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**MODE ADDENDUM  
FLOATING RATE BONDS  
(FRN RATE MODE)**

**FOR THE  
TRUST INDENTURE**

**by and between**

**CITY OF MILWAUKEE**

**and**

**U.S. BANK NATIONAL ASSOCIATION,**

**as trustee**

**dated as of July 1, 2012**

**Relating To**

**CITY OF MILWAUKEE  
GENERAL OBLIGATION CORPORATE PURPOSE  
EXTENDABLE VARIABLE RATE BONDS  
SERIES 2012 F9**

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**MODE ADDENDUM**  
**FLOATING RATE BONDS**  
**(FRN RATE MODE)**

**THIS MODE ADDENDUM FLOATING RATE BONDS (FRN RATE MODE)**, dated as of July 1, 2012 (this “FRN Rate Mode Addendum”), is between the **CITY OF MILWAUKEE** (the “City”), a municipal corporation of the State of Wisconsin, and **U.S. BANK NATIONAL ASSOCIATION** (the “Trustee”), a national banking association, supplementing and amending the Trust Indenture dated as of July 1, 2012 (the “Original Indenture”) between the City and the Trustee,

**WITNESSETH:**

**WHEREAS**, the Indenture permits the creation of a Mode by a Mode Addendum; and

**WHEREAS**, the City desires to permit Bonds to be issued in as Floating Rate Bonds in the FRN Rate Mode (the “FRN Rate Mode”); and

**WHEREAS**, the execution and delivery of this FRN Rate Mode Addendum has in all respects been duly authorized.

**NOW, THEREFORE**, IT IS HEREBY COVENANTED AND AGREED in this FRN Rate Mode Addendum, by and among the City, the Trustee and the Owners of the Bonds from time to time, that the terms and conditions upon which the Bonds are in the FRN Rate Mode to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become the Owners thereof, and the trusts and conditions upon which the moneys and securities hereby pledged are to be held and disposed of, which trusts and conditions the Trustee hereby accepts, are as follows:

**ARTICLE I**

**DEFINITIONS AND CONSTRUCTION**

**Section 1.1 Definitions.** The terms used in this FRN Rate Mode Addendum and not otherwise defined herein, shall, except as otherwise stated herein, have the meaning assigned to them in the Original Indenture. Additionally, the following terms shall, for all purposes of this FRN Rate Mode Addendum, have the following meanings unless a different meaning clearly appears from the context:

“*Bond*” solely for purposes of this Addendum and unless the context dictates otherwise, Bond shall mean a bond in FRN Rate Mode, and not any other bond outstanding under the Original Indenture.

“*Extension Rate*” means with respect to a Series of Bonds, the rate established pursuant to Section 2.3(c) hereof during the period from and including the Initial Tender Date to but excluding the Secondary FRN Rate Tender Date.

“*Final Mandatory Purchase Date*” means the Secondary FRN Rate Tender Date.

“*FRN Rate*” means a variable interest rate for a Series of Bonds established in accordance with Section 2.3 hereof.

“*FRN Rate Mode*” means the Mode during which the Bonds or a Series of Bonds bear interest at an FRN Rate.

“*FRN Rate Mode Conversion Date*” means the date a Series of Bonds begins to bear interest for a FRN Rate Mode.

“*FRN Rate Bond*” means a Bond in the FRN Rate Mode.

“*FRN Rate Period*” means with respect to each Bond of a Series in the FRN Rate Mode, the period specified in Section 2.3.

“*Initial FRN Rate*” means (i) with respect to a Series of Bonds during the initial FRN Rate Mode for such Series of Bonds commencing on the Date of Issuance, the rate established pursuant to Section 2.9(B) of the Original Indenture and (ii) with respect to a Series of Bonds converted to a FRN Rate Mode after the Date of Issuance, the rate established pursuant to Section 2.3(c) hereof during the period from and including the FRN Rate Mode Conversion Date to but excluding the Initial Tender Date.

“*Initial FRN Rate Mode Spread*” means (1) with respect to each Series of Bonds during the initial FRN Rate Mode for such Series of Bonds commencing on the Date of Issuance, the Initial FRN Rate Mode Spread designated for such Series of Bonds in Section 2.9 of the Original Indenture, and (2) with respect to any Series of Bonds converted to a FRN Rate Mode (including a Series of Bonds converted from one FRN Rate Mode to another FRN Rate Mode) the spread (expressed as number of basis points to be added to the SIFMA Rate) determined by the Remarketing Agent as of the Spread Determination Date for such Series of Bonds to be effective from and including the FRN Rate Mode Conversion Date for such Series of Bonds to but excluding the Initial Tender Date for such Series of Bonds, as provided in Section 2.9(B) of the Original Indenture.

