

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

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 21, 2014**

**NEW ISSUES  
BOOK ENTRY ONLY**

**RATINGS:**  
R1 Notes:  
N2 Notes and B3 Bonds:  
(See "**Ratings**" herein.)

**Moody's**  
"\_\_\_\_"  
"\_\_\_\_"

**Standard & Poor's**  
"\_\_\_\_"  
"\_\_\_\_"

*In the opinion of Katten Muchin Rosenman LLP, and of Hurtado Zimmerman SC, Bond Counsel, in connection with the issuance of the General Obligation Cash Flow Promissory Notes, Series 2014 R1, the General Obligation Promissory Notes, Series 2014 N2, and the General Obligation Corporate Purpose Bonds, Series 2014 B3 (collectively, the "Offered Obligations") under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Offered Obligations will not be includable in gross income for federal income tax purposes. The Offered Obligations are not "private activity bonds" and the interest thereon is not required to be included as an item of tax preference for purposes of computing individual or corporate "alternative minimum taxable income." However, interest on the Offered Obligations is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Offered Obligations is not exempt from Wisconsin income taxes.*



**CITY OF MILWAUKEE, WISCONSIN**  
**\$110,000,000 General Obligation Cash Flow Promissory Notes, Series 2014 R1**  
**\$85,870,000\* General Obligation Promissory Notes, Series 2014 N2**  
**\$21,500,000\* General Obligation Corporate Purpose Bonds, Series 2014 B3**

**Dated:** May 16, 2014

**Due:** As shown herein

The \$110,000,000 General Obligation Cash Flow Promissory Notes, Series 2014 R1 (the "CFNs" or "R1 Notes"), the \$85,870,000\* General Obligation Promissory Notes, Series 2014 N2 (the "N2 Notes") and the \$21,500,000\* General Obligation Corporate Purpose Bonds, Series 2014 B3 (the "B3 Bonds") (the R1 Notes, N2 Notes and B3 Bonds, collectively, the "Offered Obligations") are direct general obligations of the City of Milwaukee, Wisconsin (the "City"), payable from taxes levied on all taxable property within the City, subject to taxation by the City, without limitation as to rate or amount.

The CFNs will be dated May 16, 2014 (the "Dated Date"), and will be payable on December 23, 2014. The CFNs are being issued for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State of Wisconsin (the "State") shared revenue payments. Interest on the CFNs shall be payable at maturity. The CFNs are not subject to optional redemption prior to maturity.

The N2 Notes and B3 Bonds will be dated the Dated Date, will bear interest payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2014 at the rates, and will mature on April 1, in the years and amounts, as detailed herein. The N2 Notes and B3 Bonds are being issued for the purpose of financing various public improvements and fiscal requirements of the City, and for the purpose of refunding outstanding commercial paper of the City. The N2 Notes are not subject to optional redemption. The B3 Bonds are subject to optional redemption on any date on or after April 1, 2024 as described herein.

The Offered Obligations are offered for sale by competitive bid in accordance with the Official Notices of Sale dated April 21, 2014 and other conditions specified in the Official Notices of Sale. The Offered Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and of Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City. It is expected that the Offered Obligations will be delivered through the facilities of the Depository Trust Company ("DTC"), New York, New York on or about May 16, 2014.

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

**For Further Information Contact:**

Martin Matson, Comptroller and Secretary to Public Debt Commission  
City Hall, Room 404, 200 East Wells Street - Milwaukee, WI 53202 - Phone (414) 286-3321

**ELECTRONIC BIDS WILL BE RECEIVED ON THURSDAY, MAY 1, 2014 UNTIL  
9:45 A.M. (CENTRAL TIME) FOR THE R1 NOTES  
10:15 A.M. (CENTRAL TIME) FOR THE N2 NOTES AND THE B3 BONDS**

\*Preliminary, subject to change in accordance with the Official Notice of Sale.

## MATURITY SCHEDULES

### **\$110,000,000 GENERAL OBLIGATION CASH FLOW PROMISSORY NOTES, SERIES 2014 R1**

The R1 Notes will be dated the Dated Date, and will mature on December 23, 2014 without the option of prior redemption. Interest will be payable at maturity, at the rate or rates shown below.

Amount	Interest Rate	Yield	CUSIP (1) Base 602366
\$110,000,000			

### **\$85,870,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2014 N2**

The N2 Notes will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2014 and will mature on April 1 in the years and in the amounts shown below. The N2 Notes are **not** subject to optional redemption.

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP (1) Base 602366
2015	\$26,225,000			
2016	12,705,000			
2017	7,175,000			
2018	6,710,000			
2019	6,375,000			
2020	6,220,000			
2021	5,115,000			
2022	5,115,000			
2023	5,115,000			
2024	5,115,000			

\*Preliminary, subject to change.

### **\$21,500,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2014 B3**

The B3 Bonds will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2014 and will mature on April 1 in the years and in the amounts shown below. The B3 Bonds are subject to optional redemption on any date on or after April 1, 2024, as provided herein.

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP (1) Base 602366
2025	\$4,300,000			
2026	4,300,000			
2027	4,300,000			
2028	4,300,000			
2029	4,300,000			

\* Preliminary, subject to change.

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

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

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## INTRODUCTION TO THE OFFICIAL STATEMENT

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

\$110,000,000 General Obligation Cash Flow Promissory Notes, Series 2014 R1 (the “CFNs” or “R1 Notes”)

\$85,870,000\* General Obligation Promissory Notes, Series 2014 N2 (the “N2 Notes”)

\$21,500,000\* General Obligation Corporate Purpose Bonds, Series 2014 B3 (the “B3 Bonds”)

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

### Summary Statement – CFNs

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$110,000,000 General Obligation Cash Flow Promissory Notes, Series 2014 R1
Dated Date:	May 16, 2014.
Maturity:	December 23, 2014
Principal:	\$110,000,000
Interest Payment Date:	Payable at maturity. Interest is calculated on the basis of 30-day months and a 360-day year (term of 217 days assuming a May 16, 2014 delivery date).
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The CFNs are issued for the purpose of financing the City’s operating budget on an interim basis in anticipation of the receipt of State shared revenue payments (“State Aid Payments”).
Security:	Principal and interest on the CFNs will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City. The City has also pledged and will irrevocably segregate upon receipt, State Aid Payments in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the CFNs. The City has also pledged all other general fund revenues included in the budget for the current calendar year which are due the City, which have not been received as of the date of delivery of the Notes and which are not otherwise pledged or assigned. (See “ <b>The CFNs – Security for the CFNs</b> ” herein).
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the CFNs in accordance with the provisions of Chapters 65 and 67, including particularly Section 67.12(12) of the Wisconsin Statutes.

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\* Preliminary, subject to change.

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

Tax Status of Interest: Bond Counsel are of the opinion that under existing law, interest on the CFNs is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”), Bond Counsel are of the opinion that interest on the CFNs will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the CFNs is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the CFNs is not exempt from Wisconsin income taxes. (See “**TAX MATTERS**” herein).

Redemption Feature: The CFNs are not subject to redemption prior to maturity.

Official Statement: The City will provide the original purchaser of the CFNs with an electronic copy and up to 100 copies of this Official Statement within seven business days following the award of the CFNs.

Professionals: Bond Counsel: Katten Muchin Rosenman LLP  
Chicago, Illinois  
Hurtado Zimmerman SC  
Wauwatosa, Wisconsin  
Financial Advisor: Public Financial Management, Inc.  
Milwaukee, Wisconsin  
Paying Agent: City of Milwaukee, Comptroller’s Office  
Milwaukee, Wisconsin

Record Date: December 15, 2014.

Delivery: Delivery of the CFNs will be on or about May 16, 2014 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering price(s) or yield(s) of the CFNs will be set forth on the inside front cover page of the Final Official Statement.

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

## Summary Statement – N2 Notes

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$85,870,000* General Obligation Promissory Notes, Series 2014 N2
Dated Date:	May 16, 2014.
Principal Due Date:	April 1 of the years 2015 through 2024.
Interest Payment Date:	Interest on the N2 Notes is due each April 1 and October 1 commencing October 1, 2014. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The N2 Notes are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects and fiscal requirements of the City.
Security:	Principal and interest on the N2 Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the N2 Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The N2 Notes will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the Notes. (See “ <b>BOOK-ENTRY-ONLY SYSTEM</b> ” herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), Bond Counsel are of the opinion that interest on the N2 Notes will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the N2 Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income, but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the N2 Notes is not exempt from Wisconsin income taxes. (See “ <b>TAX MATTERS</b> ” herein).
Redemption Feature:	The N2 Notes are <b>not</b> subject to redemption prior to maturity. (See “ <b>Redemption Provisions</b> ” herein.)
Official Statement:	The City will provide the original purchaser of the N2 Notes and B3 Bonds with an electronic copy and up to 100 copies of this Official Statement within seven business days following the award of the N2 Notes.

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\* Preliminary, subject to change.





## Summary Statement – B3 Bonds

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$21,500,000* General Obligation Corporate Purpose Bonds, Series 2014 B3
Dated Date:	May 16, 2014.
Principal Due Dates:	April 1 of the years 2025 through 2029.
Interest Payment Dates:	Interest on the B3 Bonds is due each April 1 and October 1 commencing October 1, 2014. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The B3 Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the B3 Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The B3 Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the B3 Bonds. (See “ <b>BOOK-ENTRY-ONLY SYSTEM</b> ” herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the B3 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “ <i>Code</i> ”), Bond Counsel are of the opinion that interest on the B3 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the B3 Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the B3 Bonds is not exempt from Wisconsin income taxes. (See “ <b>TAX MATTERS</b> ” herein).
Redemption Feature:	The B3 Bonds are subject to optional redemption on any date on or after April 1, 2024. (See “ <b>Redemption Provisions</b> ” herein.)

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\* Preliminary, subject to change.

Official Statement: The City will provide the original purchaser of the N2 Notes and B3 Bonds with an electronic copy and up to 100 copies of this Official Statement within seven business days following the award of the B3 Bonds.

Professionals: Bond Counsel: Katten Muchin Rosenman LLP  
Chicago, Illinois  
Hurtado Zimmerman SC  
Wauwatosa, Wisconsin

Financial Advisor: Public Financial Management, Inc.  
Milwaukee, Wisconsin

Paying Agent: City of Milwaukee, Comptroller's Office  
Milwaukee, Wisconsin

Record Date: March 15 and September 15 (whether or not a business day).

Delivery: Delivery of the B3 Bonds will be on or about May 16, 2014 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering price(s) or yield(s) of the B3 Bonds will be set forth on the inside front cover page of the Final Official Statement.

Continuing Disclosure Certificate: In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the B3 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See "CONTINUING DISCLOSURE" herein).

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## **THE CFNs**

### **Authority and Purpose**

The Common Council of the City has authorized the issuance and sale of the CFNs for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments, by the adoption of an authorizing Resolution on January 22, 2014 in accordance with the provisions of Section 67.12(12) of the Wisconsin Statutes.

### **Security for the CFNs**

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

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

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

The City also has pledged, and will irrevocably segregate upon receipt, State Aid Payments due in November, 2014 in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the CFNs. The City has also pledged other General Fund Revenues included in the budget for the current calendar year which are due to the City, but which have not been received as of the date of delivery of the CFNs.

### **Statutory Borrowing Limitation**

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

## **THE N2 NOTES AND B3 BONDS**

### **Authority and Purpose**

The N2 Notes and B3 Bonds are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance various public improvement projects, and fiscal requirements of the City, to refund outstanding commercial paper of the City and to pay the associated financing costs. The Common Council of the City adopted Resolutions on January 16, 2009, January 20, 2010, January 19, 2011, December 20, 2011, February 5, 2013, April 9, 2013 and January 22, 2014 which authorize the issuance of the N2 Notes and B3 Bonds. In addition, various initial Resolutions have been adopted authorizing purposes for the B3 Bonds that have been combined into the corporate purpose bond issues.

