

OFFERING MEMORANDUM

This Offering Memorandum provides information about the Notes. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Offering Memorandum.

CITY OF MILWAUKEE \$200,000,000 EXTENDABLE MUNICIPAL COMMERCIAL PAPER PROMISSORY NOTES

- Ratings** As of the date of this Offering Memorandum, the following ratings have been assigned to the Notes. See page [].
[] Fitch Ratings
[] Moody's Investors Service, Inc.
[] Standard & Poor's Ratings Services
- Tax Exemption** **[[SUBJECT TO BC REVIEW]** Interest on the Series C_ Notes and Series R_ Notes is excluded from gross income for federal income tax purposes and not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. Interest on all Notes is subject to current State of Wisconsin income and franchise taxes.] See pages [].
- Authorized Amount** The Notes shall be issued from time to time in one or more of the three series designations in an aggregate principal amount outstanding at any one time not to exceed \$200,000,000. See pages [].
- Original Maturity Date** From 1 to 90 days from the original issue date of each Note.
- Extended Maturity Date** On the Original Maturity Date of a Note, the City has the option to extend the maturity date to the date that is 180 days after the original issue date (or if such day is not a Business Day, then the last Business Day occurring before such day). The option to extend the maturity date exists solely in case there is a disruption in market liquidity for the Notes. See pages [].
- Interest Payment Dates** Interest on each Note is payable on the Original Maturity Date; however, if the Original Maturity Date is extended, then interest is not payable on the Original Maturity Date but on the first Business Day of either the first or second month after the Original Maturity Date (depending on what day of the month it is) and then on a monthly basis and on any redemption date or the Extended Maturity Date. See pages [].
- Redemption** *Original Maturity Date*—A Note is not subject to redemption prior to its Original Maturity Date.
If Original Maturity Date is Extended—A Note is subject to redemption in whole but not in part, at the option of the City, prior to the Extended Maturity Date; provided that the City must redeem all Notes that have Extended Maturity Dates. See pages [].
- Security** The Notes are limited obligations of the City of Milwaukee payable from proceeds of the sale of Notes or General Obligation Refunding Notes issued to refinance the Notes. See pages [].
- Purpose** Proceeds of the Notes are used for various governmental purposes. See page [].
- Denominations** \$100,000 and \$1,000 increments above \$100,000
- Dealers** Merrill Lynch, Pierce, Fenner & Smith Incorporated
Morgan Stanley & Co., LLC
Loop Capital Markets, LLC
- Bond Counsel** Katten Muchin Rosenman LLP
Hurtado, S.C.
- Issuing and Paying Agent** []
- Issuer Contact** City of Milwaukee, Public Debt Commission
(414) 286-3321; www.milwaukee.gov
- Book-Entry Form** The Depository Trust Company. See page [].

The information in this Offering Memorandum has been obtained from the City, the Trustee, the Issuing and Paying Agent, DTC and other sources believed to be reliable. The references herein to the Indenture, the Issuing and Paying Agent Agreement or the Notes do not purport to be complete or definitive, do not constitute summaries thereof and are qualified in their entirety by reference to the provisions thereof. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those as contained in this Offering Memorandum in connection with the sale of these Notes and, if given or made, such other information or representations must not be relied upon. The information and expressions of opinion in this Offering Memorandum are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale hereunder shall under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

This Offering Memorandum is not to be construed as a contract between the City and the purchasers of the Notes. This Offering Memorandum 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. Prospective purchasers of the Notes are expected to conduct their own review and analysis before making an investment decision.

The Notes have not been registered pursuant to the Securities Act of 1933, as amended, in reliance upon exemptions contained therein. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained therein. The Notes have not been recommended by any federal or state securities commission or regulatory commission. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

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OFFERING MEMORANDUM
\$200,000,000
CITY OF MILWAUKEE

EXTENDABLE MUNICIPAL COMMERCIAL PAPER
PROMISSORY NOTES

INTRODUCTION

This Offering Memorandum, which includes the cover page and appendices, furnishes general information in connection with the issuance and sale, from time to time, by the City of Milwaukee (the "City") of its Extendable Municipal Commercial Paper Promissory Notes designated as Extendable Municipal Commercial Paper Promissory Notes 2012 Program Series C_ (Capital Projects) (the "Series C_ Notes"), Extendable Municipal Commercial Paper Promissory Notes 2012 Program Series R_ (Cash Flow) (the "Series R_ Notes") and Extendable Municipal Commercial Paper Promissory Notes 2012 Program Series T_ (Taxable) (the "Series T_ Notes," and collectively with the Series C_ Notes and the Series R_ Notes, the "Notes"). The Notes will be issued, in one or more of these three series designations, from time to time, by the City pursuant to the Trust Indenture, dated as of April 1, 2012 (the "Indenture"), by and between the City and [____], as trustee (the "Trustee"). Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture (as hereinafter defined).

The Indenture provides for the issuance of Notes from time to time in one or more of the three series designations in an aggregate principal amount outstanding at one time not to exceed \$200,000,000 ("Authorized Amount"). Notes may be issued from time to time, either in an initial issuance or to provide payment of maturing Notes. Notes issued to refinance other maturing Notes are referred to as "roll-over" Notes.

Additionally, in connection with the issuance of the Notes from time to time, the City will enter into the Issuing and Paying Agent Agreement, to be dated as of April 1, 2012 (the "Issuing and Paying Agent Agreement"), with [____], as issuing and paying agent (the "Issuing and Paying Agent"). Inquiries to the Issuing and Paying Agent may be directed to:

Contact:
Address:
Phone:
Telefax:
E-mail:

[This Offering Memorandum contains information furnished by the City or obtained from the sources indicated. With respect to Notes issued after the date of this Offering Memorandum (including roll-over Notes) and until such time as the City publishes a more current offering memorandum, the reader should also review the City's complete Comprehensive Annual Financial Report (the "CAFR") [published pursuant to the City's continuing disclosure undertaking] that is, at the time, the one most recently published. This Offering Memorandum incorporates by reference selected sections of the Audited Annual Financial Report of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2010 and any subsequent notice provided pursuant to the City's continuing disclosure undertaking. At such time as the City publishes a new CAFR, this Offering Memorandum then incorporates by reference the corresponding parts of that CAFR and any subsequent notice provided pursuant to the City's continuing disclosure undertaking. **See Appendix A.**]

THE NOTES

Authorization and Purpose

Pursuant to Section 67.12(1)(b)(1) of the Wisconsin Statutes, the City is authorized to issue municipal obligations in anticipation of receiving proceeds from bonds or notes the City has authorized to issue under Chapter 67 of the Wisconsin Statutes. The Common Council of the City adopted a resolution on [], 2012 (the "Refunding Resolution") which authorized the issuance of general obligation refunding promissory notes ("General Obligation Refunding Notes" or "GO Refunding Notes") in an aggregate principal amount not to exceed \$[]. In anticipation of receiving proceeds from the General Obligation Refunding Notes, the Common Council of the City adopted a resolution on [], 2012 (the "EMCP Note Resolution") which authorized the issuance of note anticipation promissory notes in the form of extendable commercial paper notes in an aggregate principal amount outstanding at any time of not to exceed \$[]. The Commissioners of the Public Debt of the City adopted a resolution on [], 2012 (the "PDC EMCP Resolution") approving the sale of the Notes in accordance with the EMCP Note Resolution.

[The Series C_ Notes shall be issued from time to time for any capital items; the Series R___ Notes shall be issued from time to time for any cash flow borrowing; and the Series T___ Notes shall be issued from time to time for any undertaking, facility, cost, expense or item; all as provided and described in the Indenture.]

[Neither the full faith and credit nor the taxing power of the City is pledged for the payment of the Notes or interest thereon.]

Security

The Notes are limited obligations of the City issued in anticipation of receiving proceeds from General Obligation Refunding Notes. The Notes are payable from the following sources:

- (i) any funds held under the Indenture;
- (ii) the proceeds from the sale of Notes to refinance maturing Notes; and
- (iii) the proceeds of General Obligation Refunding Notes issued by the City pursuant to the Refunding Resolution.

[Although the City has the option to extend the maturity of a Note, the City intends, but is not obligated, to pay each Note on its Original Maturity Date from the sources listed herein. *The option to extend the maturity exists solely in case there is a disruption in liquidity for the Notes and not for the purpose of gaining an interest rate advantage. See "THE NOTES; Extension of Maturity Date" for a description of the City's option to extend the maturity date.*]

Description of the Notes

The Notes will be dated the date of their respective authentication and issuance and are to be issued in book-entry form, in denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000. The Notes are each to bear interest at an annual rate not to exceed the Maximum Rate allowed for the Notes under the Indenture. The Maximum Rate means, with respect to any Series of Notes, the least of (i) 9% per annum or as otherwise provided pursuant to the Indenture, and (ii) the maximum rate of interest permitted by applicable law. From time to time, the City may change the Maximum Rate and if so, the change shall be effective only for Notes issued after the effective date of such change. The Notes shall be sold by the Dealer pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof.

The Notes will be issued as fully registered notes and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership interests in the Notes will be available in book-entry form only, and purchasers of the Notes will not receive certificates representing their interests in the Notes purchased. While held in book-entry-only form, all payments of principal of and interest on the Notes will be made by wire transfer to DTC or its nominee as the sole registered owner of the Notes. Payments to the beneficial owners are the responsibility of DTC and its participants.

Each Note will mature on its Original Maturity Date, which may range from 1 to 90 days from its original issue date, unless the City exercises its option to extend the maturity date. In that case the Note will mature on the Extended Maturity Date, which will be the date that is [270] days after its original issue date (or if such day is not a Business Day, then the last Business Day occurring before such day).

Each Series C_ Note and the Series R_ Note will bear interest from its Issue Date until its Original Maturity Date at an annual rate (calculated on the basis of a year consisting of 365/366 days and actual number of days elapsed), which shall not in any event exceed the Maximum Rate, payable on its Original Maturity Date, unless the maturity date is extended, in which case interest will be paid on the dates described below.

