

This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Series 2021 Bonds, the City will complete, adopt and deliver a Final Official Statement substantially in this form.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021

**NEW ISSUE
BOOK-ENTRY ONLY**

RATINGS:
(See “RATINGS” herein)

Fitch

Moody’s

In the opinion of Katten Muchin Rosenman LLP, and Hurtado Zimmerman SC, (“Bond Counsel”), under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Series 2021 Bonds will not be includable in gross income for federal income tax purposes. The Series 2021 Bonds are not “private activity bonds” and the interest thereon is not required to be included as an item of tax preference for purposes of computing “alternative minimum taxable income.” Interest on the Series 2021 Bonds is not exempt from Wisconsin income taxes.



\$70,000,000*
CITY OF MILWAUKEE, WISCONSIN
Sewerage System Revenue Bonds
Series 2021 S2 (Green Bonds)



Dated: Date of Delivery

Due: June 1, 2022 – 2046

The \$70,000,000* Sewerage System Revenue Bonds, Series 2021 S2 (Green Bonds) (the “Series 2021 Bonds”) will be dated the Date of Delivery, will bear interest payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2021, at the rates, and will mature on June 1 in the years and amounts, as detailed on the inside cover.

The Series 2021 Bonds shall be issued by the City of Milwaukee, Wisconsin (the “City”) for the purposes of (i) financing the costs of improvements to the City’s Sewerage System; (ii) refunding the \$21,300,000 outstanding principal amount of the Sewerage System Revenue Bonds, Series 2011 S1 of the City maturing in the years 2022 to 2031 and (iii) paying the costs of issuance of the Series 2021 Bonds. (See “SERIES 2021 BONDS – The Financing Plan” herein.)

The Series 2021 Bonds maturing on or after June 1, 20__ are subject to optional redemption on or after ____, 20__ at par, as more fully described herein. (See “SERIES 2021 BONDS – Optional Redemption Prior To Maturity” herein.)

The Series 2021 Bonds will be issued only as fully registered bonds and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the securities depository of the Series 2021 Bonds. Individual purchases will be made in book entry only form in denominations of \$5,000 principal amount or any integral multiple thereof. Purchasers of the Series 2021 Bonds will not receive certificates representing their interest in the Series 2021 Bonds purchased. (See *Appendix E – “BOOK ENTRY ONLY SYSTEM”*.)

The Series 2021 Bonds are limited special obligations of the City payable solely from and secured by the funds pledged therefor on a parity with the City’s outstanding Sewerage System Revenue Bonds, Series 2011 S1, Series 2013 S5 and Series 2016 S7 and bonds hereafter issued on a parity therewith. (See “SECURITY” herein.)

This cover page contains information for quick reference only and is not a summary of the Series 2021 Bonds. Prospective purchasers must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2021 Bonds are being offered when, as and if issued and received by the Underwriters, subject to the delivery of the approving legal opinions of Bond Counsel. In connection with the issuance of the Series 2021 Bonds, certain legal matters will be passed upon for the City in connection with the preparation of this Official Statement by its Disclosure Counsel, Katten Muchin Rosenman LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by their counsel, Chapman and Cutler, Chicago, Illinois.

Delivery of the Series 2021 Bonds is expected to be made through the facilities of DTC, on or about May ____, 2021.

BofA Securities

Robert W. Baird & Co.

Bancroft Capital

Siebert Williams Shank & Co., LLC

Dated: April ____, 2021

*Preliminary, subject to change.

MATURITY SCHEDULE

\$70,000,000*

CITY OF MILWAUKEE, WISCONSIN

Sewerage System Revenue Bonds, Series 2021 S2 (Green Bonds)

The Series 2021 Bonds will be dated the Date of Delivery, will bear interest at the rates, and at the yields, and identified by the CUSIPS shown below, payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2021, and will mature on June 1 of the years and in the amounts shown below. The Series 2021 Bonds maturing on and after June 1, 2032 are subject to optional redemption on any date on or after June 1, 2031, as provided herein.

Maturing (June 1)	Amount*	Interest Rate	Yield or Price	CUSIPS (1)
2022	\$			60242M
2023				60242M
2024				60242M
2025				60242M
2026				60242M
2027				60242M
2028				60242M
2029				60242M
2030				60242M
2031				60242M
2032				60242M
2033				60242M
2034				60242M
2035				60242M
2036				60242M
2037				60242M
2038				60242M
2039				60242M
2040				60242M
2041				60242M
2042				60242M
2043				60242M
2044				60242M
2045				60242M
2046				60242M
TOTAL	\$			

\$ _____,000 ____% Term Bonds due June 1, 20__ price to yield ____%. CUSIP⁽¹⁾ 60242M

(1) The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Series 2021 Bonds. The City is not responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2021 Bonds, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Series 2021 Bonds.

* Preliminary, subject to change.

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

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

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\$70,000,000*
CITY OF MILWAUKEE, WISCONSIN
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2021 S2 (GREEN BONDS)

INTRODUCTION

The purpose of this Official Statement, including the cover page, and Appendices, is to set forth certain information concerning the City of Milwaukee (the “*City*”), located in Milwaukee County, Wisconsin, and to set forth information concerning the offering of \$70,000,000* Sewerage System Revenue Bonds, Series 2021 S2 (Green Bonds) of the City, dated the Date of Delivery (the “*Series 2021 Bonds*”). The following information is furnished solely to provide limited introductory information regarding the Series 2021 Bonds and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the Appendices hereto.

Summary Statement

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

<i>Issuer:</i>	City of Milwaukee, Wisconsin.
<i>Issue:</i>	\$70,000,000* Sewerage System Revenue Bonds, Series 2021 S2 (Green Bonds).
<i>Dated Date:</i>	Date of Delivery.
<i>Maturities:</i>	June 1 of the years 2022 to 2046, both inclusive.
<i>Interest Payment Dates:</i>	Each June 1 and December 1, beginning December 1, 2021.
<i>Denominations:</i>	\$5,000 or integral multiples thereof.
<i>Purpose:</i>	The Series 2021 Bonds are issued for the purposes of (i) financing the costs of improvements to the City’s Sewerage System; (ii) refunding the \$21,300,000 outstanding principal amount of the Sewerage System Revenue Bonds, Series 2011 S1 of the City maturing in the years 2022 to 2031 and (iii) paying the costs of issuance of the Series 2021 Bonds. (See “ SERIES 2021 BONDS – The Financing Plan ” herein.)
<i>Green Bonds:</i>	The City is self-designating the Series 2021 Bonds as “Green Bonds”. (See “ SERIES 2021 BONDS – Green Bond Designation ” herein.)
<i>Security:</i>	Principal and interest on the Series 2021 Bonds will be payable solely from and secured by the funds pledged therefor on a parity with the City’s outstanding Sewerage System Revenue Bonds, Series 2011 S1, Series 2013 S5, Series 2016 S7 and bonds hereafter issued on a parity therewith. (See “ SECURITY ” herein.)
<i>Authority for Issuance:</i>	The Common Council of the City has authorized the issuance and sale of the Series 2021 Bonds in accordance with the provisions of Chapter 66 of the Wisconsin Statutes (the “ <i>Act</i> ”).
<i>Form of Issuance:</i>	The Series 2021 Bonds will be issued in Book-Entry-Only form, fully

* Preliminary, subject to change.

registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the Series 2021 Bonds. (See *Appendix E* – “**BOOK-ENTRY-ONLY SYSTEM**”).

Tax Matters: In the opinion of Katten Muchin Rosenman LLP, and Hurtado Zimmerman SC, (“Bond Counsel”), under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Series 2021 Bonds will not be includable in gross income for federal income tax purposes. The Series 2021 Bonds are not “*private activity bonds*” and the interest thereon is not required to be included as an item of tax preference for purposes of computing “alternative minimum taxable income.” Interest on the Series 2021 Bonds is not exempt from Wisconsin income taxes. (See “**TAX MATTERS**” herein).

Redemption Feature: The Series 2021 Bonds maturing on or after June 1, 2032 are subject to optional redemption on or after June 1, 2031 at par, as more fully described herein. (See “**SERIES 2021 BONDS – Optional Redemption Prior to Maturity**” herein.)

Professionals:

<i>Bond Counsel:</i>	Katten Muchin Rosenman LLP Chicago, Illinois
	Hurtado Zimmerman SC Wauwatosa, Wisconsin
<i>Municipal Advisor:</i>	PFM Financial Advisors LLC Milwaukee, Wisconsin
<i>Depository and Paying Agent</i>	U.S. Bank National Association Milwaukee, Wisconsin

Delivery: Delivery will be on or about May ____, 2021 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering prices or yields of the Series 2021 Bonds are detailed on the inside front cover of the Official Statement.

SERIES 2021 BONDS

The Financing Plan

The Series 2021 Bonds shall be issued by the City on parity with (i) the \$25,580,000 outstanding principal amount of Sewerage System Revenue Bonds, Series 2011 S1, (the “Series 2011 S1 Bonds”) of the City, (ii) the \$29,090,000 outstanding principal amount of Sewerage System Revenue Bonds, Series 2013 S5, of the City and (iii) the \$77,670,000 outstanding principal amount of Sewerage System Revenue Bonds, Series 2016 S7, of the City (the “*Outstanding Bonds*”) for the purpose of (i) financing the costs of improvements to the City’s Sewerage System consisting of repair, improvement, and replacement of existing sewers, infiltration and inflow reduction projects, flood mitigation projects, water quality projects, and downspout disconnection projects (the “*2021 Improvements*”); (ii) permanently financing \$33,925,000 of the costs of the 2021 Improvements temporarily financed on the City’s general obligation line of credit; (iii) refunding the \$21,300,000 outstanding principal amount of the Sewerage System Revenue Bonds, Series 2011 S1, of the City maturing in the years 2022 to 2031, both inclusive (the “*Refunded Bonds*”); and (iv) paying the costs of issuance of the Series 2021 Bonds.

The Refunded Bonds will be redeemed on June 1, 2021 (the “*Redemption Date*”) at a redemption price of par together with accrued interest thereon to the Redemption Date (the “*Redemption Requirement*”). On the date of issue of the Series 2021 Bonds, the City will apply a portion of the proceeds of the Series 2021 Bonds (and other City funds) to deposit into the 2011 Series Account of the Special Redemption Fund held by U.S. Bank National Association, as Depositary and Paying Agent for the Refunded Bonds, an amount sufficient to pay the Redemption Requirement of the Refunded Bonds on the June 1, 2021 Redemption Date. However, the deposit will not meet the strict requirements of the defeasance provisions for the Refunded Bonds. Thus the Refunded Bonds will remain “Outstanding” until they are redeemed on the Redemption Date. After the redemption of the Refunded Bonds, and the payment of the Series 2011 S1 Bonds maturing on June 1, 2021, there will be no Series 2011 S1 Bonds outstanding.

Estimated Sources and Uses

Sources of Funds*	
Principal Amount of Series 2021 Bonds	70,000,000
Net Original Issue Premium	
Available City Funds	700,000
Total Sources of Funds	700,000
Uses of Funds*	
Repayment of Line of Credit used to finance 2021 Improvements	\$33,925,000
Deposit to finance additional 2021 Improvements	16,075,000
Deposit to Refund the Refunded Bonds (1).....	21,300,000
Costs of Issuance (including Underwriters’ Discount).....	
Total Uses of Funds	51,300,000

(1) Amount is for Principal only. Interest on the Refunded Bonds is paid by amounts already accumulated for the June 1, 2021 interest payment.

* Preliminary, subject to change

The Bond Resolution

Pursuant to a Bond Resolution adopted on August 2, 2001 as amended by resolutions adopted on April 15, 2003 and on November 23, 2010 (the “*Master Resolution*”) and the Series 2021 Resolution adopted on March 2, 2021 (the “*Series Resolution*,” and together with the Master Resolution, the “*Bond Resolution*”), the Common Council has authorized and approved the sale of the Series 2021 Bonds including providing certain of the details of the Series 2021 Bonds and setting out certain covenants with respect thereto. Pursuant to the Master Resolution, bonds may be issued thereunder in series from time to time. Upon the issuance of the Series 2021 Bonds, the City will have outstanding the Series 2021 Bonds, and the Outstanding Bonds and the City may hereafter authorize and issue additional Sewerage System Revenue Bonds (the “*Additional Bonds*”). The Series 2021 Bonds, the Outstanding Bonds and any Additional Bonds on parity therewith are hereinafter referred to as the “*Bonds*.”

No subaccount shall be established for the Series 2021 Bonds in the Reserve Account and, for purposes of the Master Resolution, the Reserve Account Requirement for the Series 2021 Bonds shall be \$0. **THE RESERVE ACCOUNT DOES NOT SECURE AND IS NOT AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2021 BONDS.**

The City may at any time or from time to time, issue evidences of indebtedness payable out of, and which may be secured by a pledge of, such amounts in the Subordinate Obligation Fund (as

hereinafter defined) as may from time to time be available for the purpose of payment thereof. The City has issued Sewerage System Second Lien Revenue Bonds as loans from the State of Wisconsin's Clean Water Fund Program to finance sewer maintenance capital projects. The Sewerage System Second Lien Revenue Bonds are Subordinate Obligations (as hereinafter defined), which constitute evidence of indebtedness payable out of, and which are secured by a pledge of, such amounts in the Subordinate Obligation Fund of the Bond Resolution as may from time to time be available for the purpose of payment thereof. (See "ADDITIONAL BONDS – Subordinate Obligations" herein.) The City also issues general obligation and bank line of credit debt to finance sewer capital projects. The general obligation and bank line of credit debt does not have a lien on the sewerage system revenues or assets, but is expected to be repaid from amounts in the Surplus Fund not required to meet a deficiency referred to in the Bond Resolution. (See "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Summary of Certain Provisions of the Bond Resolution – Surplus Fund" in *Appendix C*.) The Sewerage System Second Lien Revenue Bonds, the general obligation debt and bank line of credit debt do not constitute Bonds under the Bond Resolution. The City may, by resolution, provide for various priorities in the liens and pledges securing Subordinate Obligations, and nothing in the Bond Resolution shall be construed so as to require that the payment of, or pledges securing, Subordinate Obligations be on a parity with the Bonds. (See "ADDITIONAL BONDS – Subordinate Obligations" herein.)