Proceeds of the sale of the N2 Notes and B3 Bonds are anticipated to be used for various public improvements of the City as follows:

Estimated Purposes (including commercial paper to be refunded)*	
Streets .....	\$ 37,740,000
Bridges.....	9,915,000
Equipment.....	7,695,000
Fire.....	7,245,000
Tax Incremental Districts .....	4,000,000
Police .....	3,585,000
Parking.....	1,800,000
Buildings.....	1,575,000
Renewal and Development .....	1,350,000
Library .....	1,110,000
Parks .....	455,000
Port.....	180,000
Financing Receivables .....	30,720,000
	<hr/>
Total.....	\$107,370,000
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\* Preliminary, subject to change. The purposes shown in the table reflect the refunding of \$48,000,000 of Commercial Paper.

### Security for the N2 Notes and B3 Bonds

The N2 Notes and B3 Bonds will be general obligations of the City, and payment thereof is secured by a pledge of the full faith and credit of the City. The City is authorized and required to levy on all taxable property in the City such ad-valorem taxes, without limitation as to rate or amount, as may be necessary to meet the debt service requirements on the N2 Notes and B3 Bonds.

Under and by virtue of Sections 67.05(10) and 67.12(12)(ee), Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay, and for the express purpose of paying, the interest on the N2 Notes and B3 Bonds as it falls due, and also to pay and discharge the principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

Under Section 67.035, Wisconsin Statutes, all taxes levied for paying principal and interest on valid notes or N2 Notes and B3 Bonds are declared to be without limitation. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

### Maturity and Interest Rates

The N2 Notes and B3 Bonds are to be dated May 16, 2014, and will bear interest from that date at the rates, and shall mature each April 1 in the amounts and on the dates as set forth on the inside front cover pages of this Preliminary Official Statement. Interest on the N2 Notes and B3 Bonds will be payable commencing October 1, 2014 and thereafter semiannually on April 1 and October 1 of each year and is calculated on the basis of 30-day months and a 360-day year.

## Redemption Provisions

The N2 Notes are **not** subject to call and redemption prior to maturity. The B3 Bonds will be subject to redemption prior to their maturity, at the option of the City, on any date on or after April 1, 2024 at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding B3 Bonds are called for redemption, the B3 Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the B3 Bonds of the same maturity are called for redemption, the particular B3 Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any B3 Bonds to be redeemed in whose name such B3 Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15<sup>th</sup> calendar day (whether or not a business day) prior to the redemption date. While in Book Entry Form, as the Registered Owner, DTC will receive the Redemption Notice. The City is not responsible for DTC's notification of redemption to Participants and Beneficial Owners.

## Statutory Borrowing Limitation

Wisconsin Statutes limit direct general obligation debt the City may issue. The N2 Notes and B3 Bonds do not cause these limitations to be exceeded. (See **"DEBT STRUCTURE"** herein for further details).

## INVESTMENT POLICIES

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

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

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

The *LGIP* is a local option City depository. The City utilizes the *LGIP* in a manner similar to a "*money market*" account. When other investment options provide more favorable returns, such options are utilized. As of December 31, 2012, the City had approximately 16.25% (\$105,122,549) of its and Milwaukee Public Schools' 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. Given 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 596,500 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area (“MSA”) includes the principal cities of Milwaukee, Waukesha and West Allis; the counties of Milwaukee, Ozaukee, Waukesha and Washington; and has a population of nearly 1.6 million.

The Port of Milwaukee provides 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 1, 2014**  
(initial year in office follows name)

Mayor	Tom Barrett	(2004)
City Attorney	Grant F. Langley	(1984)
City Comptroller	Martin Matson	(2012)
City Treasurer	Spencer Coggs	(2012)

## 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)	Jose G. Perez	(2012)
James A. Bohl, Jr.	(2000)	Terry L. Witkowski	(2003)
Milele A. Coggs	(2008)	T. Anthony Zielinski	(2004)
Willie C. Wade	(2003)		
Robert G. Donovan	(2000)		

\* The terms of all the above elected positions expire in April 2016. There is currently one vacancy on the Common Council. An election to fill the vacancy is scheduled for April 29, 2014

## Public Services and Facilities

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

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

Two special purpose governmental units exist with the ability to borrow and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball Park District (the “*SWPBP District*”), a public entity created by State legislation, encompassing southeastern Wisconsin counties, including Milwaukee County, to finance construction/operations of a 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 the City pursuant to Section 229.42, Wisconsin Statutes, which oversees construction and operation of the Wisconsin Center, the City’s major convention complex. This complex

also includes the US Cellular Arena and the Milwaukee Theater facilities, formerly known as “MECCA.” The Wisconsin 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 Wisconsin 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 Theatre.

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

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

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. 2,700 employees are part of three public safety unions that are not required to recertify. 700 employees are in eight non-public safety unions that have recertified. 3,000 employees are not represented.

The agreements covering eight recertified non-public safety unions all expired on December 31, 2013. The agreements with the non-public safety unions that did not recertify covered approximately 2,700 employees and expired on December 31, 2011. The agreements covering the three public safety unions expired on December 31, 2012. The City is in negotiations with the public safety unions. Due to the uncertainty caused by the litigation of 2011 Wisconsin Act 10 (“Act 10”), the City is not actively negotiating with non-public safety unions.

Pursuant to Act 10, enacted by the State of Wisconsin non-public safety unions’ right to collective bargaining is limited solely to employee wages. Act 10 does not affect the ability of public safety unions to collectively bargain on most issues.

On March 30, 2012, a Federal Court declared null and void a provision of Act 10 that requires non-public safety public employee unions to hold certification elections each year. On January 18, 2013, the ruling was overturned by the United States Court of Appeals, which upheld Act 10 in its entirety. The City is not a party to the litigation, but anticipates that there will be an appeal of the ruling.

In addition to the federal action, in September, 2012, a Dane County Circuit Court overturned certain provisions of Act 10 related to city, county and school employees, including its limitations on collective bargaining. That, and other cases, are pending in State court and are in various levels of appeals. None of the cases brought to date were in circuit courts having jurisdiction over the City. It is uncertain whether any circuit court ruling related to Act 10 is binding on local units of government outside the jurisdictions in which those cases are located and as a result whether the overturned provisions of Act 10 are in effect for the City.



## GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

### General

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

#### City of Milwaukee Selected Economic Data

Year	Population		Adjusted Gross Income Per Return
	Department of Administration	U.S. Census	
2013	596,500		Not Available
2012	595,425		\$35,770
2011	595,525		34,100
2010	580,500	594,833	32,774
2009	584,000		32,500
2008	590,870		33,160
2007	590,190		33,240
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 2009 through December 2013.

### General Total

Year	Value	Permits Issued
2013	\$269,010,398	2,217
2012	254,896,334	2,297
2011	269,386,167	2,340
2010	283,026,280	2,065
2009	290,326,431	1,722

### Residential Building

Year	Single Family		Multi-Family		Total		Permits Issued
	Value	# Of Units	Value	# Of Units	Value	# Of Units	
2013	\$5,429,015	43	\$46,923,592	430	\$52,352,607	473	53
2012	4,408,472	44	30,455,000	281	34,863,472	325	60
2011	17,892,282	139	42,327,598	364	60,219,880	503	222
2010	8,400,090	84	91,179,501	726	99,579,591	810	118
2009	7,269,207	59	37,354,152	409	44,623,359	468	72

### Commercial Building

Year	Value	Permits Issued
2013	\$83,584,379	42
2012	52,952,469	51
2011	58,518,315	47
2010	53,319,884	67
2009	127,122,466	37

### Public Building

Year	Value	Permits Issued
2013	\$24,248,685	147
2012	43,046,652	211
2011	49,456,901	256
2010	22,238,704	129
2009	10,808,648	107

### Alterations and Additions

Year	Value	Permits Issued
2013	\$108,824,727	1,975
2012	124,033,741	1,975
2011	101,191,071	1,815
2010	107,888,101	1,751
2009	107,771,958	1,506

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

## Leading Business and Industrial Firms Located Within Milwaukee County

The listing of large employers in the Milwaukee County area 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. The Employment Estimates can include employees located in counties contiguous to Milwaukee County.

Company	Business Description	Approximate Employment
Aurora Health Care Inc.	Health Care System	24,462
Wheaton Franciscan Healthcare	Health Care System	11,171
Froedert & Community Health	Health Care System	8,982
Roundy's Supermarkets Inc.	Retail Supermarkets	8,400
The Medical College of Wisconsin	Private Medical School	5,417
Northwestern Mutual	Insurance, Investment Products	5,000
ProHealth Care Inc	Health Care System	4,819
Columbia St. Mary's Health System	Health Care System	4,542
Children's Hospital	Health Care System	4,447
Rockwell Automation Inc	Industrial Automation Products	4,273
Wisconsin Energy Corp	Electric & Natural Gas Utility	4,005
US Bank NA	Banking Services	3,540
BMO Harris Bank	Bank Holding Company	3,500
Goodwill Industries	Training Programs, Retail, & Food Service	3,250
Johnson Controls Inc.	Control Systems, Batteries & Auto Interiors	3,200
Marquette University	University	2,813
(FIS) Fidelity National Info. Services	Banking and Payments Technology	2,800
Harley-Davidson Inc	Motorcycles & Accessories	2,692
Potawatomi Bingo Casino	Casino	2,615
Wells Fargo	Banking & Financial Services	2,395
Bon-Ton Department Stores	Department Stores	2,200
The Marcus Corp	Theaters and Hotel Properties	2,140
Briggs & Stratton Corp	Small Gasoline Engines	2,000
Chase	Global Financial Services	1,789
Extencicare Health Services	Skilled Nursing Homes	1,750
Caterpillar Inc., (Bucyrus)	Manufactures & Distributes Mining Equip	1,600
Rexnord Corp	Power Transmission Equipment	1,600
Joy Global Inc.	Manufactures & Distributes Mining Equip	1,474
Cargill Meat Solutions	Meat Processor	1,400
Journal Communications Inc	Diversified Media Company	1,372
MillerCoors LLC	Beer Brewery	1,300
Assurant Health	Health Insurance	1,245
Robert W Baird	Asset Management and Capital Markets	1,218
Brady Corp	Manufacturer of Identification Materials	1,007
Patrick Cudahy Inc.	Manufacturer of Processed Meats	1,001

Source: *The Business Journal of Greater Milwaukee, Book of Lists as of July 19, 2013.*

## EMPLOYMENT AND INDUSTRY

During 2013, the City's unemployment rate averaged approximately 10.0%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2009 through 2013.

