

This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Series 2016 Bonds, the City will complete, adopt and deliver a Final Official Statement substantially in this form.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

**NEW ISSUE
BOOK-ENTRY ONLY**

RATINGS:
(See “RATINGS” herein)

Fitch

S&P

In the opinion of Katten Muchin Rosenman LLP, and Hurtado Zimmerman SC, Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Series 2016 Bonds will not be includable in gross income for federal income tax purposes. The Series 2016 Bonds are not “private activity bonds” and the interest thereon is not required to be included as an item of tax preference for purposes of computing individual or corporate “alternative minimum taxable income.” However, interest on the Series 2016 Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2016 Bonds is not exempt from Wisconsin income taxes.



\$10,000,000*
CITY OF MILWAUKEE, WISCONSIN
Water System Revenue Bonds
Series 2016 W10



Dated: Date of Delivery

Due: June 1, 2017 – 2036

The \$10,000,000* Water System Revenue Bonds, Series 2016 W10 (the “Series 2016 Bonds”) will be dated the Date of Delivery, will bear interest payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2017, at the rates, and will mature on June 1 in the years and amounts, as detailed on the inside cover.

The Series 2016 Bonds shall be issued by the City of Milwaukee, Wisconsin (the “City”) for the purposes of (i) financing the costs of improvements to the City’s Water Works System; and (ii) paying the costs of issuance of the Series 2016 Bonds. (See “**SERIES 2016 BONDS – The Financing Plan**” herein.)

The Series 2016 Bonds maturing on or after June 1, 2027 are subject to optional redemption on or after June 1, 2026 at par, as more fully described herein. (See “**SERIES 2016 BONDS – Optional Redemption Prior To Maturity**” herein.)

The Series 2016 Bonds will be issued only as fully registered bonds and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the securities depository of the Series 2016 Bonds. Individual purchases will be made in book entry only form in denominations of \$5,000 principal amount or any integral multiple thereof. Purchasers of the Series 2016 Bonds will not receive certificates representing their interest in the Series 2016 Bonds purchased. (See *Appendix E – “BOOK ENTRY ONLY SYSTEM”*.)

The Series 2016 Bonds are limited special obligations of the City payable solely from and secured by the funds pledged therefor including the Net Revenues of the Water System of the City. (See “**SECURITY**” herein.)

The Series 2016 Bonds are being offered when, as and if issued and subject to the legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel. It is anticipated that the Series 2016 Bonds will be available for delivery to DTC on or about December 15, 2016 (the “Date of Delivery”).

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

For Further Information Contact:

Martin Matson, Comptroller and Secretary to Public Debt Commission
City Hall, Room 404, 200 East Wells Street - Milwaukee, WI 53202 - Phone (414) 286-3321

**ELECTRONIC BIDS WILL BE RECEIVED ON THURSDAY, DECEMBER 1, 2016 UNTIL
10:00 A.M. (CENTRAL TIME)**

*Preliminary, subject to change.

MATURITY SCHEDULE

\$10,000,000*

CITY OF MILWAUKEE, WISCONSIN Water System Revenue Bonds, Series 2016 W10

The Series 2016 Bonds will be dated the Date of Delivery, will bear interest at the rates, and at the yields, and identified by the CUSIPS shown below, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2017, and will mature on June 1 of the years and in the amounts shown below. The Series 2016 Bonds maturing on and after June 1, 2027 are subject to optional redemption on any date on or after June 1, 2026, as provided herein.

<u>Maturing (June 1)</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>CUSIPS (1)</u>
2017	\$ 440,000			60242M
2018	435,000			60242M
2019	440,000			60242M
2020	445,000			60242M
2021	450,000			60242M
2022	455,000			60242M
2023	460,000			60242M
2024	465,000			60242M
2025	475,000			60242M
2026	480,000			60242M
2027	490,000			60242M
2028	500,000			60242M
2029	510,000			60242M
2030	520,000			60242M
2031	535,000			60242M
2032	550,000			60242M
2033	565,000			60242M
2034	580,000			60242M
2035	595,000			60242M
2036	<u>610,000</u>			60242M
TOTAL	<u><u>\$10,000,000</u></u>			

(1) The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Series 2016 Bonds. The City is not responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2016 Bonds, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Series 2016 Bonds.

At the option of the successful bidder, any consecutive callable maturities of the Series 2016 Bonds may be aggregated into no more than two term bonds, in which case the annual sinking fund installment amounts of the term bond shall be equal to the principal amounts of the maturities included in the term bond.

* Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the sale of these securities and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities by a person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. These securities have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The purpose of this Official Statement, including the cover page, and Appendices, is to set forth certain information concerning the City of Milwaukee (the “City”), located in Milwaukee County, Wisconsin, and to set forth information concerning the offering of \$10,000,000* Water System Revenue Bonds, Series 2016 W10 of the City, dated the Date of Delivery (the “Series 2016 Bonds”). The following information is furnished solely to provide limited introductory information regarding the Series 2016 Bonds and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the Appendices hereto.

Summary Statement

The following material is supported, where required, by the detailed information and financial statements appearing in this Official Statement, including the Appendices hereto.

Issuer:	City of Milwaukee, Wisconsin.
Issue:	\$10,000,000* Water System Revenue Bonds, Series 2016 W10.
Dated Date:	Date of Delivery.
Maturities:	June 1 of the years 2017 to 2036, both inclusive.
Interest Payment Dates:	Each June 1 and December 1, beginning June 1, 2017.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The Series 2016 Bonds are issued for the purposes of (i) financing the costs of improvements to the City’s Water System; and (ii) paying the costs of issuance of the Series 2016 Bonds. (See “ SERIES 2016 BONDS – The Financing Plan ” herein.)
Security:	Principal and interest on the Series 2016 Bonds will be payable solely from and secured by the funds pledged therefor including the Net Revenues of the Water System of the City. (See “ SECURITY ” herein.)
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Series 2016 Bonds in accordance with the provisions of Chapter 66 of the Wisconsin Statutes (the “Act”).
Form of Issuance:	The Series 2016 Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the Series 2016 Bonds. (See Appendix E – “BOOK-ENTRY-ONLY SYSTEM”).
Tax Matters:	In the opinion of Katten Muchin Rosenman LLP, and Hurtado Zimmerman SC, Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Series 2016 Bonds will not be includable in gross income for federal income tax purposes. The Series 2016 Bonds are not “ <i>private activity bonds</i> ” and the interest thereon is not required to be included as an item of tax preference for

* Preliminary, subject to change.

purposes of computing individual or corporate “alternative minimum taxable income.” However, interest on the Series 2016 Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2016 Bonds is not exempt from Wisconsin income taxes. (See “**TAX MATTERS**” herein).

Redemption Feature: The Series 2016 Bonds maturing on or after June 1, 2027 are subject to optional redemption on or after June 1, 2026 at par, as more fully described herein. (See “**SERIES 2016 BONDS – Optional Redemption Prior to Maturity**” herein.)

Official Statement: The City will provide the original purchaser of the Series 2016 Bonds with an electronic copy and up to 10 printed copies of this Official Statement within seven business days following the award of the Series 2016 Bonds.

Professionals:

<i>Bond Counsel:</i>	Katten Muchin Rosenman LLP Chicago, Illinois
	Hurtado Zimmerman SC Wauwatosa, Wisconsin
<i>Financial Advisor:</i>	Public Financial Management, Inc. Milwaukee, Wisconsin
<i>Depository and Paying Agent</i>	[U.S. Bank National Association] Milwaukee, Wisconsin

Delivery: Delivery will be on or about December 15, 2016 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering prices or yields of the Series 2016 Bonds are detailed on the inside front cover of the Official Statement.

Continuing Disclosure Certificate: In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City’s contractual obligation arising from its acceptance of the successful bidder’s proposal, at the time of the delivery of the Series 2016 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See “**CONTINUING DISCLOSURE**” herein).

SERIES 2016 BONDS

The Financing Plan

The Series 2016 Bonds shall be issued by the City of Milwaukee, Wisconsin (the “City”) for the purpose of (i) financing the costs of improvements of any plant and properties within or without the corporate limits of the City used for, useful in or pertaining to the supply, treatment, storage or transmission of water (including the refinancing of \$10,000,000 principal amount of commercial paper notes (“CP Notes”) previously issued for such purposes); and (ii) paying the costs of issuance of the Series 2016 Bonds.

No Series Reserve Account shall be established for the Series 2016 Bonds in the Reserve Fund and, for purposes of the hereinafter defined Master Resolution, the Reserve Account Requirement for the Series 2016 Bonds shall be \$0. **[THE RESERVE FUND DOES NOT SECURE AND IS NOT AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2016 BONDS.]**

Estimated Sources and Uses

Sources of Funds*	
Par Amount of Series 2016 Bonds	\$10,000,000
Net Original Issue Premium (Discount).....	150,000
Total Sources of Funds.....	\$10,150,000
Uses of Funds*	
Deposit to finance projects (including refunding of commercial paper temporary borrowing issued to finance projects)	\$10,000,000
Costs of Issuance (including Underwriters’ Discount)	150,000
Total Uses of Funds.....	\$10,150,000

* Preliminary, subject to change

The Bond Resolution

Pursuant to a Bond Resolution adopted on July 22, 2014 (the “*Master Resolution*”) and the Series 2016 Resolution adopted on November 22, 2016 (the “*Series Resolution*,” and together with the Master Resolution, the “*Bond Resolution*”), the Common Council has authorized and approved the sale of the Series 2016 Bonds including providing certain of the details and form of the Series 2016 Bonds and setting out certain covenants with respect thereto. Pursuant to the Master Resolution, bonds may be issued thereunder in series from time to time. Upon their issuance the Series 2016 Bonds will be the only bonds outstanding under the Bond Resolution. The City may hereafter authorize and issue additional Water System Revenue Bonds (the “*Additional Bonds*”). The Series 2016 Bonds and any Additional Bonds on parity therewith are hereinafter referred to as the “*Bonds*.”

The City may at any time or from time to time, issue evidences of indebtedness payable out of, and which may be secured by a pledge of, such amounts in the Subordinate Obligation Fund (as hereinafter defined) as may from time to time be available for the purpose of payment thereof. The City has issued Water System Second Lien Revenue Bonds as loans from the State of Wisconsin’s Safe Drinking Water Loan Program to finance water system improvements. The Water System Second Lien Revenue Bonds are Subordinate Obligations (as hereinafter defined), which constitute evidence of indebtedness payable out of, and which are secured by a pledge of, such amounts in the Subordinate Obligation Fund of the Bond Resolution as may from time to time be available for the purpose of payment thereof. (See “**ADDITIONAL BONDS – Subordinate Obligations**” herein.) The City also issues general obligation debt and other short-term borrowing to finance water capital projects. The general obligation debt does not have a lien on the water system revenues or the assets of the Water System, but is expected to be repaid from amounts in the Surplus Fund not required to meet a deficiency referred to in the Bond Resolution. (See “**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Summary of Certain Provisions of the Bond Resolution – Surplus Fund**” in *Appendix C*.) The Water System Second Lien Revenue Bonds and the general obligation debt and other short-term borrowing do not constitute Bonds as defined above. The City may, by resolution, provide for

various priorities in the liens and pledges securing Subordinate Obligations, and nothing in the Bond Resolution shall be construed so as to require that the payment of, or pledges securing, Subordinate Obligations be on a parity with the Bonds. (See “**ADDITIONAL BONDS – Subordinate Obligations**” herein.)

All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in *Appendix C – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Definitions of Certain Terms”* or, if not defined therein, in the Bond Resolution. A summary of certain provisions of the Bond Resolution is set forth under “**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Summary of Certain Provisions of the Bond Resolution**” in *Appendix C*.

Maturity and Interest Rates

The Series 2016 Bonds are to be dated the Date of Delivery and will bear interest from that date at the rates, and shall mature each June 1 in the amounts and on the dates as set forth on the inside front cover of this Official Statement. Interest on the Series 2016 Bonds will be payable on June 1, 2017 and thereafter semi-annually on June 1 and December 1 of each year and is calculated on the basis of 30-day months and a 360-day year.

Optional Redemption Prior to Maturity

The Series 2016 Bonds with principal maturity dates on or after June 1, 2027, are subject to redemption prior to their maturity at the option of the City on any date on or after June 1, 2026, from such maturities as the City shall determine, at a price of par plus accrued interest to the date fixed for their redemption.

Mandatory Redemption of Term Bonds

At the option of the successful bidder, any consecutive callable maturities of the Series 2016 Bonds may be aggregated into no more than two term bonds, in which case the annual Sinking Fund Installment amounts of the term bond shall be equal to the principal amounts of the maturities included in the term bond.

Amounts accumulated in the Special Redemption Fund by reason of the payment of any Sinking Fund Installment may be applied by the City, on or prior to the sixtieth (60th) day preceding the due date of such Sinking Fund Installment, to: (i) the purchase of Series 2016 Bonds of the maturity for which such Sinking Fund Installment was established, or (ii) the redemption of such Series 2016 Bonds at the applicable Redemption Price, if then redeemable by their terms. All such purchases of Series 2016 Bonds shall: (i) be made at prices not exceeding the applicable Redemption Price of such Series 2016 Bonds plus accrued interest; (ii) be made as arranged by the City in such manner and from such sellers or brokers at such prices as the City shall determine; and (iii) be made to insure that delivery of the Series 2016 Bonds so purchased shall not occur later than the sixtieth (60th) day next preceding the redemption date to which the Sinking Fund Installment is to be applied. The applicable Redemption Price of any Series 2016 Bonds (or principal amount of maturing Series 2016 Bonds) so purchased or redeemed shall be deemed to constitute part of the Special Redemption Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Sinking Fund Installment, the City shall proceed to call for redemption on such due date Series 2016 Bonds of the maturity for which such Sinking Fund Installment was established (except in the case of Series 2016 Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking

Fund Installment after making allowance for any Series 2016 Bonds purchased or redeemed which the City has applied as a credit against such Sinking Fund Installment.

Upon any purchase or redemption of Series 2016 Bonds of any maturity for which Sinking Fund Installments shall have been established: (i) if the principal amount of the Series 2016 Bonds so purchased is less than or equal to the next succeeding Sinking Fund Installment there shall be credited to the next such Sinking Fund Installment an amount equal to the principal amount of the Series 2016 Bonds so purchased; and (ii) if the principal amount of the Series 2016 Bonds so purchased is greater than the next succeeding Sinking Fund Installment, there shall be credited toward each such Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Series 2016 Bonds so purchased or redeemed bears to the total principal amount of all such Sinking Fund Installments to be so credited or, at the option of the City, an amount equal to the next succeeding Sinking Fund Installment. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Partial Redemption

In the event of the partial redemption of Series 2016 Bonds of the same maturity, the particular Series 2016 Bonds to be redeemed shall be selected by lot in any manner that the Paying Agent deems to be fair.

Notice of Redemption

Notice of the redemption of any Series 2016 Bonds shall be given not less than 30 days prior to the redemption date.

SECURITY

Pledge of Revenues

(A) The Bonds are limited special obligations of the City payable solely from and secured by the funds pledged therefor. There are pledged as security for the payment of the principal and Redemption Price (if any) of, and interest on, the Bonds in accordance with their terms and the provisions of the Bond Resolution, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution: (i) the proceeds of sale of the Series 2016 Bonds pending application thereof in accordance with the provisions of the Bond Resolution or of a Series Resolution (ii) the Net Revenues, and (iii) all Funds and Accounts held under the Bond Resolution other than (a) the Rebate Fund and (b) the Subordinate Obligation Fund, including the investments, if any, in such Funds and Accounts; and the bondholders shall have a lien on, and a security interest in, such proceeds, Net Revenues, and Funds and Accounts for such purpose and subject to such provisions of the Bond Resolution. As defined in the Bond Resolution, “*Net Revenues*” means with respect to any period, the Revenues during such period less amounts required to pay Operation and Maintenance Expenses. “*Operation and Maintenance Expenses*” means the costs and expenses of operating and maintaining the Water System, including, without limiting the generality of the foregoing: (i) all expenses includable in the operation and maintenance expense accounts of the City relating to the Water System according to generally accepted accounting principles, exclusive of debt service, capital expenditures, depreciation and tax equivalents; and (ii) to the extent not included in the preceding clause (i) or paid from the Bond proceeds or otherwise, the City’s share of the costs and

expenses of operating and maintaining any plants and properties jointly owned with others. Such lien and security interest for the payment of the Bonds shall be prior and superior to the lien and security interest for the payment of Subordinate Obligations. The Bonds are additionally secured by a mortgage lien upon the Water System, which shall be perfected by the recording of the Bond Resolution in the records of the City.

(B) The pledge of, and lien on, and security interest in, the proceeds of the Series 2016 Bonds and the Net Revenues as received by the City and the Funds and Accounts held under the Bond Resolution, other than the Rebate Fund and the Subordinate Obligation Fund, shall be valid and irrevocable: (i) from and after the time that, if required by State law, a financing statement is filed with respect to such pledge, lien and security interest as required by State law, and, upon such filing; or (ii), if no financing statement is so required by State law, upon delivery of the proceeds of the Series 2016 Bonds, and all the Net Revenues as received by the City and the Funds and Accounts therein, other than the Rebate Fund and the Subordinate Obligation Fund, shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid as against, and prior to the lien of, all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof.

(C) The Bonds shall be equally and ratably payable and secured under the Bond Resolution without priority by reason of date of adoption of a Series Resolution authorizing a Series of Bonds or by reason of their Series, number or date, date of issue, execution, authentication or sale thereof, or otherwise; provided, however, that nothing in the Bond Resolution shall prevent the City from affording any particular Series of Bonds or particular Bonds additional or different security through a support facility or escrow funds. Bonds which are not a part of a Series for which an escrow fund or other funds and accounts have been created to provide additional or different security shall not be entitled to the benefits of such escrow fund or other funds and accounts except to the extent specifically provided in the Series Resolution authorizing such Series.

(D) The principal and Redemption Price (if any) of, and interest on, the Bonds shall be payable only from the Special Redemption Fund and not from any funds of the City other than the Special Redemption Fund and the Bonds shall not constitute a general obligation of the City, or create a charge upon any other revenues or property of the City, except the Net Revenues and other moneys and securities pledged under the Bond Resolution. No holder of the Bonds shall have the right to compel the exercise of the taxing power of the State or any political subdivision thereof, including the City, in connection with any default with respect to the Bonds. Each Bond shall recite in substance the provisions of this subsection (D).

(E) No holder of a Series 2016 Bond shall be required to see that the moneys derived from such Series 2016 Bonds are applied to the purpose or purposes for which such Bond is issued. The validity of the Series 2016 Bonds shall neither be dependent upon nor affected by the validity or regularity of any proceedings relating to the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of the Water System nor the use and application of the proceeds of the Bonds. The Series 2016 Bonds shall contain a recital that they are issued pursuant to the Act, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

COVENANTS TO SECURE THE BONDS

The City, in the Bond Resolution, covenants and agrees with the holders of all Bonds, including the Series 2016 Bonds issued pursuant to the Bond Resolution, and to the extent provided in a Series Resolution, all support facility providers, as follows:

Rates and Charges

(A) The City shall fix, charge and collect such Water Services Charges as shall be required in order that in each Fiscal Year the Net Revenues shall be not less than the Net Revenue Requirement for such Fiscal Year. The failure in any Fiscal Year to comply with the foregoing rate covenant in this paragraph (A) shall not constitute an event of default if the City shall comply with the Bond Resolution as described in paragraph (B) below. “*Fiscal Year*” means the twelve month period established by the City or provided by law from time to time as its fiscal year, and which, as of the date of adoption of the Bond Resolution, is the twelve month period commencing on January 1 of any year and ending on December 31 of the following year. “*Net Revenue Requirement*” means with respect to any Fiscal Year or any period, an amount equal to the greater of: (i) the sum of (a) the Aggregate Debt Service in such Fiscal Year or such period and (b) the Required Deposits for such Fiscal Year or such period; or (ii) 1.20 times the Aggregate Debt Service in such Fiscal Year or such period plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding as of the end of such Fiscal Year or such period. As defined in the Bond Resolution, “*Aggregate Debt Service*” means, for any period and as of any date of computation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds, and “*Support Facility Reimbursement Obligations*” means, the obligation of the City described in the Bond Resolution to directly reimburse the Support Facility Provider of a Support Facility for amounts paid thereunder or a Counterparty under an Interest Rate Exchange Agreement for amounts paid thereunder, whether or not such obligation to reimburse is evidenced by a promissory note or other similar instrument.

(B) Prior to the end of each Fiscal Year, the Commissioner of Public Works of the City shall complete a review of the financial condition of the Water System for the purpose of estimating whether the Net Revenues for such Fiscal Year and for the next succeeding Fiscal Year will be sufficient to comply with the rate covenant described in paragraph (A) above and shall by a Written Certificate of the City make a determination with respect thereto. Such review shall take into consideration the completion of any uncompleted improvement and the issuance of future Series of Bonds if necessary to finance the completion of such improvements. Such Written Certificate shall set forth a reasonably detailed statement of the actual and estimated revenues, operation and maintenance expenses, aggregate debt service, and any other estimates or assumptions upon which such determination was based, and shall be filed with the City Clerk on or before July 1 in each year. If it is determined in such Written Certificate that the Revenues may not be so sufficient, the Commissioner of Public Works of the City shall forthwith make a study for the purpose of determining a schedule of Water Service Charges which, in the opinion of the Commissioner of Public Works, will cause sufficient Revenues to be collected in the following Fiscal Year to comply with such rate covenant described in paragraph (A) above and will cause additional Revenues to be collected in such following and later Fiscal Years sufficient to eliminate the amount of any deficiency at the earliest practicable time, or the Commissioner of Public Works may elect to cause the Consulting Engineer to make such a study and render such opinion. The Common Council of the City shall as promptly as practicable but no later than the one hundred twenty (120) days following such determination by the Commissioner of Public Works, or receipt of the Consulting Engineer’s recommendation, adopt and place in effect a schedule of Water Service Charges as described in this paragraph (B). [The Commissioner of Public Works of the City filed the Written Certificate with the City Clerk on June 20, 2016 and evidenced compliance with the rate covenant described in paragraph (A) above.]

FUNDS AND ACCOUNTS

Establishment of Funds and Accounts

(A) There was created under the Bond Resolution a special fund known as the “*Water System Revenue Fund*” (the “*Revenue Fund*”) into which all Revenues collected by the City have been and shall be deposited, from which the Revenues shall be appropriated and expended for operating expenses of the Water System, other purposes of the Water System, and in which certain working capital and operating reserves for purposes of the Water System have been and shall be maintained. The Revenue Fund is considered to be a fund held under the Bond Resolution for purposes of the pledge made in Bond Resolution.

(B) There was created and established under the Bond Resolution the following additional funds of the City to be maintained so long as any Bonds are outstanding:

- (1) Operation and Maintenance Fund;
- (2) Rebate Fund;
- (3) Water System Special Redemption Fund (the “*Special Redemption Fund*”);
- (4) Reserve Fund and Reserve Accounts therein;
- (5) Renewal and Replacement Fund;
- (6) Subordinate Obligation Fund; and
- (7) Surplus Fund.

The Operation and Maintenance Fund, Special Redemption Fund, Reserve Fund, Renewal and Replacement Fund and Surplus Fund are considered to be funds held under the Bond Resolution for purposes of the pledge made in the Bond Resolution. **THE RESERVE FUND DOES NOT SECURE AND IS NOT AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2016 BONDS.**

(C) There was also created a special fund known as the “*Water System Construction Fund*” (the “*Construction Fund*”) into which the proceeds of revenue bonds of the City issued to pay the costs of improvements specified to be expended from such Fund, including refinancing the commercial paper obligations used to finance the costs of improvements. The Construction Fund is considered to be a fund held under the Bond Resolution for purposes of the pledge made in the Bond Resolution.

(D) The City collects Revenues and deposits amounts into the City held Operations and Maintenance Fund. [Remaining Revenues are transferred to U.S. Bank National Association, Milwaukee, Wisconsin as Depository under the Bond Resolution for deposit to the Depository held portion of the Revenue Fund. Other funds held by the Depository include: the Rebate Fund, the Special Redemption Fund, the Reserve Fund, the Renewal and Replacement Fund, the Subordinate Obligation Fund, and the Surplus Fund. The Depository also serves as Paying Agent for the Bonds.]

Flow of Funds

(A) Revenues shall be collected by the City and deposited, as soon as practicable, into the Revenue Fund. From the amounts deposited in the Revenue Fund, the City shall transfer to the Operation and Maintenance Fund sufficient moneys to pay the current operation and maintenance expenses of the

Water System, transfer to the Rebate Fund such amount as is necessary to pay the rebate amount due the United States Treasury Department under Section 148 of the Code, if any, or to set aside as a reserve for such payment and make the transfers to other Funds and Accounts as provided in subsection (B) below.