Each Series T_ Note will bear interest from its Issue Date until its Original Maturity Date at an annual rate (calculated on the basis of a year consisting of 360 days and actual number of days elapsed), which shall not in any event exceed the Maximum Rate, payable on its Original Maturity Date, unless the maturity date is extended, in which case interest will be paid on the dates described below.

If the City exercises its option to extend the maturity date of a Note, the Note will bear interest after the Original Maturity Date at the applicable Reset Rate and payable on the dates described below.

Extension of Maturity Date

The City is required to notify the Issuing and Paying Agent by 11:30 a.m. (New York [City] time) on the Original Maturity Date if the maturity date of a Note is to be extended. The Issuing and Paying Agent shall correspondingly notify (i) DTC by 12:00 a.m. (New York time) on the Original Maturity Date and (ii) each Rating Agency then maintaining a rating on the Notes and EMMA by the close of business [(New York time)], that the maturity date of the Note is being extended. [It is the responsibility of DTC, and not the City, to provide notice to brokers and other organizations participating in the DTC book-entry system.] In no event shall an extension of a maturity for a Note constitute a default or breach of any covenant under the Indenture. Even if the requisite notices are not given, if payment of the principal of and interest on a Note does not occur on the Original Maturity Date, the maturity of the Note shall be extended automatically. With the consent of the Issuing and Paying Agent and the Dealers, the City may modify the notification provisions contained in the Indenture if deemed appropriate to conform to DTC's rules and procedures.

If the maturity date of a Note is extended, any accrued but unpaid interest to the Original Maturity Date will not be paid on the Original Maturity Date but will be payable on the following dates (or any earlier redemption date) (and no additional interest shall accrue on the accrued but unpaid interest):

- (i) if the Original Maturity Date is before the 15th day of the month, interest will next be payable on the first Business Day of the next month, or
- (ii) if the Original Maturity Date is on or after the 15th day of the month, interest will next be payable on the first Business Day of the second succeeding month after the Original Maturity Date.

A Business Day means any day other than (i) a Saturday, Sunday or other day on which commercial banks in New York, New York, Milwaukee, Wisconsin or the city in which is located the office of the Issuing and Paying Agent, are authorized or required by law to close, or (ii) a day on which the New York Stock Exchange is closed.

Each Note will bear interest from the Original Maturity Date at the applicable Reset Rate. Interest will be payable first on the date described above and thereafter on the first Business Day of each month and on any redemption date or the Extended Maturity Date.

The Reset Rate shall be the rate of interest per annum determined by the following formula; provided that such Reset Rate shall not exceed the Maximum Rate:

The greater of (SIFMA Index + *E*) or *F*

As used in the formula, SIFMA means the Securities Industry and Financial Markets Association (formerly the Bond Market Association) or any successor thereto and the SIFMA Index means (i) the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA or (ii) if such index is not published, such other publicly available rate as the Dealer (or if the Dealer fails to do so, the City) shall deem most nearly equivalent thereto. Such index may be expressed as a percentage (more or less than 100%) and/or a fixed spread to another Index.

The Reset Rate applicable to a Note will be determined by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m., New York [City] time, on the Original Maturity Date of the Note and each Thursday thereafter and will apply from that date through the following Wednesday. As used in the formula, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the Notes, as follows:

Prevailing Rating			<i>E</i> Variable	<i>F</i> Variable
Fitch	Moody's	S&P		
F-1+	P-1	A-1+	250 basis points	6.00%
F-1	–	A-1	350	7.00%
F-2	P-2	A-2	550	8.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Maximum Rate	Maximum Rate

If the individual Prevailing Ratings indicate different *E* or *F* variables as a result of split ratings assigned to the City, the *E* or *F* variable shall be the arithmetic average of those indicated by the Prevailing Ratings. If another agency becomes a Rating Agency, the Issuing and Paying Agent shall, following consultation with the City and the Dealer, determine how the agency's rating categories shall be treated for the purpose of indicating an *E* or *F* variable. Prevailing Rating means, at the time of determination and with respect to a Rating Agency, the rating assigned to the Notes by the Rating Agency or any comparable future designation by the Rating Agency.

Notwithstanding the foregoing, the Reset Rate with respect to any Series T_ Notes shall be determined by substituting "One Month LIBOR Index" for the SIFMA Index in the formula above. One Month LIBOR Index means [].

Redemption of Notes

A Note is not subject to redemption before its Original Maturity Date.

In the event the City exercises its option to extend the maturity of a Note, that Note may be redeemed on any date after its Original Maturity Date, at the option of the City at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date; provided the City must redeem all Notes that have Extended Maturity Dates.

To exercise its redemption option, the City shall provide not less than 5 nor more than 25 calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Notes to be redeemed within one Business Day of receipt of such notice.

Events of Default Remedies

Each of the following events shall constitute and is referred to in the Indenture as an "Event of Default":

(a) a failure by the City to pay the principal of any Note for five Business Days after the date the same shall have become due and payable on an Extended Maturity Date;

(b) a failure by the City to pay any installment of interest on any Note for five Business Days after the date such interest shall have become due and payable on an Extended Maturity Date or in accordance with Section 2.01(d) hereof;

(c) a failure by the City to offer the GO Refunding Notes; a failure by the City if the GO Refunding Notes are sold, to issue the GO Refunding Notes, or to apply the proceeds therefrom [in accordance with Section 3.02 of the Indenture];

(d) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a) and (b) of this section) contained in the Notes or in this Indenture on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee, which notice may be given at the discretion of the Trustee and shall be given at the written request of holders of 25% or more in aggregate principal amount of the Notes then Outstanding, unless the Trustee, or the Trustee and holders of Notes in an amount not less than the Outstanding principal amount of Notes the holders of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the holders of such principal amount of Notes, shall be deemed to have agreed to an extension of such period if such failure can be remedied, and corrective action is initiated by the City within such period and is being diligently pursued;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including, without limitation, proceedings under the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any Federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the City, and, if instituted against the City, said proceedings are consented to or are not dismissed within 60 days after such institution; or

(f) the occurrence of any other Event of Default as is provided in a Supplemental Indenture.

If any Event of Default has occurred, but is subsequently cured or waived, then such Event of Default shall no longer constitute an Event of Default under the Indenture.

Remedies

Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more in aggregate principal amount of the Notes then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust: (i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Noteholders, and require the City to carry out any agreements with or for the benefit of the Noteholders and to perform its or their duties under any law to which it is subject and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Indenture; (ii) bring suit upon the Notes; (iii) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Noteholders; or (iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Noteholders.

The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

NEITHER THE CITY, THE ISSUING AND PAYING AGENT NOR THE DEALERS 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 NOTES; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE NOTES; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE NOTES; 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 NOTES.

INVESTMENT POLICIES

The City may invest any of its funds not immediately needed in accordance with Section 66.0603 of the Wisconsin Statutes. The City, through Common Council Resolution 930358, adopted July 6, 1993, has instructed the City Treasurer to invest City funds, including Milwaukee Public Schools (MPS) funds, in: (a) Certificates of Time Deposit at approved public depositories limited to the equity capital or net worth of the financial institution

with collateralization required when total deposits at any institution exceed \$500,000; (b) Repurchase Agreements with public depository institutions; (c) the State of Wisconsin Local Government Investment Pool; (d) U.S. Treasury and Agency instruments; and (e) commercial paper which has a rating in the highest or second highest rating category assigned by Standard & Poor's Ratings Group, Moody's Investors Service, Inc., or some other similar nationally recognized rating agency.

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

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

The LGIP is a local option City depository. The City utilizes the LGIP in a manner similar to a "money market" account. When other investment options provide more favorable results, such options are utilized. As of December 31, 2011, the City had approximately 44.59% (\$315,985,037) of its and MPS investments deposited in the LGIP.

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

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

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

THE CITY

LOCATION, ORGANIZATION AND GOVERNMENT

GENERAL

The City is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area and a thriving place to live and work. The City is Wisconsin's largest city with a population of approximately 595,525 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area ("MSA") include the principal cities of Milwaukee, Waukesha and West Allis, in the counties of Milwaukee, Ozaukee, Waukesha and Washington, Counties, has a population of nearly 1.6 million.

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

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

ELECTED OFFICIALS

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

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

CITY OFFICIALS

As of April 15, 2010
(initial year in office follows name)

To be updated accordingly following
the April elections

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

COMMON COUNCIL

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

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

PUBLIC SERVICES AND FACILITIES

The City, employing approximately 6,400 people on a full time basis, plus others in a seasonal capacity, is charged with primary responsibility for public safety (via its police, fire and health departments); public works (including refuse removal and a City-owned water utility); various cultural and recreational services including a library system; and general municipal administration. City government also participates in housing and neighborhood programs through separate housing and redevelopment authorities. These two latter authorities have the ability to borrow directly and issue revenue backed financings.

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

Two special purpose governmental units exist with the ability to borrow and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball Park District (the "SWPBP District"), a public entity created by State legislation, encompassing southeastern Wisconsin counties, including Milwaukee County, to finance construction/operations of a new baseball facility ("Miller Park") for the National League Milwaukee Brewers baseball club. Miller Park opened in March, 2001. The SWPBP District has issued \$199 million of revenue

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

The second special purpose governmental unit is the Wisconsin Center District (“WC District”), a public entity created by State legislation, which oversees construction/operation of the Frontier Airline Center (formerly, Midwest Airline Center), the City’s major convention complex. This complex also includes the US Cellular Arena and the Milwaukee Auditorium facilities, formerly known as “MECCA”. The Frontier Airline Center, [Midwest Airlines Center] was financed by \$185 million of revenue bonds issued by the WC District and secured by a pledge of dedicated sales tax revenues from lodging, restaurant, and vehicle rentals collected in the WC District. Phase One of the Frontier Airline Center was completed during 1998. Phase Two was completed in 1999. In 2001, the WC District issued \$30 million of bonds to renovate the Milwaukee Auditorium which was renamed, the Milwaukee Theatre.

