

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2003

NEW ISSUES
BOOK ENTRY ONLY

RATINGS: Fitch Moody's Standard & Poor's
G.O. Bonds
G.O. Notes
RANs
(See "RATINGS" herein)

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the G.O. Bonds, G.O. Notes and the RANs (the "Offered Obligations") is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. (See "TAX STATUS" herein for a description of certain other provisions of law, which may affect the federal tax treatment of interest on the Offered Obligations.) Interest on the Offered Obligations is not exempt from State of Wisconsin income tax or franchise tax.

**\$20,580,000 GENERAL OBLIGATION
CORPORATE PURPOSE BONDS, SERIES 2003 B1**

**\$13,855,000 GENERAL OBLIGATION SHORT-TERM
PROMISSORY NOTES, SERIES 2003 N2**

**\$98,000,000* SHORT-TERM PROMISSORY NOTES,
SERIES 2003 R3 (REVENUE ANTICIPATION NOTES)**

The General Obligation Corporate Purpose Bonds (the "G.O. Bonds") and the General Obligation Short-Term Promissory Notes (the "G.O. Notes") are direct general obligations of the City, payable from taxes levied on all taxable property within the City, subject to taxation by the City, without limitation as to rate and amount, and are issued for the purpose of financing various public improvement projects and fiscal requirements of the City.

The G.O. Bonds and G.O. Notes will be dated **April 3, 2003**, will bear interest payable semiannually on **March 15 and September 15 of each year commencing September 15, 2003** at the rates, and will mature on **March 15** in the years and amounts as detailed on the following page. The G.O. Bonds are subject to optional redemption as provided herein. The G.O. Notes are not subject to optional redemption.

The Revenue Anticipation Notes (the "RANs") are not a general obligation of the City, do not constitute an indebtedness for the purpose of determining the City's constitutional debt limitation, and no tax shall be levied to pay the RANs or the interest thereon. The RANs will be dated April 3, 2003, and will be payable on December 15, 2003 without the option of prior redemption. Interest shall be payable at maturity.

Collectively the G.O. Bonds, the G.O. Notes and the RANs are referred to as the "Offered Obligations".

The Offered Obligations have been offered for sale by competitive bid in accordance with Official Notices of Sale dated _____, 2003 and are being issued subject to the legal opinions of Hawkins, Delafield & Wood, New York, New York, and Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, and such other conditions as specified in the Official Notices of Sale. It is anticipated that the Offered Obligations will be available for delivery to DTC on or about April 3, 2003.

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

For Further Information Contact:

W. Martin Morics, City Comptroller and Secretary to the Public Debt Commission
Room 404, City Hall - 200 East Wells Street - Milwaukee, Wisconsin 53202 - Phone (414) 286-2301

**Subject to change in accordance with the Official Notice of Sale.*

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 Offered Obligations, the City will complete, adopt and deliver a Final Official Statement substantially in this form.

SEALED AND ELECTRONIC BIDS FOR THE OFFERED OBLIGATIONS WILL BE RECEIVED UP TO 10:00 A.M. (C.S.T.) ON THURSDAY, MARCH 20, 2003

MATURITY SCHEDULES

\$20,580,000 G.O. CORPORATE PURPOSE BONDS, SERIES 2003 B1

The G.O. Bonds will be dated April 3, 2003, will bear interest at the rates shown below, payable semiannually on March 15 and September 15 of each year, commencing September 15, 2002, and will mature on March 15 in the years and in the amounts shown below. The G.O. Bonds are subject to optional redemption as provided herein.

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2004	\$1,260,000			2013	\$1,370,000		
2005	1,260,000			2014	1,370,000		
2006	1,350,000			2015	1,380,000		
2007	1,350,000			2016	1,380,000		
2008	1,355,000			2017	1,390,000		
2009	1,355,000			2018	1,390,000		
2010	1,360,000			2019	140,000		
2011	1,360,000			2020	145,000		
2012	1,365,000						

\$13,855,000 G.O. SHORT-TERM PROMISSORY NOTES, SERIES N2

The G.O. Notes will be dated April 3, 2003, will bear interest at the rate shown below, payable semiannually on March 15 and September 15 of such year, commencing September 15, 2002, and will mature on March 15 in the years and in the amounts shown below. The G.O. Notes are not subject to optional redemption.

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2004	\$7,895,000		
2005	3,325,000		
2006	900,000		
2007	695,000		
2008	555,000		
2009	485,000		

**\$98,000,000* SHORT-TERM PROMISSORY NOTES,
SERIES 2003 R3
(REVENUE ANTICIPATION NOTES)**

The RANs will be dated April 3, 2003 and will mature on December 15, 2003 without the option of prior redemption. Interest will be payable at maturity.

<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
\$98,000,000*	%	%

**Subject to change in accordance with the Official Notice of Sale.*

No dealer, broker, salesperson or other person has been authorized by the City of Milwaukee 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 of Milwaukee 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.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The purpose of this Official Statement, including the cover page, and Appendices, is to set forth certain information concerning the City of Milwaukee (the "City"), located in Milwaukee County, Wisconsin, and to set forth information concerning the following securities issued by the City.

\$20,580,000	General Obligation Corporate Purpose Bonds, Series 2003 B1
\$13,855,000	General Obligation Short-Term Promissory Notes, Series 2003 N2
\$98,000,000*	Short-Term Promissory Notes, Series 2003 R3 (Revenue Anticipation Notes)

The G.O. Bonds, the G.O. Notes and the RANs shall be collectively referred to herein as the "Offered Obligations."

**Subject to change in accordance with the Official Notice of Sale.*

The following summary statement is furnished solely to provide limited introductory information regarding the City's Offered Obligations, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the Appendices hereto.

SUMMARY STATEMENT-THE G.O. BONDS

Issuer:	City of Milwaukee, Wisconsin.
Issue:	\$20,580,000 General Obligation Corporate Purpose Bonds, Series 2003 B1
Dated Date:	April 3, 2003.
Maturity:	March 15 as shown below.

Principal:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2004		2013	
2005		2014	
2006		2015	
2007		2016	
2008		2017	
2009		2018	
2010		2019	
2011		2020	
2012			

Interest Payment Dates:	Each March 15 and September 15 commencing September 15, 2003.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The G.O. Bonds are being issued for the purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.

Form of Issuance: The Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the Notes. (See “BOOK-ENTRY-ONLY SYSTEM” herein).

Tax Status of Interest: Under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the G.O. Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. (See “TAX STATUS” herein).

Redemption Feature: The Bonds are subject to redemption prior to maturity. (See “THE G.O. BONDS-OPTIONAL REDEMPTION PRIOR TO MATURITY” herein.)

Professionals:

Bond Counsel:	Hawkins, Delafield & Wood New York, New York
	Quarles & Brady LLP Milwaukee, Wisconsin
Financial Advisor	Robert W. Baird & Co. Milwaukee, Wisconsin
Independent Auditors:	KPMG LLP Milwaukee, Wisconsin

Delivery: Delivery will be on or about **April 3, 2003** at the expense of the City of Milwaukee, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering prices or yields of the G.O. Bonds are detailed on the inside front cover page of the Final Official Statement.

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

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SUMMARY STATEMENT-THE G.O. NOTES

Issuer:	City of Milwaukee, Wisconsin.			
Issue:	\$13,855,000 General Obligation Short-Term Promissory Notes, Series 2003 N2			
Dated Date:	April 3, 2003.			
Maturity:	March 15 as shown below.			
Principal:	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
	2004		2007	
	2005		2008	
	2006		2009	
Interest Payment Dates:	Each March 15 and September 15 commencing September 15, 2003.			
Denominations:	\$5,000 or integral multiples thereof.			
Purpose:	The G.O. Notes are issued to finance year 2002 real and personal property tax receivables.			
Security:	Principal and interest on the Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.			
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.			
Form of Issuance:	The Notes will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein).			
Tax Status of Interest:	Under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the G.O. Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. (See "TAX STATUS" herein).			
Redemption Feature:	The Notes are not subject to redemption prior to maturity.			

Professionals: Bond Counsel: Hawkins, Delafield & Wood
New York, New York

Quarles & Brady LLP
Milwaukee, Wisconsin

Financial Advisor Robert W. Baird & Co.
Milwaukee, Wisconsin

Independent Auditors: KPMG LLP
Milwaukee, Wisconsin

Delivery: Delivery will be on or about April 3, 2003 at the expense of the City of Milwaukee, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering prices or yields of the G.O. Bonds are detailed on the inside front cover page of the Final Official Statement.

Continuing Disclosure Certificate: In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the G.O. Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See "RULE 15c2-12 AMENDMENTS").

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SUMMARY STATEMENT- THE RANS

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

Issuer:	City of Milwaukee, Wisconsin.
Issue:	\$98,000,000* Short-Term Promissory Notes, Series of 2003-A.
Dated Date:	April 3, 2003.
Maturity:	December 15, 2003.
Principal:	\$98,000,000*
Interest Payment Dates:	Payable at maturity. Rate per annum, calculated on the basis of 30-day months and a 360-day year (term of 252 days).
Denominations:	\$25,000 or integral multiples thereof.
Purpose:	The RANs are issued for the purpose of financing the City's operating budget on an interim basis pending the receipt of State shared revenue payments due in November, 2003.
Security:	<p>The City has pledged and will irrevocably segregate, upon receipt, certain shared revenue payments in an amount sufficient, with interest thereon, to pay the principal and interest due on the RANs at maturity. The City has irrevocably pledged all other General Fund Revenues included in the Budget for the current calendar year, which are due the City and not yet paid as of the date of delivery of and payment for the RANs and which are not otherwise applied. (See "The RANs - SECURITY FOR THE RANs" herein).</p> <p>The RANs are not a general obligation, do not constitute an indebtedness of the City for the purpose of determining the City's constitutional debt limitation, and no tax shall be levied to pay the RANs or interest thereon.</p>
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the RANs in accordance with the provisions of Chapters 65 and 67, including particularly Section 67.12(1) of the Wisconsin Statutes.
Form of Issuance:	The RANs will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the RANs. (See "BOOK-ENTRY-ONLY SYSTEM" herein).
Tax Status of Interest:	Under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the RANs is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Interest on the RANs is not exempt from State of Wisconsin income or franchise tax (See "TAX STATUS" herein).

**Subject to change in accordance with the Official Notice of Sale.*

Redemption Feature: The RANs are not subject to redemption prior to maturity. (See “REDEMPTION PROVISIONS” herein.)

Professionals:

Bond Counsel:	Hawkins, Delafield & Wood New York, New York
	Quarles & Brady LLP Milwaukee, Wisconsin
Financial Advisor	Robert W. Baird & Co. Milwaukee, Wisconsin
Independent Auditors:	KPMG LLP Milwaukee, Wisconsin

Delivery: Delivery of the RANs will be on or about **April 3, 2003** at the expense of the City of Milwaukee, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering price(s) or yield(s) of the RANs are detailed on the inside front cover page of the Final Official Statement.

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

THE G.O. BONDS

AUTHORITY AND PURPOSE

The G.O. Bonds are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for various public improvement projects of the City. The Common Council of the City has adopted authorizing resolutions on December 15, 2000, January 22, 2002 and January 22, 2003, which authorize the issuance of the G.O. Bonds. The proceeds of the G.O. Bonds will be used as follows:

Police	Improvements to police buildings	\$1,500,000
Tax Incremental Districts	Improvements to Tax Incremental Districts	1,713,000
Streets	Laying out, opening and widening of streets, and to provide street and sidewalk improvements	4,500,000
Schools	Improvements to school facilities	4,000,000
Bridges	Improvements to bridges and viaducts	1,300,000
Public Buildings	Erection, construction, enlargement or repair of public buildings	300,000
Sewer	Construction and improvements of sewer and drains	6,500,000
Parking Facilities	Improvements to public parking facilities	<u>767,000</u>
TOTAL		<u>\$20,580,000</u>

SECURITY FOR THE G.O. BONDS

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

Under and by virtue of Chapter 67, Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay and for the express purpose of paying the interest on such G.O. Bonds as it falls due, and also to pay and discharge the principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

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

MATURITY AND INTEREST RATES

The G.O. Bonds are to be dated April 3, 2003 and will bear interest from that date at the rates, and shall mature on March 15 in the amounts and on the dates as set forth on the inside front cover page of this Official Statement. Interest on the G.O. Bonds will be payable on September 15, 2003 and thereafter semiannually on March 15 and September 15 of each year and is calculated on the basis of 30 day months and a 360 day year.

OPTIONAL REDEMPTION PRIOR TO MATURITY

The G.O. Bonds with principal maturity dates on or after March 15, 2014, will be subject to redemption prior to their maturity at the option of the City on any interest payment date on or after March 15, 2013, at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding G.O. Bonds are called for redemption, the G.O. Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the G.O. Bonds of any maturity are called for redemption, the particular G.O. Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, to the owners of any G.O. Bonds to be redeemed in whose name such G.O. Bonds are registered as of a record date which shall be 45 days prior to the redemption date.

STATUTORY BORROWING LIMITATION

Wisconsin State Statutes limit direct general obligation borrowing the City may issue. The G.O. Bonds are within these limitations. (See "DEBT STRUCTURE" herein for further details).

THE G.O. NOTES

AUTHORITY AND PURPOSE

The G.O. Notes are being issued pursuant to Chapters 65 and 67, including particularly Section 67.12(12) of the Wisconsin Statutes. The Common Council of the City has adopted an authorizing resolution on January 22, 2003, which authorize the issuance of the G.O. Notes. The proceeds of the G.O. notes will be used for the purpose of financing year 2002 real and personal property tax receivables.