(B) In each month, the City, after making the transfer, if any, to the Operating and Maintenance Expenses for such month and setting aside an amount sufficient to pay the Operating and Maintenance Expenses expected to be incurred for the balance of such month and making the transfer, if any, to the Rebate Fund as provided in the Bond Resolution, shall retain, apply or transfer on the fifth (5th) day prior to the end of each month, unless otherwise described below, a sufficient amount of moneys in the Revenue Fund in the following order of priority:

(1) To the Special Redemption Fund, if and to the extent required so that the balance therein shall equal the Accrued Debt Service for all Bonds outstanding and the interest accrued on all Bond Anticipation Notes outstanding on said date;

(2) To the Reserve Fund, if and to the extent required by a Series Resolution either (i) an amount such that the balance in each Reserve Account shall equal the Reserve Account Requirement on said date, or (ii) an amount such that if the same amount were deposited in each month the amount of any deficiency in a Reserve Account shall be eliminated at the end of the twelfth (12th) month following the first credit;

(3) To retain in the Revenue Fund, a reasonable and necessary amount for working capital and operating reserves;

(4) To the Subordinate Obligation Fund, the amount, if any, required to be deposited in such Fund pursuant to the resolution authorizing issuance of the Subordinate Obligations payable from such Fund;

(5) To the Renewal and Replacement Fund, such amount as may be designated by the City; and

(6) To the Surplus Fund, such amounts as shall remain in the Revenue Fund.

(C) All reasonable and necessary Operation and Maintenance Expenses shall be paid from the Operation and Maintenance Fund as the same become due and payable and, except for the Rebate Fund, prior to any transfer or payment to other funds and accounts set forth in the Bond Resolution.

(D) The City may, if provided in a Series Resolution authorizing the Bonds of a Series, directly pay out of the Revenue Fund reimbursements to Support Facility Providers whose Support Facilities have been drawn upon, after payments have been made to the Special Redemption Fund.

ADDITIONAL BONDS

Conditions for the Issuance of Additional Bonds Other Than Refunding Bonds

(A) One or more Series of Bonds, exclusive of Refunding Bonds may be issued at any time and from time to time for any lawful use or purpose relating to the Water System, including, without limitation, payment of all or a portion of the Costs of Improvements, but only upon compliance as to each such Series with the provisions of the Bond Resolution regarding the required Series Resolution and provision of the following documents or moneys or securities:

(1) A certified copy of the Series Resolution authorizing the issuance of the Bonds of such Series.

(2) If any Bonds of such Series are Option Bonds, a Support Facility in such an amount as would provide sufficient moneys for the purchase or redemption of all Option Bonds of such Series if the Holders thereof elected to tender for purchase or redemption the entire Aggregate Outstanding Principal amount of the Option Bonds of such Series.

(3) An opinion of Bond Counsel to the effect that: (a) the Bond Resolution, including the applicable Series Resolution authorizing the Series of Bonds, has been duly and lawfully adopted by the Common Council of the City and is a valid and legally binding instrument of the City, enforceable in accordance with the terms thereof; (b) the Bond Resolution creates a valid pledge and lien which it purports to create of the Net Revenues, moneys, securities and funds held or set aside under the Bond Resolution, subject to the application thereof to the purposes and on the terms and conditions permitted by the Bond Resolution; and (c) the Bonds of such Series are valid and legally binding limited special obligations of the City, enforceable in accordance with the terms thereof, are entitled to the benefits of the Bond Resolution and the Act, have been duly and validly authorized, issued and authenticated in accordance with law and the Bond Resolution, and do not violate the provisions of the Bond Resolution.

(4) Either:

(I) a Written Certificate of an Authorized Officer of the City based:

- (i) on audited figures, provided that such audited figures are for the most recent Fiscal Year for which an audit is available, and are for a period ending within 21 months of the date of the issuance of the proposed Series of Bonds; or
- (ii) on figures taken by an independent certified public accountant from the City's books and records, showing that the Net Revenues any consecutive twelve (12) month period out of twenty-four (24) months immediately preceding the month in which such Bonds are issued;

were not less than the greater of:

- (x) the sum of: (1) the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and the twelve (12) month period selected; and (2) the Required Deposits for such Fiscal Year or the twelve (12) month period selected; and
- (y) 1.20 times the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and the twelve (12) month period selected, plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding as of the date of the Written Certificate of the City; or

(II) a Written Certificate of an Authorized Officer of the City or Certificate of the Consulting Engineer that the Net Revenues to be derived in each of the five (5) Fiscal Years following the earlier of:

- (i) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the Fiscal Year in which the proposed Series of Bonds are issued; and
- (ii) the date on which substantially all Improvements to be financed with the proceeds of the proposed Series of Bonds are expected to commence operations, or, if the proceeds of such Series of Bonds will not be used to fund the Costs of Improvements, the Fiscal Year in which the proposed Series of Bonds are issued;

are estimated to be not less than the greater of:

- (x) the sum of: (1) the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any such Fiscal Year; and (2) the Required Deposits for any such Fiscal Year; and
- (y) 1.20 times the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any such Fiscal Year, plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding;

as of the date of such Written Certificate of the City or certificate of the Consulting Engineer, as the case may be. Adopted Water Service Charges shall be taken into account at the time, or times, they are scheduled to be effective (the “*Additional Bonds Requirement*”). For purposes of this subsection (4): If any changes have been made and are in effect at the time of the issuance of the proposed Series of Bonds in the Water Service Charges (exclusive of changes in the rates and charges for the privilege of connecting to the Water System) which were not in effect during all or any part of the test periods referred to in the Bond Resolution, the Net Revenues for either of such respective periods may be adjusted to reflect the results which would have occurred in the Net Revenues if such changes in the Water Service Charges had been in effect during all of such respective periods.

(5) Such further documents, moneys and securities as are required by the provisions of any Series Resolution.

(B) In determining Debt Service on Variable Rate Bonds then Outstanding and Variable Rate Bonds then proposed to be issued for purposes of the Additional Bonds Requirement, the interest rate shall be calculated as: (i) if any Variable Rate Bonds are then Outstanding and have been Outstanding for at least twenty-four (24) months, the highest average interest rate borne by such Variable Rate Bonds for any 30-day period, or (ii) if no such Variable Rate Bonds are then Outstanding, the Revenue Bond Index at the time of calculation.

Refunding Bonds

(A) The City by means of a Series Resolution adopted in compliance with the provisions of the Bond Resolution may issue a Series of Refunding Bonds at any time for the purpose of refunding (including by purchase) all or any portion of Bonds Outstanding, including amounts to pay principal, redemption premium and interest to the date of maturity or redemption (or purchase) and the expense of issuing the refunding bonds and of effecting such refunding; provided, however, that the provisions of subsection (A) of “*Conditions for the Issuance of Parity Bonds Other Than Refunding Bonds*” shall be complied with upon the issuance of such Series; provided, further, however, that clause (4) of subsection

(A) of “*Conditions for the Issuance of Parity Bonds Other Than Refunding Bonds*” need not be complied with if the Refunding Bonds proposed to be issued do not mature later than the Bonds to be refunded and Debt Service in any Fiscal Year on the Refunding Bonds proposed to be issued does not exceed Debt Service in any Fiscal Year on the Bonds to be refunded by more than ten percent (10%).

(B) The City by means of a Series Resolution adopted in compliance with the Bond Resolution may issue a Series of Refunding Bonds at any time for the purpose of refunding (including by purchase) all or any portion of outstanding Subordinate Obligations, including amounts to pay principal, redemption premium and interest to the date of maturity or redemption (or purchase) and the expense of issuing the Refunding Bonds and of effecting such refunding; provided, however, that the provisions of subsection (A) of “*Conditions for the Issuance of Parity Bonds Other Than Refunding Bonds*” shall be complied with upon the issuance of such Series.

(C) The proceeds of the Refunding Bonds of each Series shall be applied for the purposes of making deposits in such Funds and Accounts under the Bond Resolution and shall be applied to the refunding purposes thereof as shall be provided by the Series Resolution authorizing such Refunding Bonds.

Bond Anticipation Notes

Bond anticipation notes (“*Bond Anticipation Notes*”) may be issued by the City at such time as the City shall have, by a Series Resolution duly adopted, authorized the issuance thereof. The principal of such Bond Anticipation Notes may be paid from the proceeds of such Bond Anticipation Notes (or any renewal thereof) or from the proceeds of the Bonds in anticipation of which such Bond Anticipation Notes were issued.

Subordinate Obligations

(A) The City may at any time or from time to time, issue evidences of indebtedness payable out of, and which may be secured by a pledge of, such amounts in the Subordinate Obligation Fund as may from time to time be available for the purpose of payment thereof. The City may, by resolution, provide for various priorities in the liens and pledges securing Subordinate Obligations, and nothing in the Bond Resolution shall be construed so as to require that the payment of, or pledges securing, Subordinate Obligations be on a parity.

(B) Any issue of Subordinate Obligations may have such rank or priority with respect to any other issue of Subordinate Obligations as may be provided in the resolution securing such issue of Subordinate Obligations and may contain such other provisions as are not in conflict with the provisions of the Bond Resolution.

THE MILWAUKEE WATER WORKS SYSTEM

History of Utility

The Milwaukee Water Works (the “*MWW*”) was organized on April 18, 1871, and began operations on September 14, 1874. The MWW is a publicly owned utility of the City, and policy is set by the Mayor and Common Council. The utility is regulated by the United States Environmental Protection Agency (EPA) and the Wisconsin Department of Natural Resources (DNR) for facilities, operations, and water quality; and the Public Service Commission of Wisconsin (PSC), for rates and accounting.

MWW provides water to 865,000 people in 16 communities in Milwaukee, Ozaukee, and Waukesha Counties. MWW has two treatment plants. Water is provided on a retail basis to customers in the City and in 5 other communities. Water is provided on a wholesale basis to 11 communities.

MWW was founded on April 18, 1871 when a Board of Water Commissioners convened to build a water works. The initial plan was to tap into local rivers, using gravity to deliver water. However, E. F. Chesbrough, the Design Engineer, chose Lake Michigan as the source due to its abundance of water. Water delivery began on September 14, 1874. The system consisted of an intake pipe, a station on shore housing two steam pumping engines (each capable of pumping eight million gallons per day), a standpipe (North Point Tower) to absorb steam pump pulsations, the Kilbourne reservoir, and 58 miles of water mains. The total cost of system was \$1.9 million.

In 1885, the State authorized water metering, and by 1910, Milwaukee was one of the nation's first cities to be 100% metered. Disinfection of the lake water was initiated in 1910, when lime was dumped into a mixing basin near the lake intake. In 1915, chlorine became the disinfectant, and four years later, filtration was added to the treatment process. In 1934, after years of debate, the Common Council authorized construction of the Linnwood Treatment Plant. The Howard Avenue Treatment Plant was built in 1961 to meet the needs of a rapidly expanding south side.

In the mid 1990's, MWW undertook a complete overhaul of the water treatment process (primary disinfection, coagulation, sedimentation, filtration, secondary disinfection) at both treatment plants to provide multiple barriers to potential contaminants. In 1998, ozone became the primary disinfectant.

General Information

MWW treats Lake Michigan water to destroy microorganisms that cause disease, reduce the formation of disinfection byproducts, and to remove taste and odor. Particles are removed through coagulation, flocculation, settling, and biologically active filtration. Chlorine is used as a secondary disinfectant. Fluoride is added to reduce dental decay. A phosphorous compound is added to control pipe corrosion. MWW conducts regular water quality monitoring along the entire treatment process. The distribution system includes 1,961 miles of water mains.

In the City, treated water enters homes and businesses through a service line connected to a water meter. Sewerage is conveyed by a separate utility of the City to the Milwaukee Metropolitan Sewerage District (MMSD) for treatment and return to Lake Michigan.

MWW operates two water treatment plants, Linnwood and Howard Avenue, both of which operate 24 hours a day. The Linnwood Treatment Plant has a rated capacity of 275 million gallons per day (MGD), and the Howard Avenue Treatment Plant has a rated capacity of 105 MGD. In 2015 the average daily volume was 81 MGD.

MWW performs the billing and collection of the Municipal Services Bill (MSB). The MSB is a combined bill that includes charges for water, sewer maintenance, MMSD sewage treatment, stormwater management, solid waste collection, and ice and snow removal.

Future Financing and Capital Needs

In 2014, the City filed a full rate case with the PSC. In the 2014 full rate case, the PSC ordered MWW to increase water main upgrades, over the coming six years to 20 miles per year by 2020. The initial source of funding for the increased pace of water main upgrading would be debt. Future rate cases will include rate increases to provide the revenues required to service the increased debt.

MWW has approximately 1,961 miles of water mains. Based upon a PSC estimated average life of 77 to 100 years, MWW would need to replace between 20 to 25 miles of water mains each year to ensure water mains do not exceed their useful life. MWW has 843 miles of water mains that were installed between 1880 and 1943 that have an estimated remaining life of 54 years (old clay brick lines have a longer useful life). MWW has approximately 431 miles of water mains installed, between 1943-1963, that have an estimated remaining life of 34 years. Therefore, 28 miles per year of upgrades are necessary to replace 1,274 miles of water mains before the end of their estimated useful life. This rough calculation does not take into account more rigorous material specifications used by MWW or operational changes that may prolong the life of water mains. MWW is in the process of conducting an in-depth replacement cycle review.

The EPA has recently focused on the health impacts of lead service lines (LSLs) that connect the buildings to MWW’s water mains. MWW is responsible for water mains and services up to the property line. The Property Owner is responsible for the service from the property line to the building. LSLs exist primarily with residences constructed prior to the early 1950’s, or approximately 44% of the City’s residential customers. Approximately 70,000 residences are affected, with an estimated average replacement cost of \$10,000 per line. Approximately ½ of the cost is on the City owned side, and ½ the cost on the property owner side. The City is at the beginning stages of exploring options to help homeowners finance the cost of replacing an LSL.

The 2016 budget includes include \$19.5 million to replace or reline 15 miles of water mains, \$2 million for treatment plants, \$2.2 million for pumping and storage facilities, and \$2 million for other projects, with \$13 million being funded by borrowing. The proposed 2017 budget includes \$23 million for water mains, and \$6 million for other projects, with \$22 being funded by borrowing.

CUSTOMER DATA

MWW customers are categorized into five classifications: residential (including single-family and duplexes), commercial, industrial, public authority, and wholesale.

Sale of Water					
(billions of Gallons)					
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Customer Class:					
Residential	9.8	10.1	10.3	11.0	10.8
Commercial	7.2	7.0	7.5	7.9	7.5
Industrial	3.2	3.4	3.3	3.6	3.8
Public Authority	<u>1.7</u>	<u>1.8</u>	<u>2.0</u>	<u>2.0</u>	<u>2.2</u>
Subtotal	21.9	22.3	23.1	24.5	24.3
Wholesale	<u>7.8</u>	<u>7.6</u>	<u>7.4</u>	<u>8.4</u>	<u>7.9</u>
Total	<u>29.7</u>	<u>29.9</u>	<u>30.5</u>	<u>32.9</u>	<u>32.2</u>

Water Billings
(millions of dollars)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Customer Class:					
Residential	\$35.6	\$33.0	\$32.3	\$33.5	\$31.1
Commercial	21.1	18.5	18.9	19.5	17.7
Industrial	6.4	6.0	5.8	6.0	6.0
Public Authority	<u>4.2</u>	<u>3.8</u>	<u>3.6</u>	<u>3.6</u>	<u>3.6</u>
Subtotal	67.3	61.3	60.6	62.6	58.4
Wholesale	<u>11.7</u>	<u>10.0</u>	<u>9.4</u>	<u>10.4</u>	<u>9.8</u>
Total	<u>\$79.0</u>	<u>\$71.3</u>	<u>\$70.0</u>	<u>\$73.0</u>	<u>\$68.2</u>

Number of Accounts

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Customer Class:					
Residential	145,853	143,668	143,879	143,901	143,718
Commercial	13,287	15,703	15,578	15,531	15,422
Industrial	1,384	1,400	1,413	1,419	1,435
Public Authority	<u>1,006</u>	<u>1,001</u>	<u>1,002</u>	<u>991</u>	<u>1,000</u>
Subtotal	162,100	161,772	161,872	161,842	161,575
Wholesale	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>162,110</u>	161,782	161,882	161,852	161,585

Largest Users

Below are MWWs 15 largest customers for the year 2015.

Customer	Usage (100 cubic feet)	Billing	Billing as Percent of Total Billed
City of West Allis *	2,590,369	\$2,693,984	3.1
City of Wauwatosa *	2,224,449	2,491,383	2.8
Village of Menomonee Falls *	1,453,093	1,598,402	1.8
New Berlin Water Utility *	1,373,293	1,496,889	1.7
Miller Brewing Co	1,059,144	1,309,293	1.5
Brown Deer Water Utility *	607,111	698,178	0.8
Village of Greendale *	568,471	733,328	0.8
Wisconsin Electric Power Co	503,348	619,723	0.7
Village of Shorewood *	501,359	571,549	0.7
Mequon Water Utility *	470,934	569,830	0.6
Milwaukee Public Schools	451,351	885,928	1.0
Milwaukee County	450,157	665,819	0.8
Milwaukee County Institutions *	435,509	525,939	0.6
University of Wisconsin - Milwaukee	401,748	552,272	0.6
City of Milwaukee -Housing Authority ..	288,815	546,735	0.6
Total	<u>13,379,152</u>	<u>\$15,959,252</u>	<u>18.2%</u>

* Wholesale Customer

Source: City of Milwaukee, Department of Public Works.

The 11 wholesale customers have 10-year contracts that have automatic renewal provisions. The contract with Milwaukee County Institutions has expired; various options for service to that area are being considered by the County. Other providers of water in the area include North Shore Water Commission, and Village of Oak Creek.

Rate Information

MWW's water rates are determined by the PSC. Residential customers are billed on a quarterly basis. Other retail customers are billed on a monthly or quarterly basis. Retail customers are billed two charges: 1) Water Service Charge; and 2) Water Usage Charge. The Water Service Charge is based on the size of the water meter. Meters sized 5/8" or 3/4" are used in single family homes and duplexes. Commercial and industrial meters range from 1" to 12". The Water Usage Charge is based upon the amount of water usage measured in hundred cubic feet (Ccf).

MWW provides water and billing services for: Milwaukee, Greenfield, Hales Corners, St. Francis, and a portion of Franklin, and West Milwaukee. West Milwaukee maintains its own distribution system.

MWW sells water at a wholesale rate to utilities in Brown Deer, Butler, Greendale, Menomonee Falls, Mequon, New Berlin, Shorewood, Thiensville, Wauwatosa, West Allis, and the Milwaukee County Grounds. These communities operate their own water utilities and bill their own customers.

Water Fund costs include operating, maintenance, capital improvement and debt service costs for the MWW, as well as a contingency fund to cover unanticipated expenses and administrative costs.

Retail Service charges for the City of Milwaukee As of October 1, 2015

<u>Meter Size</u>	<u>Quarterly Charge</u>	<u>Meter Size</u>	<u>Quarterly Charge</u>
Up to ¾"	\$26.44	4"	\$414.38
1.25	51.16	6	787.98
1.5	94.30	8	1,234.38
2	147.61	10	1,826.37
3	259.16	12	2,418.36

Consumption fee Per 100 Cubic Feet (Ccf)

<u>Residential</u>	<u>Charge</u>	<u>Non-Residential</u>	<u>Charge</u>
All	\$2.02	First 5,000 Ccf	\$2.05
		Next 15,000 Ccf	1.32
		Over 20,000 Ccf	1.18

Wholesale service is metered with costs ranging between \$1.07 to \$1.33 per Ccf.

Average Residential Billing

The following includes historical average residential billings.

Year	Annual Average Billing (15 Ccf)
2011	\$181.92
2012	181.92
2013	187.36
2014	192.84
2015	220.28

Source: City of Milwaukee Department of Administration, Budget and Management Division.

Collection and Billing

Water charges are billed by MWW on a combined Municipal Services statement. Water charges are based on consumption and size of the water meter. Charges for Water Service, Sewer Treatment, Solid Waste and Snow and Ice Control are also included on the statement. Approximately 98% of the statements are billed on a quarterly basis with the remaining accounts billed monthly. All accounts are given 21 days to pay before incurring late fees. Late payment penalty varies by the service. In November of each year, accounts that are two or more quarters delinquent are placed on the property tax roll, including a 10% delinquency penalty, and billed to property owners.

Partial payments are applied as dictated by City Ordinance 309-54-8.b. This Ordinance directs application of partial payments in the following order: Water Works; Metropolitan Sewerage District Sewer User/Treatment; Sewer Maintenance; Solid Waste Charge; and Snow and Ice Control.

WATER WORKS REVENUE BOND INDEBTEDNESS

Set forth below is MWW Water revenue indebtedness as of November 15, 2016, including payments due on Outstanding Bonds, as well as on the Series 2016 Bonds.

Year	Outstanding Revenue Debt†		Series 2016 Bonds*		Total Debt Service Requirements*
	Principal	Interest	Principal	Interest	
2017	\$ 0	\$ 0	\$ 440,000	\$ 179,322	\$ 619,322
2018			435,000	183,938	618,938
2019			440,000	180,853	620,853
2020			445,000	177,311	622,311
2021			450,000	173,058	623,058
2022			455,000	167,965	622,965
2023			460,000	162,108	622,784
2024			465,000	155,654	620,190
2025			475,000	148,578	623,578
2026			480,000	140,841	620,841
2027			490,000	132,301	622,301
2028			500,000	122,793	622,793
2029			510,000	112,260	622,260
2030			520,000	100,148	620,148
2031			535,000	86,642	621,642
2032			550,000	72,454	622,454
2033			565,000	57,594	622,594
2034			580,000	42,020	622,020
2035			595,000	25,715	620,715
2036			610,000	8,692	618,692
Total	\$ 0	\$ 0	\$10,000,000	\$ 2,430,247	\$ 12,430,247

† The revenue indebtedness shown does not include subordinated debt.

* Preliminary, subject to change.

As of November 15, 2016, there was outstanding \$14,462,113 principal amount of Subordinate Obligations issued through the State's Safe Drinking Water Loan Program, and \$10,000,000 of EMCP issued for water purposes. The \$10,000,000 of EMCP debt is being long-term financed by the 2016 Bonds.

WATER WORKS SELECTED FINANCIAL INFORMATION

The following financial information is being summarily presented from the financial information presented in *Appendix A*.

Waterworks Fund Statement of Net Position as of December 31
(Thousands of Dollars)

ASSETS	2015
<i>Current Assets:</i>	
Cash and cash equivalents	\$15,420
Restricted cash and cash equivalents	1,174
Receivables (net):	
Accounts	16,704
Unbilled accounts	13,928
Due from other governmental agencies	3,266
Advances to other fund.....	626
Inventory of materials and supplies	3,133
Prepaid items	838
Other assets.....	22
Total Current Assets	<u>\$55,111</u>
<i>Noncurrent assets:</i>	
Capital assets:	
Capital assets not being depreciated:	
Land	\$ 2,052
Construction in progress.....	25,993
Capital assets being depreciated:	
Buildings.....	28,514
Infrastructure	375,131
Machinery and equipment	251,945
Nonutility property	3,654
Accumulated depreciation	(245,321)
Net Capital Assets	<u>\$441,968</u>
Total Noncurrent Assets	<u>\$441,968</u>
Total Assets	<u>\$497,079</u>
<i>Deferred Outflow of Resources:</i>	
Deferred outflows for pensions	3,750
Total Deferred Outflows of Resources	<u>\$3,750</u>
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts payable.....	\$ 9,546
Accrued expenses	676
Accrued interest payable	135
Compensated absences	1,189
Due to other funds	22,770
Extendable Municipal Commercial Paper	10,000
General obligation debt payable – current	1,817
Total Current Liabilities	<u>\$46,133</u>
<i>Current Liabilities Payable from Restricted Assets:</i>	
Revenue bonds payable	\$1,817
Total Current Liabilities Payable from Restricted Assets	<u>\$1,817</u>
<i>Noncurrent Liabilities</i>	
General obligation debt payable.....	\$ 8,351
Revenue bonds and State loans payable.....	14,322
Other postemployment benefits obligation	6,069
Net pension liability	2,147
Total Noncurrent Liabilities	<u>\$30,889</u>
Total Liabilities	<u>\$78,839</u>
NET POSITION:	
Net investment in capital assets	\$405,661
Restricted for Debt Service	1,174
Unrestricted	15,145
Total Net Position.....	<u>\$421,980</u>

Source: City's 2015 CAFR, Exhibit B-1

Water Works Fund Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31
(Thousands of Dollars)

	2011	2012	2013	2014	2015
Operation Revenues:					
Charges for Services:					
Water sales.....	\$69,944	\$73,076	\$70,257	\$72,526	\$79,290
Fire protection service	6,921	7,159	7,256	7,449	8,723
Other	7,529	7,887	7,521	8,038	8,674
Total Operating Revenue	84,394	88,122	85,034	88,013	96,687
Operating Expenses					
Administrative and general	6,474	6,087	8,898	7,858	8,691
Depreciation.....	14,067	14,110	14,482	16,864	17,624
Transmission and distribution.....	21,688	20,710	19,068	23,228	20,832
Water treatment	14,448	13,200	14,721	13,288	14,359
Water pumping	8,748	7,889	7,899	7,492	7,636
Billing and collection.....	2,704	2,770	2,680	2,903	2,998
Total Operating Expenses	68,129	64,766	67,748	71,633	72,140
Operating Income	16,265	23,356	17,286	16,380	24,547
Nonoperating Revenues (Expenses):					
Investment Income.....	12	13	8	7	24
Interest Expense.....	(1,067)	(1,175)	(980)	(907)	(1)
Other	436	(630)	290	286	337
Total Net Nonoperating Revenues (Expenses)	(619)	(1,792)	(682)	(614)	360
Income before contributions and Transfers.....	15,646	21,564	16,604	15,766	24,907
Capital Contributions.....	747	745	958	384	1,276
Transfers in	-	-	-	-	-
Transfers out.....	(11,151)	(11,891)	(12,395)	(12,397)	(12,880)
Change in Net Assets/Position	5,242	10,418	5,167	3,753	13,303
Total Net Assets/Position – Beginning	382,322	387,564	397,982	403,149	408,677
Total Net Assets/Position – Ending	\$387,564	\$397,982	\$403,149	\$406,902	\$421,980

Source: City's 2011, 2012, 2013, 2014 and 2015 CAFRs, Exhibit B-2.

