

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 18, 2010**

**NEW ISSUES  
BOOK ENTRY ONLY**

<b>RATINGS:</b>	Fitch	Moody's	Standard & Poor's
Notes:	"F1+"	"Applied For"	"SP-1+"
Bonds:	"AA+"	"Applied For"	"AA"

(See "Ratings" herein.)

*In the opinion of Katten Muchin Rosenman LLP, and of Hurtado, S.C., Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Notes and the Bonds (the "Offered Obligations") will not be includable in gross income for federal income tax purposes. The Offered Obligations 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 Offered Obligations 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 Offered Obligations is not exempt from Wisconsin income taxes.*



**CITY OF MILWAUKEE, WISCONSIN**  
**\$147,000,000\* GENERAL OBLIGATION  
CASH FLOW PROMISSORY NOTES, SERIES 2010 R4**  
**\$53,030,000\* GENERAL OBLIGATION  
CORPORATE PURPOSE BONDS, SERIES 2010 B5**

**Dated:** Expected Date of Delivery (April 15, 2010)

**Due:** As shown on the inside cover

The General Obligation Cash Flow Promissory Notes, Series 2010 R4 (the "G.O. Notes" or "Notes") and the General Obligation Corporate Purpose Bonds, Series 2010 B5 (the "G.O. Bonds" or "Bonds") (collectively, the "Offered Obligations") are direct general obligations of the City of Milwaukee, Wisconsin (the "City" and the "State" respectively), payable from taxes levied on all taxable property within the City, subject to taxation by the City, without limitation as to rate or amount.

The Notes will be dated the Expected Date of Delivery, and will be payable on December 15, 2010. The Notes are being issued for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments. Interest on the Notes shall be payable at maturity. The Notes are **not** subject to optional redemption prior to maturity.

The Bonds will be dated the Expected Date of Delivery, will bear interest payable semiannually on May 1 and November 1 of each year, commencing November 1, 2010 at the rates, and will mature on May 1, in the years and amounts, as detailed on the inside front cover hereof. The Bonds are being issued for the purpose of financing various public improvements and fiscal requirements of the City. The Bonds are subject to optional redemption on any date on or after May 1, 2020, as provided herein.

The Offered Obligations have been offered for sale by competitive bid in accordance with the Official Notices of Sale dated March 18, 2010 and are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois, and of Hurtado, S.C., Wauwatosa, Wisconsin, Bond Counsel to the City, and other conditions specified in the Official Notices of Sale. It is expected that the Offered Obligations will be delivered through the facilities of the Depository Trust Company ("DTC"), New York, New York on or about April 15, 2010 (the "Expected Date of Delivery").

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

For Further Information Contact:  
W. Martin Morics, City Comptroller and Secretary to Public Debt Commission  
City Hall, Room 404, 200 East Wells Street - Milwaukee, WI 53202 - Phone (414) 286-3321

**ELECTRONIC BIDS FOR THE NOTES WILL BE RECEIVED UNTIL  
9:30 A.M. (CENTRAL TIME) ON MONDAY MARCH 25, 2010**

**ELECTRONIC BIDS FOR THE BONDS WILL BE RECEIVED UNTIL  
10:00 A.M. (CENTRAL TIME) ON MONDAY MARCH 25, 2010**

March \_\_, 2010

*\*Preliminary, Subject to Change.*

## MATURITY SCHEDULES

### \$147,000,000\* GENERAL OBLIGATION CASH FLOW PROMISSORY NOTES, SERIES 2010 R4

The Notes will be dated the Expected Date of Delivery, and will mature on December 15, 2010 without the option of prior redemption. Interest will be payable at maturity, at the rate or rates shown below.

Amount	Interest Rate	Yield	CUSIP <sup>(1)</sup> Base 602366
\$147,000,000*			

### \$53,030,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2010 B5

The Bonds will be dated the Expected Date of Delivery, will bear interest at the rates shown below, payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2010 and will mature on May 1 in the years and in the amounts shown below. The Bonds are subject to optional redemption on any date on or after May 1, 2020, as provided herein.

Maturing (May 1)	Amount*	Interest Rate	Yield	CUSIP <sup>(1)</sup> Base 602366	Maturing (May 1)	Amount*	Interest Rate	Yield	CUSIP <sup>(1)</sup> Base 602366
2011	\$3,590,000				2020	—			
2012	3,665,000				2021	\$7,720,000			
2013	3,700,000				2022	7,825,000			
2014	280,000				2023	7,980,000			
2015	—				2024	8,225,000			
2016	—				2025	8,350,000			
2017	—				2026	835,000			
2018	—				2027	860,000			
2019	—								

<sup>(1)</sup>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 Offered Obligations. 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 Offered Obligations, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Offered Obligations.

\*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.*

## TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
MATURITY SCHEDULES .....	Budgeting .....
2	26
INTRODUCTION TO THE OFFICIAL STATEMENT .....	City Capital Improvements Plan .....
4	27
Summary Statement-The Notes .....	Adopted Budget - Combined Revenues - 2010 .....
4	28
Summary Statement-The Bonds .....	Adopted Budget - Combined Appropriations - 2010 .....
6	29
THE NOTES .....	Budgetary Comparison Schedule - General Fund For The
8	Years Ending December 31, 2004 Through 2008 .....
Authority and Purpose .....	30
8	General Fund - Projected Cash Flow Summary .....
Security for the Notes .....	31
8	General Fund-Projected Schedule of Cash Receipts and
Statutory Borrowing Limitation .....	Disbursements .....
8	33
THE BONDS .....	General Fund Schedule of Cash Receipts and
9	Disbursements .....
Authority and Purpose .....	34
9	Schedule of Cash and Investment Balances - All Funds ..
Security for the Bonds .....	35
9	Projected Schedule of Cash and Investment Balances - All
Maturity and Interest Rates .....	Funds .....
10	36
Redemption Provisions .....	Assessed and Equalized Valuations .....
10	37
Statutory Borrowing Limitation .....	Assessed Tax Rates .....
10	38
INVESTMENT POLICIES .....	Property Tax Levies and Collections .....
10	38
THE CITY .....	Collection Procedures .....
11	39
Location, Organization and Government .....	Insurance .....
11	39
General .....	PENSION SYSTEM .....
11	40
Elected Officials .....	Employees' Retirement System .....
11	40
Public Services and Facilities .....	LEGAL MATTERS .....
12	41
Employee Relations .....	Litigation Statement .....
12	41
GENERAL, DEMOGRAPHIC AND ECONOMIC	Legal Opinions .....
INFORMATION .....	44
13	RATINGS .....
General .....	44
13	TAX MATTERS .....
Building Permits .....	State Tax Matters .....
14	46
Leading Business and Industrial Firms Located Within	NO DESIGNATION AS QUALIFIED TAX-EXEMPT
Milwaukee County .....	OBLIGATIONS .....
15	46
EMPLOYMENT AND INDUSTRY .....	CONTINUING DISCLOSURE .....
16	46
Annual Unemployment Rates .....	FINANCIAL ADVISOR .....
16	47
Recent Monthly Unemployment Rates .....	UNDERWRITING .....
16	47
Ten Largest Taxpayers With 2009 Assessed Valuations ..	CLOSING DOCUMENTS AND CERTIFICATES .....
17	47
DEBT STRUCTURE .....	REPRESENTATIONS OF THE CITY .....
18	48
Legal Debt Limitations .....	ADDITIONAL INFORMATION .....
18	48
Debt Margin .....	
18	
Debt Refunded .....	
19	
Analysis of General Obligation Debt Outstanding As of	
March 15, 2010 .....	
19	
General Obligation Debt Service Requirements .....	
20	
Trends of General Obligation Debt .....	
21	
Trends of Self-Sustaining General Obligation Debt .....	
21	
Ratio of General Obligation Debt .....	
22	
Computation of Net Direct and Overlapping Debt .....	
23	
Future Financing .....	
23	
Commercial Paper Program .....	
24	
Auction Rate and Other Variable Rate Exposure .....	
24	
REVENUE BONDING .....	
24	
TAX INCREMENT DISTRICT FINANCING .....	
26	
FINANCIAL INFORMATION .....	
26	

## APPENDICES

Appendix A - Audited financial information of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2008-Selected Sections of the Comprehensive Annual Financial Report .....	A-1
Appendix B - Draft Form of Legal Opinions .....	B-1
Appendix C - Master Continuing Disclosure Certificate .....	C-1
Appendix D - Book-Entry-Only System .....	D-1
Appendix E - Official Notices of Sale and Bid Forms .....	E-1

## 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 following securities issued by the City:

\$147,000,000\* General Obligation Cash Flow Promissory Notes, Series 2010 R4 (the “G.O. Notes” or “Notes”)

\$53,030,000\* General Obligation Corporate Purpose Bonds, Series 2010 B5 (the “G.O. Bonds” or “Bonds”)

*The following summary statement is furnished solely to provide limited introductory information regarding the City’s Offered Obligations, 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-NOTES

Issuer:	City of Milwaukee, Wisconsin.
Issue:	\$147,000,000* General Obligation Cash Flow Promissory Notes, Series 2010 R4.
Dated Date:	The Expected Date of Delivery, which is anticipated to be April 15, 2010.
Principal Due Date:	December 15, 2010.
Interest Payment Date:	Payable at maturity; calculated on the basis of 30-day months and a 360-day year (term of 240 days assuming an April 15, 2010 delivery date).
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The Notes are issued for the purpose of financing the City’s operating budget on an interim basis in anticipation of the receipt of State shared revenue payments (“State Aid Payments”).
Security:	Principal and interest on the Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City. The City has also pledged and will irrevocably segregate upon receipt, State Aid Payments in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the Notes. The City has also pledged all other general fund revenues included in the budget for the current calendar year, which are due the City, which have not been received as of the date of delivery of the Notes and which are not otherwise pledged or assigned. (See “THE NOTES - SECURITY FOR THE NOTES” herein).
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The Notes 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 Notes. (See “BOOK-ENTRY-ONLY SYSTEM” herein).

*\*Preliminary, Subject to Change.*

Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the Notes 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 are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income and is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Notes is not exempt from Wisconsin income taxes. (See "TAX MATTERS" herein).	
Redemption Feature:	The Notes are <u>not</u> subject to redemption prior to maturity.	
Official Statement:	The City will provide the original purchaser of the Notes with an electronic copy and up to 100 copies of this Official Statement within seven business days following the award of the Notes.	
Professionals:	Bond Counsel:	Katten Muchin Rosenman LLP Chicago, Illinois  Hurtado, S.C. Wauwatosa, Wisconsin
	Financial Advisor:	Robert W. Baird & Co. Milwaukee, Wisconsin
Paying Agent:	City Official:	City of Milwaukee Comptroller's Office Milwaukee, Wisconsin
Record Date:	December 1, 2010	
Delivery:	Delivery of the Notes will be on or about April 15, 2010 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.	
Reoffering:	The public reoffering price or yield of the Notes will be set forth on the inside front cover page of the Final 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 Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See "CONTINUING DISCLOSURE" herein).	

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## SUMMARY STATEMENT-THE BONDS

Issuer:	City of Milwaukee, Wisconsin.
Issue:	\$53,030,000* General Obligation Corporate Purpose Bonds, Series 2010 B5.
Dated Date:	The Expected Date of Delivery, which is anticipated to be April 15, 2010.
Principal Due Dates:	May 1 of the years 2011 through 2014 and 2021 through 2027.
Interest Payment Dates:	Each May 1 and November 1 commencing November 1, 2010.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects and fiscal requirements of the City. Long-term financing will also be provided for projects that have been temporarily financed.
Security:	Principal and interest on the Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The 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 Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein).
Tax Status of Interest:	Bond Counsel are of the opinion that 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 applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income and is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from Wisconsin income taxes. (See "TAX MATTERS" herein).
Redemption Feature:	The Bonds maturing on or after May 1, 2021 are subject to optional redemption on any date on or after May 1, 2020. (See "REDEMPTION PROVISIONS" herein.)
Official Statement:	The City will provide the original purchaser of the Bonds with an electronic copy and up to 100 copies of this Official Statement within seven business days following the award of the Bonds.