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

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

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

EMPLOYEE RELATIONS

The City has approximately 6,400 full-time employees, 2,900 of which, in 5 bargaining units, are covered by labor agreements. One labor agreement covering 112 members expires on May 31, 2012, and another labor agreement covering 38 members expires on July 31, 2012. Those two agreements cover non-public safety officers, and pursuant to 2011 Act 10, the unions may only negotiate wages. Three other agreements, covering 2,700 public safety members, expires on December 31, 2012. 2011 Act 10 did not affect the ability of public safety unions to negotiate most issues.

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

GENERAL

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

**CITY OF MILWAUKEE
SELECTED ECONOMIC DATA**

<u>Year</u>	<u>Population</u>		<u>Adjusted Gross Income Per Return</u>
	<u>Department of Administration</u>	<u>U.S. Census</u>	
2011	595,525		Not Available
2010	580,500	594,833	\$32,753
2009	584,000		32,492
2008	590,870		33,144
2007	590,190		33,225
2000	605,572	596,974	32,370

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

BUILDING PERMITS

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2006 through December 2011.

General Total

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2007	\$336,748,300	2,405
2008	249,992,533	2,067
2009	290,326,431	1,723
2010	283,026,280	2,065
2011	269,386,167	2,340

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>	
2007	\$24,940,117	160	\$123,505,408	677	\$148,445,525	837	187
2008	15,632,811	90	63,975,007	509	79,607,818	599	104
2009	7,269,207	59	37,354,152	409	44,623,359	468	72
2010	8,400,090	84	91,179,501	726	99,579,591	810	118
2011	17,892,282	139	42,327,598	364	60,219,880	503	222

Commercial Building

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2007	\$82,501,318	105
2008	59,502,236	74
2009	127,122,466	37
2010	53,319,884	67
2011	58,518,315	47

Public Building

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2007	\$19,791,921	140
2008	9,107,611	85
2009	10,808,648	107
2010	22,238,704	129
2011	49,456,901	256

Alterations and Additions

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2007	\$86,009,536	1,973
2008	101,774,868	1,804
2009	107,771,958	1,506
2010	107,888,101	1,751
2011	101,191,071	1,815

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

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

The listing of large employers in the Milwaukee County area that follows reveals the diversity of Milwaukee County's economic base. The largest of these are shown in the following list, which includes only employers with the majority or all of their employment in Milwaukee County.

Employer	2011 Employment Estimates	Type of Business or Service
Aurora Health Care	22,000 ⁽¹⁾	Health Care
U.S. Government (Includes Zablocki V.A. Medical Center)	10,800 ⁽²⁾	Government
Milwaukee Public Schools	9,142	Education
Wheaton Franciscan Healthcare	8,356	Health Care
Froedtert Memorial Lutheran Hospital and Community Health	8,000	Health Care
Kohl's Corporation	7,700	Specialty department stores
Wal-Mart Stores	7,360	Discount retail stores and warehouse clubs
Roundy's Supermarket	6,800	Retail grocer
Quad Graphics	6,700	Commercial printing
City of Milwaukee	6,400	Government
Milwaukee County	5,457	Government
Northwestern Mutual Life	5,000	Insurance
GE Healthcare Technologies	5,000	Medical imaging, healthcare services
Medical College of Wisconsin	4,877	Medical school/academic/health care
Children's Hospital of Wisconsin	4,604	Health care
Pro Healthcare, Inc.	4,302	Health care provider
Columbia-St. Mary's	4,190	Health care provider
WE Energies	4,060	Electric/natural gas utility
BMO Financial Group ⁽³⁾	3,924	Holding company banking/finance and data services
University of Wisconsin-Milwaukee	3,881	Education
Walgreens Co.	3,521	Retail drugstore chain
U. S. Bank	3,467	Finance, banking
Briggs and Stratton	3,000	Manufacturer, small engines, automotive locks and keys
Target Corporation	3,000	Discount department store chain
Harley-Davidson Motor Company	2,900	Manufacturer, motorcycles

⁽¹⁾ Aurora's employee number includes four hospitals, rehabilitation, homecare and hospice facilities and their corporate office within a six-county area in and around the City of Milwaukee.

⁽²⁾ Preliminary.

⁽³⁾ Formerly M&I Marshall & Ilsley Bank, acquired by Toronto-based BMO Financial Group. The acquisition was completed in July, 2011.

Source: The 2012 Business Journal Book of Lists, Employer contacts March 2012 and the U.S. Bureau of Labor Statistics February 2012.

EMPLOYMENT AND INDUSTRY

During 2011, the City's unemployment rate averaged approximately 10.6%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2007 through December 2011. The information below reflects revisions, corrections, and new inputs from the 2010 census, including the application of the changes to the prior years shown. For further information on the changes, please contact the U.S. Bureau of Labor Statistics, or visit their website at <http://www.bls.gov>.

ANNUAL UNEMPLOYMENT RATES

(Not Seasonally Adjusted)

<u>Year</u>	City of <u>Milwaukee</u>	Milwaukee - Waukesha-West Allis <u>Metropolitan Statistical Area</u>	State of <u>Wisconsin</u>	<u>United States</u>
2011	10.6%	7.9%	7.5%	8.9%
2010	11.5	8.7	8.3	9.6
2009	11.4	8.9	8.7	9.3
2008	6.6	4.8	4.7	5.8
2007	7.2	5.1	4.9	4.6

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

RECENT MONTHLY UNEMPLOYMENT RATES

(Not Seasonally Adjusted)

<u>Month</u>	City of <u>Milwaukee</u>	Milwaukee - Waukesha-West Allis <u>Metropolitan Statistical Area</u>	State of <u>Wisconsin</u>	<u>United States</u>
January, 2012	10.3% ⁽¹⁾	7.7% ⁽¹⁾	7.6% ⁽¹⁾	8.8%

⁽¹⁾ Preliminary.

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

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

TEN LARGEST TAXPAYERS WITH 2011 ESTIMATED EQUALIZED VALUATIONS

US Bank Corporation	\$ 249,092,565
Northwestern Mutual Life Ins.	\$ 193,493,375
Mandel Group	\$ 106,732,616
Marcus Corp/Milw City Center/Pfister	\$ 97,387,873
Metropolitan Associates	\$ 94,846,441
NNN 411 East Wisconsin LLC	\$ 89,724,353
100 E. Wisconsin-CW Wisconsin Ave. LLC	\$ 79,822,218
Towne Realty	\$ 75,787,573
Flanders Westborough	\$ 56,704,469
875 East Wisconsin-875 East Sponsor LLC	\$ 54,442,335

Source: City of Milwaukee, Assessor's Office February 2012.

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

DEBT MARGIN

(Includes the [Offered Obligations] to be issued by the City)

[ARE Notes INCLUDED? Will "Offered Obligations" already be issued? Otherwise define Offered Obligations]

2011 Equalized Value of Taxable Property in the City	\$27,954,669,900
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Legal Debt Limitation for City Borrowing

5% of Equalized Value	\$1,397,733,495
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General Obligation Debt Outstanding subject to 5% Limit as of 05/01/12		\$835,525,000
Plus: 2012 R1, N2, B3, T4, T5		240,345,000*
Less: Provision for current year maturities		(56,525,000)
Less: Refunded Long-term Debt		(81,605,000)*
Plus: 2012 Extendable Variable Rate		30,000,000*
Less: Refunded Commercial Paper		(24,000,000)
Net General Obligation Debt Outstanding subject to the 5% Limit as of 05/01/12		\$943,740,000

Total Debt Margin for City Borrowing (in Dollars)	\$453,993,495
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(As a percentage)	32.5%
(As a percentage excluding Cash Flow Notes)	39.6%

Legal Debt Limitation for School Purpose Borrowing

2% of Equalized Value	\$559,093,398
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General Obligation Debt Outstanding subject to 2% Limit as of 05/01/12		\$14,774,150
Less: Provision for current year maturities		-
Net General Obligation Debt Outstanding subject to the 2% Limit as of 05/01/12		\$14,774,150

Total Debt Margin for School Purpose Borrowing (in Dollars)	\$544,319,248
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(As a percentage)	97.4%
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* Preliminary, subject to change

DEBT REFUNDED

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

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

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

ANALYSIS OF GENERAL OBLIGATION DEBT OUTSTANDING AS OF MAY 1, 2012

Tax Increment Districts	\$183,267,992
Public Buildings	149,129,478
Schools (5% City Borrowing)	111,469,469
Schools (2% School Purpose Borrowing)	14,774,150
Streets	108,399,833
Sewers	80,567,916
Finance Real & Personal Property Tax Receivables	41,451,000
Police	29,530,933
Bridges	26,618,345
Blight Elimination/Urban Renewal	25,475,758
Water	18,090,561
Fire	17,171,090
Library	12,249,720
Parking	10,842,602
Local Improvement Projects/Special Assessments	10,424,199
Playground/Recreational Facilities	7,554,494
Harbor	2,659,244
Grant & Aid Improvements City Share	611,908
Economic Development	4,572
Industrial Land Bank	3,207
Milwaukee Exposition and Convention Center	1,238
Resource Recovery	1,043
Lakefront Development	398
TOTAL	<u><u>\$850,299,150</u></u>

[GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS] [UPDATE AFTER ISSUANCE]