Note: 2011 Investment Income includes the termination of an investment agreement with Lehman Brothers.

2013 Total Net Assets – Beginning is restated due to GASB 65.

2015 Total Net Position – Beginning is restated due to GASB 68.

Water Works Fund Statement of Cash Flows
For the Year Ended December 31
(Thousands of Dollars)

	2011	2012	2013	2014	2015
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$75,008	\$83,091	\$80,857	\$81,789	\$90,603
Receipts from interfund services provided.....	5,085	5,196	4,944	5,337	5,798
Payments to suppliers.....	(27,871)	(24,712)	(22,882)	(29,772)	(23,570)
Payments to employees.....	(24,133)	(21,448)	(20,842)	(20,872)	(20,400)
Payments to other funds.....	(4,219)	(11,179)	(1,068)	14,777	(17,672)
Net Cash Provided by Operating Activities.....	<u>23,870</u>	<u>30,948</u>	<u>41,009</u>	<u>51,259</u>	<u>34,759</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Miscellaneous nonoperating revenue.....	435	-	290	286	197
Other nonoperating expenses.....	-	(630)	-	-	-
Transfers to other funds.....	3,540	(11,891)	(12,395)	(12,397)	(12,880)
Net Cash used by Noncapital Financing Activities.....	<u>3,975</u>	<u>(12,521)</u>	<u>(12,105)</u>	<u>(12,111)</u>	<u>(12,683)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of bonds and notes.....	11,625	4,000	5,342	1,312	16,590
Acquisition of property, plant and equipment.....	(34,482)	(15,077)	(21,984)	(32,944)	(29,418)
Retirement of bonds, notes, and revenue bonds.....	(3,989)	(4,315)	(7,951)	(4,385)	(3,846)
Interest paid.....	(1,134)	(1,275)	(1,084)	(986)	(48)
Net Cash Used by Noncapital Financing Activities.....	<u>(27,980)</u>	<u>(16,667)</u>	<u>(25,677)</u>	<u>(37,003)</u>	<u>(16,722)</u>
CASH FLOWS FROM INVESTING ACTIVITY:					
Investment Income.....	13	13	10	8	24
Net Increase (Decrease) in Cash and Cash Equivalents.....	(122)	1,773	3,237	2,153	5,378
Cash and Cash Equivalents – Beginning.....	4,175	4,053	5,826	9,063	11,216
Cash and Cash Equivalents – Ending.....	<u>\$4,053</u>	<u>\$5,826</u>	<u>\$9,063</u>	<u>\$11,216</u>	<u>\$16,594</u>
Cash and Cash Equivalents at Year-End Consist of:					
Unrestricted Cash.....	\$3,360	\$5,121	\$8,293	\$10,286	\$15,420
Restricted Cash.....	692	705	770	930	1,174
	<u>\$4,052</u>	<u>\$5,826</u>	<u>\$9,063</u>	<u>\$11,216</u>	<u>\$16,594</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income.....	\$16,265	\$23,356	\$17,286	\$16,380	\$24,547
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation.....	14,067	14,110	14,482	16,864	17,624
Effect of changes in assets and liabilities:					
Receivables.....	(4,752)	(223)	464	(1,195)	(623)
Due from other funds.....	(2,063)	(6,902)	6,812	20,519	384
Inventories.....	60	(36)	(42)	78	(561)
Prepaid items.....	468	(433)	(156)	(1,375)	1,248
Other Assets.....	48	197	4	(1)	(12)
Accounts payable.....	(789)	343	1,474	413	3,013
Accrued Liabilities.....	(112)	57	260	(825)	42
Net other post-employment benefits obligation.....	678	479	425	401	1009
Net pension liability.....	-	-	-	-	2,563
Due to other funds.....	-	-	-	-	(12,095)
Deferred pension outflows.....	-	-	-	-	(2,390)
Deferred pension inflows.....	-	-	-	-	10
Net Cash Provided by Operating Activities.....	<u>\$23,870</u>	<u>\$30,948</u>	<u>\$41,009</u>	<u>\$51,259</u>	<u>\$34,759</u>

Source: City's 2011, 2012, 2013, 2014 and 2015 CAFRs, Exhibit B-3.

Water Works Fund
Pro Forma Operations & Debt Service-Level Debt Service
(Dollars in Thousands)

	Historical				Projected (1)					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Revenues	88,135	85,042	88,020	96,711	96,711	99,615	102,602	105,679	108,849	112,114
Operating Expenses.....	64,766	67,748	71,633	72,140	72,940	75,375	77,860	80,395	82,982	85,623
Net Income	23,369	17,294	16,387	24,571	23,771	24,239	24,742	25,284	25,867	26,491
Depreciation	14,110	14,482	16,864	17,624	18,424	19,224	20,024	20,824	21,624	22,424
Net Income Available for Debt Service.....	37,479	31,776	33,251	42,195	42,195	43,463	44,766	46,108	47,491	48,915
	After issuance of the Series 2016 Bonds*									
Maximum Annual Debt Service	0	0	0	0	625	625	625	625	625	625
Debt Service Coverage.....	N/A	N/A	N/A	N/A	67.15	69.54	71.63	73.774	75.99	78.26
Assuming issuance of Additional Bonds										
Maximum Annual Debt Service					625	625	625	3,032	3,032	3,032
Debt Service Coverage.....					67.51	69.54	71.63	15.21	15.66	16.13
Assuming Subordinated Debt and issuance of Additional Bonds.....										
Maximum Annual Debt Service					2,616	3,899	4,199	7,950	9,422	10,893
Debt Service Coverage.....					16.13	11.15	10.66	5.80	5.04	4.49

(1) Assumes a rate increase of 3% in years 2017-2021.
* Preliminary, subject to change.

THE CITY

Location, Organization and Government

General

The City is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area. The City is Wisconsin's largest city with a population of approximately 595,787 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area ("MSA") includes the principal cities of Milwaukee, Waukesha and West Allis; the counties of Milwaukee, Ozaukee, Waukesha and Washington; and has a population of nearly 1.6 million.

The Port of Milwaukee provides access to the sea lanes of the world. General Mitchell International Airport is served by domestic and international airlines. Five rail lines serve the City and provide transportation links throughout the United States. The City is also connected with the interstate highway system.

The City was incorporated as a city on January 31, 1846, pursuant to the laws of the Territory of Wisconsin. Wisconsin gained statehood in 1848. The City, operating under a Home Rule Charter since 1874, has a council mayor form of government.

Elected Officials

The Mayor, City Attorney, Comptroller, Treasurer and Common Council members are elected officials of the City. Local elections are non-partisan. The Mayor, City Attorney, Comptroller and Treasurer are elected at-large for identical four-year terms.

The Common Council represents fifteen Aldermanic districts. Each Alderperson represents, and is elected from, an aldermanic district with a population of approximately 40,000.

City Officials

As of August, 2016

(initial year in office follows name)

Mayor	Tom Barrett	(2004)
City Attorney	Grant F. Langley	(1984)
City Comptroller	Martin Matson	(2012)
City Treasurer	Spencer Coggs	(2012)

Common Council

Ashanti Hamilton	(2004)	Chantia Lewis	(2016)
Cavilier Johnson	(2016)	Michael J. Murphy	(1989)
Nik Kovac	(2008)	Mark A. Borkowski	(2015)
Robert J. Bauman	(2004)	Jose G. Perez	(2012)
James A. Bohl, Jr.	(2000)	Terry L. Witkowski	(2003)
Milele A. Coggs	(2008)	T. Anthony Zielinski	(2004)
Khalif Rainey	(2016)	Russell W. Stamper, II	(2014)
Robert G. Donovan	(2000)		

*The terms of all the above elected positions expire in April 2020.

Public Services and Facilities

The City is charged with primary responsibility for public safety (via its police, fire and health departments); public works (including refuse removal and a City-owned water utility); various cultural and recreational services including a library system; and general municipal administration. City government also participates in housing and neighborhood programs through separate housing and redevelopment authorities. These two latter authorities have the ability to borrow directly and issue revenue backed financings.

Other major local governmental units and their related government services are the Milwaukee Public Schools (education); Milwaukee County (parks, airport/mass transit/highways, social services and court system); Milwaukee Metropolitan Sewerage District (wastewater treatment); and the Milwaukee Area Technical College (higher education). Wisconsin Statutes require the City to issue debt for Milwaukee Public Schools. The other governmental units listed each have the statutory authority to issue general obligation debt.

Two special purpose governmental units exist with the ability to borrow and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball Park District (the “*SWPBP District*”), a public entity created by State legislation, encompassing southeastern Wisconsin counties, including Milwaukee County, to finance construction/operations of a baseball facility (“*Miller Park*”) for the National League Milwaukee Brewers baseball club. Miller Park opened in March, 2001. The

SWPBP District has issued \$199 million of revenue bonds supported by a five-county, one-tenth of one percent sales tax and other ancillary revenue streams. In addition, \$45 million of lease certificates of participation have been issued by the SWPBP District to finance acquisition and installation of facility equipment, scoreboards, etc.

The second special purpose governmental unit is the Wisconsin Center District (“*WC District*”), a public entity created by the City pursuant to Section 229.42, Wisconsin Statutes, which oversees construction and operation of the Wisconsin Center, the City’s major convention complex. This complex also includes the UW-Milwaukee Panther and the Milwaukee Theater facilities, formerly known as “*MECCA*.” The Wisconsin Center, was financed by \$185 million of revenue bonds issued by the WC District and secured by a pledge of dedicated sales tax revenues from lodging, restaurant, and vehicle rentals collected in the WC District. Phase One of the Wisconsin Center was completed during 1998. Phase Two was completed in 1999. In 2001, the WC District issued \$30 million of bonds to renovate the Milwaukee Theatre.

In addition to the facilities noted above, the City is home to a 17,000+ seat indoor sports and concert venue, the BMO Harris Bradley Center, located in the heart of downtown. This facility serves the National Basketball Association Milwaukee Bucks, the Marquette University Golden Eagles basketball team and the Milwaukee Admirals International Hockey League club. The City is home to the Milwaukee Art Museum, as well as major symphony, ballet and opera companies, and other theatre and performing arts.

2015 Wisconsin Act 60 authorized the WC District to borrow \$203 million to construct and operate a new sports and entertainment arena/facilities (the “*Arena*”) for the Milwaukee Bucks. Planning and construction for the Arena is in process. Plans for the Arena include the demolition of the BMO Harris Bradley Center. The Milwaukee Admirals will relocate to the UW-Milwaukee Panther facility. Also pursuant to 2015 Wisconsin Act 60, the WC District may assume from Milwaukee County ownership and operations of Marcus Center for the Performing Arts.

On the lakefront is the Milwaukee Art Museum, which combines art, dramatic architecture and landscape design. The Quadracci Pavilion, the first Santiago Calatrava-designed building in the United States, features a 90-foot high glass-walled reception hall enclosed by the Burke Brise Soleil, a sunscreen that can be raised or lowered creating a unique moving sculpture.

Finally, the Milwaukee area is the site of a number of higher education institutions including Marquette University, the University of Wisconsin – Milwaukee, Alverno College, Mount Mary University and the Milwaukee School of Engineering.

Employee Relations

The City has approximately 6,400 full-time employees. 2,700 employees are part of three public safety unions and 310 employees are in two non-public safety union. The remaining employees do not have collective bargaining representation.

The police officers’ and the police supervisors’ union have a contract through December 31, 2017. The firefighters’ union contract expired as of December 31, 2012. The agreement covering one non-public safety union expired on December 31, 2014. The other does not have an agreement. The City is in negotiations with the unions.

Pursuant to Wisconsin Statutes, non-public safety unions’ right to collective bargaining is limited solely to employee wages. Wisconsin Statutes does not limit the ability of public safety unions to collectively bargain on most issues.

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

General

Based on 2010 census results, the City's population is 594,833. Population in the four county area surrounding the City is estimated at 1,619,429 and represents 28% of the population of the State of Wisconsin.

City of Milwaukee Selected Economic Data

Year	Population		Adjusted Gross Income Per Return
	Department of Administration	U.S. Census	
2015	595,787		Not Available
2014	595,993		\$37,340
2013	596,500		37,300
2012	595,425		35,770
2011	595,525		34,100
2010	580,500	594,833	32,774
2009	584,000		32,500
2008	590,870		33,160
2007	590,190		33,240
2000	605,572	596,974	32,370

Sources: U.S. Census and the Wisconsin Department of Administration, Demographic Service Center and the Wisconsin Department of Revenue, Division of Research and Analysis. The Division's population estimates are used in the distribution of State Shared Revenues.

Building Permits

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2011 through December 2015.

General Total

Year	Value	Permits Issued
2015	\$303,762,859	2,332
2014	539,753,288	2,443
2013	269,010,398	2,217
2012	254,896,334	2,297
2011	269,386,167	2,340

Residential Building

Year	Single Family		Multi-Family		Total		Permits Issued
	Value	# Of Units	Value	# Of Units	Value	# Of Units	
2015	\$ 4,240,620	26	\$78,356,702	657	\$82,597,322	682	46
2014	4,423,531	31	16,096,831	300	20,520,362	331	39
2013	5,429,015	43	46,923,592	430	52,352,607	473	53
2012	4,408,472	44	30,455,000	281	34,863,472	325	60
2011	17,892,282	139	42,327,598	364	60,219,880	503	222

Commercial Building

Year	Value	Permits Issued
2015	\$ 58,724,198	31
2014	320,611,159	49
2013	83,584,379	42
2012	52,952,469	51
2011	58,518,315	47

Public Building

Year	Value	Permits Issued
2015	\$21,178,391	252
2014	31,118,208	314
2013	24,248,685	147
2012	43,046,652	211
2011	49,456,901	256

Alterations and Additions

Year	Value	Permits Issued
2015	\$141,262,948	2,003
2014	167,503,559	2,041
2013	108,824,727	1,975
2012	124,033,741	1,975
2011	101,191,071	1,815

Sources: Development Center, Department of City Development. Data accumulated from monthly reports submitted to U.S. Department of Commerce, Bureau of the Census, Construction Statistics Division, Washington D.C.

Leading Business and Industrial Firms Located Within Milwaukee County

The listing of large employers in the Milwaukee County area that follows reveals the diversity of Milwaukee County's economic base. The largest of these are shown in the following list, which includes only employers with the majority or all of their employment in Milwaukee County. The Employment Estimates can include employees located in counties contiguous to Milwaukee County.

Company	Business Description	Approximate Employment
Aurora Health Care Inc.	Health Care System	24,509
Wheaton Franciscan Healthcare	Health Care System	11,281
Froedert & Community Health	Health Care System	9,800
Roundy's Supermarkets Inc.	Retail Supermarkets	8,260
GE Healthcare	Health Care Technologies	6,000
The Medical College of Wisconsin	Private Medical School	5,170
Northwestern Mutual	Insurance, Investment Products	5,100
ProHealth Care Inc	Health Care System	4,729
Children's Hospital	Health Care System	4,530
Columbia St. Mary's Health System	Health Care System	4,500
Goodwill Industries	Training Programs, Retail, & Food Service	4,100
US Bank NA	Banking Services	3,500
Wisconsin Energy Corp	Electric & Natural Gas Utility	3,461
Johnson Controls Inc.	Control Systems, Batteries & Auto Interiors	3,400
BMO Harris Bank	Bank Holding Company	3,300
The Marcus Corp	Theaters and Hotel Properties	3,159
Rockwell Automation Inc	Industrial Automation Products	2,951
Potawatomi Bingo Casino	Casino	2,834
Harley-Davidson Inc.	Motorcycles & Accessories	2,736
Marquette University	University	2,733
(FIS) Fidelity National Info. Services	Banking and Payments Technology	2,600
Rexnord Corp.	Power Transmission Equipment	2,300
Bon-Ton Department Stores	Department Stores	2,260
Wells Fargo	Banking & Financial Services	2,220
Sendik's Food Markets	Retail Supermarkets	1,650
Briggs & Stratton Corp.	Small Gasoline Engines	1,500
Robert W Baird	Asset Management and Capital Markets	1,400
MillerCoors LLC	Beer Brewery	1,400
JPMorgan Chase & Co.	Global Financial Services	1,355
Joy Global Inc.	Manufactures & Distributes Mining Equip	1,319
Brady Corp.	Manufacturer of Identification Materials	1,147
Patrick Cudahy Inc.	Manufacturer of Processed Meats	1,100
Caterpillar Inc., (Bucyrus)	Manufactures & Distributes Mining Equip	1,000
Master Lock Co. LLC	Manufacturer of Padlocks & Security Products	750

Source: Milwaukee Business Journal, as of July 10, 2015.

EMPLOYMENT AND INDUSTRY

During 2015, the City's unemployment rate averaged approximately 6.7%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2011 through 2015.

Annual Unemployment Rates (Not Seasonally Adjusted)				
Year	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
2015	6.7%	5.0%	4.6%	5.3%
2014	8.1	6.0	5.4	6.2
2013	10.1	7.2	6.7	7.4
2012	10.3	7.5	7.0	8.1
2011	11.1	8.1	7.8	8.9

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Recent Monthly Unemployment Rates (Not Seasonally Adjusted)				
Month	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
May, 2016	5.4(p)%	4.2(p)%	3.8%	4.5%

(p) Preliminary.

Source: U.S. Department of Labor, Bureau of Labor Statistics. Not Seasonally Adjusted

The City's economic structure reveals a diversified economy with strong service and manufacturing sectors. In Milwaukee County, service sector (healthcare, service, finance, insurance, real estate and retail trade) employs 74% of the workforce. Construction and manufacturing firms employ 15% of the workforce. Federal, State, and local governments employ 11% of the workforce. The area is not dominated by any large employers.

Ten Largest Taxpayers With 2015 Estimated Equalized Valuations

US Bank Corp	\$246,859,310
Northwestern Mutual Life Ins.	173,021,542
Mandel Group	142,893,099
Forest County Potawatomi Community	128,640,384
Marcus Corp/Milw City Center/Pfister	109,723,288
Metropolitan Associates	98,217,196
Brewery Works/ Riverbend Place	93,511,446
Jackson Street Holdings	83,522,476
100 E. Wisconsin - CW Wisconsin Ave. LLC	79,959,925
Gorman & Co.	79,464,113

Source: City of Milwaukee, Assessor's Office January 2016.

Market Conditions

The Series 2016 Bonds, like most obligations of state and local governments, are subject to changes in value due to changes in the condition of the bond market or changes in the financial condition of the City and the Water System. It is possible under certain market conditions, or if the financial condition of the City and the Water System should change, that the market price of the Series 2016 Bonds could be adversely affected.

With regard to the risk involved in a lowering of the City's bond rating, see "**RATINGS**" herein. With regard to security and sources of payment, see "**SECURITY**" herein.

Limited Obligations

The obligation of the City to pay debt service on the Series 2016 Bonds is a limited obligation of the City and is not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues and a mortgage lien on the Water System. The obligation of the City to pay debt service on the Series 2016 Bonds does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The City is obligated under the Bond Resolution to pay debt service on the Series 2016 Bonds solely from Net Revenues.

Factors that can adversely affect the availability of Net Revenues include, among other matters, drought, general and local economic conditions, changes in law and government regulations (including initiatives and moratoriums on growth) and appropriation authorization. The realization of future Net Revenues is also subject to, among other things, the capabilities of management of the City and the Water System to address natural disasters and terrorist attacks, and the ability of the City to provide water service to its customers in an amount sufficient to pay debt service on the Series 2016 Bonds. See "**THE MILWAUKEE WATER WORKS SYSTEM**" herein.

PENSION SYSTEM SUMMARY

Employees' Retirement System

The Employees' Retirement System (ERS) of the City is established pursuant to Section 36 of the Milwaukee City Charter provides retirement, disability and survivor benefits to the City and other agency employees and their beneficiaries. Membership in the ERS includes some classes of part-time employees, all full-time employees, and elected officials.

Active Members by Employee Groups

As of December 31, 2015

	Active Members	Covered Compensation
General City.....	3,327	\$181,603,755
Water Department.....	297	16,690,278
Policemen	1,911	139,551,409
Firemen.....	794	58,054,752
	6,329	\$395,360,194
School Board	4,054	\$117,469,715
Milwaukee Technical College ...	0	0
Milwaukee Metro Sewer Dist....	214	17,236,987
Veolia	44	3,508,673
Wisconsin Center District.....	78	4,095,135
Housing Authority	166	10,033,105
Redevelopment Authority.....	10	833,870
	10,895	\$548,537,679

ERS Membership

As of December 31, 2015

Class	Vested	Non-Vested	Inactive	Retired
General & Elected	5,696	2,580		9,190
Police.....	1,670	242		2,267
Firefighters	714	80		1,289
Certain pre-1996.....				17
	8,080	2,902	3,338	12,763

Source: Tables 1c and 5 of the Actuarial Valuation Report as of January 1, 2016.

The primary benefit of the ERS is a defined benefit plan with eligible employees earning a Retirement Allowance for each year of service. Funding for the ERS is derived from Member and actuarially required employer contributions. Current Retirement Allowance accrual rates and Member contributions to the system (expressed as a percentage of compensation) are as follows:

Basic Benefit Accrual Rates and Member Contributions

Class	Retirement Allowance	Maximum Allowance	Member Contribution
General and Mayor hired prior to 1/1/2014	2.0%	70%	5.5%
General hired after 12/31/2013	1.6%	70%	4.0%
Other Elected Officials enrolled prior to 1/1/2014.....	2.5%	70%	7.0%
Elected Officials first enrolled after 12/13/2013.....	2.0%	70%	4.0%
Police	2.5%	90%	7.0%
Firefighters.....	2.5%	90%	7.0%

Schedule of Funding Progress (\$ amounts in thousands)

Valuation As of Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2015	\$4,899,155	\$5,064,141	\$165,986	96.3%	\$535,802	31.0%
2014	4,797,437	4,935,482	138,045	97.2	529,939	26.0
2013	4,580,729	4,831,689	250,960	94.8	521,651	48.1
2012	4,259,889	4,689,814	429,925	90.8	523,738	81.1
2011	4,404,635	4,587,915	183,280	96.0	525,181	34.9
2010	4,641,425	4,447,548	-	104.4	538,218	0.0
2009	4,814,402	4,269,324	-	112.8	553,846	0.0
2008	4,076,297	4,113,089	36,792	99.1	536,558	6.9
2007	5,192,000	3,958,061	-	131.2	532,412	0.0

Source: Tables 14 and 16 of the Actuarial Valuation Report as of January 1, 2016 (and each prior year).

For more information about the ERS, details on plan benefits, and for copies of their financial and actuarial reports, see <http://www.cmers.com>. The Employees' Retirement System Actuarial Valuation Report as of January 1, 2016 is available from EMMA and is hereby incorporated by reference. (See "CONTINUING DISCLOSURE" herein).

Policemen's Annuity and Benefit Fund

Membership in the Policemen's Annuity and Benefit Fund (PABF) consists of all Police Department employees whose service commenced prior to July 29, 1947. As of December 31, 2015, there were 6 members and 30 spouses receiving benefits under the fund program.

Current funding is derived from employer contributions. Chapter 35 of the City Charter provides that annual contributions consist of: 1) an amount sufficient to amortize the unfunded actuarial liability over a ten-year period with a series of level dollar payments; and 2) budgeted administrative expenses for the year.

For copies of the PABF actuarial reports, see <http://www.cmers.com>

Schedule of Funding and Contributions
(\$ amounts in thousands)

Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio
2015	\$ 185	\$1,059	\$ 875	17.4%
2014	147	1,388	1,241	10.6
2013	412	1,778	1,366	23.2
2012	651	2,152	1,501	30.2
2011	1,008	2,451	1,444	41.1
2010	1,584	2,946	1,362	53.8
2009	1,936	3,687	1,751	52.5
2008	2,147	4,296	2,148	50.0

Source: Policemen's Annuity and Benefit Fund, Actuarial Valuation Reports as of January 1, 2016 (and each prior year). Summary of Principal Results.

Other Post-Employment Benefits

The City provides other post-employment benefits (OPEB) to its retirees for health and life insurance. A single-employer defined benefit healthcare plan and life insurance plan are sponsored by the City and administered by ERS. The City provides medical insurance benefits for substantially all retirees. Retiree coverage begins at age 55 with at least 15 years of service for General City employees, at any age with at least 25 years of service for Police employees, and at age 49 with at least 22 years of service for Fire employees. In addition, the City allows employees to continue life insurance coverage under the Group Life Insurance Plan offered to active employees.

Until age 65, for retirees with at least 15 years of creditable service, the majority of the cost of the health benefit plan is paid by the City. After attaining the age of 65, and having completed a minimum of 15 years of creditable service, the City pays 25% of the base rate of the City's Basic Plan and 100% of the major medical rate.