*\*Preliminary, Subject to Change.*

Professionals:	Bond Counsel:	Katten Muchin Rosenman LLP Chicago, Illinois
		Hurtado, S.C. Wauwatosa, Wisconsin
	Financial Advisor:	Robert W. Baird & Co. Milwaukee, Wisconsin
Paying Agent:	City Official:	City of Milwaukee Comptroller's Office Milwaukee, Wisconsin
Record Date:	The 15th day of the calendar month next preceding each interest payment date.	
Delivery:	Delivery of the Bonds will be on or about April 15, 2010 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.	
Reoffering:	The public reoffering price(s) or yield(s) of the Bonds will be forth on the inside front cover page of the Final 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 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See "CONTINUING DISCLOSURE" herein).	

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# **THE NOTES**

## **AUTHORITY AND PURPOSE**

The Common Council of the City has authorized the issuance and sale of the Notes for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments, by the adoption of an authorizing resolution on January 20, 2010 in accordance with the provisions of Chapters 67.12(12) of the Wisconsin Statutes.

## **SECURITY FOR THE NOTES**

The Notes shall be general obligations of the City, and payment thereof is secured by a pledge of the full faith and credit of the City. The City is authorized and required to levy on all taxable property in the City such ad-valorem taxes, without limitation as to rate or amount, as may be necessary to meet the debt service requirements on the Notes.

Under and by virtue of Sections 67.05(10) and 67.12(12), Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay and for the express purpose of paying the interest on the Notes as it falls due, and also to pay and discharge the principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

Under Section 67.035, Wisconsin Statutes, all taxes levied for paying principal and interest on valid notes or bonds are declared to be without limitation. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

The City also has pledged, and will irrevocably segregate upon receipt, State Aid Payments in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the Notes. The City has also pledged other General Fund Revenues included in the budget for the current calendar year which are due to the City, but which have not been received as of the date of delivery of the Notes.

## **STATUTORY BORROWING LIMITATION**

Wisconsin Statutes limit direct general obligation debt the City may issue. The Notes are within these limitations. (See "DEBT STRUCTURE" herein for further details).



# **THE BONDS**

## **AUTHORITY AND PURPOSE**

The Bonds are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance various public improvement projects and fiscal requirements of the City, and to pay the associated financing costs. The Common Council of the City adopted resolutions on December 22, 2009 which authorize the issuance of the Bonds. In addition, various initial resolutions have been adopted authorizing purposes for bonds that have been combined into the corporate purpose bond issue.

Proceeds of the Bonds are anticipated to be used for various public improvements of the City as follows:

Renewal and Development	\$1,689,890
Libraries	775,000
Port of Milwaukee	187,010
Parking	543,100
Police	725,000
Bridges	3,925,000
Streets	2,280,000
Sewers	4,000,000
Water	225,000
Tax Incremental Districts	11,065,000
Refund Commercial Paper	16,380,000
Refund School Lease	<u>11,235,000</u>
TOTAL	<u><u>\$53,030,000</u></u>

## **SECURITY FOR THE BONDS**

The Bonds shall be general obligations of the City, and payment thereof is secured by a pledge of the full faith and credit of the City. The City is authorized and required to levy on all taxable property in the City such ad-valorem taxes, without limitation as to rate or amount, as may be necessary to meet the debt service requirements on the Bonds.

Under and by virtue of Sections 67.05(10) and 67.12(12), Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay, and for the express purpose of paying, the interest on the Bonds as it falls due, and also to pay and discharge the principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

Under Section 67.035, Wisconsin Statutes, all taxes levied for paying principal and interest on valid notes or bonds are declared to be without limitation. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

## **MATURITY AND INTEREST RATES**

The Bonds are to be dated the Expected Date of Delivery, and will bear interest from that date at the rates, and shall mature each May 1 in the amounts and on the dates as set forth on the inside front cover page of this Preliminary Official Statement. Interest on the Bonds will be payable on November 1, 2010 and thereafter semiannually on May 1 and November 1 of each year and is calculated on the basis of 30-day months and a 360-day year.

## **REDEMPTION PROVISIONS**

The Bonds maturing on or after May 1, 2021 will be subject to redemption prior to their maturity, at the option of the City, on any date on or after May 1, 2020 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 45 days prior to the redemption date. While in Book Entry Form, as the Registered Owner, DTC will receive the Redemption Notice. The City is not responsible for DTC's notification of redemption to Participants and Beneficial Owners.

## **STATUTORY BORROWING LIMITATION**

Wisconsin Statutes limit direct general obligation debt the City may issue. The Bonds do not cause these limitations to be exceeded. (See "DEBT STRUCTURE" herein for further details).

## **INVESTMENT POLICIES**

The City may invest any of its funds not immediately needed in accordance with Section 66.0603 of the Wisconsin Statutes. The City, through Common Council Resolution 930358, adopted July 6, 1993, has instructed the City Treasurer to invest City funds, including Milwaukee Public Schools (MPS) funds, in: (a) Certificates of Time Deposit at approved public depositories limited to the equity capital or net worth of the financial institution with collateralization required when total deposits at any institution exceed \$500,000; (b) Repurchase Agreements with public depository institutions; (c) the State of Wisconsin Local Government Investment Pool; (d) U.S. Treasury and Agency instruments and (e) commercial paper which has a rating in the highest or second highest rating category assigned by Standard & Poor's Ratings Group, Moody's Investors Service, Inc., or some other similar nationally recognized rating agency.

To the extent possible, the City Treasurer attempts to match investments with anticipated cash flow requirements. No limits have been placed on how much of the portfolio can be invested in any of the above investment categories.

The State of Wisconsin Investment Board ("SWIB") provides the Local Government Investment Pool ("LGIP") as a subset of the State Investment Fund (the "Fund"). The LGIP includes deposits from elective participants consisting of over 1,000 municipalities and other public entities. The Fund also consists of cash balances of participants required to keep their cash balances in the Fund. These required participants include the State General Fund, State agencies and departments and Wisconsin Retirement System reserves. The LGIP portion of the Fund is additionally secured as to credit risk.

The LGIP is a local option City depository. The City utilizes the LGIP in a manner similar to a "money market" account. When other investment options provide more favorable results, such options are utilized. As of December 31, 2009, the City had approximately 29.860% (\$178,137,105) of its and MPS investments deposited in the LGIP.

SWIB invests the assets of the Fund, which includes assets of the LGIP. Overall policy direction for SWIB is established by an independent, eight-member Board of Trustees (the "Trustees"). The Trustees establish long-term investment policies, set guidelines for each investment portfolio and monitor investment performance.

The objectives of the Fund are to provide (in order of priority) safety of principal, liquidity, and a reasonable rate of return. The Fund includes retirement trust funds cash balances pending longer-term investment by other investment divisions. The Fund also acts as the State's cash management fund and provides the State's General Fund with liquidity for operating expenses. The Fund is strategically managed as a mutual fund with a longer average life than a money market fund. This strategic advantage is made possible by the mandatory investment of State funds for which the cash flow requirements can be

determined significantly in advance. Due to the role played by the Fund, the cash balances available for investment vary daily as cash is accumulated or withdrawn from various funds.

A copy of SWIB's annual report may be obtained by submitting a written request to the State of Wisconsin Investment Board, P.O. Box 7842, Madison, WI 53707-7842.

## **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 and a thriving place to live and work. The City is Wisconsin's largest city with a population of approximately 584,000 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area ("MSA") include the principal cities of Milwaukee, Waukesha and West Allis, in the counties of Milwaukee, Ozaukee, Waukesha and Washington, Counties, has a population of nearly 1.5 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 April 15, 2008**

(initial year in office follows name)

Mayor	Tom Barrett	(2004)
City Attorney	Grant F. Langley	(1984)
City Comptroller	W. Martin Morics	(1992)
City Treasurer	Wayne F. Whittow	(1976)

#### **COMMON COUNCIL**

Ashanti Hamilton	(2004)	Robert W. Puente	(2004)
Joe Davis, Sr.	(2003)	Michael J. Murphy	(1989)
Nik Kovac	(2008)	Joseph A. Dudzik	(2002)
Robert J. Bauman	(2004)	James N. Witkowiak	(2004)
James A. Bohl, Jr.	(2000)	Terry L. Witkowski	(2003)
Milele A. Cogs	(2008)	T. Anthony Zielinski	(2004)
Willie C. Wade	(2003)	Willie L. Hines, Jr.	(1996)
Robert G. Donovan	(2000)		

The terms of all the above elected positions expire in April, 2012.

## **PUBLIC SERVICES AND FACILITIES**

The City, employing approximately 7,307 people (some in a seasonal capacity), 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 new 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 State legislation, which oversees construction/operation of the Midwest Airlines Center, the City’s major convention complex. This complex also includes the US Cellular Arena and the Milwaukee Auditorium facilities, formerly known as “MECCA”. The Midwest Airlines 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 Midwest Airlines 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 Auditorium which was renamed, the Milwaukee Theatre.

In addition to the facilities noted above, the City is home to a modern 17,000+ seat indoor sports and concert venue, the 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 also boasts the lakefront Milwaukee Art Museum as well as a major symphony, ballet and opera companies, and other theatre and performing arts.

May 4, 2001 marked the unveiling of Milwaukee Art Museum’s new expansion and renovation, 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 College and the Milwaukee School of Engineering.

## **EMPLOYEE RELATIONS**

Approximately 6,070 of the City’s full-time employees are members of nineteen different bargaining units represented by unions. One labor agreement covering approximately 200 employees expired on December 31, 2006, and two labor agreements covering approximately 1,650 police and firefighters expired on December 31, 2009. The remaining sixteen agreements are in place through December 31, 2011.

## GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

### GENERAL

The City, with a 2009 population of 584,000 (preliminary estimate), represents approximately 40% of the population of the greater metropolitan area. Based on the last U.S. Census, population in the four county retail trade area surrounding the City is 1,512,400 and represents 28% of the population of the State of Wisconsin. Over 74% of metropolitan Milwaukee's population is comprised of residents within the working ages of 18 and older.

### CITY OF MILWAUKEE SELECTED ECONOMIC DATA

Year	Population	Adjusted Gross Income Per Return
2009	584,000	N/A
2008	590,870	\$33,144
2007	590,190	33,225
2006	590,370	32,370
2005	592,765	30,988
2004	593,920	29,922

Sources: Wisconsin Department of Administration, Demographic Service Center and the Wisconsin Department of Revenue, Division of Research and Analysis.

## BUILDING PERMITS

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2004 through December 2009.

### General Total

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2004	\$294,811,125	2,784
2005	529,251,733	2,599
2006	424,763,947	2,655
2007	336,748,300	2,405
2008	249,992,533	2,067
2009	290,326,431	1,723

### Residential Building

<u>Year</u>	<u>Single Family</u>		<u>Multi-Family</u>		<u>Total</u>		<u>Permits Issued</u>
	<u>Value</u>	<u># Of Units</u>	<u>Value</u>	<u># Of Units</u>	<u>Value</u>	<u># Of Units</u>	
2004	\$29,896,986	194	\$48,346,002	553	\$78,242,988	747	244
2005	33,751,976	193	113,713,239	500	147,465,215	693	231
2006	25,146,380	162	95,804,142	519	120,950,522	681	189
2007	24,940,117	160	123,505,408	677	148,445,525	837	187
2008	15,632,811	90	63,975,007	509	79,607,818	599	104
2009	7,269,207	59	37,354,152	409	44,623,359	468	72

### Commercial Building

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2004	\$63,485,441	89
2005	166,425,515	106
2006	134,084,138	113
2007	82,501,318	105
2008	59,502,236	74
2009	127,122,466	37

### Public Building

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2004	\$34,176,914	95
2005	51,889,921	49
2006	38,009,733	243
2007	19,791,921	140
2008	9,107,611	85
2009	10,808,648	107

### Alterations and Additions

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2004	\$118,905,782	2,356
2005	163,471,082	2,213
2006	131,719,554	2,110
2007	86,009,536	1,973
2008	101,774,868	1,804
2009	107,771,958	1,506

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 follows that 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.