SECURITY FOR THE NOTES

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

Under and by virtue of Chapter 67, Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay and for the express purpose of paying the interest on such G.O. Notes as it falls due, and also to pay and discharge the principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

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

MATURITY AND INTEREST RATES

The G.O. Notes are to be dated April 3 2003 and will bear interest from that date at the rates, and shall mature on March 15 in the amounts and on the dates as set forth on the front cover page of this Official Statement. Interest on the G.O. Notes will be payable on September 15, 2003 and semiannually thereafter on March 15 and September 15 of each year and is calculated on the basis of 30 day months and a 360 day year.

REDEMPTION PROVISIONS

The G.O. Notes are not subject to redemption prior to maturity.

STATUTORY BORROWING LIMITATION

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

THE RANs

AUTHORITY AND PURPOSE

The Common Council of the City has authorized the issuance and sale of the RANs by adoption of an authorizing resolution on March 4, 2003 in accordance with the provisions of Chapters 67.12 (1) of the Wisconsin Statutes which reads as follows:

"67.12 Temporary borrowing and borrowing on promissory notes. (1) BORROWING IN ANTICIPATION OF REVENUES. (a) Except for school districts and technical college districts, any municipality that becomes entitled to receive federal or state aids, taxes levied or other deferred payments may, in the same fiscal year it is entitled to receive the payments, issue municipal obligations in anticipation of receiving the payments. The municipal obligations issued under this paragraph shall not exceed 60% of the municipality's total actual and anticipated receipts in that fiscal year and shall be repaid no later than 18 months after the first day of that fiscal year.

(b) Any municipality may issue municipal obligations in anticipation of receiving proceeds from clean water fund loans or grants for which the municipality has received a notice of financial assistance commitment under s.281.58(15), from bonds or notes the municipality has authorized or has covenanted to issue under this chapter or from grants that are committed to the municipality. Any municipal obligation issued under this paragraph may be refunded one or more times. Such obligation and any refundings thereof shall be repaid within 5 years after the original date of the original obligation.

(c) Any municipality that issues a municipal obligation under this subsection shall adopt a resolution indicating the amount and purpose of the obligation and the anticipated revenue to secure the obligation and may pledge or assign all or portions of the revenue due and not yet paid as security for repayment of the obligations. Municipal obligations issued under this subsection shall be executed as provided in s. 67.08(1), may be registered under s. 67.09, and do not constitute an indebtedness for the purpose of determining the municipality's constitutional debt limitation."

SECURITY FOR THE RANS

Confirm that the 1st 3 lines of the paragraph are to be deleted.

The City will enter into a Trust Agreement with J.P. Morgan Chase under which the City on or before December 31, 2003, will irrevocably deposit General Fund Revenues to purchase direct obligations of the U.S. Government in an amount sufficient, together with earnings thereon, to pay the principal and interest due on the RANs at maturity. Pending the deposit in trust of the General Fund Revenues, as security for repayment of the RANs and interest thereon, the City has pledged and will irrevocably segregate, upon receipt, shared revenue payments due in November, 2003 in an amount sufficient, with interest thereon, to pay the principal and interest due on the RANs at maturity. The City has irrevocably pledged all other General Fund Revenues included in the Budget for calendar year 2003 which are due the City and not yet paid as of the date of delivery of and payment for the RANs and which are not otherwise applied.

The RANs are not a general obligation of the City, do not constitute debt for the purpose of determining the City’s constitutional debt limitation, and no tax shall be levied to pay the RANs or the interest thereon.

MATURITY, INTEREST RATE(S) AND REDEMPTION PROVISION

The RANs are to be dated April 3, 2003 and will mature on December 15, 2003 without option of prior redemption and will bear interest from their date of issuance at the rate or rates as set forth on the front cover page of the Final Official Statement. Interest on the RANs will be payable at maturity.

Such interest will be calculated on the basis of 30-day months and a 360 day year (term of 252 days).

STATUTORY BORROWING LIMITATION

Section 67.12(1)(a) of the Wisconsin Statutes limits issuance for the purpose of the RANs to sixty percent (60%) of the Estimated General Fund Revenues for 2003. The limitation is calculated as follows:

Total Amount of Estimated General Fund Revenues for 2003	<u>\$ 488,429,001</u>
Statutory Borrowing Limit (60% of Estimated Revenues)	\$ 293,057,401
Borrowing RANs Dated April 3, 2003	<u>\$ 98,000,000*</u>
Unused Amount Following this Issue	<u>\$ 195,057,401</u>
Percentage of Borrowing Limit Used	33.4%
Percentage of Borrowing to Estimated Revenues	20.1%

**Subject to change in accordance with the Official Notice of Sale.*

INVESTMENT POLICIES

The City may invest any of its funds not immediately needed in accordance with Section 66.04(2) of the Wisconsin Statutes. The City, through Common Council Resolution 930358, adopted July 6, 1993, has instructed the City Treasurer to invest City funds, including Milwaukee Public Schools (MPS) funds, in: (a) Certificates of Time Deposit at approved public depositories limited to the equity capital or net worth of the financial institution with collateralization required when total deposits at any institution exceed \$500,000; (b) Repurchase Agreements with public depository institutions; (c) the State of Wisconsin Local Government Investment Pool; (d) U.S. Treasury and Agency instruments and (e) commercial paper which has a rating in the highest or second highest rating category assigned by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Services, Inc., or some other similar nationally recognized rating agency.

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

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

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

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

The Local Government Investment Pool is a local option City depository. The City utilizes the Local Government Investment Pool in a manner similar to a "money market" account. When other investment options provide more favorable results, such options are utilized. As of December 31, 2002, the City had approximately 77.9% (\$398 million) of its and MPS's investments deposited in the Local Government Investment Pool.

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

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THE CITY

LOCATION, ORGANIZATION AND GOVERNMENT

GENERAL

The City of Milwaukee is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area and a thriving place to live and work. Milwaukee is Wisconsin's largest city with a population of 595,958 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Standard Consolidated Metropolitan Statistical Area (SCMSA) consisting of Milwaukee, Waukesha, Washington, Ozaukee, and Racine Counties, has a population of over 1.6 million. This SCMSA is the 24th largest metropolitan area in the United States.

The Port of Milwaukee provides excellent access to the sea lanes of the world. General Mitchell International Airport is served by domestic and international airlines. Five rail lines serve the City and provide transportation links throughout the United States. The City is tied into the interstate highway network through newly resurfaced expressways.

Milwaukee 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, in operation under a Home Rule Charter since 1874, provides for 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.

At present, the Common Council represents seventeen Aldermanic districts. Each Alderperson represents, and is elected from, an aldermanic district with a population of approximately 35,000.

CITY OFFICIALS (initial year in office follows name)

Mayor	John O. Norquist	(1988)
City Attorney	Grant F. Langley	(1984)
City Comptroller	W. Martin Morics	(1992)
City Treasurer	Wayne F. Whittow	(1976)

COMMON COUNCIL

Marvin E. Pratt	(1987)	Rosa Cameron	(2000)
Terrance Herron	(2000)	Joseph A. Dudzik	(2002)
Michael S. D'Amato	(1996)	Angel Sanchez	(2000)
Paul A. Henningsen	(1983)	Jeffrey A. Pawlinski	(1996)
James A. Bohl, Jr.	(2000)	Suzanne M. Breier	(1992)
Marlene E. Johnson-Odom	(1980)	Thomas G. Nardelli	(1986)
Fredrick G. Gordon	(1992)	Michael J. Murphy	(1989)
Robert G. Donovan	(2000)	Willie L. Hines, Jr.	(1996)
Donald F. Richards	(1988)		

The terms of all the above elected positions expire in April, 2004.

PUBLIC SERVICES AND FACILITIES

The City, employing approximately 7,700 people (some in a seasonal capacity), is charged with primary responsibility for public safety (via its police, fire and health departments); public works (including refuse removal and a City owned water utility); various cultural and recreational services including a library system; and, general municipal administration. General obligation and revenue backed debt issuance is available to the City. City government also participates in housing and neighborhood programs through separate Housing and Redevelopment Authorities. These two latter Authorities have the ability to borrow using 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 Milwaukee Public School purpose debt to be issued by the City. The remaining governmental units cited each retain the statutory authority to issue general obligation debt.

Two special purpose governments exist with the ability to issue debt and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball District (the "District"), a public entity created by State legislation encompassing five southeastern Wisconsin counties, to finance construction/operations of a new baseball facility ("Miller Park") for the National League Milwaukee Brewers baseball club. Miller Park successfully opened in March, 2001. The District has issued \$199 million of revenue bonds supported by a five-county, one-tenth of one percent sales tax and other ancillary revenue streams. In addition, \$45 million of lease certificates of participation have been sold to finance acquisition and installation of facility equipment, scoreboards, etc. (See "DEBT STRUCTURE - FUTURE FINANCING" for additional information).

The second special purpose government is the Wisconsin Center District which oversees construction/operation of the Midwest Express Center, Milwaukee's major convention complex. This complex also includes the existing Arena and Auditorium facilities, formerly known as "MECCA". The Midwest Express Center is being financed by \$215 million of revenue bonds backed by dedicated sales tax revenues from the lodging, restaurant, and vehicle rental areas. Phase one of the Midwest Express Center was completed during 1998. Phase two was completed in 2000.

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

May 4, 2001, marked the unveiling of phase one of Milwaukee Art Museum's new expansion and renovation, which combines art, dramatic architecture and landscape design. The new Quadracci Pavilion, the first Santiago Calatrava-designed building in the United States, features a 90-foot high glass-walled reception hall enclosed by the Burke Brise Soleil, a sunscreen that can be raised or lowered creating a unique moving sculpture.

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

EMPLOYEE RELATIONS

Approximately 6,750 of the City's 7,700 full-time employees are members of bargaining units represented by nineteen unions. The City is currently negotiating with four bargaining units for contracts to be effective January 1, 2001. These negotiations have not yet been concluded. The City has settled voluntarily with fifteen bargaining units for 2001-2002. Previously, for the years 1999-2000, eighteen bargaining units settled voluntarily and one, the Milwaukee Police Association (MPA), was decided using interest arbitration.

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

GENERAL

The City, with a population of 595,958, represents approximately 40 percent of the population of the greater metropolitan area. Population in the four county retail trade area surrounding Milwaukee is **1,500,700** and represents 28% of the population of the State of Wisconsin. Based on the last U.S. Census, over 60 percent of metropolitan Milwaukee's population is comprised of residents within the working ages of 18 to 64. Forty-nine percent of the Milwaukee SMSA (Milwaukee, Washington, Waukesha and Ozaukee Counties) residents are under the age of 35.

The City of Milwaukee's effective buying income is approximately \$8.6 billion, 30 percent of the total effective buying income in the four county metro Milwaukee area. In Milwaukee, 24 percent of City households earn between \$20,000 and \$35,000 per year; 18 percent earn between \$35,000 and \$50,000 per year and 27 percent earn over \$50,000 per year. The age distribution of the population of the City of Milwaukee is 10 percent between 18 and 24 years old; 14 percent between 25 and 34 years old; 21 percent between 35 and 49 years old and 23 percent are 50 years or older.

Richard, I may have the information to update the above

CITY OF MILWAUKEE SELECTED ECONOMIC DATA

	<u>Population⁽¹⁾</u>	<u>Per Capita Average Income</u>	<u>Per Capita Household Income</u>	<u>Per Capita Equalized Value</u>
1997	612,740	\$13,219	\$34,271	\$25,315
1998	610,654	13,436	34,839	26,575
1999	608,150	13,780	35,830	27,462
2000	605,572	14,170	36,830	28,641
2001	595,508	14,147	36,339	32,667
2002	595,958	Not Available	Not Available	34,022

(1) The population figures are derived through estimates from the Wisconsin Department of Revenue for use in the distribution of State Shared Revenues.

Sources: Derived from data contained in Sales and Marketing Management magazine as reported for the appropriate year. Other sources include the Bureau of Census; Wisconsin Department of Revenue; Metropolitan Milwaukee Association of Commerce and the City of Milwaukee Division of Economic Development.

BUILDING PERMITS

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 1997 through December 2002.

General Total

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
1997	\$319,410,366	2,318
1998	246,033,955	2,408
1999	332,184,632	2,429
2000	281,978,437	2,448
2001	388,613,133	2,752
2002	337,028,003	2,756

Residential Building

<u>Year</u>	<u>Single Family</u>		<u>Multi-Family</u>		<u>Total</u>		<u>Permits Issued</u>
	<u>Value</u>	<u># Of Units</u>	<u>Value</u>	<u># Of Units</u>	<u>Value</u>	<u># Of Units</u>	
1997	\$8,292,100	80	\$19,219,402	265	\$27,511,502	345	112
1998	6,781,406	67	38,475,720	522	45,257,126	589	97
1999	9,489,837	84	10,951,700	119	20,441,537	203	109
2000	13,501,445	113	21,682,808	239	35,184,253	352	137
2001	17,597,336	141	81,508,896	401	99,106,232	542	168
2002	18,726,773	135	53,525,650	562	72,252,423	697	172

Commercial Building

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
1997	\$161,478,796 ⁽¹⁾	86
1998	68,042,140	79
1999	128,343,915	95
2000	99,967,923	88
2001	106,537,251	99
2002	87,778,047	89

Public Building

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
1997	\$46,502,536	170
1998	25,046,871	191
1999	30,726,416	145
2000	43,153,279	181
2001	64,534,354	406
2002	24,122,613	159

Alterations And Additions

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
1997	\$83,917,532	1,950
1998	107,687,818	2,041
1999	152,672,764	2,080
2000	103,672,982	2,042
2001	118,435,296	2,079
2002	152,874,920	2,336

(1) Includes Midwest Express Center.