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

Year	Total G.O. Debt Service as of 5/1/12 (1) *		Series 2012 N2/B3/T4/T5				Extendable Variable Rate ⁽⁷⁾	Total Requirements After Issuance
	Principal ⁽²⁾	Interest ⁽³⁾	New Money ⁽⁴⁾		Refunding ⁽⁶⁾			
			Principal	Interest ⁽⁵⁾	Principal	Interest ⁽⁵⁾		
2012	\$56,525,000	\$104,611,426		\$1,312,783	\$0	\$1,724,775	\$1,687,500	\$165,861,485
2013	92,555,000	168,733,220	\$19,480,000	2,542,500	4,115,000	3,877,375	2,700,000	294,003,095
2014	77,555,000	145,894,022	9,690,000	1,813,250	7,010,000	3,599,250	2,700,000	248,261,522
2015	70,030,000	132,539,826	4,000,000	1,471,000	8,275,000	3,217,125	2,700,000	222,232,951
2016	66,125,000	123,388,080	3,530,000	1,282,750	9,750,000	2,766,500	2,700,000	209,542,330
2017	58,245,000	109,289,303	3,435,000	1,108,625	9,850,000	2,276,500	2,700,000	186,904,428
2018	90,690,000	154,711,463	3,285,000	940,625	12,855,000	1,708,875	2,700,000	266,890,963
2019	43,250,000	73,255,729	2,160,000	804,500	11,825,000	1,091,875	2,700,000	135,087,104
2020	41,200,000	62,947,848	2,170,000	696,250	7,735,000	602,875	2,700,000	118,051,973
2021	34,145,000	53,460,507	2,185,000	587,375	5,650,000	268,250	2,700,000	98,996,132
2022	23,330,000	36,659,137	2,200,000	477,750	2,540,000	63,500	2,700,000	67,970,387
2023	22,870,000	31,419,960	1,670,000	381,000	—	—	2,700,000	59,040,960
2024	18,755,000	25,326,221	1,680,000	297,250	—	—	2,700,000	48,758,471
2025	14,870,000	31,842,262	1,690,000	213,000	—	—	2,700,000	51,315,262
2026	7,815,000	9,213,075	1,700,000	128,250	—	—	2,700,000	21,556,325
2027	8,975,000	44,287,019	1,715,000	42,875	—	—	2,700,000	57,719,894
2028	2,985,000	3,126,788	—	—	—	—	2,700,000	8,811,788
2029	—	—	—	—	—	—	2,700,000	2,700,000
2030	—	—	—	—	—	—	2,700,000	2,700,000
2031	—	—	—	—	—	—	2,700,000	2,700,000
2032	—	—	—	—	—	—	32,700,000	32,700,000
	<u>\$729,920,000</u>	<u>\$1,310,705,886</u>	<u>\$60,590,000</u>	<u>\$14,099,783</u>	<u>\$79,605,000</u>	<u>\$21,196,900</u>	<u>\$85,687,500</u>	<u>\$2,301,805,069</u>

⁽¹⁾ Excludes debt to be refunded.

⁽²⁾ Assumes Sinking Fund Deposits in year due.

⁽³⁾ Assumes: the maximum interest rate of 12.0% on \$65,000,000 of variable rate debt (the tax levy requirement).

⁽⁴⁾ Includes new money, and refunding of commercial paper.

⁽⁵⁾ Assumes 5.00% on the 2011 N2/B3/T4/T5.

⁽⁶⁾ Refunding of outstanding long-term debt.

⁽⁷⁾ Assumes the maximum interest rate of 9.0%. Preliminary, subject to change.

* Preliminary, subject to change.

TRENDS OF GENERAL OBLIGATION DEBT

(THOUSANDS OF DOLLARS)

Year 12/31	Total GO Debt	Self-Sustaining GO Debt*	Levy Supported GO Debt
2007	\$747,298	\$294,952	\$452,346
2008	788,579	291,317	497,262
2009	804,474	293,039	511,435
2010	916,034	342,400	573,634
2011	934,004	373,059	560,945

TRENDS OF SELF-SUSTAINING GENERAL OBLIGATION DEBT

(THOUSANDS OF DOLLARS)

Year 12/31	TID Program	Parking Program	Special Assessments	Delinquent Taxes ⁽¹⁾	Water	Sewer ⁽²⁾	Total Self-Sustaining
2007	\$143,886	\$11,733	\$16,458	\$28,320	\$19,895	\$74,661	\$294,952
2008	165,217	10,743	14,631	34,136	17,049	49,541	291,317
2009	164,106	11,616	12,994	40,508	17,049	46,766	293,039
2010	167,944	11,753	11,623	47,575	13,453	90,052	342,400
2011	192,838	12,170	10,462	52,728	22,053	82,807	373,059

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

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

⁽²⁾ Amount reflects the portion of GO Sewer Debt paid by the Sewer Utility.
Beginning in 2007, the Sewer Utility paid the full amount of the GO Sewer Debt.
Also includes temporary borrowing pending refunding with revenue bonds.

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

Year 12/31	Population ⁽¹⁾	Net Equalized Valuation	AV	Total GO Debt	GO Debt /Net EV	GO Debt /AV	GO Debt /capita
2007	\$590,190	\$31,887,192,100	\$29,374,372,962	\$747,298,112	2.34%	2.54%	1,266
2008	590,870	32,257,525,000	30,431,675,204	788,579,150	2.44	2.59%	1,335
2009	584,000	31,266,329,200	28,994,573,372	804,474,150	2.57	2.77%	1,378
2010	580,500	29,520,783,200	28,048,464,348	916,034,150	3.10	3.27%	1,578
2011	595,525	27,954,669,900	27,917,642,983	934,004,150	3.34	3.35%	1,568

⁽¹⁾ Population estimate from the Wisconsin Department of Revenue for use in the distribution of State Shared Revenues. It is anticipated that the 2011 population estimate will reflect the results of the 2010 US Census, which was 594,833.

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

Year 12/31	PDAF Unsegregated Balance	GO Debt /Net EV	GO Debt /capita
2007	\$50,824,739	2.18%	1,180
2008	50,916,679	2.29	1,248
2009	50,444,955	2.41	1,291
2010	55,453,164	2.92	1,482
2011 ⁽¹⁾	55,453,164	3.14	1,475

⁽¹⁾ 12/31/11 balance is unknown at this time. Assumes balance is unchanged for the year.

**COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
MAY 1, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding As of May 1, 2012</u>	<u>Percentage Applicable</u>	<u>Milwaukee's Share of Debt As of May 1, 2012</u>
City of Milwaukee ⁽¹⁾	\$962,774,150	100.00%	\$962,774,150
Area Board of Vocational, Technical and Adult Education, District No. 9	80,060,000	37.34	29,894,404
County of Milwaukee	614,819,152	45.75	281,279,762
Milwaukee Metropolitan Sewerage District ⁽²⁾	928,417,875	46.78	434,313,882
TOTAL NET DIRECT AND OVERLAPPING DEBT	<u><u>\$2,586,071,177</u></u>		<u><u>\$1,708,262,198</u></u>

⁽¹⁾ Includes \$126 million general obligation debt outstanding, which financed Milwaukee Public Schools improvements.

Figure includes the new issue, and excludes debt to be refunded and provisions for current year maturities.

⁽²⁾ Includes approximately \$928,417,875 of low interest loans from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the MMSD.

FUTURE FINANCING

[Prior to the issuance of the Offered Obligations] **Will “Offered Obligations” already be issued? If so, delete proviso and modify dollar amount**, the City has [\$470] million authorized unissued general obligation debt, for various corporate and capital improvement purposes, which can be issued at any time. In addition, the City has \$400 million of authorized unissued revenue anticipation borrowing for City and School cash flow purposes.

The City is in the process of issuing \$30 million of long-term extendable variable rate debt for street purposes, and permanently financing approximately \$10 million of outstanding commercial paper issued for street purposes.

The authorized unissued general obligation debt includes \$67 million for sewer purposes. In addition, there is currently outstanding \$42 million of General Obligation Commercial Paper that was issued on a temporary basis for Sewer purposes. Most of the sewer purpose debt will be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Clean Water Fund program. The remaining portion will be financed on a long-term basis with general obligation debt.

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

CITY CAPITAL IMPROVEMENTS PLAN

The City’s 2012-2017 Draft Capital Improvement Plan (“CIP”) outlines planned capital improvement projects and programs. Some school purpose improvements are financed by the City for Milwaukee Public School purposes, but are not included in the CIP.

The six-year CIP plan totals \$988 million. About \$652 million, or 66% of the planned spending, is intended to preserve the City’s existing infrastructure facilities (streets, sewers, alleys, bridges, etc.). Approximately 66% (\$654 million) is anticipated to be borrowed with General Obligation debt, with the balance (\$334 million) being borrowed with revenue debt.

<u>Purpose</u>	<u>Amount (\$Millions)</u>
Transportation	\$323
Environment	334
Economic Development	179
Public Safety	64
Miscellaneous	<u>88</u>
Total	<u><u>\$988</u></u>

COMMERCIAL PAPER PROGRAM

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

The CP Notes may be issued at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the CP Note program is to provide interim financing for expenditures pending the City’s next long-term financing. As of December 31, 2011, the City had \$66,000,000 of Series C2 Notes outstanding.

[The Extendable Municipal Commercial Paper 2012 Program Series which is the subject of this Offering Memorandum will replace most of the 2008 Program Series.]

AUCTION RATE AND OTHER VARIABLE RATE EXPOSURE

The City has no outstanding Auction Rate securities. The City has no insured debt that has a put option. The City’s CP Notes are additionally secured by liquidity facilities provided by State Street Bank. The \$12,000,000 outstanding Series 2005 V8 is a 7-day variable rate demand bond secured by a Stand-By Bond Purchase agreement that expires on December 1, 2012. The CP Notes are secured by a direct pay letter of credit that expires on December 1, 2012.

The \$12,000,000 of outstanding Series 2005 V8 will be refunded with the issuance of the N2 Notes. \$10 million will be refunded with fixed rate debt, and \$2,000,000 will be paid down from tax levy. The City is in the process of creating non-credit enhanced long-term extendable variable rate debt. It is anticipated that, over time, up to 15-25% of the tax levy supported long-term general obligation debt will be in the form of variable rate debt.