Eligible retirees are able to continue coverage under the City's Group Life Insurance Plan, and pay the same rate as active employees. The rates established are group rates applied consistently to all employees, without regard to age or health. Upon reaching age 65, their coverage will be reduced in accordance with a reduction schedule, with the City assuming all future premiums.

The required contribution for medical and life insurance for retirees is based upon pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2015, the City paid approximately \$27 million and \$2 million, respectively, towards medical and life insurance for retirees.

The actuarial cost of health benefits and life insurance for retirees exceeds the average amount paid by retirees, therefore, the additional cost is paid by the City and is the basis for the OPEB obligation account for under GASB 45.

Funding Status and Funding Progress
(\$ amounts in thousands)

Annual Required Contribution (ARC)	\$ 76,195
Interest on Net OPEB	14,648
Adjustment to ARC	<u>(13,277)</u>
Annual OPEB Cost	77,566
Contributions Made	<u>29,203</u>
Increase in net OPEB Obligation	48,363
Net OPEB Obligation – beginning of year	<u>325,503</u>
Net OPEB Obligation – end of year	<u><u>\$373,866</u></u>

Source: City's 2015 CAFR.

Annual Cost and Net OPEB Liability
(\$ amounts in thousands)

Year Ended Dec 31	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$77,566	37.3%	\$373,866
2014	74,790	49.9	325,503
2013	71,489	52.5	287,460
2012	76,156	46.6	253,523
2011	73,071	47.3	212,886
2010	81,311	41.8	174,360
2009	77,389	37.1	127,074
2008	73,100	45.0	78,400

Source: City's 2015 and prior years CAFRs.

Schedule of Funding Progress
(\$ amounts in thousands)

Valuation As of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Jan 1, 2015	\$0	\$ 975,696	\$ 975,696	0.0%	\$366,785	266%
Jan 1, 2014	0	928,496	928,496	0.0	381,100	227
Jan 1, 2013	0	888,983	888,983	0.0	382,795	218
Jan 1, 2012	0	946,857	946,857	0.0	409,572	231
Jan 1, 2011	0	916,383	916,383	0.0	407,840	225
Jan 1, 2010	0	1,007,573	1,007,573	0.0	413,648	244
Jan 1, 2009	0	959,562	959,562	0.0	419,811	229
July 1, 2008	0	880,700	880,700	0.0	425,400	207

Source: City's 2015 and prior years CAFRs.

Actuarial Assumptions and Methods for the most recent valuation include:

The retiree healthcare valuation was based on the projected unit credit (PUC) cost method. The PUC method produces an explicit normal cost and actuarial accrued liability. The normal cost and actuarial accrued liability are directly proportional to the employee's service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial

accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement. Depending on the demographic characteristics of the current group and new entrants in the future, this method could produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.5% based on the City's projected short-terms investment rate of return. The healthcare cost trends rate is 8.0% initially, and reduced by decrements to the ultimate rate of 4.5% after 9 years. The actuarial assumption for wage inflation is 3%. The amortization of the unfunded actuarial accrued liability is based on a level percentage of pay over a 30-year open amortization period.

LEGAL MATTERS

Litigation Statement

The City, its boards, officers and employees, have been defendants in numerous lawsuits over the years. Experience has shown that a relatively small number of suits commenced are reduced to judgment. The City does not carry a blanket policy of insurance against tort liability. In addition, Section 893.80 of the Wisconsin Statutes limits the amount recoverable against a political corporation, its officers, officials or employees for acts done in their official capacity to \$50,000 in tort liability for non-automobile cases and \$250,000 in automobile cases.

The City Attorney's office has reviewed the status of pending or threatened litigation, claims and assessments to which the office has devoted substantive attention in the form of legal consultation or representation and which individually represent maximum potential loss exposure in excess of \$1 million, existing on November 15, 2016.

Estate of Perry v. Wenzel, et al. James Perry was lawfully arrested by Milwaukee police officers. He was brought to the Police Administration Building, where he was detained in the City jail facility. While in the City jail, Mr. Perry suffered a seizure. Medical personnel were immediately called, and he was ultimately transported to an area hospital for treatment. While at the hospital, Mr. Perry was treated for a seizure condition, and he was released to the custody of Milwaukee police officers. Milwaukee police officers brought Mr. Perry back to the City jail facility, to complete his processing, and then he was brought to the Milwaukee County Criminal Justice Facility, for long-term imprisonment. While waiting in the triage area, and before he was accepted into the custody of the County, Mr. Perry collapsed, and died shortly thereafter. The plaintiffs are Mr. Perry's estate, along with his child. The plaintiffs claim that various County of Milwaukee and City of Milwaukee defendants violated Mr. Perry's rights, and that these actions caused his death. However, the autopsy conducted by the Milwaukee County Medical Examiner indicates that Mr. Perry died from natural causes related to significant coronary artery disease. The Court granted the summary judgment motions filed by both the City and County defendants. The Court also sanctioned the plaintiffs regarding the claims raised against the County defendants and awarded the County defendants fees and costs. The City defendants have filed a similar motion for sanctions, which has been fully briefed and is awaiting the Court's decision. In the interim, plaintiffs have filed an appeal to the Seventh Circuit Court of Appeals.

Estate of Dontre Hamilton v. City of Milwaukee. Dontre Hamilton's estate filed a notice of injury on August 26, 2014. Litigation has recently been filed in federal court by the estate and family of Dontre Hamilton who died as a result of an officer-involved shooting. Officer Christopher Manney encountered Mr. Hamilton at Red Arrow Park located in downtown Milwaukee on April 30, 2014. The lawsuit relates that Mr. Hamilton was sleeping in the park and the officer allegedly woke and searched

him for no legally justifiable purpose, causing a confrontation and struggle that resulted in the officer shooting Mr. Hamilton 14 times and causing his death. The officer has not been charged with any criminal violation as a result of the incident, but was subsequently discharged from employment, due to his decisions relative to the manner in which he approached Mr. Hamilton, although his use of force was then justified. Officer Manney has appealed his discharge to the circuit court, which affirmed his termination. The lawsuit indicates that Mr. Hamilton was not married, but was survived by a minor child, his mother and his brother. Mr. Hamilton was not employed at the time of the incident. The potential damages include claims for pain and suffering and loss of support and companionship for the minor child. No amounts of monetary damages were specifically claimed in the lawsuit.

Estate of Derrick Williams, Jr., et al. v. City of Milwaukee, et al. On July 6, 2011 Derrick Williams, Jr., a 22-year-old African American male, was taken into custody by representatives of the Milwaukee Police Department. He was observed attempting an armed robbery of a young couple on a street corner. He ran from the police, and was placed in the back seat of a squad car after he was apprehended. Mr. Williams subsequently collapsed while in the back seat of that squad. Officers attempted to resuscitate him, and emergency medical caregivers were called to the scene, but Mr. Williams was pronounced dead. An inquest was conducted relative to Mr. Williams' death, and no criminal charges were issued against any of the officers involved. Medical testimony suggested that Mr. Williams died as a result of sickle cell anemia. Mr. Williams' estate, along with his minor children, filed suit with the United States District Court for the Eastern District of Wisconsin on July 6, 2016. The matter has yet to be assigned to a district court judge for review. The plaintiffs seek unspecified monetary damages, but indicate that they include compensatory damages, attorney's fees and costs, and punitive damages.

William Avery, et al. v. City of Milwaukee, et al. In this 2011 civil rights action, the plaintiffs claim that William Avery was wrongly convicted in 2005 of the 1998 murder of a woman. Avery spent six years in prison until DNA testing in 2010 linked the murder victim to another individual who has been convicted of murdering a number of other women. Avery claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and coerced false statements from witnesses. Avery also claims that supervisors in the police department permitted such alleged misconduct to occur as a matter of practice. The matter was tried in June 2015, and the jury returned a verdict against the two city officers in the amount of \$1 million. Plaintiffs' counsel petition for an award of attorneys' fees and costs totaling \$808,285.45. On September 29, 2015, the trial court set aside the verdict, entered judgment in favor of the defendants, and dismissed plaintiffs' attorneys' petition for fees and costs. Plaintiffs filed an appeal, and the appeal is pending.

Robert Lee Stinson v. City of Milwaukee, et al. In this 2009 civil rights action, Mr. Stinson claims that he was wrongly convicted in 1984 of the murder of a 67-year-old woman. Stinson spent more than 20 years in prison until recent DNA testing of the victim's clothing produced no DNA matching Stinson's and new techniques of examining bite marks on the victim indicating that the marks did not match Stinson's teeth. Stinson claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and conspired with two dental experts to produce false evidence. The defendants have all filed dispositive motions seeking to have the court dismiss the case. The trial court denied all defendants' motions. All defendants have appealed the denial to the court of appeals and the court of appeals ruled in favor of all of the defendants on August 25, 2015. Stinson filed a request for rehearing and rehearing by the entire court of appeals, which was granted. The matter has been argued to the entire court and is now awaiting their decision.

Section 74.37 Litigation. There are presently 15 lawsuits pending against the City for property tax refunds under this statute. Of these, four have the potential to result in judgments in excess of \$1 million. Marathon Oil and US Venture (formerly Amoco Oil) sued for property tax refunds in the total

amount of about \$3 million for their oil terminals for 2009-2014 in a bench trial in Judge Foley's court in November, 2015. On February 29, 2016, Judge Foley issued a written decision sustaining the City's assessments. Plaintiffs have appealed, but briefing has not yet begun. Metropolitan Associates is requesting a refund of approximately \$2 million for several large residential apartment complexes around the City; one of these cases was tried in June 2015; the court issued a decision sustaining the City's assessments; the plaintiff has filed an appeal, with a decision expected later this year. Clear Channel Outdoor brought a lawsuit for the refund of property taxes on its billboards for 2009-2013; (Lamar Outdoor has a similar claim pending); the total amount of these two claims could reach \$10 million with interest; the Circuit Court ruled in the City's favor in the Clear Channel case; the plaintiff has appealed to the Court of Appeals and the briefing schedule has been completed; a decision is not likely until the end of 2016, at the earliest and the losing party will likely petition the Wisconsin Supreme Court for review. U.S. Bank has brought suit for a \$2.8 million refund for its 40-story office tower; this case is still in the early stages of discovery.

LEGAL OPINION

The legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City, will be delivered to the purchasers of the Series 2016 Bonds. A draft of the legal opinion for the Series 2016 Bonds are included herein as *Appendix B*.

TAX MATTERS

Summary of Bond Counsel Opinion

Bond Counsel is of the opinion that under existing law, interest on the Series 2016 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Series 2016 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is further of the opinion that the Series 2016 Bonds are not "*private activity bonds*" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Series 2016 Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Series 2016 Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2016 Bonds is not exempt from Wisconsin income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Series 2016 Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2016 Bonds. These requirements relate to the use and investment of the proceeds of the Series 2016 Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series 2016 Bonds and the use of the property financed with the proceeds of the Series 2016 Bonds.

Series 2016 Bonds Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Series 2016 Bonds is sold to the public (the "*Offering Price*") and the principal amount payable at maturity of such Series 2016 Bonds is given special treatment for Federal income tax purposes. If the

Offering Price is higher than the maturity value of a Series 2016 Bond, the difference between the two is known as “*bond premium*,” if the Offering Price is lower than the maturity value of a Series 2016 Bond, the difference between the two is known as “*original issue discount*.”

Bond premium and original issue discount are amortized over the term of a Series 2016 Bond on the basis of the owner’s yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Series 2016 Bond for Federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Series 2016 Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Series 2016 Bonds. In addition, owners of Series 2016 Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Series 2016 Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for Federal income tax purposes.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2016 Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Series 2016 Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain “*temporary periods*,” proceeds of the Series 2016 Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a “*minor portion*”) may generally not be invested in investments having a yield that is “*materially higher*” (1/8 of one percent) than the yield on the Series 2016 Bonds.

Rebate of Arbitrage Profit. Unless the City qualifies for an exemption, earnings from the investment of the “*gross proceeds*” of the Series 2016 Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series 2016 Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “*gross proceeds*” includes the original proceeds of the Series 2016 Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series 2016 Bonds.

Covenants to Comply

The City has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2016 Bonds.

Risks of Non-Compliance

In the event that the City fails to comply with the requirements of the Code, interest on the Series 2016 Bonds may become includable in the gross income of the owners thereof for federal income tax

purposes retroactive to the date of issue. In such event, the City's agreements with the owners of the Series 2016 Bonds require neither acceleration of payment of principal of, or interest on, the Series 2016 Bonds nor payment of any additional interest or penalties to the owners of the Series 2016 Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Series 2016 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series 2016 Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. **PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES 2016 BONDS.**

Cost of Carry. Owners of the Series 2016 Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Series 2016 Bonds. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Interest on the Series 2016 Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Series 2016 Bonds is taken into account not only in computing the corporate alternative minimum tax but also the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

Individual Owners. Receipt of interest on the Series 2016 Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Series 2016 Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Series 2016 Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Series 2016 Bonds.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Series 2016 Bonds held by such a company is properly allocable to the shareholder.

The opinion of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Series 2016 Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Series 2016 Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2016 Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “*Commission*”), pursuant to the Securities Exchange Act of 1934 (the “*Rule*”), the City shall covenant pursuant to a Resolution adopted by the Governing Body to enter into an undertaking (the “*Undertaking*”) for the benefit of holders including beneficial holders of the Series 2016 Bonds to provide certain financial information and operating data relating to the City annually to a central repository designated by the Commission, currently the Municipal Securities Rulemaking Board (the “*MSRB*”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The MSRB has designated its Electronic Municipal Market Access (“*EMMA*”) system as the system to be used for continuing disclosures to investors. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of reportable events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Series 2016 Bonds are delivered. Such Certificate will be in substantially the form attached hereto as *Appendix D*. The City intends to fully comply with the Undertaking relating to the Series 2016 Bonds.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Series 2016 Bonds (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2016 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2016 Bonds and their market price.

Prior to August of 2003 the City entered into continuing disclosure undertakings (the “*Pre-2003 Undertakings*”) which contained a six-month filing requirement for Annual Financial Information. Due to the complexity and size of the City’s operations, the City had difficulty meeting that timing requirement and subsequently modified its continuing disclosure undertakings (the “*Post-2003 Undertakings*”) to use a nine-month filing requirement for Annual Filing Information. Except as discussed below, within the previous five years, the City has not failed to comply in any material respect with regards to the Post-2003 Undertakings. With regards to the Pre-2003 Undertakings the City has failed to strictly comply with the 6-month time period for filing its Annual Financial Information and updating certain information on the sewerage system that does not significantly change from year to year.

The City has endeavored to report rating changes which would impact any of its outstanding debt due to bond insurer downgrades. However, since the Nationally Recognized Statistical Rating Organizations (NRSRO) and bond insurers do not notify the City of any such rating changes, no assurance can be provided that notices of all rating changes were reported.

In the Undertaking, the City has agreed to perform certain filings. However, the Undertaking, nor the Rule, requires the filings to be associated with CUSIP numbers, which the City does not control. While the City will attempt to associate filings with the appropriate CUSIP numbers, no assurance can be given that all relevant CUSIP numbers will be associated with a filing.

FINANCIAL ADVISOR

Public Financial Management, Inc. has been retained as Financial Advisor to the City in connection with the issuance of the Series 2016 Bonds.

UNDERWRITING

The Series 2016 Bonds will be purchased at competitive bidding conducted on December 1, 2016.

The award of the Series 2016 Bonds was made to _____, its co-managers and associates at a purchase price of \$_____, reflecting an original issue premium of \$_____ and an underwriting discount of \$_____.

The public reoffering yields or prices of the Series 2016 Bonds are detailed on the inside front cover of the Official Statement.

CLOSING DOCUMENTS AND CERTIFICATES

Simultaneously with the delivery of and payment for the Series 2016 Bonds by the Underwriters thereof, the City will furnish to the Underwriters the following closing documents, in form satisfactory to Bond Counsel:

- (1) signature and no litigation certificate;
- (2) tax certificate;
- (3) certificate of delivery and payment;
- (4) the opinion as to the legality of the Series 2016 Bonds under Wisconsin law and as to the tax-exempt status of the interest thereon for federal income tax purposes rendered by Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Co-Bond Counsel to the City, in substantially the form as set forth in *Appendix B*;
- (5) copies of this Official Statement issued in conjunction with the Series 2016 Bonds within seven business days after the award of the Series 2016 Bonds in accordance with SEC Rule 15c2-12(b)(3);
- (6) Continuing Disclosure Certificate; and
- (7) a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

RATINGS

The City has applied for ratings on the Series 2016 Bonds from Fitch Ratings (“*Fitch*”) and from S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“*S&P*”). Fitch has assigned a rating of “___” on the Series 2016 Bonds and S&P has assigned a rating of “___”, on the Series 2016 Bonds.

The ratings, when issued, reflect only the views of the respective ratings agencies, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the

ratings will remain in effect for any given period of time or that they will not be revised, either upward or downward, or withdrawn entirely, by the respective agencies, if, in their judgment, circumstances so warrant. A revision or withdrawal of the credit rating could have an effect on the market price of the Series 2016 Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from the City Comptroller upon request.

MARTIN MATSON, City Comptroller and Secretary
City of Milwaukee, Public Debt Commission
City Hall - Room 404, 200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-3321

REPRESENTATIONS OF THE CITY

To the best of its knowledge, the information in this Official Statement does not include any untrue statement of a material fact, nor does the information omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The City has reviewed and authorized the distribution of this Official Statement.

CITY OF MILWAUKEE, WISCONSIN

By: /s/ _____
Comptroller

[place holder]

APPENDIX A

Audited Financial Statements of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2015

Selected Sections of the Comprehensive Annual Financial Report

The complete Comprehensive Annual Financial Report
can be downloaded at the City Comptroller's web page at:

www.milwaukee.gov

The independent auditor has not been engaged to perform, and has not performed since the date of its report (a portion of which is included herein), any procedures on the financial statements addressed in the report nor on this Official Statement, nor has the independent auditor been asked to give consent to the inclusion of this appendix in this Official Statement.

APPENDIX B

Draft Form of Legal Opinion

_____, 2016

The City Comptroller and the
Commissioners of the Public Debt
of the City of Milwaukee, Wisconsin

We have examined a record of proceedings relating to the issuance of \$ _____ aggregate principal amount of Water System Revenue Bonds, Series 2016 W10 (the "Bonds") of the City of Milwaukee (the "City") a municipal corporation of the State of Wisconsin. The Bonds are authorized to be issued pursuant to the provisions of Section 66.0621 of the Wisconsin Statutes and the City Charter and by virtue of Resolution File Number _____ adopted by the Common Council of the City on _____, 2016 (the "Series Resolution").

The Bonds are a Series of Bonds as defined and referred to in Resolution File Number 131057 adopted by the Common Council on July 22, 2014 (the "Master Resolution"). Under the terms of the Master Resolution, the City may hereafter authorize and issue additional Water System Revenue Bonds (the "Additional Bonds"). The Bonds and any Additional Bonds are herein called the "First Lien Bonds."

The Bonds are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof, and are dated as of _____, 2016. The Bonds mature on June 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on June 1, 2017 and semiannually thereafter on June 1 and December 1 of each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
20__	\$,000	. %	20__	\$,000	. %
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	

The Series 2016 Bonds with principal maturity dates on or after _____ 1, 20__, are subject to redemption prior to their maturity at the option of the City on any date on or after _____ 1, 20__, in such principal amounts and from such maturities as the City shall determine, and by lot within a maturity, at a price of par plus accrued interest to the date fixed for their redemption.

The Series 2016 Bonds maturing in the years 20__ and 20__ (the "Term Bonds") are subject to mandatory redemption at a redemption price of par, in part and by lot, on June 1 of the years and in the respective principal amounts set forth in the following tables, by the application of sinking fund installments in accordance with the Master Resolution:

20__ Term Bonds		20__ Term Bonds	
Year	Principal Amount	Year	Principal Amount
20__	\$,000	20__	\$,000
20__	,000	20__	,000
20__	,000	20__	,000

We are of the opinion that:

1. The City is a duly organized and validly existing municipal corporation of the State of Wisconsin and has the power and authority under Section 66.0621 of the Wisconsin Statutes to adopt the Master Resolution and the Series Resolution and to issue the Bonds.

2. The Master Resolution and the Series Resolution have each been duly adopted by the Common Council, are presently binding upon the City in accordance with their terms and are part of the City's contract with the owners of the Bonds.

3. The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding special obligations of the City payable from the Special Redemption Fund maintained under the Master Resolution. The payment of the principal of and interest on the First Lien Bonds (including the Bonds) is equally and ratably secured under the Master Resolution by a valid pledge of and lien on the Net Revenues of the Water System of the City, as received by the City, and certain moneys and securities held under the Master Resolution, subject to the terms and provisions of the Master Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Master Resolution.

4. Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. The Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Bonds is taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted in the Master Resolution to comply with these requirements.

Interest on the Bonds is not exempt from Wisconsin income taxes.

In rendering the foregoing opinion, we advise you that the enforceability of rights or remedies with respect to the Bonds, the Master Resolution and the Series Resolution (i) may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Very truly yours,

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APPENDIX C

Definitions and Summary of Certain Provisions of the Bond Resolution

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The following sets forth definitions of certain terms used in the Bond Resolution and certain provisions of the Bond Resolution. This summary is provided for the convenience of the reader and does not purport to be comprehensive or definitive. Reference is made to the Bond Resolution for a complete statement of the provisions thereof.

DEFINITIONS

“*Accrued Debt Service*” means, as of any date of computation and with respect to the Bonds of any Series, an amount equal to the sum of: (i) interest on such Bonds accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) principal, Sinking Fund Installment and redemption premium which are due and unpaid for such Bonds and that portion of the principal, unsatisfied balance of any Sinking Fund Installment (as determined in accordance with the Bond Resolution) and redemption premium for such Bonds next due which would have accrued to the end of such calendar month if deemed to accrue monthly from a date one year prior to its due date.

“*Act*” means Section 66.0621, Wisconsin Statutes, and all laws amendatory or supplemental thereto.

“*Additional Bonds*” means one or more Series of Bonds, exclusive of Refunding Bonds, issued pursuant to the Bond Resolution.

“*Additional Bonds Requirement*” means the requirement set forth in the Bond Resolution for issuing a Series of Bonds.

“*Aggregate Debt Service*” means, for any period and as of any date of computation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds.

“*Annual Budget*” means the budget adopted annually by the City’s Common Council as described in the Bond Resolution.

“*Assumed Long-Term Fixed Rate*” means, with respect to Variable Rate Bonds, (i) a numerical rate of interest that such Bonds would have borne if issued as Fixed Rate Bonds with the same maturity and taking into account Sinking Fund Installments; and (ii) if the City has in connection with such Variable Rate Bonds entered into an Interest Rate Exchange Agreement which provides that the City is to pay to another person an amount determined based upon a fixed rate of interest on a notional amount and which requires the Counterparty to pay to the City an amount equal to the amount by which interest on the notional amount stated therein at the rate borne by such Variable Rate Bonds exceeds the interest payable on such notional amount at a rate stated therein, the fixed rate or other rate of interest set forth in or determined in accordance with such agreement. With respect to the Bonds described in clause (i) of the preceding sentence, an Authorized Officer shall certify or cause the Remarketing Agent for such Series of Variable Rate Bonds or other qualified person to certify such Assumed Long-Term Fixed Rate on the issue date of such Bonds, taking into account such market factors as such Authorized Officer or such Remarketing Agent or such qualified person shall deem necessary or appropriate.

“*Authorized Newspapers*” means *The Bond Buyer*, *The Wall Street Journal* or any other financial newspaper of national circulation printed in the English language and customarily published on each Business Day, as designated by an Authorized Officer.

“*Authorized Officer*” means the Comptroller of the City or any other officer of the City designated by resolution of the Common Council.

“*Bonds*” means Water System Revenue Bonds, including any Series 2016 Bonds and Additional Bonds, issued from time to time pursuant to and under the authority of the Bond Resolution.

“*Bond Anticipation Notes*” means bond anticipation note obligations issued pursuant to the Bond Resolution.

“*Bond Counsel*” means an attorney or a firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

“*Bondholder*,” or “*Holder of a Bond*” or “*Holder*” means the registered owner of any Bond which at the time shall be registered other than to bearer, or such holders’ duly authorized attorney in fact, representative or assigns.

“*Bond Registry*” means the books maintained by the Paying Agent for the Bonds of a Series pursuant to the Bond Resolution for the registration of the Bonds of such Series and Bondholders.

“*Bond Resolution*” means Resolution File Number 131057 of the City adopted by the Common Council on July 22, 2014, as from time to time amended or supplemented by one or more Supplemental Resolutions.

“*Book Entry Bond*” means a Bond authorized to be issued to, and issued to and registered in the name of, a Depository directly or indirectly for the beneficial owners thereof.

“*Business Day*” means any day which is not a Saturday, Sunday or a legal holiday in the State, the State of New York or a day on which banking institutions chartered by the State, the State of New York or the United States of America are legally authorized to close in the City of Milwaukee, Wisconsin or The City of New York.

“*City*” means the City of Milwaukee, Wisconsin.

“*City Charter*” means the Charter of the City of Milwaukee, Wisconsin, as the same may be amended from time to time.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statutes thereto, and any applicable regulations issued thereunder.

“*Common Council*” mean the Common Council of the City.

“*Common Reserve Account*” means an account established pursuant to a Series Resolution or a Supplemental Resolution that may benefit or secure one or more Series of Bonds.

“*Common Reserve Bonds*” means one or more Series of Bonds entitled to the benefit and security of a single Common Reserve Account.