Employer	2008 Employment Estimates	Type of Business or Service
Aurora Health Care	25,937	Health care
U.S. Government (Includes Zablocki V.A. Medical Center)	11,100	Government
Milwaukee Public Schools	10,690*	Education
Wheaton Franciscan Healthcare	9,020	Health care
Roundy's Supermarket	8,480	Retail grocer
City of Milwaukee	7,307*	Government
Quad Graphics	7,000	Commercial printing
Kohl's Corporation	6,900	Specialty department stores
GE Healthcare Technologies	6,462	Medical imaging, healthcare services
Wal-Mart Stores	6,229	Discount retail stores and warehouse clubs
Milwaukee County	5,708*	Government
Northwestern Mutual Life	5,100	Insurance
Pro Healthcare, Inc.	4,936	Health care
Medical College of Wisconsin	4,700	Medical school/academic/health care
WE Energies	4,700	Electric/natural gas utility
Froedert Memorial Lutheran Hospital and Community Health	4,365	Health care
Columbia-St. Mary's	4,339	Health care provider
M&I Marshall & Ilsley	4,314	Holding company banking/finance and data services
AT & T Wisconsin	4,300	Communications
Harley-Davidson Motor Company	3,742	Manufacturer, motorcycles
University of Wisconsin-Milwaukee	3,531*	Education
US Bank (formerly Firststar Corporation)	3,350	Finance, banking
Target Corporation	3,318	Discount department store chain
Rockwell Automation (formerly Allen-Bradley)	3,258	Manufacturer, electrical/electronic products
Walgreens Co.	3,240	Retail drugstore chain

Source: The 2009 Business Journal Book of Lists. Employer contacts July 2009.

*\*Represents estimated 2009 figures*

## EMPLOYMENT AND INDUSTRY

During 2009, the City's unemployment rate averaged approximately 11.1%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2005 through December 2009. The information below reflects revisions, corrections, and new inputs from the 2000 census, including the application of the changes to the prior years shown. For further information on the changes, please contact the U.S. Bureau of Labor Statistics, or visit their website at <http://www.bls.gov>.

### ANNUAL UNEMPLOYMENT RATES

(Not Seasonally Adjusted)

	City of	Milwaukee - Waukesha-West Allis	State of	
<u>Year</u>	<u>Milwaukee</u>	<u>Metropolitan Statistical Area</u>	<u>Wisconsin</u>	<u>United States</u>
2009	11.1% <sup>(1)</sup>	8.7% <sup>(1)</sup>	8.5%	9.3%
2008	6.6	4.8	4.7	5.8
2007	7.2	5.1	4.9	4.6
2006	7.0	4.9	4.7	4.6
2005	7.2	5.0	4.8	5.1

<sup>(1)</sup> *Estimate*

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

### RECENT MONTHLY UNEMPLOYMENT RATES

(Not Seasonally Adjusted)

	City of	Milwaukee - Waukesha-West Allis	State of	
<u>Month</u>	<u>Milwaukee</u>	<u>Metropolitan Statistical Area</u>	<u>Wisconsin</u>	<u>United States</u>
December 2009	11.0% <sup>(1)</sup>	8.6% <sup>(1)</sup>	8.3% <sup>(1)</sup>	9.7%

<sup>(1)</sup> *Preliminary.*

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

The City's economic structure reveals a diversified economy with strong service and manufacturing sectors. The service sector (service, finance, insurance, real estate and retail trade) employs over 69% of the workforce. Manufacturing firms employ 17% of the workforce. The area is not dominated by any large employers. Less than two percent of the manufacturers have employment levels greater than 500. Less than one percent of the employers in finance, insurance and services have more than 500 employees.



## TEN LARGEST TAXPAYERS WITH 2009 ASSESSED VALUATIONS

US Bank Corporation	\$ 263,926,353
Northwestern Mutual Life Ins.	213,000,793
Marcus Corp/Milw City Center/Pfister	120,185,927
Metropolitan Associates	111,511,122
NNN 411 East Wisconsin LLC	97,266,997
Crichton-Hauck/Shoreline/Juneau Village	96,441,024
Towne Realty	92,659,346
M & I Marshall & Ilsley Bank	88,383,582
100 E. Wisconsin Ave Joint Venture	77,769,874
Renaissant LaFayette Apts	67,129,278

Source: City of Milwaukee, Assessor's Office January 2010.

*(The remainder of this page has been left blank intentionally.)*

## DEBT STRUCTURE

The City of Milwaukee has never defaulted in the payment of the principal or interest on its debt obligations, nor has the City issued any refunding securities for the purpose of preventing default in principal or interest on its debt obligations.

### LEGAL DEBT LIMITATIONS

Section 67.03 of the Wisconsin Statutes, as supplemented and amended, limits direct general obligation borrowing by the City to an amount equivalent to five percent of the equalized valuation of taxable property within the City. Section 119.49 of the Wisconsin Statutes, as supplemented and amended, further authorizes referendum approved bonding in an additional amount equivalent to two percent of the equalized taxable property within the City for school capital purposes.

### DEBT MARGIN (Includes the Offered Obligations)

<b>Equalized Value of Taxable Property in the City</b>	<b>\$31,266,329,200</b>
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#### Legal Debt Limitation for City Borrowing

5% of Equalized Value	\$ 1,563,316,460
-----------------------	------------------

General Obligation Debt Outstanding subject to 5% Limit as of 03/15/10	\$792,570,000	
Plus: 2010 R4/B5	200,030,000*	
Less: Debt to be refunded	(16,380,000)	
Less: Provision for current year maturities	(40,250,000)	
Net General Obligation Debt Outstanding subject to the 5% Limit as of 03/15/10		\$935,970,000

Total Debt Margin for City Borrowing (in Dollars)	\$627,346,460
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(As a percentage)	40.1%
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(As a percentage excluding Cash Flow Notes)	49.5%
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#### Legal Debt Limitation for School Purpose Borrowing

2% of Equalized Value	\$625,326,584
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General Obligation Debt Outstanding subject to 2% Limit as of 03/15/10	\$14,774,150	
Less: Provision for current year maturities	-	

Net General Obligation Debt Outstanding subject to the 2% Limit as of 03/15/10	\$14,774,150
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Total Debt Margin for School Purpose Borrowing (in Dollars)	\$610,552,434
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(As a percentage)	97.6%
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\* Preliminary, subject to change

## **DEBT REFUNDED**

The City has issued the following series of general obligation refunding bonds that have outstanding escrow amounts:

\$159,985,000 General Obligation Refunding Bonds, Series of 2002-A, dated October 15, 2002, for the purpose of refunding portions of seventeen general obligation issues, with a final escrow payment in 2011, with Bank of New York as escrow trustee.

\$45,240,000 General Obligation Refunding Bonds, Series 2005 A5, dated June 7, 2005, for the purpose of refunding portions of seven general obligation issues, with a final escrow payment in 2012, with Associated Trust Company, National Association as escrow trustee.

None of the refunded debt is reflected in the "DEBT MARGIN" presentation above.

### **ANALYSIS OF GENERAL OBLIGATION DEBT OUTSTANDING AS OF MARCH 15, 2010**

Public Buildings	\$175,567,327
Tax Increment Districts	164,435,646
Schools (5% City Borrowing)	90,247,516
Schools (2% School Purpose Borrowing)	14,774,150
Streets	104,365,825
Sewers	48,214,790
Finance Real & Personal Property Tax Receivables	47,574,537
Police	33,143,586
Blight Elimination/Urban Renewal	22,648,772
Bridges	22,051,317
Fire	18,815,363
Water	15,460,421
Local Improvement Projects/Special Assessments	12,630,232
Parking	12,000,948
Playground/Recreational Facilities	9,189,416
Library	8,760,855
Municipal Expenses	3,573,040
Harbor	3,002,805
Grant & Aid Improvements City Share	845,227
Economic Development	19,193
Industrial Land Bank	13,454
Resource Recovery	4,381
Milwaukee Exposition and Convention Center	3,666
Lakefront Development	1,683
Total	<u><u>\$807,344,150</u></u>

## GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

The following indicates the annual requirements of principal and interest on the general obligation debt of the City.

	Total G.O. Debt Service as of 3/15/2010 <sup>(1)(2)</sup>	<u>Series 2010 R4, B5</u>		Total Requirements After Issuance
		<u>Principal</u>	<u>Interest</u> <sup>(3)</sup>	
2010	\$60,173,160	\$147,000,000	\$2,530,600	\$209,703,760
2011	139,418,157	3,590,000	2,049,400	145,057,557
2012	115,202,156	3,665,000	1,904,300	120,771,456
2013	104,529,686	3,700,000	1,757,000	109,986,686
2014	97,067,008	280,000	1,677,400	99,024,408
2015	89,241,726	—	1,671,800	90,913,526
2016	81,388,525	—	1,671,800	83,060,325
2017	71,838,661	—	1,671,800	73,510,461
2018	63,342,042	—	1,671,800	65,013,842
2019	55,574,589	—	1,671,800	57,246,389
2020	47,777,925	—	1,671,800	49,449,725
2021	34,979,987	7,720,000	1,517,400	44,217,387
2022	26,960,884	7,825,000	1,206,500	35,992,384
2023	22,248,888	7,980,000	890,400	31,119,288
2024	11,929,540	8,225,000	566,300	20,720,840
2025	7,100,516	8,350,000	234,800	15,685,316
2026	948,731	835,000	51,100	1,834,831
2027	940,163	860,000	17,200	1,817,363
	<u>\$1,030,662,343</u>	<u>\$200,030,000</u>	<u>\$24,433,200</u>	<u>\$1,255,125,543</u>

<sup>(1)</sup> Assumes: the maximum interest rate of 12.0% on \$23,000,000 of variable rate debt (the tax levy requirement); and sinking fund deposits in year due.

<sup>(2)</sup> Excludes debt to be refunded.

<sup>(3)</sup> Assumes an interest rate of 4.00%

**TRENDS OF GENERAL OBLIGATION DEBT**  
(THOUSANDS OF DOLLARS)

Year 12/31	Total GO Debt	Self-Sustaining GO Debt*	Levy Supported GO Debt
2005	\$710,409	\$245,016	\$465,394
2006	797,462	268,901	528,561
2007	747,298	294,952	452,346
2008	788,579	291,317	497,262
2009	804,474	293,039	511,435

**TRENDS OF SELF-SUSTAINING GENERAL OBLIGATION DEBT**  
(THOUSANDS OF DOLLARS)

Year 12/31	TID Program	Parking Program	Special Assessments	Delinquent Taxes <sup>(1)</sup>	Water	Sewer <sup>(2)</sup>	Total Self-Sustaining
2005	\$118,997	\$13,953	\$20,428	\$26,323	\$27,949	\$37,366	\$245,016
2006	146,232	12,747	18,449	27,070	23,257	41,146	268,901
2007	143,886	11,733	16,458	28,320	19,895	74,661	294,952
2008	165,217	10,743	14,631	34,136	17,049	49,541	291,317
2009	164,106	11,616	12,994	40,508	17,049	46,766	293,039

\*General Obligation debt whose debt service requirements are paid by non-Citywide property tax revenues.

<sup>(1)</sup> Debt issued for Delinquent Tax Purposes is paid from collections of the delinquent taxes.

<sup>(2)</sup> Amount reflects the portion of GO Sewer Debt paid by the Sewer Utility.

Beginning in 2007, the Sewer Utility paid the full amount of the GO Sewer Debt.