In 2003, the Redevelopment Authority of the City of Milwaukee, on behalf of the MPS, issued \$130,850,000 of Taxable Pension Funding Bonds, 2003 Series D in Auction Rate Mode and insured by MBIA. In 2005, the 2003 Series D bonds were converted to Index Bonds (“IB”) whose interest rate is reset monthly to 1-month LIBOR + 25 basis points. The IB bond owners do not have an option to put the bonds. The 2003 Series D bonds also have an interest rate swap that pays MPS 1-month LIBOR + 20 basis points in exchange for a fixed rate of 5.56% paid by MPS, effectively converting the IB to a fixed rate with no basis risk.

REVENUE BONDING

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

Water System Revenue Bonds, Series 1998 — In 1998, the City and the State of Wisconsin entered into a loan agreement under the State of Wisconsin Safe Drinking Water Loan Program. Subsidized loans are available for certain projects, are secured by revenues of the Milwaukee Water Works, and are repayable over a period of 20 years. As of December 1, 2011, the outstanding balance was \$7.5 million.

Sewerage System Revenue Bonds — In 2001, the City created the Sewerage System with the issuance of \$29,095,000 of Sewerage System Revenue Bonds, and in 2003, the City issued an additional \$33,885,000 of Sewerage System Revenue Bonds. In 2011, the City issued \$52,565,000 of refunding and new money Sewerage System Revenue Bonds. As of December 31, 2011, total outstanding Sewerage System Revenue Bonds was \$62 million with a final maturity in 2031.

In 2006, the City created the Sewerage System Second Lien Revenue Bonds for the purpose of borrowing from the State of Wisconsin Clean Water Fund Program. As of December 31, 2011, the City had \$80.5 million outstanding under the

Program. The City hopes to satisfy as much as possible of its Sewerage System capital needs with borrowings under the Program. (See “FUTURE FINANCING”).

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

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

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

Between the period 1983 and December 1, 2011 the Housing Authority issued revenue bonds of approximately \$149 million of which approximately \$8.990 million are still outstanding.

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

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

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

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

“As of December 31, 2011, the Redevelopment Authority had outstanding: two bond issue with \$36,490,000 outstanding that have a Moral Obligation Pledge of the City; and \$253,939,122 in six bond issues for MPS, one secured by a lease, and five secured by loan agreement, with the Milwaukee Board of School Directors (“MBSD”). These bonds do not constitute general obligations of the City, or of MBSD, and shall not constitute or give rise to a charge against the City’s, or MBSD’s, taxing powers. These pledges create only financial obligations of the City, or MBSD, which are subject to annual appropriation. The loan agreement with MBSD includes a pledge of certain state aid payable to MBSD.”

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

Milwaukee Economic Development Corporation — As of December 31, 2010, the Milwaukee Economic Development Corporation, or through a related entity, funded loans for 1,069 small businesses and redevelopment projects utilizing \$244.5 million to leverage a total of \$1.228 billion in investment. 944 loans have been enrolled in the Capital Access Program with covered loan amounts totaling \$52.5 million.

The Milwaukee Economic Development Corporation had notes and debentures payable under the Small Business Administration’s Section 503 and 504 loan programs in the amount of \$10.7 million as of December 31, 2010.

TAX INCREMENT DISTRICT FINANCING

Five issues of the Redevelopment Authority and Housing Authority involving over \$60 million in bonds have financed projects located within tax increment districts (“TID”) of the City. The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such districts through the issuance of its general obligation bonds. As of December 31, 2011, \$193 million general obligation bonds for TID purposes was outstanding. Under current law, tax increments received by the City have been calculated based upon the assessed valuation and the applicable tax levy in the TID. The applicable tax levy includes the public school tax levy rate for Milwaukee Public Schools.

The Redevelopment Authority of the City has approximately \$42 million of debt secured by tax increment revenues. One of those issues, in the approximate amount of \$20 million, has the Moral Obligation Pledge of the City. The remaining debt is owed to developers of projects within the TID, with no recourse to the City in the event that tax increment revenues are insufficient to repay the obligations. In 1996, the Wisconsin Legislature passed a property tax relief measure which increased the portion of statewide school revenues funded by State equalization aid to two-thirds from approximately one-half of all funds’ budgets. The 2011 Assessed Tax Rate for Milwaukee Public Schools is \$11.11 per thousand dollars of assessed value, down from \$15.70 in 1995 (amounts are net of the school state tax credit). As a result, tax increment revenues for certain TIDs received by the City have been, and are expected to continue to be, reduced and therefore have the impact of either increasing the time needed to recover incurred project costs, including future debt service requirements; reducing the funding of active and proposed TIDs; or may require the City to fund TID cash flow deficiencies with other City revenues. In connection with the change in the School Aid formula, the State Legislature extended the allowable life of all TIDs established before October 1, 1995 from a maximum 23 years to a maximum 27 years to accommodate the lower school property tax rate. Pursuant to 2003 Wisconsin Acts 126, 127, 194 and 231 (enacted in February through April 2004), the allowable life of TIDs created between September 30, 1995 and October 1, 2004 for blight elimination and rehabilitation purposes is 27 years. The maximum lives for TIDs created after September 30, 2004 is 27 years for blighted and rehabilitation TIDs, and 20 years for mixed-use TIDs and industrial TIDs, which, for industrial TIDs represents a reduction from 23 years, though the new law also makes them eligible for a three-year extension. Extensions are available under certain circumstances. In any year in which total TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the City’s general property tax levy.

FINANCIAL INFORMATION

BUDGETING

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

ADOPTED BUDGET - COMBINED REVENUES - 2012

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Taxes						
Property Tax - General	\$115,230,737	—	\$68,736,570	\$1,025,000	—	\$184,992,307
Provision for Empl Retirement ⁽¹⁾	58,016,150	—	—	—	—	58,016,150
Common Council Cont	5,000,000	—	—	—	—	5,000,000
Total Taxes	178,246,887	—	68,736,570	1,025,000	—	248,008,457
Revenues						
Taxes	16,147,300	—	—	—	—	16,147,300
Licenses and Permits	12,647,600	—	—	—	—	12,647,600
Intergovernmental Revenues	259,851,500	63,846,247	—	—	—	323,697,747
Charges for Service	133,120,514	—	—	—	—	133,120,514
Fines and Forfeitures	5,304,000	—	—	—	—	5,304,000
Miscellaneous Revenues	3,710,825	12,300,000	—	—	—	16,010,825
Fringe benefits ⁽²⁾	25,000,000	—	—	—	—	25,000,000
Parking	22,410,157	—	2,170,000	5,000,000	15,866,843	45,447,000
Water Works	—	—	5,870,907	630,000	78,356,093	84,857,000
Sewer Maintenance Fund	12,734,075	—	11,408,929	6,440,000	25,219,115	55,802,119
Retained Earnings	—	—	—	—	9,734,527	9,734,527
Sinking Fund	—	—	64,058,277	—	—	64,058,277
Cash Flow borrowings	—	—	125,000,000	—	—	125,000,000
Special Assessments	—	7,703,639	—	1,065,600	—	8,769,239
Capital Revenue	—	—	—	15,058,000	—	15,058,000
Total Revenues	490,925,971	83,849,886	208,508,113	28,193,600	129,176,578	940,654,148
Tax Stabilization						
Transfer from Reserves	13,767,000	—	—	—	—	13,767,000
Sale of Bonds and Notes						
General City	—	—	—	96,308,100	—	96,308,100
Enterprise Funds	—	—	—	46,990,000	—	46,990,000
Grand Total	\$682,939,858	\$83,849,886	\$277,244,683	\$172,516,700	\$129,176,578	\$1,345,727,705

⁽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 – 2012

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Administration, Dept of	\$ 9,480,298	—	—	\$600,000	—	\$10,080,298
Assessor's Office	4,627,225	—	—	—	—	4,627,225
City Attorney	7,629,058	—	—	—	—	7,629,058
City Treasurer	3,063,379	—	—	—	—	3,063,379
Common Council - Clerk	8,555,215	—	—	40,000	—	8,595,215
Municipal Court	3,505,745	—	—	—	—	3,505,745
Comptroller	5,652,900	—	—	—	—	5,652,900
Dept of City Development	4,682,014	—	—	29,176,000	—	33,858,014
Election Commission	2,912,189	—	—	—	—	2,912,189
Employee Relations, Dept of	4,541,064	—	—	—	—	4,541,064
Fire and Police Commission	1,300,016	—	—	—	—	1,300,016
Fire Department	105,025,041	—	—	3,424,000	—	108,449,041
Health Department	13,161,487	—	—	450,000	—	13,611,487
Library Board	22,699,974	—	—	2,577,000	—	25,276,974
Mayor's Office	1,215,279	—	—	—	—	1,215,279
Neighborhood Services	17,236,668	—	—	—	—	17,236,668
Police Department	236,229,306	—	—	1,502,000	—	237,731,306
Port of Milwaukee	5,018,503	—	—	225,000	—	5,243,503
DPW-Administration	4,533,496	—	—	1,220,000	—	5,753,496
DPW-Infrastructure	39,508,604	—	—	52,981,700	—	92,490,304
DPW-Operations	79,476,499	—	—	10,239,000	—	89,715,499
Water Works	—	—	5,870,907	9,320,000	82,125,061	97,315,968
Sewer Maintenance Fund	—	—	11,408,929	43,950,000	26,592,120	81,951,049
Special Purpose Accounts	163,659,514	—	—	—	—	163,659,514
Pension Funds	87,566,061	—	—	—	—	87,566,061
Debt Service - City	—	—	132,794,847	—	—	132,794,847
Debt Service - Schools	—	—	—	—	—	—
Debt Service - Cash Flow	—	—	125,000,000	—	—	125,000,000
Contingency	5,000,000	—	—	—	—	5,000,000
Delinquent Tax Fund	—	12,300,000	—	—	—	12,300,000
Parking	—	—	2,170,000	5,790,000	20,459,397	28,419,397
Grant & Aid Fund	—	63,846,247	—	—	—	63,846,247
Special Capital Projects	—	—	—	11,022,000	—	11,022,000
Economic Development	—	7,703,639	—	—	—	7,703,639
Fringe Benefit Offset ⁽¹⁾	(153,339,677)	—	—	—	—	(153,339,677)
Grand Total	\$682,939,858	\$83,849,886	\$277,244,683	\$172,516,700	\$129,176,578	\$1,345,727,705