“*Construction Fund*” means the Water System Construction Fund described in the Bond Resolution.

“*Consulting Engineer*” means the engineer or engineering firm or corporation retained from time to time pursuant to the Bond Resolution to perform the acts and carry out the duties provided for such Consulting Engineer in the Bond Resolution.

“*Costs*” means all costs of any Improvements and shall include, but shall not be limited to, all costs and estimated costs of the issuance of the Bonds, all architectural, engineering, inspection, financial

and legal expenses, the cost of causing the payment of the principal or interest or both of the Bonds to be insured or guaranteed, the initial cost of any Support Facility or Interest Rate Exchange Agreement and interest which it is estimated will accrue during the construction of any Improvements and for six (6) months thereafter.

“*Counterparty*” means any person with which the City has entered into an Interest Rate Exchange Agreement.

“*Debt Service*” means, as of any particular date of computation, with respect to any Bonds and with respect to any period, the aggregate of the amounts to be paid or set aside in such period for the payment (or retirement) of the principal and Redemption Price (if any) of, and interest on, such Bonds; provided, however, that the term “*Debt Service*” shall not include interest on Bonds to the extent it is to be paid from amounts on credit to a Series Interest Account (as defined in the Bond Resolution), amounts on credit to the Special Redemption Fund or any other provisions made for the payment of interest.

“*Depository*” means any bank, national banking association or trust company selected and appointed by an Authorized Officer in accordance with the Bond Resolution as a depository of moneys and Investment Securities held under the provisions of the Bond Resolution. [With respect to the 2016 Bonds, U.S. Bank National Association, has been designated as the Depository.]

“*Depository*” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds to serve as securities depository for the Bonds of such Series.

“*Exempt Obligation*” means an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Bond Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, “Aa” or better by Moody’s and “AA” or better by S&P, or, if such obligation is not rated by Moody’s or S&P, or, if such obligation is rated by neither Moody’s nor S&P, has been assigned a comparable rating by another nationally recognized rating service, but in no event rated lower than the lowest rating on Outstanding Bonds assigned by Moody’s or S&P.

“*Fiscal Year*” means the twelve month period established by the City or provided by law from time to time as its fiscal year, and which, as of the date of adoption of the Bond Resolution, is the twelve month period commencing on January 1 of any year and ending on December 31 of the following year.

“*Fixed Rate Bonds*” means any Bonds issued bearing interest at a fixed rate per annum from their dated date or such other date to their maturity date.

“*Government Obligation*” means a direct obligation of the United States of America, or an obligation the principal of and interest on which are guaranteed by the United States of America; provided, that the full faith and credit of the United States of America is pledged to any such direct obligation or guarantee.

“*Gross Proceeds*” means, with respect to a Series of Tax-exempt Bonds the “*gross proceeds*” as defined in the Tax Certificate executed in connection with the issuance of such Series of Bonds, which definition shall be consistent with the provisions of the Code relating to the exclusion from gross income of holders of the interest on state and local government obligations for federal income taxation purposes.

“*Improvements*” means the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of the Water System.

“*Interest Rate Exchange Agreement*” means an agreement entered into by the City relating to Bonds of one or more Series which provides that during the term of such agreement the City is to pay to the Counterparty an amount based on the interest accruing at a fixed or variable rate per annum on a notional amount and that the Counterparty is to pay to the City either (i) an amount based on the interest accruing on such notional amount at a fixed, capped or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement, or (ii) an amount based on the amount by which the rate per annum at which such Bonds bear interest exceeds a rate per annum stated in such agreement.

“*Investment Securities*” means those securities which, from time to time, are legal for the investment of funds of the City.

“*Maximum Interest Rate*” means, with respect to any particular Variable Rate Bond, a numerical rate of interest per annum, which shall be set forth in the Series Resolution authorizing such Bond, that shall be the maximum rate per annum at which such Bond may bear interest at any time.

“*Moody’s*” means Moody’s Investors Service, Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized rating agency, if any, designated by the Comptroller of the City.

“*Net Revenue Requirement*” means with respect to any Fiscal Year or any period, an amount equal to the greater of: (i) the sum of (a) the Aggregate Debt Service in such Fiscal Year or such period and (b) the Required Deposits for such Fiscal Year or such period; or (ii) 1.20 times the Aggregate Debt Service in such Fiscal Year or such period plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding as of the end of such Fiscal Year or such period.

“*Net Revenues*” means, with respect to any period, the Revenues during such period less amounts required to pay Operation and Maintenance Expenses.

“*Operation and Maintenance Expenses*” means the costs and expenses of operating and maintaining the Water System, including, without limiting the generality of the foregoing: (i) all expenses includable in the operation and maintenance expense accounts of the City relating to the Water System according to generally accepted accounting principles, exclusive of debt service, capital expenditures, depreciation and tax equivalents; and (ii) to the extent not included in the preceding clause (i) or paid from Bond proceeds or otherwise, the City’s share of the costs and expenses of operating and maintaining any plants and properties jointly owned with others.

“*Opinion of Counsel*” means with respect to the City a written opinion of counsel selected by the Comptroller of the City who is not an employee of the City, and which, with respect to Federal income tax law and securities law relating to obligations issued by state and local governmental units, is Bond Counsel. Any Opinion of Counsel may be based (insofar as it relates to factual matters or information which is in the possession of the City) upon a Written Certificate of the City unless such counsel knows, or in the exercise of reasonable care should have known, that such Written Certificate is erroneous.

“*Option Bond*” means any Bond which by its terms may be tendered by and at the option of the Holder thereof for redemption by the City prior to the stated maturity thereof or for purchase thereof.

“*Outstanding*” or “*outstanding*” when used with reference to Bonds means, as of any date, Bonds theretofore or thereupon issued pursuant to the Bond Resolution, except: (a) any Bonds canceled by a Paying Agent or paid at or prior to such date; (b) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the Bond Resolution; (c) Bonds deemed to be no longer outstanding thereunder as provided in the Bond Resolution; and (d) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds which have been purchased by or on behalf of the City and in lieu of or substitution for which another Bond shall have been authenticated and delivered pursuant to Article III; provided that interest thereon shall have been paid through such tender or purchase date thereof and the purchase price thereof shall have been paid or amounts are available for such payment as provided herein and in the Series Resolution authorizing such Bonds.

“*Parity Support Facility Reimbursement Obligation*” means the obligation of the City described in the Bond Resolution to directly reimburse the Support Facility Provider of any Support Facility for amounts paid by such Support Facility Provider under such Support Facility or a Counterparty under an Interest Rate Exchange Agreement for amounts paid thereunder, on a parity with the obligation of the City to pay the Bonds, whether or not such obligation to reimburse is evidenced by a promissory note or other similar instrument.

“*Paying Agent*” means, as to Bonds of any particular Series, the Treasurer of the City or the bank or trust company designated for the payment of the principal and Redemption Price (if any) of, and interest on, the Bonds of such Series in the Series Resolution authorizing the issuance of such Series. With respect to the Series 2016 Bonds, _____, has been designated as the Paying Agent.

“*Principal Office*” means the office designated in writing to the Treasurer of the City by a Paying Agent, at which payment and registration of Bonds may be made.

“*Rebatable Amount*” means, with respect to a Series of Bonds, (i) the amount by which the earnings on the Gross Proceeds of such Series of Bonds exceeds the amount which would have been earned thereon if such Gross Proceeds were invested at a yield equal to the yield on such Series of Bonds, as such yield is determined in accordance with the Code; (ii) amounts earned on the investment of the excess described in clause (i) and (iii) any other amount required by the Code.

“*Rebate Fund*” means the Rebate Fund created in the Bond Resolution.

“*Record Date*” means, with respect to any Series of Bonds, (i) with respect to the payment of interest, the fifteenth (15th) day (whether or not a Business Day) of the month preceding an interest payment date; (ii) with respect to notice of redemption, the forty-fifth (45th) day (whether or not a Business Day) preceding the date of redemption; or (iii) such other day as may be provided in the Series Resolution authorizing the issuance of such Series.

“*Redemption Price*” means, with respect to any Bond, the principal amount thereof plus the applicable redemption premium, if any, payable upon redemption thereof pursuant to the Bond Resolution or any Series Resolution.

“*Refunded Municipal Obligations*” means Exempt Obligations which are rated in the highest rating category by Moody’s and S&P and provision for the payment of the principal of and interest on which shall have been made by an irrevocable deposit with a trustee or escrow agent of Government Obligations, which are held by a bank or trust company organized and existing under the laws of the United States of America or any state, the District of Columbia or possession thereof in the capacity as

custodian, the maturing principal of and interest on which Government Obligations shall be sufficient to pay, when due, the principal of and interest on such Exempt Obligations.

“*Refunding Bonds*” means Bonds issued pursuant to the Bond Resolution for refunding purposes.

“*Remarketing Agent*” means the Remarketing Agent for a Series of Bonds appointed pursuant to a Series Resolution or any successor.

“*Remarketing Agreement*” means an agreement by and between the City and another person pursuant to which Option Bonds tendered for purchase or redemption are to be remarketed to the public by such other person.

“*Renewal and Replacement Fund*” means the Renewal and Replacement Fund described in the Bond Resolution.

“*Required Deposits*” means, for any period, the amounts, if any, required: (i) to be paid into the Reserve Accounts in the Reserve Fund, and (ii) to pay Support Facility Reimbursement Obligations.

“*Reserve Account*” means any Series Reserve Account and any Common Reserve Account in the Reserve Fund, created in the Bond Resolution.

“*Reserve Account Requirement*” means (i) for a Series Reserve Account, the amount, if any, required to be on deposit in a Series Reserve Account determined in the Series Resolution authorizing the Series of Bonds entitled to the benefits and security of such Series Reserve Account and (ii) for a Common Reserve Account, the amount required to be on deposit in the Common Reserve Account as determined in the Series Resolution authorizing the initial Series of Bonds entitled to the benefits and security of such Common Reserve Account and as such requirement may be revised from time to time by one or more Supplemental Resolutions; provided, however, that for any Reserve Account for purposes of this definition, Debt Service and Aggregate Debt Service shall be computed with respect to each Variable Rate Bond by using the Assumed Long-Term Fixed Rate applicable thereto.

“*Reserve Fund*” means the Reserve Fund described in the Bond Resolution.

“*Revenue Bond Index*” means the thirty (30) year Revenue Bond Index of The Bond Buyer, a publication in New York, New York, or any successor publication maintaining such Index or in the event The Bond Buyer or any successor publication does not maintain such Index, an equivalent index with the same or similar components as the Revenue Bond Index.

“*Revenue Fund*” means the Revenue Fund described in the Bond Resolution.

“*Revenues*” means the moneys, including any moneys collected from the City or any department thereof, derived by the City from the rates, rentals, fees and charges prescribed for the use and services of, and the facilities and commodities furnished by, the Water System, including, without limiting the generality of the foregoing, (i) all income, receipts, profits, and other moneys derived from the furnishing or supplying of the services, facilities and commodities through the Water System; (ii) all payments made by Counterparties pursuant to Interest Rate Exchange Agreements; and “*Revenues*” shall not include, (i) deposits subject to refund until such deposits have become the property of the City; (ii) contributions in-aid-of construction and assessment, impact and other similar fees imposed and collected by the City which are targeted to pay the Costs of specific Improvements; (iii) income, fees, charges, receipts, profits or other moneys derived by the City from the ownership or operation of any separate utility system; (iv) any gifts, grants, donations or other moneys received by the City for purposes of the Water System from any State or Federal agency or other person if such gifts, grants, donations or other moneys are the

subject of any limitation or reservation: (a) imposed by the donor or grantor; or (b) imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds; or (v) amounts retained in the Revenue Fund for working capital and operating reserves pursuant to the Bond Resolution.

“*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill and Companies, Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized rating agency designated by the Comptroller of the City.

“*Serial Bonds*” means Bonds which mature serially and which are not Term Bonds.

“*Series,*” “*Series of Bonds*” or “*Bonds of a Series*” means all Bonds designated as being of the same series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to the Bond Resolution.

“*Series Resolution*” means a resolution authorizing the issuance of a Series of Bonds adopted by the Common Council pursuant to the Bond Resolution.

“*Series 2016 Bonds*” means the \$_____ original principal amount of Water System Revenue Bonds, Series 2016 W10, of the City authorized by the Bond Resolution.

“*Sinking Fund Installment*” means an amount so designated which is established pursuant to the Bond Resolution. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to the Bond Resolution toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

“*Special Redemption Fund*” means the Sewerage System Special Redemption Fund created in the Bond Resolution.

“*State*” means the State of Wisconsin.

“*Subordinate Obligations*” means any bonds, notes or other evidences of indebtedness of the City payable from the Net Revenues, other than the Bonds, issued under the Bond Resolution.

“*Subordinate Obligation Fund*” means the Subordinate Obligation Fund created in the Bond Resolution.

“*Supplemental Resolution*” means any resolution adopted by the Common Council and becoming effective pursuant to and in compliance with the provisions of Article X, which amends or supplements the provisions of the Bond Resolution, any Series Resolution or any other Supplemental Resolution.

“*Support Facility*” means an irrevocable letter of credit, surety bond, loan agreement, standby purchase agreement or other agreement, facility or insurance or guaranty arrangement issued or extended by one or more Support Facility Providers, pursuant to which the City is entitled to obtain moneys to pay the principal or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof in accordance with the Bond Resolution and with the Series Resolution authorizing such Bonds, whether or not the City is in default under the Bond Resolution.

“*Support Facility Provider*” means the provider of a Support Facility, if any, designated in a Series Resolution.

“*Support Facility Reimbursement Obligation*” means the obligation of the City described in the Bond Resolution to directly reimburse the Support Facility Provider of a Support Facility for amounts paid thereunder or a Counterparty under an Interest Rate Exchange Agreement for amounts paid thereunder, whether or not such obligation to reimburse is evidenced by a promissory note or other similar instrument.

“*Surplus Fund*” means the Surplus Fund created in the Bond Resolution.

“*Tax Certificate*” means such tax certificates, instructions and other documents as may be executed by an Authorized Officer in connection with the issuance of Tax-exempt Bonds of a Series for the purpose of demonstrating compliance with the applicable provisions of the Code.

“*Tax-exempt Bonds*” means Bonds the interest on which is intended by the City to be excluded from gross income of the Holders of such Bonds for federal income taxation purposes pursuant to the Code.

“*Term Bonds*” means Bonds the retirement or the redemption of which shall be provided for from moneys credited to the Special Redemption Fund pursuant to the Bond Resolution.

“*Variable Rate Bonds*” means any Bonds issued bearing interest at a rate per annum subject to adjustment from time to time based on the terms thereof, based upon an index, or otherwise calculated in a manner which precludes the actual rate for the entire term of such Bonds from being ascertainable in advance (i.e., a “*variable rate*”); provided, however, that a Bond the interest rate on which shall have been fixed for the remainder of the term thereof shall constitute a Fixed Rate Bond and no longer be a Variable Rate Bond; provided, further, however, that in the case where a Bond bears a variable rate and is dated and has the same maturity as a Bond bearing a rate that is a constant rate minus the rate borne by the first bond (i.e., an “*inverse variable rate*”), both Bonds shall constitute Fixed Rate Bonds and no longer be Variable Rate Bonds.

“*Water Service Charge*” means the public utility system charges with respect to the Water System authorized in Section 66.0809, Wisconsin Statutes.

“*Water System*” means all plants and properties, both real and personal and tangible and intangible, now or hereafter existing, under the management, control or jurisdiction of the City, used for, useful in, or pertaining to the supply, treatment, storage and transmission of water. Without limiting the generality of the foregoing, the Water System shall include: (1) the existing plants and properties comprising the Water System under the management, control or jurisdiction of the City, as of the date of adoption of the Bond Resolution; and (2) all Improvements hereafter constructed or otherwise acquired, purchased or annexed.

“*Written Certificate of the City*,” “*Written Direction of the City*,” “*Written Request of the City*,” or “*Written Statement of the City*” means an instrument in writing signed on behalf of the City by an Authorized Officer thereof. Any such instrument and any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the Opinion of Counsel, or opinion or certificate of accountants or the Consulting Engineer, unless the Authorized Officer signing such Written Certificate or Direction or Request or Statement knew, or in the exercise of reasonable care should have known, that the opinion or certificate with respect to the matters upon which

such Written Certificate or Direction or Request or Statement may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, accountant or engineer, as the case may be, need not certify or opine to all of the matters required to be certified to or opined upon under any provision of the Bond Resolution, but different Authorized Officers, counsel, accountants or engineer may certify or opine to different facts, respectively.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains terms and conditions relating to the issuance of the Bonds, including the Series 2016 Bonds, including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive, and is subject to all of the provisions of the Bond Resolution, to which reference is hereby made. This summary uses various terms defined in the Bond Resolution. Capitalized terms used in this “**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION**” are as set forth in the Bond Resolution.

Bond Resolution and Bonds Constitute a Contract

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, each of the obligations, duties, limitations and restraints imposed upon the City by the Bond Resolution shall be deemed to be a covenant between the City and every Holder of the Bonds, and the Bond Resolution and every provision and covenant hereof shall be deemed to be and shall constitute a continuing contract and agreement between the City and the Holders from time to time of the Bonds issued hereunder, to secure the full and final payment of the principal and Redemption Price of and interest on all Bonds which may from time to time be issued, executed, and delivered hereunder. The covenants and agreements herein set forth to be performed by the City shall be for the equal and proportionate benefit, security and protection of all Holders of the Bonds without preference, priority or distinction as to payment or security or otherwise of any of the Bonds over any of the others for any reason or cause whatsoever except as expressly provided in the Bond Resolution, in a Series Resolution, in a Supplemental Resolution, or in the Bonds.

Pledge Made in the Bond Resolution

The Bonds are limited special obligations of the City payable solely from and secured by the funds pledged therefor pursuant to the Bond Resolution. The City has pledged as security for the payment of the principal and Redemption Price (if any) of and interest on, the Bonds in accordance with their terms and provisions of the Bond Resolution, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution: (i) the proceeds of sale of the Bonds pending application thereof in accordance with the provisions of the Bond Resolution or of a Series Resolution, (ii) the Net Revenues, and (iii) all Funds and Accounts held under the Bond Resolution other than (a) the Rebate Fund, and (b) the Subordinate Obligation Fund, including the investments, if any, in such Funds and Accounts; and the Bondholders shall have a lien on, and a security interest in, such proceeds, Net Revenues, and Funds and Accounts for such purpose and subject to such provisions of the Bond Resolution. Such lien and security interest for the payment of Bonds shall be prior and superior to the lien and security interest for the payment of Subordinate Obligations. The Bonds are additionally secured by a mortgage lien upon the Water System which shall be perfected by the recording of the Bond Resolution in the records of the City.

The pledge of, and lien on, and security interest in, the proceeds of the Bonds and the Net Revenues as received by the City and the Funds and Accounts in the Bond Resolution, other than the Rebate Fund and the Subordinate Obligation Fund, shall be valid and irrevocable: (i) from and after the time that, if required by State law, a financing statement is filed with respect to such pledge, lien and security interest as required by State law, and, upon such filing; or (ii), if no financing statement is so

required by State law, upon delivery of the proceeds of a Series of Bonds, and all the Net Revenues as received by the City and the Funds and Accounts of the Bond Resolution, other than the Rebate Fund and the Subordinate Obligation Fund, shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid as against, and prior to the lien of, all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof.

Additional Bonds

One or more Series of Bonds (exclusive of Refunding Bonds), may be issued at any time and from time to time for any lawful use or purpose relating to the Water System, including, without limitation, payment of all or a portion of the Costs of Improvements, but only upon compliance as to each such Series with the provisions as set forth in the Bond Resolution, including providing, among other things, the following documents or moneys or securities:

Either (I) a Written Certificate of an Authorized Officer of the City based: (i) on audited figures, provided that such audited figures are for the most recent Fiscal Year for which an audit is available, and are for a period ending within 21 months of the date of issuance of the proposed Series of Bonds; or (ii) on figures taken by an independent certified public accountant from the City's books and records, showing that the Net Revenues for any consecutive twelve (12) months period out of twenty-four (24) months immediately preceding the month in which such Bonds are issued were not less than the greater of (x) the sum of (1) the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and the twelve (12) month period selected, and (2) the Required Deposits for such Fiscal Year or the twelve (12) month period selected; and (y) 1.20 times the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and the twelve (12) month period selected, plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding as of the date of the Written Certificate of the City, or (II) a Written Certificate of an Authorized Officer of the City or Certificate of the Consulting Engineer that the Net Revenues to be derived in each of the five (5) Fiscal Years following the earlier of: (i) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the Fiscal Year in which the proposed Series of Bonds are issued, and (ii) the date on which substantially all Improvements to be financed with the proceeds of the proposed Series of Bonds are expected to commence operations, or, if the proceeds of such Series of Bonds will not be used to fund the Costs of Improvements, the Fiscal Year in which the proposed Series of Bonds are issued, are estimated to be not less than the greater of: (x) the sum of (1) the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any such Fiscal Year, and (2) the Required Deposits for any such Fiscal Year; and (y) 1.20 times the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any such Fiscal Year, plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding as of the date of such Written Certificate of the City or certificate of the Consulting Engineer, as the case may be.

If any changes have been made and are in effect at the time of the issuance of the proposed Series of Bonds in the Water Service Charges (exclusive of changes in the rates and charges for the privilege of connecting to the Water System) which were not in effect during all or any part of the periods referred to above, the Net Revenues for either of such respective periods may be adjusted to reflect the results which would have occurred in the Net Revenues if such changes in the Water Service Charges had been in effect during all of such respective periods.

Certain Adjustments

In determining Debt Service on Variable Rate Bonds then Outstanding and Variable Rate Bonds then proposed to be issued for purposes of the Additional Bonds Requirement, the interest rate shall be calculated as: (i) if any Variable Rate Bonds are then Outstanding and have been Outstanding for at least twenty-four (24) months, the highest average interest rate borne by such Variable Rate Bonds for any thirty (30) day period, or (ii) if no such Variable Rate Bonds are then Outstanding, the Revenue Bond Index at the time of calculation.

Refunding Bonds

The City by means of a Series Resolution adopted in compliance with the provisions of the Bond Resolution may issue a Series of Refunding Bonds at any time for the purpose of refunding (including by purchase) at any time all or any portion of Bonds Outstanding, including amounts to pay principal, redemption premium and interest to the date of maturity or redemption (or purchase) and the expense of issuing the Refunding Bonds and of effecting such refunding; provided, however, that the provisions of the Bond Resolution are complied with upon the issuance of such Series, including all of the conditions described in “*Additional Bonds*” described above, except that the certificate described in “*Additional Bonds*” above need not be complied with if the Refunding Bonds proposed to be issued do not mature later than the Bonds to be refunded and Debt Service in any Fiscal Year on the Refunding Bonds proposed to be issued does not exceed Debt Service in any Fiscal Year on the Bonds to be refunded by more than ten percent (10%).

Separate Utility Systems

Nothing contained in the Bond Resolution shall prevent the City from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness, other than Bonds, to acquire or construct facilities for the supply, treatment, storage or transmission of water, and any incidental properties to be constructed or acquired in connection therewith, which facilities shall be a separate utility system and which bonds or other obligations or evidences of indebtedness shall be payable solely from the revenues or other income derived from the ownership or operation of such separate system; provided, however, that the City will not issue bonds, notes, warrants, certificates or other obligations or evidences of indebtedness for the purpose of acquiring or constructing such a separate utility system unless and until a report of the Consulting Engineer shall be delivered to the Comptroller to the effect that: (i) the plan for developing the separate utility system is consistent with sound planning, and the separate utility system is of such character that it would be useful to the City; (ii) the separate utility system can be economically and effectively utilized by the City; (iii) the cost of the services of the separate utility system is reasonable in comparison to alternative sources; and (iv) in the opinion of the Consulting Engineer, the acquisition, construction or operation of such separate utility system will not result in a reduction of the Revenues below the amounts covenanted by the Bond Resolution to be maintained.

Funds and Accounts

The City has created a Revenue Fund into which all Revenues collected by the City have been and shall be deposited, from which the Revenues shall be appropriated and expended for operating expenses of the Water System, other purposes of the Water System, and in which certain working capital and operating reserves for purposes of the Water System have been and shall be maintained. The Revenue Fund shall be considered to be a fund held under the Bond Resolution for purposes of the pledge made in the Bond Resolution.

The Bond Resolution also creates and establishes the following additional funds of the City to be maintained so long as any Bonds are Outstanding:

- Operation and Maintenance Fund;
- Rebate Fund;
- Special Redemption Fund;
- Reserve Fund and Reserve Accounts therein*;
- Renewal and Replacement Fund;
- Subordinate Obligation Fund; and
- Surplus Fund.

The Operation and Maintenance Fund, Special Redemption Fund, Reserve Fund, Renewal and Replacement Fund and Surplus Fund shall be considered to be funds held under the Bond Resolution for purposes of the pledge made in the Bond Resolution.

The Bond Resolution also creates a Construction Fund into which the proceeds of revenue bonds of the City issued to pay the costs of Improvements specified to be expended from such Construction Fund. The Construction Fund shall be considered to be a fund held under the Bond Resolution for purposes of the pledge made thereunder.