Note: Miller Park, the City's new major league baseball venue, was completed in March 2001. This \$350 + million project is not incorporated within the above schedules.

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.

BANK DEPOSITS

The following table shows a five-year history of bank deposits for selected banks with locations in the City. (In Thousands of Dollars)

	1998	1999	2000	2001	2002
Bank One, Milwaukee, N.A. ⁽¹⁾	\$5,297,707	\$4,262,523	\$4,397,409	\$4,398,040	\$4,398,040
M & I Marshall & Ilsley Bank	6,206,362	5,245,384	8,623,224	18,244,031	17,744,606
Wells Fargo Bank Wisconsin, N.A.	1,673,894	1,667,542	1,803,846	1,992,708	2,159,252
Mutual Savings Bank	1,416,685	1,355,566	1,343,013	1,479,372	1,483,638
Associated Bank Milwaukee ⁽²⁾	698,472	1,929,558	1,918,455	5,840,463	5,648,495
Guaranty Bank	779,607	678,162	918,287	1,475,151	1,493,897
St. Francis bank, FSB	1,255,920	1,547,272	1,480,471	1,431,840	1,403,368
State Financial Bank, N.A. ⁽³⁾	—	—	859,769	955,237	991,701

- (1) Total deposits for Bank One, Wisconsin. As of December 7, 1996, all 14 of the Bank One charters in Wisconsin merged into one charter. Bank deposits for all Bank One offices in the state are combined and reported as one amount under the name Bank One, Wisconsin. As a result, bank deposits for Bank One offices in the City of Milwaukee are not available for year-end 1996 and later.
- (2) Associated Bank Milwaukee merged into Associated Bank Green Bay, N.A. on April 20, 2001.
- (3) State financial Bank, N.A., formed by merger in 2000.

Source: Call reports filed with the Wisconsin Department of Financial Institutions.

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**LEADING BUSINESS AND INDUSTRIAL FIRMS
LOCATED WITHIN MILWAUKEE COUNTY**

The listing of large employers in Milwaukee County 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.

<u>Employer</u>	2001 ⁽¹⁾ <u>Employment</u>	<u>Type of Business or Service</u>
Milwaukee Public Schools	11,704	Education
Aurora Health Care	10,924	Health Care
City of Milwaukee	7,650	Government
U.S. Government (Excludes V.A. Medical Center)	7,542	Government
Milwaukee County	6,897	Government
Covenant Health Care	5,689	Health Care
M&I Marshall & Ilsley	5,101	Holding company banking/finance and data services
Northwestern Mutual Life	4,144	Insurance
University of Wisconsin-Milwaukee	4,104	Education
Rockwell Automation (formerly Allen-Bradley)	3,740	Manufacturer, electrical/electronic products
Medical College of Wisconsin	3,511	Medical school/academic/health care
WE Energies	3,300	Electric/natural gas utility
Columbia-St. Mary's	3,212	Health Care
Froedtert Memorial Hospital	3,150	Health Care
Briggs and Stratton	3,004	Manufacturer, small engines, automotive locks and keys
US Bank (formerly Firststar Corporation)	2,790	Finance, banking
Harley Davidson, Inc.	2,300	Manufacturer, motorcycles
Children's Hospital of Wisconsin	2,000	Health care
Johnson Controls, Inc.	1,981	Manufacturer, of electronic control systems, automobile interior modules
Miller Brewing Company	1,870	Manufacturer of beer and aluminum containers
Fortis	1,831	Health care
Delphi Automotive Systems (General Motors)	1,829	Manufacturer, automotive electronic engine control modules, catalytic converters, and automotive electronic chassis control modules
Marquette University	1,700	Education
Journal Communications	1,555	Publishing, printing and broadcasting

Note: Data reflects full-time equivalent employees.

(1) Two employers appeared on the 2000 list that do not appear on the 2001 list. Tower Automotive participated in the Milwaukee County Employee Survey in prior years, but as of May 24, 2002 had not submitted a response.

In May 2001, the Marcus Corporation sold its Restaurant Division. In addition, the impact of the September 11, 2001 event has had a negative impact on its other divisions (Baymont Inns and Marcus Hotels and Resorts). The result has been a decrease of 1,292 in the number of Marcus Corporation employees

Source: Milwaukee County Department of Administration January 2002 survey of local employment, as supplemented.

EMPLOYMENT AND INDUSTRY

During 2002, the City's unemployment rate averaged 8.9%. Presented below are annual unadjusted unemployment rates for the City of Milwaukee, as compared to the State of Wisconsin and the United States for the period 1998 through 2002.

	<u>City of Milwaukee</u>	<u>State of Wisconsin</u>	<u>United States</u>
2002	8.9%	5.2%	5.8%
2001	7.4	4.3	4.8
2000	5.9	3.3	4.0
1999	4.9	3.1	4.2
1998	4.8	3.2	4.5

Source: Wisconsin Department of Workforce Development and U.S. Bureau of Labor Statistics.

Milwaukee's economic structure reveals a diversified economy with strong service and manufacturing sectors. The service sector (service, finance, insurance, real estate and retail trade) employs over 65 percent of the workforce. Manufacturing firms employ 20 percent of the work force. The area is not dominated by any large employers. Less than two percent of the manufacturers have employment levels greater than 500. Less than one percent of the employers in finance, insurance and services have more than 500 employees.

CITY OF MILWAUKEE ESTABLISHMENTS AND EMPLOYMENT BY INDUSTRY GROUP 1998 – 2002

Industry Group	Number of Establishments					Employment				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Agriculture	109	109	108	108	108	746	750	816	700	662
Construction	828	822	826	752	739	8,035	8,134	8,318	7,847	6,984
Manufacturing	1,060	1,041	1,004	986	961	59,536	56,591	55,660	50,893	50,019
Transportation & Communications	588	580	597	574	560	18,645	16,456	16,704	14,944	14,397
Wholesale Trade	1,238	1,173	1,120	1,107	1,089	20,201	20,551	20,129	18,800	18,445
Retail Trade	2,636	2,626	2,637	2,579	2,546	42,856	43,661	43,309	42,337	38,973
Finance, Insurance & Real Estate	1,377	1,290	1,237	1,339	1,305	33,344	35,370	33,314	32,760	30,982
Services	6,533	6,107	5,862	6,084	6,125	127,280	140,006	143,968	140,365	136,141
Totals	14,369	13,748	13,391	13,529	13,433	310,643	321,519	322,218	308,646	296,603

Source: Wisconsin Department of Workforce Development.

TEN LARGEST TAXPAYERS WITH 2002 ASSESSED VALUATIONS ⁽¹⁾

First Security Bank	\$200,731,580
Northwestern Mutual Life Ins.	166,276,440
Teachers Insurance & Annuity/TIAA Realty	100,879,200
Towne Realty	81,212,460
M & I Marshall & Ilsley Bank/Metavante Corp	78,633,810
Marcus Corp/Milw City Center/Pfister	74,042,840
Great Lakes REIT/GLR Milw Center	67,146,900
Metropolitan Associates	66,607,480
100 E. Wisconsin Ave Joint Venture	55,949,570
Banc One Wisconsin Corp/Plaza Bldg Mgmt	55,163,810

(1) The above assessed values represent an equalization ratio of 98.10% to full value as determined by the Wisconsin Department of Revenue. (2002 Assessments for 2003 Purposes.)

Source: City of Milwaukee, Assessor's Office.

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DEBT STRUCTURE

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

LEGAL DEBT LIMITATIONS

Section 67.03 of the Wisconsin Statutes limits direct general obligation borrowing to an amount equivalent to five percent of the equalized valuation of taxable property. Section 119.49 of the Wisconsin Statutes further authorizes referendum approved bonding in an additional amount equivalent to two percent of the equalized taxable property for school capital purposes. Such debt margins, as of December 31, 2002, are calculated upon the 2002 City equalized valuation for 2003 purposes of \$20,275,936,700. The available five percent debt margin for City borrowing is \$258,268,490 or 25.5% remaining for future debt issuance. The available two percent debt margin for school capital purposes is \$405,518,734, or 100% remaining for future debt issuance. Together, as detailed below, "Total Debt Margin" equals \$809,496,136 or 57.0%.

DEBT MARGIN (INCLUDES THE G.O. BONDS AND THE G.O. NOTES)

2002 Equalized Value of Taxable Property in the City		<u>\$ 20,275,936,700</u>
Legal Debt Limitation		
5% of Equalized Value for City Borrowing	\$ 1,013,796,835	
2% of Equalized Value for School Borrowing	<u>\$ 405,518,734</u>	
		\$ 1,419,315,569
General Obligation Debt Outstanding as of		
March 1, 2003	\$ 648,238,889	
Plus: The G.O. Bonds	\$ 20,580,000	
Plus: G.O. Notes	\$ 13,855,000	
Less: Provision for 2003 Maturities	<u>(\$72,854,456)</u>	
Net General Obligation Debt Outstanding as of		
March 1, 2003		<u>\$ 609,819,433</u>
Total Debt Margin (In Dollars)		<u>\$ 809,496,136</u>
(As a Percentage)		57.0%

DEBT REFUNDED

The City issued \$43,065,000 General Obligation Refunding Bonds, Series of 1992 dated February 1, 1992 for the purpose of refunding portions of four general obligation bond issues. In addition, the City issued \$65,525,000 General Obligation Refunding Bonds, Series of 1993 dated April 1, 1993 for the purpose of refunding portions of nine general obligation bond issues. The City has also issued \$75,460,000 General Obligation Refunding Bonds, Series of 1996, dated February 1, 1996 for the purpose of refunding additional portions of thirteen general obligation bond issues. The City has also issued \$30,725,000 General Obligation Refunding Bonds (Series of 2001-A and Series of 2001-B) dated July 1, 2001 for the purpose of refunding additional portions of five general obligation bond issues. Finally, the City issued \$161,400,000 G.O. Refunding Bonds (Series of 2002-A and Series of 2002-B) dated October 15, 2002 and November 15, 2002 for the purpose of refunding portions of nineteen general obligation issues. The City has entered into Escrow Agreements with Bank One Wisconsin Trust Company related to the Series of 1992 Bonds; U.S. Bank Trust, N.A. (formerly First Trust, N.A.), related to the Series of 1993 Bonds; Wells Fargo Bank Wisconsin, N.A. (formerly Norwest Bank Wisconsin, N.A.), related to the Series of 1996 Bonds; Associated Trust Company, N.A. related to the Series of 2001 Bonds; and Marshall &

Ilsley Trust Company, N.A. related to the Series of 2002-A Bonds all for the purpose of securing the payment of principal and interest on the refunded issues. None of the refunded debt is reflected in the “Debt Margin” presentation above.

**ANALYSIS OF GENERAL OBLIGATION DEBT
OUTSTANDING AS OF DECEMBER 31, 2002**

SERIAL BONDS	
Blight Elimination, Slum Clearance and Urban Renewal	\$24,967,022
Bridges	12,894,616
Bridges and Buildings Field Headquarters	2,981
City Hall and Annex Renovation	14,626
Economic Development	715,174
Fire Engine Houses	7,136,358
Forestry/Sanitation Field Headquarters	2,613
Harbor Improvements	3,316,301
Industrial Land Bank	324,525
Lakefront Development	43,671
Library	8,336,336
Milwaukee Exposition and Convention Center	116,199
Municipal Garage	2,904
Parking Facilities	17,892,116
Playgrounds and Recreational Facilities	8,933,010
Police Facilities	47,734,979
Public Buildings	56,253,365
Resource Recovery Project	105,598
Safety Academy	399
Sanitation	1,444
Schools	95,078,204
Sewers	72,212,263
Special Assessment Financing (Local Improvement Projects)	21,291,451
Street Improvements	86,907,815
Tax Increment Districts	92,727,110
Water Improvements	42,488,920
TOTAL BONDS OUTSTANDING	<u>\$599,500,000</u>
SERIAL NOTES	
Finance Real & Personal Property Tax Receivables	\$22,645,000
FMIS Replacement Project	12,797,986
Grant & Aid Projects	277,532
Municipal Expenses	4,077,580
Parking Facilities	4,696,806
Public Buildings	3,180,482
Schools	12,373,504
TOTAL NOTES OUTSTANDING	<u>\$60,048,890</u>
TOTAL GENERAL OBLIGATION DEBT OUTSTANDING AS OF DECEMBER 31, 2002	<u>\$659,548,890</u>

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

The following indicates the annual requirements of principal and interest on the general obligation debt of the City of Milwaukee including the estimated impact of the G.O. Notes and G.O. Bonds dated April 3, 2003.