<b>Annual Unemployment Rates</b> (Not Seasonally Adjusted)				
Year	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
2013	10.0%	7.3%	6.7%	7.4%
2012	10.1	7.4	6.9	8.1
2011	10.9	8.0	7.5	8.9
2010	11.9	8.9	8.5	9.6
2009	11.4	8.9	8.7	9.3

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

<b>Recent Monthly Unemployment Rates</b> (Not Seasonally Adjusted)				
Month	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
January, 2014	9.3%	6.9%	6.7%	7.0%

*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. In Milwaukee County, service sector (service, finance, insurance, real estate and retail trade) employs 80% of the workforce. Construction and Manufacturing firms employ 14% 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 2013 Estimated Equalized Valuations

US Bank Corp	\$243,891,192
Northwestern Mutual Life Ins.	176,203,519
Marcus Corp/Milw City Center/Pfister	113,688,374
Mandel Group	113,530,075
Metropolitan Associates	93,710,348
411 East Wisconsin LLC	88,399,000
100 E. Wisconsin – CW Wisconsin Ave. LLC	76,288,305
Gorman & Co.	68,773,091
Towne Realty	66,367,980
Riverbend Place	58,145,660

*Source: City of Milwaukee, Assessor's Office January 2014.*

## 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)

Equalized Value of Taxable Property in the City.....	\$26,089,611,100
<b>Legal Debt Limitation for City Borrowing</b>	
5% of Equalized Value.....	1,304,480,555
General Obligation Debt Outstanding subject to 5% Limit as of 05/01/14 .....	\$797,165,000
Plus: 2014 R1, N2 and B3 .....	217,370,000
Less: Provision for current year maturities .....	(52,540,000)
Net General Obligation Debt Outstanding subject to the 5% Limit as of 05/01/14.....	\$961,995,000
Total Debt Margin for City Borrowing (in Dollars) .....	\$342,485,555
As a percentage .....	26.3%
including Extendable Municipal Commercial Paper (1).....	24.0%
including Extendable Municipal Commercial Paper (1), and excluding GO Cash Flow Notes .....	32.4%
<b>Legal Debt Limitation for School Purpose Borrowing</b>	
2% of Equalized Value.....	\$521,792,222
General Obligation Debt Outstanding subject to 2% Limit as of 05/01/14 .....	\$13,694,646
Less: Provision for current year maturities .....	-
Net General Obligation Debt Outstanding subject to the 2% Limit as of 05/01/14.....	\$13,694,646
Total Debt Margin for School Purpose Borrowing (in Dollars) .....	\$508,097,576
(As a percentage).....	97.4%

(1) Excludes EMCP to be refunded by this Issue, and EMCP issued for Cash Flow purposes.

### Debt Refunded

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

\$113,430,000 General Obligation Promissory Notes, Series 2012 N2 and \$8,455,000 General Obligation Corporate Purpose Bonds, Series 2012 B3, for the purpose of refunding portions of five general obligation issues, with a final escrow payment in 2015, with The Bank of New York Mellon Trust Company, N.A. as escrow agent.

None of the refunded debt is reflected in the “*Debt Margin*” presentation above.

**Analysis of General Obligation Debt  
Outstanding as of May 1, 2014**

Tax Increment Districts .....	\$171,161,381
Streets .....	134,833,968
Public Buildings .....	118,343,503
Schools (5% City Borrowing) .....	93,642,911
Schools (2% School Purpose Borrowing) .....	14,774,150
Municipal Expenses.....	61,900,000
Finance Real & Personal Property Tax Receivables .....	46,898,000
Bridges.....	30,141,665
Sewers .....	25,927,968
Blight Elimination/Urban Renewal .....	25,883,014
Police .....	24,336,835
Water .....	15,715,573
Fire.....	13,599,540
Library .....	12,132,800
Parking.....	10,655,509
Playground/Recreational Facilities.....	6,129,489
Harbor.....	2,493,618
Local Improvement Projects/Special Assessments .....	2,264,868
Miscellaneous .....	24,854
	<hr/>
Total.....	\$810,859,646
	<hr/> <hr/>

## General Obligation Debt Service Requirements

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

	Total G.O. Debt Service as of 5/1/14 (1)		Series 2014 N2 and B3*		Total Requirements After Issuance*
	Principal (1)	Interest (2)	Principal	Interest (3)	
2014	\$ 55,915,000	\$ 23,973,903		\$ 2,684,250	\$ 82,573,153
2015	93,968,467	35,685,418	\$ 26,225,000	4,712,875	160,591,760
2016	84,413,434	31,361,133	12,705,000	3,739,625	132,219,192
2017	75,830,239	28,248,797	7,175,000	3,242,625	114,496,660
2018	130,178,544	24,196,753	6,710,000	2,895,500	163,980,797
2019	64,061,727	21,296,005	6,375,000	2,568,375	94,301,106
2020	56,851,322	18,951,773	6,220,000	2,253,500	84,276,595
2021	47,778,148	16,440,950	5,115,000	1,970,125	71,304,223
2022	38,924,005	15,463,912	5,115,000	1,714,375	61,217,292
2023	35,348,761	13,771,580	5,115,000	1,458,625	55,693,966
2024	29,100,000	8,941,057	5,115,000	1,202,875	44,358,932
2025	25,285,000	7,810,349	4,300,000	967,500	38,362,849
2026	18,305,000	6,782,150	4,300,000	752,500	30,139,650
2027	14,595,000	5,191,869	4,300,000	537,500	24,624,369
2028	6,950,000	3,828,247	4,300,000	322,500	15,400,747
2029	860,000	3,672,009	4,300,000	107,500	8,939,509
2030	835,000	3,644,561			4,479,561
2031	370,000	3,622,815			3,992,815
2032	30,390,000	671,088			31,061,088
	<u>\$809,959,646</u>	<u>\$273,554,370</u>	<u>\$107,370,000</u>	<u>\$31,130,250</u>	<u>\$1,222,014,265</u>

(1) Assumes Sinking Fund Deposits in year due.

(2) Assumes: the maximum interest rate of 9.0% on \$30,000,000 of variable rate debt (the tax levy requirement).

(3) Assumes 5.00% interest on the debt to be issued.

\* 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
2009	\$804,474	\$293,039	\$511,435
2010	916,034	342,400	573,634
2011	934,004	373,059	560,945
2012	846,299	319,662	526,637
2013	872,014	295,522	576,492

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

**Trends of Self-Sustaining General Obligation Debt**  
(Thousands of Dollars)

Year 12/31	TID Program	Parking Program	Special Assessments	Delinquent Taxes (1)	Water (2)	Sewer (2)	Total Self-Sustaining
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
2012	189,351	11,684	9,505	56,201	18,727	34,194	319,662
2013	179,475	11,443	2,286	58,033	15,791	28,494	295,522

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) Years 2009-2012 include 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	Assessed Valuation	Total GO Debt	GO Debt/Net EV	GO Debt/AV	GO Debt/capita
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
2012	595,425	26,421,932,000	25,322,100,578	846,299,150	3.20	3.34	1,421
2013	596,500	26,089,611,100	25,034,158,099	872,014,150	3.34	3.48	1,462

- (1) Population estimate from the Wisconsin Department of Revenue for use in the distribution of State Shared Revenues.  
Note: There is a material difference in the 2010 Department of Revenue estimate and the 594,833 US Census estimate.

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
2009	\$50,444,955	2.41	\$1,291
2010	55,453,164	2.92	1,482
2011	57,046,631	3.14	1,473
2012	57,413,536	2.99	1,325
2013 (1)	57,413,536	3.12	1,366

- (1) 12/31/13 balance is unknown at this time. Assumes balance is unchanged for the year.



**Computation of Net Direct and Overlapping Debt  
May 1, 2014**

Governmental Unit	Debt Outstanding As of May 1, 2014	Percentage Applicable	Share of Debt As of May 1, 2014
City of Milwaukee (1) .....	\$ 810,859,646	100.00%	\$ 810,859,646
Area Board of Vocational, Technical and Adult Education, District No. 9 .....	84,620,000	37.16	31,441,251
County of Milwaukee .....	721,728,545	45.64	329,428,625
Milwaukee Metropolitan Sewerage District ..	970,256,497	46.56	451,772,632
<b>Total Net Direct and Overlapping Debt.....</b>	<b>\$2,587,464,688</b>		<b>\$1,623,502,154</b>

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

**Future Financing**

Prior to the issuance of the Offered Obligations, the City has \$475 million authorized unissued general obligation debt for various corporate and capital improvement purposes, which can be issued at any time. The City also has \$400 million of authorized unissued revenue anticipation borrowing for City and School cash flow purposes. In addition to the \$110 million of CFNs, the City anticipates issuing \$25 million of Extendable Municipal Commercial Paper (“EMCP”) in May, 2014 for City cash flow purposes. EMCP gives the City the ability to monitor cash flow and payoff the EMCP sooner or later than the anticipated December 23, 2014 repayment date of the CFN’s.

The City has \$77.5 million of Extendable Municipal Commercial Paper outstanding which can be refinanced with General Obligation Debt. \$48 million will be refinanced with this issue, \$29.5 million are anticipated to be permanently financed with Sewer Revenue Bonds.

In addition to refunding the Extendable Municipal Commercial Paper, the authorized unissued general obligation debt includes \$96 million for sewer purposes and \$23 million for water purposes. The sewer purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Clean Water Fund Program. The water purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Safe Drinking Water Loan Program.

The authorized, unissued general obligation debt includes \$38 million for School Purposes as Qualified School Construction Bonds.

See “**FINANCIAL INFORMATION – City Capital Improvement Plan**” herein for information on potential future capital needs.

**City Capital Improvement Plan**

The City’s 2013-2018 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, but are not included in the CIP.

The six-year CIP plan totals \$1,045 million. About \$727 million, or 70% of the planned spending, is intended to preserve the City’s existing infrastructure facilities (streets, sewers, alleys,

bridges, etc.). Approximately 57% (\$594 million) is anticipated to be borrowed with General Obligation debt, 28% (\$290 million) being borrowed with revenue debt.

Purpose	Amount (\$ Millions)
Transportation .....	\$326
Environment.....	457
Economic Development..	140
Public Safety .....	65
Miscellaneous.....	57
Total .....	\$1,045

### **Extendable Municipal Commercial Paper Program and other Liquidity**

The City has authorized the issuance of EMCP with the Extendable Municipal Commercial Paper Notes, 2012 Program, Series C6, Series R7, and Series T8 (Taxable) (the “*Series C6 Notes*”, “*Series R7 Notes*”, and “*Series T8 Notes*” respectively, and together, the “*EMCP Notes*”). Any combination of Series C6 Notes, Series R7 Notes, and Series T8 Notes, up to an aggregate total of \$200,000,000, is authorized to be outstanding at any time. The EMCP Notes are not general obligation debt of the City, however they are issued in anticipation of the issuance of general obligation promissory notes, which can be issued at any time. The EMCP Notes are authorized to be outstanding until May 22, 2017.

The EMCP Notes may be issued at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the EMCP Note program is to provide interim financing for expenditures pending the City’s next long-term financing and short-term cash flow needs. As of April 1, 2014, the City had \$77.5 of Series C6 Notes outstanding, of which \$48 million will be refinanced with the Offered Obligations.

The City has a taxable General Obligation Promissory Line of Credit Note with PNC Bank (the “*Line*”) in the amount of \$50,000,000. The Line may be drawn upon at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the Line is to provide interim financing for expenditures pending the City’s next long-term financing and short-term cash flow needs. The Line is authorized to be outstanding until April, 2023. As of April 1, 2014, no debt was outstanding under the Line.

### **Other Variable Rate Exposure**

The City has no outstanding Auction Rate securities. The City has \$30 million of multi-modal general obligation bonds (the “*MMB*”) that are authorized to be outstanding through February 15, 2032, are currently in two variable rate modes, and are anticipated to remain variable rate until redeemed. \$15 million of the MMBs are Floating Rate Notes (the “*FRN*”) tied to the SIFMA index through a January 1, 2016 mandatory purchase date. The FRNs are anticipated to be remarketed by the City on or before the mandatory purchase date. \$15 million of the MMBs are Rolling Tender Variable Rate Bonds (the “*RTV*”). The RTVs have an interest rate that is set weekly by a remarketing agent. An Owner of an RTV may tender an RTV on 7-days’ notice. If the tendered RTV is not remarketed, the tendered RTV enters a 173-day Extension period (total of 180 days from the tender date), during which time the City makes its best efforts to remarket into another mode, including fixed rate mode.

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 Milwaukee Public Schools, 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 Milwaukee Public Schools 1-month LIBOR + 20 basis points in exchange for a fixed rate of 5.56% paid by Milwaukee Public Schools, 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* – In 1998 and in 2013, the City and the State of Wisconsin entered into loan agreements 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, 2013, the outstanding balance was \$11 million.