Revenue Fund

From and after the time of delivery of the first Bond executed and delivered under the Bond Resolution, Revenues shall be collected by the City and deposited, as soon as practicable, into the Revenue Fund. From the amounts deposited in the Revenue Fund, the City shall transfer to the Operation and Maintenance Fund sufficient moneys to pay the current Operation and Maintenance Expenses of the Water System, transfer to the Rebate Fund such amount as is necessary to pay the rebate amount due the United States Treasury Department under Section 148 of the Code or to set aside as a reserve for such payment and make the transfers to other Funds and Accounts as provided in the Bond Resolution.

In each month, the City, after making the transfer, if any, to the Operating and Maintenance Expenses for such month and setting aside an amount sufficient to pay the Operating and Maintenance Expenses expected to be incurred for the balance of such month and making the transfer, if any, to the Rebate Fund as provided in the Bond Resolution, shall retain, apply or transfer on the fifth (5th) day prior to the end of each month, unless otherwise provided below, a sufficient amount of moneys in the Revenue Fund in the following order of priority:

- (1) To the Special Redemption Fund, if and to the extent required so that the balance therein shall equal the Accrued Debt Service for all Bonds Outstanding and the interest accrued on all Bond Anticipation Notes outstanding on said date;
- (2) To the Reserve Fund, if and to the extent required by a Series Resolution either (i) an amount such that the balance in each Reserve Account shall equal its Reserve Account Requirement on said date, or (ii) an amount such that if the same amount were deposited in each month the amount of any deficiency in a Reserve Account shall be eliminated at the end of the twelfth (12th) month following the first credit;
- (3) In the Revenue Fund, a reasonable and necessary amount for working capital and operating reserves;

* **THE RESERVE FUND DOES NOT SECURE AND IS NOT AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2016 BONDS.**

- (4) To the Subordinate Obligation Fund, the amount, if any, required to be deposited in such Fund pursuant to the resolution authorizing issuance of the Subordinate Obligations payable from such Fund;
- (5) To the Renewal and Replacement Fund, such amount as may be designated by the City; and
- (6) To the Surplus Fund, such amounts as shall remain in the Revenue Fund.

All reasonable and necessary Operation and Maintenance Expenses shall be paid from the Operation and Maintenance Fund as the same become due and payable and, except for the Rebate Fund, prior to any transfer or payment to other funds and accounts set forth therein.

The City may if provided in a Series Resolution authorizing the Bonds of a Series, directly pay out of the Revenue Fund reimbursements to Support Facility Providers whose Support Facilities have been drawn upon, after payments have been made to the Special Redemption Fund.

In the case of multiple deficiencies among multiple Reserve Accounts, amounts deposited into the Reserve Fund shall be allocated ratably among such Reserve Accounts having a deficiency without preference or priority of any kind.

Special Redemption Fund

The City shall pay out of the Special Redemption Fund to each Paying Agent; (i) on or before each interest payment date for any of the Bonds or Bond Anticipation Notes the amount required for the interest payable on such date; (ii) on or before each principal payment date, an amount equal to the principal, if any, due on such date by reason of maturity or by reason of the payment of any Sinking Fund Installment; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of the Redemption Price of and interest on the Bonds then to be redeemed. Such amounts shall be applied by each Paying Agent on and after the due dates thereof. The City shall also pay out of the Special Redemption Fund the accrued interest included in the purchase price of Bonds purchased for retirement.

Amounts accumulated in the Special Redemption Fund by reason of the payment of any Sinking Fund Installment may be applied by the City, on or prior to the sixtieth (60th) day preceding the due date of such Sinking Fund Installment, to: (i) the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, or (ii) the redemption of such Bonds at the applicable Redemption Price, if then redeemable by their terms. All such purchases of Bonds shall: (i) be made at prices not exceeding the applicable Redemption Price of such Bonds plus accrued interest; (ii) be made as arranged by the City in such manner and from such sellers or brokers at such prices as the City shall determine; and (iii) be made to insure that delivery of the Bonds so purchased shall not occur later than the sixtieth (60th) day next preceding the redemption date to which the Sinking Fund Installment is to be applied. The applicable Redemption Price of any Bonds (or principal amount of maturing Bonds) so purchased or redeemed shall be deemed to constitute part of the Special Redemption Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Sinking Fund Installment, the City shall proceed to call for redemption on such due date Bonds of the maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Bonds purchased or redeemed pursuant to the Bond Resolution which the City has applied as a credit against such Sinking Fund Installment as provided in the Bond Resolution and as described above. The City shall pay out of the Special Redemption Fund to the

appropriate Paying Agents, on or before the redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

The amount, if any, credited to the Special Redemption Fund from a Series Interest Account (as hereafter defined) in the Construction Fund shall be applied to the payment of interest on the Bonds as the same becomes due and payable as provided in the Bond Resolution.

Upon any purchase or redemption as provided in the Bond Resolution and as described above of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established: (i) if the principal amount of the Bonds so purchased is less than or equal to the next succeeding Sinking Fund installment for such Series there shall be credited to the next such Sinking Fund Installment an amount equal to the principal amount of the Bonds of such Series so purchased; and (ii) if the principal amount of the Bonds so purchased is greater than the next succeeding Sinking Fund Installment, there shall be credited toward each such Sinking Fund installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased or redeemed bears to the total principal amount of all such Sinking Fund Installments to be so credited or, at the option of the City, an amount equal to the next succeeding Sinking Fund Installment. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Moneys set aside from time to time with any Paying Agent for the purpose of paying the principal and Redemption Price (if any) of, and interest on, the Bonds shall be held in trust for the Holders of the Bonds in respect of which the same shall have been so set aside. Until so set aside, all moneys in the Special Redemption Fund shall be held in trust for the benefit of the Holders of all Bonds at the time outstanding, equally and ratably.

When Bonds of a Series are refunded in whole or in part or are otherwise paid in accordance with the Bond Resolution, moneys may be withdrawn from the Special Redemption Fund to pay or provide for the payment of such Bonds or refunded Bonds, as the case may be; provided that immediately after such withdrawal or transfer there shall be on credit to the Special Redemption Fund an amount equal to the Accrued Debt Service for the Bonds then Outstanding after taking into account such refunding or payment.

Reserve Fund and Reserve Accounts*

(A) The City shall maintain each Reserve Account in an amount equal to the applicable Reserve Account Requirement, which requirement may be satisfied with (i) one or more Support facilities, (ii) Investment Securities, (iii) cash deposits, or (iv) any combination thereof. If on any valuation date, the amount on deposit in a Reserve Account is more than its Reserve Requirement, unless otherwise determined by the City the amount of such excess shall be transferred to the Special Redemption Fund.

(B) If at any time a Reserve Account holds a Support Facility and Investment Securities, the Investment Securities shall be liquidated and the proceeds applied for the purposes for which the Reserve Account moneys may be applied prior to any draw being made on the Support Facility. If the Reserve Account holds Support Facilities issued by more than one Support Facility Provider, then draws shall be

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made under such Support Facilities on a pro rata basis to the extent of available funds. Amounts deposited in a Reserve Account for the purpose of restoring amounts withdrawn therefrom shall be applied first to pay the applicable Support Facility Reimbursement Obligation and thereby reinstate the Support Facility.

(C) The amounts held in a Common Reserve Account are held for the equal benefit and security of all Common Reserve Bonds secured by and entitled to the benefits of such Common Reserve Account and are pledged and assigned for that purpose. On the date of issuance of any Series of Bonds intended to be Common Reserve Bonds, the City, pursuant to the Series Resolution or a Written Certificate of the City, shall specify the particular Common Reserve Account securing such Series of Common Reserve Bonds and the amount and source of any deposit to be made to fund any required deposit to the applicable Common Reserve Account to increase the amount held therein to its Reserve Account Requirement. The amounts held in a Series Reserve Account are held for the exclusive benefit of the Bonds of that Series and are pledged and assigned for that purpose. On the date of issuance of such Series, the City, pursuant to the Series Resolution or a Written Certificate of the City shall specify the amount and source of any deposit to be made to fund any required deposit to the applicable Series Reserve Account.

(D) If on the date preceding a principal or interest payment date, the amount held in the Special Redemption Fund for the payment of a particular Series of Bonds shall be less than the Accrued Debt Service for all Bonds of such Series then Outstanding, the City shall pay out of the applicable Reserve Account maintained for such Series, to the Special Redemption Fund for disbursement to the Paying Agent for such Series the amount necessary to cure the deficiency. In the case of multiple deficiencies among multiple Series of Common Reserve Bonds, entitled to the benefit and security of the same Common Reserve Account, such withdrawal shall be made ratably among the various Series having a deficiency, without preference or priority of any kind.

(E) Amounts in a Reserve Account may be withdrawn and deposited in trust to pay or provide for the payment of Bonds; *provided* that immediately after such withdrawal the amount on deposit in such Reserve Account equals or exceeds its Account Reserve Requirement.

Renewal and Replacement Fund

Amounts in the Renewal and Replacement Fund may be withdrawn by the City at any time for the payment of expenses with respect to the Water System for the acquisition of capital equipment and for repairs, renewals, replacements or capital maintenance items. Amounts in the Renewal and Replacement Fund may also be withdrawn at any time and deposited into the Special Redemption Fund, any Reserve Account, the Rebate Fund or the Surplus Fund.

Subordinate Obligation Fund

Moneys on credit to the Subordinate Obligation Fund shall be applied by the City solely in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the resolution of the City securing or evidencing such Subordinate Obligations. Any moneys credited to the Subordinate Obligation Fund shall be immediately free and clear of the lien and pledge created by the Resolution.

Rebate Fund

If and to the extent required by the Code, an Authorized Officer shall periodically, at such times as may be required to comply with the Code, determine the amount of Rebate Amount with respect to each Series of Tax-exempt Bonds and thereafter (i) transfer from any of the Funds and Accounts pledged

or held hereunder other than the Special Redemption Fund, the Reserve Fund or the Subordinate Obligation Fund and credit to the Rebate Fund, all or a portion of the Rebatable Amount with respect to such Series of Bonds and (ii) payout of the Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto. Moneys in the Rebate Fund and the subaccounts therein are not available for the benefit of the Holders of the Bonds and are not pledged to the payment of the Bonds or the interest thereon.

Surplus Fund

The City shall transfer from the Surplus Fund: (i) to the Special Redemption Fund the amount necessary (or all the moneys in the Surplus Fund if less than the amount necessary) to satisfy any deficiencies in payments to such Funds required by the Bond Resolution; (ii) in the event of any transfer of moneys from the Reserve Account to such Reserve Account the amount of any resulting deficiency in such Fund or Account; (iii) such amount as the City may, in its discretion, determine to set aside in reserve for meeting the deficiencies referred to in clauses (i) through (ii) of this paragraph; and (iv) provided that all transfers and reserves therefor referred to in clauses (i) through (iii) of this paragraph shall have heretofore been made, to the Subordinate Obligation Fund the amount, if any, necessary to satisfy any deficiency therein.

Amounts in the Surplus Fund not required to meet a deficiency referred to in the Bond Resolution and as described above shall be applied to any of the following purposes: (1) the Costs of Improvements, or the provision of one or more reserves therefore; (2) the purchase at such price or prices as the City may deem advisable or redemption of any Bonds and expenses of such purchase or redemption at any time; or (3) for any other purpose authorized by the laws of the State of Wisconsin in connection with the Water System, including reimbursement to the City of advances made by the City to the Water System.

Construction Fund

As soon as practicable on the date of delivery of the Bonds of a Series, there shall be deposited in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution. In addition, the City shall deposit in the Construction Fund such moneys other than proceeds of the Bonds as the City shall determine to be proper or appropriate to pay the Costs of Improvements.

The Series Resolution authorizing the issuance of any Series of Bonds (exclusive of Refunding Bonds) may create and establish one or more separate special Series Accounts in the Construction Fund, with such designation as may be appropriate. In the event any interest on such Bonds is to be capitalized from the proceeds of such Bonds, there shall be created in the Construction Fund a special Series Interest Account with such designation as may be appropriate.

Moneys, including proceeds of the Bonds of a Series, which are credited to the Construction Fund or Series Account shall be applied to the payment of the Costs as shall be specified in the applicable Series Resolution. Any balance remaining in the Construction Fund or such Series Account upon completion of payment of such Costs may be used for any lawful purpose of the City; provided that the City shall have obtained an Opinion of Counsel that any such application will not impair the exemption from Federal income taxation of interest on any of the Tax-exempt Bonds.

Moneys credited to a Series Interest Account shall be used for the purpose of paying interest on the Bonds of designated Series. On or before the fifth (5th) day preceding the end of the month next preceding the maturity of an installment of interest on the Bonds for the payment of which moneys have been credited to a Series Interest Account, the City shall transfer from a Series Interest Account for credit to the Special Redemption Fund an amount which, together with any moneys theretofore held in the

Special Redemption Fund, shall be sufficient to pay such next maturing installment of interest on such Bonds.

Payments from the Construction Fund shall be as specified in the Series Resolution authorizing the issuance of a Series of Bonds.

Moneys, including proceeds of the Bonds, in the Construction Fund, pending their application as provided in the Bond Resolution and Series Resolution shall be subject to a prior and paramount lien and charge in favor of the Holders of the Bonds, and the Holders of the Bonds shall have a valid claim on such moneys for the further security of the Bonds until paid out or transferred as provided in the Bond Resolution. In the event that there is an insufficiency in the Special Redemption Fund to pay Debt Service after all transfers, have been made pursuant to and in accordance with the Bond Resolution, the City shall transfer from the Construction Fund such amount (or all remaining amounts in such Construction Fund) as is deemed necessary by the Comptroller of the City for deposit in the Special Redemption Fund, which, together with the amounts then on credit to the Special Redemption Fund, is sufficient to pay Debt Service.

Operation and Maintenance Fund

Amounts in the Operation and Maintenance Fund and any subaccount therein, pending their application, shall be subject to a prior and paramount lien and charge in favor of the Holders of the Bonds, and the Holders of the Bonds shall have a valid claim on such moneys for the further security of the Bonds until paid out or transferred as provided in the Bond Resolution. In the event that there is an insufficiency in the Special Redemption Fund to pay Debt Service after all transfers have been made pursuant to and in accordance with the Bond Resolution, the City shall transfer from the Operation and Maintenance Fund such amount as is deemed necessary by the Comptroller of the City for deposit in the Special Redemption Fund, which, together with the amounts then on deposit in the Special Redemption Fund, is sufficient to pay Debt Service.

Amounts in the Operation and Maintenance Fund shall be used to pay Operation and Maintenance Expenses.

Investment of Funds

Moneys in the Special Redemption Fund shall, to the fullest extent practicable and reasonable, be invested and reinvested solely in noncallable Investment Securities which shall mature or be subject to redemption at the option of the holder thereof on or prior to the respective dates when the moneys in the Special Redemption Fund will be required for the purposes intended. Moneys in a Reserve Account not required for immediate disbursement for the purpose for which the Reserve Account is created shall, to the fullest extent practicable and reasonable, be invested and reinvested solely in, and obligations deposited in the Reserve Account shall be, noncallable investment Securities which shall mature or be available at par at or prior to three (3) years from the date of investment thereof.

Moneys in the Revenue Fund not required for immediate disbursement for the purpose for which such Fund is created shall, to the fullest extent practicable and reasonable, be invested and reinvested to the extent allowed by law, solely in, and obligations deposited in such Fund shall be, Investment Securities which shall mature or be subject to redemption or payment at the option of the holder thereof, not later than such times as shall be necessary to provide moneys when needed to provide payments from such Fund.

Moneys in the Construction Fund not required for immediate disbursement for the purposes for which said Fund is created shall, to the fullest extent practicable and reasonable, be invested and

reinvested to the extent allowed by law, solely in, and obligations deposited in such Fund shall be, Investment Securities which shall mature or be subject to redemption or payment at par at the option of the holder thereof not later than such times as shall be necessary to provide moneys when needed to provide payments from such Fund or Account.

To the extent permitted in the Bond Resolution, all income received from the investment or reinvestment of moneys in the Funds and Accounts established thereunder shall be deposited in the respective Fund and Account from which such investments are made and applied as a credit against the next succeeding deposit or credit required to be made pursuant to the Bond Resolution; provided, however, that, except as to the Subordinate Obligation Fund, all or a portion of the income received from the investment or reinvestment of moneys in any such Fund and Account may be deposited in the Revenue Fund or the Construction Fund, including a Series Interest Account therein; and provided further, however, that all income received from the investment or reinvestment of moneys in any Series Interest Account shall be credited to the Special Redemption Fund.

Covenants

The City has covenanted and agreed in the Bond Resolution with the holders of all Bonds issued pursuant to the Bond Resolution as follows:

Maintenance of the Properties of the Water System; Keeping the Water System in Good Repair. The City will: (i) maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the Water System and all additions and betterments thereto and extensions thereof, and every part and parcel thereof in good repair, working order and condition; (ii) from time to time make, or cause to be made, all necessary and proper repairs, renewals, replacements, additions, extensions and betterments thereto, so that at all times the business carried on in connection therewith shall be properly and advantageously conducted; and (iii) comply, or cause to be complied, with the terms and conditions of any permit or license for the Water System or any part thereof issued by any Federal or State governmental agency or body and with any Federal or State law or regulation applicable to the construction, operation, maintenance and repair of the Water System or requiring a license, permit or approval therefor.

Rates and Charges. The City will fix, charge and collect such Water Services Charges as shall be required in order that in each Fiscal Year the Net Revenues shall be not less than the Net Revenue Requirement for such Fiscal Year. The failure in any Fiscal Year to comply with the foregoing rate covenant does not constitute an Event of Default if the City shall comply with requirements described in the next paragraph.

Prior to the end of each Fiscal Year the Commissioner of Public Works of the City shall complete a review of the financial condition of the Water System for the purpose of estimating whether the Net Revenues for such Fiscal Year and for the next succeeding Fiscal Year will be sufficient to comply with the rate covenant described in the Bond Resolution and described above and shall by a Written Certificate of the City make a determination with respect thereto. Such review shall take into consideration the completion of any uncompleted Improvement and the issuance of future Series of Bonds if necessary to finance the completion of such Improvements. Such Written Certificate shall set forth a reasonably detailed statement of the actual and estimated Revenues, Operation and Maintenance Expenses, Aggregate Debt Service, and any other estimates or assumptions upon which such determination was based, and shall be filed with the City Clerk on or before July 1 in each year. If it is determined in such Written Certificate that the Revenues may not be so sufficient, the Commissioner of Public Works of the City shall forthwith make a study for the purpose of determining a schedule of Water Service Charges which, in the opinion of the Commissioner of Public Works, will cause sufficient Revenues to be collected in the following Fiscal Year to comply with such rate covenant in and will cause additional

Revenues to be collected in such following and later Fiscal Year sufficient to eliminate the amount of any deficiency at the earliest practicable time, or the Commissioner of Public Works may elect to cause the Consulting Engineer to make such a study and render such opinion. The Common Council shall as promptly as practicable but no later than the one hundred twenty (120) days following such determination by the Commissioner of Public Works, or receipt of the Consulting Engineer's recommendation, adopt and place in effect a schedule of Water Service Charges as so determined or recommended in accordance with the Bond Resolution.

Sale, Lease or Other Disposition of Properties of the Water System. The properties of the Water System shall not be sold, mortgaged, leased or otherwise disposed of except as described below.

The properties of the Water System may be sold, leased, or otherwise disposed of in their entirety if, simultaneously with such sale, lease or other disposition thereof, provision is made for the payment of all Bonds then Outstanding and such Bonds are no longer deemed Outstanding within the meaning of the Bond Resolution.

Any portion of the properties of the Water System may be sold, leased, or otherwise disposed of on such terms and conditions as may be determined by the City if the value of such portion of the properties as of the date of such sale, lease or disposition does not exceed five percent (5%) of the net book assets of the Water System as of the last day of the preceding Fiscal Year as shown in the most recent audited financial statements of the City. Any part of the properties of the Water System having a value as of the date of the sale, lease or disposition which exceeds five percent (5%) of the net book assets of the Water System as of the last day of the preceding Fiscal Year as shown in the most recent audited financial statements of the City may be sold, leased, or otherwise disposed of if the Consulting Engineer shall certify to the City in writing that the terms and conditions of the proposed sale, lease or other disposition of any such properties are fair and reasonable, and that the estimated Revenues to be derived from the remaining properties of the Water System, after taking into consideration the use by the City of the proceeds of such proposed sale, lease or other disposition of such properties, will be sufficient to enable the City to comply with all covenants and conditions of the Bond Resolution. Proceeds of any sale, lease or other disposition of any portion of the properties of the Water System pursuant to this paragraph shall be paid into the Special Redemption Fund and applied to the purchase or redemption of Bonds or into the Revenue Fund and applied by the City for the purpose of constructing extensions, betterments or improvements to the Water System as the City shall determine.

Buildings and any other portion of the works, plant and facilities of the Water System and real and personal property comprising a part thereof, which, in the opinion of the Commissioner of Public Works, shall have become unserviceable, inadequate, obsolete, worn out, or unfit to be used in the operation of the Water System, or no longer necessary, material to, or useful in such operation may be sold, leased, or otherwise disposed of. Proceeds of any such sale, lease or other disposition of any portion of the properties of the Water System pursuant to this paragraph shall be paid into the Revenue Fund.

If permitted by the laws of the State, the City may transfer without consideration the properties comprising the Water System to a public corporation or political subdivision of the State; provided such corporation or subdivision assumes all of the City's or the City's obligations and duties under the Bond Resolution.

In the event that any part of the properties of the Water System shall be transferred from the City through the operation of law (including condemnation), any moneys received by the City as a result thereof shall be paid: (i) if such proceeds are not in excess of \$250,000, into the

Revenue Fund; or (ii) if such proceeds are in excess of \$250,000; (a) into the Special Redemption Fund and or (b) into the Construction Fund and used to finance Improvements.

Insurance. Except as provided for in the next paragraph, the City shall keep, or cause to be kept, the works, plants and facilities comprising the properties of the Water System and the operations thereof insured to the extent available at reasonable cost with responsible insurers, with policies payable to the City, against risks of direct physical loss, damage to or destruction of the above-ground structures, and the equipment and contents therein, of the Water System arising from accidents, casualties or negligence, and other causes customarily insured against, at least to the extent that similar insurance is usually carried by utilities operating like properties, including liability insurance and workers' compensation insurance; provided, however, that any time while any contractor engaged in constructing any part of the Water System shall be fully responsible therefor, the City shall not be required to keep such part of the Water System insured. All policies of insurance shall be for the benefit of the Holders of the Bonds and the City as their respective interests may appear.

In the event of any loss or damage to the properties of the Water System covered by insurance, the City will: (i) with respect to each such loss, promptly repair and reconstruct to the extent necessary to the proper conduct of the operations of the Water System the lost or damaged portion thereof and shall apply the proceeds of any insurance policy or policies covering such loss or damage for that purpose to the extent required therefor, unless, in case of loss or damage involving \$250,000 or more, the City shall determine that such repair and reconstruction not be undertaken; and (ii) if the City shall not use the entire proceeds of such insurance to repair or reconstruct such lost or damaged property, the proceeds of such insurance policy or policies or any portion thereof not used for such repair or reconstruction, as the case may be, shall be paid into the Revenue Fund. If the City does not obtain insurance from responsible insurers as provided for in the Bond Resolution, and the City fails to carry insurance against any of the risks normally insured against by operators of facilities similar to the Water System, it must secure the concurrence of an independent insurance consultant. In making its decision whether to concur, the independent insurance consultant shall: (i) make an estimate of the added financial risks, if any, assumed by the City as a result of the failure to insure; (ii) consider the availability of commercial insurance, the terms upon which such insurance is available and the costs of such available insurance, and the effect of such terms and costs upon the City's costs and charges for its services; and (iii) determine whether the added financial risk, if any, being assumed by the City is prudent in light of the savings to be realized in light of the general availability of insurance.

The City may include insurance required by the Bond Resolution as part of a blanket insurance policy of the City.

Consulting Engineer. The Common Council or the Commissioner of Public Works may from time to time retain and appoint, as Consulting Engineer, an independent consulting engineer or engineering firm or corporation having special skill, knowledge and experience in analyzing the operations of water systems, preparing rate analyses, forecasting the loads and revenues of water systems, preparing feasibility reports respecting the financing of Water systems and advising on the operation of Water facilities, who shall be available to advise the City, upon request, and to make such investigations and determinations as may be necessary from time to time under the provisions of the Bond Resolution.

Books of Account; Annual Audit. The City will maintain and keep proper books of account relating to the Water System and in accordance with generally accepted accounting principles. Within two hundred forty (240) days after the end of each Fiscal Year, the City shall cause such books of account to be audited by an independent certified public accountant. The audit required by the Bond Resolution may be part of a comprehensive audit of the City; provided that the Water System in such audit is treated as an "enterprise fund" and the revenues and expenses of the Water System are stated in a manner which

permits identification by category of the sources and uses of the Revenues. A copy of each audit report shall be prepared in conformity with generally accepted accounting principles and shall be filed promptly with the Common Council.

Punctual Payment of Bonds. The City will duly and punctually pay, or cause to be paid, but only from the Revenues, income and other funds specified in the Bond Resolution, the principal and Redemption Price (if any) of, and interest on, each and every Bond on the dates and at the places, and in the manner provided in the Bonds according to the true intent and meaning thereof, and the City shall faithfully do and perform and at all times fully observe and keep any and all of its covenants, undertakings, stipulations and provisions contained in the Bonds and in the Bond Resolution.