	Principal as of 12/31/02	Principal Bonds	Principal Notes	Interest as of 12/31/02	Interest Bonds/Notes	Total as of 12/31/02	Total Bonds/Notes	Total
2003	\$84,164,457			\$30,872,981	\$688,700	\$115,037,438	\$688,700	\$115,726,138
2004	71,436,339	\$1,260,000	\$7,895,000	28,229,812	1,377,400	99,666,151	10,532,400	110,198,551
2005	67,138,094	1,260,000	3,325,000	24,940,203	1,011,200	92,078,297	5,596,200	97,674,497
2006	59,760,000	1,350,000	900,000	21,611,144	827,800	81,371,144	3,077,800	84,448,944
2007	55,615,000	1,350,000	695,000	18,634,758	737,800	74,249,758	2,782,800	77,032,558
2008	52,600,000	1,355,000	555,000	15,960,718	656,000	68,560,718	2,566,000	71,126,718
2009	45,780,000	1,355,000	485,000	13,481,040	579,600	59,261,040	2,419,600	61,680,640
2010	42,195,000	1,360,000	—	11,234,057	506,000	53,429,057	1,866,000	55,295,057
2011	38,395,000	1,360,000	—	9,134,793	451,600	47,529,793	1,811,600	49,341,393
2012	34,360,000	1,365,000	—	7,242,330	397,200	41,602,330	1,762,200	43,364,530
2013	30,540,000	1,370,000	—	5,431,284	342,600	35,971,284	1,712,600	37,683,884
2014	26,370,000	1,370,000	—	3,862,655	287,800	30,232,655	1,657,800	31,890,455
2015	21,140,000	1,380,000	—	2,588,990	233,000	23,728,990	1,613,000	25,341,990
2016	14,190,000	1,380,000	—	1,474,196	177,800	15,664,196	1,557,800	17,221,996
2017	9,520,000	1,390,000	—	737,405	122,600	10,257,405	1,512,600	11,770,005
2018	4,935,000	1,390,000	—	294,008	67,000	5,229,008	1,457,000	6,686,008
2019	1,410,000	140,000	—	47,257	11,400	1,457,257	151,400	1,608,657
2019	—	145,000	—	—	5,800	—	150,800	150,800
	<u>\$659,548,890</u>	<u>\$20,435,000</u>	<u>\$13,855,000</u>	<u>\$195,777,631</u>	<u>\$8,475,500</u>	<u>\$855,326,521</u>	<u>\$42,765,500</u>	<u>\$898,092,021</u>

(1) Assumes an interest rate of ___% on the G. O. Notes.

TRENDS OF GENERAL OBLIGATION DEBT

The following table indicates the general obligation debt of the City outstanding on December 31st of the year shown.
Debt Service Fund Balance ⁽²⁾

<u>Dec. 31</u>	<u>General Obligation Debt Outstanding⁽¹⁾</u>	<u>Allocated To Specific Issues⁽³⁾</u>	<u>Unallocated⁽⁴⁾</u>	<u>Debt Less Debt Service Balance</u>
1997	\$459,797,806	\$8,336,613	\$13,901,387	\$437,559,806
1998	518,401,459	9,691,634	15,249,366	493,460,459
1999	559,098,751	11,253,948	20,068,052	527,776,751
2000	605,239,921	9,623,007	20,812,993	574,803,921
2001	643,382,647	13,391,189	28,745,811	601,245,647
2002 ⁽⁵⁾	659,548,889	22,157,423	3,021,809	634,369,657

- (1) Includes amounts borrowed for Tax Incremental District Program, Parking Program, financing of special assessments, delinquent taxes and water purposes. See "TRENDS OF SELF SUSTAINING GENERAL OBLIGATION DEBT" on the following page for additional information.
- (2) The allocation of the Debt Service Fund balances to specific issues is based upon the debt service due for Tax Incremental Districts, Parking, Special Assessment, Water and Delinquent Tax borrowings as a portion of total debt service. (For further information regarding debt service due for Tax Increment Districts, please see "TAX INCREMENT DISTRICT FINANCING.")
- (3) From Provision for Future Maturities - Principal and Interest.
- (4) From Debt Service Fund Revenues.
- (5) Estimated at December 31, 2002. (Unaudited)

TRENDS OF SELF-SUSTAINING GENERAL OBLIGATION DEBT

<u>Dec. 31</u>	<u>Self-Sustaining General Obligation Debt⁽¹⁾</u>						<u>Total Self Sustaining Debt</u>	<u>Net General Obligation Debt Less Self-Sustaining Debt⁽⁶⁾</u>
	<u>General Obligation Debt Less Debt Service Balance⁽²⁾</u>	<u>TID Program⁽³⁾</u>	<u>Parking Program</u>	<u>Special Assessments⁽⁴⁾</u>	<u>Delinquent Taxes⁽⁵⁾</u>	<u>Water</u>		
1997	\$445,896,419	\$55,188,023	\$16,973,337	\$27,609,606	\$23,855,000	\$47,343,043	\$170,969,009	\$274,927,410
1998	503,152,093	64,899,209	21,532,010	27,912,744	23,195,000	61,981,967	199,520,930	303,631,163
1999	539,030,699	66,836,574	25,399,711	28,560,056	21,950,000	57,373,821	200,120,162	338,910,537
2000	584,426,928	66,078,454	26,981,616	26,299,555	21,225,000	52,611,050	193,195,675	391,231,253
2001	614,636,836	85,095,889	25,557,046	23,882,153	22,430,000	47,857,943	204,823,031	409,813,805
2002 ⁽⁷⁾	656,527,080	92,727,110	22,588,922	21,291,451	22,645,000	42,488,920	201,741,403	454,785,677

- (1) The City defines “Self-Sustaining General Obligation Debt” to include any general obligation debt previously issued whose debt service requirements is currently met with current non-Citywide property tax revenues.
- (2) Unallocated portion only. Allocated Debt Service Fund Balance relates to “Self-Sustaining” Debt categories detailed above.
- (3) See “TAX INCREMENT DISTRICT FINANCING” herein for additional information.
- (4) The Public Debt Commission, as one of its statutory mandates, oversees the portion of the Public Debt Amortization Fund used annually to prepay outstanding debt. The Commissioners of the Public Debt have reserved a portion of this Fund sufficient to make principal and interest payments for all outstanding special assessments purpose debt service to maturity.
- (5) Debt service on securities used to fund delinquent tax is offset completely by remitted delinquent tax payments.
- (6) General Obligation Debt less unallocated Debt Service Balance and less Self-Sustaining Debt on a per capita basis is as follows:

<u>December 31</u>	<u>Debt Per Capita</u>
1998	\$497.22
1999	557.28
2000	646.05
2001	688.17
2002	763.12

(7) Estimated at December 31, 2002.

**RATIO OF GENERAL OBLIGATION DEBT
To Equalized And Assessed Values And To Per Capita
And Per Capita Incomes For The Years 1998 Through 2002**

Year (12/31)	Population ⁽¹⁾	Net Equalized Valuation ⁽²⁾	Assessed Valuation	Net General Obligation Debt ⁽³⁾	Net General Obligation Debt/Equalized Valuation ⁽⁴⁾	Net General Obligation Debt/Assessed Valuation	Net General Obligation Debt Per Capita ⁽⁴⁾	Per Capita Income	Net General Obligation Debt/Per Capita Income
1998	610,654	16,228,218,000	16,072,114,035	493,460,459	3.04%	3.07%	\$808.09	13,436	6.01%
1999	608,150	16,701,225,300	15,774,873,167	527,776,751	3.16	3.35	867.84	13,870	6.26
2000	605,572	17,344,251,400	17,582,994,597	574,803,921	3.31	3.27	949.19	14,170	6.70
2001	595,508	19,453,830,200	17,699,784,394	601,245,647	3.09	3.40	1,009.63	14,147	7.14
2002	595,958	20,275,936,700	19,866,255,215	634,369,657	3.13	3.19	1,064.45	N/A	N/A

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- (1) The population figures are derived through estimates from the Wisconsin Department of Revenue population used in the distribution of State Shared Revenues.
- (2) Per Wisconsin Department of Revenue, Bureau of Property and Utility Tax.
- (3) See - "TRENDS OF GENERAL OBLIGATION DEBT" herein (page 28).
- (4) The Public Debt Amortization Fund may be used to acquire debt prior to maturity. Assuming the year-end unsegregated fund balance had been applied in this manner to debt in 1998 through 2002, the following results would have occurred:

<u>Dec. 31</u>	Debt Percentage Of Equalized <u>Value</u>	Direct Debt Per <u>Capita</u>
1998	2.71%	\$721.84
1999	2.89	793.76
2000	3.06	877.44
2001	2.86	936.33
2002	2.91	990.06

**COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2002**

Governmental Unit	Debt Outstanding December 31, 2002	Approximate Percentage Applicable	Milwaukee's Share of Debt As of December 15, 2002
City of Milwaukee ⁽¹⁾	\$634,369,657	100.00%	\$634,369,657
Area Board of Vocational, Technical and Adult Education, District No. 9	79,430,000	37.36	29,675,048
County of Milwaukee	437,862,002	45.79	200,497,011
Milwaukee Metropolitan Sewerage District ⁽²⁾	551,320,965	46.86	258,349,004
TOTAL NET DIRECT AND OVERLAPPING DEBT			\$1,122,890,720

- (1) Excludes \$94,153,203 of Industrial Revenue Bonds; \$16,029,000 of City of Milwaukee Water Revenue Bonds, Series of 1998 and \$29,095,000 Sewerage System Revenue Bonds, Series 2001. Includes \$107,451,708 general obligation debt outstanding which financed Milwaukee Public Schools improvements.
- (2) Includes \$271,740,069 of low interest loans from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.

FUTURE FINANCING

General obligation capital financings are anticipated for mid-2003. These offerings are expected to be in the \$45-\$60 million range of tax-exempt and taxable bonds and notes. Approximately \$125 million of revenue anticipation notes for the Milwaukee Public Schools are expected to be marketed in August 2003. \$2 million of general obligation notes for operating purposes may be sold before mid-2003. Refunding bonds may be sold at any time, subject to market conditions.

Issuance of revenue based debt offerings for replacement sewer capital costs is being considered for sale prior to mid-2003.

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REVENUE BONDING

The City and City agencies have issued revenue bonds directly and indirectly. Entities which have issued revenue bonds include the Redevelopment Authority and the Housing Authority. Collectively, the bond programs of the Housing and Redevelopment Authorities complement City financed economic development projects and foster the same development objectives.

Water System Revenue Bonds, Series 1998 - On December 22, 1998, the City and the State of Wisconsin entered into a loan agreement with the City borrowing up to \$19,358,172 under the State of Wisconsin Safe Drinking Water Loan Program for water treatment system improvements. This loan, at a rate of 2.64%, is secured by revenues of the Milwaukee Water Works.

As of September 15, 2002, the amount of \$17,559,338 has been loaned to the City by the State of Wisconsin. The remaining outstanding balance as of September 15, 2002 is \$16,008,876. Debt service on this issuance is anticipated through the year 2018.

Sewerage System Revenue Bonds, Series 2001 - On November 16, 2001, the City sold \$29,095,000 in Sewerage System Revenue Bonds for the purpose of financing the cost of improvements to the City's sewerage system. All bonds remain outstanding as of December 31, 2001. Debt service on this offering is anticipated through the year 2021.

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

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

Housing Authority of the City of Milwaukee - The Housing Authority bonds and notes are secured by a lien on all revenues of the Housing Authority Low Income Housing Program. The Housing Authority bonds and notes are not a general obligation of the City nor are they guaranteed by the City. As such, they are not backed by the general credit or taxing powers of the City.

Between the period 1983 and September 15, 2002, the Housing Authority issued revenue bonds of approximately \$149 million of which, approximately \$35 million are still outstanding.

Redevelopment Authority of the City of Milwaukee - The Redevelopment Authority of the City ("Authority") is a public body corporate and politic formed in 1958 by action of the Common Council of the City pursuant to the §66.431, Wisconsin Statutes ("Act").

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

Since its creation, the Authority has provided for the acquisition and improvement of a variety of industrial, commercial, housing and other revenue-producing projects, and, in some instances, has entered into revenue agreements for the financing thereof, pursuant to authorization contained in the Act. In connection with the financing of a number of such projects, the Authority has issued revenue bonds under a number of authorizing resolutions and indentures, each of which contained separate terms and conditions relating to the respective issues of revenue bonds. In each instance, the bonds issued constitute limited obligations of the Authority, and do not constitute an indebtedness of the City or a charge against the City's general credit or taxing power. As of December 31, 2002, the Authority has sold 88 separate issues in the total principal amount of approximately \$595 million. As December 31, 2002 there remained approximately \$308 million outstanding.

The majority of these issues are supported solely by the revenues of the various projects. While in each instance, the bonds issued constitute limited obligations of the Authority, and do not constitute an indebtedness of the City or a charge against the City's general credit or taxing power; there are certain issues which involve contingent liabilities of the Authority and/or the City and are treated as long-term obligations. These issues are described in more detail below.

In February 2002, the Authority issued \$33,170,000 Revenue Bonds, Series 2002A on behalf of the Milwaukee Board of School Directors ("MBSD") – Neighborhood Schools Initiative. The Authority will lend the bond proceeds to MBSD to partially finance the initial cost of providing approximately 750,000 square-feet of additional classroom capacity for MBSD schools, to implement the Neighborhood Schools Plan and for related activities of MBSD. Under the Agreement, MBSD will repay the principal of and interest on the bonds. MBSD's repayment obligation under the Agreement is payable solely from and secured by a pledge of all intradistrict aid received by MBSD from the State of Wisconsin. The bonds are further secured under a Trust Indenture which includes a financial guaranty insurance policy; all cash and securities held in the Trust Fund and Reserve Fund by the Trustee, including investment earnings; all payments made by MBSD; and any payments received by the Authority from the State's Moral Obligation Pledge (the "Pledge"). The Pledge creates the only financial obligation of the State, which is subject to annual appropriation. Additional borrowings to follow in line with the State's authorization of more than \$98,000,000 are expected for this project.

In September 2001, the Authority issued \$18,545,000 Redevelopment Lease Revenue Bonds (Summerfest Project). Pursuant to the Moral Obligation Pledge set forth in the Cooperation Agreement between the City and the Authority, the Pledge is structured to be consistent with the City's budget process, including a timetable for appropriation by the City's Common Council, the reporting of events of default, and legislative action by the City's Common Council. The Pledge creates only financial obligations of the City which are subject to annual appropriation.