*Sewerage System Revenue Bonds* – In 2001, the City created the Sewerage System Revenue Bonds 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, 2013, total outstanding Sewerage System Revenue Bonds was \$88 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, 2013, the City had \$83 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 1983 and December 1, 2012, the Housing Authority issued revenue bonds of approximately \$149 million, of which approximately \$8.3 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, 2013, the Redevelopment Authority had outstanding: one bond issue with \$23,200,000 outstanding that has a Moral Obligation Pledge of the City; and \$227,339,122 in four bond issues for Milwaukee Public Schools, one secured by a lease, and three 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. The loan agreements 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, 2012, the Milwaukee Economic Development Corporation, itself, or through a related entity, funded loans for 1,102 small businesses and redevelopment projects utilizing \$282 million to leverage a total of \$1.42 billion in investment. 920 loans have been enrolled in the Capital Access Program with covered loan amounts totaling \$53 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 \$6 million as of December 31, 2012.

## 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, 2013, \$179 million general obligation bonds for TID purposes were 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 \$31 million of debt secured by tax increment revenues. Approximately \$23 million of that debt 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. 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 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 a 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 28<sup>th</sup> 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 30<sup>th</sup> 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 General Obligation Debt Service.

**Adopted Budget – Combined Revenues – 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
<b>Taxes</b>						
Property Tax – General.....	\$ 95,745,352	–	\$61,806,985	\$5,291,000	–	\$162,843,337
Provision for Empl Retirement (1) .....	85,965,660					85,965,660
Common Council Cont.....	5,000,000					5,000,000
<b>Total Taxes .....</b>	<b>\$186,711,012</b>	<b>–</b>	<b>\$61,806,985</b>	<b>\$5,291,000</b>	<b>–</b>	<b>\$253,808,997</b>
<b>Revenues</b>						
Taxes .....	\$ 17,931,000					\$ 17,931,000
Licenses and Permits .....	13,922,600					13,922,600
Intergovernmental Revenues.....	260,677,377	\$ 50,622,451				311,299,828
Charges for Service.....	158,462,456					158,462,456
Fines and Forfeitures .....	4,755,400					4,755,400
Miscellaneous Revenues.....	6,511,325	10,530,000				17,041,325
Fringe benefits (2).....	24,300,000					24,300,000
Parking.....	17,425,000		\$ 1,990,142	\$ 5,000,000	\$ 18,608,758	43,023,900
Water Works.....	–		5,310,414	9,825,000	72,364,586	87,500,000
Sewer Maintenance Fund.....	12,734,075		8,145,369	5,050,000	33,652,255	59,581,699
Retained Earnings.....					9,637,517	9,637,517
Delinquent Taxes.....			31,511,359			31,511,359
Tax Incremental Districts.....			21,927,044			21,927,044
Other Self Supporting Debt.....			28,636,531			28,636,531
Cash Flow borrowings .....			125,000,000			125,000,000
Special Assessments .....		11,705,477		1,626,000		13,331,477
Capital Revenue.....				15,265,000		15,265,000
<b>Total Revenues .....</b>	<b>\$516,719,233</b>	<b>\$72,857,928</b>	<b>\$222,520,859</b>	<b>\$36,766,000</b>	<b>\$134,263,116</b>	<b>\$983,127,136</b>
<b>Tax Stabilization</b>						
Transfer from Reserves.....	\$ 20,000,000					\$ 20,000,000
<b>Sale of Bonds and Notes</b>						
General City.....				\$101,202,000		101,202,000
Enterprise Funds .....				45,215,000		45,215,000
<b>Grand Total.....</b>	<b>\$723,430,245</b>	<b>\$72,857,928</b>	<b>\$284,327,844</b>	<b>\$188,474,000</b>	<b>\$134,263,116</b>	<b>\$1,403,353,133</b>

(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 – 2014

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
<b>Expenditures</b>						
Administration, Dept of .....	\$ 10,980,218			\$ 1,060,000		\$ 12,040,218
Assessor's Office .....	4,450,800					4,450,800
City Attorney .....	7,379,826			1,758,000		9,137,826
City Treasurer	2,838,244					2,838,244
Common Council – Clerk .....	8,301,171			175,000		8,476,171
Municipal Court.....	3,402,630			144,000		3,546,630
Comptroller.....	5,184,392					5,184,392
Dept of City Development .....	3,596,808			23,500,000		27,096,808
Election Commission.....	2,676,195					2,676,195
Employee Relations, Dept of ...	4,613,330					4,613,330
Fire and Police Commission ....	1,560,019			150,000		1,710,019
Fire Department .....	104,536,907			4,437,000		108,973,907
Health Department .....	12,618,896			425,000		13,043,896
Library Board.....	21,768,088			3,383,000		25,151,088
Mayor's Office.....	1,192,204					1,192,204
Neighborhood Services .....	20,835,056			2,320,000		23,155,056
Police Department.....	244,030,373			9,177,000		253,207,373
Port of Milwaukee .....	4,639,303			750,000		5,389,303
DPW–Administration .....	3,558,838					3,558,838
DPW–Infrastructure.....	37,496,985			54,268,000		91,764,985
DPW–Operations.....	80,405,250			13,127,000		93,532,250
Water Works .....			\$ 5,310,414	13,825,000	\$ 79,219,029	98,354,443
Sewer Maintenance Fund.....			8,145,369	44,550,000	34,536,753	87,232,122
Special Purpose Accounts .....	154,498,288					154,498,288
Pension Funds.....	127,728,490					127,728,490
Debt Service – City.....			127,456,219			127,456,219
Debt Service – Schools .....			16,425,700			16,425,700
Debt Service – Cash Flow.....			125,000,000			125,000,000
Contingency .....	5,000,000					5,000,000
Delinquent Tax Fund .....		\$10,530,000				10,530,000
Parking.....			1,990,142	6,715,000	20,507,334	29,212,476
Grant & Aid Fund .....		50,622,451				50,622,451
Special Capital Projects .....				8,710,000		8,710,000
Economic Development.....		11,705,477				11,705,477
Fringe Benefit Offset .....	(149,862,066)					(149,862,066)
<b>Grand Total.....</b>	<b>\$723,430,245</b>	<b>\$72,857,928</b>	<b>\$284,327,844</b>	<b>\$188,474,000</b>	<b>\$134,263,116</b>	<b>\$1,403,353,133</b>

**Budgetary Comparison Schedule – General Fund**  
**For The Years Ending December 31, 2008 Through 2012**  
(Thousands of Dollars)

	2008	2009	2010	2011	2012
<b>Revenues:</b>					
Property Taxes .....	141,573	156,410	168,031	168,031	166,841
Other Taxes.....	4,839	3,504	5,097	5,097	4,371
Licenses and Permits .....	12,918	12,186	12,948	12,948	13,289
Intergovernmental.....	271,100	272,337	270,939	270,939	273,240
Charges for Services .....	86,410	91,057	97,146	97,146	103,493
Fines and Forfeitures .....	5,277	4,802	5,422	5,422	5,076
Other .....	12,864	19,967	20,323	20,323	13,387
<b>Total General Fund Revenues .....</b>	<b>534,981</b>	<b>560,263</b>	<b>579,906</b>	<b>579,906</b>	<b>579,697</b>
Tax Stabilization Fund Withdrawals.....	29,457	22,379	13,070	13,070	14,600
Other Financing Sources and Equity Transfers (Net) .....	40,234	46,896	49,640	49,640	46,199
<b>Total General Fund Revenues Tax Stabilization Fund Withdrawals and Other Financing Sources .....</b>	<b>604,672</b>	<b>629,538</b>	<b>642,616</b>	<b>642,616</b>	<b>640,496</b>
<b>Expenditures:</b>					
General Government.....	199,004	202,066	253,328	253,328	229,556
Public Safety.....	266,370	276,060	264,067	264,067	258,994
Public Works .....	103,149	97,093	94,482	94,482	96,557
Health .....	10,118	10,446	9,996	9,996	8,872
Culture and Recreation .....	16,782	17,329	15,656	15,656	15,566
Conservation and Development.....	3,456	4,230	3,747	3,747	3,991
<b>Total Expenditures .....</b>	<b>598,879</b>	<b>607,224</b>	<b>641,276</b>	<b>641,276</b>	<b>613,536</b>
Sources Over (Under) Expenditures .....	5,793	22,314	1,340	1,340	26,960
Fund Balance – January 1 (excludes reserved for use during the year) .....	65,628	49,042	58,286	58,286	45,026
Fund Balance – December 31 .....	71,421	71,356	59,626	59,626	71,986
<b>Fund Balance Components:</b>					
Reserved for Encumbrances & Carryovers.....	22,865	21,919	8,144		
Reserved for Inventory .....	7,248	6,827	7,220		
Reserved for Mortgage Trust.....	173	141	135		
Reserved for Environmental Remediation .....	303	303	303		
Reserved for Next Year’s Budget .....	22,379	13,070	14,600		
Reserved for Subsequent Years’ Budget.....	18,453	29,096	29,224		
New presentation as of FY 2011					
Nonspendable .....				15,044	15,044
Restricted .....				0	0
Committed .....				2,995	2,995
Assigned .....				26,778	26,778
Unassigned.....				27,169	27,169
<b>Total Fund Balance .....</b>	<b>95,085</b>	<b>71,421</b>	<b>71,356</b>	<b>71,986</b>	<b>71,986</b>
Tax Stabilization Fund (free fund balance)					
Reserved for Next Year's Budget.....	22,379	13,070	14,600	13,767	14,900
Reserved for Subsequent Years’ Budget .....	18,453	29,096	29,224	34,937	59,800



**City of Milwaukee**  
**General Fund – Projected Cashflow Summary**  
(Millions of Dollars)  
**January 1, 2014 to December 31, 2014**

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Balance .....	113.727	66.104	15.982	(16.635)	(33.838)	73.740	0.044	74.573	41.633	22.775	3.861	162.273	
<b>Receipts</b>													
Property Taxes .....	24.528	9.558	2.394	16.273	8.870	3.826	59.230	5.704	17.945	14.448	0.760	90.173	253.709
State Aids													
Shared Revenue .....	-	-	-	-	-	-	41.365	-	-	-	185.939	-	227.304
Highway Aids .....	6.072	-	-	6.023	-	-	6.813	-	-	6.023	-	-	24.931
Payment Muni. Services ..	-	1.897	-	-	-	-	-	-	-	-	-	-	1.897
Computer Exemption Aid .....	-	-	-	-	-	-	3.900	-	-	-	-	-	3.900
Other .....	10.493	19.223	8.623	9.937	10.270	10.378	10.341	9.806	8.511	8.601	11.707	18.330	136.220
Delinquent Taxes Transfer ..	31.404	-	-	-	-	-	-	-	-	-	-	-	31.404
Pension Fees .....	2.085	-	0.218	1.119	2.312	1.656	1.210	2.983	0.777	0.668	2.045	1.889	16.962
City Services Fees .....	3.406	2.748	2.290	2.334	2.764	2.078	2.296	2.407	2.284	3.706	4.692	4.297	35.302
City PILOTS (Major) .....	-	-	-	-	-	-	-	-	-	-	-	13.930	13.930
Parking Transfers .....	-	-	-	-	-	8.625	-	-	-	-	-	8.625	17.250
Summerfest Lease .....	-	-	-	-	-	-	-	-	-	-	-	1.378	1.378
Street Sweeping .....	-	-	-	-	-	7.530	-	-	-	-	-	7.530	15.060
Vehicle Registration Fee ....	0.389	0.451	0.438	0.438	0.625	0.688	0.625	0.563	0.563	0.563	0.563	0.375	6.281
Potawatomi PILOT .....	-	-	-	-	-	-	-	5.444	-	-	-	-	5.444
Year End Transfers .....	10.563	-	-	-	-	-	-	-	-	-	-	-	10.563
Note Proceeds (1) .....	-	-	-	-	135.000	-	-	-	-	-	-	-	135.000
<b>Total Receipts .....</b>	<b>88.940</b>	<b>33.877</b>	<b>13.963</b>	<b>36.124</b>	<b>159.841</b>	<b>34.781</b>	<b>125.780</b>	<b>26.907</b>	<b>30.080</b>	<b>34.009</b>	<b>205.706</b>	<b>146.527</b>	<b>936.535</b>
<b>Disbursements</b>													
Salaries & Benefits .....	47.621	38.515	39.156	42.420	40.993	37.228	40.810	54.674	40.382	42.870	39.796	45.343	509.808
Services & Supplies .....	27.342	9.826	7.424	10.907	11.270	9.131	10.441	5.173	8.556	10.053	7.498	9.211	126.832
Employer Pension Contribution .....	61.600	-	-	-	-	-	-	-	-	-	-	-	61.600
Purchase Tax Delinquents ..	-	35.658	-	-	-	-	-	-	-	-	-	-	35.658
Contractual Tax Payment ...	-	-	-	-	-	62.118	-	-	-	-	-	-	62.118
Year End Transfers .....	-	-	-	-	-	-	-	-	-	-	-	10.563	10.563
Note Principal Repayment (1) .....	-	-	-	-	-	-	-	-	-	-	-	135.000	135.000
<b>Total Disbursements .....</b>	<b>136.563</b>	<b>83.999</b>	<b>46.580</b>	<b>53.327</b>	<b>52.263</b>	<b>108.477</b>	<b>51.251</b>	<b>59.847</b>	<b>48.938</b>	<b>52.923</b>	<b>47.294</b>	<b>200.117</b>	<b>941.579</b>
<b>Balance .....</b>	<b>66.104</b>	<b>15.982</b>	<b>(16.635)</b>	<b>(33.838)</b>	<b>73.740</b>	<b>0.044</b>	<b>74.573</b>	<b>41.633</b>	<b>22.775</b>	<b>3.861</b>	<b>162.273</b>	<b>108.683</b>	