**RATIO OF GENERAL OBLIGATION DEBT  
To Equalized And Assessed Values And To Per Capita**

Year 12/31	Population <sup>(1)</sup>	Net Equalized Valuation	Assessed Valuation	Total GO Debt	GO Debt /Net EV	GO Debt /AV	GO Debt /capita
2005	592,765	\$26,256,713,800	\$25,222,149,174	\$710,409,475	2.71%	2.82%	\$1,198
2006	590,370	30,226,985,500	28,354,951,841	797,462,085	2.64	2.81	1,351
2007	590,190	31,887,192,100	29,374,372,962	747,298,112	2.34	2.54	1,266
2008	590,870	32,257,525,000	30,431,675,204	788,579,150	2.44	2.59	1,335
2009	584,000	31,266,329,200	28,994,573,372	804,474,150	2.57	2.77	1,378

<sup>(1)</sup> Population estimate from the Wisconsin Department of Revenue for use in the distribution of State Shared Revenues.

The Public Debt Amortization Fund may be used to purchase and prepay City GO Debt. Assuming the unsegregated fund balance is used to prepay City GO Debt at year-end, the following results would have occurred:

Year 12/31	PDAF Unsegregated Balance	GO Debt /Net EV	GO Debt /capita
2005	\$46,513,313	2.53%	\$1,120
2006	48,727,784	2.48	1,268
2007	50,824,739	2.18	1,180
2008	50,916,679	2.29	1,248
2009 <sup>(1)</sup>	50,916,679	2.41	1,290

<sup>(1)</sup> 12/31/09 balance is unknown at this time. Assumes balance is unchanged for the year.

**COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT  
MARCH 15, 2010**

Governmental Unit	Debt Outstanding As of March 15, 2010	Approximate Percentage Applicable	Milwaukee's Share of Debt As of March 15, 2010
City of Milwaukee <sup>(1)</sup>	\$950,744,150	100.00%	\$950,744,150
Area Board of Vocational, Technical and Adult Education, District No. 9	73,275,000	38.49	28,203,548
County of Milwaukee <sup>(2)</sup>	666,783,652	46.78	311,921,392
Milwaukee Metropolitan Sewerage District <sup>(3)</sup>	858,864,669	50.21	431,235,950
<b>TOTAL NET DIRECT AND OVERLAPPING DEBT</b>	<b>\$2,549,667,471</b>		<b>\$1,722,105,040</b>

<sup>(1)</sup> Includes \$108 million general obligation debt outstanding, which financed Milwaukee Public Schools improvements. Figure includes the new issue, and excludes debt to be refunded and provisions for current year maturities.

<sup>(2)</sup> Includes approximately \$625,310,823 of low interest loans from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the MMSD.

**FUTURE FINANCING**

As of March 15, 2010, the City had \$648,402,598 authorized unissued general obligation debt, for various corporate and capital improvement purposes, which can be issued at any time. \$45 million of the authorized debt is for Qualified School Construction Bonds. In addition, the City has \$400,000,000 of unissued revenue anticipation borrowing authorized in the 2010 Budget.

The authorized unissued general obligation debt includes \$104 million for sewer purposes. The City intends to borrow as much as possible of that amount from the State of Wisconsin Clean Water Fund Program on a revenue bond basis. The borrowings from the Clean Water Fund program are not general obligation debt, but will be secured by revenues of the City's Sewerage System.

See "FINANCIAL INFORMATION — CITY CAPITAL IMPROVEMENTS PLAN" herein for information on potential future capital needs.

## COMMERCIAL PAPER PROGRAM

The City has authorized the issuance of Commercial Paper (“CP”) with the General Obligation Commercial Paper Promissory Notes, 2008 Program Series C2, Series R3, and Series T4 (Taxable) (the “Series C2 Notes”, “Series R3 Notes”, and “Series T4 Notes” respectively, and together, the “CP Notes”). Any combination of Series C2 Notes, Series R3 Notes, and Series T4 Notes, up to an aggregate total of \$125,000,000, is authorized to be outstanding at any time. The CP Notes are general obligation debt of the City and are additionally secured by a direct pay letter of credit from State Street Bank that expires on December 1, 2012. The CP Notes are authorized to be outstanding until January 31, 2018.

The CP Notes may be issued at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the CP Note program is to provide interim financing for expenditures pending the City’s next long-term financing. As of December 31, 2009, the City had \$98,000,000 of Series C2 Notes and \$2,000,000 of Series T4 Notes outstanding. All of the currently outstanding CP Notes are planned to be refunded into long-term debt with a portion of this issue and debt issued in February 2010.

## AUCTION RATE AND OTHER VARIABLE RATE EXPOSURE

The City has no outstanding Auction Rate securities. The City has no insured debt that has a put option. The City’s CP Notes are additionally secured by liquidity facilities provided by State Street Bank. The \$23,000,000 outstanding Series 2005 V8 is a 7-day variable rate demand bond secured by a Stand-By Bond Purchase agreement that expires on December 1, 2012. The CP Notes are secured by a direct pay letter of credit that expires on December 1, 2012.

In 2003, the Redevelopment Authority of the City of Milwaukee, on behalf of the MPS, issued \$130,850,000 of Taxable Pension Funding Bonds, 2003 Series D in Auction Rate Mode and insured by MBIA. In 2005, the 2003 Series D bonds were converted to Index Bonds (“IB”) whose interest rate is reset monthly to 1-month LIBOR + 25 basis points. The IB bond owners do not have an option to put the bonds. The 2003 Series D bonds also have an interest rate swap that pays MPS 1-month LIBOR + 20 basis points in exchange for a fixed rate of 5.56% paid by MPS, effectively converting the IB to a fixed rate with no basis risk. \$70,850,000 of the interest rate swaps were with Lehman Brothers Special Financing Inc. (“LBSF”), which filed for bankruptcy in September, 2008. As of November 1, 2009, the interest rate swaps with LBSF had a theoretical market value to MPS of \$-14.7 million (a negative dollar amount is the amount MPS would owe in the event of an early termination). The City is working with MPS to replace the interest rate swaps with LBSF.

## REVENUE BONDING

The City has issued revenue bonds for its Water and Sewerage Systems and has issued industrial revenue bonds on behalf of borrowers for eligible projects. Additionally, the Housing Authority of the City (the “Housing Authority”), the Redevelopment Authority of the City (the “Redevelopment Authority”), the Milwaukee Economic Development Corporation and related entities also have outstanding obligations. Collectively, the programs of the Housing and Redevelopment Authorities and Milwaukee Economic Development Corporation complement the City financed economic development projects and foster the same development objectives.

Water System Revenue Bonds, Series 1998 — In 1998, the City and the State of Wisconsin entered into a loan agreement under the State of Wisconsin Safe Drinking Water Loan Program. Subsidized loans are available for certain projects, are secured by revenues of the Milwaukee Water Works, and are repayable over a period of 20 years. As of December 1, 2009, the outstanding balance was \$9.4 million.

Sewerage System Revenue Bonds — In 2001, the City created the Sewerage System with the issuance of \$29,095,000 of Sewerage System Revenue Bonds, and in 2003, the City issued an additional \$33,885,000 of Sewerage System Revenue Bonds. As of December 31, 2009, total outstanding Sewerage System Revenue Bonds was \$48,115,000 with a final maturity in 2023.

In 2006, the City created the Sewerage System Second Lien Revenue Bonds for the purpose of borrowing from the State of Wisconsin Clean Water Fund Program. As of December 31, 2009, the City had \$48.0 million outstanding under the Program. The City hopes to satisfy as much as possible of its Sewerage System capital needs with borrowings under the Program. (See “FUTURE FINANCING”).



*Industrial Revenue Bonding Program* — The City has established guidelines relating to its Industrial Revenue Bonding Program. These guidelines establish criteria for IRB financing. The guidelines delineate that the primary goals of this program are to create additional tax base, additional jobs, or both.

Industrial land, buildings, and machinery and equipment used in the manufacturing process and pollution abatement equipment of new or expanding industries are eligible projects. Since the first IRB issue in 1973, the City has closed 125 issues amounting to approximately \$265 million. The City has no responsibility to either secure or redeem IRB debt, and thus neither guarantees nor lends its own credit to these obligations.

*Housing Authority of the City of Milwaukee* — Most of the Housing Authority bonds and notes are secured by a lien on all revenues of the Housing Authority Low Income Housing Program. The Housing Authority has also issued debt for “stand-alone” projects. The Housing Authority bonds and notes are limited obligations of the Housing Authority and are neither a general obligation of the City nor are they guaranteed by the City. As such, they are not backed by the general credit or taxing powers of the City.

Between the period 1983 and December 1, 2009 the Housing Authority issued revenue bonds of approximately \$149 million of which approximately \$9.5 million are still outstanding.

*Redevelopment Authority of the City of Milwaukee* — The Redevelopment Authority is a public body corporate and politic formed in 1958 by action of the Common Council of the City pursuant to the Section 66.1333 (formerly Section 66.431) of the Wisconsin Statutes, as supplemented and amended (“Redevelopment Authority Act”).

The Redevelopment Authority has as its purpose the carrying out of blight elimination, slum clearance and urban renewal programs and projects as set forth in the Redevelopment Authority Act, and is authorized under the Redevelopment Authority Act to issue revenue bonds for the financing of such programs and projects and to enter into revenue agreements to provide revenues for the payment of such revenue bonds.

Since its creation, the Redevelopment Authority has provided for the acquisition and improvement of a variety of industrial, commercial, housing and other revenue-producing projects, and, in some instances, has entered into revenue agreements for the financing thereof, pursuant to authorization contained in the Redevelopment Authority Act. In connection with the financing of a number of such projects, the Redevelopment Authority has issued revenue bonds under a number of authorizing resolutions and indentures, each of which contained separate terms and conditions relating to the respective issues of revenue bonds. In each instance, the bonds issued constitute limited obligations of the Redevelopment Authority, and do not constitute an indebtedness of the City or a charge against the City’s general credit or taxing power.

The majority of these issues are supported solely by the revenues of the various projects. While in each instance, the bonds issued constitute limited obligations of the Redevelopment Authority, and do not constitute an indebtedness of the City or a charge against the City’s general credit or taxing power, there are certain issues which involve contingent liabilities of the Redevelopment Authority and/or the City.

As of December 31, 2009, the Redevelopment Authority had outstanding: one bond issue with \$12,380,000 outstanding that have a Moral Obligation Pledge of the City; and \$276,324,122 in seven bond issues for MPS, one secured by a lease, and six secured by loan agreement, with the Milwaukee Board of School Directors (“MBSD”). These bonds do not constitute general obligations of the City, or of MBSD, and shall not constitute or give rise to a charge against the City’s, or MBSD’s, taxing powers. These pledges create only financial obligations of the City, or MBSD, which are subject to annual appropriation. The loan agreement with MBSD includes a pledge of certain state aid payable to MBSD.

The Redevelopment Authority has also issued debt payable from tax increment revenues. See (“TAX INCREMENT DISTRICT FINANCING” herein.)

*Milwaukee Economic Development Corporation* — As of December 31, 2008, the Milwaukee Economic Development Corporation, or through a related entity, funded loans for 1,045 small businesses and redevelopment projects utilizing \$223 million to leverage a total of \$1,124 million in investment. 887 loans have been enrolled in the Capital Access Program with covered loan amounts totaling \$44 million.

The Milwaukee Economic Development Corporation had notes and debentures payable under the Small Business Administration’s Section 503 and 504 loan programs in the amount of \$10 million as of December 31, 2008.

## **TAX INCREMENT DISTRICT FINANCING**

Five issues of the Redevelopment Authority and Housing Authority involving over \$60 million in bonds have financed projects located within tax increment districts ("TID") of the City. The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such districts through the issuance of its general obligation bonds. As of December 31, 2009, \$164 million general obligation bonds for TID purposes was outstanding. Under current law, tax increments received by the City have been calculated based upon the assessed valuation and the applicable tax levy in the TID. The applicable tax levy includes the public school tax levy rate for Milwaukee Public Schools.