⁽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.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2010
(Thousands of Dollars)

<u>Revenues:</u>	<u>2006</u>	<u>2007</u> ⁽¹⁾	<u>2008</u>	<u>2009</u>	<u>2010</u>
Property Taxes	141,102	137,253	141,573	156,410	168,031
Other Taxes	5,202	5,311	4,839	3,504	5,097
Licenses and Permits	13,729	13,704	12,918	12,186	12,948
Intergovernmental	272,417	272,539	271,100	272,337	270,939
Charges for Services	73,528	76,496	86,410	91,057	97,146
Fines and Forfeitures	5,541	5,800	5,277	4,802	5,422
Other	<u>17,353</u>	<u>18,883</u>	<u>12,864</u>	<u>19,967</u>	<u>20,323</u>
TOTAL GENERAL FUND REVENUES	<u>528,872</u>	<u>529,986</u>	<u>534,981</u>	<u>560,263</u>	<u>579,906</u>
Tax Stabilization Fund Withdrawals	16,328	23,175	29,457	22,379	13,070
Other Financing Sources and Equity					
Transfers (Net)	<u>37,761</u>	<u>43,224</u>	<u>40,234</u>	<u>46,896</u>	<u>49,640</u>
TOTAL GENERAL FUND REVENUES TAX STABILIZATION FUND WITHDRAWALS AND OTHER FINANCING SOURCES	<u>582,961</u>	<u>596,385</u>	<u>604,672</u>	<u>629,538</u>	<u>642,616</u>
<u>Expenditures:</u>					
General Government	178,004	201,021	199,004	202,066	253,328
Public Safety	250,672	257,137	266,370	276,060	264,067
Public Works	86,482	93,956	103,149	97,093	94,482
Health	10,428	10,359	10,118	10,446	9,996
Culture and Recreation	17,882	17,548	16,782	17,329	15,656
Conservation and Development	<u>3,217</u>	<u>3,279</u>	<u>3,456</u>	<u>4,230</u>	<u>3,747</u>
TOTAL EXPENDITURES	<u>546,685</u>	<u>583,300</u>	<u>598,879</u>	<u>607,224</u>	<u>641,276</u>
SOURCES OVER (UNDER) EXPENDITURES	36,276	13,085	5,793	22,314	1,340
Fund Balance - January 1 (excludes reserved for use during the year)	68,899	82,000	65,628	49,042	58,286
Fund Balance - December 31	<u>105,175</u>	<u>95,085</u>	<u>71,421</u>	<u>71,356</u>	<u>59,626</u>
Fund Balance Components:					
Reserved for Encumbrances & Carryovers	15,616	21,376	22,865	21,919	8,144
Reserved for Inventory	6,886	6,252	7,248	6,827	7,220
Reserved for Mortgage Trust	280	218	173	141	135
Reserved for Environmental Remediation	303	303	303	303	303
Reserved for Next Year's Budget	23,175	29,457	22,379	13,070	14,600
Reserved for Subsequent Years' Budget	<u>58,915</u>	<u>37,479</u>	<u>18,453</u>	<u>29,096</u>	<u>29,224</u>
TOTAL FUND BALANCE	<u>105,175</u>	<u>95,085</u>	<u>71,421</u>	<u>71,356</u>	<u>59,626</u>

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

CITY OF MILWAUKEE
GENERAL FUND - PROJECTED CASHFLOW SUMMARY
(MILLIONS OF DOLLARS)
JANUARY 1, 2012 TO DECEMBER 31, 2012

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
BALANCE	81.374	118.797	21.050	(16.657)	5.872	82.196	16.041	39.470	9.133	10.852	(0.470)	136.679	
RECEIPTS													
Property Taxes	2.764	8.067	5.098	6.733	7.629	8.184	52.481	10.440	14.434	13.513	1.237	83.302	213.882
State Aids													
Shared Revenue	-	-	-	-	-	-	41.090	-	-	-	185.717	-	226.807
Highway Aids	6.176	-	-	6.170	-	-	6.960	-	-	6.170	-	-	25.476
Payment Muni. Services	-	1.912	-	-	-	-	-	-	-	-	-	-	1.912
Computer Exemption Aid	-	-	-	-	-	-	3.900	-	-	-	-	-	3.900
Other	9.550	5.674	14.152	7.474	10.236	13.117	13.005	15.185	9.282	14.076	9.477	9.580	130.808
Delinquent Taxes Transfer	31.404	-	-	-	-	-	-	-	-	-	-	-	31.404
Pension Fees	2.234	-	0.487	-	2.392	3.154	1.018	2.632	1.695	0.879	2.691	1.163	18.345
City Services Fees	3.075	2.340	2.432	1.846	2.376	1.805	2.147	2.556	2.128	3.093	4.927	3.180	31.905
City PILOTS (Major)	-	-	-	-	-	-	-	-	-	-	-	12.668	12.668
Parking Transfers	-	-	-	-	-	10.205	-	-	-	-	-	10.205	20.410
Summerfest Lease	-	-	-	-	-	-	-	-	-	-	-	1.351	1.351
Street Sweeping	-	-	-	-	-	6.070	-	-	-	-	-	6.070	12.140
Vehicle Registration Fee	0.378	0.630	0.378	0.378	0.630	0.630	0.630	0.567	0.567	0.567	0.567	0.378	6.300
Potawatomi PILOT	-	-	-	-	-	-	-	5.500	-	-	-	-	5.500
Year End Transfers	34.218	-	-	-	-	-	-	-	-	-	-	-	34.218
Note Proceeds	-	-	-	50.000	100.000	-	-	-	20.000	-	-	-	170.000
TOTAL RECEIPTS	89.799	18.623	22.547	72.601	123.263	43.165	121.231	36.880	48.106	38.298	204.616	127.897	947.026

Applicable footnote?

Maximum deficit occurs in July and November.

CITY OF MILWAUKEE
GENERAL FUND - PROJECTED CASHFLOW SUMMARY (MILLIONS OF DOLLARS)
(MILLIONS OF DOLLARS) (CONTINUED)
JANUARY 1, 2012 TO DECEMBER 31, 2012

	January	February	March	April	May	June	July	August	September	October	November	December
DISBURSEMENTS												
Salaries & Benefits	39.205	42.281	51.381	38.019	37.720	38.222	38.530	51.528	38.728	39.121	38.718	39.896
Services & Supplies	13.171	12.650	8.873	12.053	9.219	11.470	9.272	15.689	7.659	10.499	8.749	6.980
Employer Pension Contribution	-	25.000	-	-	-	-	-	-	-	-	-	-
Purchase Tax Delinquents	-	36.439	-	-	-	-	-	-	-	-	-	-
Contractual Tax Payment	-	-	-	-	-	59.628	-	-	-	-	-	-
Year End Transfers	-	-	-	-	-	-	-	-	-	-	-	29.300
Note Principal Repayment	-	-	-	-	-	-	50.000	-	-	-	20.000	100.000
TOTAL DISBURSEMENTS	52.376	116.370	60.254	50.072	46.939	109.320	97.802	67.217	46.387	49.620	67.467	176.176
BALANCE	118.797	21.050	(16.657)	5.872	82.196	16.041	39.470	9.133	10.852	(0.470)	136.679	88.400

CITY OF MILWAUKEE
GENERAL FUND
PROJECTED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(MILLIONS OF DOLLARS)

	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)		Ending Cash Balance Excluding RAN and CP
January	\$81.374	\$89.799	\$52.376	\$118.797		\$118.797
February	118.797	18.623	116.370	21.050		\$21.050
March	21.050	22.547	60.254	(16.657)		(\$16.657)
April	(16.657)	72.601	50.072	5.872	(1)	(\$44.128)
May	5.872	123.263	46.939	82.196	(1)	(\$67.804)
June	82.196	43.165	109.320	16.041		(\$133.959)
July	16.041	121.231	97.802	39.470	(2)	(\$60.530)
August	39.470	36.880	67.217	9.133		(\$90.867)
September	9.133	48.106	46.387	10.852	(1)	(\$109.148)
October	10.852	38.298	49.620	(0.470)		(\$120.470)
November	(0.470)	204.616	67.467	136.679	(2)	\$36.679
December	136.679	<u>127.897</u>	<u>176.176</u>	88.400	(2)	\$88.400
		<u>\$947.026</u>	<u>\$940.000</u>			

⁽¹⁾ Balance includes RAN and CP principal receipts.

⁽²⁾ Balance includes RAN and CP principal repayments.

CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(MILLIONS OF DOLLARS)

	Beginning Cash Balance <u>(Deficit)</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash Balance <u>(Deficit)</u>
January	\$56.982	\$102.292	\$54.588	\$104.686
February	104.686	17.354	94.906	27.134
March	27.134	40.496	64.999	2.631
April	2.631	25.228	51.376	(23.517)
May	(23.517)	68.323 ⁽¹⁾	48.413	(3.607)
June	(3.607)	142.293 ⁽¹⁾	157.288 ⁽²⁾	(18.602)
July	(18.602)	123.021	49.036	55.383
August	55.383	36.321	58.615	33.089
September	33.089	28.648	58.766	2.971
October	2.971	38.956	67.931	(26.004)
November	(26.004)	212.644	50.829	135.811
December ⁽³⁾	135.811	<u>130.275</u>	<u>184.712</u> ⁽²⁾	81.374
		<u>\$965.851</u>	<u>\$941.459</u>	

Notes:

⁽¹⁾ \$46 million of CP were issued in May, and \$100 million of RANs were issued in June

⁽²⁾ \$46 million of CP were repaid in June, and \$100 million of RANs were repaid in December

⁽³⁾ Estimated.