Maximum deficit occurs in July and November.

(1) Includes the CFNs and anticipated extended municipal commercial paper for cash flow purposes.

**City of Milwaukee  
General Fund  
Schedule of Cash Receipts and Disbursements  
for the Year Ended December 31, 2013  
(Millions of Dollars)**

	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)
January	\$119.859	\$ 94.880	\$134.419	\$80.320
February	80.320	34.358	84.779	29.899
March	29.899	21.037	45.589	5.347
April	5.347	139.969 (1)	48.515	96.801
May	96.801	50.124 (2)	54.973	91.952
June	91.952	97.162	179.825	9.289
July	9.289	132.940	50.788	91.441
August	91.441	27.439	61.044	57.836
September	57.836	30.278	48.573	39.541
October	39.541	34.171	52.684	21.028
November	21.028	213.186	47.225	186.989
December (4)	186.989	115.798	189.060 (3)	113.727
		<u>\$991.342</u>	<u>\$997.474</u>	

Notes:

- (1) \$100 million of EMCP was issued in April.
- (2) \$100 million of CFNs and \$25 million of EMCP was issued, \$100 million of EMCP was repaid.
- (3) \$100 million of CFNs and \$25 million of EMCP was repaid in December.
- (4) Estimated.

**City of Milwaukee  
General Fund  
Projected Schedule of Cash Receipts and Disbursements  
for the Year Ended December 31, 2014  
(Millions of Dollars)**

	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)	Ending Cash Balance Excluding Borrowing of \$135 Million
January	\$113.727	\$ 88.940	\$136.563	\$ 66.104	\$ 66.104
February	66.104	33.877	83.999	15.982	15.982
March	15.982	13.963	46.580	(16.635)	(16.635)
April	(16.635)	36.124	53.327	(33.838)	(33.838)
May	(33.838)	159.841 (1)	52.263	73.740	(61.260)
June	73.740	34.781	108.477	0.044	(134.956)
July	0.044	125.780	51.251	74.573	(60.427)
August	74.573	26.907	59.847	41.633	(93.367)
September	41.633	30.080	48.938	22.775	(112.225)
October	22.775	34.009	52.923	3.861	(131.139)
November	3.861	205.706	47.294	162.273	27.273
December	162.273	146.527	200.117 (2)	108.683	108.683
		<u>\$936.535</u>	<u>\$941.579</u>		

- (1) Amount includes CFN and EMCP principal receipts.
- (2) Amounts include CFN and EMCP principal repayments.

**City of Milwaukee**  
**Schedule of Cash and Investment Balances – All Funds – 2013**  
(Millions of Dollars)

	General Fund (1)	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds (2)	Total
January	\$80.320	\$257.253	\$41.440	\$153.673	\$532.686
February	29.899	200.800	41.871	61.194	333.764
March	5.347	185.885	42.318	6.666	240.216
April	96.801	188.150	42.835	74.101	401.887
May	91.952	218.304	43.214	(5.602)	347.868
June	9.289	182.449	43.677	95.549	330.964
July	91.441	184.083	44.165	80.879	400.568
August	57.836	200.388	44.547	55.216	357.987
September	39.541	169.303	45.119	32.903	286.866
October	21.028	155.472	45.697	136.047	358.244
November	186.989	124.689	46.177	73.834	431.689
December (estimate)	113.727	226.241	49.554	297.484	687.006

(1) Balances include proceeds from the sale of the Series 2013 Short Term Promissory Notes and their subsequent repayment.

(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 – 2014**  
(Millions of Dollars)

	General Fund (1)	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds (2)	Total
January	\$66.104	\$250.860	\$38.044	\$153.383	\$508.391
February	15.982	227.457	45.169	61.322	349.930
March	(16.635)	218.115	46.424	6.590	254.494
April	(33.838)	222.433	48.162	74.320	311.077
May	73.740	222.381	47.219	(5.687)	337.653
June	0.044	224.783	57.953	95.840	378.620
July	74.573	218.227	61.716	81.342	435.858
August	41.633	198.711	61.625	55.210	357.179
September	22.775	165.383	61.403	33.184	282.745
October	3.861	172.599	54.791	136.646	367.897
November	162.273	152.351	47.641	74.215	436.480
December	108.683	254.581	40.806	398.659	802.729

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

(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 2009 For 2010 Purposes	Year 2010 For 2011 Purposes	Year 2011 For 2012 Purposes	Year 2012 For 2013 Purposes	Year 2013 For 2014 Purposes
<b>Real Property</b>					
Residential.....	\$17,743,825,065	\$17,156,626,561	\$17,069,535,250	\$14,750,294,600	\$14,265,490,669
Industrial (Manufacturing) .....	732,007,800	732,279,700	746,955,100	707,123,600	709,328,200
Mercantile (Commercial) .....	9,485,580,238	9,202,213,459	9,191,348,932	8,992,762,442	9,195,173,876
Total Real Property .....	\$27,961,413,103	\$27,091,119,720	\$27,007,839,282	\$24,450,180,642	\$24,169,992,745
Personal Property .....	983,160,269	957,344,628	909,803,701	871,919,936	864,165,354
Total Assessed Valuations.....	\$28,944,573,372	\$28,048,464,348	\$27,917,642,983	\$25,322,100,578	\$25,034,158,099
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.....	\$31,266,329,200	\$29,520,783,200	\$27,954,669,900	\$26,421,932,000	\$26,089,611,100
Ratio of Assessed to Equalized Valuation .....	92.57%	95.01%	99.87%	95.84%	95.95%

**City of Milwaukee  
Assessed Tax Rates  
(Per \$1,000 of Assessed Valuation)**

	2010	2011	2012	2013	2014
Unit of Government					
City Government .....	\$9.12	\$9.25	\$9.25	\$10.25	\$10.58
Milwaukee Public Schools.....	10.85	11.11	11.11	12.31	12.47
Milwaukee County.....	4.87	4.89	4.89	5.44	5.53
Milwaukee Area Technical College.....	2.02	1.95	1.95	2.21	2.22
Milwaukee Metropolitan Sewerage District .....	1.52	1.51	1.51	1.70	1.78
Gross Tax Rate Per \$1,000 .....	\$28.38	\$28.71	\$28.71	\$31.91	\$32.58
Less: State Tax Credit.....	(\$1.81)	(\$1.81)	(\$1.81)	(\$1.96)	(1.96)
Net Tax Rate.....	\$26.57	\$26.90	\$26.90	\$29.95	\$30.62

**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
2008	286,180	277,119	96.83	8,652	99.86
2009	276,186	265,691	96.20	9,603	99.68
2010	291,943	281,196	96.32	8,309	99.16
2011	295,967	284,690	96.19	5,992	98.21
2012	301,051	288,294	95.76	0	95.76

## **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 15<sup>th</sup>.

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

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

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

## **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 maintains 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.

## **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 provides retirement, disability and survivor benefits to the City and other agency employees and their beneficiaries. Membership in the ERS includes some classes of part-time employees, all full-time employees, and elected officials.

**Active Members by Employee Groups**  
As of December 31, 2012

	<u>Active Members</u>	<u>Covered Compensation</u>
General City.....	3,402	\$172,810,441
Water Department.....	322	16,736,125
Policemen .....	1,907	134,150,845
Firemen.....	857	60,218,666
	<hr/>	<hr/>
Total City of Milwaukee .....	6,488	\$383,916,077
	<hr/>	<hr/>
School Board .....	3,634	\$101,774,539
Milwaukee Technical College .....	1	56,208
Milwaukee Metro Sewer Dist.....	215	16,023,152
Veolia .....	75	5,361,104
Wisconsin Center District.....	90	3,901,164
Housing Authority .....	188	11,018,937
Redevelopment Authority.....	23	1,686,236
	<hr/>	<hr/>
Total .....	10,714	\$523,737,417
	<hr/>	<hr/>

**ERS Membership**  
As of December 31, 2012

<u>Class</u>	<u>Vested</u>	<u>Non-Vested</u>	<u>Inactive</u>	<u>Retired</u>
General & Elected....	6,278	1,672		8,670
Police .....	1,791	116		2,204
Firefighters.....	730	127		1,235
Certain pre-1996 .....				19
	<hr/>	<hr/>	<hr/>	<hr/>
Total.....	8,799	1,915	3,887	12,128
	<hr/>	<hr/>	<hr/>	<hr/>

Source: Table 5 of the Actuarial Valuation Report as of January 1, 2013.

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

Class	Retirement Allowance	Maximum Allowance	Member* Contribution
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, create contractual pension rights for City employees which supersede 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)

Valuation As of Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	\$4,259,889	\$4,689,814	\$429,925	90.8%	\$523,738	81.1%
2011	4,404,635	4,587,915	183,280	96.0	525,181	34.9
2010	4,641,425	4,447,548	-	104.4	538,218	0.0
2009	4,814,402	4,269,324	-	112.8	553,846	0.0
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

Source: Table 11a of the Actuarial Valuation Report as of January 1, 2012.

### Schedule of Employer Contributions (\$ amounts in thousands)

Year Ended Dec 31	Annual Actuarially Required Contribution	Percentage Contributed
2012	\$73,298	100%
2011	31,402	0
2010	1,450	0
2009	60,098	100
2008	-	n/a
2007	-	n/a
2006	-	n/a

Source: Table 11b of the Actuarial Valuation Report as of January 1, 2012.

Actuarial Assumptions and Methods for the latest valuation include:

- Actuarial Cost Method: Projected Unit Credit
- Amortization Method: Closed; Level Percent of Pay; Pay assumed to grow 3% per year
- Remaining Amortization Period: 21 years as of 1/1/13, 22 years prior to 1/1/13
- Asset Valuation Method: 5-year smoothed market, 20% corridor
- Investment Rate of Return: 8.25% for 2013-2017, 8.5% prior to 2013 and after 2017
- Projected Salary Increases: General: 3.0 – 7.5%; Police and Fire: 3.0-14.4%
- Inflation Assumption: 3.0%
- Cost of Living Adjustments: Varies by Employee Group

For more information about the ERS, details on plan benefits, and for copies of their financial and actuarial reports, see <http://www.cmers.com>. The Employees' Retirement System Actuarial Valuation Report as of January 1, 2013 is available from EMMA and is hereby incorporated by reference. (See "CONTINUING DISCLOSURE" herein).