The Redevelopment Authority of the City has approximately \$42 million of debt secured by tax increment revenues. One of those issues, in the approximate amount of \$20 million, has the Moral Obligation Pledge of the City. That bond issue is in variable rate mode secured by a Letter of Credit ("LOC"). The LOC expires in May, 2010, and the bank has indicated that it will not be renewing the LOC. RACM and the City are working on alternatives for the financing. The remaining debt is owed to developers of projects within the TID, with no recourse to the City in the event that tax increment revenues are insufficient to repay the obligations. In 1996, the Wisconsin Legislature passed a property tax relief measure which increased the portion of statewide school revenues funded by State equalization aid to two-thirds from approximately one-half of all funds' budgets. The 2010 Assessed Tax Rate for Milwaukee Public Schools is \$10.66 per thousand dollars of assessed value, down from \$15.70 in 1995 (amounts are net of the school state tax credit). As a result, tax increment revenues for certain TIDs received by the City have been, and are expected to continue to be, reduced and therefore have the impact of either increasing the time needed to recover incurred project costs, including future debt service requirements; reducing the funding of active and proposed TIDs; or may require the City to fund TID cash flow deficiencies with other City revenues. In connection with the change in the School Aid formula, the State Legislature extended the allowable life of all TIDs established before October 1, 1995 from a maximum 23 years to a maximum 27 years to accommodate the lower school property tax rate. Pursuant to 2003 Wisconsin Acts 126, 127, 194 and 231 (enacted in February through April 2004), the allowable life of TIDs created between September 30, 1995 and October 1, 2004 for blight elimination and rehabilitation purposes is 27 years. The maximum lives for TIDs created after September 30, 2004 is 27 years for blighted and rehabilitation TIDs, and 20 years for mixed-use TIDs and industrial TIDs, which, for industrial TIDs represents a reduction from 23 years, though the new law also makes them eligible for a three-year extension. Extensions are available under certain circumstances. In any year in which total TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the City's general property tax levy.

## **FINANCIAL INFORMATION**

### **BUDGETING**

Each department and agency prepares its own detailed estimate of needs for the ensuing fiscal year which is filed with the Mayor not later than the second Tuesday in May of each year, at which time the Comptroller submits his statement of anticipated non-property tax revenues in accordance with City Charter provisions. Under the City Charter, changes to these non-property tax revenue estimates can be made only by the Comptroller. The Mayor holds hearings on departmental spending requests during July and August at the times and places the Mayor or Common Council by ordinance directs. The Mayor submits a proposed budget to the Common Council on or before September 28th of each year. This budget includes the Comptroller's anticipated non-property tax revenues. Subsequent to receipt of the budget by the Common Council, its Committee on Finance and Personnel reviews the Mayor's proposed expenditure budget. The Mayor and Common Council hold a public hearing on the entire budget no later than the 30th day of October. The Common Council subsequently adopts a property tax levy, but cannot change the Comptroller's anticipated revenues budget. The final budget must be adopted by the 14th of November. The City is under no State or local levy limits with respect to its General, Capital or Debt Service Funds.

## **CITY CAPITAL IMPROVEMENTS PLAN**

The City's 2009-2014 Capital Improvements Plan ("CIP") describes planned capital improvement projects and programs, together with proposed financing. Some school purpose improvements are financed by the City for the Milwaukee Public Schools, but are not included in the CIP.

The six-year City CIP municipal spending plan totals \$1,352 million. About \$867 million or 64% of planned spending is intended to preserve the City's existing infrastructure facilities (streets, sewers, alleys, bridges, etc.). The remaining 36% is for expansion purposes.

Surface transportation accounts for approximately 30% of the CIP, or about \$406 million. 31% (\$423 million) is planned for environmental projects including sewer and water improvements plus forestry and subsurface remediation projects. \$266 million of capital spending (20%) is planned for economic development projects. These projects are mainly Tax Incremental District related or Port of Milwaukee capital improvements. The remaining 19% (\$257 million) is planned for general governmental, health and safety, grant and aid, culture and recreation purposes.

The portion of the six-year CIP to be financed by the property tax levy totals about \$385 million (28%). This in turn is composed of direct tax levy funding of \$12 million (1%) and tax levy supported debt financing of \$373 million (27%). Cash revenues including Federal and State grants, developer financing and other sources, total \$358 million (27%) of planned CIP spending. An additional \$201 million (15%) is to be financed by City debt to be repaid with tax increment district revenues. The remaining \$407 million (30%) of the municipal purpose CIP is to be financed by self-supported debt issued for special assessments, water, sewer and parking purposes.

The Adopted 2010 Capital Improvements Budget totals \$178 million compared to a 2009 Budget of \$224 million and a 2010 CIP projection of \$228 million. Major categories include \$63 million of public works projects (streets, buildings, etc.), \$44 million of water and sewer projects, and \$39 million of economic development projects.

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# ADOPTED BUDGET - COMBINED REVENUES - 2010

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
<b>Taxes</b>						
Property Tax - General	\$89,998,860	—	\$69,118,480	\$793,000	—	\$159,910,340
Provision for Empl Retirement <sup>(1)</sup>	81,844,193	—	—	—	—	81,844,193
Common Council Cont	5,000,000	—	—	—	—	5,000,000
Total Taxes	176,843,053	—	69,118,480	793,000	—	246,754,533
<b>Revenues</b>						
Taxes	15,248,500	—	—	—	—	15,248,500
Licenses and Permits	12,754,420	—	—	—	—	12,754,420
Intergovernmental Revenues	271,915,149	76,117,944	—	—	—	348,033,093
Charges for Service	129,545,943	—	—	—	—	129,545,943
Fines and Forfeitures	5,255,000	—	—	—	—	5,255,000
Miscellaneous Revenues	3,864,700	15,000,000	—	—	—	18,864,700
Fringe benefits <sup>(2)</sup>	23,000,000	—	—	—	—	23,000,000
Parking	22,287,000	—	3,600,000	—	19,105,745	44,992,745
Water Works	3,000,000	—	4,725,049	—	83,136,951	90,862,000
Sewer Maintenance Fund	12,190,000	—	9,165,000	—	31,096,500	52,451,500
Retained Earnings	—	—	—	—	37,322,530	37,322,530
Sinking Fund	—	—	193,527,790	—	—	193,527,790
Special Assessments	—	9,072,755	—	770,000	—	9,842,755
Capital Revenue	—	—	—	22,429,125	—	22,429,125
Total Revenues	499,060,712	100,190,699	211,017,839	23,199,125	170,661,726	1,004,130,101
<b>Tax Stabilization</b>						
Transfer from Reserves	13,070,000	—	—	—	—	13,070,000
<b>Sale of Bonds and Notes</b>						
Bonds and Notes	—	—	—	97,351,903	22,287,000	119,638,903
Grand Total	\$688,973,765	\$100,190,699	\$280,136,319	\$121,344,028	\$192,948,726	\$1,383,593,537

<sup>(1)</sup> Includes employer and employee pension contributions and City employers' share of FICA.

<sup>(2)</sup> For budgeting purposes, Fringe Benefits are used as an offset against expenditures since these costs are budgeted twice, both as a lump sum and as individual departmental expenditures.

**ADOPTED BUDGET – COMBINED APPROPRIATIONS – 2010**

29

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Administration, Dept of	\$8,426,553	—	—	\$949,400	—	\$9,375,953
Assessor's Office	4,278,246	—	—	—	—	4,278,246
City Attorney	6,783,737	—	—	—	—	6,783,737
City Treasurer	2,951,830	—	—	—	—	2,951,830
Common Council - Clerk	7,858,707	—	—	—	—	7,858,707
Municipal Court	3,379,436	—	—	334,000	—	3,713,436
Comptroller	5,066,065	—	—	—	—	5,066,065
Dept of City Development	3,946,428	—	—	39,402,543	—	43,348,971
Election Commission	2,064,779	—	—	—	—	2,064,779
Employee Relations, Dept of	4,647,890	—	—	—	—	4,647,890
Fire and Police Commission	970,473	—	—	—	—	970,473
Fire Department	99,820,902	—	—	4,056,000	—	103,876,902
Health Department	12,228,339	—	—	100,000	—	12,328,339
Library Board	20,133,502	—	—	4,075,000	—	24,208,502
Mayor's Office	1,099,265	—	—	—	—	1,099,265
Neighborhood Services	14,117,724	—	—	76,141	—	14,193,865
Police Department	216,874,086	—	—	4,188,000	—	221,062,086
Port of Milwaukee	4,890,227	—	—	—	—	4,890,227
DPW-Administration	4,634,569	—	—	500,000	—	5,134,569
DPW-Infrastructure	33,656,488	—	—	36,107,500	—	69,763,988
DPW-Operations	70,533,610	—	—	15,220,444	—	85,754,054
Water Works	—	—	4,725,049	—	114,737,755	119,462,804
Sewer Maintenance Fund	—	—	9,165,000	—	52,455,755	61,620,755
Special Purpose Accounts	156,465,931	—	—	—	—	156,465,931
Pension Funds	116,371,933	—	—	—	—	116,371,933
Debt Service - City	—	—	245,052,341	—	—	245,052,341
Debt Service - Schools	—	—	17,593,929	—	—	17,593,929
Contingency	5,000,000	—	—	—	—	5,000,000
Delinquent Tax Fund	—	15,000,000	—	—	—	15,000,000
Parking	—	—	3,600,000	—	25,755,216	29,355,216
Grant & Aid Fund	—	76,117,944	—	—	—	76,117,944
Special Capital Projects	—	—	—	16,335,000	—	16,335,000
Economic Development	—	9,072,755	—	—	—	9,072,755
Fringe Benefit Offset <sup>(1)</sup>	(117,226,955)	—	—	—	—	(117,226,955)
Grand Total	<u>\$688,973,765</u>	<u>\$100,190,699</u>	<u>\$280,136,319</u>	<u>\$121,344,028</u>	<u>\$192,948,726</u>	<u>\$1,383,593,537</u>

<sup>(1)</sup>For budgeting purposes, Fringe Benefits are used as an offset against expenditures since these costs are budgeted twice, both as a lump sum and as individual departmental expenditures.

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEARS ENDING DECEMBER 31, 2004 THROUGH 2008**  
(Thousands of Dollars)

<b><u>Revenues:</u></b>	2004	2005	2006	2007 <sup>(1)</sup>	2008
Property Taxes	129,120	135,610	141,102	137,253	141,573
Other Taxes	3,563	3,709	5,202	5,311	4,839
Licenses and Permits	11,530	13,374	13,729	13,704	12,918
Intergovernmental	273,865	272,875	272,417	272,539	271,100
Charges for Services	60,825	63,410	73,528	76,496	86,410
Fines and Forfeitures	5,647	5,893	5,541	5,800	5,277
Other	8,108	12,179	17,353	18,883	12,864
<b>TOTAL GENERAL FUND REVENUES</b>	<b>492,658</b>	<b>507,050</b>	<b>528,872</b>	<b>529,986</b>	<b>534,981</b>
Tax Stabilization Fund Withdrawals	16,870	16,621	16,328	23,175	29,457
Other Financing Sources and Equity					
Transfers (Net)	34,913	39,444	37,761	43,224	44,466
<b>TOTAL GENERAL FUND REVENUES TAX STABILIZATION FUND WITHDRAWALS AND OTHER FINANCING SOURCES</b>	<b>544,441</b>	<b>563,115</b>	<b>582,961</b>	<b>596,385</b>	<b>608,904</b>
<b><u>Expenditures:</u></b>					
General Government	179,542	180,590	178,004	201,021	199,004
Public Safety	231,371	248,366	250,672	257,137	266,370
Public Works	89,562	89,180	86,482	93,956	103,149
Health	10,724	10,656	10,428	10,359	10,118
Culture and Recreation	17,822	16,744	17,882	17,548	16,782
Conservation and Development	3,495	2,767	3,217	3,279	3,456
<b>TOTAL EXPENDITURES</b>	<b>532,516</b>	<b>548,303</b>	<b>546,685</b>	<b>583,300</b>	<b>598,879</b>
<b>SOURCES OVER (UNDER) EXPENDITURES</b>	<b>11,925</b>	<b>14,812</b>	<b>36,276</b>	<b>13,085</b>	<b>10,025</b>
Fund Balance - January 1 (excludes reserved for use during the year)	75,111	70,415	68,899	82,000	61,396
<b>Fund Balance - December 31</b>	<b>87,036</b>	<b>85,227</b>	<b>105,175</b>	<b>95,085</b>	<b>71,421</b>
<b>Fund Balance Components:</b>					
Reserved for Encumbrances & Carryovers	30,288	16,382	15,616	21,376	22,865
Reserved for Inventory	5,684	5,095	6,886	6,252	7,248
Reserved for Mortgage Trust	282	297	280	218	173
Reserved for Environmental Remediation	303	303	303	303	303
Reserved for Next Year's Budget	16,621	16,328	23,175	29,457	22,379
Reserved for Subsequent Years' Budget	33,858	46,822	58,915	37,479	18,453
<b>TOTAL FUND BALANCE</b>	<b>87,036</b>	<b>85,227</b>	<b>105,175</b>	<b>95,085</b>	<b>71,421</b>

<sup>(1)</sup> In 2007, balances presented on a Budget Basis do not match balances presented on a Generally Accepted Accounting Principles ("GAAP") basis due to borrowing for certain expenditures authorized in the current fiscal year but not completed until the subsequent fiscal year. Budget Basis recognizes the revenues and expenditures in the same fiscal year, whereas GAAP does not recognize the revenues until the year the borrowing actually occurs. On a GAAP basis, the balances for "Reserve for Subsequent Years' Budget" and "Total Fund Balance" in 2007 were \$33,247 and \$90,853, respectively.