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

Maturity and Interest Rates

The Series 2021 Bonds are to be dated the Date of Delivery and will bear interest from that date at the rates, and shall mature each June 1 in the amounts and on the dates as set forth on the inside front cover of this Official Statement. Interest on the Series 2021 Bonds will be payable on December 1, 2021 and thereafter semi-annually on June 1 and December 1 of each year and is calculated on the basis of 30-day months and a 360-day year.

Optional Redemption Prior to Maturity

The Series 2021 Bonds maturing on or after June 1, 2032, are subject to redemption prior to their maturity at the option of the City on any date on or after June 1, 2031, from such maturities as the City shall determine, at a price of par plus accrued interest to the date fixed for their redemption.

Mandatory Redemption of Term Bonds

The Bonds maturing on June 1, 20__ and June 1, 20__ are term bonds subject to mandatory redemption, in part and by lot, by the application of annual sinking fund installments at a redemption price of par on June 1 of the years and in the principal amounts shown in the following tables:

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

Amounts accumulated in the Special Redemption Fund by reason of the payment of any Sinking Fund Installment may be applied by the City, on or prior to the sixtieth (60th) day preceding the due date of such Sinking Fund Installment, to: (i) the purchase of Series 2021 Bonds of the maturity for which such Sinking Fund Installment was established, or (ii) the redemption of such Series 2021 Bonds at the applicable Redemption Price, if then redeemable by their terms. All such purchases of Series 2021 Bonds shall: (i) be made at prices not exceeding the applicable Redemption Price of such Series 2021 Bonds plus accrued interest; (ii) be made as arranged by the City in such manner and from such sellers or brokers at such prices as the City shall determine; and (iii) be made to insure that delivery of the Series 2021 Bonds so purchased shall not occur later than the sixtieth (60th) day next preceding the redemption date to which the Sinking Fund Installment is to be applied. The applicable Redemption Price of any Series 2021 Bonds (or principal amount of maturing Series 2021 Bonds) so purchased or redeemed shall be deemed to constitute part of the Special Redemption Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Sinking Fund Installment, the City shall proceed to call for redemption on such due date Series 2021 Bonds of the maturity for which such Sinking Fund Installment was established (except in the case of Series 2021 Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment after making allowance for any Series 2021 Bonds purchased or redeemed which the City has applied as a credit against such Sinking Fund Installment.

Upon any purchase or redemption of Series 2021 Bonds of any maturity for which Sinking Fund Installments shall have been established: (i) if the principal amount of the Series 2021 Bonds so purchased is less than or equal to the next succeeding Sinking Fund Installment there shall be credited to the next such Sinking Fund Installment an amount equal to the principal amount of the Series 2021 Bonds so purchased; and (ii) if the principal amount of the Series 2021 Bonds so purchased is greater than the next succeeding Sinking Fund Installment, there shall be credited toward each such Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Series 2021 Bonds so purchased or redeemed bears to the total principal amount of all such Sinking Fund Installments to be so credited or, at the option of the City, an amount equal to the next succeeding Sinking Fund Installment. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Partial Redemption

In the event of the partial redemption of Series 2021 Bonds of the same maturity, the particular Series 2021 Bonds to be redeemed shall be selected by lot in any manner that the Paying Agent deems to be fair.

Notice of Redemption

Notice of the redemption of any Series 2021 Bonds shall be given not less than 30 days prior to the redemption date.

Green Bond Designation

The City is self-designating the Series 2021 Bonds as “Green Bonds” (the “*Green Bonds*”) based on the intended use of the proceeds for the financing of projects that have environmental benefits and that adhere to the International Capital Market Association Green Bonds Principles as of June, 2018 (the “*Green Bond Principles*”). The Green Bonds allow investors to invest directly in bonds that finance environmentally beneficial projects.

Process for Project Evaluation and Selection

The Sewerage System's core purpose is to collect and deliver all sanitary sewer flows to intercepting sewers operated by the Milwaukee Metropolitan Sewerage District, minimize surface flooding, and reduce the risk of basement backups in homes. All the capital projects of the Sewerage System relate to the green project category of sustainable wastewater management ("*Green Projects*"), which includes sustainable urban drainage and other forms of flood mitigation, as follows (the "*Project Categories*"):

- Lining and replacement of sewer mains.
- Maintenance of lift stations, including repair and replacement of equipment.
- Infiltration and Inflow reduction projects to reduce rainwater infiltration into sewer mains.
- Projects to reduce surface flooding and basement backups, including detention and retention projects.
- Downspout disconnection – to further reduce rainwater entering sewer mains.
- Water quality initiatives to reduce: Total Suspended Solids, phosphorus, and Total Maximum Daily Loads.

These Green Projects reduce sanitary sewer overflows and other untreated polluted surface water from reaching rivers and ultimately Lake Michigan. They contribute to the green project categories of pollution prevention and control, and terrestrial and aquatic biodiversity conservation (protection of environments).

A portion of the revenues of the Sewerage System are used to reimburse the City for operational expenses of leaf and brush collection (composted waste management that reduce landfill waste) and snow and ice removal from streets, which keep storm water freely flowing into sewer mains. The Sewerage System does not finance capital needs of these surface operations.

Use of Proceeds

The proceeds of the Green Bonds will be used to: 1) refund the outstanding Series 2011 Bonds that were issued for Green Projects in the principal amount of \$21,300,000; and 2) finance the cost of improvements including providing long-term financing in the amount of \$33,925,000 for Green Projects that are currently financed by the City's line of credit, and approximately \$16,075,000 of additional Green Projects.

Management of Proceeds

Unspent proceeds of the Green Bonds will be invested in a separate account of the City with the State's Local Government Investment Pool. The separate account will hold only proceeds of the Green Bonds. Pursuant to the Bond Resolution, moneys in the construction fund may be invested in any security which is legal for the investment of funds of the City. Pursuant to 66.0603(1m)(c), Wisconsin Statutes, the City may invest surplus funds in the State's local government pooled-investment fund, which the State has named as the Local Government Investment Pool.

Reporting

While there are unspent proceeds of the Green Bonds, the City will provide transparent tracking of these funds, at least annually, until fully allocated to Green Projects. Reports will be filed on the EMMA and on the City's investor website: www.MilwaukeeBonds.com. Improvements of the Sewerage System are funded from a variety of sources (revenues, state loans, grants, and bond issues), and numerous individual projects are included within each of the Project Categories. As permitted by the Green Bond Principles, the spending will be reported in the aggregate by the Project Categories.

SECURITY

Pledge of Revenues

(A) The Bonds are limited special obligations of the City payable solely from and secured by the funds pledged therefor. There are pledged as security for the payment of the principal and Redemption Price (if any) of, and interest on, the Bonds in accordance with their terms and the provisions of the Bond Resolution, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution: (i) the proceeds of sale of the Series 2021 Bonds pending application thereof in accordance with the provisions of the Bond Resolution or of a Series Resolution (ii) the Net Revenues, and (iii) all Funds and Accounts held under the Bond Resolution other than (a) the Rebate Fund and (b) the Subordinate Obligation Fund, including the investments, if any, in such Funds and Accounts; and the bondholders shall have a lien on, and a security interest in, such proceeds, Net Revenues, and Funds and Accounts for such purpose and subject to such provisions of the Bond Resolution. As defined in the Bond Resolution, “*Net Revenues*” means with respect to any period, the Revenues during such period less amounts required to pay Operation and Maintenance Expenses. “*Operation and Maintenance Expenses*” means the costs and expenses of operating and maintaining the Sewerage System, including, without limiting the generality of the foregoing: (i) all expenses includable in the operation and maintenance expense accounts of the City relating to the Sewerage System according to generally accepted accounting principles, exclusive of debt service, capital expenditures, depreciation and tax equivalents; and (ii) to the extent not included in the preceding clause (i) or paid from the Bond proceeds or otherwise, the City’s share of the costs and expenses of operating and maintaining any plants and properties jointly owned with others. Such lien and security interest for the payment of the Bonds shall be prior and superior to the lien and security interest for the payment of Subordinate Obligations. The Bonds are additionally secured by a mortgage lien upon the Sewerage System, which shall be perfected by the recording of the Bond Resolution in the records of the City.

(B) The pledge of, and lien on, and security interest in, the proceeds of the Series 2021 Bonds and the Net Revenues as received by the City and the Funds and Accounts held under the Bond Resolution, other than the Rebate Fund and the Subordinate Obligation Fund, shall be valid and irrevocable: (i) from and after the time that, if required by State law, a financing statement is filed with respect to such pledge, lien and security interest as required by State law, and, upon such filing; or (ii), if no financing statement is so required by State law, upon delivery of the proceeds of the Series 2021 Bonds, and all the Net Revenues as received by the City and the Funds and Accounts therein, other than the Rebate Fund and the Subordinate Obligation Fund, shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid as against, and prior to the lien of, all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof.

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

(D) The principal and Redemption Price (if any) of, and interest on, the Bonds shall be payable only from the Special Redemption Fund and not from any funds of the City other than the Special Redemption Fund and the Bonds shall not constitute a general obligation of the City, or create a charge upon any other revenues or property of the City, except the Net Revenues and other moneys and securities

pledged under the Bond Resolution. No holder of the Bonds shall have the right to compel the exercise of the taxing power of the State or any political subdivision thereof, including the City, in connection with any default with respect to the Bonds. Each Bond shall recite in substance the provisions of this subsection (D).

(E) No holder of a Series 2021 Bond shall be required to see that the moneys derived from such Series 2021 Bonds are applied to the purpose or purposes for which such Bond is issued. The validity of the Series 2021 Bonds shall neither be dependent upon nor affected by the validity or regularity of any proceedings relating to the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of the Sewerage System nor the use and application of the proceeds of the Bonds. The Series 2021 Bonds shall contain a recital that they are issued pursuant to the Act, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

COVENANTS TO SECURE THE BONDS

The City, in the Bond Resolution, covenants and agrees with the holders of all Bonds, including the Series 2021 Bonds issued pursuant to the Bond Resolution, and to the extent provided in a Series Resolution, all support facility providers, as follows:

Rates and Charges

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

(B) Prior to the end of each Fiscal Year, the Commissioner of Public Works of the City shall complete a review of the financial condition of the Sewerage System for the purpose of estimating whether the Net Revenues for such Fiscal Year and for the next succeeding Fiscal Year will be sufficient to comply with the rate covenant described in paragraph (A) above and shall by a Written Certificate of the City make a determination with respect thereto. Such review shall take into consideration the completion of any uncompleted improvement and the issuance of future Series of Bonds if necessary to finance the completion of such improvements. Such Written Certificate shall set forth a reasonably detailed statement of the actual and estimated revenues, operation and maintenance expenses, aggregate debt service, and any other estimates or assumptions upon which such determination was based, and shall be filed with the City Clerk on or before July 1 in each year. If it is determined in such Written Certificate that the Revenues may not be so sufficient, the Commissioner of Public Works of the City shall forthwith make a study for the purpose of determining a schedule of Sewerage Service Charges which, in the opinion of the Commissioner of Public Works, will cause sufficient Revenues to be

collected in the following Fiscal Year to comply with such rate covenant described in paragraph (A) above and will cause additional Revenues to be collected in such following and later Fiscal Years sufficient to eliminate the amount of any deficiency at the earliest practicable time, or the Commissioner of Public Works may elect to cause the Consulting Engineer to make such a study and render such opinion. The Common Council of the City shall as promptly as practicable but no later than one hundred twenty (120) days following such determination by the Commissioner of Public Works, or receipt of the Consulting Engineer's recommendation, adopt and place in effect a schedule of Sewerage Service Charges as described in this paragraph (B). The Commissioner of Public Works of the City filed the Written Certificate with the City Clerk on June 26, 2020 and evidenced compliance with the rate covenant described in paragraph (A) above.

Service to the City

The reasonable cost and value of services rendered to the City by the Sewerage System by furnishing sewer services for public purposes, shall be charged against the City and shall be paid by it in quarterly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the revenues derived from the Sewerage System and out of the tax levy of the City made by it to raise money to meet its necessary current expenses. It is found and determined in the Bond Resolution that the reasonable cost and value of such service to the City in each Fiscal Year shall be the amount necessary in the Fiscal Year which, together with the other revenues of the Sewerage System, will produce Net Revenues in each Fiscal Year equal to not less than 1.00 times the maximum aggregate Debt Service on the Bonds then outstanding plus 1.00 times the aggregate Support Facility Reimbursement Obligations then outstanding. However, such payment out of the tax levy shall be subject to (a) approval of the Public Service Commission, or successors to its function, if necessary, (b) yearly appropriations therefor and (c) applicable levy limitations, if any; but neither the Bond Resolution nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or make any subsequent payment over and above such reasonable cost and value. Such compensation for such service rendered to the City shall, in the manner provided above, be paid into the Revenue Fund created by the Bond Resolution.

FUNDS AND ACCOUNTS

Establishment of Funds and Accounts

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

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

- (1) Operation and Maintenance Fund;
- (2) Rebate Fund;
- (3) Sewerage System Special Redemption Fund (the "*Special Redemption Fund*") and Reserve Accounts therein;
- (4) Subordinate Obligation Fund; and
- (5) Surplus Fund.

The Operation and Maintenance Fund, Special Redemption Fund, Reserve Account and Surplus Fund are considered to be funds held under the Bond Resolution for purposes of the pledge made in the Bond Resolution. **THE RESERVE ACCOUNT DOES NOT SECURE AND IS NOT AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2021 BONDS.**

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

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

Flow of Funds

(A) Revenues shall be collected by the City and deposited, as soon as practicable, into the Revenue Fund. From the amounts deposited in the Revenue Fund, the City shall transfer to the Operation and Maintenance Fund sufficient moneys to pay the current operation and maintenance expenses of the Sewerage System, transfer to the Rebate Fund such amount as is necessary to pay the rebate amount due the United States Treasury Department under Section 148 of the Code, if any, or to set aside as a reserve for such payment and make the transfers to other Funds and Accounts as provided in subsection (B) below.