Payment of Taxes and Other Claims. The City shall from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or payments in lieu thereof, lawfully imposed upon the properties of the Water System (or any part thereof) or upon the Net Revenues or income received therefrom when the same shall become due, as well as all lawful claims for labor, material and supplies, which, if not paid, might become a lien or charge upon said properties or any part thereof, or upon the Revenues derived from the ownership or operation of the Water System, or which might in any way impair the security of the Bonds, except any such assessments, charges or claims which the City shall in good faith contest as to validity.

Extension of Payment of Bonds. The City will not, directly or indirectly, extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Bond Resolution, to the benefit of the Bond Resolution or to any payment out of any assets of the City or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to the Bond Resolution) held by the Paying Agents, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing in the Bond Resolution shall be deemed to limit the right of the City to issue Refunding Bonds as provided in the Bond Resolution and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Sound Improvements and Extensions. The City shall not expend any of the income, revenues, receipts, profits and other moneys derived by it from the ownership or operation of the Water System for any renewals, replacements, additions, betterments and improvements to, or extensions of, the Water System which, in the sole opinion of the Commissioner of Public Works, will not properly and advantageously contribute to the conduct of the business of the Water System in an efficient and economical manner unless required to do so to permit the continued operation of the Water System or to preserve or protect the Water System.

Further Assurances. The City shall, at any and all times, insofar as it may be authorized so to do, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming any and all of the rights, Revenues and other funds hereby pledged or charged with or assigned to the payment of the Bonds or intended so to be, or which the City or the City may hereafter become bound to pledge or charge or assign.

Protection of Security. The City is duly authorized under all applicable law to create and issue the Bonds, to adopt the Bond Resolution and to pledge the Revenues and other moneys, securities and funds purported to be pledged by the Bond Resolution in the manner and to the extent provided in the Bond Resolution. The Revenues and other moneys, securities and funds so pledged are and will be free

and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Bond Resolution, except as otherwise expressly provided therein, and all action on the part of the City to that end has been duly and validly taken. The Bonds are and will be valid and legally enforceable obligations of the City in accordance with their terms and the terms of the Bond Resolution. The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under the Bond Resolution and all the rights of the Bondholders hereto against all claims and demands of all persons whomsoever.

Exclusion of Interest on Tax-exempt Bonds for Federal Income Taxation Purposes. In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Tax-exempt Bonds of any Series, the City shall comply with the provisions of the Code applicable to such Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of such Bonds, reporting of earnings on the Gross Proceeds of such Bonds, and rebates of Rebatable Amount to the United States Treasury Department. In furtherance of the foregoing, the City shall comply with the Tax Certificate relating to such Bonds or such instructions as may be delivered by Bond Counsel at the time such Bonds are issued as to compliance with the Code with respect to such Bonds, as such instructions may be amended from time to time, as a source of guidance for achieving compliance with the Code.

The City shall not take any action or fail to take any action with respect to the application and investment of Gross Proceeds of Tax-exempt Bonds or use, ownership or management of the Water System or any facility or project thereof or any Improvement thereto which would cause a failure to comply with the provisions of Sections 103 and 141 to 150 of the Code, such covenant to be effective (i) throughout the term of such Bonds, and (ii) through the date that the final rebate, if any, must be made to the United States Treasury Department in accordance with Section 148 of the Code with respect to such Bonds.

Notwithstanding any other provision hereof to the contrary, the City's failure to comply with the provisions of the Code applicable to the Tax-exempt Bonds of a Series shall not entitle the Holder of Bonds of any other Series, or any trustee acting on their behalf, to exercise any right or remedy provided to Holders of Bonds under the Bond Resolution based upon the City's or the City's failure to comply with the provisions of the Bond Resolution or of the Code.

Annual Budget. As part of the City's annual budgeting process, the City shall prepare and include a budget for the Water System for the ensuing Fiscal Year. Each budget shall: (i) set forth in reasonable detail amounts required for repair, replacement or reconstruction of the Water System and major or extraordinary repairs, renewals or replacements of the Water System, if any, for the period to be covered by such budget; (ii) specify the amounts to be set aside for the purposes set forth in clause (i) hereof and the amounts to be deposited in the Funds created under the Bond Resolution and the amounts to be maintained in the Revenue Fund for working capital and operating reserves for such purposes for such period, and (iii) project the amounts required for such purposes for the next five Fiscal Years in such format as the Commissioner of Public Works shall determine. A copy of each such report shall be filed and maintained in the records of the City.

Events of Default

Each of the following events constitutes an Event of Default under the Bond Resolution:

- (a) if payment of the principal and Redemption Price (if any) of any Bond, shall not punctually be made when due and payable, whether at the stated maturity thereof or upon proceedings for the redemption thereof (whether by voluntary redemption or a mandatory sinking fund redemption or otherwise);

- (b) if payment of the interest on any Bond shall not punctually be made when due;
- (c) if the provisions of any Series Resolution with respect to mandatory Sinking Fund Installment payments or the redemption of Term Bonds therefrom, as the case may be, shall not punctually be complied with at the time and in the manner specified in such Series Resolution;
- (d) if the City shall fail to duly and punctually perform or observe any other of the covenants, agreements or conditions contained in the Bond Resolution or in the Bonds, on the part of the City to be performed, and such failure shall continue for ninety (90) days after written notice thereof from the Holders of not less than twenty percent (20%) of the Bonds then Outstanding; provided, that if such failure shall be such that it cannot be corrected within such ninety (90) day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected; and
- (e) if the City shall: (i) admit in writing its inability to pay its debts generally as they become due; or (ii) file a petition in bankruptcy or seeking a composition of indebtedness under the provisions of any Federal or state bankruptcy or similar law; or (iii) make an assignment for the benefit of its creditors; or (iv) file a petition or any answer seeking relief under the provisions of any Federal or state bankruptcy or similar law, or (v) consent to the appointment of a receiver of the whole or any substantial part of the Water System; or (vi) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City, or of the whole or any substantial part of the Water System.

Acceleration of Bonds

If an Event of Default shall happen and shall not have been remedied, then and in every such case the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding, by notice in writing to the City, may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable. The right of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding to make any such declaration, however, shall be subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by the City under the Bond Resolution (except the principal on and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the City or provision satisfactory to the Holders of a majority in principal amount of the Bonds then Outstanding shall be made for such payment, and all defaults under the Bonds or under the Bond Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be cured or be secured to the satisfaction of the Holders of a majority in principal amount of the Bonds then Outstanding or provision deemed by such Holders of the Bonds to be adequate shall be made therefor, then and in every such case the Holders of a majority in principal amount of the Bonds then Outstanding, by written notice to the City, may rescind such declaration and annul such default in its entirety, but no such rescission shall extend to or affect any subsequent default or impair or exhaust any resulting right or power.

Application of Revenues in an Event of Default

During the continuance of an Event of Default as defined in items (a) through (c) of the Events of Default described above or of any other Event of Default resulting in an Event of Default as defined in

items (a) through (c) of the Events of Default described above, the Revenues received by a receiver appointed pursuant to the Bond Resolution as the result of the taking of possession of the business and properties of the Water System, shall be applied by the receiver: first, to the payment of all necessary and proper Operation and Maintenance Expenses of the Water System and all other proper disbursements or liabilities made or incurred by the receiver; second, to the then due and overdue payments into the Special Redemption Fund, including the making up of deficiencies therein; and last, for any lawful purpose in connection with the Water System.

In the event that at any time the funds held by the receiver are insufficient for the payment of the principal and Redemption Price (if any) of, and interest then due on, the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds and all Revenues and other moneys received or collected for the benefit or for the account of Holders of the Bonds by the receiver shall be applied as follows:

- (1) Unless the principal of all of the Bonds shall have become due and payable,

First, to the payment of all necessary and proper Operation and Maintenance Expenses of the Water System and all other proper disbursements or liabilities made or incurred by the receiver;

Second, to the payment to the persons entitled thereto of all installments of interest then due (including any interest on overdue principal) in the order of the maturity of such installments, earliest maturities first, and if the amounts available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amount due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, to the payment to the persons entitled thereto of the principal and premium, if any, due and unpaid upon the Bonds at the time of such payment without preference or priority of any Bond over any other Bonds, ratably, according to the amounts due respectively for principal and redemption premium, without any discrimination or preference.

- (2) If the principal of all of the Bonds shall have become due and payable,

First, to the payment of all necessary and proper Operation and Maintenance Expenses of the Water System and all other proper disbursements or liabilities made or incurred by the receiver;

Second, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bonds, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied pursuant to the foregoing paragraphs, such moneys shall be applied by the receiver at such times, and from time to time, as it in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

If and whenever any overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses, and liabilities of the Holders of the Bonds, their respective agents and attorneys, and all other sums payable by the City under the Bond Resolution including the principal and

Redemption Price (if any) of all Bonds which shall then be payable, shall either be paid in full by or for the account of the City or provision satisfactory to the receiver shall be made for such payment, and all defaults under the Bond Resolution or the Bonds shall be made good and secured to the satisfaction of the receiver or provision deemed by the receiver to be adequate therefor, the receiver shall pay over to the City all of its moneys, securities, funds and Revenues then remaining unexpended in the hands of the Bondholders' Committee described in the Bond Resolution, control of the business and possession of the property of the City shall be restored to the City, and thereupon the City shall be restored to its former positions and rights under the Bond Resolution, and all Revenues shall thereafter be applied as provided in the Bond Resolution. No such payment over to the City by the receiver or resumption of this application of Revenues as provided in the Bond Resolution, shall extend to or affect any subsequent default under the Bond Resolution or impair any right consequent thereon.

Suits at Law or Equity and Mandamus; Appointment of a Receiver

If an Event of Default shall happen and shall not have been remedied, then and in every such case, but subject to the provisions, limitations and conditions as set forth in the Bond Resolution so far as the remedies thereunder are concerned, the Holder of any Bond at the time Outstanding shall be entitled, for the equal benefit and protection of all Holders of the Bonds similarly situated, to proceed, protect and enforce the rights vested in such Holder by the Bond Resolution by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action of law, whether for the specific performance of any covenant or agreement contained in the Bond Resolution, or in aid of the exercise of any power granted in the Bond Resolution, or to enforce any other legal or equitable right vested in the Holders of Bonds by the Bond Resolution or by law; provided, however, that no judicial proceeding shall be brought seeking the appointment of a receiver to take possession of the Water System or to manage, receive and apply the Revenues unless the Holders of not less than a majority in principal amount of the Bonds then Outstanding or a Bondholders' Committee representing the Holders of not less than a majority in principal amount of the Bonds then Outstanding shall have joined in or consented to such proceeding.

Remedies Not Exclusive; Waivers of Default; Abandonment of Proceedings; Adverse Determination

No remedy by the terms of the Bond Resolution conferred upon or reserved to the Holders of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given thereunder to the Holders of the Bonds or now or hereafter existing at law or in equity or by statute.

No delay or omission of any Holder of Bonds to exercise any right or power arising upon the occurrence of a default under the Bond Resolution, including an Event of Default, shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein. Every power and remedy given by this Article to the Holders of Bonds may be exercised from time to time and as often as may be deemed expedient by such Holders.

In case the Holders of the Bonds or a Bondholders' Committee formed pursuant to the Bond Resolution shall have proceeded to enforce any right under the Bond Resolution and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Holders of the Bonds or such Bondholders' Committee, then and in every such case the City and the Holders of the Bonds shall be restored to their former positions and rights under the Bond Resolution, and all rights, remedies and powers of the Holders of the Bonds shall continue as if no such proceedings had been taken.

Amending and Supplementing of the Bond Resolution

Amending and Supplementing of the Bond Resolution Without Consent of Holders of Bonds. The City, from time to time and at any time and without the consent or concurrence of any Holder of any Bond, may adopt a Series Resolution (i) for the purpose of providing for the issuance of Bonds pursuant to the Bond Resolution; (ii) to make any changes, modifications, amendments or deletions hereto which may be required to permit the Bond Resolution to be qualified under the Trust Indenture Act of 1939 of the United States of America; or (iii) if the rights of the Holders of the Bonds then Outstanding shall not be materially adversely affected thereby, a Supplemental Resolution for any one or more of the following purposes:

1. to make any changes or corrections in the Bond Resolution as to which the City shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Bond Resolution, or to insert in the Bond Resolution such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable;
2. to add additional covenants and agreements of the City for the purpose of further securing the payment of the Bonds;
3. to surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Bond Resolution;
4. to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge, or charge, created or to be created by the provisions of the Bond Resolution;
5. to grant to, or to confer upon, the Holders of the Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them; and
6. to modify in any other respect any of the provisions of the Bond Resolution.

Except for Series Resolutions authorizing the issuance of Bonds pursuant hereto, the City shall not adopt any Supplemental Resolution described above and as provided for in the Bond Resolution unless in the Opinion of Counsel (which opinion may be combined with the opinion required by the Bond Resolution) the adoption of such Supplemental Resolution is permitted by the purposes described above and as provided for in the Bond Resolution and the provisions of such Supplemental Resolution do not materially adversely affect the rights of the Holders of the Bonds then Outstanding.

The City shall furnish a notice of each amendment or supplement described above and a copy of the Supplemental Resolution effecting such amendment or supplement to each Rating Agency which has rated the Bonds at least fifteen (15) days prior to the effective day of the Supplemental Resolution.

Amendment of Bond Resolution With Consent of Holders of Bonds. With the consent of the Holders of not less than a majority of the Bonds then Outstanding, the City from time to time and at any time may adopt a resolution amendatory hereof or supplemental for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Bond Resolution, or modifying or amending the rights and obligations of the City thereunder, or modifying or amending in any manner the rights of the Holders of the Bonds then Outstanding; provided however, that without the specific consent of the Holder of each such Bond which would be affected thereby, no Supplemental Resolution amending or supplementing the provisions hereof shall: (1) change the fixed maturity date for the

payment of the principal of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the Redemption Price (or the redemption premium) payable upon the redemption or prepayment thereof, or (2) reduce the aforesaid percentage of Bonds, the Holders of which are required to consent to any Supplemental Resolution amending or supplementing the provisions of the Bond Resolution; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby; or (4) authorize the creation of any pledge of the Revenues and other moneys pledged thereunder, prior, superior or equal to the pledge of and lien and charge thereon created for the payment of the Bonds except to the extent provided in the Bond Resolution; or (5) deprive any Holder of the Bonds in any material respect of the security afforded by the Bond Resolution; provided further, however, that without the specific consents of the Holders of not less than a majority in principal amount of the Term Bonds then Outstanding and affected thereby, no Supplemental Resolution amending or supplementing the provisions of the Bond Resolution shall (a) change the amount of any Sinking Fund Installments for the retirement of Term Bonds or the due dates of such installments or the terms for the purchase or redemption thereof from such installments, or (b) reduce the aforesaid percentage of Term Bonds, the Holders of which are required to consent to any such Supplemental Resolution. (Nothing in this paragraph, however, shall be construed as making necessary the approval of the Holders of the Bonds of the adoption of any Supplemental Resolution). A modification or amendment with respect to the Revenue Fund or the Special Redemption Fund or a Reserve Account shall not be deemed a change in the terms of payments; provided that no such modification or amendment shall, except upon the consent of the Holders of all Bonds then outstanding affected thereby, reduce the amount or amounts required to be credited to the Special Redemption Fund or a Reserve Account. If any Series of Bonds is insured as to payment of principal and interest, the insurer of such Series of Bonds shall be considered the Holder of such Bonds for purposes of the Bond Resolution.

The City shall furnish a notice of each amendment or supplement and a copy of the Supplemental Resolution effecting such amendment or supplement to each Rating Agency which has rated the Bonds at least fifteen (15) days prior to the effective day of the Supplemental Resolution.

Discharge of Liens and Pledges; Bonds No Longer Outstanding and Deemed to be Paid

Except as otherwise provided in the Bond Resolution with regard to Option Bonds, the obligations of the City under the Bond Resolution and the liens, pledges, charges, trusts, covenants and agreements of the City made or provided for therein, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be Outstanding:

(i) when such Bond shall have been canceled, or shall have been surrendered for cancellation or is subject to cancellation, or shall have been purchased by or on behalf of the City from moneys held under the Bond Resolution; or

(ii) as to any Bond not canceled or surrendered for cancellation or subject to cancellation or so purchased, when payment of the principal and Redemption Price (if any) of such Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment, or otherwise) either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided for by irrevocably depositing with the Paying Agent for such Bond, in trust, and irrevocably appropriating and setting aside exclusively for such payment, either (1) moneys sufficient to make such payment or (2) noncallable Refunded Municipal Obligations or noncallable Government Obligations, maturing as to principal and interest in such amount and at such times as will insure, together with any cash deposit, the availability of sufficient moneys to make such payment, whichever the City deems to be in its best interest, and, if the City determines it to be in

its best interest as verified by an independent nationally recognized firm of certified public accountants in a report delivered to the City and the Comptroller of the City, and all necessary and proper fees, compensation and expenses of the Comptroller of the City and the Paying Agents pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Comptroller of the City and said Paying Agents.

At such time as a Bond shall be deemed to be no longer Outstanding, as aforesaid, such Bond, except for the purposes of any payment from such moneys, Refunded Municipal Obligations or Government Obligations, shall no longer be secured by or entitled to the benefits of the Bond Resolution.

Notwithstanding the foregoing, in the case of a Bond which is to be redeemed or otherwise prepaid prior to its stated maturity, no deposit under clause (b) of subparagraph (ii) of the second paragraph above shall constitute such payment, discharge and satisfaction as aforesaid until such Bond shall have been irrevocably designated for redemption or prepayment and proper notice of such redemption or prepayment shall have been previously given in accordance with the Bond Resolution or provision shall have been irrevocably made for the giving of such notice.

All income from all Refunded Municipal Obligations and Government Obligations in the hands of the Paying Agents which is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited, shall be paid to the City for deposit in the Revenue Fund free and clear of any trust, lien, security interest, pledge or assignment securing any Bonds or otherwise existing under the Bond Resolution.

All moneys, Refunded Municipal Obligations or Government Obligations set aside and held in trust pursuant to the provisions of the Bond Resolution for the payment of Bonds (including interest and premium thereof, if any) shall be applied to and used solely for the payment of the particular Bond (including interest and premium thereof, if any) with respect to which such moneys and Investment Securities have been so set aside in trust. If moneys, Refunded Municipal Obligations or Government Obligations have been deposited or set aside with a Paying Agent for the payment of a specific Bond and such Bond shall be deemed to have been paid and to be no longer Outstanding, but such Bond shall not have in fact been actually paid in full, no amendment to the Bond Resolution shall be made without the consent of the Holder of each Bond affected thereby.

The City may at any time surrender to a Paying Agent for a Series of Bonds for cancellation by it any Bonds of such Series previously executed and delivered, which the City may have acquired in any manner whatever, and such Bonds upon such surrender for cancellation shall be deemed to be paid and no longer Outstanding.

APPENDIX D

**Form of Continuing Disclosure Certificate
and list of EMMA filings for the past 5 years**

[To Be Updated]

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MASTER CONTINUING DISCLOSURE CERTIFICATE

This Master Continuing Disclosure Certificate (the “Certificate”) dated as of December 1, 2010 is executed and delivered in connection with the issuance, from time to time, of municipal securities of the City of Milwaukee, Wisconsin (the “City”) and pursuant to resolution 100846 duly adopted by the Common Council of the City on November 23, 2010 (the “Resolution”). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the City agrees as follows:

ARTICLE I - Definitions

Section 1.1. Definitions. The following capitalized terms used in this Certificate shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) the financial information and operating data as described in an Addendum Describing Annual Report (Exhibit B); and (ii) information regarding amendments to this Certificate required pursuant to Sections 4.2(c) and (d) of this Certificate.

The descriptions contained in clause (i) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a new Addendum Describing Annual Report shall be executed describing the information to be provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the City, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP for governmental units as prescribed by GASB; provided, however, that the City may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification, other than modifications prescribed by GASB, shall be provided to the Repository, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

(3) “Counsel” means a nationally recognized bond counsel or counsel expert in federal securities laws, acceptable to the City.

(4) “GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

(5) “GASB” means the Governmental Accounting Standards Board.

(6) “Material Event” means any of the following events with respect to the Offered Obligations, whether relating to the City or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Offered Obligations, or other events affecting the tax-exempt status of the Offered Obligations;

(vii) modifications to rights of Security Holders, if material;

(viii) bond calls, if material;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Offered Obligations, if material;

(xi) rating changes;

(xii) tender offers;

(xiii) bankruptcy, insolvency, receivership or similar event of the Obligor (as specified in the Addendum Describing Annual Report).

The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligor in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligor, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligor.

(xiv) the consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of substantially all of the assets of the Obligor, other than pursuant to its terms, if material; and

(xv) appointment of a success or additional trustee or the change of name of a trustee, if material.

(7) “Material Event Notice” means notice of a Material Event.

(8) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

(9) “Offered Obligations” means an issue of municipal securities of the City in connection with which the City has executed and delivered a Supplemental Certificate (Exhibit C).

(10) “Official Statement” means the “final official statement” as defined in paragraph (f)(3) of the Rule.

(11) “Repository” means the SID and repository(ies), as designated from time to time by the SEC to receive continuing disclosure filings. The SID, repository(ies), and filing information are set forth in the Addendum Describing Repository and SID (Exhibit A) as may be revised from time to time.

(12) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any amendments and official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

- (13) “SEC” means the United States Securities and Exchange Commission.
- (14) “Security Holders” means the holders from time to time of Offered Obligations.
- (15) “SID” means, at any time, a then-existing state information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. As of the date of this Certificate, there is no SID.
- (16) “State” means the State of Wisconsin.
- (17) “Unaudited Financial Statements” means the same as Audited Financial Statements, except the same shall not have been unaudited.
- (18) “Underwriters” means the underwriter(s) purchasing an issue of Offered Obligations.

ARTICLE II - The Undertaking

Section 2.1. Purpose. This Certificate shall apply to Offered Obligations, and shall constitute a written undertaking for the benefit of the Security Holders, and is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 2.2. Annual Financial Information. (a) The City shall provide Annual Financial Information for the City with respect to each fiscal year of the City, by no later than nine months after the end of the respective fiscal year, to the Repository.

(b) The City shall provide, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) above to the Repository.

Section 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the dates required by Section 2.2(a) hereof, the City shall provide Audited Financial Statements, when and if available, to the Repository.

Section 2.4. Notices of Material Events. (a) If a Material Event occurs, the City shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a Material Event Notice to the Repository.

(b) Upon any legal defeasance of an Offered Obligation, the City shall provide notice of such defeasance to the Repository, which notice shall state whether the Offered Obligations to be defeased have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 2.5. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the City under such laws.

Section 2.6. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or Material Event Notice, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information or Material Event

Notice in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or Material Event Notice.

ARTICLE III - Operating Rules

Section 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the City provides Annual Financial Information by specific reference to documents (i) either (1) provided to the Repository existing at the time of such reference, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from the MSRB.

Section 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 3.3. Material Event Notices. Each Material Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Offered Obligations.

Section 3.4. Transmission of Information and Notices. Transmission of information and notices shall be as prescribed by the SEC and the Repository. The transmission requirements are described in the Addendum Describing Repository.

ARTICLE IV - Termination, Amendment and Enforcement

Section 4.1. Termination. (a) The City's obligations under this Certificate with respect to an Offered Obligation shall terminate upon legal defeasance, prior redemption or payment in full of the Offered Obligation.

(b) This Certificate or any provision hereof, shall be null and void in the event that the City (1) delivers to the City an opinion of Counsel, addressed to the City, to the effect that those portions of the Rule which require the provisions of this Certificate or any of such provisions, do not or no longer apply to the Offered Obligations, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the Repository.

Section 4.2. Amendment. (a) This Certificate may be amended, by written certificate of the Comptroller, without the consent of the Security Holders if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby; (2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the City shall have received an opinion of Counsel addressed to the City, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the Security Holders; and (4) the City delivers copies of such opinion and amendment to the Repository.

(b) In addition to subsection (a) above, this Certificate may be amended and any provision of this Certificate may be waived, without the consent of the Security Holders, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate; (2) the City shall have received an opinion of Counsel to the effect that performance by the City under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a

violation of the Rule; and (3) the City shall have delivered copies of such opinion and amendment to the Repository.

(c) To the extent any amendment to this Certificate results in a change in the types of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, other than changes prescribed by GASB, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the City to the Repository.

Section 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the Security Holders. Beneficial owners of Offered Obligations shall be third-party beneficiaries of this Certificate.

(b) Except as provided in this subparagraph (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the City to comply with the provisions of this Certificate shall be enforceable by the Security Holders, including beneficial owners of Offered Obligations. The Security Holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Certificate and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of Offered Obligations pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be Security Holders for purposes of this subsection (b).

(c) Any failure by the City to perform in accordance with this Certificate shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, I have hereunto executed this Certificate this 1st day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

ADDENDUM DESCRIBING REPOSITORY AND SID

This Addendum Describing Repository (the “Addendum”) is delivered by the City of Milwaukee, Wisconsin (the “Issuer”) pursuant to the Master Continuing Disclosure Certificate, executed and delivered by the Issuer and dated December 1, 2010. This Addendum describes the filing information as specified by the Securities and Exchange Commission.