“*Initial Tender Date*” means (1) with respect to each Series of Bonds during the initial FRN Rate Mode for such Series of Bonds commencing on the Date of Issuance, the Initial Tender Date designated for such Series of Bonds in Section 2.9 of the Original Indenture, and (2) with respect to any Series of Bonds converted to a FRN Rate Mode after the Date of Issuance (including a Series of Bonds converted from one FRN Rate Mode to another FRN Rate Mode), the date so specified by the City pursuant to Section 2.3.

“*Interest Payment Date*” means each date on which interest is to be paid and is the first Business Day of each month.

“*Issuer Mandatory Purchase Date*” means a Business Day selected by the City by notice to the Trustee, which day shall be no earlier than the 30<sup>th</sup> day following the date such notice was given from the City to the Trustee, provided that such day shall not constitute an Issuer Mandatory Purchase Date if on such Business Day the City has not provided or caused to be provided to the Trustee funds for the purchase of the Bonds.

“*Mandatory Purchase Date*” means a Secondary FRN Rate Tender Date, an Issuer Mandatory Purchase Date or any Mode Change Date.

“*Rate Determination Date*” means any date on which the interest rate on Bonds shall be determined, which, in the case of the initial conversion to the FRN Rate Mode, shall be no later than the Mode Change Date, and thereafter, shall be each Wednesday or, if Wednesday is not a Business Day, then the Business Day next following such Wednesday.

“*Record Date*” means the last Business Day before an Interest Payment Date.

“*Secondary FRN Rate Mode Spread*” means (1) with respect to each Series of Bonds during the initial FRN Rate Mode for such Series of Bonds commencing on the Date of Issuance, the Secondary FRN Rate Mode Spread designated for such Series of Bonds in Section 2.9 of the Original Indenture, and (2) with respect to any Series of Bonds converted to a FRN Rate Mode after the Date of Issuance (including a Series of Bonds converted from one FRN Rate Mode to another FRN Rate Mode), the spread determined by the Remarketing Agent pursuant to Section 2.4 hereof:

“*Secondary FRN Rate Tender Date*” means (1) with respect to each Series of Bonds during the initial FRN Rate Mode for such Series of Bonds commencing on the Date of Issuance, the Secondary FRN Rate Tender Date designated for such Series of Bonds in Section 2.9, and (2) with respect to any Series of Bonds converted to a FRN Rate Mode after the Date of Issuance (including a Series of Bonds converted from one FRN Rate Mode to another FRN Rate Mode), the date so specified by the City pursuant to Section 2.4(a)(ii), which shall be the Business Day immediately following the last day of such FRN Rate Mode.

“*Spread Determination Date*” means in the case of a conversion of a Series of Bonds to the FRN Rate Mode, the date on which the Initial FRN Rate Mode Spread and the Secondary FRN Rate Mode Spread shall be determined for such Series of Bonds, which shall be a date determined by the City and be at least one Business Day prior to the FRN Rate Mode Conversion Date.

**Section 1.2 Miscellaneous Definitions.** As used herein, and unless the context shall otherwise indicate, the words “Bond,” “Owner,” and “Person” shall include the plural as well as the singular number.

As used herein, the terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this FRN Rate Mode Addendum.

Unless otherwise provided herein, all references to a particular time are to New York City Time.

Unless the context shall otherwise indicate, references herein to articles, sections, subsections, clauses, paragraphs and other subdivisions refer to the designated articles, sections, subsections, clauses, paragraphs and other subdivisions of this FRN Rate Mode Addendum as originally executed.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

#### **Section 2.1 Authorization and Issuance of FRN Rate Bonds.**

The Bonds in FRN Rate Mode shall be issuable substantially in the form attached as *Exhibit A* hereto, with such appropriate variations, omissions and insertions as are permitted or required by this FRN Rate Mode Addendum or the Original Indenture.

#### **Section 2.2 Calculation and Payment of Interest; Maximum Rate.**

(a) Interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed.

(b) The FRN Rate Mode shall be deemed a Short-Term Mode under the Original Indenture.

(c) Notwithstanding any provision to the contrary herein, no Bond shall bear interest at an interest rate higher than the Maximum Rate.

#### **Section 2.3 Determination of Interest Rates.**

(a) During each FRN Rate Mode for a Series of Bonds, the Bonds of that Series shall bear interest at the FRN Rate. The FRN Rate shall be a per annum rate equal to (1) for the period from and including the FRN Rate Mode Conversion Date to but excluding the Initial Tender Date, the Initial FRN Rate; (2) for the period from and including the Initial Tender Date to but excluding the Secondary FRN Rate Tender Date, the Extension Rate; and (3) thereafter at the Maximum Interest Rate.