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

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

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

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

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

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

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

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

ADDITIONAL BONDS

Conditions for the Issuance of Parity Bonds Other Than Refunding Bonds

(A) One or more Series of Bonds, exclusive of Refunding Bonds issued pursuant to Section 3.05 of the Bond Resolution, may be issued at any time and from time to time for any lawful use or purpose relating to the Sewerage System, including, without limitation, payment of all or a portion of the Costs of Improvements, but only upon compliance as to each such Series with the provisions of the Bond Resolution regarding the required Series Resolution and provision of the following documents or moneys or securities:

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

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

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

(4) Either:

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

(i) on audited figures, provided that such audited figures are for the most recent Fiscal Year for which an audit is available, and are for a period ending within 18 months of the date of the issuance of the proposed Series of Bonds; or

(ii) on figures taken by an independent certified public accountant from the City's books and records, showing that the Net Revenues any consecutive twelve (12) month period out of twenty-four (24) months immediately preceding the month in which such Bonds are issued;

were not less than the greater of:

- (x) the sum of: (1) the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and the twelve (12) month period selected; and (2) the Required Deposits for such Fiscal Year or the twelve (12) month period selected; and
 - (y) 1.20 times the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and the twelve (12) month period selected, plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding as of the date of the Written Certificate of the City; or
- (II) a Written Certificate of an Authorized Officer of the City or Certificate of the Consulting Engineer that the Net Revenues to be derived in each of the five (5) Fiscal Years following the earlier of:
- (i) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the Fiscal Year in which the proposed Series of Bonds are issued; and
 - (ii) the date on which substantially all Improvements to be financed with the proceeds of the proposed Series of Bonds are expected to commence operations, or, if the proceeds of such Series of Bonds will not be used to fund the Costs of Improvements, the Fiscal Year in which the proposed Series of Bonds are issued;

are estimated to be not less than the greater of:

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

as of the date of such Written Certificate of the City or certificate of the Consulting Engineer, as the case may be. Adopted Sewerage Service Charges shall be taken into account at the time, or times, they are scheduled to be effective (the “*Additional Bonds Requirement*”). For purposes of this subsection (4): If any changes have been made and are in effect at the time of the issuance of the proposed Series of Bonds in the Sewerage Service Charges (exclusive of changes in the rates and charges for the privilege of connecting to the Sewerage System) which were not in effect during all or any part of the periods referred to in Section 3.04 (4)(I)(i) or (ii) of the Bond Resolution, the Net Revenues for either of such respective periods may be adjusted to reflect the results which would have occurred in the Net Revenues if such changes in the Sewerage Service Charges had been in effect during all of such respective periods.

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

(B) In determining Debt Service on Variable Rate Bonds then Outstanding and Variable Rate Bonds then proposed to be issued for purposes of the Additional Bonds Requirement, the interest rate

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

Refunding Bonds

(A) The City by means of a Series Resolution adopted in compliance with the provisions of the Bond Resolution may issue a Series of Refunding Bonds at any time for the purpose of refunding (including by purchase) all or any portion of Bonds Outstanding, including amounts to pay principal, redemption premium and interest to the date of maturity or redemption (or purchase) and the expense of issuing the refunding bonds and of effecting such refunding; provided, however, that the provisions of subsection (A) of “*Conditions for the Issuance of Parity Bonds Other Than Refunding Bonds*” shall be complied with upon the issuance of such Series; provided, further, however, that clause (4) of subsection (A) of “*Conditions for the Issuance of Parity Bonds Other Than Refunding Bonds*” need not be complied with if the Refunding Bonds proposed to be issued do not mature later than the Bonds to be refunded and Debt Service in any Fiscal Year on the Refunding Bonds proposed to be issued does not exceed Debt Service in any Fiscal Year on the Bonds to be refunded by more than ten percent (10%).

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

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

Bond Anticipation Notes

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

Subordinate Obligations

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

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

THE SEWERAGE SYSTEM

History of Utility

The City's Sewerage System (the "*Sewerage System*") traces its history back to the 1860s. In 1998, the Sewerage System was changed from a department of the City to an Enterprise Fund. The City's Sewerage System consists of three types of sewers: combined, sanitary and storm, most of which are located within the boundaries of the City. Combined sewers collect both wastewater from homes and businesses and storm runoff water in a single pipe and convey this flow to an intercepting sewer operated by the Milwaukee Metropolitan Sewerage District ("*MMSD*"). Sanitary sewers collect only wastewater from homes and businesses and convey this flow to an intercepting sewer operated by the MMSD. The intercepting sewers convey the flow to area treatment plants. Storm sewers collect only storm runoff water and convey this flow to rivers, streams, etc.

Combined sewers serve approximately 35 square miles of the City and separate sanitary and storm sewers serve approximately 61 square miles. A few of the City's sewers run through a portion of adjacent communities in order to connect to an intercepting sewer or to outlet into a river. In addition, some property in other communities that is adjacent to a common boundary to the City may receive service from City facilities if it is not available from their own community.

General Information

The Sewerage System consists of a network of combined, sanitary and storm sewers and other facilities necessary to collect wastewater from homes and businesses and storm water runoff from City streets and other surfaces. The Sewerage System then conveys this flow to the intercepting sewerage system operated by the MMSD. In addition to the sewer pipes, the Sewerage System also includes a variety of lift stations, pumps, detention basins, storm water inlets and catch basins, storage and operating facilities required to efficiently perform this conveyance function.

For the most part, the sewers use gravity to move the flow downstream. In a few areas of the City, the existing intercepting sewers and slope of the land does not allow the use of only gravity to move the flow. In six locations, there have been installed pump stations to lift flow from a low point up to a point where it can continue to flow by gravity. Two of the lift stations are along the lakefront, one is on the east side of the City and three are located on the far northwest side of the City.

Eighty-three by-pass pumps are installed in the sanitary sewers. The by-pass pumps operate in extreme wet weather, discharging excess flow from the sanitary sewers to either a storm sewer (79 locations) or directly to an intercepting sewer (4 locations). These by-pass pumps were installed to prevent sanitary sewers from backing up into homes during extreme wet weather.

Distribution of Major Assets as of December 31, 2020

As of December 31, 2020, major assets of the Sewerage System were distributed as follows:

Type of Sewer	Miles of Sewers			
	Total	< = 21" Diameter	21" to 54" Diameter	=> 54" Diameter
Combined	557	320	178	59
Sanitary	978	965	13	0
Storm	963	640	250	73

Need For Improvements

The City continuously evaluates the condition of the Sewerage System and schedules projects to replace portions of the Sewerage System that are in need of such replacement. The City is working to identify and remove the sources of infiltration and inflow of clear water into the sanitary Sewerage System. This additional flow can result in by-passes from the sanitary Sewerage System. In addition, the City operates under a Wisconsin Department of Natural Resources' Storm Water Discharge Permit, which requires the City to address water quality by reducing pollutants washing off streets and other impervious surfaces.

CUSTOMER DATA

Sewer System customers are categorized into four classifications: residential (including single-family and duplexes), commercial, industrial and government. A summary of each classification is listed below:

Customer Classification	2020 Billings		Number of Accounts	
	Amount	Percent	Number	Percent
Residential.....				
Commercial.....				
Industrial				
Government.....				
Total.....		100.0%		100.0%

Largest Users

Below are the Milwaukee Sewer System's 15 largest customers for the year 2020.

Customer	Usage (100 cubic feet)	Billing	Billing as Percent of Total Billed
Total.....			

Source: City of Milwaukee, Department of Public Works.

History of Usage and Total Billings

The following are the historical billed amounts for the 15 largest Sewer System customers for 2019 and 2020.

Customer	2019 Billed Amount	2020 Billed Amount
Total.....	_____	_____
	=====	=====

Source: City of Milwaukee, Department of Public Works.

Rate Information

The rate for the City sewer maintenance fee is based upon actual water consumption. Water consumption acts as a proxy for the amount of water returned to the sewer system. To account for the fact that not all water consumed is returned to the Sewerage System, several adjustments are made to account for non-sewer related water consumption.

Residential water consumption is based upon actual consumption adjusted for historical winter quarter consumption, which tends to more accurately reflect the amount of water actually returned to the Sewerage System. This compensates for water consumed by residential users that does not return to the Sewerage System, such as watering of lawns and gardens.

Industrial and commercial properties can modify their consumption amount through a certification process, which adjusts consumption to more accurately reflect the amount of water actually returned to the Sewerage System. The certification process is similar to that used by the MMSD, except that the City's certification process does not include MMSD's measure of sewerage strength. This measure does not apply to the City's sewer maintenance expenses, as the strength of sewerage has no impact on the operational cost of sewer maintenance.

After identifying water consumption, the sewer rate is calculated by dividing total sewer maintenance costs by total adjusted water usage. This yields a rate per 100 cubic feet of water consumed. This rate is then multiplied by an individual property's actual adjusted water usage to determine its sewer maintenance fee. The same rate is applied to all property classifications.

Sewer Fund costs include operating, maintenance, capital improvement and debt service costs for the City's sewer system, as well as a contingency fund to cover unanticipated expenses and administrative costs for the City of Milwaukee Water Works (the City's water utility, which records the actual billing and collection information, revises the fee amounts as necessary, and provides customer service).

The Sewer Fund budget includes amounts for street sweeping and leaf collection activities which are part of the City’s storm water management efforts and provide direct benefits to the storm sewer system. Although amounts for street sweeping and leaf collection are collected by the Sewerage System, the services provided are not considered an operation and maintenance expense of the Sewerage System. Transfers to the City to reimburse the General Fund for services provided occur after the payment of debt service on Bonds. To pay for these additional operations, a Stormwater Management Fee is assessed on a per Equivalent Residential Unit (ERU) basis. Single family properties are considered 1 ERU, and non-residential properties are assessed ERU’s based upon their impervious surfaces. Major projects in 2021 include: \$27,000,000 for sewer construction and relining, \$500,000 for rehabilitation of two bypass pump facilities, \$2,800,000 for major bio retention projects, \$1,200,000 for downspout disconnections, \$5,000,000 for flood mitigation projects, and \$200,000 for river channel reconstruction and repairs.

Average Residential Billing

<u>Year</u>	<u>Sewer Maintenance Fee (per 100 cubic feet of water)</u>	<u>Stormwater Management Fee (quarterly per ERU)</u>	<u>Annual Average Billing (Total Residential)</u>
2017	\$1.42	\$20.18	\$174.00
2018	1.45	20.79	178.31
2019	1.49	21.41	183.41
2020	1.53	22.05	189.92
2021	1.59	23.19	197.52

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

Collection and Billing

Sewer maintenance charges are billed by the Milwaukee Water Works on a combined Municipal Services statement. These charges are based on water usage. Charges for Water Service, Sewer Treatment, Solid Waste and Snow and Ice Control are also included on the statement. Approximately 98% of the statements are billed on a quarterly basis with the remaining accounts billed monthly. All accounts are given 21 days to pay the bill to avoid late fees. If payments are late, a quarterly 3% late payments penalty will be charged. In October of each year, accounts that are two or more quarters delinquent will have their arrears placed on the property tax roll and billed to properties, including a 10% delinquency penalty.

The order of partial payments is dictated by the City of Milwaukee Ordinance Section 309-54-8.b. This directs application in the following order: Water Works (Fund 0410); Metropolitan Sewerage District Sewer User/Treatment (Fund 0460); Sewer Maintenance (Fund 0490); Solid Waste Charge (Fund 0470) and Snow and Ice Control (Fund 0001).

SEWERAGE SYSTEM REVENUE BOND INDEBTEDNESS

Set forth below is the City's Sewerage System revenue indebtedness as of May 1, 2021, including payments due on Outstanding Bonds, as well as on the Series 2021 Bonds.

Year	Outstanding Revenue Debt†		Series 2021 Bonds*		Total Debt Service Requirements*
	Principal	Interest	Principal	Interest	
2021	\$ 9,075,000	\$ 4,731,931	\$	\$	\$
2022	7,415,000	3,805,875			
2023	7,775,000	3,426,125			
2024	5,570,000	3,092,500			
2025	5,860,000	2,806,750			
2026	6,160,000	2,514,975			
2027	6,450,000	2,240,700			
2028	6,735,000	1,977,000			
2029	7,030,000	1,701,700			
2030	7,315,000	1,440,725			
2031	7,580,000	1,195,450			
2032	7,860,000	940,875			
2033	8,145,000	676,650			
2034	5,845,000	454,425			
2035	6,020,000	276,450			
2036	6,205,000	93,075			
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
Total	\$111,040,000	\$31,375,206	\$	\$	\$

† The revenue indebtedness shown excludes the Refunded Bonds and does not include subordinated debt.

* Preliminary, subject to change.

As of April 1, 2021, there was outstanding \$141,567,427 principal amount of Subordinate Obligations issued through the State's Clean Water Fund Program.

Year	Senior Lien Debt†*		Subordinate Obligations		Total Debt Service Requirements*
	Principal	Interest	Principal	Interest	
2021	\$	\$	\$9,892,677	\$2,932,180	\$
2022			10,114,816	2,717,776	
2023			10,342,065	2,487,913	
2024			10,574,542	2,252,760	
2025			10,812,372	2,012,191	
2026			11,055,680	1,766,080	
2027			11,304,595	1,514,295	
2028			10,635,550	1,268,135	
2029			8,587,065	1,054,779	
2030			7,662,420	879,693	
2031			6,420,198	732,274	
2032			6,553,913	597,128	
2033			6,690,490	459,089	
2034			5,290,251	338,302	
2035			5,392,323	235,233	
2036			4,217,828	144,534	
2037			3,065,863	78,536	
2038			1,864,245	34,437	
2039			991,532	9,570	
2040			99,002	735	
2041					
2042					
2043					
2044					
2045					
2046					
Total	\$	\$	\$141,567,427	\$21,515,639	\$

† The revenue indebtedness shown excludes the Refunded Bonds.

* Preliminary, subject to change.

Future Sewerage Financing

The City expects to spend approximately \$35 million annually for Sewerage System repair and replacement needs, to be financed annually through the issuance of Additional Bonds and Subordinate Obligations for the foreseeable future. Annually, approximately \$25 million is spent for the relining and replace of existing sewer lines, \$5 million for inflow and infiltration reduction, \$2 million for water quality total maximum daily load reduction, \$1 million for downspout disconnection, \$1 million for flood mitigation, and \$1 million for equipment and other improvements. Approximately \$25 million of the expenditures will qualify for borrowing as Subordinate Obligations through the State’s Clean Water Fund program. The remainder will be borrowed as Additional Bonds.

Prior to the issuance of the Series 2021 S2 Bonds, the City has authorized \$122 million of Sewerage System Revenue Bonds that can be issued at any time.