CITY OF MILWAUKEE  
GENERAL FUND - PROJECTED CASHFLOW SUMMARY  
(MILLIONS OF DOLLARS)  
JANUARY 1, 2010 TO DECEMBER 31, 2010

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
<b>BALANCE</b>	<b>77.217</b>	<b>86.366</b>	<b>11.097</b>	<b>(16.905)</b>	<b>98.262</b>	<b>58.422</b>	<b>0.810</b>	<b>67.443</b>	<b>55.521</b>	<b>29.988</b>	<b>4.523</b>	<b>170.235</b>	
<b>RECEIPTS</b>													
Property Taxes	2.330	7.097	6.301	3.300	5.987	6.973	54.333	10.096	13.321	12.744	1.851	79.555	203.888
State Aids													
Shared Revenue	-	-	-	-	-	-	42.201	-	-	-	194.013	-	236.214
Highway Aids	6.651	-	-	6.651	-	-	7.338	-	-	6.650	-	-	27.290
Payment Muni. Services	-	1.975	-	-	-	-	-	-	-	-	-	-	1.975
Computer Exemption Aid	-	-	-	-	-	-	2.800	-	-	-	-	-	2.800
Other	11.957	14.244	10.482	8.547	10.474	6.025	10.330	10.880	9.393	8.580	11.851	24.315	137.078
Delinquent Taxes Transfer	29.866	-	-	-	-	-	-	-	-	-	-	-	29.866
Pension Fees	-	3.981	1.990	1.990	1.990	1.990	1.991	1.990	1.990	1.990	1.990	1.991	23.883
City Services Fees	3.235	3.062	2.765	2.087	2.288	2.150	2.082	2.408	2.214	2.982	4.426	4.135	33.834
City PILOTS (Major)	-	-	-	-	-	-	-	-	-	-	-	11.205	11.205
Parking Transfers	-	-	-	-	-	10.768	-	-	-	-	-	10.769	21.537
Summerfest Lease	-	-	-	-	-	-	-	-	-	-	-	1.472	1.472
Street Sweeping	-	-	-	-	-	6.000	-	-	-	-	-	6.190	12.190
Vehicle Registration Fee	-	-	-	-	-	-	0.467	0.467	0.467	0.467	0.467	0.467	2.802
Potawatomi PILOT	-	-	-	-	-	-	-	5.550	-	-	-	-	5.550
Year End Transfers	56.620	-	-	-	-	-	-	-	-	-	-	-	56.620
Note Proceeds <sup>(1)</sup>	-	-	-	147.000	-	-	-	-	-	-	-	-	147.000
<b>TOTAL RECEIPTS</b>	<b>110.659</b>	<b>30.359</b>	<b>21.538</b>	<b>169.575</b>	<b>20.739</b>	<b>33.906</b>	<b>121.542</b>	<b>31.391</b>	<b>27.385</b>	<b>33.413</b>	<b>214.598</b>	<b>140.099</b>	<b>955.204</b>

<sup>(1)</sup>Includes delinquent tax financing portion of the G.O. Notes.

Maximum deficit occurs in July and November.

CITY OF MILWAUKEE  
GENERAL FUND - PROJECTED CASHFLOW SUMMARY (MILLIONS OF DOLLARS)  
(MILLIONS OF DOLLARS) (CONTINUED)  
JANUARY 1, 2010 TO DECEMBER 31, 2010

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
<b>DISBURSEMENTS</b>													
Salaries & Benefits	35.911	47.562	41.536	41.846	52.948	38.684	42.533	38.339	35.884	45.957	39.037	43.689	503.926
Services & Supplies	16.499	20.006	8.004	12.562	7.631	4.601	12.376	4.974	17.034	12.921	9.849	3.437	129.894
Employer Pension Contribution	49.100	-	-	-	-	-	-	-	-	-	-	-	49.100
Purchase Tax Delinquents	-	38.060	-	-	-	-	-	-	-	-	-	-	38.060
Contractual Tax Payment	-	-	-	-	-	48.233	-	-	-	-	-	-	48.233
Year End Transfers	-	-	-	-	-	-	-	-	-	-	-	32.000	32.000
Note Principal Repayment	-	-	-	-	-	-	-	-	-	-	-	147.000	147.000
<b>TOTAL DISBURSEMENTS</b>	<b>101.510</b>	<b>105.628</b>	<b>49.540</b>	<b>54.408</b>	<b>60.579</b>	<b>91.518</b>	<b>54.909</b>	<b>43.313</b>	<b>52.918</b>	<b>58.878</b>	<b>48.886</b>	<b>226.126</b>	<b>948.213</b>
<b>BALANCE</b>	<b>86.366</b>	<b>11.097</b>	<b>(16.905)</b>	<b>98.262</b>	<b>58.422</b>	<b>0.810</b>	<b>67.443</b>	<b>55.521</b>	<b>29.988</b>	<b>4.523</b>	<b>170.235</b>	<b>84.208</b>	



CITY OF MILWAUKEE  
GENERAL FUND  
PROJECTED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(MILLIONS OF DOLLARS)

Month Ending	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)	Ending Cash Balance Including Cash Flow Borrowing
January	\$77.217	\$110.659	\$101.510	\$86.366	\$86.366
February	86.366	30.359	105.628	11.097	11.097
March	11.097	21.538	49.540	(16.905)	(16.905)
April	(16.905)	22.575	54.408	(48.738)	98.262 <sup>(1)</sup>
May	(48.738)	20.739	60.579	(88.578)	58.422
June	(88.578)	33.906	91.518	(146.190)	0.810
July	(146.190)	121.542	54.909	(79.557)	67.443
August	(79.557)	31.391	43.313	(91.479)	55.521
September	(91.479)	27.385	52.918	(117.012)	29.988
October	(117.012)	33.413	58.878	(142.477)	4.523
November	(142.477)	214.598	48.886	23.235	170.235
December	23.235	<u>140.099</u>	<u>79.126</u>	84.208	84.208
		<u>\$808.204</u>	<u>\$801.213</u>		

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<sup>(1)</sup> Cash Flow Note Principal received

CITY OF MILWAUKEE  
GENERAL FUND  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(MILLIONS OF DOLLARS)

Month Ending	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)
January	\$74.649	\$107.334	\$60.591	\$121.392
February	121.392	29.213	104.318	46.287
March	46.287	24.890	49.020	22.157
April	22.157	141.844 <sup>(1)</sup>	53.843	110.158
May	110.158	18.154	60.062	68.250
June	68.250	23.496	89.722	2.024
July	2.024	113.112	54.345	60.791
August	60.791	26.719	42.823	44.687
September	44.687	28.058	52.309	20.436
October	20.436	30.751	58.310	(7.123)
November	(7.123)	218.784	55.173	156.488
December <sup>(2)</sup>	156.488	140.001	219.272 <sup>(3)</sup>	77.217
		<u>\$902.356</u>	<u>\$899.788</u>	

Notes:

<sup>(1)</sup> Cash Flow Note principal received

<sup>(2)</sup> Estimated

<sup>(3)</sup> Cash Flow Note principal repaid

**CITY OF MILWAUKEE**  
**SCHEDULE OF CASH AND INVESTMENT**  
**BALANCES - ALL FUNDS**  
**2009**  
**(MILLIONS OF DOLLARS)**

<u>Month Ending</u>	<u>General Fund <sup>(1)</sup></u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Trust and Agency Funds <sup>(2)</sup></u>	<u>Total</u>
January	\$121.392	\$212.331	\$39.342	\$198.083	\$571.148
February	\$46.287	194.709	47.736	50.472	339.204
March	\$22.157	244.122	50.703	69.882	386.864
April	\$110.158	204.432	51.178	185.266	551.034
May	\$68.250	238.325	46.072	81.143	433.790
June	\$2.024	224.910	47.224	56.694	330.852
July	\$60.791	223.052	42.845	(5.022)	321.666
August	\$44.687	210.226	41.214	(19.591)	276.536
September	\$20.436	169.455	41.667	207.195	438.753
October	(\$7.123)	164.189	40.448	83.168	280.682
November	\$156.488	172.804	24.923	41.810	396.025
December (estimate)	\$77.217	121.608	(15.271)	435.593	619.147

<sup>(1)</sup> Balances include Cash Flow Note proceeds and repayment

<sup>(2)</sup> Agency Funds includes Milwaukee Public Schools.

This schedule excludes Cash & Investment balances for Housing Authority, Redevelopment Authority, Milwaukee Economic Development Corp., and the Neighborhood Improvement Development Corp.

CITY OF MILWAUKEE  
PROJECTED SCHEDULE OF CASH AND INVESTMENT  
BALANCES - ALL FUNDS  
2010  
(MILLIONS OF DOLLARS)

Month Ending	General Fund <sup>(1)</sup>	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds <sup>(2)</sup>	Total
January	\$86.366	\$206.652	\$53.827	\$199.754	\$546.599
February	11.097	175.910	66.354	60.976	314.337
March	(16.905)	177.419	67.453	74.478	302.445
April	98.262	209.422	68.498	197.323	573.505
May	58.422	204.809	69.642	86.598	419.471
June	0.810	183.686	70.427	57.998	312.921
July	67.443	189.869	76.639	(8.025)	325.926
August	55.521	174.288	77.027	(23.238)	283.598
September	29.988	139.778	75.441	219.748	464.955
October	4.523	134.421	75.834	87.340	302.118
November	170.235	129.902	66.613	43.249	409.999
December	84.208	152.600	42.055	441.707	720.570

<sup>(1)</sup> Balances include Cash Flow Note proceeds and repayment

<sup>(2)</sup> Agency Funds includes Milwaukee Public Schools.

This schedule excludes Cash & Investment balances for Housing Authority, Redevelopment Authority, Milwaukee Economic Development Corp., and the Neighborhood Improvement Development Corp.