(b) The Initial FRN Rate Mode Tender Spread and the Secondary FRN Rate Mode Spread shall remain in effect for the duration of the FRN Rate Mode applicable to such Series of Bonds. The Initial FRN Rate Mode Spread established by the Remarketing Agent in the case of any such conversion shall be the minimum Initial FRN Rate Mode Spread that would enable the Remarketing Agent to sell the Bonds of that Series on the Spread Determination Date at a price (without regard to accrued interest) equal to the principal amount thereof.

(c) The FRN Rate for the period from and including the FRN Rate Conversion Date to but excluding the Initial Tender Date (the "Initial FRN Rate") shall be the lesser of (i) the rate determined by the Calculation Agent on each Rate Determination Date by applying the SIFMA Rate, as determined on such Rate Determination Date, and then adding the Initial FRN Rate Mode Tender Spread to such SIFMA Rate; or (ii) the Maximum Rate. The FRN Rate for the

period from and including the Initial Tender Date to but not including the Secondary FRN Rate Tender Date (the “Extension Rate”) shall be the lesser of (i) the rate determined by the Calculation Agent on each Rate Determination Date by applying the SIFMA Rate as determined on such Rate Determination Date, and then adding the Secondary FRN Rate Mode Spread to such SIFMA Rate and (ii) the Maximum Rate. The interest accruing during each FRN Interest Period shall be the outstanding principal amount of Bonds of the applicable Series on the last day of such Interest Period multiplied by the FRN Rate for such Interest Period multiplied by the quotient of number of days in such Interest Period, divided by 365/366, as appropriate. The Calculation Agent shall furnish each FRN Rate so determined to the Trustee and the City by Immediate Notice no later than the Business Day next succeeding the Rate Determination Date.

(d) The initial FRN Interest Period for each FRN Rate Mode shall be the period commencing on the first day of such FRN Rate Mode and ending on and including the next succeeding Wednesday. Thereafter, each Interest Period shall be the period commencing on and including Thursday and ending on and including the next succeeding Wednesday, unless such FRN Rate Mode ends on a day other than Wednesday, in which event the last Interest Period for such FRN Rate Mode shall be the period commencing on and including the Thursday preceding the last day of such Interest Period and ending on and including the last day of such FRN Rate Mode.

(e) All percentages resulting from any step in the calculation of interest on such Bonds while in a FRN Rate Mode will be rounded, if necessary, to the nearest ten-thousandth of a percentage point (i.e., to five decimal places) with five hundred thousandths of a percentage point rounded upward, and all dollar amounts used in or resulting from such calculation of interest on such Bonds while in a FRN Rate Mode will be rounded to the nearest cent (with one-half cent being rounded upward).

**Section 2.4 Changes in Mode.** Prior to the Conversion Date, subject to the provisions of this Section, the City may effect a change in Mode with respect to all or a portion of the Bonds in the FRN Rate Mode. The City may elect to convert such Series of Bonds to a New Mode on any date on which such Series of Bonds is subject to optional redemption pursuant to Section 2.5 or the last Interest Payment Date of the current FRN Rate Period.

(a) Changes to Modes Other Than Fixed Rate Mode. All or a portion of the Bonds may be changed from FRN Rate Mode to another Mode as follows:

(i) Mode Change Notice; Notice to Owners. Notice of the proposed change in Mode shall be given by the Trustee to the Owners of the applicable Bonds as provided for in Section 3.5(a)(i) the Original Indenture; however, the notices described in Section 3.5(a)(i) of the Original Indenture shall not be required for Bonds bearing interest after the Initial Tender Date.

(ii) Determination of Interest Rates. When remarketing within or converting to FRN Rate Mode, the new Mode shall commence on the Mode Change Date. The City shall specify the Initial SIFMA Index Tender Date, and the Secondary SIFMA Index Tender Date for such Bonds. The Initial SIFMA Index Tender Date and the Secondary SIFMA Index Tender Date may, but need not, be the same date. The Initial FRN Rate

Mode Tender Spread and the Secondary FRN Rate Mode Spread for such Bonds shall be determined by the Remarketing Agent on the Spread Determination Date for such Bonds, and shall remain in effect for the duration of the FRN Rate Mode applicable to such Bonds. The Initial SIFMA Index Spread and Secondary FRN Rate Mode Spread established by the Remarketing Agent in the case of any such conversion shall be the minimum Initial SIFMA Index Spread and Secondary FRN Rate Mode Spread that would enable the Remarketing Agent to sell the Bonds on the Spread Determination Date at a price (without regarding accrued interest) equal to the principal amount thereof.

(iii) Conditions Precedent. The City shall have specified the Initial Tender Date and the Secondary FRN Rate Tender Date, and all conditions set forth in section 3.5(a)(iii) of the Original Indenture shall have been satisfied.