SEWERAGE SYSTEM SELECTED FINANCIAL INFORMATION

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

Sewer Maintenance Fund Statement of Net Assets as of December 31, 2019 (Thousands of Dollars)

ASSETS	2019
<i>Current Assets:</i>	
Cash and cash equivalents	7,769
Restricted cash and cash equivalents	8,043
Receivables (net):	
Accounts	16,177
Unbilled accounts	2,618
Accrued Interest	175
Due from other funds	486
Due from other governmental agencies	5,009
Inventory of materials and supplies	398
Total Current Assets	40,675
<i>Noncurrent assets:</i>	
<i>Capital assets:</i>	
Capital assets not being depreciated:	
Construction in Progress	520
Capital assets being depreciated:	
Infrastructure	768,014
Machinery and equipment	7,268
Accumulated depreciation	(175,363)
Net Capital Assets	600,439
Total Noncurrent assets	600,439
Total Assets	641,114
<i>Deferred Outflow of Resources:</i>	
Deferred outflows for pensions	4,742
Deferred outflows for other post employment benefits	2,278
Total Deferred Outflows of Resources	7,020
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts payable	5,372
Accrued expenses	300
Accrued interest payable	522
Compensated Absences	536
Unearned Revenue	3,717
General Obligation Debt Payable – Current	404
Total Current Liabilities	10,851
<i>Current Liabilities Payable from Restricted Assets:</i>	
Revenue Bonds Payable	17,519
Accrued interest payable	522
Total Current Liabilities payable from Restricted Assets	18,041
<i>Noncurrent Liabilities</i>	
General obligation debt payable	38,000
Revenue bonds & State loans payable	265,861
Other post employment benefits obligation	16,132
Net pension liability	7,033
Total Noncurrent Liabilities	327,026
Total Liabilities	355,918
Net Position:	
Net investment in capital assets	278,655
Restricted for Debt Service	8,043
Unrestricted	3,796
Total Net Assets	290,494

Source: City's 2019 CAFR, Exhibit B-1.

A schedule of the indebtedness is contained in Appendix A, City's CAFR, Exhibit I-5, State Loans (Revenue Bonds).

Sewer Maintenance Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Years Ended December 31
(Thousands of Dollars)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020*</u>
Operating Revenues:					
Charges for Services					
Sewer maintenance fee.....	\$62,954	\$65,141	\$66,585	\$68,058	\$68,144
Total Operating Revenues.....	<u>62,954</u>	<u>65,141</u>	<u>66,585</u>	<u>68,058</u>	<u>68,144</u>
Operating Expenses					
Employee Services.....	7,905	8,582	8,007	5,869	6,610
Depreciation.....	7,704	7,997	8,271	8,633	9,000
Services, supplies, and materials.....	9,490	11,625	9,014	7,581	6,445
Total Operating Expenses.....	<u>25,099</u>	<u>28,204</u>	<u>25,292</u>	<u>22,083</u>	<u>22,056</u>
Operating Income.....	37,855	36,937	41,293	45,975	46,088
Nonoperating Revenues (Expenses)					
Investment Income.....	96	134	253	342	160
Grant Revenue.....	555	3,358	1,252	1,992	821
Interest Expense.....	(6,607)	(8,418)	(8,159)	(8,431)	(7,145)
Other.....	(21,296)	(23,201)	(25,099)	(25,233)	(26,331)
Total Net Nonoperating Revenues (Expenses).....	<u>(27,222)</u>	<u>(28,127)</u>	<u>(31,753)</u>	<u>(31,330)</u>	<u>(32,494)</u>
Income before Contributions and Transfers.....	10,633	8,810	9,540	14,645	13,594
Capital Contributions.....	0	0	9	0	0
Transfers in.....	0	0	0	0	0
Transfers out.....	(4,783)	(3,405)	(2,396)	(1,358)	(1,249)
Change in Net Assets/Position.....	5,850	5,405	7,153	13,287	12,345
Total Net Assets/Position – Beginning.....	<u>272,052</u>	<u>277,902</u>	<u>270,054</u>	<u>277,207</u>	<u>290,494</u>
Total Net Assets/Position – Ending.....	<u>\$277,902</u>	<u>\$283,307</u>	<u>\$277,207</u>	<u>\$290,494</u>	<u>\$302,839</u>

Source: City's 2016, 2017, 2018, and 2019 CAFRs, Exhibit B-2.

* 2020 results are unaudited.

Note: 2018 Total Net Assets/Position - Beginning is restated due to GASB 75 which includes an adjustment for Terminal Leave.

Sewer Maintenance Fund
Changes in Fund Net Assets
for the Years Ended December 31
(Thousands of Dollars)

	2016	2017	2018	2019	2020*
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users.....	\$61,804	\$65,246	\$66,371	\$68,278	
Payments to suppliers.....	(8,738)	(12,190)	(9,516)	(6,196)	
Payments to employees.....	(7,095)	(7,205)	(6,478)	(8,042)	
Payments from other funds.....	72	(2,101)	1,641	1,460	
Payments to other funds.....	-	-	5,467	-	-
Net Cash Provided by Operating Activities.....	46,043	43,750	57,485	55,500	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Miscellaneous nonoperating revenue.....	585	3,247	1,057	1,007	
Other nonoperating expenses.....	(21,296)	(23,201)	(25,034)	(25,233)	
Transfers to other funds.....	(4,783)	(3,405)	(2,396)	(1,358)	
Net Cash Used by Noncapital Financing Activities.....	(25,494)	(23,359)	(26,373)	(25,584)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of bonds and notes.....	98,830	31,047	24,240	49,369	
Acquisition of property, plant and equipment.....	(32,632)	(31,553)	(19,965)	(42,717)	
Retirement of bonds, notes, and revenue bonds.....	(88,777)	(17,827)	(27,547)	(22,364)	
Interest Paid.....	(3,093)	(9,843)	(9,572)	(9,813)	
Other.....	-	-	-	(3,477)	
Net Cash Used by Noncapital Financing Activities.....	(24,486)	(28,176)	(32,844)	(29,002)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income.....	30	105	232	393	-
Net Increase (Decrease) in Cash and Cash Equivalents.....	(3,907)	(7,680)	(1,500)	1,307	
Cash and Cash Equivalents - Beginning.....	27,592	23,685	16,005	14,505	15,812
Cash and Cash Equivalents - Ending.....	\$23,685	\$16,005	\$14,505	\$15,812	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income.....	\$37,855	\$36,937	\$41,293	\$45,975	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation.....	7,704	7,997	8,271	8,633	
Effects of changes in assets, liabilities, and deferred					
Receivables.....	(1,150)	105	(214)	220	
Due from other funds.....	72	(2,101)	1,641	1,460	
Inventories.....	(14)	53	(113)	(64)	
Prepaid items.....	(17)	(1)	(1)	19	
Accounts payable.....	783	(617)	(388)	1,430	
Accrued liabilities.....	30	210	218	58	
Compensated absences.....			(54)	7	
Net other postemployment benefits obligation.....	307	425	(203)	264	
Net pension liability.....	2,109	94	(478)	4,678	
Due to other funds.....	-	-	5,467	-	
Deferred pension outflows.....	(1,812)	641	367	(471)	
Deferred pension inflows.....	176	7	890	(2,733)	
Deferred OPEB inflows.....			789	311	-
Deferred OPEB inflows.....				(4,287)	
Net Cash Used by Operating Activities.....	\$46,043	\$43,750	\$57,485	\$55,500	

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

* Unaudited 2020 results are not yet available.

Note: 2018 Total Net Assets/Position - Beginning is restated due to GASB 75 which includes an adjustment for Terminal Leave.

Sewer Maintenance Fund
Pro Forma Operations & Debt Service
(Dollars in Thousands)

	Historical				Projected (1)					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2023
Operating Revenues	63,050	65,275	66,838	68,400	68,304	69,948	71,644	73,384	75,218	77,099
Operating Expenses.....	25,099	28,204	25,292	22,083	22,055	22,681	23,316	23,959	24,610	25,271
Net Income.....	37,951	37,071	41,546	46,317	46,249	47,266	48,328	49,425	50,608	51,828
Depreciation.....	7,704	7,997	8,271	8,633	9,000	9,300	9,600	9,900	10,200	10,500
Net Income Available for Debt Service.....	45,655	45,068	49,817	54,950	55,249	56,566	57,928	59,325	60,808	62,328
After issuance of the Series 2021 Bonds*										
Maximum Annual Debt Service (2)	8,082	14,367	14,363	14,356	14,339	15,286	15,191	15,191	15,191	15,191
Debt Service Coverage	5.65	3.14	3.47	3.83	3.85	3.70	3.81	3.91	4.00	4.10
Assuming issuance of Additional Bonds										
Maximum Annual Debt Service.....					14,339	15,286	15,191	15,191	17,207	17,207
Debt Service Coverage					3.85	3.70	3.81	3.91	3.53	3.62
Assuming Subordinated Debt and issuance of Additional Bonds										
Maximum Annual Debt Service.....					26,065	29,577	31,367	35,219	39,070	40,905
Debt Service Coverage					2.12	1.91	1.85	1.68	1.56	1.52

(1) Assumes a rate increase of 3% in years 2022-2023. The rate increases will require annual future action by the Common Council.

(2) Assumes redemption of the Series 2011 Bonds on June 1, 2021.

* Preliminary, subject to change.

THE CITY

Location, Organization and Government

General

The City is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area. The City is Wisconsin's largest city with a population of approximately 587,072 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area ("MSA") includes the principal cities of Milwaukee, Waukesha and West Allis; the counties of Milwaukee, Ozaukee, Waukesha and Washington; and has a population of nearly 1.6 million.

The Port of Milwaukee provides multimodal access to the region, including domestic markets via its access to the Great Lakes – St. Lawrence Seaway system and the Mississippi river. General Mitchell International Airport is served by domestic and international airlines. Two rail lines serve the City, including access to Port Milwaukee, providing 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, 2021
(initial year in office follows name)

Mayor	Tom Barrett	(2004)
City Attorney	Tearman Spencer	(2020)
City Comptroller	Aycha Sawa	(2020)
City Treasurer	Spencer Coggs	(2012)

Common Council

Ashanti Hamilton	(2004)	Chantia Lewis	(2016)
Chevy Johnson	(2016)	Michael J. Murphy	(1989)
Nik Kovac	(2008)	Mark A. Borkowski	(2015)
Robert J. Bauman	(2004)	Jose G. Perez	(2012)
Nikiya Dodd	(2018)	Scott Spiker	(2019)
Milele A. Coggs	(2008)	Marina Dimitrijevic	(2020)
Khalif Rainey	(2016)	Russell W. Stamper, II	(2014)
JoCasta Zamarripa	(2020)		

*The terms of all the above elected positions expire on April 20, 2024.

Public Services and Facilities

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

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

Two special purpose governmental units exist with the ability to borrow and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball Park District (the “*SWPBP District*”), a public entity created by State legislation, encompassing southeastern Wisconsin counties, including Milwaukee County, to finance construction/operations of a baseball facility (originally named Miller Park and now known as “*American Family Field*”) for the National League Milwaukee Brewers baseball club. American Family Field 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 were issued by the SWPBP District to finance acquisition and installation of facility equipment, scoreboards, etc. As of May 2020 all of the SWPBP District debt was paid and the sales tax supporting payment of the SWPBP District debt was terminated.

The second special purpose governmental unit is the Wisconsin Center District, a public entity created by the City pursuant to Section 229.42, Wisconsin Statutes, which oversees construction and operation of the Wisconsin Center, the City’s major convention complex. This complex also includes the UW-Milwaukee Panther Arena, home of the University of Wisconsin–Milwaukee Panther’s men’s basketball team and the Milwaukee Admirals International Hockey League club, and the Miller High Life Theatre facilities. The Wisconsin Center was financed by \$185 million of revenue bonds issued by the Wisconsin Center District and secured by a pledge of dedicated sales tax revenues from lodging,

restaurant, and vehicle rentals collected in the five county area served by the Wisconsin Center. Phase One of the Wisconsin Center was completed during 1998. Phase Two was completed in 1999. In 2001, the Wisconsin Center District issued \$30 million of bonds to renovate the Miller High Life Theatre.

In 2016, the Wisconsin Center District issued \$200 million of revenue bonds to construct the Fiserv Forum, a 714,000 square foot arena that seats 17,500 people. This facility serves the National Basketball Association Milwaukee Bucks, and the Marquette University Golden Eagles men's basketball team. In 2020, the Wisconsin Center District issued \$526 million of refunding and new money revenue bonds for the Phase Three expansion and renovation of the Wisconsin Center (which does not include the Fiserv Forum). The debt is on parity with their outstanding senior and junior lien sales tax revenue bonds with the junior lien bonds benefiting from a moral obligation pledge of the State. The expansion is expected to double the square footage of the Wisconsin Center with an exhibition hall of 300,000 contiguous square feet. Ground-breaking and construction is anticipated to commence in the fourth quarter of 2021, with a projected first quarter of 2024 completion date.

The City is home to the Milwaukee Art Museum, as well as major symphony, ballet and opera companies, and other theatre and performing arts.

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

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

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

General

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

**City of Milwaukee
Selected Economic Data**

Year	Department of Administration	Population U.S. Census Milwaukee	U.S. Census Wisconsin	Adjusted Gross Income Per Return
2020	587,072	Not available		Not available
2019	590,547			Not available
2018	595,555			\$43,034
2017	591,076			41,059
2016	594,667			39,885
2015	595,787			39,931
2014	595,993			37,340
2013	596,500			37,300
2012	595,425			35,770
2011	595,525			34,100
2010	580,500	594,833	5,686,986	32,774
2000	605,572	596,974	5,363,673	32,370

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

Building Permits

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2016 through 2020.

Value of Permits

Year	Residential	Commercial	Public	Other	Total
2020	\$47,913,277	\$473,978,640	*	*	\$521,891,917
2019	16,124,147	506,302,061	*	*	522,426,208
2018	17,222,132	614,284,725	*	*	631,506,857
2017	33,624,270	778,690,826	*	*	812,315,096
2016	111,299,399	81,464,755	\$35,892,602	\$187,592,531	416,249,287

Permits Issued

Year	Residential	Commercial	Public	Other	Total
2020	1,748	1,123	*	*	2,871
2019	1,060	1,347	*	*	2,407
2018	1,089	1,375	*	*	2,464
2017	2,180	1,364	*	*	3,544
2016	46	29	202	1,608	1,885

* In 2017, the City implemented a new computer system for the issuance and recording of permit data. The new system combines Public and Other into the Residential and Commercial categories.