On November 8, 1990, \$47,730,866 Authority revenue bonds were issued on behalf of the Wisconsin Preservation Fund, Inc. to acquire and renovate several facilities for lease and occupancy by Milwaukee Public Schools which utilizes the facilities as middle schools, K-8 elementary schools and various common facilities related to public education. A portion of these bonds were advance refunded in 1993. These revenue bonds do not constitute general obligations of the Milwaukee Board of School Directors ("MBSD") or the City and shall not constitute or give rise to a charge against the MBSD's or the City's taxing powers. MBSD does, however, have an obligation to pay rents under a lease to support the debt service on these revenues bonds. Under the lease, the annual rent payments constitute a budgeted expenditure of MBSD's payable only if funds are budgeted and appropriated annually by the MBSD from its Operations Fund. MBSD's obligations under the lease may be terminated on an annual basis by MBSD if MBSD fails to budget and appropriate for lease payments.

Milwaukee Economic Development Corporation - As of **December 31, 2002**, the Milwaukee Economic Development Corporation funded loans for 810 small businesses and redevelopment projects in the City utilizing \$139.3 million to leverage a total of \$818.4 million in investment. Five hundred loans are enrolled in the Capital Access Program with covered loan amounts totaling \$14.8 million.

The Milwaukee Economic Development Corporation had notes and debentures payable under the Small Business Administration's section 503 and 504 loan programs in the amount of \$12.8 million as of **December 31, 2002**.

TAX INCREMENT DISTRICT FINANCING

Five issues of the Redevelopment Authority and Housing Authority involving over \$60 million in bonds have financed projects located within tax incremental districts (“TID”). The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such Districts through the issuance of its general obligation bonds. Through December 31, 2002, \$208,373,120 has been borrowed for thirty-nine tax incremental districts. Total debt service requirements associated with these debt issues amount to \$328,101,995. Tax increments (net) received through January 31, 2002, total \$201,515,073. Tax increments received by the City historically have been calculated based upon the assessed valuation and the applicable tax levy in the tax increment district. The applicable tax levy includes the public school tax levy rate for Milwaukee Public Schools.

The Wisconsin Legislature has passed a property tax relief measure which increases the portion of statewide school revenues funded by State equalization aid to two-thirds from approximately one-half of all funds’ budgets. The 1998 Assessed Tax Rate for Milwaukee Public Schools is \$10.97 per thousand dollars of assessed value, down from \$15.70 in 1995. As a result, future tax increment revenues to be received by the City will be reduced, and therefore have the impact of either increasing the time needed to recover incurred project costs, including future debt service requirements; reducing the funding of active and proposed TIDs; or may require the City to fund TIDs cash flow deficiencies with other City revenues. Therefore, the Legislature extended the allowable life of all TIDs established before October 1, 1995 from a maximum 23 years to a maximum 27 years to accommodate the lower school property tax rate. In any year in which total TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the general property tax levy.

FINANCIAL INFORMATION

BUDGETING

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

CITY CAPITAL IMPROVEMENTS PLAN

The City's 2003-2008 Capital Improvements Plan (CIP) describes planned capital improvement projects and programs together with proposed financing. School purpose improvements financed by the City of Milwaukee for the Milwaukee Public Schools are included in this CIP.

The six-year City CIP municipal spending plan totals \$1,049 million. In addition, the City plans to provide \$72 million toward capital improvements for the Milwaukee Public Schools for a six-year total of \$1,121 million. About \$974 million or 87 percent of planned municipal and school purpose spending is intended to preserve the City's existing infrastructure facilities (streets, sewers, alleys, bridges, etc.) and schools. The remaining 13 percent is for expansion purposes.

Surface transportation accounts for approximately 26 percent of the CIP, or about \$287 million. Twenty-four percent (\$269 million) is planned for environmental related projects including sewer and water improvements plus forestry and subsurface remediation projects. Almost \$124 million of capital spending (11% of the CIP) is planned for economic development projects through 2008. These projects are mainly Tax Incremental District related or Port of Milwaukee capital improvements. The remaining 39 percent (\$429 million) will be spent for school, health/safety improvements and general governmental purposes. All \$72 million in planned school capital improvements is dedicated to deferred maintenance, repairs and remodeling projects, including \$12 million of Americans with Disabilities (ADA) accessibility projects.

In addition to school capital spending within the City's Capital Improvements Program, an additional \$98 million is being raised through revenue bonds issued by the City Redevelopment Authority for the construction and expansion of neighborhood schools. An amount of \$33 million has already been issued. These bonds will be repaid with State aid formerly used to pay for school busing. The state also provides a moral obligation pledge to repay the revenue bonds.

The portion of the \$1,121 million six-year CIP to be financed by the property tax levy totals about \$565 million (50%). This in turn is composed of direct tax levy funding of \$103 million (9%) and tax levy supported debt financing of \$462 million (41%). Cash revenues including Federal and State grants, developer financing and other sources, total \$190 million (17%) of planned CIP spending. An additional \$87 million (8%) is to be financed by City debt to be repaid with tax increment and other revenues, totaling eight percent of total CIP spending. The remaining \$280 million (25%) of the municipal purpose CIP is to be financed by self-supported debt issued for special assessments, water, sewer and parking purposes.

In addition to \$12 million in new school purpose borrowing authority, the Adopted 2003 Capital Improvements Budget totals \$184 million compared to a 2002 Budget of \$162 million. The 2003 total includes \$46 million in new paving projects, \$23 million for sewer or related environment projects and \$8 million in police facility improvements. About 86 percent of the 2003 Capital Budget is dedicated to preservation purposes, mainly the City's sewer, surface transportation systems, and police facilities. The majority of the expansion purpose expenditures are for economic development, streets, and sewers.

ADOPTED BUDGET - COMBINED REVENUES - 2003

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Taxes						
Property Tax - General	\$84,734,381	\$1,000,000	\$54,762,233	\$10,587,803	—	\$151,084,417
Provision for Empl Retirement	40,937,332	—	—	—	—	40,937,332
Common Council Cont	5,000,000	—	—	—	—	5,000,000
Total Taxes	<u>\$130,671,713</u>	<u>\$1,000,000</u>	<u>\$54,762,233</u>	<u>\$10,587,803</u>	\$0	<u>\$197,021,749</u>
Revenues						
Taxes	12,876,500	—	—	—	—	12,876,500
Licences and Permits	9,053,700	—	—	—	—	9,053,700
Intergovernmental Revenues	284,217,956	83,572,350	—	—	—	367,790,306
Charges for Service	76,878,526	—	—	—	—	76,878,526
Fines and Forfeitures	4,113,000	—	—	—	—	4,113,000
Miscellaneous Revenues	16,692,600	9,000,000	—	—	8,300,000	33,992,600
Cost Recovery	10,000	—	—	—	—	10,000
Fringe benefits	16,250,000	—	—	—	—	16,250,000
Parking	—	—	—	—	27,426,797	27,426,797
Water Works	—	—	—	—	84,018,579	84,018,579
Sewer Maintenance Fund	—	—	—	—	28,498,059	28,498,059
Retained Earnings	—	—	—	—	11,100,000	11,100,000
Sinking Fund	—	—	64,041,654	—	—	64,041,654
Special Assessments	—	4,504,379	—	7,955,400	—	12,459,779
Capital Revenue	—	—	—	9,600,000	—	9,600,000
Total Revenues	<u>\$420,092,282</u>	<u>\$97,076,729</u>	<u>\$64,041,654</u>	<u>\$17,555,400</u>	<u>\$159,343,435</u>	<u>\$758,109,500</u>
Tax Stabilization						
Transfer from Reserves	9,300,000	—	—	—	—	9,300,000
Sale of Bonds and Notes						
Bonds and Notes	—	—	—	78,985,180	19,411,000	98,396,180
Grand Total	<u>\$560,063,995</u>	<u>\$98,076,729</u>	<u>\$118,803,887</u>	<u>\$107,128,383</u>	<u>\$178,754,435</u>	<u>\$1,062,827,429</u>

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

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

ADOPTED BUDGET - COMBINED APPROPRIATIONS - 2003

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Administration, Dept of	\$8,498,269	—	—	\$811,500	—	\$9,309,769
Assessor's Office	4,603,519	—	—	—	—	4,603,519
City Attorney	6,437,106	—	—	—	—	6,437,106
City Treasurer	3,023,860	—	—	—	—	3,023,860
Common Council - Clerk	7,861,232	—	—	—	—	7,861,232
Municipal Court	3,385,806	—	—	—	—	3,385,806
Comptroller	5,005,043	—	—	—	—	5,005,043
Dept of City Development	4,290,826	—	—	16,850,000	—	21,140,826
Election Commission	1,079,917	—	—	—	—	1,079,917
Employee Relations, Dept of	5,576,493	—	—	—	—	5,576,493
Fire Department	78,433,193	—	—	5,105,000	—	83,538,193
Health Department	13,814,912	—	—	1,129,700	—	14,944,612
Library Board	21,727,872	—	—	990,000	—	22,717,872
Mayor's Office	1,202,032	—	—	—	—	1,202,032
Neighborhood Services	12,702,465	—	—	260,000	—	12,962,465
Police Department	168,810,655	—	—	4,571,793	—	173,382,448
Port of Milwaukee	3,280,923	—	—	400,000	—	3,680,923
Public Debt Commission	593,799	—	—	—	—	593,799
DPW-Administration	4,856,904	—	—	626,000	—	5,482,904
DPW-Infrastructure	23,748,383	—	—	35,533,185	—	59,281,568
DPW-Operations	81,347,580	—	—	29,526,205	—	110,873,785
Water Works	—	—	—	—	90,118,579	90,118,579
Sewer Maintenance Fund	—	—	—	—	46,248,059	46,248,059
Special Purpose Accounts	125,665,617	—	—	—	—	125,665,617
Pension Funds	66,634,994	—	—	—	—	66,634,994
Debt Service - City	—	—	103,167,336	—	—	103,167,336
Debt Service - Schools	—	—	15,636,551	—	—	15,636,551
Contingency	5,000,000	—	—	—	—	5,000,000
Delinquent Tax Fund	—	10,000,000	—	—	—	10,000,000
Parking	—	—	—	—	42,387,797	42,387,797
Grant & Aid Fund	—	83,572,350	—	—	—	83,572,350
Special Capital Projects	—	—	—	11,325,000	—	11,325,000
Economic Development	—	4,504,379	—	—	—	4,504,379
Fringe Benefit Offset	(97,517,405)	—	—	—	—	(97,517,405)
Grand Total	\$560,063,995	\$98,076,729	\$118,803,887	\$107,128,383	\$178,754,435	\$1,062,827,429

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

**STATEMENT OF GENERAL FUND REVENUES, OTHER FINANCING SOURCES AND EXPENDITURES
FOR THE YEARS ENDED DECEMBER 31, 1997 THROUGH 2001⁽¹⁾**

	<u>1997⁽²⁾</u>	<u>1998⁽²⁾</u>	<u>1999⁽²⁾</u>	<u>2000⁽²⁾</u>	<u>2001⁽²⁾</u>
REVENUES					
Property Taxes	\$92,656,000	\$84,042,000	\$89,250,000	\$98,456,000	\$118,804,000
Other Taxes	10,397,000	10,100,000	10,283,000	12,808,000	12,688,000
Licenses and Permits	7,599,000	8,112,000	8,996,000	10,154,000	10,485,000
Intergovernmental	271,796,000	278,965,000	277,884,000	278,434,000	278,969,000
Charges for Services	25,301,000	27,727,000	37,598,000	45,383,000	54,594,000
Fines and Forfeitures	15,578,000	16,138,000	17,694,000	18,036,000	4,408,000
Miscellaneous Revenues	<u>16,862,000</u>	<u>16,736,000</u>	<u>9,032,000</u>	<u>14,358,000</u>	<u>12,408,000</u>
TOTAL GENERAL FUND REVENUES	\$440,189,000	\$441,820,000	\$450,737,000	\$477,629,000	\$492,356,000
Tax Stabilization Fund Withdrawals	16,326,000	17,600,000	12,820,000	11,250,000	5,500,000
Other Financing Sources and Equity					
Transfers (Net)	<u>9,220,000</u>	<u>12,766,000</u>	<u>8,886,000</u>	<u>18,640,000</u>	<u>26,232,000</u>
TOTAL GENERAL FUND REVENUES, TAX STABILIZATION FUND WITHDRAWALS AND OTHER FINANCING SOURCES	<u>\$465,735,000</u>	<u>\$472,186,000</u>	<u>\$472,443,000</u>	<u>\$507,519,000</u>	<u>\$524,088,000</u>
EXPENDITURES⁽³⁾					
General Government	\$62,913,000	\$65,306,000	\$132,231,000	\$157,615,000	\$162,628,000
Public Safety	243,235,000	248,605,000	205,717,000	220,879,000	209,521,000
Public Works	107,599,000	102,835,000	91,817,000	100,696,000	87,453,000
Health	16,726,000	17,882,000	11,401,000	11,363,000	11,237,000
Culture and Recreation	19,666,000	20,383,000	16,627,000	17,584,000	16,948,000
Conservation and Development	<u>5,652,000</u>	<u>7,281,000</u>	<u>7,271,000</u>	<u>7,502,000</u>	<u>7,922,000</u>
TOTAL EXPENDITURES ⁽⁴⁾	<u>\$455,791,000</u>	<u>\$462,292,000</u>	<u>\$465,064,000</u>	<u>\$515,639,000</u>	<u>\$495,709,000</u>
SOURCES OVER (UNDER) EXPENDITURES	\$9,944,000	\$9,894,000	\$7,379,000	(\$8,120,000)	\$28,379,000
Fund Balance - January 1 ⁽⁵⁾	<u>69,538,000</u>	<u>61,882,000</u>	<u>58,956,000</u>	<u>55,085,000</u>	<u>40,465,000</u>
Fund Balance - December 31 ⁽⁶⁾	<u>\$79,482,000</u>	<u>\$71,776,000</u>	<u>\$66,335,000</u>	<u>\$46,965,000</u>	<u>\$68,844,000</u>

(1) For budgetary purposes only, fringe benefit revenues, cost recovery from Internal Service Funds, and purchase of Milwaukee County's delinquent taxes are revenue estimates that offset budgeted expenditures. These offsetting amounts are not revenues or expenditures for purposes of the financial statements and are excluded from the above table.