**Section 2.5 Optional Redemption and Purchase in Lieu of Redemption of Bonds in the FRN Rate Mode.** Bonds in the FRN Rate Mode are subject to optional redemption or mandatory purchase in lieu of redemption by the City, in whole or in part, in Authorized Denominations on any Business Day beginning six months prior to the Initial Tender Date applicable to such Bonds at a Redemption Price or Purchase Price of par plus accrued interest to the Redemption Date or Purchase Date in the manner set forth in Section 3.6 of the Original Indenture.

**Section 2.6 Tender for Purchase on Initial Tender Date.** (A) The Bonds in the FRN Rate Mode shall be subject to mandatory tender for purchase on the Initial Tender Date at the Purchase Price solely from proceeds derived from the successful remarketing of the Bonds. The Purchase Price is payable by wire transfer in immediately available funds, solely from moneys on deposit in the Remarketing Proceeds Account derived from the successful remarketing of such Bonds. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the Bonds subject to mandatory purchase no less than ten (10) days prior to the Initial Tender Date. The notice shall state the Initial Tender Date, the Purchase Price and that interest on the Bond subject to mandatory purchase shall cease to accrue from and after the Initial Tender Date if the Purchase Price of Bonds has been paid. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

(B) If the Bonds of any Series in a FRN Rate Mode and subject to mandatory tender for purchase pursuant to subsection (A) of this Section have not been successfully remarketed by the Initial Tender Date, the Trustee shall give written notice to the City and the Holders of all Bonds of such Series on the Business Day immediately succeeding the Initial Tender Date. The notice shall state (1) that the Bonds of such Series have not been successfully remarketed on the Initial Tender Date, (2) that commencing on the Initial Tender Date, the Bonds of such Series will bear interest at a rate per annum equal to the sum of the SIFMA Rate and the Secondary FRN Rate Mode Spread, (3) the amount of the Secondary FRN Rate Mode Spread (4) that the Bonds of such Series shall be subject to mandatory tender for purchase on the Secondary FRN Rate Tender Date unless the Bonds of such Series are converted to another Mode or redeemed on or prior to the Secondary FRN Rate Tender Date, (5) the Secondary FRN Rate Tender Date, and (6) that an Additional Event of Default will exist on the Secondary FRN Rate Tender Date if the



Purchase Price of such Bonds is not paid on the such date (unless the Bonds have been converted to another Mode or redeemed prior to the Secondary FRN Rate Tender Date).

**Section 2.7 Mandatory Tender for Purchase on Secondary FRN Rate Tender Date.** During any FRN Rate Mode, the Bonds of such Series shall be subject to mandatory tender for purchase on the Secondary FRN Rate Tender Date at the Purchase Price, payable by wire transfer in immediately available funds. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the Bonds subject to mandatory purchase no less than ten (10) days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on the Bond subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date if the Purchase Price of Bonds has been paid. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

**Section 2.8 Remarketing of Bonds; Notices.** At least 90 days prior to an Initial Tender Date, the City shall begin the process of remarketing the Bonds subject to purchase on that Initial Tender Date, or otherwise provide for mode change, refinancing, or redemption of the Bonds. The Bonds may remain in the FRN Rate Mode with such Initial Tender Date and Secondary FRN Rate Tender Date as specified by the City, and shall be remarketed pursuant to Section 2.4(a)(ii) hereof.

### ARTICLE III

#### MISCELLANEOUS

**Section 3.1 Construction.** This FRN Rate Mode Addendum shall be construed in accordance with the provisions of Wisconsin law.

**Section 3.2 Headings Not a Part of this Addendum.** Any headings preceding the texts of the several Articles and Sections hereof, and any Table of Contents appended to copies hereof, are solely for convenience of reference and do not constitute a part of this FRN Rate Mode Addendum, nor do they affect its meaning, construction or effect.

**Section 3.3 Multiple Counterparts.** This FRN Rate Mode Addendum may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and all such counterparts shall constitute but one and the same instrument.

**Section 3.4 Effectiveness.** This FRN Rate Mode Addendum, once executed by the parties hereto shall become effective and shall become part of the Original Indenture as if it were originally made a part thereof.

**Section 3.5 Abatement.** With respect to Section 6.6 of the Original Indenture, the City may not abate the annual levy in anticipation of remarketing Bonds in FRN Rate Mode.

[Remainder of page intentionally left blank. Signature page follows.]

**IN WITNESS WHEREOF**, the parties hereto have caused this FRN Rate Mode Addendum to be duly executed, all as of the day and year first above written.

**CITY OF MILWAUKEE**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

COUNTERSIGNED:

\_\_\_\_\_  
Comptroller

Approved as to  
form, content, and execution this  
\_\_\_\_\_ day of \_\_\_\_\_, 2012

\_\_\_\_\_  
City Attorney

**U.S. BANK NATIONAL ASSOCIATION,**  
as trustee

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**  
**FORM OF BOND**