CITY OF MILWAUKEE
SCHEDULE OF CASH AND INVESTMENT
BALANCES - ALL FUNDS
2011
(MILLIONS OF DOLLARS)

	General Fund ⁽¹⁾	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds ⁽²⁾	Total
January	\$104.686	\$261.005	\$40.899	\$145.688	\$552.278
February	27.134	192.825	41.305	106.365	367.629
March	2.631	173.592	41.746	203.221	421.190
April	(23.517)	170.602	42.270	95.520	284.875
May	(3.607)	162.758	42.606	10.568	212.325
June	(18.602)	227.212	43.105	95.736	347.451
July	55.383	224.261	43.493	58.282	381.419
August	33.089	218.555	43.910	40.074	335.628
September	2.971	209.228	44.372	46.374	302.945
October	(26.004)	257.359	44.866	47.378	323.599
November	135.811	235.933	45.315	137.465	554.524
December (estimate)	81.374	215.476	46.201	425.808	768.859

⁽¹⁾ Balances include proceeds from the sale of the RANs and subsequent principal payment.

⁽²⁾ Agency Funds includes Milwaukee Public Schools.

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

CITY OF MILWAUKEE
 PROJECTED SCHEDULE OF CASH AND INVESTMENT
 BALANCES - ALL FUNDS
 2012
 (MILLIONS OF DOLLARS)

	General Fund ⁽¹⁾	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds ⁽²⁾	Total
January	\$118.797	\$220.975	\$43.080	\$148.072	\$530.924
February	21.050	207.381	53.858	99.887	382.176
March	(16.657)	200.944	54.183	189.090	427.560
April	5.872	211.513	55.729	87.572	360.686
May	82.196	194.319	55.415	8.381	340.311
June	16.041	196.103	66.941	89.786	368.871
July	39.470	197.283	73.891	55.994	366.638
August	9.133	181.864	73.549	37.707	302.253
September	10.852	150.006	71.826	43.631	276.315
October	(0.470)	176.555	65.039	44.578	285.702
November	136.679	169.426	55.195	129.630	490.930
December	88.400	182.420	50.034	414.060	734.914

⁽¹⁾ Balances include proceeds from the sale of the RANs and subsequent principal payment.

⁽²⁾ Agency Funds includes Milwaukee Public Schools.

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

CITY OF MILWAUKEE
ASSESSED AND EQUALIZED VALUATIONS

	Year 2007 For 2008 Purposes	Year 2008 For 2009 Purposes	Year 2009 For 2010 Purposes	Year 2010 For 2011 Purposes	Year 2011 For 2012 Purposes
Real Property					
Residential	\$18,753,914,925	\$19,173,232,823	\$17,743,825,065	\$17,156,626,561	\$17,069,535,250
Industrial (Manufacturing)	726,692,200	772,959,900	732,007,800	732,279,700	746,955,100
Mercantile (Commercial)	8,950,205,395	9,483,547,328	9,485,580,238	9,202,213,459	9,191,348,932
Total Real Property	\$28,430,812,520	\$29,429,740,051	\$27,961,413,103	\$27,091,119,720	\$27,007,839,282
Personal Property	943,560,442	1,001,936,153	983,160,269	957,344,628	909,803,701
Total Assessed Valuations	\$29,374,372,962	\$30,431,676,204	\$28,944,573,372	\$28,048,464,348	\$27,917,642,983
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	\$31,887,192,100	\$32,257,525,000	\$31,266,329,200	\$29,520,783,200	\$27,954,669,900
Ratio of Assessed to Equalized Valuation	92.12%	94.34%	92.57%	95.01%	99.87%

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

	2008	2009	2010	2011	2012
Unit of Government					
City Government	\$8.01	\$8.09	\$9.12	\$9.25	\$9.25
Milwaukee Public Schools	8.84	9.82	10.85	11.11	11.11
Milwaukee County	4.41	4.38	4.87	4.89	4.89
Milwaukee Area Technical College	1.92	1.94	2.02	1.95	1.95
Milwaukee Metropolitan Sewerage District	1.39	1.37	1.52	1.51	1.51
Gross Tax Rate Per \$1,000	\$24.57	\$25.60	\$28.38	\$28.71	\$28.71
Less: State Tax Credit	(\$1.43)	(\$1.57)	(\$1.81)	(\$1.81)	(\$1.81)
Net Tax Rate	\$23.14	\$24.03	\$26.57	\$26.90	\$26.90

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

Budget Year	Taxes Levied for the Fiscal Year			Cumulative Collected in Subsequent Years	
	Levy	Collections	% of Levy	Amount	% Collected
2006	\$261,685	\$255,823	97.76%	\$5,566	99.89%
2007	265,319	257,350	97.00	7,433	99.80
2008	286,180	277,119	96.83	7,830	99.57
2009	276,186	265,691	96.20	5,300	98.12
2010	291,943	281,099	96.29	0	96.29

COLLECTION PROCEDURES

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

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

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

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

The rate of current tax collections continues at an historically high level. Current collections for 2010 were approximately 96.3% 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 SUMMARY

EMPLOYEES' RETIREMENT SYSTEM

The Employees' Retirement System ("ERS") of the City is established pursuant to Section 36 of the Milwaukee City Charter. Membership in the ERS includes some classes of part-time employees, all full-time employees, and elected officials.

ERS Membership
As of December 31, 2010

<u>Class</u>	<u>Vested</u>	<u>Non-Vested</u>	<u>Inactive</u>	<u>Retired</u>
General & Elected	6,807	1,572		8,160
Police	1,711	275		2,182
Firefighters	793	89		1,200
Certain pre-1996				26
Total	9,311	1,936	4,158	11,568

Source: Table 5 of the Actuarial Valuation Report as of January 1, 2011.

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

Basic Benefit Accrual Rates and Member Contributions

<u>Class</u>	<u>Retirement Allowance</u>	<u>Maximum Allowance</u>	<u>Member * Contribution</u>
General, and Mayor	2.0%	70%	5.5%
Elected Officials, excluding the Mayor	2.5%	None	7.0%
Police	2.5%	90%	7.0%
Firefighters	2.5%	90%	7.0%

* For employees hired prior to January 1, 2010, in addition to paying the actuarially required employer contribution, the City makes the Member contribution on behalf of the employee. 2011 Wisconsin Act 10 provides that all state and local public employees make an employee contribution, except as otherwise provided under collective bargaining agreements. The City Attorney and independent outside counsel have advised the City that the City's Home Rule status, a 2000 Global Pension Settlement, and prior state statutes, created contractual pension rights for City employees which super cede the employee contribution requirement of 2011 Wisconsin Act 10. As a result, the City has continued to make the Member contribution on behalf of City employees hired prior to 2010.

Schedule of Funding Progress
(\$ amounts in thousands)

<u>Valuation</u> As of <u>Dec 31</u>	<u>Actuarial</u> Value of <u>Assets</u>	<u>Actuarial</u> Accrued Liability <u>(AAL)</u>	<u>Unfunded</u> AAL <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> Percentage of Covered <u>Payroll</u>
2010	\$4,641,425	\$4,447,548	\$ -	104.4%	\$538,218	0.0%
2009	4,814,402	4,269,324	-	112.8	553,846	0.0
2008	4,076,297	4,113,089	36,792	99.1	536,558	6.9
2007	5,192,000	3,958,061	-	131.2	532,412	0.0
2006	4,899,721	3,846,481	-	127.4	528,854	0.0

Schedule of Employer Contributions
(\$ amounts in thousands)

Year Ended <u>Dec 31</u>	Annual Actuarially <u>Required Contribution</u>	Percentage <u>Contributed</u>
2010	\$1,450	0%
2009	60,098	100%
2008	-	n/a
2007	-	n/a
2006	-	n/a

Source: Tables 11a and 11b of the Actuarial Valuation Report as of January 1, 2011.

Actuarial Assumptions and Methods include:

Actuarial Cost Method: Projected Unit Credit

Amortization Method: Closed; Level Percent of Pay; Pay assumed to grow 3% per year

Remaining Amortization Period: 23 years

Asset Valuation Method: 5-year smoothed market, 20% corridor

Investment Rate of Return: 8.5% average

Projected Salary Increases: General: 3.5-8.5%; Police and Fire: 4.0-15.4%

Inflation Assumption: 3.0%

Cost of Living Adjustments: Varies by Employee Class

For more information about the ERS, details on plan benefits, and for copies of their financial and actuarial reports, you can visit their website at: <http://www.cmers.com>

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. There are approximately 60 members or their spouses currently receiving benefits under the Fund program.

The Principal Mutual Life Insurance Company made a proposal to provide annuities guaranteeing benefit payments to members and spouses, 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 ceased its activities and the Firemen’s Annuity and Benefits Fund was dissolved. The City will be liable to pay retirement benefits if the insurance company defaults on its obligations under the annuity policy. The estimated value of those benefits is under \$3,000,000.

POLICEMEN’S ANNUITY AND BENEFIT FUND

Membership in the Policemen’s Annuity and Benefit Fund consists of all Police Department employees whose service commenced prior to July 29, 1947. As of December 31, 2010 there were 25 members and 56 spouses.