(2) Figures rounded to the nearest one thousand dollars.

(3) Beginning in 1999, fringe benefits (pensions, healthcare, etc.) are reported in total as General Government Expenditures. In prior years, fringe benefit costs were allocated to individual expenditure categories.

(4) The 2000 Total Expenditures includes payment of \$16 million of retroactive labor settlement costs for 1998 and 1999. Of this amount, \$11.4 million was provided for and reserved within the 1998 and 1999 Fund Balance.

(5) Excludes Tax Stabilization withdrawal for following year.

(6) Fund Balance Components: (000's)	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Reserved for Encumbrances	\$12,355	\$10,974	\$9,942	\$5,026	\$5,357
Reserved for Carryovers	8,624	6,489	7,286	3,860	4,308
Reserved for Future Labor Settlements	628	8,307	11,382	--	12,795
Reserved for inventory	6,184	6,162	6,454	6,014	5,678
Reserved for mortgage trust	325	319	291	281	281
Reserved for environmental Remediation	281	281	281	304	303
Reserved for next year's budget	17,600	12,820	11,250	5,500	11,000
Reserved for subsequent years' Budget	<u>33,485</u>	<u>26,424</u>	<u>19,449</u>	<u>25,980⁽⁷⁾</u>	<u>29,122</u>
Total Fund Balance	<u>\$79,482</u>	<u>\$71,776</u>	<u>\$66,335</u>	<u>\$46,965</u>	<u>\$68,844</u>

(7) Includes proceeds of \$7,071,000 financing of deficit note authorized in 2000. This note is being repaid in 2002 and 2003.

YEAR 2001 GENERAL FUND RESULTS

Exhibits A through E of Appendix A present the 2001 financial statements for the General Fund. The City General Fund balance of Tax Stabilization reserves totaled \$40,122,000 at the end of 2001, or about 8.1 percent of 2001 Fund expenditures. This compares to \$31,480,000 (6.1% of expenditures) at December 31, 2000. Total Fund balance at December 31, 2001 is \$68.8 million compared to \$47.0 million at December 31, 2000.

Revenues and other sources increased by \$16.6 million (+3.3%) in 2001, mainly due to a \$20.3 million (+20.7 %) increase in property tax revenues. A tax rate increase of 8.3 percent combined with an 11.5 percent growth in assessed property value produced this tax revenue increase. Intergovernmental revenues, by far the largest Fund revenue source, remained about the same, increasing by \$0.5 million (+0.2%). Service Charge revenue grew by \$9.2 million (+20.3%) including \$8.7 million in reimbursements from the City Employee Retirement System to the General Fund. These reimbursements were made possible through a Global Pension settlement concluded in 2001. Fines and Forfeitures revenues declined by \$13.6 million (-75.6%), principally due to the transfer of parking citation operations to the Parking Fund. Net parking income still accrued to the benefit of the General Fund in 2001 through a transfer of \$15.0 million from the Parking Fund, reflected in "Other Financing Sources and Equity Transfers". The use of budgeted Tax Stabilization reserves declined from \$11.3 million in 2000 to \$5.5 million in 2001.

A Solid Waste Fund was created in 2001 to capture related user charge revenues and expenses. Without the creation of this Fund, General Fund revenues would have increased by an additional \$36.6 million to reflect a solid waste fee implemented in 2001. This user charge would therefore have increased total General Fund revenues by 10.8 percent over 2000 revenues.

Total General Fund expenditures declined by \$19.9 million (-3.9%) in 2001. A major factor in this decrease was the creation of a Solid Waste Fund mentioned above. This had the effect of removing related expenditures from the General Fund. Without the creation of this Fund, total General Fund expenditures would have increased by \$14.7 million (+2.9%).

Public safety expenditures declined by \$11.4 million in 2001, owing to the payment in 2000 of retroactive settlements of collective bargaining agreements with the major Police and Firefighters unions including the years 1998 and 1999. The transfer of parking citation operations to the Parking Fund further reduced these General Fund expenditures. Also, cost reduction initiatives including a targeted hiring freeze and a reduction in equipment purchases produced additional savings City-wide.

Since 1997, General Fund revenues and other sources have increased at an average of about three percent annually. Intergovernmental Aids remain the mainstay of Fund revenues at 53 percent of total Fund sources, compared to 58 percent in 1997. The property tax now comprises about 23 percent of total General Fund sources compared to 20 percent in 1997. During this period, charges, fines and forfeitures have increased in importance, now making up 11.5 percent of total General Fund sources compared to 8.8 percent in 1997. This increase excludes the increase in parking fees and the institution of a solid waste fee. Both of these charges are accounted for in other funds.

General Fund expenditures have grown at an average rate of just over two percent annually since 1997. Due to a financial systems change implemented in 1999, expenditure category comparisons since 1997 are difficult to determine. Over the past four years, the unreserved Tax Stabilization Fund balance has declined from \$33.5 million to \$29.1 million (-13.0%). Excluding \$7.0 million in authorized note proceeds transferred to the General Fund in 2000 to cover departmental operating shortfalls that year, 2001 marked the first increase in this unreserved Tax Stabilization balance since 1992.

For information regarding City debt levels and related debt factors, see "DEBT STRUCTURE".

CITY OF MILWAUKEE
GENERAL FUND - PROJECTED CASH FLOW SUMMARY
(MILLIONS OF DOLLARS)
January 1, 2003 to December 31, 2003

	January	February	March	April	May	June	July	August	September	October	November	December
BALANCE	115.030	79.854	17.254	2.304	99.818	79.468	13.835	46.612	30.251	20.555	6.854	90.007
RECEIPTS												
Property Taxes	8.335	0.960	8.547	7.819	6.307	4.657	32.744	6.300	9.960	10.050	0.908	57.385
State Aids	—	—	—	—	—	—	—	—				
Shared Revenue	—	—	—	—	—	—	45.478	—			204.443	
Highway Aids	6.555	—	—	6.560		—	7.021	—		6.560		
Payment Muni. Services	—	2.685	—	—	—			—				
Computer Exemption Aid	—	—	—	—	3.750			—				
Other	6.393	7.340	8.432	10.895	10.456	6.196	8.796	6.516	8.023	7.954	5.532	8.447
Pension Fees	—	—	10.000	6.000	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Solid Waste Fee	0.821	1.240	1.101	1.300	1.380	0.896	1.374	1.264	0.999	1.472	1.071	0.955
City PILOTS (Major)	0.868	—	—	—	—	—	—	—	—	—	—	10.323
Parking Transfers	—	—	—	—	—	—	—	—	4.150	—	—	4.150
Street Sweeping	—	—	—	—	—	—	—	—	4.086	—	—	—
Milwaukee Public Schools Fee	3.501	—	—	—	—	—	—	—	—	—	—	—
Potawatomi PILOT	—	—	—	—	—	—	—	3.380	—	—	—	—
Snow Removal	0.368	0.556	—	—	—	—	—	—	—	—	0.800	0.800
Year End Transfers	4.974	—	—	—	—	—	—	—	—	—		(6.000)
Note Proceeds	—	—	—	113.855	—	—	—	—	—	—		
TOTAL RECEIPTS	31.815	12.781	28.080	146.429	23.393	13.249	96.913	18.960	28.718	27.536	214.254	77.560

**CITY OF MILWAUKEE
GENERAL FUND - PROJECTED CASHFLOW SUMMARY
(MILLIONS OF DOLLARS) (CONTINUED)
JANUARY 1, 2003 TO DECEMBER 31, 2003**

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
DISBURSEMENTS													
Salaries & Benefits	52.094	36.368	33.786	31.820	31.788	32.811	48.504	32.931	31.282	31.772	31.620	49.580	444.356
Services & Supplies	14.897	16.654	9.244	17.095	11.955	11.708	15.632	2.390	7.132	9.465	1.481	5.127	122.780
Purchase Tax Delinquents	—	22.359	—	—	—	—	—	—	—	—	—	—	22.359
Contractual Tax Payment	—	—	—	—	—	34.363	—	—	—	—	—	—	34.363
Note Principal Repayment	—	—	—	—	—	—	—	—	—	—	98.000	—	98.000
TOTAL DISBURSEMENTS	66.991	75.381	43.030	48.915	43.743	78.882	64.136	35.321	38.414	41.237	131.101	54.707	721.858
BALANCE	79.854	17.254	2.304	99.818	79.468	13.835	46.612	30.251	20.555	6.854	90.007	112.860	—
REPAYMENT FUND													
Balance	—	—	—	—	—	—	—	—	—	—	—	99.078	—
Receipts:	—	—	—	—	—	—	—	—	—	—	—	—	—
From General Fund	—	—	—	—	—	—	—	—	—	—	98.000	—	98.000
From Debt Service Fund	—	—	—	—	—	—	—	—	—	—	1.078	—	1.078
Disbursement to Trustee	—	—	—	—	—	—	—	—	—	—	—	99.078	99.078
Balance	—	—	—	—	—	—	—	—	—	—	99.078	—	—

(1) Includes the delinquent tax financing portion of the G.O. Notes.

(2) Maximum deficit occurs on July 18, 2003.

(3) Services and Supplies Disbursements reflect 1.01% of 2002 levels.

(4) Salaries reflect new Police contract for 2001-2003. No other contract settlements are assumed within Salaries and Benefits

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Millions of Dollars)

	Beginning Cash Balance (Deficit)	Receipts	<u>Disbursements</u>	<u>Ending Cash Balance (Deficit)</u>
January	\$30.049	\$95.134	\$60.993	\$64.190
February	64.190	11.801	72.974	3.017
March	3.017	144.029 ⁽¹⁾	39.764	107.282
April	107.282	28.291	47.321	88.252
May	88.252	21.844	42.200	67.896
June	67.896	11.305	76.144	3.057
July	3.057	96.958	46.984	53.031
August	53.031	15.093	49.446	18.678
September	18.678	26.463	36.918	8.223
October	8.223	35.612	39.718	4.117
November	4.117	210.373	31.662	182.828
December (3)	182.828	71.860	139.658 ⁽²⁾	115.030

Notes:

⁽¹⁾ Proceeds from the sale of revenue anticipation Short-Term Promissory Notes was \$102 million in March, 2002.

⁽²⁾ December disbursements include the \$102 million principal portion of the notes transferred to the Trustee on December 27, 2002.

⁽³⁾ Estimated.

CITY OF MILWAUKEE
GENERAL FUND
PROJECTED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
For The Year Ended December 31, 2003
(Millions of Dollars)

	Beginning Cash Balance <u>(Deficit)</u>	Receipts	<u>Disbursements</u>	Ending Cash Balance <u>(Deficit)</u>	<u>Ending Cash Balance Including Borrowing of \$98 Million</u>
January	\$115.030	\$31.815	\$66.991	\$79.854	\$79.854
February	79.854	12.781	75.381	17.254	17.254
March	17.254	28.080	43.030	2.304	2.304
April	2.304	48.429	48.915	1.818	99.818 ⁽¹⁾
May	1.818	23.393	43.743	(18.532)	79.468
June	(18.532)	13.249	78.882	(84.165)	13.835
July	(84.165)	96.913	64.136	(51.388)	46.612
August	(51.388)	18.960	35.321	(67.749)	30.251
September	(67.749)	28.718	38.414	(77.445)	20.555
October	(77.445)	27.536	41.237	(91.146)	6.854
November	(91.146)	214.254	33.101	90.007	188.007
December	90.007	77.560	54.707	112.860	112.860 ⁽²⁾

⁽¹⁾ Balance includes \$98 million RAN principal receipt.

⁽²⁾ Balance includes payment on maturing \$98 million RAN.

CITY OF MILWAUKEE
SCHEDULE OF CASH AND INVESTMENT
BALANCES - ALL FUNDS 2002
(Millions of Dollars)

	General Fund ⁽¹⁾	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds	Total
January	\$64.190	\$226.784	\$45.828	\$501.786	\$838.588
February	3.017	217.859	50.719	497.254	768.849
March	107.282	228.276	50.057	391.765	777.380
April	88.252	227.037	54.031	468.599	837.919
May	67.896	226.478	56.030	410.298	760.702
June	3.057	191.218	59.328	498.896	752.499
July	53.031	182.220	62.471	469.447	767.169
August	18.678	157.855	63.563	419.469	659.565
September	8.223	191.917	57.653	573.159	830.952
October	4.117	182.515	62.967	485.279	734.878
November	182.828	176.224	61.228	418.604	838.884
December ^{(2) (3)}	115.030	176.427	42.558	596.133	930.148

⁽¹⁾ Balances include proceeds from the sale of the Series 2002-A Short Term Promissory Notes and their subsequent transfer to Trustee.

⁽²⁾ Advance tax collections at year-end are estimated at \$239.932 million.

⁽³⁾ Estimated.