### 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 30 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 \$1,500,000.

### Policemen's Annuity and Benefit Fund

Membership in the Policemen's Annuity and Benefit Fund (PABF) consists of all Police Department employees whose service commenced prior to July 29, 1947. As of December 31, 2012, there were 20 members and 40 spouses receiving benefits under the fund program.

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.

For copies of the PABF actuarial reports, see <http://www.cmers.com>

#### Schedule of Funding and Contributions (\$ amounts in thousands)

Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Annual Required Contribution	Percent Contributed
2012	\$ 651	\$2,152	\$1,501	30.2%	\$222	100%
2011	1,008	2,451	1,444	41.1	209	100
2010	1,584	2,946	1,362	53.8	269	100
2009	1,936	3,687	1,751	52.5	330	100
2008	2,147	4,296	2,148	50.0	041	100
2007	4,779	5,049	270	94.7	057	100

Source: *Policemen's Annuity and Benefit Fund, Actuarial Valuation Reports as of January 1, 2012 (and each prior year). Summary of Principal Results.*

### Other Post-Employment Benefits

The City provides other post-employment benefits (OPEB) to its retirees for health and life insurance. A single-employer defined benefit healthcare plan and life insurance plan are sponsored by the City and administered by ERS. The City provides medical insurance benefits for substantially all retirees.



Retiree coverage begins at age 55 with at least 15 years of service for General City employees, at any age with at least 25 years of service for Police employees, and at age 49 with at least 22 years of service for Fire employees. In addition, the City allows employees to continue life insurance coverage under the Group Life Insurance Plan offered to active employees.

Until age 65, for retirees with at least 15 years of creditable service, the majority of the cost of the health benefit plan is paid by the City. After attaining the age of 65, and having completed a minimum of 15 years of creditable service, the City pays 25% of the 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 2012, the City paid approximately \$34 million and \$2 million, respectively, towards medical and life insurance for retirees.

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

#### **Funding Status and Funding Progress**

(\$ amounts in thousands)

Annual Required Contribution (ARC)	\$ 74,706
Interest on Net OPEB	9,580
Adjustment to ARC	(8,130)
	76,156
Annual OPEB Cost	76,156
Contributions Made	35,519
	40,637
Increase in net OPEB Obligation	40,637
Net OPEB Obligation – beginning of year	212,886
	\$253,523

Source: City's 2012 CAFR.

#### **Annual Cost and Net OPEB Liability**

(\$ amounts in thousands)

Year Ended Dec 31	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$76,156	46.6%	\$253,523
2011	73,071	47.3	212,886
2010	81,311	41.8	174,360
2009	77,389	37.1	127,074
2008	73,100	45.0	78,400
2007	67,600	43.5	38,200

Source: City's 2012 and 2009 CAFRs.

**Schedule of Funding Progress**  
(\$ amounts in thousands)

Valuation As of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Jan 1, 2012	\$0	\$ 946,857	\$ 946,857	0.0%	\$409,572	231%
Jan 1, 2011	0	916,383	916,383	0.0	407,840	225
Jan 1, 2010	0	1,007,573	1,007,573	0.0	413,648	244
Jan 1, 2009	0	959,562	959,562	0.0	419,811	229
July 1, 2008	0	880,700	880,700	0.0	425,400	207
July 1, 2007	0	806,300	806,300	0.0	412,700	195

Source: City's 2012, 2011, 2010, 2009, 2008, and 2007 CAFRs.

Actuarial Assumptions and Methods for the most recent valuation 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 8.5% initially, and reduced by decrements to the ultimate rate of 4.5% after 9 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 \_\_\_\_\_, 2014.

***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. The four separate cases have been consolidated in Judge Foley's court for trial in early 2015. An appeal by the losing party is likely. Each of the terminals was permitted to add tax years 2009, 2010, 2011 and 2012 to the original claim for tax year 2008. Approximately \$4 million of property taxes are being disputed.

**Section 74.37 Litigation.** Several plaintiffs, including Walgreen's and CVS have brought a series of approximately a dozen 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. The 2009, 2010, 2011 and 2012 tax years have now been added to most of these cases. The Circuit Court branches have begun to schedule trials in the last half of 2014. Appeals by the losing parties are likely in many of these cases. The city estimates that up to \$9 million of property taxes are being disputed. Clear Channel Outdoor has challenged the assessment of its billboards in a Section 74.37 action. Lamar Outdoor has filed a similar claim, but has not yet filed suit. The Wisconsin Supreme Court decided in 2006 that the economic scarcity value of the city-issued billboard permit has value that can be assessed as real property. The Joint Finance Committee of the Wisconsin Legislature recently approved a new property tax exemption for these permits that would end this assessment as of January 1, 2014, if adopted by the full Legislature and signed by the Governor. This would effectively reverse the Supreme Court decision, leaving the taxes the City collected in 2009, 2010, 2011 and 2012 still at issue in court. No trial has been scheduled. Discovery is still in process. The case may be resolved by summary judgment. The losing side will likely appeal. The City's potential liability is \$7.6 million.

**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 continuing with 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. Discovery has been completed in this litigation and the defendants have filed a dispositive motion asking the court to dismiss the case. The motion remains pending before the court.

**Robert Lee Stinson v. City of Milwaukee, et al.** In this 2009 civil rights action, Mr. Stinson claims that he was wrongly convicted in 1984 of the murder of a 67-year-old woman. Stinson spent more than 20 years in prison until recent DNA testing of the victim's clothing produced no DNA matching Stinson's and new techniques of examining bite marks on the victim indicating that the marks did not match Stinson's teeth. Stinson claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and conspired with two dental experts to produce false evidence. The defendants have all filed dispositive motions seeking to have the court dismiss the case. The trial court denied all defendants' motions. All defendants have appealed the denial to the court of appeals and the appeal remains pending.

***Estate of James F. Perry, et al. v. Wenzel, et al.*** This case stems from the September 13, 2010 death of James F. Perry, while he was in custody at the Milwaukee County Criminal Justice Facility (County CJF). According to the complaint, Mr. Perry was in the custody of members of the City of Milwaukee Police Department (City MPD) when he apparently experienced a seizure. Medical personnel were called to the City MPD jail. They treated Mr. Perry and transported him to a local hospital for further treatment and evaluation. Mr. Perry was released from the hospital and was returned to the City MPD jail. His processing there was completed, and he was then transferred to the County CJF, where he later suffered a heart attack and died. Mr. Perry's estate and his minor son brought suit, raising constitutional and state-law claims against the City, the Police Department, the County of Milwaukee, its Sheriff's Department, and various employees thereof. Plaintiffs' claims center around the allegation that all of the City and County employees who came into contact with Mr. Perry that day were deliberately indifferent to his alleged serious medical condition. Plaintiffs also allege direct failure-to-train and failure-to-supervise claims against the City and the County. Plaintiffs claim compensatory and punitive damages, along with attorneys' fees and costs. All City defendants have been served and have filed answers to the complaint. The parties are currently engaged in discovery. Motions will ultimately be filed to dismiss the claims raised against the City defendants.

***Tom Reep, et al. v. City of Milwaukee, et al.*** In this 2009 negligence action in state court, approximately 181 city residents claim that their homes and personal property were damaged in a sewer backup that occurred during a large rainstorm in June 2008. They assert that the city negligently failed to maintain flap gates and bypass pumps that were installed in their neighborhood sewer mains to prevent backflows when the downstream collector sewer structures controlled by a separate municipal agency, the Milwaukee Metropolitan Sewerage Commission, became surcharged. The case was tried to a jury in September 2013 and the jury returned a verdict assigning part of the blame to the city, part to the Sewage Commission, and part to Veolia, the commission's private operator. The total damages allocable to the city under the verdict are \$548,240.70. Plaintiffs, however, have sought court costs of \$449,008.82, for a total recovery of \$997,249.52, plus interest running at the rate of \$64.84 per day until the judgment is paid. The trial court ruled on the plaintiffs' cost request on March 21, 2014, orally deciding that the plaintiffs are entitled to approximately \$378,000.00 in costs, for a total recovery of \$926,240.00. Both the plaintiffs and the city are considering whether to appeal the judgment at this time.

***Betker v. Gomez.*** In this civil rights action, plaintiff claims that Officer Gomez intentionally filed an affidavit he knew to be false with the Circuit Court in the context of applying for a no-knock search warrant. The Circuit Court issued the warrant, and plaintiff Betker was shot by a police officer who was part of the team of officers who executed that warrant. Betker also claimed that the officer who shot him violated his civil rights by using excessive force against him. Several issues, including the excessive force claim, were dismissed via summary judgment. The affidavit-related issue proceeded to trial. On November 22, 2013, the Court entered judgment against Officer Gomez, and pursuant to a jury verdict the plaintiff was awarded \$750,000 in compensatory damages and \$250,000 in punitive damages. Post verdict motions, including a motion for a new trial, are pending.

## LEGAL OPINIONS

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

## RATINGS

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

Moody's Investors Service, Inc. has assigned a rating of "\_\_\_\_" on the CFNs and "\_\_\_\_" on the N2 Notes and B3 Bonds. Standard & Poor's Ratings Group has assigned a rating of "\_\_\_\_" on the CFNs and "\_\_\_\_" on the N2 Notes and B3 Bonds.

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

## TAX MATTERS

### Summary of Bond Counsel Opinion

Bond Counsel are of the opinion that, under existing law, interest on the Offered Obligations is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), Bond Counsel are of the opinion that interest on the Offered Obligations will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that interest on the Offered Obligations is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includible in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Offered Obligations is not exempt from Wisconsin income taxes.

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

### Offered Obligations Purchased at a Premium or at a Discount

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

Bond premium and original issue discount are amortized over the term of a Offered Obligation on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing

during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Offered Obligations for federal income tax purposes, to the same extent and with the same limitations as current interest.

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

### **Exclusion from Gross Income: Requirements**

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

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

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

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

### **Covenants to Comply**

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

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

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

### **Federal Income Tax Consequences**

Pursuant to Section 103 of the Code, interest on the Offered Obligations is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a

number of other provisions relating to the treatment of interest on the Offered Obligations that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE OFFERED OBLIGATIONS.

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

**Corporate Owners.** Interest on the Offered Obligations is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Offered Obligations is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

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

**Certain Blue Cross or Blue Shield Organizations.** Receipt of interest on the Offered Obligations may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

**Property or Casualty Insurance Companies.** Receipt of interest on the Offered Obligations may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

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

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

The opinions of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Offered Obligations are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Offered Obligations are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Offered Obligations.

## **State Tax Matters**

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

## NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

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

## CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “*Commission*”), pursuant to the Securities Exchange Act of 1934 (the “*Rule*”), the City shall covenant pursuant to a Resolution adopted by the Governing Body to enter into an undertaking (the “*Undertaking*”) for the benefit of holders including beneficial holders of the Offered Obligations to provide certain financial information and operating data relating to the City annually to a central repository designated by the Commission, currently the Municipal Securities Rulemaking Board (the “*MSRB*”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The MSRB has designated its Electronic Municipal Market Access (“*EMMA*”) system as the system to be used for continuing disclosures to investors. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Offered Obligations are delivered. Such Certificate will be in substantially the form attached hereto as **Appendix C**. The City intends to fully comply with the Undertaking relating to the Offered Obligations.

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 Offered Obligations (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Offered Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Offered Obligations and their market price.

