income Tax Revenue Bonds, Series 2012 | \$28,870,000 | November 14, 2012 | 010056 FJ3 |
| General Obligation Various Purpose Refunding Bonds, Series 2012 | \$8,540,000 | November 29, 2012 | 010033 J25 |
| Community Learning Centers Income Tax Revenue Refunding Bonds, Series 2012A | \$155,360,000 | June 27, 2012 | 010056 DK2 |
| Community Learning Centers Income Tax Revenue Refunding Bonds, Series 2012B | \$7,025,000 | June 27, 2012 | 010056 EG0 |

2013

| Name | Amount | Date | CUSIP # |
|---|-------------|-----------------|------------|
| 2013 Ohio Air Quality Development Authority, Series A | \$2,493,570 | August 15, 2013 | 677525 VH7 |

| | | | |
|--|--------------|-------------------|------------|
| 2013 Ohio Air Quality Development Authority, Series B | \$2,355,914 | August 15, 2013 | 677525 HA8 |
| Various Purpose Income Tax Bond Anticipation Notes, Series 2013 | \$24,730,000 | November 13, 2013 | 010056 FK0 |
| Taxable Refunding Certificates of Participation, Series A 2013 (Stadium) | \$14,910,000 | November 27, 2013 | 010047 DA3 |
| Taxable Certificates of Participation, Series B 2013 (Stadium) | \$2,365,000 | December 5, 2013 | 010047 DJ4 |

2014

| Name | Amount | Date | CUSIP # |
|--|--------------|----------------|------------|
| General Obligation Various Purpose Refunding Bonds, Series 2014A | \$19,080,000 | March 20, 2014 | 010033 J33 |
| General Obligation Various Purpose Refunding Bonds, Series 2014B | \$20,685,000 | March 20, 2014 | 010033 K80 |
| Health Benefit Claims Bond Anticipation Notes, Series 2014 | \$6,500,000 | March 12, 2014 | 010054 AE4 |
| Community Learning Center Income Tax Revenue Bonds, Series 2014 | \$50,000,000 | May 7, 2014 | 010056 FL8 |