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

CITY OF MILWAUKEE
PROJECTED SCHEDULE OF CASH AND INVESTMENT
BALANCES-ALL FUNDS - 2003
(Millions of Dollars)

	General Fund ⁽¹⁾	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds	Total
January	\$79.854	\$231.319	\$50.609	\$462.849	\$824.631
February	17.254	222.214	40.718	461.887	742.073
March	2.304	232.839	40.056	353.176	628.375
April	99.818	231.576	49.031	432.882	813.307
May	79.468	231.007	45.029	372.318	727.822
June	13.835	195.041	63.328	464.280	736.484
July	46.612	185.863	66.471	433.508	732.454
August	30.251	161.010	65.563	382.077	638.901
September	20.555	195.754	57.967	541.115	815.391
October	6.854	186.163	57.967	450.143	701.127
November	188.007	179.746	62.727	381.147	811.627
December	112.860	147.654	45.558	599.457	905.529

⁽¹⁾ Balances include proceeds from the sale of the RANs and their subsequent redemption.

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

CITY OF MILWAUKEE
ASSESSED AND EQUALIZED VALUATIONS

	Year 1998 For 1999 Purposes	Year 1999 For 2000 Purposes	Year 2000 For 2001 Purposes	Year 2001 For 2002 Purposes	Year 2002 For 2003 Purposes
Real Property					
Residential	\$9,093,197,600	\$9,163,659,090	\$10,292,622,989	\$10,358,670,619	\$12,027,394,755
Industrial	625,806,100	633,181,600	741,471,600	717,830,700	765,130,300
Mercantile	5,123,443,125	5,103,186,557	5,612,521,788	5,716,180,475	6,176,332,500
Total Real Property	<u>\$14,842,446,825</u>	<u>\$14,900,027,247</u>	<u>\$16,646,616,377</u>	<u>\$16,792,681,794</u>	<u>\$18,968,857,555</u>
Personal Property	1,229,667,210	873,822,920	936,378,220	907,102,600	897,397,660
Total Assessed Valuations	<u><u>\$16,072,114,035</u></u>	<u><u>\$15,773,850,167</u></u>	<u><u>\$17,582,994,597</u></u>	<u><u>\$17,699,784,394</u></u>	<u><u>\$19,866,255,215</u></u>
Equalized Valuation as determined by the State Department of Taxation is the basis used in computing the 7% statutory debt limitation of the City of Milwaukee					
	\$16,228,218,000	\$16,701,225,300	\$17,344,251,400	\$19,453,830,200	\$20,275,936,700
Ratio of Assessed to Equalized Valuation	99.04%	94.45%	101.40%	91.00%	98.00%

**CITY OF MILWAUKEE
 ASSESSED TAX RATES
 (PER \$1,000 OF ASSESSED VALUATION)**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Unit of Government					
City Government ⁽¹⁾	\$9.99	\$9.71	\$9.69	\$10.49	\$10.87
Milwaukee Public Schools	10.85	10.97	10.38	9.87	10.12
Milwaukee County	6.17	5.92	6.03	5.66	6.13
Milwaukee Area Technical College	2.11	2.01	2.16	2.00	2.23
Milwaukee Metropolitan Sewerage District	<u>1.77</u>	<u>1.72</u>	<u>1.80</u>	<u>1.68</u>	<u>1.87</u>
Gross Tax Rate Per \$1,000	<u>\$30.89</u>	<u>\$30.33</u>	<u>\$30.06</u>	<u>\$29.70</u>	<u>\$31.22</u>
Less: State Tax Credit	<u>2.35</u>	<u>2.04</u>	<u>2.00</u>	<u>1.69</u>	<u>1.66</u>
Net Tax Rate	<u><u>\$28.54</u></u>	<u><u>\$28.29</u></u>	<u><u>\$28.06</u></u>	<u><u>\$28.01</u></u>	<u><u>\$29.56</u></u>

(1) Includes School Debt Service (\$0.65 in 2002).

CITY OF MILWAUKEE
PROPERTY TAX LEVIES AND COLLECTIONS
1997-2001

Levy For Year	Total Tax Levy ⁽¹⁾	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections ⁽²⁾	Total Tax Collections	Total Collections As Percent Of Current Levy	Cumulative Delinquent Taxes ⁽³⁾
1998	331,555,564	322,736,712	97.340	13,084,230	335,820,942	101.286	19,382,127
1999	339,318,287	328,557,830	96.829	8,573,206	337,131,035	99.355	21,569,378
2000	324,794,061	311,021,871	95.760	11,289,351	322,311,222	99.236	24,052,217
2001	368,371,158	355,574,882	96.526	14,805,255	370,380,137	100.545	22,043,238
2002	\$ _____	\$ _____	____%	\$ _____	\$ _____	____	\$ _____

- (1) Includes special assessments placed on tax roll, as well as County delinquent real and personal property taxes purchased from the County and included in tax levy collections.
- (2) Collection of delinquent taxes for prior years.
- (3) Includes current and prior year delinquent taxes.

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COLLECTION PROCEDURES

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

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

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

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

The rate of current tax collections continues at this historically high level. Current collections for 2002 were approximately 96.526 percent of the total tax levied.

INSURANCE

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

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PENSION SYSTEM

EMPLOYEES' RETIREMENT SYSTEM

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

Membership in the System consists of specified classes of part-time and all full-time municipal employees including elected officials. Persons employed as teachers are specifically excluded from membership. Membership in the System totals approximately 15,000 active and 3,500 vested, inactive members at December 31, 2001. There were approximately 11,000 retirees and beneficiaries receiving benefits as of December 31, 2001.

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

General Municipal ⁽¹⁾	5.5%
Elected Officials	7.0%
Police	7.0%
Fire	7.0%

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

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

For the year ended December 31, 2001, the latest year for which audited figures are available, required member contributions totaled \$28.1 million and required employer contributions totaled \$144,000. Of the \$28.1 million required member contributions, \$2.5 million was funded through a transfer from the Employers Reserve Fund. Approximately 73% of these contributions were for requirements of the City of Milwaukee employees. The original cost of fund investments totaled \$3.021 billion with a corresponding market value of \$3.817 billion or 126% of the original cost at December 31, 2001.

The Milwaukee City Charter requires that an actuarial study of the System be performed at least once every five years for the purpose of reviewing assumptions. Such an experience study is currently being performed by Buck Consultants and is anticipated to be completed by the end of 2002. The last study was completed in 1998 by Buck Consultants, covering the period of January 1, 1992 through December 31, 1996. Fifteen assumption changes were recommended by the actuary including major changes of decreasing the assumed rate of salary increases from 5.5% to 4.5% for general city employees and changing the method of actuarial valuation of assets. The fifteen recommended changes were adopted by the System.

Rules and regulations governing the System have recently undergone changes as a result of what is known as the Global Pension Settlement. These changes significantly impact the benefits and funding associated with the System. The System's actuary has completed an actuarial valuation of the System as of January 1, 2001 under these new regulations. This valuation reveals the System continues to remain actuarially sound.

The Governmental Accounting Standards Board (GASB) Statement No. 25 Disclosure of "Schedule of Funding Progress" indicates an Actuarial Value of Assets of \$4.202 billion as of January 1, 2001 and an Actuarial Accrued Liability of \$2.988 billion as of that date. This results in a Funded Ratio of 140.6% after consideration of the Global Pension Settlement.

FIREMEN'S ANNUITY AND BENEFIT FUND

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

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

POLICEMEN'S ANNUITY AND BENEFIT FUND

The Policemen's Annuity and Benefit Fund is established pursuant to section 35 of the Milwaukee City Charter.

Membership in the Policemen's Annuity and Benefit Fund consists of all Police Department employees whose service commenced prior to January 1, 1948. Membership at June 30, 2002 totaled one active and 260 retired members.

Funding is derived from employee and employer contributions. Employee contributions total six percent of compensation which is entirely paid by the City. Employer contributions are actuarially determined and based on normal cost and amortization of past service liability. There is an unfunded past service liability for the Policemen's Annuity and Benefit Fund at year-end 2001 in the amount of \$1,955,368 per the Policemen's Annuity and Benefit Fund's Annual Actuarial Statement dated June 12, 2002. This amount is being amortized over the next 5 years.

For the year ended December 31, 2001, employer contributions totaled \$4,463. Assets of the Policemen's Annuity and Benefit Fund at December 31, 2001, totaled \$8,413,154 at cost. Market value of Policemen's Annuity and Benefit Fund assets was \$8,613,542 or 102.4 percent of cost at December 31, 2001.

It is the opinion of the actuaries of the above Policemen's Annuity and Benefit Fund that based on the present amortization payments, the Policemen's Annuity and Benefit Fund is actuarially sound and that all future benefit payments will be made.

BOOK-ENTRY ONLY SYSTEM

The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a document prepared by The Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The City makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, New York, NY, will act as securities depository for the Offered Obligations. The Offered Obligations 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 certificate will be issued for each maturity of the Offered Obligations, in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world’s largest 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor’s highest rating: AAA. 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.

Purchases of Offered Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Obligations on DTC’s records. The ownership interest of each actual purchaser of each Offered Obligation (“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 Offered Obligations 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 Offered Obligations, except in the event that use of the book-entry system for the Offered Obligations is discontinued.

To facilitate subsequent transfers, all Offered Obligations 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 Offered Obligations 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 Offered Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Offered Obligations 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.

Redemption notices shall be sent to DTC. If less than all of the securities 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 Offered Obligations unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Offered Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Offered Obligations 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 [nor its nominee], 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 The City 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.

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

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

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 OFFERED OBLIGATIONS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE OFFERED OBLIGATIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE OFFERED OBLIGATIONS; 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 OFFERED OBLIGATIONS.

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LEGAL MATTERS

LITIGATION STATEMENT

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

The City Attorney's office has currently 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. Those which individually represent maximum potential loss exposure in excess of \$1 million which existed on **January 24, 2003** are:

U.S. Department of Justice Pattern and Practice Investigation-Milwaukee Police Department. The Equal Employment Opportunity Commission ("EEOC") conducted a pattern and practice investigation from December 1993 to September 1996. The investigation resulted in a finding of probable cause that the Fire and Police Commission ("FPC") and Milwaukee Police Department discriminated, based on race, in the areas of hiring, discipline, retaliation, and terms and conditions of employment. The EEOC sought \$5 million in total remedies for the class claims and nearly \$2 million to the individual hiring charging parties. Additionally, the EEOC requested remedies for the 15 individual "terms and conditions" charging parties in an amount totaling over \$2.5 million. The EEOC also sought an additional \$1 million in compensation to the "terms and conditions" class members. The EEOC referred the matter to the United States Department of Justice ("DOJ") in February 1997. Additional individual EEOC charges have also resulted in reasonable cause determinations and have been referred to the DOJ. The DOJ conducted a further, lengthy investigation and stated by letter dated January 2, 2001 that suit had been authorized against the City and the FPC. DOJ alleges that between 1991 and 1996, African-Americans were discriminated against in terms of differential and less favorable treatment in the hiring process (failing background investigations), and in terms and conditions of employment such as discipline, discharge, and assignment. In 2001 DOJ requested \$6.15 million in compensatory damages for a class of 100 victims of discriminatory terms and conditions of employment and an unspecified sum in back pay for a group of approximately 39 African-Americans who failed background investigations. The City considered that request unreasonable and urged DOJ re-consider its position. Since that time, DOJ has not responded. However, DOJ has declined to pursue litigation on behalf of seven of the charging parties and issued individual right to sue letters to them. To date, no suits have been served upon the City.

U.S. Department of Justice Investigation of Firefighter Selection Procedures (Brotherhood of Firefighters v. FPC). Potential litigation concerning the Firefighter selection procedures of 1993, 1995 and 1999 has been averted and the matter settled by an approved Supplemental Order of the United States District Court dated November 30, 2001, under Civil Action Case No. 74-C-480. This matter has been previously reported in prior statements. It originated with EEOC charges filed by the Brotherhood of Firefighters on October 30, 1996 and February 26, 1997, alleging discrimination on the basis of race (African-American) with respect to: 1) hiring; 2) promotion; 3) terms and conditions of employment and 4) discipline. On December 10, 1999 the EEOC issued a Reasonable Cause Determination, and had sought damages of approximately 12 million dollars. On October 4, 2000, the EEOC referred the matter to the DOJ. The DOJ conducted its own investigation of the charges as well as a like and related matter: the 1999 entry-level examination for firefighter. The DOJ, the Brotherhood of Firefighters and the City entered into a settlement agreement concerning the recruitment and hiring charges for Cadet and entry level firefighters, and the 1993, 1995 and 1999 examinations. The settlement does not cover the promotional charges. The agreement is in the form of a Supplemental Order to an existing consent decree in Civil Action No. 74-C-480. The United States District Court approved the Order on November 30, 2001. The Order obligates the City of pay a total of \$1.8 million in back pay, payable in three annual installments of \$600,000 each commencing in January, 2002. In addition, the City will contribute the employer portion of Medicare Tax on the back pay award, and will provide up to 40 priority appointments of African Americans who were the victims of past discrimination to the position of Firefighter, with retroactive seniority and pension benefits. The cost of providing such retroactive pension benefits is unknown, but is anticipated to be approximately \$615,000.

Claim of the Estate of Mario Mallett, On April 19, 2002, a claim was filed with the City Clerk by the estate of Mr. Mario Mallett pursuant to the December 27, 2001 death of Mr. Mallett. Mr. Mallett's death occurred while he was in the custody of City police officers. The estate claims that Mr. Mallett's death was caused by the negligence of officers, in the manner in which Mr. Mallett was taken into custody and transported to a hospital. The City has given substantive attention to this claim, and anticipates that a lawsuit will be filed that raises both state negligence and federal civil rights causes of action.