**CITY OF MILWAUKEE**  
**ASSESSED AND EQUALIZED VALUATIONS**

	Year 2005 For 2006 Purposes	Year 2006 For 2007 Purposes	Year 2007 For 2008 Purposes	Year 2008 For 2009 Purposes	Year 2009 For 2010 Purposes
Real Property					
Residential	\$16,093,549,640	\$18,211,503,605	\$18,753,914,925	\$19,173,232,823	\$17,743,825,065
Industrial (Manufacturing)	721,966,100	740,265,100	726,692,200	772,959,900	732,007,800
Mercantile (Commercial)	7,566,086,684	8,498,282,646	8,950,205,395	9,483,547,328	9,485,580,238
Total Real Property	\$24,381,602,424	\$27,450,051,351	\$28,430,812,520	\$29,429,740,051	\$27,961,413,103
Personal Property	830,118,862	904,900,490	943,560,442	1,001,936,153	983,160,269
Total Assessed Valuations	\$25,211,721,286	\$28,354,951,841	\$29,374,372,962	\$30,431,676,204	\$28,944,573,372
Equalized Valuation as determined by the State Department of Taxation is the basis used in computing the 7% statutory debt limitation of the City of Milwaukee	\$26,256,713,800	\$30,226,985,500	\$31,887,192,100	\$32,257,525,000	\$31,266,329,200
Ratio of Assessed to Equalized Valuation	96.02%	94.05%	92.12%	94.34%	92.57%

**CITY OF MILWAUKEE**  
**ASSESSED TAX RATES**  
(Per \$1,000 of Assessed Valuation)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Unit of Government					
City Government	\$8.75	\$7.99	\$8.01	\$8.09	\$8.89
Milwaukee Public Schools	8.79	8.04	8.84	9.82	10.66
Milwaukee County	4.63	4.37	4.41	4.38	4.66
Milwaukee Area Technical College	1.96	1.89	1.92	1.94	2.06
Milwaukee Metropolitan Sewerage District	1.48	1.39	1.39	1.37	1.43
Gross Tax Rate Per \$1,000	25.61	23.68	24.57	25.60	27.70
Less: State Tax Credit	(\$1.11)	(\$1.27)	(\$1.43)	(\$1.57)	(\$1.72)
Net Tax Rate	<u>\$24.50</u>	<u>\$22.41</u>	<u>\$23.14</u>	<u>\$24.03</u>	<u>\$25.98</u>

**CITY OF MILWAUKEE**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
(\$ Amounts in Thousands)

Budget	<u>Taxes Levied for the Fiscal Year</u>			<u>Cumulative Collected in Subsequent Years</u>	
<u>Year</u>	<u>Levy</u>	<u>Collections</u>	<u>% of Levy</u>	<u>Amount</u>	<u>% Collected</u>
2004	\$240,643	\$235,012	97.66%	\$5,319	99.87%
2005	248,267	242,587	97.71	5,111	99.77
2006	261,685	255,818	97.76	5,184	99.74
2007	265,319	257,350	97.00	5,709	99.15
2008	286,180	277,119	96.83	0	96.83

## **COLLECTION PROCEDURES**

If no payment of property taxes is received in January, the taxes become delinquent as of February 1<sup>st</sup>. If the taxes are not paid when due under the 10-month installment plan, they become delinquent for legal purposes on November 15<sup>th</sup>.

A letter is mailed to the taxpayer shortly after February 1st, telling of the delinquency and suggesting partial payments if full payment cannot be made. As directed by Chapter 74 of the Wisconsin Statutes interest at the rate of 1 percent per month is charged from the preceding January 1st. Periodic follow-up letters continue to be mailed.

Taxpayers are given every opportunity to pay their delinquent taxes and satisfactory agreements are arranged to bring this about. If a property owner continues to remain delinquent and the Treasurer's Office is unable to reach an arrangement by which the owner will pay the taxes, the Treasurer's Office starts foreclosure proceedings. The City enforces its own delinquent tax collections.

Taxes are foreclosed under Section 75.521 of the Wisconsin Statutes, which permits a legal action to be commenced one year from the date of delinquency. An exception to this provision is that legal action on owner occupied dwellings may be deferred up to two years if authorized by Common Council action.

The rate of current tax collections continues at an historically high level. Current collections for 2008 were approximately 96.8 percent of the total tax levied.

## **INSURANCE**

The City has property insurance with the State of Wisconsin Local Government Property Insurance Fund. This insurance is subject to a \$25,000 deductible. The City is uninsured for liability. Under Wisconsin law, the City's exposure in tort liability is limited to \$50,000 in non-automobile cases and \$250,000 in automobile cases. The City does carry a wharfinger's liability policy on its port with coverage up to \$10 million and a deductible of \$500,000. The City follows a policy of requiring contract service providers to provide the City with indemnification and insurance as may be deemed appropriate by the City.

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## **PENSION SYSTEM**

### **EMPLOYEES' RETIREMENT SYSTEM**

The Employees' Retirement System ("System") of the City is established pursuant to Section 36 of the Milwaukee City Charter.

Membership in the System consists of specified classes of part-time and all full-time municipal employees including elected officials. Persons employed as teachers are specifically excluded from membership. Membership in the System totals 11,737 active and 4,147 vested, inactive members at December 31, 2007. There were 10,984 retirees and beneficiaries receiving benefits as of December 31, 2007.

Funding of the System, a defined benefit plan, is derived from employee and employer contributions. Current employee contributions to the System are based on a percentage of compensation as follows:

General Municipal <sup>(1)</sup>	5.5%
Elected Officials	7.0%
Police	7.0%
Fire	7.0%

<sup>(1)</sup> Including non-certified School Board, Milwaukee Area Technical College, and all Milwaukee Metropolitan Sewerage District and Wisconsin Center District employees.

The City pays the employee's share of the pension contributions as well as the employer's share of pension contributions, which are actuarially determined based upon normal cost and amortization of past service liability. The actuarial cost method for determining these items was changed from the "aggregate cost method" to the "projected unit credit method" as of January 1, 1995.

For the year ended December 31, 2008, required member contributions totaled \$33.9 million and required employer contributions totaled zero dollars. As of December 31, 2008, Net Assets Held in Trust for Pension Benefits totaled \$3.4 billion, compared to \$5.2 billion on December 31, 2007. This decrease is primarily due to relatively unfavorable conditions in most of the financial markets during 2008. Total Assets Under Management as of September 30, 2009 were \$3.9 billion.

The Milwaukee City Charter requires that an actuarial study of the System be performed at least once every five (5) years for the purpose of reviewing assumptions. The last actuarial study was completed by Buck Consultants covering experience from January 1, 2002 to December 31, 2006.

The latest actuarial valuation was as of January 1, 2009 and showed an Accrued Liability of \$4.113 billion, Market Value of Assets of \$3.400 billion, and a Funded Ratio Based on Market Value of Assets of 82.7%. On January 1, 2008, the amounts were \$3.958 billion, \$5.232 billion, and 132.2%, respectively.

The Governmental Accounting Standards Board ("GASB") Statement No. 25 Disclosure of "Schedule of Funding Progress" indicates an Actuarial Value of Assets of \$5.192 billion as of January 1, 2008 and an Actuarial Accrued Liability of \$3.958 billion as of that date. This results in a Funded Ratio of 131.2%.



## **FIREMEN'S ANNUITY AND BENEFIT FUND**

The Firemen's Annuity and Benefit Fund was established in 1923 pursuant to Chapter 423 of the 1923 Laws of Wisconsin. In 1947, the Firemen's Annuity and Benefit Fund was closed to new entrants. The final pre-1947 member retired in 1989.

The Principal Mutual Life Insurance Company made a proposal to provide annuities guaranteeing benefit payments to entrants and widows, exclusive of duty disability benefits, beginning in February 1990 in consideration of a single premium payment on January 31, 1990, in the amount of \$20,419,207. The Retirement Board of the Firemen's Annuity and Benefit Fund and the Common Council authorized acceptance of the proposal and payment of the required premium on December 19, 1989. The Retirement Board and the Firemen's Annuity and Benefits Fund ceased to exist. The City will be liable to pay retirement benefits if the insurance company defaults on its obligations under the policy.

## **POLICEMEN'S ANNUITY AND BENEFIT FUND**

As of January 3, 2006, the Policemen's Annuity and Benefit Fund board has been dissolved and the Fund is being administered by the Employees' Retirement System.

## **OTHER POST-EMPLOYMENT BENEFITS**

According to the City's Comprehensive Annual Financial Report ("CAFR"), the Governmental Accounting Standards Board ("GASB") issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions effective for fiscal year 2007. This Statement requires the City to account for and report the value of its future other post-employment benefits ("OPEB") obligation currently rather than on a pay-as-you-go basis. The actuarially required contribution ("ARC") is \$73.1 million. The City's total annual OPEB pay-as-you-go obligation is \$32.9 million, which increases the net OPEB obligation for 2008 at \$340.2 million. Please see the CAFR at [www.milwaukee.gov](http://www.milwaukee.gov) for more information.

## **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 March 1, 2010.

***Kaye v. City of Milwaukee, et al.*** Kaye, a real estate developer, brought this case against the City, its Redevelopment Authority, other agencies, City and Redevelopment officials and employees under the Racketeer Influenced Corrupt Organizations Act, 18 U.S.C. § 1961, *et. seq.*, and the Wisconsin Organized Crime Control Act, Wis. Stat. §946.80, *et. seq.*

Kaye's complaint alleges he attempted to bid on certain real property then owned by the City and located at 1152-1158 Kane Place. His bid was not considered, because the property had been "promised" to Ms. Kohler, who was then Vice Chair of the City Planning Commission. He claims that the City, and specifically the Redevelopment Authority, made special exceptions to bid, sale, zoning and other requirements for Ms. Kohler due to her status as a public official. Specifically, he alleges that Ms. Kohler, in her capacity as Vice Chair of the City Planning Commission, agreed with Mr. Fowler, then a Redevelopment Authority Commissioner, to "swap" the Kane Place property for another parcel of property located at 2951-2965 N. Humboldt Avenue. As a quid pro quo for Mr. Fowler approving the Redevelopment Authority's sale of the Kane Street property to Ms. Kohler, she, through the City Planning Commission, approved the sale of the Humboldt Avenue property to Alterra Coffee Roasters, Inc., a company in which Mr. Fowler is a principal shareholder.

Kaye further alleges that, around this same time, Alderman D'Amato, the East Village Association, Inc. ("EVA"), and certain private citizens, including Ms. Kohler, were seeking enactment of an ordinance that would establish a "Conservation District Overlay" over a portion of the Third Aldermanic District. The conservation district would limit the types of real estate development that could occur therein. The conservation district was opposed by the plaintiff and others. As part of their opposition efforts, Kaye and others became members of the EVA and sought to elect their own slate of directors. He alleges that Alderman D'Amato, Ms. Kohler, and the then-officers of EVA engaged in a fraudulent scheme to manipulate the EVA election in order to retain control of the board from opponents of the conservation district. He alleges that the opposition members were permitted to believe that the election would be conducted by a simple majority vote. At the time of the election, however, the opposition members were informed for the first time that a new voting method, a variant of cumulative voting that emphasized voting coalitions, would be used. The existing officers and directors of the EVA, along with Alderman D'Amato and Ms. Kohler, were able to organize a voting coalition, including by means of e-mail, which plaintiff alleges to have been an act of wire fraud. The opposition members, surprised by the change in voting method, could not organize in time and were unsuccessful in wresting control of the EVA board.

Kaye also alleges that citizens opposing the conservation district placed yard signs expressing that opposition in various places in the Third Aldermanic District. Plaintiff alleges that Alderman D'Amato (or one of his aides, the complaint conflicts itself on this point) removed such a sign from the property of Jill Bondar, one of the leaders of the opposition group. Kaye further alleges that Alderman D'Amato left Ms. Bondar a voice mail in which he implicitly threatened criminal prosecution for her conduct and that of other members of the opposition group in putting up the yard signs.

According to Kaye, the allegations plead predicate acts of racketeering sufficient to allege that the defendants violated both RICO, the Racketeer Influenced Corrupt Organizations Act, 18 U.S.C. § 1961, *et. seq.*, and the Wisconsin Organized Crime Control Act, Wis. Stat. § 946.80, *et. seq.* Plaintiff asserts claims under 18 U.S.C. §§ 1962(b), (c) and (d). Section 1962(b) makes it unlawful for any person to acquire or maintain any interest in or control of any "enterprise" through a "pattern of racketeering." Section 1962(c) makes it unlawful to conduct or participate in the affairs of an "enterprise" through a "pattern of racketeering." Section 1962(d) makes it unlawful to conspire to violate RICO. The complaint asks for over \$5,000,000 in compensatory and punitive damages.