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 which follows reveals the diversity of Milwaukee County's economic base. The largest of these are shown in the following list which includes only employers with the majority or all of their employment in Milwaukee County. The employment estimates may include employees located in counties contiguous to Milwaukee County.

Company	Business Description	2020 Approximate Employment
Advocate Aurora Health	Health Care System	28,557
Froedtert Health	Health Care System	13,472
Ascension Wisconsin	Health Care System	10,746
Roundy's Supermarkets Inc.	Retail Supermarkets	8,400
Medical College of Wisconsin	Private Medical School	6,324
Children's Hospital and Health System	Health Care System	5,436
Northwestern Mutual	Insurance, Investment Products	5,000
U.S. Bank	Banking Services	3,700
Rockwell Automation Inc.	Industrial Automation Products	3,600
The Marcus Corp.	Theaters and Hotel Properties	3,098
FIS	Banking and Payments Technology	3,000
WEC Energy Group Inc.	Electric & Natural Gas Utility	3,000
Marquette University	University	2,932
Harley-Davidson Inc.	Motorcycles & Accessories	2,612
Goodwill Industries of SE Wisconsin Inc.	Training Programs, Retail, & Food Service	2,589
BMO Harris Bank	Bank Holding Company	2,348
Johnson Controls International	Control Systems, Batteries & Auto Interiors	2,300
Sendik's Food Market	Retail Supermarkets	2,100
Robert W. Baird & Co. Inc.	Asset Management and Capital Markets	1,541
Molson Coors LLC	Beer Brewery	1,500
Milwaukee Brewers Baseball Club	Professional Sports	1,451
Rexnord Corp.	Power Transmission Equipment	1,400
Briggs & Stratton Corp.	Small Gasoline Engines	1,300
Smithfield Foods	Manufacturer of Processed Meats	1,200
CleanPower	Commercial Cleaning Services	1,100
Cargill Meat Solutions	Food Distribution	1,075
Boucher Automotive Group Inc.	Automobile Dealer	1,061

Source: Milwaukee Business Journal, as of August 14, 2020.

EMPLOYMENT AND INDUSTRY

During 2020, the City's unemployment rate averaged approximately __%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States.

Annual Unemployment Rates (Not Seasonally Adjusted)				
Year	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
2020	9.1%	7.1%	6.3%	8.1%
2019	4.5	3.5	3.3	3.7
2018	4.0	3.2	3.0	3.9
2017	4.5	3.5	3.3	4.4
2016	5.6	4.3	4.0	4.9
2015	6.6	4.9	4.5	5.3

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

Recent Monthly Unemployment Rates (Not Seasonally Adjusted)				
Month	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
February, 2021	7.2%	5.2%	4.8%	6.6%

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

The City's economic structure reveals a diversified economy with strong service and manufacturing sectors. The area is not dominated by any large employers.

Ten Largest Taxpayers With 2020 Estimated Equalized Valuations

Northwestern Mutual	\$512,112,576
Mandel Group	316,686,243
US Bank Corp	227,756,171
Irgens	216,848,555
Berrada Properties	191,914,804
Weidner Investments	186,289,003
Forest County Potawatomi Community	142,814,174
Katz Properties	133,007,460
Metropolitan Associates	130,351,142
Aurora Health	129,911,234

Source: City of Milwaukee, Assessor's Office January 2021.

INVESTMENT CONSIDERATIONS

Market Conditions

The Series 2021 Bonds, like most obligations of state and local governments, are subject to changes in value due to changes in the condition of the bond market or changes in the financial condition of the City and the Sewerage System. It is possible under certain market conditions, or if the financial condition of the City and the Sewerage System should change, that the market price of the Series 2021 Bonds could be adversely affected.

Limited Obligations

The obligation of the City to pay debt service on the Series 2021 Bonds is a limited obligation of the City and is not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues and a mortgage lien on the Sewerage System. The obligation of the City to pay debt service on the Series 2021 Bonds does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The City is obligated under the Bond Resolution to pay debt service on the Series 2021 Bonds solely from Net Revenues.

Factors that can adversely affect the availability of Net Revenues include, among other matters, drought, general and local economic conditions, changes in law and government regulations (including initiatives and moratoriums on growth) and appropriation authorization. The realization of future Net Revenues is also subject to, among other things, the capabilities of management of the City and the Sewerage System to address natural disasters and terrorist attacks, and the ability of the City to provide sewerage service to its customers in an amount sufficient to pay debt service on the Series 2021 Bonds. See "THE SEWERAGE SYSTEM" herein.

Future City Financings

The City is in the process of selling and issuing general obligation notes and bonds, and water revenue bonds, of the City. These financings are anticipated to close in May, 2021.

COVID-19

The novel coronavirus SARS-COV-2 had its first reported cases of the disease it causes, COVID-19, in December, 2019. By March 15, 2020, the World Health Organization declared a pandemic, the Federal government declared a National Emergency, the State declared a Public Health Emergency, and the City declared a State of Emergency due to COVID-19.

The Governor ordered all public schools to be closed, except for virtual instruction, beginning March 18, 2020, which order was extended through the 2019/2020 school year, and the Milwaukee Public Schools K-12 system and all secondary education schools in Milwaukee have complied with this order. For the 2020/2021 school year, area schools have re-opened to varying degrees, for in-person instruction. Milwaukee Public Schools is developing plans to re-open schools for in-person instruction in April, 2021, but the planning is being opposed by the Teacher's Union. Many businesses, as well as employees of all businesses that have reduced operations, may experience financial difficulties.

The City's trend of COVID-19 cases and hospitalizations has been similar to the trends of the State and the nation. When hospitalizations in the Milwaukee area neared capacity at the end of 2020, overflow facilities were opened, but were not needed.

In the Milwaukee area, COVID-19 vaccinations are being administered by public health departments, hospitals, doctors, and local pharmacies. The COVID-19 vaccines have emergency use approval by the United States Food and Drug Administration for persons age 16 and older ("Adults"). There are approximately 4.7 million Adults in the State. As of April 1, 2021, approximately 2.9 million

vaccine doses have been administered in the State with approximately 1.1 million Adults (23%) fully vaccinated, and 1.8 million Adults (38%) having received at least 1 dose. As of April 5, 2021, eligibility for the COVID-19 vaccine in Wisconsin was expanded to all Adults.

The majority of the City's revenue sources are fairly stable and not materially affected by economic activity as the City does not receive sales tax revenues. The City's 2020 revenues in the General Fund and Parking Fund are each estimated to be \$20 million less than budgeted due to the economic impacts of COVID-10 and other factors. The City has taken steps to offset the \$20 million budgetary loss to the General Fund by implementing \$30 million of expenditure reductions and utilizing COVID-related grants. In addition, the City intends to use \$40 million of Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) of the American Rescue Plan Act of 2021 to offset the reduced 2020 revenues.

The City has been directly allocated \$406 million from the CSLFRF for COVID-19 related expenses and to make up for reduced revenues. Half of the amount has been received to date, and the remaining amount is schedule to be disbursed to the City in 2022. The City intends to use as much as possible to offset reduced revenues through the December 31, 2024 expenditure end date.

In 2020, the Sewerage System was impacted by COVID-19 with reduced revenues and increased employee-related expenses due to the need to "socially distance" crews and office staff. The reduced revenues and increase in employee expenses were offset in part by reductions in services and supply costs. For fiscal year 2020, Revenues excluding the Stormwater Fee are estimated to be down approximately \$1.5 million (-4.4%) from the prior fiscal year, while total Revenues are estimated to be flat for the year. Fiscal year 2020 Net Operating Income (excluding depreciation) is estimated to be flat compared to the prior fiscal year. It is too early to tell how much of the effects of COVID-19 on the Sewerage System revenues were caused by a temporary deviation from the long-term downward trend in usage and how much is permanent. It is anticipated that there will be some increase in usage as commercial and industrial users resume normal operations. It is unknown how much of the anticipated work-from-home decrease in commercial usage will be offset by the increased residential usage. Because unpaid bills are placed on the property tax bill for collection, the COVID-19 effects on uncollectable accounts is negligible. There was \$1 million of lost revenue in 2020 due to a temporary suspension of penalties for late payments. Crew and staff have adapted to operating in a COVID-19 environment, and the City does not anticipate any continued material impact on operations. The System does not have a significant amount of customer facing operations, nor in-house operations with workers close together. For the past 15 years, due to water conservation efforts, the System has adjusted to lower usage, and it does not anticipate issues with adjusting if the 2020 decline continues.

PENSION SYSTEM SUMMARY

Employees' Retirement System

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

Active Members by Employee Groups
As of December 31, 2019

	<u>Active Members</u>	<u>Covered Compensation</u>
General City.....	3,325	\$ 185,003,090
Policemen	1,826	158,480,563
Firemen.....	705	61,134,488
Water Department.....	340	19,131,954
	<u>6,196</u>	<u>\$ 423,750,095</u>
School Board	4,220	\$ 134,030,658
Milwaukee Sewerage District....	226	19,747,666
Housing Authority	143	8,759,072
Wisconsin Center District.....	108	5,911,646
Veolia	20	1,613,840
Milwaukee Technical College ...	-	-
	<u>10,913</u>	<u>\$ 593,812,977</u>

Benefit Recipients
As of December 31, 2019

<u>Class</u>	<u>Vested</u>	<u>Non-Vested</u>	<u>Inactive</u>	<u>Retired</u>
General City & Other	5,289	3,153		9,700
Policeman	1,446	381		2,471
Firemen	584	121		1,372
Certain pre-1996.....				12
	<u>7,319</u>	<u>3,655</u>	<u>4,568</u>	<u>13,555</u>

Source: Tables 2 and 19 of the Actuarial Valuation Report as of January 1, 2020.

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

Basic Benefit Accrual Rates and Member Contributions

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

Schedule of Funding Progress
(\$ amounts in thousands)

Valuation As of Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2019	\$5,285,205	\$6,597,457	\$1,312,252	80.1%	\$596,386	220.0%
2018*	5,219,184	6,400,901	1,181,717	81.5	581,663	203.2
2017**	5,233,486	5,819,762	586,276	89.9	577,118	101.6
2016	5,055,700	5,259,300	203,600	96.1	583,950	34.9
2015	4,899,155	5,064,141	165,986	96.3	535,802	31.0
2014	4,797,437	4,935,482	138,045	97.2	529,939	26.0
2013	4,580,729	4,831,689	250,960	94.8	521,651	48.1
2012	4,259,889	4,689,814	429,925	90.8	523,738	81.1
2011	4,404,635	4,587,915	183,280	96.0	525,181	34.9
2010	4,641,425	4,447,548	-	104.4	538,218	0.0
2009	4,814,402	4,269,324	-	112.8	553,846	0.0

* Assumptions and methods were updated based on the recommendations of a new actuary. This increased the actuarial accrued liability by \$449.6 million.

** Assumptions and methods were updated according to an experience study completed in 2017. This increased the actuarial accrued liability by \$296.5 million.

Source: Table 15 of the Actuarial Valuation Report as of January 1, 2020.

The increases in UAAL is anticipated to require significant increases in annual contributions. The City is exploring various options to fund the UAAL. Additional changes to assumptions and methods are also possible, which may further increase the UAAL. The City has a 5-year Stable Contribution Policy that adjusts required actuarially determined employer contributions every 5 years. The current period is 2018-2022. Assuming no changes to the assumptions, it is estimated that the current UAAL will require an increase in contributions by the City from the current \$72 million per year to \$145 million per year for the next 5-year period beginning in 2023. The Sewerage System incurs approximately 0.8% of the Covered Payroll. Approximately \$1.5 million of the \$145 million annual contribution could be allocated to the Sewerage System.

For more information about the ERS, details on plan benefits, and for copies of their financial and actuarial reports, see <http://www.cmers.com>. The Employees' Retirement System Actuarial Valuation Report as of January 1, 2020 is available from EMMA and is hereby incorporated by reference. (See "CONTINUING DISCLOSURE" herein).

Policemen's Annuity and Benefit Fund

The City also administers the Policemen's Annuity and Benefit Fund ("PABF"). The PABF has no assets and is funded on a pay-as-you-go basis by the City. Membership is limited to surviving beneficiaries of Police Department employees whose service commenced prior to July 29, 1947. The unfunded accrued actuarial liability for the PABF is under \$1 million.

Other Post-Employment Benefits

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

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

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

The required contribution for medical and life insurance for retirees is based upon pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2019, the City paid approximately \$40.3 million and \$2.5 million, respectively, towards medical and life insurance for retirees.

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

Schedule of Changes in Total OPEB Liability
(\$ amounts in thousands)

Total OPEB Liability	
Service cost	\$ 45,422
Interest	44,080
Differences between expected and actual experience	(55,890)
Changes of assumptions *	238,470
Benefit payments	(40,841)
	231,241
Increase in net change in total OPEB Liability	231,241
Total OPEB Liability – beginning of year	1,212,927
	\$ 1,444,168

* Includes a change in the Discount Rate to 2.75% from 3.71%

Source: City's 2019 CAFR.

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

Year Ended Dec. 31	Annual OPEB Expense	Percentage of Annual OPEB Expense Contributed	Net OPEB Obligation
2019	\$107,412	38.0%	\$1,444,166
2018	80,742	44.5	1,212,927*
2017	84,172	40.5	473,309
2016	81,231	39.2	423,258
2015	77,566	37.3	373,866
2014	74,790	49.9	325,503
2013	71,489	52.5	287,460
2012	76,156	46.6	253,523
2011	73,071	47.3	212,886

* In 2018, the City implemented GASB 75, which requires recording the entire net OPEB liability.

Source: City's 2019 and prior years CAFRs.

Schedule of Funding Progress
(\$ amounts in thousands)

Valuation As of Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2019	\$0	\$1,444,166	\$1,444,166	0.0%	\$375,432	385%
2018	0	1,212,927	1,212,927	0.0	422,509	287
2017	0	1,061,772	1,061,772	0.0	409,521	260
2016	0	1,020,383	1,020,383	0.0	377,788	270
2015	0	975,696	975,696	0.0	366,785	266
2014	0	928,496	928,496	0.0	381,100	227
2013	0	888,983	888,983	0.0	382,795	218
2012	0	946,857	946,857	0.0	409,572	231
2011	0	916,383	916,383	0.0	407,840	225

Source: City's 2019 and prior years CAFRs.