With regard to other pending or threatened litigation and unasserted claims, it is the opinion of the City Attorney that such litigation and claims will not be finally determined so as to result individually or in the aggregate in a final judgment against the City which would affect its financial position.

LEGAL OPINION

The legal opinions of Hawkins, Delafield & Wood, New York, New York and Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will be delivered to the purchasers of the Offered Obligations. A draft of the legal opinions for the Offered Obligations is included herein as Appendix B.

TAX STATUS

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Offered Obligations is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, as amended and is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering their opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Offered Obligations, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Offered Obligations from gross income under Section 103 of the Code.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Offered Obligations. Bond Counsel renders their opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update their opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Offered Obligations.

CERTAIN ONGOING FEDERAL TAX REQUIREMENTS AND COVENANTS

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Offered Obligations in order that interest on the Offered Obligations be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Offered Obligations, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Offered Obligations to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Offered Obligations from gross income under Section 103 of the Code.

CERTAIN COLLATERAL FEDERAL TAX CONSEQUENCES

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Offered Obligations. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of an Offered

Obligation. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Offered Obligations.

Prospective owners of the Offered Obligations should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes. Interest on the Offered Obligations may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Legislation affecting municipal Offered Obligations is regularly proposed. There can be no assurance that legislation enacted or proposed by the United States Congress after the date of issuance of the Offered Obligations will not have an adverse effect on the tax-exempt status or market price of the Offered Obligations.

STATE TAX MATTERS

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

RULE 15c2-12

On November 10, 1994, the Securities and Exchange Commission adopted in final form certain amendments (the "Amendments") to Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended. In general, the Amendments prohibit an underwriter from purchasing or selling municipal securities unless it has determined that the issuer of such securities has committed to provide annually certain information, including audited financial information, and notice of various events described in the Amendments, if material. The Amendments apply to municipal securities (such as the Offered Obligations) sold on or after July 3, 1995. The City will provide a Continuing Disclosure Certificate to the purchaser(s) of the Offered Obligations. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Offered Obligations to provide: annual financial information for the City, including audited financial statements of the City for each fiscal year ending on and after **December 31, 2003**, in a timely manner; notices of certain events with respect to the Offered Obligations, if material, including: principal and interest payment delinquencies; non-payment related defaults; unscheduled draws on debt service reserves reflecting financial difficulties; unscheduled draws on credit enhancements reflecting financial difficulties; substitution of credit or liquidity providers, or their failure to perform; adverse tax opinions or events affecting the tax-exempt status of the Offered Obligations; modifications to rights of security holders; bond calls; defeasances; release, substitution, or sale of property securing repayment of the Offered Obligations and rating changes; and notice of any failure of the City to provide required annual financial information with respect to the City not later than June 30, 2003 or any June 30 thereafter. The annual financial information referred to above will be provided to each nationally recognized municipal securities information repository and to the appropriate state information depository, if any. The notice of certain events referred to above will be provided to each nationally recognized municipal securities information repository, to the Municipal Securities Rulemaking Board and to the appropriate state information depository, if any. As of the date of this Official Statement, the following nationally recognized municipal securities information repositories have been approved by the SEC: Bloomberg Municipal Repository; DPC Data Inc.; Standard & Poor's J.J. Kenny Repository and FT Interactive Data; no state information depository has been designated for the State of Wisconsin. The continuing obligation to provide annual financial information and notices referred to above will terminate with respect to the Offered Obligations when the Offered Obligations are no longer outstanding. Any failure by the City to comply with the foregoing will not constitute a default with respect to the Offered Obligations. The City has not failed to comply in any material respect with any previous undertaking in a written contract agreement specified in the Amendments.

RATINGS

The City has requested ratings on the Offered Obligations from FITCH Ratings, Moody's Investors Service, Inc. and from Standard & Poor's Ratings Group. FITCH Ratings has assigned a rating of "___" on the RANs, and "___" on the G.O. Bonds and the G.O. Notes. Moody's Investors Service, Inc. has assigned a rating of "___" on the RANs and "___" on the G.O. Bonds and the G.O. Notes. Standard & Poor's Ratings Group has assigned a rating of "___" on the RANs and "___" on the G.O. Bonds and the G.O. Notes.

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Offered Obligations have been purchased at competitive bidding conducted on _____, 2003.

The award of the RANs was made to _____, its co-managers and associates.

The award of the G.O. Bonds was made to _____, its co-managers and associates.

The award of the G.O. Notes was made to _____, its co-managers and associates.

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

LEGISLATION

The City is not aware of any pending legislation that would cause significant adverse consequences to either the Offered Obligations or the financial condition of the City.

CLOSING DOCUMENTS AND CERTIFICATES

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

- (1) a signature and no litigation certificate;
- (2) a tax certificate;
- (3) a certificate of delivery and payment;

- (4) the opinion as to the legality of the Offered Obligations under Wisconsin law and as to the tax-exempt status of the interest thereon for federal income tax purposes rendered by Hawkins, Delafield & Wood, New York, New York and Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, in substantially the form as set forth in Appendix B;
- (5) copies of this Official Statement issued in conjunction with the Offered Obligations within seven business days after the award of the Offered Obligations in accordance with SEC Rule 15c2-12(b)(3);
- (6) a Continuing Disclosure Certificate; and
- (7) a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

REPRESENTATIONS OF THE CITY

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

ADDITIONAL INFORMATION

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

W. MARTIN MORICS, City Comptroller and Secretary
City of Milwaukee, Public Debt Commission
City Hall - Room 404, 200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-2301

/s/ _____
W. Martin Morics
Comptroller
City of Milwaukee, Wisconsin

March __, 2003

APPENDIX A

**Audited General Purpose Financial Statements of
the City of Milwaukee, Wisconsin
for the Year Ended December 31, 2001**

CITY OF MILWAUKEE
Financial Statements
For the Year Ended December 31, 2001
(Excerpts From Annual Financial Report)

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APPENDIX B

Draft Form of Legal Opinions

Upon delivery of the G.O. Bonds, a legal opinion substantially in the form set forth below, will be delivered to the Underwriters by Bond Counsel, dated the date of delivery of the G.O. Bonds.

HAWKINS, DELAFIELD & WOOD

67 Wall Street
New York, New York 10005

QUARLES & BRADY LLP

411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-4497

Mr. W. Martin Morics
City Comptroller of the City
of Milwaukee
Room 404, City Hall
Milwaukee, Wisconsin 53202

Dear Sir:

CITY OF MILWAUKEE, WISCONSIN,
GENERAL OBLIGATION CORPORATE PURPOSE BONDS,
SERIES 2003 B1, \$20,580,000

At your request, we have examined into the validity of an issue of \$20,580,000 General Obligation Corporate Purpose Bonds, Series 2003 B1 (the "Bonds"), of the City of Milwaukee, Wisconsin (the "City"), dated September 1, 2002, in fully registered form, of the denomination of \$5,000 each or any integral multiple thereof, numbered R-1 upwards, payable on September 1 in each of the years and in the principal amounts set forth below, and bearing interest payable on September 1, 2003 and semiannually on each September 1 and March 1 thereafter at the rates per annum as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2004			2013		
2005			2014		
2006			2015		
2007			2016		
2008			2017		
2009			2018		
2010			2019		
2011			2020		
2012					

The Bonds maturing on and after _____, _____ are subject to redemption prior to maturity on any interest payment date on and after _____, _____ upon the terms and conditions and at the prices set forth therein.

The Bonds recite that they are issued for the purpose of financing certain improvements pursuant to and in all respects in compliance with Chapters 65 and 67 of the Wisconsin Statutes, and acts supplementary thereto, the Charter of the City and resolutions duly adopted by the Common Council of the City and the Commissioners of the Public Debt of the City. We have examined the Constitution and statutes of the State of Wisconsin, the Charter of the City and a certified transcript of proceedings relating to the authorization and issuance of the Bonds, also a specimen Bond. We have relied upon such transcript as to the matters of fact stated therein, without independent verification.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

In our opinion, the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of Wisconsin and the Charter of the City, and constitute valid and legally binding obligations of the City, and

the City has power and is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the City subject to taxation by the City, without limitation of rate or amount.

It is to be understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to judicial discretion, to the exercise of the sovereign police powers of the State of Wisconsin and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

It is also our opinion that, under existing statutes and court decisions and assuming compliance with certain tax covenants, interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Bonds, and we have assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

We express no opinion regarding any other Federal or state tax consequences with respect to the Bonds. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

Very truly yours,

Upon delivery of the G.O. Notes, a legal opinion substantially in the form set forth below, will be delivered to the Underwriters by Bond Counsel, dated the date of delivery of the G.O. Notes.

HAWKINS, DELAFIELD & WOOD

67 Wall Street
New York, New York 10005

QUARLES & BRADY LLP

411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-4497

Mr. W. Martin Morics
City Comptroller of the City
of Milwaukee
Room 404, City Hall
Milwaukee, Wisconsin 53202

Dear Sir:

CITY OF MILWAUKEE, WISCONSIN,
GENERAL OBLIGATION SHORT-TERM PROMISSORY NOTES,
SERIES 2003 N2, \$13,855,000

At the request of the Common Council of the City of Milwaukee, Wisconsin, we have examined into the validity of an issue of \$13,855,000 General Obligation Short-Term Promissory Notes, Series 2003 N2 (the "Notes"), of the City of Milwaukee, Wisconsin (the "City"), dated April 3, 2003, in fully registered form, of the denomination of \$5,000 each or any integral multiple thereof, numbered R-1 upwards, payable without option of prior redemption on _____ in each of the years and in the principal amounts set forth below, and bearing interest payable on September 15, 2003, and semiannually on each March 15 and September 15 thereafter at the rates per annum as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2004		%
2005		
2006		
2007		
2008		
2009		

The Notes recite that they are issued to provide funds for the purpose of paying general and current municipal expenses, to wit: payments to the delinquent tax fund, pursuant to and in all respects in compliance with the provisions of Chapters 65 and 67, including particularly Section 67.12(12), of the Wisconsin Statutes, acts supplementary thereto, the Charter of the City and resolutions duly adopted by the Common Council of the City. We have examined the Constitution and statutes of the State of Wisconsin, the Charter of the City and a certified transcript of proceedings relating to the authorization and issuance of the Notes, also a specimen Note. We have relied upon such transcript as to the matters of fact stated therein, without independent verification.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto.

In our opinion, the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of Wisconsin and the Charter of the City, and constitute valid and legally binding obligations of the City, and the City has power and is obligated to levy ad valorem taxes for the payment of the Notes and the interest thereon upon all property within the City subject to taxation by the City, without limitation of rate or amount.

It is to be understood that the rights of the holders of the Notes, and the enforceability thereof, may be subject to the valid exercise of judicial discretion and of the sovereign police powers of the State of Wisconsin and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

It is also our opinion that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants, interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Notes, and we have assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

We express no opinion regarding any other Federal or state tax consequences with respect to the Notes. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes..

Very truly yours,

Upon delivery of the RANs, a legal opinion substantially in the form set forth below, will be delivered to the purchaser by Bond Counsel, dated the date of delivery of the RANs.

HAWKINS, DELAFIELD & WOOD

67 Wall Street
New York, New York 10005

QUARLES & BRADY LLP

411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-4497

Mr. W. Martin Morics
City Comptroller of the
City of Milwaukee
Room 404, City Hall
Milwaukee, Wisconsin 53202

Dear Sir:

**CITY OF MILWAUKEE, WISCONSIN,
SHORT-TERM PROMISSORY NOTES,
SERIES 2003 R3, \$98,000,000***

At the request of the Common Council of the City of Milwaukee, Wisconsin, we have examined into the validity of an issue of \$000,000,000* Short-Term Promissory Notes, Series of 2003-A (the "Notes") of the City of Milwaukee, Wisconsin (the "City"), dated **April 3 2003, maturing December 15, 2003** in fully registered form, bearing interest at the rate of _____ percent (____%) per annum, issued in the denomination of \$_____ and numbered R-1.

The Notes recite that they are issued pursuant to the provisions of Section 67.12(1), Wisconsin Statutes, for the purpose of financing the operating budget of the City on an interim basis pending receipt of State shared revenue payments in **November 2003**. We have examined the Constitution and statutes of the State of Wisconsin, the Charter of the City and a certified transcript of proceedings relating to the authorization and issuance of the Notes, also a specimen Note. We have relied upon such transcript as to the matters of fact stated therein, without independent verification.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto.

In our opinion, (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of Wisconsin and the Charter of the City, and constitute valid and legally binding obligations of the City, (ii) the City has agreed to enter into a trust agreement with J.P. Morgan Chase, as Trustee for the City, whereby the City on or before **December 31, 2003** will irrevocably deposit General Fund revenues to purchase direct obligations of the U.S. Government in an amount sufficient together with interest thereon to pay the principal and interest due on the Notes at maturity, (iii) pending such deposit of General Fund revenues the City has pledged, and agreed to irrevocably segregate upon receipt, State shared revenue payments due in November, 2003 in an amount sufficient with interest thereon to pay the principal of and interest on the Notes at maturity, and (iv) the Notes and the interest thereon, are additionally secured by an irrevocable pledge of all other General Fund revenues included in the City's budget for calendar year 2002 which are due the City and not yet paid as of the date of delivery of and payment for the Notes and which are not otherwise applied.

It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to the valid exercise of judicial discretion and of the sovereign police powers of the State of Wisconsin and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

****Subject to change in accordance with the Official Notice of Sale.***

It is also our opinion that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants, interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Notes, and we have assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

We express no opinion regarding any other Federal or state tax consequences with respect to the Notes. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes.

Very truly yours