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

Schedule of Funding and Contributions

<u>Dec 31</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability</u>	Unfunded AAL (<u>UAAL</u>)	Funded <u>Ratio</u>	Annual Required <u>Contribution</u>	Percent <u>Contributed</u>
2010	\$1,584,173	\$2,945,917	\$1,361,744	53.8%	\$268,667	100%
2009	1,935,745	3,686,621	1,750,876	52.5	329,672	100
2008	2,147,172	4,295,606	2,148,434	50.0	41,423	100
2007	4,779,417	5,049,363	269,946	94.7	56,972	100
2006	5,585,697	5,956,676	371,279	93.8	307,582	100

Source: Table 2 of the Actuarial Valuation Report as of January 1, 2011, and as of January 1, 2010.

OTHER POST-EMPLOYMENT BENEFITS

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

Until age 65, for retirees with at least 15 years of creditable service, the majority of the cost of the health benefit plan is paid by the City. After attaining the age of 65, and having completed a minimum of 15 years of creditable service, the City pays 25% of the applicable HMO premium, or 25% of the base rate (0% of the major medical rate) of the City's Basic Plan.

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

The required contribution for medical and life insurance for retirees is based upon pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2010, the City paid approximately \$32.9 million and \$1.2 million, respectively, towards medical and life insurance for retirees.

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

Funding Status and Funding Progress

Annual Required Contribution (ARC)	\$80,498,000
Interest on Net OPEB	5,373,000
Adjustment to ARC	<u>(4,560,000)</u>
Annual OPEB Cost	81,311,000
Contributions Made	<u>34,025,000</u>
Increase in net OPEB Obligation	47,286,000
Net OPEB Obligation – beginning of year	<u>127,074,000</u>
Net OPEB Obligation – end of year	<u>\$174,360,000</u>

Source: City's 2010 CAFR

Annual Cost and Net OPEB Liability

Year Ended <u>Dec 31</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2010	\$81,311,000	45.0%	\$174,360,000
2009	77,389,000	37.1	127,074,000
2008	73,100,000	45.0	78,400,000
2007	67,600,000	43.5	38,200,000

Source: City's 2010 and 2009 CAFRs

Schedule of Funding Progress

(\$ amounts in thousands)

Valuation As of <u>Dec 31</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability <u>(AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
2009	\$ 0	\$1,007,573	\$1,007,573	0.0%	\$413,648	244%
2008	0	959,562	959,562	0.0	419,811	229
July 2008	0	880,700	880,700	0.0	425,400	207
2006	0	806,300	806,300	0.0	412,700	195

Source: City's 2010, 2009, 2008, and 2007 CAFRs

Actuarial Assumptions and Methods include:

The retiree healthcare valuation was based on the projected unit credit (PUC) cost method. The PUC method produces an explicit normal cost and actuarial accrued liability. The normal cost and actuarial accrued liability are directly proportional to the employee's service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement. Depending on the demographic characteristics of the current group and new entrants in the future, this method could produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.5% based on the City's projected short-term investment rate of return. The healthcare cost trends rate is 9% initially, and reduced by decrements to the ultimate rate of 4.5% after 10 years. The actuarial assumption for wage inflation is 3.5%. The amortization of the unfunded actuarial accrued liability is based on a level percentage of pay over a 30-year open amortization period.

LEGAL MATTERS

LITIGATION STATEMENT

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

The City Attorney's office has reviewed the status of pending or threatened litigation, claims and assessments to which the office has devoted substantive attention in the form of legal consultation or representation and which individually represent maximum potential loss exposure in excess of \$1 million, existing on March 26, 2012.

Amoco Oil, et al. v. City of Milwaukee. Amoco, BP, Marathon, and US Oil are contesting the property tax assessments of their contiguous oil terminals. They allege that the City's inclusion of the value of certain through-put contracts is contrary to law and that a tax refund is warranted. The City asserts that the inclusion of the value of these contracts in the assessments is consistent with the law because they run with the property. Following the June 2011 lifting of

the stay imposed during the pendency of *Metropolitan Associates v. City of Milwaukee*, (plaintiff successfully challenged the validity of 2008 amendments to § 74.37 of the Wisconsin Statutes that would have been favorable to the City in future tax cases), four separate cases have been consolidated in Judge Moroney's court for trial on December 12, 2012. In addition, following the lifting of the stay, each of the terminals was permitted to add tax years 2009 and 2010 to the original claim for tax year 2008. Approximately \$3.9 million of property taxes are being disputed.

Section 74.37 Litigation. Several plaintiffs have brought a series of a dozen or so similar lawsuits against the City for the refund of allegedly excessive property taxes on various commercial properties such as apartment buildings and pharmacies. The first of these lawsuits was brought in 2009 for the 2008 tax year. All of these cases were stayed by the Chief Judge for Milwaukee County Circuit Court pending the Wisconsin Supreme Court's resolution of the case of *Metropolitan Associates v. City of Milwaukee*. With the resolution of that case, the stay was lifted in June of 2011. The 2009 and 2010 tax years have now been added to most of these cases. Circuit Court branches have begun to issue scheduling orders that will result in these cases progressing to adjudication beginning about the middle of 2012. In addition, a dozen new lawsuits were filed in the second half of 2011 for tax year 2010. These cases are also moving toward adjudication in 2012 and 2013. Appeals by the losing party are likely in many of these cases. The city estimates that up to \$7.3 million of property taxes are being disputed.

William Avery, et al. v. City of Milwaukee, et al. In this 2011 civil rights action, the plaintiffs claim that William Avery was wrongly convicted in 2005 of the 1998 murder of a woman. Avery spent six years in prison until DNA testing in 2010 linked the murder victim to another individual who has been convicted of murdering a number of other women. Avery claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and coerced false statements from witnesses. Avery also claims that supervisors in the police department permitted such alleged misconduct to occur as a matter of practice. The parties are in the early stages of discovery in the matter. The defendants plan to file a dispositive motion asking the court to dismiss the action.

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

LEGAL OPINIONS

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

RATINGS

As of the date of this Offering Memorandum, the following ratings have been assigned to the Notes:

Rating Agency

- [] Fitch Ratings
- [] Moody's Investors Service, Inc.
- [] Standard & Poor's Ratings Services

Generally, a rating addresses the likelihood of full and timely payment of principal and interest and does not address the remoteness of an extension of the maturity date. The ratings, when issued, reflect only the views of the respective rating service. Any explanation of the significance of a rating on the Notes may only be obtained from the rating service giving the rating. No one can offer any assurance that a rating will be maintained for any period of time; a rating service may lower or withdraw the rating if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Notes.

TAX MATTERS

[to be inserted]

CONTINUING DISCLOSURE

In order to assist the Dealers in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Commission”), pursuant to the Securities Exchange Act of 1934 (the “Rule”), the City shall covenant pursuant to a resolution adopted by the [Governing Body] [what Governing Body? Not a defined term; REPLACE with Common Council?] of the City to enter into an undertaking (the “Undertaking”) for the benefit of holders including beneficial holders of the Notes to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the “MSRB”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The MSRB has designated its Electronic Municipal Market Access (“EMMA”) system as the system to be used for continuing disclosures to investors. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the initial Series of Notes are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C. The City intends to fully comply with the Undertaking relating to the Notes.

Continuing disclosure undertakings entered into prior to August of 2003 required that the City provide Annual Financial Information (AFI) within six months of the end of each fiscal year. Each of the City’s continuing disclosure undertakings since August of 2003 have required filing AFI within nine months of the end of the fiscal year. While the City has consistently filed AFI within nine months, it has not proven feasible to do so within six months. In each of the last five years, AFI was not available within the six-month requirement and the City filed notices to that effect as required under the pre-August 2003 continuing disclosure undertakings. In the future, the City anticipates continuing to file AFI subsequent to the six month deadline and expects to file required notices of failure to file AFI before June 30 of each year. The City has complied in all material respects with all continuing disclosure undertakings entered into since August of 2003.

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

FINANCIAL ADVISOR

Robert W. Baird & Co. has been retained as Financial Advisor to the City in connection with the issuance of the Notes.

DEALERS

The City has appointed Merrill Lynch, Pierce, Fenner & Smith Incorporated (an indirect wholly-owned subsidiary of the Bank of America Corporation), Morgan Stanley & Co. LLC and Loop Capital Markets, LLC (the “Dealers”) to serve as dealers for the Notes. Under Dealer Agreements, dated as of [], 2012, by and between the City and each Dealer, the Dealers have no commitment to purchase any of the Notes, but are obligated only to use best efforts as agents of the City to solicit and arrange sales of the Notes on behalf of the City. Inquiries to the Dealers may be directed to the following:

<i>Contact:</i>	Merrill Lynch, Pierce, Fenner & Smith Incorporated c/o Bank of America Merrill Lynch Attn: Municipal Money Markets	Morgan Stanley & Co. LLC Attn: William Mack	Loop Capital Markets, LLC Attn: Clarence Bourne
<i>Address:</i>	One Bryant Place, FLR 9 New York, NY 10036	440 S. LaSalle Street, 37 th Floor Chicago, IL 60606	200 W. Jackson Street Chicago, IL 60606
<i>Phone:</i>	(212) 449-5544	(312) 291-5753	(312) 356-5009
<i>E-Mail:</i>	dg.temm@baml.com	William.mack@morganstanley.com	clarenceb@loopcap.com

REPRESENTATIONS OF THE CITY

To the best of its knowledge, the information in this Offering Memorandum 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 AND DOCUMENTS INCORPORATED BY REFERENCE

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

Michael J. Daun, Deputy City Comptroller
City of Milwaukee, Public Debt Commission
City Hall, Room 404
200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-3321

/s/

Michael J. Daun
Deputy City Comptroller and Secretary
City of Milwaukee, Wisconsin

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{PLACEHOLDER}

APPENDIX A

**Audited Annual Financial Report of
the City of Milwaukee, Wisconsin
for the Year Ended December 31, 2010**

Selected Sections

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

www.milwaukee.gov

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APPENDIX B

Form of Legal Opinions

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APPENDIX C

Master Continuing Disclosure Certificate

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APPENDIX D

[Summary of] [or Form of] Indenture