## FINANCIAL ADVISOR

Public Financial Management, Inc. has been retained as Financial Advisor to the City in connection with the issuance of the Offered Obligations.



## UNDERWRITING

The Offered Obligations will be purchased at competitive bidding conducted on May 1, 2014.

The award of the R1 Notes was made to \_\_\_\_\_,  
its co-managers and associates.

The award of the N2 Notes and B3 Bonds was made to \_\_\_\_\_,  
its co-managers and associates.

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

## CLOSING DOCUMENTS AND CERTIFICATES

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

- (1) signature and no litigation certificates;
- (2) tax certificates;
- (3) certificates of delivery and payment;
- (4) the opinions as to the legality of the Offered Obligations under Wisconsin law and as to the tax-exempt status of the interest on the Offered Obligations for federal income tax purposes rendered by Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Co-Bond Counsel to the City, in substantially the forms as set forth in *Appendix B*;
- (5) copies of this Official Statement issued in conjunction with the Offered Obligations within seven business days after the award of the Offered Obligations in accordance with SEC Rule 15c2-12(b)(3);
- (6) Continuing Disclosure Certificates; and
- (7) a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

## REPRESENTATIONS OF THE CITY

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

## **ADDITIONAL INFORMATION**

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

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

/s/

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Martin Matson  
City Comptroller and Secretary  
City of Milwaukee, Wisconsin

## **APPENDIX A**

### **Audited Annual Financial Report of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2012**

#### **Selected Sections**

The complete Comprehensive Annual Financial Report  
can be downloaded at the City Comptroller's web page at:  
[www.milwaukee.gov](http://www.milwaukee.gov)



## **APPENDIX B**

### **Draft Form of Legal Opinions**



May 16, 2014

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

We have examined a record of proceedings relating to the issuance of \$110,000,000 aggregate principal amount of General Obligation Cash Flow Promissory Notes, Series 2014 R1 (the "Notes") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 22, 2014.

The Notes constitute an issue of "promissory notes" under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Notes are dated as of May 16, 2014, mature (without option of prior redemption) on December 23, 2014 and bear interest from their date payable at maturity. The Notes bear interest at the rate of \_\_\_\_\_ percent (\_\_\_\_\_% ) per annum.

In our opinion, the Notes are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes, however, may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Notes are not "private activity bonds" within the meaning of Section 141(a) of the Code; accordingly, interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Notes, however, is includable in earnings and profits of a corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

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

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

Respectfully submitted,





May 16, 2014

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

We have examined a record of proceedings relating to the issuance of \$\_\_\_\_\_,000 aggregate principal amount of General Obligation Promissory Notes, Series 2014 N2 (the “Notes”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 22, 2014.

The Notes constitute an issue of “promissory notes” under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Notes are dated as of May 16, 2014, mature (without option of prior redemption) on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2014 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ ,000	. %
2016	,000	
2017	,000	
2018	,000	
2019	,000	
2020	,000	
2021	,000	
2022	,000	
2023	,000	
2024	,000	

In our opinion, the Notes are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), we are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Notes are not “private activity bonds” within the meaning of Section 141(a) of the Code; accordingly, interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Notes, however, is includable in earnings and profits of a corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

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

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

Respectfully submitted,

May 16, 2014

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

We have examined a record of proceedings relating to the issuance of \$\_\_\_\_\_,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2014 B3 (the “Bonds”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Bonds are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on January 16, 2009, January 20, 2010, January 19, 2011, December 20, 2011, February 5, 2013, April 9, 2013 and January 22, 2014.

The Bonds constitute an issue of “corporate purpose bonds” under Section 67.05 of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Bonds are dated as of May 16, 2014, mature on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2014 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$ ,000	. %
2026	,000	
2027	,000	
2028	,000	
2029	,000	

The Bonds are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on April 1, 2024 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

In our opinion, the Bonds are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not “private activity bonds” within the meaning of Section 141(a) of the Code; accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Bonds, however, is includable in earnings and profits of a corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

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

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

Respectfully submitted,

## **APPENDIX C**

### **Form of Continuing Disclosure Certificate**



## MASTER CONTINUING DISCLOSURE CERTIFICATE

This Master Continuing Disclosure Certificate (the “Certificate”) dated as of December 1, 2010 is executed and delivered in connection with the issuance, from time to time, of municipal securities of the City of Milwaukee, Wisconsin (the “City”) and pursuant to resolution 100846 duly adopted by the Common Council of the City on November 23, 2010 (the “Resolution”). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the City agrees as follows:

### ARTICLE I - Definitions

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

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

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

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

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

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

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

(6) “Material Event” means any of the following events with respect to the Offered Obligations, whether relating to the City or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;

- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Offered Obligations, or other events affecting the tax-exempt status of the Offered Obligations;
- (vii) modifications to rights of Security Holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Offered Obligations, if material;
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Obligor (as specified in the Addendum Describing Annual Report).

The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligor in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligor, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligor.

- (xiv) the consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of substantially all of the assets of the Obligor, other than pursuant to its terms, if material; and
- (xv) appointment of a success or additional trustee or the change of name of a trustee, if material.

(7) “Material Event Notice” means notice of a Material Event.

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

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

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

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

(12) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this



Certificate, including any amendments and official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

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

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

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

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

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

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

## ARTICLE II - The Undertaking

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

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

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

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

Section 2.4. Notices of Material Events. (a) If a Material Event occurs, the City shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a Material Event Notice to the Repository.

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

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

Section 2.6. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this

Certificate or any other means of communication, or including any other information in any Annual Financial Information or Material Event Notice, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information or Material Event Notice in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or Material Event Notice.

#### ARTICLE III - Operating Rules

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

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

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

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

#### ARTICLE IV - Termination, Amendment and Enforcement

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

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

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

(b) In addition to subsection (a) above, this Certificate may be amended and any provision of this Certificate may be waived, without the consent of the Security Holders, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate;

(2) the City shall have received an opinion of Counsel to the effect that performance by the City under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and (3) the City shall have delivered copies of such opinion and amendment to the Repository.

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

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

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

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

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

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

IN WITNESS WHEREOF, I have hereunto executed this Certificate this 1<sup>st</sup> day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: \_\_\_\_\_  
Comptroller

**ADDENDUM DESCRIBING REPOSITORY AND SID**

This Addendum Describing Repository (the “Addendum”) is delivered by the City of Milwaukee, Wisconsin (the “Issuer”) pursuant to the Master Continuing Disclosure Certificate, executed and delivered by the Issuer and dated December 1, 2010. This Addendum describes the filing information as specified by the Securities and Exchange Commission.

**Repositories**

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

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

**SID (State Information Depository)**

None.

IN WITNESS WHEREOF, this Addendum is executed this 1<sup>st</sup> day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: \_\_\_\_\_  
Comptroller

**ADDENDUM DESCRIBING ANNUAL REPORT  
FOR GENERAL OBLIGATION DEBT**

This Addendum Describing Annual Report for General Obligation Debt (the “Addendum”) is delivered by the City of Milwaukee, Wisconsin (the “City”) pursuant to the Master Continuing Disclosure Certificate (the “Certificate”), executed and delivered by the Issuer and dated December 1, 2010. This Addendum describes the content of Annual Financial Information prepared with respect to general obligation debt of the Issuer. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Certificate.

Obligor: The City of Milwaukee, Wisconsin

Content of Annual Financial Information for Issuer:

Audited Financial Statements, if available, or Unaudited Financial Statements of the Issuer.

IN WITNESS WHEREOF, this Addendum is executed this 1<sup>st</sup> day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: \_\_\_\_\_  
Comptroller

WMM:RL

**SUPPLEMENTAL CERTIFICATE**

This Supplemental Certificate is executed and delivered by the City of Milwaukee, Wisconsin (the "Issuer") to supplement the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated December 1, 2010. Pursuant to the provisions of the Certificate, the Issuer hereby determines that the Certificate and the Addendum Describing Annual Report, as described below, shall apply to the following issue of obligations:

Name of Obligations:

\$110,000,000 General Obligation Cash Flow Promissory Notes, Series 2014 R1  
\_\_\_\_,000 General Obligation Promissory Notes, Series 2014 N2  
\_\_\_\_,000 General Obligation Corporate Purpose Bonds, Series 2014 B3

Addendum Describing Annual Report:

ADDENDUM DESCRIBING ANNUAL REPORT  
FOR GENERAL OBLIGATION DEBT

Date of Issues:

May 16, 2014

No Previous Non-Compliance. The Issuer represents that for the period beginning 6 years prior to the date hereof, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

IN WITNESS WHEREOF, this Supplemental Certificate is executed this 16<sup>th</sup> day of May, 2014.

CITY OF MILWAUKEE, WISCONSIN

By: \_\_\_\_\_  
Comptroller

MM:RL

## **APPENDIX D**

### **BOOK-ENTRY-ONLY SYSTEM**





## BOOK-ENTRY-ONLY SYSTEM

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

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Offered Obligations. The Offered Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Offered Obligations, 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Offered Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Obligations on DTC’s records. The ownership interest of each actual purchaser of each 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 Offered Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Obligations, except in the event that use of the book-entry system for the Offered Obligations is discontinued.

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

Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Offered Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Obligations unless authorized by a Direct Participant in accordance with DTC's 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 Offered Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Offered Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*," and will be the responsibility of such Participant and not of DTC, 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 Offered Obligations purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Offered Obligations by causing the Direct Participant to transfer the Participant's interest in the Offered Obligations, on DTC's records, to Agent. The requirement for physical delivery of Offered Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Offered Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Offered Obligations to Agent's DTC account.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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 PAYING AGENT NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE OFFERED OBLIGATIONS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE OFFERED OBLIGATIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE OFFERED OBLIGATIONS; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF OFFERED OBLIGATIONS.



**APPENDIX E**

**OFFICIAL NOTICES OF SALE AND BID FORMS**



**OFFICIAL NOTICE OF SALE AND  
OFFICIAL BID FORM**

**FOR**

**\$110,000,000**

**CITY OF MILWAUKEE, WISCONSIN  
GENERAL OBLIGATION  
CASH FLOW PROMISSORY NOTES, SERIES 2014 R1**

**Sale Data:**

**SALE DATE AND TIME:**

Thursday, May 1, 2014  
9:45 a.m. Central Time

**PLACE OF ACCEPTANCE FOR SEALED BIDS:**

City of Milwaukee  
Office of the City Comptroller  
City Hall, Room 404  
200 E. Wells St.  
Milwaukee, Wisconsin 53202

Bids will also be accepted electronically  
via PARITY®

**OFFICIAL NOTICE OF SALE**  
**\$110,000,000**  
**CITY OF MILWAUKEE, WISCONSIN**  
**GENERAL OBLIGATION**  
**CASH FLOW PROMISSORY NOTES, SERIES 2014 R1**

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the "City"), will receive sealed bids and electronic bids until 9:45 A.M., Central Time, on Thursday, the

**1<sup>ST</sup> DAY OF MAY, 2014**

at the Office of the City Comptroller, in said City, for the purchase of One Hundred Ten Million Dollars (\$110,000,000) General Obligation Cash Flow Promissory Notes, Series 2014 R1 (the "Notes"). Sealed bids should be delivered to Room 404, 200 E. Wells St., Milwaukee, Wisconsin. Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event PARITY is not accessible during the 30 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City's Public Debt Commission scheduled for 1:00 P.M., Central Time on May 1, 2014. *Information regarding the Notes is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

**Details of the Notes**

Notes will be dated as of May 16, 2014, will bear interest from the Dated Date payable at maturity, and will mature on December 23, 2014. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Notes are not subject to redemption prior to maturity.