Actuarial Assumptions and Methods for the most recent valuation include:

The retiree healthcare valuation was based on the entry age normal cost method. Since the City operates a pay-as-you-go plan, the OPEB liability is calculated using discount rates based on Fidelity's "20-Year Municipal GO AA Index" as of each measurement date under GASB 75. The discount rate used for the December 31, 2019 valuation was 2.75%. The healthcare cost trends rate is 8.0% initially (9.50% for post-Medicare), and reduced by 0.05% per year to the ultimate rate of 4.5%. The actuarial assumption for wage inflation is 2.5% for general employees and 4.0% for public safety employees.

LITIGATION

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 April 1, 2021.

Daryl Holloway v. City of Milwaukee, et al. This civil rights action arose from the allegedly wrongful conviction of the plaintiff for sexual assault. The plaintiff claims that the officers fabricated evidence and committed other misconduct resulting in the conviction and 23 years of incarceration. Certain of the defendant officers have passed away, and there are legal challenges as to whether the plaintiff can even sue such individuals. The City filed a motion for summary judgment on all claims in January 2021. The plaintiff has until April 1, 2021 to respond. The City intends to defend the case.

The Dragonwood Conservancy, Inc., et al. v. Felician, et al. This civil rights lawsuit arose out of a police search and seizure at certain properties which resulted in the confiscation of hundreds of reptiles and other creatures and alleged damages to property in the course of the removal of the animals. Discovery has been completed. The City is contesting the claim. Trial has been scheduled in this matter in May 2021.

Sam Hadaway v. City of Milwaukee, et al. This civil rights lawsuit arose out of a homicide investigation in 1995. The investigation included statements from the plaintiff who implicated another individual, Chaunte Ott, as the perpetrator. Decades later, Ott was excluded by DNA as having physical

contact with the victim, while another individual connected to other homicides was connected to the victim through DNA testing. In this lawsuit, Hadaway claims that the officers coerced him into a confession. Hadaway served seven years in prison as a result of a plea agreement based on the now-repudiated confession. Discovery in this suit is in the early stages. The City is contesting the claim.

Ladarius Marshall has filed a notice of claim asserting potential claims in state law and § 1983 in relation to wrongful conviction. Mr. Marshall spent 12 years in prison until he was ultimately released from custody by a federal judge on a motion for habeas relief. Mr. Marshall has demanded \$12,000,000 in his notice of claim. The investigation into the claim is ongoing and there is insufficient information at this time to fully or accurately assess the merit of the claim.

Joel Acevedo's parents have filed a notice of claim under various legal theories, principally § 1983, for their interests in the actions of an off duty Milwaukee Police Officer who has a criminal charge pending against him for homicide in relation to the death of Mr. Acevedo in his home. The parents have demanded \$10,000,000 in their notice of claim. The investigation into the claim is ongoing and there is insufficient information at this time to fully or accurately assess the merit of the claim.

Section 74.37 Litigation. Various lawsuits are pending against the City for property tax refunds under Section 74.37 of the Wisconsin Statutes. As the tax collector, the City would pay any refund owed, and recover approximately 2/3 of the payment from overlapping jurisdictions.

- **Metropolitan Associates v. City of Milwaukee.** This excessive assessment action involves the 2015-2018 assessments of seven apartment complexes located on the south side of the City of Milwaukee. Metropolitan has requested a tax refund of approximately \$1,505,000 plus interest. Trial was completed in March, 2020. The circuit court's decision is forthcoming. Metropolitan has also filed a lawsuit against the City in regard to its 2019 assessments, requesting a refund of approximately \$285,000. Metropolitan then filed claims in regard to the 2020 assessments, requesting an additional \$339,526.56.
- **Citgo Petroleum Corp. and U.S. Venture v. City of Milwaukee.** This excessive assessment action involves the 2015-2019 assessments of oil terminal property. The cases of the two plaintiffs were consolidated. Citgo and U.S. Venture have requested refunds totaling \$5,892,840.00 plus interest. Subsequently, they filed 2020 claims, requesting additional refunds of \$1,150,723.30.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2021 Bonds are subject to the approving legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel. The proposed form of such opinion is included herein as **Appendix B**. In connection with the issuance of the Series 2021 Bonds and the preparation of this Official Statement, certain legal matters will be passed upon for the City by its Disclosure Counsel, Katten Muchin Rosenman LLP. Certain legal matters will be passed upon for the Underwriters by their counsel, Chapman and Cutler, Chicago, Illinois.

TAX MATTERS

Summary of Bond Counsel Opinion

Bond Counsel is of the opinion that under existing law, interest on the Series 2021 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Series 2021 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is further of the opinion that the Series 2021 Bonds are not "*private activity bonds*" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Series 2021 Bonds is not an item of tax

preference for purposes of computing alternative minimum taxable income. Interest on the Series 2021 Bonds is not exempt from Wisconsin income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Series 2021 Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2021 Bonds. These requirements relate to the use and investment of the proceeds of the Series 2021 Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series 2021 Bonds and the use of the property financed with the proceeds of the Series 2021 Bonds.

Series 2021 Bonds Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Series 2021 Bonds is sold to the public (the “*Offering Price*”) and the principal amount payable at maturity of such Series 2021 Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Series 2021 Bond, the difference between the two is known as “*bond premium*;” if the Offering Price is lower than the maturity value of a Series 2021 Bond, the difference between the two is known as “*original issue discount*.”

Bond premium and original issue discount are amortized over the term of a Series 2021 Bond on the basis of the owner’s yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Series 2021 Bond for Federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Series 2021 Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Series 2021 Bonds. In addition, owners of Series 2021 Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Series 2021 Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for Federal income tax purposes.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2021 Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Series 2021 Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain “*temporary periods*,” proceeds of the Series 2021 Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a “*minor portion*”) may generally not be invested in investments having a yield that is “*materially higher*” (1/8 of one percent) than the yield on the Series 2021 Bonds.

Rebate of Arbitrage Profit. Unless the City qualifies for an exemption, earnings from the investment of the “*gross proceeds*” of the Series 2021 Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series 2021 Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “*gross proceeds*” includes the original proceeds of the Series 2021 Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series 2021 Bonds.

Covenants to Comply

The City has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2021 Bonds.

Risks of Non-Compliance

In the event that the City fails to comply with the requirements of the Code, interest on the Series 2021 Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue. In such event, the City's agreements with the owners of the Series 2021 Bonds require neither acceleration of payment of principal of, or interest on, the Series 2021 Bonds nor payment of any additional interest or penalties to the owners of the Series 2021 Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Series 2021 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series 2021 Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES 2021 BONDS.

Cost of Carry. Owners of the Series 2021 Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Series 2021 Bonds. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Interest on the Series 2021 Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Series 2021 Bonds 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.

Individual Owners. Receipt of interest on the Series 2021 Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Series 2021 Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Series 2021 Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Series 2021 Bonds.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Series 2021 Bonds held by such a company is properly allocable to the shareholder.

The opinion of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Series 2021 Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or

promulgated at any time while the Series 2021 Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2021 Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with 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 Common Council of the City to enter into an undertaking (the “*Undertaking*”) for the benefit of owners including beneficial owners of the Series 2021 Bonds to provide certain financial information and operating data relating to the City annually to a central repository designated by the Commission, currently the Municipal Securities Rulemaking Board (the “*MSRB*”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The MSRB has designated its Electronic Municipal Market Access (“*EMMA*”) system as the system to be used for continuing disclosures to investors. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of reportable events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Series 2021 Bonds are delivered. Such Certificate will be in substantially the form attached hereto as *Appendix D*. The City intends to fully comply with the Undertaking relating to the Series 2021 Bonds.

On February 1, 2019, the City updated the Continuing Disclosure Certificate to include the two new enumerated events required by the Commission for agreements entering into after February 26, 2019. The City has revised its policies and procedures to recognize the two new enumerated events and is able to comply with the updated Undertaking going forward.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Series 2021 Bonds (although bondholders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2021 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2021 Bonds and their market price.

Prior to August of 2003 the City entered into continuing disclosure undertakings (the “*Pre-2003 Undertakings*”) which contained a six-month filing requirement for Annual Financial Information. Due to the complexity and size of the City’s operations, through June 30, 2017, the City failed to strictly comply with the 6-month time period for filing its Annual Financial Information and updating certain information on the sewerage system that does not significantly change from year to year. The last issue with a Pre-2003 Undertaking matured on June 15, 2019.

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

The City has contracted with Lumesis to utilize its DIVER Issuer Disclosure Management service to verify the City’s compliance with its Undertakings and proper filing of the notices. DIVER provides the City with a semi-annual analysis of disclosure filings made by the City compared to the City’s disclosure obligations.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC has been retained as Municipal Advisor to the City in connection with the issuance of the Series 2021 Bonds.

UNDERWRITING

The Series 2021 Bonds are being purchased by the Underwriters listed on the cover page of this Official Statement (the “*Underwriters*”) for whom BofA Securities, Inc. is acting as their representative. The Underwriters have agreed to purchase the Series 2021 Bonds at a purchase price of \$_____ (representing the \$_____ principal amount of the Series 2021 Bonds, plus \$_____ of original issue premium and less \$_____ of Underwriters’ discount. Under the term of the Bond Purchase Agreement between the City and the Underwriters, the Underwriters will be obligated to purchase all of the Series 2021 Bonds if any are purchased. The obligation of the Underwriters to accept delivery for, and pay for, the Series 2021 Bonds is subject to various conditions set forth in the Bond Purchase Agreement.

BofA Securities, Inc., as an Underwriter of the Series 2021 Bonds, has entered into a distribution agreement with its affiliate, Merrill Lynch, Pierce Fenner & Smith Incorporated (“*MLPF&S*”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2021 Bonds.

RATINGS

The City has applied for ratings on the Series 2021 Bonds from Fitch Ratings, Inc. (“*Fitch*”) and from Moody’s Investors Service, Inc. (“*Moody’s*”). Fitch has assigned a rating of “_____” on the Series 2021 Bonds and Moody’s has assigned a rating of “_____”, on the Series 2021 Bonds.

The ratings, when issued, reflect only the views of the respective ratings agencies, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either upward or downward, or withdrawn entirely, by the respective agencies, if, in their judgment, circumstances so warrant. A revision or withdrawal of the credit rating could have an effect on the market price of the Series 2021 Bonds.

ADDITIONAL INFORMATION

Periodically, the City updates its investor relations websites (www.MilwaukeeBonds.com and www.MPSBonods.com) with information regarding prospective financings and financial information. Requests for additional information and inquiries may also be directed to:

Aycha Sawa, City Comptroller
City of Milwaukee, Public Debt Commission
City Hall, Room 404
200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-3321
PDC@Milwaukee.gov

REPRESENTATIONS OF THE CITY

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

CITY OF MILWAUKEE, WISCONSIN

By: /s/

Aycha Sawa
City Comptroller

[place holder]

APPENDIX A

Audited Financial Statements of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2019

In the Electronic version of this document, the entire Comprehensive Annual Financial Report is included.

In the printed version of this document, the City's Comprehensive Annual Financial Report for the year ended December 31, 2019, is available from EMMA and is hereby incorporated by reference.

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

APPENDIX B

Draft Form of Legal Opinion

May __, 2021

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

We have examined a record of proceedings relating to the issuance of \$____,000 aggregate principal amount of Sewerage System Revenue Bonds, Series 2021 S2 (Green Bonds) (the “Bonds”) of the City of Milwaukee (the “City”) a municipal corporation of the State of Wisconsin. The Bonds are authorized to be issued pursuant to the provisions of Section 66.0621 of the Wisconsin Statutes and the City Charter and by virtue of Resolution File Number 201259 adopted by the Common Council of the City on March 2, 2021 (the “Series Resolution”).

The Bonds are a Series of Bonds as defined and referred to in Resolution File Number 991863 adopted by the Common Council on August 2, 2001, as amended by Resolution File Number 021776 adopted by the Common Council on April 15, 2003 and Resolution File Number 100863 adopted by the Common Council on November 23, 2010 (the “Master Resolution”). Under the terms of the Master Resolution, the City has heretofore issued and there is currently outstanding \$132,340,000 aggregate principal amount of its Sewerage System Revenue Bonds (the “Outstanding Bonds”) and the City may hereafter authorize and issue additional Sewerage System Revenue Bonds (the “Additional Bonds”). The Bonds, the Outstanding Bonds and any Additional Bonds are herein called the “First Lien Bonds.”

The Bonds are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof, and are dated as of May __, 2021. The Bonds mature on June 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on December 1, 2021 and semiannually thereafter on June 1 and December 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		
2046		

The Bonds maturing on or after June 1, 20__ are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on _____ 1, 20__ and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

The Bonds maturing in the year 20__ are term bonds subject to mandatory redemption at a redemption price equal to the principal amount to be redeemed, by the application of Sinking Fund Installments in accordance with the Master Resolution, in the principal amounts of \$_____,000 on June 1, 20__ and \$_____,000 on June 1, 20__.

We have not been requested to examine and have not examined any documents or information relating to the City other than the record of proceedings hereinabove referred to, and we express no opinion as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchasers of the Bonds.

We are of the opinion that:

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

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

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

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

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

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

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

Very truly yours,

LG/hf

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APPENDIX C

Definitions and Summary of Certain Provisions of the Bond Resolution

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

DEFINITIONS

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

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

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

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

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

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

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

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

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

“*Bonds*” means Sewerage System Revenue Bonds, including any Series 2011 Bonds, Series 2013 Bonds, Series 2016 Bonds, Series 2021 Bonds and Additional Bonds, issued from time to time pursuant to and under the authority of the Bond Resolution.

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

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

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

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

“*Bond Resolution*” means the resolution of the City adopted by the Common Council on August 2, 2001 as amended by a resolution adopted on April 15, 2003 and as amended by a resolution adopted on November 23, 2010, as from time to time amended or supplemented by one or more Supplemental Resolutions.