The attorneys for the City and the other defendants moved to dismiss the complaint for failure to state a claim upon which relief can be granted, which was granted by the court. Mr. Kaye has appealed that decision to the United States Court of Appeals for the Seventh Circuit. The Court of Appeals sent the case back to the District Court to enter a final order.

The district court entered an order dismissing his case without prejudice and permitting Kaye 30 days to file an amended complaint. That order was signed on February 13, 2008. Kaye filed an amended complaint, which the court again dismissed. On January 13, 2009, Kaye filed an appeal. On February 3, 2009, the District court entered an order against Kaye dismissing the appeal and awarding attorney's fees and expenses to Ms. Kohler, Mr. Fowler, and Mr. D'Amato pursuant to Fed. R. Civ. P. 11. Mr. Kaye appealed this order to the United States Court of Appeals for the Seventh Circuit. On December 4, 2009, the Seventh Circuit affirmed the judgment of the district court and on December 16, 2009, Mr. Kaye filed a petition for rehearing with the Seventh Circuit. On January 13, 2010, the Seventh Circuit returned the case to the District Court for a decision regarding sanctions against Mr. Kaye. Mr. Kaye has 90 days to appeal the Seventh Circuit's decision to the United States Supreme Court.

***Milwaukee Police Supervisors Organization (MPSO) v. City of Milwaukee and the Milwaukee Employees' Retirement System (ERS)***. This case is a clone of an earlier case that was filed and subsequently voluntarily dismissed. That case was brought by the Milwaukee Police Association (MPA represents police officers; the MPSO represents police supervisors.) The MPA case alleged that the ERS was prohibited by City Ordinance from spending more than \$3 million to purchase and install a computer information system. The suit alleged that the City was liable to pay any of those expenses in excess of \$3 million. It is estimated that the total cost of the ERS information system is approximately \$25 million. The dispute in the case was over the interpretation of a section of the City ordinance that transferred all administrative, operational, and investment expenses from the City to the ERS. This change was made as a part of a larger settlement of various disputes between the City and the MPA called the Global Pension Settlement. The MPA voluntarily dismissed the lawsuit in 2005. The MPSO has filed this lawsuit making the same allegations. Another union, the Association of Law Enforcement Allied Services Personnel (ALEASP) has joined this lawsuit as a plaintiff. Both the City and the ERS view the allegations as without merit and are vigorously defending the lawsuit. Discovery continues. On November 11, 2009, each defendant filed its motion for summary judgment. Hearing on the motions is scheduled for April 14, 2010.

***Frank Jude, Jr., et al. v. City of Milwaukee, et al.*** On October 24, 2004, Frank Jude, Jr. attended a party hosted by a Milwaukee police officer and attended by a number of other off-duty police officers. At some point, a number of the off-duty officers became involved in an altercation with Mr. Jude. Jude claims that he was beaten for no reason. He suffered severe

injuries. The officers claim that they became involved with Jude only after they suspected that he had stolen a badge from one of them. They also claim that Jude resisted their efforts to obtain physical control of him. On-duty police officers were also called to the scene and Jude claims that they, too, used excessive force on him and failed to stop the use of excessive force by those off-duty officers who were striking Mr. Jude. In addition to issues concerning the cause of the altercation, its actual participants, and its course, there is a substantial question of whether the off-duty and on-duty officers involved in the matter were acting within the scope of their employment. Mr. Jude's complaint also alleges that the City is directly liable under a theory that the City violated his constitutional rights by, among other things, condoning a culture where officers were cavalier in their conduct.

The police chief fired most of the officers involved in the incident. The county prosecutor charged three of the off-duty officers with crimes, but in April, 2006, two were found not guilty and the jury could not reach a final verdict as to the battery charge against the third officer. The third officer was subsequently convicted in an unrelated case of making a bomb threat against his former police district station. The District Attorney did not retry the third officer on the battery charge. Federal authorities also reviewed the matter and indicted seven of the off-duty officers and one of the on-duty officers with federal civil rights crimes. The federal authorities entered into plea agreements with one of the on-duty officers and three of the off-duty officers. The officers agreed to plead guilty to civil rights violations and all of them but one to testify against the other officers in the government's case. The four remaining officers went to trial in July, 2007. Three of the officers were found guilty and one was acquitted.

Four lawsuits have been filed relative to this matter. Mr. Jude and his wife sued the City and several individuals relative to his beating. The City has settled with three other individuals who attended the party with Mr. Jude and alleged that they were unlawfully arrested and that excessive force was used. Mr. Jude is seeking more than \$25 million dollars in damages. The City has answered the suit and maintains that none of the individually named defendant officers, both on and off duty, were acting within the scope of their employment with regard to the subject events. The City has also denied all requests by the individual officer defendants for representation. Discovery has not yet begun, but a full discovery and litigation process is anticipated. The court approved a one-year discovery period, with an extra 180 days for expert discovery. Dispositive motions are due December 1, 2009. On August 31, 2009, Mr. Jude filed an amended complaint adding Nicole (Martinez) Belmore as a defendant. Ms. Belmore was an on-duty officer who responded to the scene. Ms. Belmore was acting in the scope of her employment and has been provided outside counsel. No criminal conduct has ever been alleged with respect to her. Discovery, including expert testimony has been extended through November 1, 2010 and dispositive motions are due December 31, 2010.

***U.S. Oil v. City of Milwaukee.*** U.S. Oil has filed a new lawsuit against the City for refund of \$914,000 plus interest of its 2006, 2007 and 2008 real estate taxes, raising different issues for each of the years. The City has done substantial preparation for this new case as a result of similar filings by U.S. Oil in prior years.

***Chaunte Ott v. City of Milwaukee, et al.*** In this 2009 civil rights action, Ott claims that he was wrongly convicted in 1996 of the 1995 murder of a girl. Ott spent 13 years in prison until recent DNA testing linked the murder victim to another individual. Ott claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and coerced false statements from witnesses. Ott also claims that supervisory individuals in the department permitted such alleged misconduct to occur as a matter of practice.

***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 a dental expert to produce false evidence. Stinson also claims that supervisory individuals in the police department permitted such alleged misconduct to occur as a matter of practice.

***Javier v. Glover.*** In this civil rights action, the plaintiffs claim that an off-duty Milwaukee police officer violated their civil rights when in March 2005 he fatally shot Wilbert Javier Prado. The officer, Alfonzo Glover, subsequently committed suicide after he was charged criminally with Prado's murder. In this ensuing civil litigation, the city has vigorously contested the plaintiffs' claims that Glover was acting within the scope of his employment and under color of law at the time of the shooting. The court recently ruled, however, not only that the issue of action under color of law presented a jury question but also that the plaintiffs could recover punitive damages even though the officer is deceased. The case is now set for trial in June 2010.

## LEGAL OPINIONS

The legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado, S.C., Wauwatosa, Wisconsin, Bond Counsel to the City, will be delivered to the purchasers of the Offered Obligations. Drafts of the legal opinions for the Offered Obligations are included herein as Appendix B.

## RATINGS

The City has requested ratings on the Offered Obligation from FITCH Ratings, Moody's Investors Service, Inc. and Standard & Poor's Ratings Group.

FITCH Ratings has assigned a rating of "F1+" on the Notes and "AA" on the Bonds. Moody's Investors Service, Inc. has assigned a rating of "\_\_\_\_" on the Notes and "\_\_\_\_" on the Bonds. Standard & Poor's Ratings Group has assigned a rating of "SP-1+" on the Notes and "AA" on the 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 Offered Obligations.

## TAX MATTERS

### Summary of Bond Counsel Opinion in connection with the Offered Obligations

Bond Counsel is of the opinion that under existing law, interest on the Offered Obligations 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 Offered Obligations 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 interest on the Offered Obligations is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income and is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Offered Obligations 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 Offered Obligations in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Offered Obligations. These requirements relate to the use and investment of the proceeds of the Offered Obligations, the payment of certain amounts to the United States, the security and source of payment of the Offered Obligations and the use of the property financed with the proceeds of the Offered Obligations.

### Offered Obligations 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 Offered Obligations is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Offered Obligations is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Offered Obligation, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Offered Obligation, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Offered Obligation 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 Offered Obligations for federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Offered Obligations 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 Offered Obligations. In addition, owners of Offered Obligations should consult their tax advisors with respect to the state and local tax consequences of owning the Offered Obligations; 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 Notes. Among these requirements are the following:

***Limitations on Private Use.*** The Code includes limitations on the amount of Note 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 Offered Obligations 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 Offered Obligations.

***Rebate of Arbitrage Profit.*** Unless the City qualifies for an exemption, earnings from the investment of the “gross proceeds” of the Offered Obligations 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 Offered Obligations 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 Offered Obligations, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Offered Obligations.

### **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 Offered Obligations.

### **Risks of Non-Compliance**

In the event that the City fails to comply with the requirements of the Code, interest on the Offered Obligations may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the City’s agreements with the owners of the Offered Obligations require neither acceleration of payment of principal of, or interest on, the Offered Obligations, nor payment of any additional interest or penalties to the owners of the Offered Obligations.

### **Federal Income Tax Consequences in connection with the Offered Obligations**

Pursuant to Section 103 of the Code, interest on the Offered Obligations 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 Offered Obligations 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 OFFERED OBLIGATIONS.

***Cost of Carry.*** Owners of the Offered Obligations 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 Offered Obligations. As discussed below, special allocation rules apply to financial institutions.

***Corporate Owners.*** Interest on the Offered Obligations 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 Offered Obligations is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax. Interest on the Offered Obligations is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

**Individual Owners.** Receipt of interest on the Offered Obligations 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 Offered Obligations 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 Offered Obligations 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 Offered Obligations.

**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 Offered Obligations held by such a company is properly allocable to the shareholder.

The opinions 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 Offered Obligations 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 Offered Obligations are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Offered Obligations.

## STATE TAX MATTERS

Interest on the Offered Obligations is not exempt from State of Wisconsin income tax or franchise tax.

## NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Offered Obligations as “qualified tax-exempt obligations” for purposes of Section 265 (b)(3) of the Code.

## 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 Offered Obligations 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 material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Offered Obligations are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C. The City has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the City to comply with the Undertaking will not constitute an event of default on the Offered Obligations (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 Offered Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Offered Obligations and their market price.

## **FINANCIAL ADVISOR**

Robert W. Baird & Co. has been retained as Financial Advisor to the City in connection with the issuance of the Offered Obligations. The Financial Advisor has requested and the City has consented to the Financial Advisor submitting bids for the Offered Obligations.

## **UNDERWRITING**

The Offered Obligations will be purchased at competitive bidding conducted on March 25, 2010.

The award of the Notes was made to \_\_\_\_\_, its co-managers and associates.

The award of the Bonds was made to \_\_\_\_\_, its co-managers and associates.

The public reoffering yields of the Offered Obligations are detailed on the inside front cover of the Final Official Statement.

## **CLOSING DOCUMENTS AND CERTIFICATES**

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

- (1) a signature and no litigation certificate;
- (2) a tax certificate;
- (3) a certificate of delivery and payment;
- (4) the opinions as to the legality of the Offered Obligations 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, S.C., Wauwatosa, Wisconsin, Bond Counsel to the City, in substantially the forms as set forth in Appendix B;
- (5) copies of this Official Statement issued in conjunction with the Offered Obligations within seven business days after the award of the Offered Obligations in accordance with SEC Rule 15c2-12(b)(3);
- (6) a 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.

## **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.

## **ADDITIONAL INFORMATION**

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

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

/s/

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W. Martin Morics  
City Comptroller and Secretary  
City of Milwaukee, Wisconsin

March \_\_, 2010