Repositories

In December, 2008, the Securities and Exchange Commission modified Exchange Act Rule 15c2-12 to require that Continuing Disclosure shall be made to the Electronic Municipal Market Access system administered by the MSRB (“EMMA”). Pursuant to that modification, continuing disclosure filings will be provided to the Municipal Securities Rulemaking Board for disclosure on the EMMA system.

Information submitted to the MSRB for disclosure on the EMMA shall be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SID (State Information Depository)

None.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

**ADDENDUM DESCRIBING ANNUAL REPORT
FOR WATER SYSTEM REVENUE BONDS**

This Addendum Describing Annual Report for Water System Revenue Bonds (the “Addendum”) is delivered by the City of Milwaukee, Wisconsin (the “City”) pursuant to the Master Continuing Disclosure Certificate (the “Certificate”), executed and delivered by the Issuer and dated December 1, 2010. This Addendum describes the content of Annual Financial Information prepared with respect to general obligation debt of the Issuer. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Certificate.

Obligor: The City of Milwaukee, Wisconsin

Content of Annual Financial Information for Issuer:

Audited Financial Statements, if available, or Unaudited Financial Statements of the Issuer.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of December, 2013.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

MM:RL

SUPPLEMENTAL CERTIFICATE

This Supplemental Certificate is executed and delivered by the City of Milwaukee, Wisconsin (the "Issuer") to supplement the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated December 1, 2010. Pursuant to the provisions of the Certificate, the Issuer hereby determines that the Certificate and the Addendum Describing Annual Report, as described below, shall apply to the following issue of obligations:

Name of Obligations:

\$ _____ Water System Revenue Bonds, Series 2016 W10

Addendum Describing Annual Report:

**ADDENDUM DESCRIBING ANNUAL REPORT
FOR WATER SYSTEM REVENUE BONDS**

Date of Issue:

_____, 2016

No Previous Non-Compliance. The Issuer represents that for the period beginning 6 years prior to the date hereof, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

IN WITNESS WHEREOF, this Supplemental Certificate is executed this _____ day of _____, 2016.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

MM:RL

**City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since August 1, 2011**

Date	Submission ID	Description of Filing	CAFRF (1)	
			City	MPS
12/__/2016		OS: Series 2016 W10 Water		
11/__/2016		POS: Series 2016 W10 Water		
10/12/2016	EP752983	OS: Series 2016 M8 MPS RANs		
9/29/2016	EP750542	POS: Series 2016 M8 MPS RANs		
9/23/2016	ES663847	Rating Change: Moody's on RACM Summerfest		
8/16/2016	ES652467	OS: Series 2016 S7 Sewers		
8/3/2016	EP744796	POS: Series 2016 S7 Sewers		
8/2/2016	ES652017	Pension Actuarial Valuation Report, 1/1/16		
8/2/2016	ES651988	Pension Actuarial Valuation Report, 1/1/15		
8/1/2016	ES650872	CAFR, City, 12/31/15	2015	
6/14/2016	ER764909	OS: Series 2016 B6		
6/14/2016	ER764907	OS: Series 2016 N5		
6/1/2016	ES640183	Annual Financial Information: POS Series 2016 N5, B6		
6/1/2016	ES640180	POS: Series 2016 N5, B6		
6/1/2016	EP741451	Failure to file CAFR, City by June 30		
5/12/2016	EP735406	OS: Series 2016 T4		
5/12/2016	EP735405	OS: Series 2016 N2, B3		
5/12/2016	EP735402	OS: Series 2016 R1		
5/2/2016	ER755640	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
4/26/2016	EP735155	POS: Series 2016 T4		
4/26/2016	EP735154	POS: Series 2016 N2, B3		
4/26/2016	EP735152	POS: Series 2016 R1		
3/8/2016	ES622894	Rating Change: Moody's on RACM (MPS NSI) to "A1" and "A2"		
1/4/2016	ES611748	CAFR, MPS, 6/30/15		2015
1/4/2016	ES611742	Bond Call: 2006 B2		
11/19/2015	EP705011	Reoffering Circular, Series 2012 V10		
10/5/2015	ER730150	OS Series 2015 M7 MPS RANs		
9/22/2015	ES596432	POS: Series 2015 M7 MPS RANs		
9/10/2015	EA600555	CAFR, City, 12/31/14, previous file replaced with final formatting		
7/31/2015	EA600555	CAFR, City, 12/31/14, raw formatting (archived)	2014	
7/1/2015	ER718386	Bond Call: 2005 B10, 2019-2022 maturities		
7/1/2015	ER716342	Bond Call: 2005 B10, 2016-2018 maturities		
6/29/2015	ER713827	Bond Call: RACM 2005A (MPS Congress Craig Fratney)		
6/26/2015	ER712870	Official Statement RACM 2015A MPS QSCB		
6/4/2015	EP687877	Failure to file CAFR, City by June 30		

(1) The current requirement for the City's audit to be filed is by June 30th. In 2018, or when the 2001-A Bonds are defeased, the new requirement will be by September 30th. MPS's audit is required to be filed by March 31st.

**City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since August 1, 2011**

Date	Submission ID	Description of Filing	CAFRF (1)	
			City	MPS
5/26/2015	EP685340	OS Series 2015 T4		
5/26/2015	EP685338	OS Series 2015 N2 B3		
5/26/2015	EP685335	OS Series 2015 R1		
5/8/2015	ER699706	POS: Series 2015 R1, N2, B3, and T4		
5/1/2015	ER697247	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
1/30/2015	EA572313	CAFR, MPS, 6/30/14		2014
1/23/2015	EA566970	Bond Call: 2005 B2, 2018-2022 maturities		
1/20/2015	EA564896	Bond Call: 2005 A5		
1/8/2015	ER670752	Bond Call: 2005 B2, 2018-2022 maturities		
12/31/2014	ER667442	Bond Call: 2005 B2		
10/23/2014	ER645647	Successor Trustee: 2009 M6, and 2010 M6 QSCB		
10/14/2014	EA543863	OS Series 2014 M4		
10/7/2014	EA472095	2012 CAFR, City updated to also be the AFI filing		
10/1/2014	EP666595	POS Series 2014 M4		
7/31/2014	ER639237	CAFR, City, 12/31/13	2013	
7/29/2014	ER637373	Pension Actuarial Valuation Report, 1/1/13		
7/29/2014	ER637379	Pension Actuarial Valuation Report, 1/1/14		
7/18/2014	ER635579	Successor Trustee, 2003 RACM Pension Bonds		
7/14/2014	EA521008	Bank Loan, Series 2013 T4, PNC Line		
6/3/2014	ER626851	Failure to file CAFR, City by June 30		
5/9/2014	EA508249	Official Statement with updated financial information		
5/9/2014	EA508254	Official Statement with updated financial information		
5/9/2014	EA508256	Official Statement with updated financial information		
4/11/2014	EP645783	Rating Change: Moody's on City to "Aa3"		
1/30/2014	ER606473	Bond Call: Series 2004 B1		
12/29/2013	ER598943	CAFR, MPS, 6/30/13		2013
10/18/2013	ER579753	Official Statement with updated financial information		
9/13/2013	ER570974	CAFR, City, 12/31/11 (color)		
9/13/2013	ER570972	Official Statement with updated financial information		
8/20/2013	EA472095	CAFR, City, 12/31/12	2012	
6/26/2013	EA461298	Failure to file CAFR, City by June 30		
6/26/2013	EA461481	Bond Call: RACM 2003A (MPS NSI)		
6/17/2013	EA457491	Bond Call: RACM 2005A (MPS Congress Craig Fratney)		
5/15/2013	EA454755	Bond Call: 2004 B1		
5/15/2013	EA454753	Bond Call: 2003 B6		
5/15/2013	EA454742	Refunding: 2003 B6, 2004 B1, RACM 2005A		
5/1/2013	EP614626	Bond Call: Sewer 2003		
4/11/2013	EP612596	Bond Call: RACM 2002A (MPS NSI)		
4/2/2013	EP608693	Bond Call: Sewer 2003 S4		

**City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since August 1, 2011**

Date	Submission ID	Description of Filing	CAFRF (1)	
			City	MPS
2/18/2013	EA438554	CAFR, MPS, 6/30/12 (Revised)		
2/6/2013	EA440349	Bond Call: 2003 B1		
12/28/2012	ER529554	CAFR, MPS, 6/30/12		2012
10/3/2012	EP573117	Rating Change: Fitch on City to "AA"		
8/9/2012	EP557070	Bond Call: Series Y		
8/4/2012	EP555645	City Pension Actuarial Valuation Report, 1/1/12		
8/1/2012	ER517058	CAFR, City, 12/31/11 (black and white)	2011	
7/24/2012	ER513579	Bond Call: Series Y		
6/27/2012	ER506658	Failure to file CAFR, City by June 30		
5/4/2012	EP532107	Official Statement with updated financial information		
5/4/2012	EP532139	Defeasance: Series Y, 2003 B1, 2004 B1, 2005 B2, 2005 B10		
4/23/2012	ER498389	Bond Call: Series 2005 V8		
4/18/2012	ER496979	Bond Call: Sewer 2001		
4/16/2012	ER496146	Rating Change: Moody's on City to "Aa2"		
2/7/2012	ER488520	Bond Call: Series W		
2/1/2012	ER486957	Bond Call: Series W		
12/29/2011	ER471009	CAFR, MPS, 6/30/11		2011
12/9/2011	ER460717	Rating Change: S&P on Assured Guarantee to "AA-"		
10/3/2011	EP491777	Bond Call: Series 2005 V8		
8/29/2011	EP470073	CAFR, City, 12/31/10	2010	

(1) The current requirement for the City's audit to be filed is by June 30th. In 2018, or when the 2001-A Bonds are defeased, the new requirement will be by September 30th. MPS's audit is required to be filed by March 31st.

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APPENDIX E

Book-Entry-Only System

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BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from DTC, and the City and the Underwriters take no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Series 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U. S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds;

DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2016 Bonds purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Series 2016 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 Bonds, on DTC's records, to Agent. The requirement for physical delivery of Series 2016 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2016 Bonds to Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note or Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE CITY, THE PAYING AGENT NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2016 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE SERIES 2016 BONDS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE SERIES 2016 BONDS; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF SERIES 2016 BONDS.

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APPENDIX F

Official Notice of Sale and Bid Form

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**OFFICIAL NOTICE OF SALE AND
OFFICIAL BID FORM**

FOR

\$10,000,000*
**CITY OF MILWAUKEE, WISCONSIN
WATER SYSTEM REVENUE BONDS
SERIES 2016 W10**

Sale Data:

SALE DATE AND TIME:

Thursday, December 1, 2016
10:00 a.m. Central Time

PLACE OF ACCEPTANCE FOR SEALED BIDS:

City of Milwaukee
Office of the City Comptroller
City Hall, Room 404
200 E. Wells St.
Milwaukee, Wisconsin 53202

Bids will also be accepted electronically
via PARITY®

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

CITY OF MILWAUKEE, WISCONSIN

\$10,000,000* WATER SYSTEM REVENUE BONDS, SERIES 2016 W10

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the "City"), will receive sealed bids and electronic bids until 10:00 A.M., Central Time, on Thursday, the

1st DAY OF DECEMBER, 2016

at the Office of the City Comptroller, in said City, for the purchase of Ten Million Dollars (\$10,000,000)* Water System Revenue Bonds, Series 2016 W10 (the "Bonds"). Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event PARITY is not accessible during the 30 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City's Public Debt Commission scheduled for 4:00 P.M. Central Time on December 1, 2016. *Information regarding the Bonds is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

Details of the Bonds

The expected Date of Delivery is December 15, 2016 (the "Date of Delivery"). The Bonds will be dated as of the Date of Delivery, and will bear interest payable commencing on June 1, 2017 and semiannually thereafter on June 1 and December 1. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds mature on June 1, in each of the years and in the principal amounts as follows:

<u>Maturing (June 1)</u>	<u>Amount *</u>	<u>Maturing (June 1)</u>	<u>Amount *</u>
2017	\$ 440,000	2027	\$ 490,000
2018	435,000	2028	500,000
2019	440,000	2029	510,000
2020	445,000	2030	520,000
2021	450,000	2031	535,000
2022	455,000	2032	555,000
2023	460,000	2033	565,000
2024	465,000	2034	580,000
2025	475,000	2035	595,000
2026	480,000	2036	610,000

The Bonds maturing on or after June 1, 2027 are subject to optional and mandatory redemption prior to their maturity at the option of the City on any date on or after June 1, 2026, at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding Bonds are called for redemption, the Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, to the owners of any Bonds to be redeemed in whose name such Bonds are registered as of a record date, which shall be no earlier than 60 days, and no less than 30 days, prior to the redemption date.

* Preliminary, subject to change.

Bid Parameters

No bid for less than all of the Bonds will be considered. Coupons: Bidders are required to name the interest rate or rates the Bonds are to bear. The rates shall be less than, or equal to 5.00%, and the rates shall be in multiples of one-eighth of one percent or one-twentieth of one percent. There shall be only one rate for Bonds maturing on the same date. **Minimum Issue Price:** No bid at less than \$10,000,000 plus accrued interest, if any, will be considered.

Term Bond: A bidder may designate any consecutive callable maturities of the Series 2016 Bonds to be aggregated into no more than two term bonds, in which case the annual sinking fund installment amounts of the term bond shall be equal to the principal amounts of the maturities included in the term bond (Sinking Fund Maturities). Only Bonds subject to Optional Redemption may be designated as a Sinking Fund Maturity. The coupon for the term bond maturity date shall be applied to all sinking fund maturities of the term bond. Any Mandatory Sinking Fund Redemption will NOT affect the City's right to Optional Redemption.

Good Faith Deposit

The winning bidder must submit a Good Faith Deposit ("Deposit") in the form of a certified check or a cashier's check drawn on a state or national bank or trust company in the amount of One Hundred Thousand Dollars (\$100,000), payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder as liquidated damages should such bidder fail to take up and pay for the Bonds when ready. The Deposit of the successful bidder will be retained by the City and deducted from the purchase price at the time of closing.

The good faith checks of the unsuccessful bidders will be returned promptly upon the official determination of the bid to be accepted. All bids shall remain firm until 6:00 P.M. Central Time, by which time the official award of the Bonds will be made or all bids rejected.

Good Faith Deposit Submitted After Bids Are Due – Terms and Conditions: Bidders may elect to provide a Deposit after the time Bids are due, subject to the following conditions:

1. Submission of a bid without providing a Deposit prior to the time bids are due, in consideration for the City considering the bid, the bidder shall be deemed to have consented to these additional terms for Good Faith Deposit Submitted After Bids Are Due.
2. The winning bidder shall provide the City a Deposit by cashier's check or a certified check drawn on a state or national bank or trust company (or wire transfer such amount as instructed by the City) payable to the City by 1:00 P.M., Central Time ("Due Time") on the date bids are open.
3. Failure to provide a Deposit by the Due Time will result in the winning bid being rejected, and the City will negotiate with the next highest bidder(s) for the completion of the transaction.
4. The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the Deposit amount represents liquidated damages for the City in the event that the winning bidder fails to provide the Deposit by the Due Time. The City shall be entitled to the liquidated damages even if the City rejects the winning bid due to failure to provide the Deposit by the Due Time, and regardless of whether the City is able to complete the transaction with another bidder at a higher or lower cost, or at all. The winning bidder agrees to reimburse the City for costs to collect the liquidated damages, and to the jurisdiction of Wisconsin courts.

Award

The Bonds will be awarded to the qualified bidder offering the lowest true interest cost to the City. The City's computation of true interest cost of each bid will be controlling. True interest cost can be estimated as follows: the present value rate necessary to discount, to the Purchase Price (hereinafter defined), the future debt

service payments from the payment dates to the Expected Date of Delivery, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding. The “Purchase Price” is principal, plus premium, plus accrued interest to the Expected Date of Delivery. The City reserves the right to reject any or all bids or to waive any irregularity in any bid. Debt Service will be calculated as serial maturities without regard to the possibility of any term bond.

Prior to the award of the Bonds, the aggregate principal amount of the Bonds offered for sale may be revised downward in an amount not to exceed the aggregate premium bid. The City intends to calculate an amortization schedule to provide for approximately \$150,000 of premium to pay costs of issuance, and level debt service. **A SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE PRICE OR INTEREST RATE BID AT THE INITIAL OFFERING PRICE AS A RESULT OF ANY REVISION MADE TO THE PRINCIPAL AMOUNT OF THE BONDS.** In the event of any such revision, no re-bidding or re-calculation of bids submitted will be required or permitted. Bonds will be awarded up to the revised aggregate principal amount.

The City will contact the successful bidder shortly after opening of the bids. The successful bidder will then have 15 minutes to provide the City with the reoffering yield and prices of each maturity of the Bonds. The City will calculate the underwriting discount, which shall be a fixed percentage of the par amount of each Bond. Based upon the information, the City will recalculate the par amount of each maturity of the Bonds being offered, and the adjusted bid price. The City will inform the successful bidder as soon as possible of the anticipated adjusted amounts.

The winning bid will be reported to PARITY, but the City assumes no responsibility or liability for results posted on such website.

Submission of Bids

Sealed proposals for the purchase of the Bonds must be made using the Official Bid Form or, if submitted electronically via the PARITY, in accordance with the requirements prescribed by this Notice of Sale. For bidders submitting their electronic bid via PARITY, please refer to your contract/agreement with PARITY regarding any requirements for participation. If more than one bid, either through the same method or through more than one method, shall be submitted by the same bidder for the Bonds, each such bid shall be considered a separate proposal for the purchase of the Bonds.

Any prospective bidder intending to submit an electronic bid must submit its electronic bid via PARITY through their competitive bidding application BidComp. By submitting an electronic bid, a bidder agrees:

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the Purchase Price for the Bonds and interest rate or rates to be borne by the Bonds and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the bidder shall be bound by the terms of such contract.
2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.
3. That the bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such access. None of the electronic bidding services is an agent of the City. The City shall have no liability whatsoever based on the bidders use of the electronic service including, but not limited, to any failure by the electronic service to correctly or timely transmit information provided by the bidder.

The City assumes no responsibility or liability for bids submitted through PARITY. The City also assumes no responsibility for the accuracy of information on the Bonds presented by, nor of calculations performed by, nor of restrictions on the entry of bids enforced by, PARITY. If any provisions in this Official Notice of Sale conflict with information provided by PARITY, this Official Notice of Sale shall control. The City's computation of true interest cost of each bid will be controlling.

An electronic bid shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facility being the sole risk of the prospective bidder.

For purposes of both the sealed bid process and the electronic bid process, the time as maintained by the City shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids may be submitted electronically via PARITY® pursuant to this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this notice, the terms of this notice shall control. For further information about PARITY®, potential bidders may contact PARITY® at (212) 404-8102. The fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder.

Payment and Delivery of the Bonds

Payment for the Bonds shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Bonds will be delivered on or about December 15, 2016, or as soon thereafter as the Bonds may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

The Bonds, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. A certificate for each interest rate will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bond purchased. The successful bidder shall be required to deposit the Bonds with DTC as a condition to delivery of the Bonds. The City will make payment of the principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Bonds. Notices, if any, given by the City to DTC are redistributed in the same manner as are payments. The City assumes no liability for the failure of DTC, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Bonds. The City is not responsible for supervising the activities or reviewing the records of DTC, its participants or other persons acting through such participants. In the event that the securities depository relationship with DTC for the Bonds is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Bonds in fully registered certificated notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Bonds of the same interest rate then outstanding as directed by the registered owners of the Bonds.

Issue Price Certificate

In order for the City to comply with certain conditions of the Internal Revenue Code relating to the exclusion of interest on the Bonds from gross income for Federal tax purposes, the successful bidder will be required to complete, execute, and deliver to the City a certification regarding "Issue Price". Each bidder, by submitting its bids, agrees to complete, execute and deliver such certificate if its bid is accepted by the City. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation,

or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. We anticipate the Issue Price Certificate to be similar to the following:

We hereby certify that as of December 1, 2016, the date on which the Bonds were sold by the Issuer (the "Sale Date"), all of the Bonds were offered and the first 10 percent or more of the Bonds were [actually][reasonably expected to be] sold to the General Public for money in a bona fide public offering at the initial offering prices shown on the attached schedule (the "Issue Price"), which do not exceed the fair market value of the Bonds as of the Sale Date. On this basis, we have determined the Issue Price of the Bonds to be \$_____.

For purposes of this certificate, "General Public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers.

It is understood by the undersigned that the certifications contained in this certificate will be relied upon by the Issuer and Bond Counsel in determining that the Bonds are tax-exempt under Section 103 of the Internal Revenue Code of 1986.

Authorization, Security, and Conditions of Delivery

The Bonds have been approved by resolutions adopted by the Common Council of the City and are issued for The Bonds are issued to finance the costs of improvements to the City's Sewerage System, and paying the issuance expenses incurred in connection with the Bonds. The Bonds are limited special obligations of the City payable solely from and secured by the funds pledged therefor on a parity with bonds hereafter issued on a parity therewith.

The Bonds are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Hurtado Zimmerman, SC, Wauwatosa, Wisconsin, Bond Counsel, which opinions, together with the completed Bonds, will be furnished to the successful bidder at the expense of the City. The form of such opinion appears as Appendix B in the Official Statement.

The successful bidder will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds. The Preliminary Official Statement is in a form which the City "deems final" as of November __, 2016 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder will also be furnished with an electronic copy and up to twenty five printed copies of the Final Official Statement issued in conjunction with this offering within seven business days after the award of the Bonds in accordance with SEC Rule 15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Bonds, but neither the failure to include such numbers on any Obligation nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Bonds, to provide in a timely manner and notice of certain events with respect to the Bonds. Notice of the occurrence of certain events with respect to the Bonds will be provided to each nationally recognized municipal securities information repository, to the Municipal Securities Rulemaking Board and to the Wisconsin State Information Repository, if created.

The City understands that, from time to time, it is advantageous to take bond insurance into account when submitting a bid. Bond insurance is at the sole discretion and risk of the bidder. The City will assist in the reoffering of the Bonds with insurance by including bidder provided bond insurance information in the Final Official Statement. However, the City does not have the authority to enter into agreements with the bond insurer. **The**

successful bidder does not have the option to refuse delivery of the Bonds due to bond insurance related issues, including downgrade of the bond insurer prior to delivery. Reprinting of the Final Official Statement due to bond insurance related issues that arise after the date of sale shall be at the sole expense of the bidder.

Additional information may be obtained from the undersigned City Comptroller upon request.

MARTIN MATSON
City Comptroller and Secretary
Public Debt Commission
City Hall, Room 404
200 E. Wells St.
Milwaukee, WI 53202

By order of the Commissioners of the
Public Debt of the City of Milwaukee

CRAIG D. KAMMHOLZ, Chairperson
BERNARD J. ALLEN, Member
PETER ARMBRUSTER, Member

COMMISSIONERS OF THE PUBLIC DEBT

November __, 2016

OFFICIAL BID FORM

(Electronic Bids also accepted via Parity – See the Official Notice of Sale)

**CITY OF MILWAUKEE, WISCONSIN
\$10,000,000* WATER SYSTEM REVENUE BONDS, SERIES 2016 W10**

December 1, 2016

Commissioners of the Public Debt
200 E. Wells St., Room 404
Milwaukee, Wisconsin 53202

Commissioners:

For all but no part of \$10,000,000* Water System Revenue Bonds, Series 2016 W10 (the “Bonds”), we offer to pay a price of \$_____ (not less than \$10,000,000), without accrued interest. The Bonds shall bear interest as follows:

		<u>Term Bond A or B *</u>		
June 1, 2017	_____%	June 1, 2027	_____%	_____
June 1, 2018	_____%	June 1, 2028	_____%	_____
June 1, 2019	_____%	June 1, 2029	_____%	_____
June 1, 2020	_____%	June 1, 2030	_____%	_____
June 1, 2021	_____%	June 1, 2031	_____%	_____
June 1, 2022	_____%	June 1, 2032	_____%	_____
June 1, 2023	_____%	June 1, 2033	_____%	_____
June 1, 2024	_____%	June 1, 2034	_____%	_____
June 1, 2025	_____%	June 1, 2035	_____%	_____
June 1, 2026	_____%	June 1, 2036	_____%	_____

All rates must be less than, or equal to 5.00%, and in multiples of 1/8 or 1/20 of one percent

* If one or two term bonds are desired, specify whether such maturity belongs to Term Bond A or B. A term bond may only have consecutive maturities, the latest maturity for a term bond shall be the term bond’s maturity date, the interest rate for the term bond maturity date shall be applicable for all maturities of that term bond, and any rates specified for any other maturity of the term bond will be ignored. Only maturities on or after June 1, 2027 are eligible for term bond designation.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of \$100,000 for as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice.

If this bid is not accompanied by a Good Faith Deposit, we agree to the additional terms for Good Faith Deposit Submitted After Bids Are Due.

By 3:00 p.m. Central Time on the day after receiving the award, we will provide to the City the following information for each member of the underwriting syndicate: Names, initial participation, and minority status. In addition, prior to closing, we agree to provide final participation for each member.

By: _____
Phone Number: _____

Company Name

* Preliminary, subject to change.

No addition, alteration or change is to be made to the form of this Bid Form.

RECEIPT

Return of Good Faith Deposit is hereby acknowledged: _____

By: _____

In order to assist the Commission in minority underwriting participation, please list minority underwriting firms who have participated in your bidding group and their initial percentages:

Please attach a list of account members –

If we receive the award, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting and the amount of each firm’s participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.