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

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

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

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

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

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

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

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

“*Costs*” means all costs of any Improvements and shall include, but shall not be limited to, all costs and estimated costs of the issuance of the Bonds, all architectural, engineering, inspection, financial and legal expenses, the cost of causing the payment of the principal or interest or both of the Bonds to be insured or guaranteed, the initial cost of any Support Facility or Interest Rate Exchange Agreement and interest which it is estimated will accrue during the construction of any Improvements and for six (6) months thereafter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Outstanding*” or “*outstanding*” when used with reference to Bonds means, as of any date, Bonds theretofore or thereupon issued pursuant to the Bond Resolution, except: (a) any Bonds canceled by a Paying Agent or paid at or prior to such date; (b) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the Bond Resolution; (c) Bonds deemed to be no longer outstanding

thereunder as provided in the Bond Resolution; and (d) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds which have been purchased by or on behalf of the City and in lieu of or substitution for which another Bond shall have been authenticated and delivered pursuant to Article III; provided that interest thereon shall have been paid through such tender or purchase date thereof and the purchase price thereof shall have been paid or amounts are available for such payment as provided herein and in the Series Resolution authorizing such Bonds.

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

“Paying Agent” means, as to Bonds of any particular Series, the Treasurer of the City or the bank or trust company designated for the payment of the principal and Redemption Price (if any) of, and interest on, the Bonds of such Series in the Series Resolution authorizing the issuance of such Series. With respect to the Series 2021 Bonds, U.S. Bank National Association, has been designated as the Paying Agent.

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

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

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

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

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

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

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

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

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

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

“*Reserve Account*” means the Reserve Account in the Special Redemption Fund, created in the Bond Resolution.

“*Reserve Account Requirement*” means that amount, if any, determined in a Series Resolution; provided, however, that for purposes of this definition, Aggregate Debt Service shall be computed with respect to each Variable Rate Bond by using the Assumed Long-Term Fixed Rate applicable thereto.

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

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

“*Revenues*” means the moneys, including any moneys collected from the City or any department thereof, derived by the City from the rates, rentals, fees and charges prescribed for the use and services of, and the facilities and commodities furnished by, the Sewerage System, including, without limiting the generality of the foregoing, (i) all income, receipts, profits, and other moneys derived from the furnishing or supplying of the services, facilities and commodities through the Sewerage System; (ii) all payments made by Counterparties pursuant to Interest Rate Exchange Agreements; and “*Revenues*” shall not include, (i) deposits subject to refund until such deposits have become the property of the City; (ii) contributions in-aid-of construction and assessment, impact and other similar fees imposed and collected by the City which are targeted to pay the Costs of specific Improvements; (iii) income, fees, charges, receipts, profits or other moneys derived by the City from the ownership or operation of any separate utility system; (iv) any gifts, grants, donations or other moneys received by the City for purposes of the Sewerage System from any State or Federal agency or other person if such gifts, grants, donations or other moneys are the subject of any limitation or reservation: (a) imposed by the donor or grantor; or (b) imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds; or (v) amounts retained in the Revenue Fund for working capital and operating reserves pursuant to the Bond Resolution.

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

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

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

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

“*Series 2011 Bonds*” means the \$52,565,000 original principal amount of Sewerage System Revenue Bonds, Series 2011 S1, of the City authorized by the Bond Resolution.

“*Series 2013 Bonds*” means the \$37,000,000 original principal amount of Sewerage System Revenue Bonds, Series 2013 S5, of the City authorized by the Bond Resolution.

“*Series 2016 Bonds*” means the \$89,830,000 original principal amount of Sewerage System Revenue Bonds, Series 2016 S7, of the City authorized by the Bond Resolution.

“*Series 2021 Bonds*” means the \$ _____ original principal amount of Sewerage System Revenue Bonds, Series 2021 S2 (Green Bonds), of the City authorized by the Bond Resolution.

“*Sewerage Service Charge*” means the sewerage system charge authorized in Section 66.0821(4), Wisconsin Statutes.

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

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

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

“*State*” means the State of Wisconsin.

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

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

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

“*Support Facility*” means an irrevocable letter of credit, surety bond, loan agreement, standby purchase agreement or other agreement, facility or insurance or guaranty arrangement issued or extended by one or more Support Facility Providers, pursuant to which the City is entitled to obtain moneys to pay the principal or Redemption Price of Bonds due in accordance with their terms or tendered for purchase

or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof in accordance with the Bond Resolution and with the Series Resolution authorizing such Bonds, whether or not the City is in default under the Bond Resolution.

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

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

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

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

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

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

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

“*Written Certificate of the City,*” “*Written Direction of the City,*” “*Written Request of the City,*” or “*Written Statement of the City*” means an instrument in writing signed on behalf of the City by an Authorized Officer thereof. Any such instrument and any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the Opinion of Counsel, or opinion or certificate of accountants or the Consulting Engineer, unless the Authorized Officer signing such Written Certificate or Direction or Request or Statement knew, or in the exercise of reasonable care should have known, that the opinion or certificate with respect to the matters upon which such Written Certificate or Direction or Request or Statement may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, accountant or engineer, as the case may be, need not certify or opine to all of the matters required to be certified to or opined upon under any provision of the Bond Resolution, but different Authorized Officers, counsel, accountants or engineer may certify or opine to different facts, respectively.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains terms and conditions relating to the issuance of the Bonds, including the Series 2021 Bonds, including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive, and is subject to all of the provisions of the Bond Resolution, to which reference is hereby made. This summary uses various terms defined in the Bond Resolution. Capitalized terms used in this “**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION**” are as set forth in the Bond Resolution.

Pledge Made in the Bond Resolution

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

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

Additional Bonds

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

Either (I) a Written Certificate of an Authorized Officer of the City based: (i) on audited figures, provided that such audited figures are for the most recent Fiscal Year for which an audit is available, and are for a period ending within 18 months of the date of issuance of the proposed Series of Bonds; or (ii) on figures taken by an independent certified public accountant from the City’s books and records, showing that the Net Revenues for any consecutive twelve (12) months period out of twenty-four (24) months immediately preceding the month in which such Bonds are

issued were not less than the greater of (x) the sum of (1) the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and the twelve (12) month period selected, and (2) the Required Deposits for such Fiscal Year or the twelve (12) month period selected; and (y) 1.20 times the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any Fiscal Year and the twelve (12) month period selected, plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding as of the date of the Written Certificate of the City, or (II) a Written Certificate of an Authorized Officer of the City or Certificate of the Consulting Engineer that the Net Revenues to be derived in each of the five (5) Fiscal Years following the earlier of: (i) the end of the period during which interest is capitalized or, if no interest is to be capitalized, the Fiscal Year in which the proposed Series of Bonds are issued, and (ii) the date on which substantially all Improvements to be financed with the proceeds of the proposed Series of Bonds are expected to commence operations, or, if the proceeds of such Series of Bonds will not be used to fund the Costs of Improvements, the Fiscal Year in which the proposed Series of Bonds are issued, are estimated to be not less than the greater of: (x) the sum of (1) the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any such Fiscal Year, and (2) the Required Deposits for any such Fiscal Year; and (y) 1.20 times the maximum Aggregate Debt Service on all Bonds then Outstanding and on the proposed Series of Bonds in any such Fiscal Year, plus 1.20 times the aggregate Support Facility Reimbursement Obligations outstanding as of the date of such Written Certificate of the City or certificate of the Consulting Engineer, as the case may be.

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

Certain Adjustments

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

Refunding Bonds

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

Separate Utility Systems

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

Service to the City

The reasonable cost and value of services rendered to the City by the Sewerage System by furnishing sewer services for public purposes, shall be charged against the City and shall be paid by it in quarterly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the revenues derived from the Sewerage System and out of the tax levy of the City made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the City in each Fiscal Year shall be the amount necessary in the Fiscal Year which, together with the other revenues of the Sewerage System, will produce Net Revenues in each Fiscal Year equal to not less than 1.00 times the maximum aggregate Debt Service on the Bonds then Outstanding plus 1.00 times the aggregate Support Facility Reimbursement Obligations then Outstanding. However, such payment out of the tax levy shall be subject to (a) approval of the Public Service Commission, or successors to its function, if necessary, (b) yearly appropriations therefor and (c) applicable levy limitations, if any; but neither the Bond Resolution nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or make any subsequent payment over and above such reasonable cost and value. Such compensation for such service rendered to the City shall, in the manner described above and in the Bond Resolution, be paid into the Revenue Fund created by such Bond Resolution.

Funds and Accounts

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

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

- Operation and Maintenance Fund;
- Rebate Fund;

- Special Redemption Fund and Reserve Account¹ therein;
- Subordinate Obligation Fund; and
- Surplus Fund.

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

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

Revenue Fund

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

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

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

¹ THE RESERVE ACCOUNT DOES NOT SECURE AND IS NOT AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2021 BONDS.

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

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

Special Redemption Fund

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

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

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

Upon any purchase or redemption as provided in the Bond Resolution and as described above of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established: (i) if the principal amount of the Bonds so purchased is less than or equal to the next succeeding Sinking Fund installment for such Series there shall be credited to the next such Sinking Fund Installment an amount equal to the principal amount of the Bonds of such Series so purchased; and (ii) if the principal amount of

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

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

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

Reserve Account²

If on the day preceding any principal or interest payment date, the amount in the Special Redemption Fund shall be less than Accrued Debt Service for all Bonds then Outstanding, the City shall pay out of the Reserve Account, to the extent moneys are required to be on deposit therein in connection with such Bonds, to each Paying Agent for such Bonds the amount necessary to satisfy the deficiency for payment to the holders of such Bonds. Amounts so applied shall be derived first, from cash or Investments Securities on credit to the Reserve Account and second, from draws or demands on Support Facilities held as a part thereof, such draws or demands to be made pro rata among all such support Facilities based on the respective available amounts thereunder and upon the terms and conditions set forth in such Support Facilities.

Whenever the amounts on deposit in the Reserve Account shall exceed the Reserve Account Requirement, if any, the City shall withdraw the amount of such excess and deposit such excess to the credit of the Special Redemption Fund or the Revenue Fund, as the City shall determine.

Whenever the amount (exclusive of Support Facilities) in the Reserve Account, if any, together with the amount in the Special Redemption Fund, is sufficient to pay in full the principal or Redemption Price, if any, of and interest on all such Outstanding Bonds in accordance with their terms, the funds on credit to the Reserve Account shall be transferred to the Special Redemption Fund. Prior to said transfer, all Investment Securities held in the Reserve Account shall be liquidated by the City to the extent necessary to provide for timely payment of the principal or Redemption Price, if any, of and interest on such Bonds.

When Bonds of a Series are refunded in whole or in part or are otherwise paid in accordance with the Bond Resolution, moneys may be withdrawn from the Reserve Account to pay or provide for the

2 THE RESERVE ACCOUNT DOES NOT SECURE AND IS NOT AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2021 BONDS.

payment of such Bonds or refunded Bonds, as the case may be; provided that immediately after such withdrawal or transfer there shall be on credit to the Reserve Account an amount equal to the Reserve Account Requirement, if any, for the Bonds then Outstanding after taking into account such refunding or payment.

Surplus Fund

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

Amounts in the Surplus Fund not required to meet a deficiency referred to in the Bond Resolution and as described above shall be applied to any of the following purposes:

the Costs of Improvements, or the provision of one or more reserves therefore;

the purchase at such price or prices as the City may deem advisable or redemption of any Bonds and expenses of such purchase or redemption at any time; or

for any other purpose authorized by the laws of the State of Wisconsin in connection with the Sewerage System, including reimbursement to the City of advances made by the City to the Sewerage System.

Construction Fund

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

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

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

Moneys credited to a Series Interest Account shall be used for the purpose of paying interest on the Bonds of designated Series. On or before the fifth (5th) day preceding the end of the month next preceding the maturity of an installment of interest on the Bonds for the payment of which moneys have

been credited to a Series Interest Account, the City shall transfer from a Series Interest Account for credit to the Special Redemption Fund an amount which, together with any moneys theretofore held in the Special Redemption Fund, shall be sufficient to pay such next maturing installment of interest on such Bonds.

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

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

Operation and Maintenance Fund

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

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

Investment of Funds

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

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

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

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

Nothing in the Bond Resolution shall prevent any Investment Securities acquired as investments of funds held under the Bond Resolution from being issued or held in book-entry form.

Neither the Comptroller of the City nor any Paying Agent shall be liable for any depreciation in value of any investments made by the City.

Covenants

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

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

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

Prior to the end of each Fiscal Year the Commissioner of Public Works of the City shall complete a review of the financial condition of the Sewerage System for the purpose of estimating whether the Net Revenues for such Fiscal Year and for the next succeeding Fiscal Year will be sufficient to comply with the rate covenant described in the Bond Resolution and described above and shall by a Written Certificate of the City make a determination with respect thereto. Such review shall take into consideration the completion of any uncompleted Improvement and the issuance of future Series of Bonds if necessary to

finance the completion of such Improvements. Such Written Certificate shall set forth a reasonably detailed statement of the actual and estimated Revenues, Operation and Maintenance Expenses, Aggregate Debt Service, and any other estimates or assumptions upon which such determination was based, and shall be filed with the City Clerk on or before July 1 in each year. If it is determined in such Written Certificate that the Revenues may not be so sufficient, the Commissioner of Public Works of the City shall forthwith make a study for the purpose of determining a schedule of Sewerage Service Charges which, in the opinion of the Commissioner of Public Works, will cause sufficient Revenues to be collected in the following Fiscal Year to comply with such rate covenant in and will cause additional Revenues to be collected in such following and later Fiscal Year sufficient to eliminate the amount of any deficiency at the earliest practicable time, or the Commissioner of Public Works may elect to cause the Consulting Engineer to make such a study and render such opinion. The Common Council shall as promptly as practicable but no later than the one hundred twenty (120) days following such determination by the Commissioner of Public Works, or receipt of the Consulting Engineer's recommendation, adopt and place in effect a schedule of Sewerage Service Charges as so determined or recommended in accordance with the Bond Resolution.

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

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

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

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

sale, lease or other disposition of any portion of the properties of the Sewerage System pursuant to this paragraph shall be paid into the Revenue Fund.

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

In the event that any part of the properties of the Sewerage System shall be transferred from the City through the operation of law (including condemnation), any moneys received by the City as a result thereof shall be paid: (i) if such proceeds are not in excess of \$250,000, into the Revenue Fund; or (ii) if such proceeds are in excess of \$250,000; (a) into the Special Redemption Fund and or (b) into the Construction Fund and used to finance Improvements.

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

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

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

Consulting Engineer. The Common Council or the Commissioner of Public Works may from time to time retain and appoint, as Consulting Engineer, an independent consulting engineer or engineering firm or corporation having special skill, knowledge and experience in analyzing the operations of sewerage systems, preparing rate analyses, forecasting the loads and revenues of sewerage

systems, preparing feasibility reports respecting the financing of sewerage systems and advising on the operation of sewerage facilities, who shall be available to advise the City, upon request, and to make such investigations and determinations as may be necessary from time to time under the provisions of the Bond Resolution.

Books of Account; Annual Audit. The City will maintain and keep proper books of account relating to the Sewerage System and in accordance with generally accepted accounting principles. Within two hundred forty (240) days after the end of each Fiscal Year, the City shall cause such books of account to be audited by an independent certified public accountant. The audit required by the Bond Resolution may be part of a comprehensive audit of the City; provided that the Sewerage System in such audit is treated as an “*enterprise fund*” and the revenues and expenses of the Sewerage System are stated in a manner which permits identification by category of the sources and uses of the Revenues. A copy of each audit report shall be prepared in conformity with generally accepted accounting principles and shall be filed promptly with the Common Council.

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

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

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

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

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

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

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

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

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

Annual Budget. As part of the City's annual budgeting process, the City shall prepare and include a budget for the Sewerage System for the ensuing Fiscal Year. Each budget shall: (i) set forth in reasonable detail amounts required for repair, replacement or reconstruction of the Sewerage System and major or extraordinary repairs, renewals or replacements of the Sewerage System, if any, for the period to be covered by such budget; (ii) specify the amounts to be set aside for the purposes set forth in clause (i) hereof and the amounts to be deposited in the Funds created under the Bond Resolution and the amounts to be maintained in the Revenue Fund for working capital and operating reserves for such purposes for

such period, and (iii) project the amounts required for such purposes for the next five Fiscal Years in such format as the Commissioner of Public Works shall determine. A copy of each such report shall be filed and maintained in the records of the City.

Events of Default

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

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

(b) if payment of the interest on any Bond shall not punctually be made when due;

(c) if the provisions of any Series Resolution with respect to mandatory Sinking Fund Installment payments or the redemption of Term Bonds therefrom, as the case may be, shall not punctually be complied with at the time and in the manner specified in such Series Resolution;

(d) if the City shall fail to duly and punctually perform or observe any other of the covenants, agreements or conditions contained in the Bond Resolution or in the Bonds, on the part of the City to be performed, and such failure shall continue for ninety (90) days after written notice thereof from the Holders of not less than twenty percent (20%) of the Bonds then Outstanding; provided, that if such failure shall be such that it cannot be corrected within such ninety (90) day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected; and

(e) if the City shall: (i) admit in writing its inability to pay its debts generally as they become due; or (ii) file a petition in bankruptcy or seeking a composition of indebtedness under the provisions of any Federal or state bankruptcy or similar law; or (iii) make an assignment for the benefit of its creditors; or (iv) file a petition or any answer seeking relief under the provisions of any Federal or state bankruptcy or similar law, or (v) consent to the appointment of a receiver of the whole or any substantial part of the Sewerage System; or (vi) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City, or of the whole or any substantial part of the Sewerage System.

Acceleration of Bonds

If an Event of Default shall happen and shall not have been remedied, then and in every such case the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding, by notice in writing to the City, may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable. The right of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding to make any such declaration, however, shall be subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by the City under the Bond Resolution (except the principal on and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the City or provision satisfactory to the Holders of a majority in principal

amount of the Bonds then Outstanding shall be made for such payment, and all defaults under the Bonds or under the Bond Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be cured or be secured to the satisfaction of the Holders of a majority in principal amount of the Bonds then Outstanding or provision deemed by such Holders of the Bonds to be adequate shall be made therefor, then and in every such case the Holders of a majority in principal amount of the Bonds then Outstanding, by written notice to the City, may rescind such declaration and annul such default in its entirety, but no such rescission shall extend to or affect any subsequent default or impair or exhaust any resulting right or power.

Application of Revenues in an Event of Default

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

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

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

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

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

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

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

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

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

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

If and whenever any overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses, and liabilities of the Holders of the Bonds, their respective agents and attorneys, and all other sums payable by the City under the Bond Resolution including the principal and Redemption Price (if any) of all Bonds which shall then be payable, shall either be paid in full by or for the account of the City or provision satisfactory to the receiver shall be made for such payment, and all defaults under the Bond Resolution or the Bonds shall be made good and secured to the satisfaction of the receiver or provision deemed by the receiver to be adequate therefor, the receiver shall pay over to the City all of its moneys, securities, funds and Revenues then remaining unexpended in the hands of the Bondholders' Committee described in the Bond Resolution, control of the business and possession of the property of the City shall be restored to the City, and thereupon the City shall be restored to its former positions and rights under the Bond Resolution, and all Revenues shall thereafter be applied as provided in the Bond Resolution. No such payment over to the City by the receiver or resumption of this application of Revenues as provided in the Bond Resolution, shall extend to or affect any subsequent default under the Bond Resolution or impair any right consequent thereon.

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

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

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

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

No delay or omission of any Holder of Bonds to exercise any right or power arising upon the occurrence of a default under the Bond Resolution, including an Event of Default, shall impair any right

or power or shall be construed to be a waiver of any such default or to be an acquiescence therein. Every power and remedy given by this Article to the Holders of Bonds may be exercised from time to time and as often as may be deemed expedient by such Holders.

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

Amending and Supplementing of the Bond Resolution

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

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

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

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

Amendment of Bond Resolution With Consent of Holders of Bonds. With the consent of the Holders of not less than a majority of the Bonds then Outstanding, the City from time to time and at any time may adopt a resolution amendatory hereof or supplemental for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Bond Resolution, or modifying or amending the rights and obligations of the City thereunder, or modifying or amending in any manner the rights of the Holders of the Bonds then Outstanding; provided however, that without the specific consent of the Holder of each such Bond which would be affected thereby, no Supplemental Resolution amending or supplementing the provisions hereof shall: (1) change the fixed maturity date for the payment of the principal of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the Redemption Price (or the redemption premium) payable upon the redemption or prepayment thereof, or (2) reduce the aforesaid percentage of Bonds, the Holders of which are required to consent to any Supplemental Resolution amending or supplementing the provisions of the Bond Resolution; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby; or (4) authorize the creation of any pledge of the Revenues and other moneys pledged thereunder, prior, superior or equal to the pledge of and lien and charge thereon created for the payment of the Bonds except to the extent provided in the Bond Resolution; or (5) deprive any Holder of the Bonds in any material respect of the security afforded by the Bond Resolution; provided further, however, that without the specific consents of the Holders of not less than a majority in principal amount of the Term Bonds then Outstanding and affected thereby, no Supplemental Resolution amending or supplementing the provisions of the Bond Resolution shall (a) change the amount of any Sinking Fund Installments for the retirement of Term Bonds or the due dates of such installments or the terms for the purchase or redemption thereof from such installments, or (b) reduce the aforesaid percentage of Term Bonds, the Holders of which are required to consent to any such Supplemental Resolution. (Nothing in this paragraph, however, shall be construed as making necessary the approval of the Holders of the Bonds of the adoption of any Supplemental Resolution). A modification or amendment with respect to the Revenue Fund or the Special Redemption Fund or Reserve Account shall not be deemed a change in the terms of payments; provided that no such modification or amendment shall, except upon the consent of the Holders of all Bonds then outstanding affected thereby, reduce the amount or amounts required to be credited to the Special Redemption Fund or Reserve Account. If any Series of Bonds is insured as to payment of principal and interest, the insurer of such Series of Bonds shall be considered the Holder of such Bonds for purposes of the Bond Resolution.

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

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

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

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

(ii) as to any Bond not canceled or surrendered for cancellation or subject to cancellation or so purchased, when payment of the principal and Redemption Price (if any) of such Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment, or otherwise) either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided for by irrevocably depositing with the Paying Agent for such Bond, in trust, and irrevocably appropriating and setting aside exclusively for such payment, either (1) moneys sufficient to make such payment or (2) noncallable Refunded Municipal Obligations or noncallable Government Obligations, maturing as to principal and interest in such amount and at such times as will insure, together with any cash deposit, the availability of sufficient moneys to make such payment, whichever the City deems to be in its best interest, and, if the City determines it to be in its best interest as verified by an independent nationally recognized firm of certified public accountants in a report delivered to the City and the Comptroller of the City, and all necessary and proper fees, compensation and expenses of the Comptroller of the City and the Paying Agents pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Comptroller of the City and said Paying Agents.

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

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

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

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

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

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APPENDIX D

Form of Continuing Disclosure Certificate

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MASTER CONTINUING DISCLOSURE CERTIFICATE

This Master Continuing Disclosure Certificate (the “Certificate”) dated as of February 1, 2019 is executed and delivered in connection with the issuance, from time to time, of municipal securities of the City of Milwaukee, Wisconsin (the “City”) and pursuant to Resolution 181110 duly adopted by the Common Council of the City on December 18, 2018 (the “Resolution”). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the City agrees as follows:

ARTICLE I - Definitions

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

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

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

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

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

(4) “Event” means such events as described in Addendum Describing Enumerated Events.

(5) “Event Notice” means notice of an Enumerated Event.

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

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

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

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

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

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

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

(13) “SEC” means the United States Securities and Exchange Commission.

(14) “Security Holders” means the holders from time to time of Offered Obligations.

(15) “SID” means, at any time, a then-existing state information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. As of the date of this Certificate, there is no SID.

(16) “State” means the State of Wisconsin.

(17) “Unaudited Financial Statements” means the same as Audited Financial Statements, except the same shall not have been audited.

(18) “Underwriters” means the underwriter(s) purchasing an issue of Offered Obligations.

ARTICLE II - The Undertaking

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

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

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

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

Section 2.4. Notices of Enumerated Events. (a) If an Enumerated Event occurs, the City shall provide, in a timely manner (as may be further defined in the Addendum Describing Enumerated Events), an Enumerated Event Notice to the Repository.

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

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

Section 2.6. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or Enumerated Event Notice, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information or Enumerated Event Notice in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or Enumerated Event Notice.

ARTICLE III - Operating Rules

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

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

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

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

ARTICLE IV - Termination, Amendment and Enforcement

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

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

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

(b) In addition to subsection (a) above, this Certificate may be amended and any provision of this Certificate may be waived, without the consent of the Security Holders, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate; (2) the City shall have received an opinion of Counsel to the effect that performance by the City under this Certificate as so amended or giving

effect to such waiver, as the case may be, will not result in a violation of the Rule; and (3) the City shall have delivered copies of such opinion and amendment to the Repository.

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

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

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

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

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

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

IN WITNESS WHEREOF, I have hereunto executed this Certificate this 1st day of February, 2019.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

ADDENDUM DESCRIBING ENUMERATED EVENTS

This Addendum Describing Listed Events (the “Addendum”) is delivered by the City of Milwaukee, Wisconsin (the “City”) pursuant to the Master Continuing Disclosure Certificate (the “Certificate”), executed and delivered by the Issuer and dated February 1, 2019. This Addendum describes specific events required to be reported by Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (the “Rule”). Capitalized terms that are not defined in this Addendum have the meanings set forth in the Certificate. “Obligor” shall mean the entity specified in the Addendum Describing Annual Report.

Enumerated Event: Any of the following events with respect to the Offered Obligations, whether relating to the City or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Offered Obligations, or other events affecting the tax-exempt status of the Offered Obligations;
- (vii) modifications to rights of Security Holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Offered Obligations, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Obligor. Note: The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligor in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligor, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligor.
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of substantially all of the assets of the Obligor, other than pursuant to its terms, if material;
- (xiv) appointment of a success or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

As used in clauses (xv) and (xvi), the term financial obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

For purposes of reporting the above enumerated events, “timely manner” shall mean not in excess of ten (10) business days after the occurrence of the event.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of February, 2019.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

ADDENDUM DESCRIBING REPOSITORY AND SID

This Addendum Describing Repository (the "Addendum") is delivered by the City of Milwaukee, Wisconsin (the "Issuer") pursuant to the Master Continuing Disclosure Certificate, executed and delivered by the Issuer and dated February 1, 2019. This Addendum describes the filing information as specified by the Securities and Exchange Commission.

Repositories

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

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

SID (State Information Depository)

None.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of February, 2019.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

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

This Addendum Describing Annual Report for Sewerage System Revenue Bonds (the "Addendum") is delivered by the City of Milwaukee, Wisconsin (the "City") pursuant to the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated February 1, 2019. This Addendum describes the content of Annual Financial Information prepared with respect to obligations of the Sewerage System. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Certificate.

Obligor: The City of Milwaukee, Wisconsin

Content of Annual Financial Information for Issuer:

1. Audited Financial Statements, if available, or Unaudited Financial Statements of the Issuer.
2. Financial Statements of the Sewerage System of the type included in the City's Comprehensive Annual Financial Report for the year ending December 31, 2017, Statement of Net Position, Exhibit B-1, Statement of Revenues, Expenses and Changes in Net Position, Exhibit B-1, and Statement of Cash Flows, Exhibit B-3.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of February, 2019.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

SUPPLEMENTAL CERTIFICATE

This Supplemental Certificate is executed and delivered by the City of Milwaukee, Wisconsin (the "Issuer") to supplement the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated February 1, 2019. Pursuant to the provisions of the Certificate, the Issuer hereby determines that the Certificate and the Addendum Describing Annual Report, as described below, shall apply to the following issue of obligations:

Name of Obligations:

\$ _____,000 Sewerage System Revenue Bonds, Series 2021 S2 (Green Bonds)

Date of Issue:

May __, 2021

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

IN WITNESS WHEREOF, this Supplemental Certificate is executed this __ day of May, 2021.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

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APPENDIX E

Book-Entry-Only System

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BOOK-ENTRY-ONLY SYSTEM

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

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds;

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

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

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2021 Bonds purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Series 2021 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2021 Bonds, on DTC's records, to Agent. The requirement for physical delivery of Series 2021 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2021 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2021 Bonds to Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

NEITHER THE CITY, THE PAYING AGENT NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE SERIES 2021 BONDS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE SERIES 2021 BONDS; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF SERIES 2021 BONDS.