**Bid Parameters**

**Partial Bids:** Bidders may bid for all of the Notes or part of the Notes. No bid for less than \$10,000,000 principal amount of the Notes at a particular interest rate will be entertained, and all bids must be in multiples of \$10,000,000. **Coupons:** Bidders are required to name the interest rate or rates the Notes are to bear. Such rates shall be no greater than 4%, and be in multiples of one-eighth of one percent or one-twentieth of one percent. **Minimum Price:** No bid at less than par value plus accrued interest, if any, will be considered.

**Good Faith Deposit**

The winning bidder(s) must submit a Good Faith Deposit ("Deposit") in the form of a certified check or a cashier's check drawn on a state or national bank or trust company in the amount of one-half of one percent (0.50%) of the par value of the maximum amount of Notes bid for, payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder(s) as liquidated damages should such bidder(s) fail to provide an Issue Price certificate and/or take up and pay for the Notes when ready. The Deposit of the successful bidder(s) will be retained by the City and deducted from the purchase price at the time of closing.

The good faith checks of the unsuccessful bidders will be returned promptly upon the official determination of the bid(s) to be accepted. In the event of an award of less than all of the Notes included in a bid, the City shall, promptly, issue to such successful bidder(s) a check representing the amount of the Deposit in excess of one-half of one percent of the amount of the Notes awarded. All bids shall remain firm until 6:00 P.M. Central Time. A meeting of the Public Debt Commission of the City is scheduled for 1:00 P.M., Central Time on the sale date at which time the official award of the Notes will be made or all bids rejected.



**Good Faith Deposit Submitted After Bids Are Due – Terms and Conditions:** Bidders may elect to provide a Deposit (one-half of one percent (0.50%) of the par value of the amount of Notes won) after the time Bids are due, subject to the following conditions:

1. Submission of a bid without providing a Deposit prior to the time bids are due, in consideration for the City considering the bid, the bidder shall be deemed to have consented to these additional terms for Good Faith Deposit Submitted After Bids Are Due.
2. The winning bidder shall provide the City a Deposit by cashier's check or a certified check drawn on a state or national bank or trust company (or wire transfer such amount as instructed by the City) payable to the City by 12:00 Noon, Central time ("Due Time") on the date bids are open.
3. Failure to provide a Deposit by the Due Time will result in the winning bid being rejected, and the City will negotiate with the next highest bidder(s) for the completion of the transaction.
4. The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the Deposit amount represents liquidated damages for the City in the event that the winning bidder fails to provide the Deposit by the Due Time. The City shall be entitled to the liquidated damages even if the City rejects the winning bid due to failure to provide the Deposit by the Due Time, and regardless of whether the City is able to complete the transaction with another bidder. The winning bidder agrees to reimburse the City for costs to collect the liquidated damages, and to the jurisdiction of Wisconsin courts.

#### **Award**

The Notes will be awarded to the qualified bidder or combination of bidders offering the lowest true interest cost to the City. The City's computation of true interest cost of each bid will be controlling. True interest cost can be estimated as follows: the present value rate necessary to discount, to the Purchase Price (hereinafter defined), the future debt service payments from the payment dates to the Dated Date, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding. The "Purchase Price" is principal, plus premium, plus accrued interest from the Dated Date to the date of delivery.\* The City reserves the right to reject any or all bids or to waive any irregularity in any bid.

In awarding the Notes, the City may accept a bid in a principal amount less than the principal amount of a bid. If only part of the Notes bid for are awarded to a bidder, the premium offered, if any, shall be prorated. If any two or more bids shall be equal, and not all of the equal bids can be accepted, then the City shall determine by lot, which bid(s) to accept.

The winning bid or bids will be reported to PARITY, but the City assumes no responsibility or liability for results posted on such website.

#### **Submission of Bids**

Sealed proposals for the purchase of said Notes must be made using the Official Bid Form, or if submitted electronically via the PARITY, in accordance with the requirements prescribed by this Notice of Sale. For bidders submitting their electronic bid via PARITY, please refer to your agreement with PARITY regarding any requirements for participation. If more than one bid, either through the same method or through more than one method, including using more than one electronic method, shall be submitted by the same bidder for any part of the Notes, each such bid shall be considered a separate proposal for purchase of such part.

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\* The Dated Date and the delivery date are expected to be the same date.

**Any prospective bidder intending to submit an electronic bid must submit its electronic bid via PARITY through their competitive bidding application BidComp. By submitting an electronic bid, a Bidder agrees:**

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the purchase price for the Issue and interest rate or rates to be borne by the Issue and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the Bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the Bidder shall be bound by the terms of such contract.
2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.
3. That the Bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such access. None of the electronic bidding services are an agent of the City. The City shall have no liability whatsoever based on the Bidders use of the electronic service including, but not limited to, any failure by the electronic service to correctly or timely transmit information provided by the Bidder.

The City assumes no responsibility or liability for bids submitted through PARITY. The City also assumes no responsibility for the accuracy of information on the City's Notes presented by, nor of calculations performed by, nor of restrictions on the entry of bids enforced by, PARITY. If any provisions in this Official Notice of Sale conflict with information provided by PARITY, this Official Notice of Sale shall control. The City's computation of true interest cost of each bid will be controlling.

An electronic bid shall be deemed an irrevocable offer to purchase the Notes on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facility being the sole risk of the prospective bidder.

For purposes of both the sealed bid process and the electronic bid process, the time as maintained by the City shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids may be submitted electronically via PARITY pursuant to this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this notice, the terms of this notice shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 404-8102. The fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder.

#### **Payment and Delivery of the Notes**

Payment for the Notes shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Notes will be delivered on or about May 16, 2014, or as soon thereafter as the Notes may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

The Notes, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. A certificate for each interest rate will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their

ownership of the Notes purchased. The successful bidder(s) shall be required to deposit the Notes with DTC as a condition to delivery of the Notes. The City will make payment of the principal and interest on the Notes to DTC or its nominee as registered owner of the Notes. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Notes. Notices, if any, given by the City to DTC are redistributed in the same manner as are payments. The City assumes no liability for the failure of DTC, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Notes. The City is not responsible for supervising the activities or reviewing the records of DTC, its participants or other persons acting through such participants. In the event that the securities depository relationship with DTC for the Notes is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Notes in fully registered certificated notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Notes of the same interest rate then outstanding as directed by the registered owners of the Notes.

### **Issue Price Certificate**

In order for the City to comply with certain conditions of the Internal Revenue Code relating to the exclusion of interest on the Notes from gross income for Federal tax purposes, the successful bidder will be required to complete, execute, and deliver to the City a certification regarding "Issue Price". Each bidder, by submitting its bids, agrees to complete, execute and deliver such certificate if its bid is accepted by the City. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. We anticipate the Issue Price Certificate to be similar to the following:

We hereby certify that as of \_\_\_\_\_, 20\_\_\_, the date on which the Notes were sold by the Issuer (the "Sale Date"), all of the Notes were offered and the first 10 percent or more of the Notes were [actually][reasonably expected to be] sold to the General Public for money in a bona fide public offering at the initial offering prices shown on the attached schedule (the "Issue Price"), which does not exceed the fair market value of the Notes as of the Sale Date. On this basis, we have determined the Issue Price of the Notes to be \$\_\_\_\_\_.

For purposes of this certificate, "General Public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers.

It is understood by the undersigned that the certifications contained in this certificate will be relied upon by the Issuer and Bond Counsel in determining that the Notes are tax-exempt under Section 103 of the Internal Revenue Code of 1986.

### **Minority Participation**

The Commission has been disappointed with the degree of minority underwriter participation in the bidding for City Notes and Bonds. The Commission, under its stated policy, strongly desires that a minimum of 5% of the Notes are underwritten by firms which are certified by the State of Wisconsin as being minority-owned. The Commission urges prospective bidders to utilize the list of firms so certified by the State of Wisconsin that is available from the City Comptroller upon request, and to include such firms in their bidding group. The Commission further strongly desires certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority participation in bids is strongly encouraged by the Commission, but is not a requirement for submitting a bid.

### **Authorization, Security, and Conditions of Delivery**

The Notes have been approved by a resolution adopted by the Common Council of the City. The Notes will be direct general obligations of the City, payable from taxes levied on all taxable property within said City, subject

to taxation by said City, without limitation as to rate or amount. The Notes are being issued pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, for the purpose of financing the operating budget of the City on an interim basis pending receipt of State shared revenue payments due in November, 2014. As additional security for repayment of the Notes and interest thereon, the City has pledged, and will irrevocably segregate upon receipt, State shared revenue payments due in November, 2014 in an amount sufficient with interest thereon to pay the principal and interest due on the Notes at maturity and the City has irrevocably pledged all other General Fund Revenues included in the budget for calendar year 2014 which are due the City and not yet paid as of the date of delivery of, and payment for, the Notes and which are not otherwise applied.

The Notes are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and of Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel, which opinions, together with the completed Notes, will be furnished to the successful bidder(s) at the expense of the City. The form of such opinion appears as Appendix B in the Official Statement.

The successful bidder(s) will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of said Notes. The Preliminary Official Statement is in a form which the City “deems final” as of April 21, 2014 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder(s) will also be furnished with up to one hundred copies of the Final Official Statement (pro rata) issued in conjunction with this offering within seven business days after the award of the Notes in accordance with SEC Rule 15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Notes, but neither the failure to include such numbers on any Notes nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Note or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City’s contractual obligation arising from its acceptance of the successful bidder’s proposal, at the time of the delivery of the Notes the City will provide an executed copy of its Continuing Disclosure Certificate. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Notes, to provide in a timely manner and notice of certain events with respect to the Notes. Notice of the occurrence of certain events with respect to the Notes will be provided to a central repository designated by the SEC.

The successful bidder(s) may, at its option, refuse to accept the Notes if prior to their delivery, any income tax law of the United States of America shall provide that the interest on such Notes is includable or shall be includable at a future date in gross income for federal income tax purposes, and in such case the deposit made by them will be returned and they will be relieved of their contractual obligations arising from the acceptance of their proposal.

The City understands that, from time to time, it is advantageous to take bond insurance into account when submitting a bid. Bond insurance is at the sole discretion and risk of the bidder(s). The use of bond insurance will require insurance related certifications by the bidder in the Issue Price certificate. The City will assist in the reoffering of the Notes with insurance by including bidder provided bond insurance information in the Final Official Statement. However, the City does not have the authority to enter into agreements with the bond insurer. The successful bidder(s) do not have the option to refuse delivery of the Notes due to bond insurance related issues, including downgrade of the bond insurer prior to delivery. Reprinting of the Final Official Statement due to bond insurance related issues that arise after the date of sale shall be at the sole expense of the bidder.

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

MARTIN MATSON  
City Comptroller and Secretary  
Public Debt Commission  
City Hall, Room 404  
200 E. Wells St.  
Milwaukee, WI 53202

By order of the Commissioners of the  
Public Debt of the City of Milwaukee

KENNETH KREI, Chairperson  
PETER ARMBRUSTER, Member  
CRAIG D. KAMMHOLZ, Member  
COMMISSIONERS OF THE PUBLIC DEBT

April 21, 2014



**OFFICIAL BID FORM**  
**(Electronic Bids also accepted via Parity – See the Official Notice of Sale)**

**\$110,000,000**  
**CITY OF MILWAUKEE, WISCONSIN**  
**GENERAL OBLIGATION CASH FLOW PROMISSORY NOTES, SERIES 2014 R1**

May 1, 2014

Commissioners of the Public Debt  
 200 E. Wells St., Room 404  
 Milwaukee, Wisconsin 53202

Commissioners:

We offer to purchase the General Obligation Cash Flow Promissory Notes, Series 2014 R1 (the “Notes”) of the City of Milwaukee, Wisconsin, in the principal amount(s) set forth below, as described in the Official Notice of Sale, dated April 21, 2014 of said Notes, which Notice is by reference incorporated herein, and made a part of the bid described herein.

The Notes shall bear interest at the following rate(s) per annum, and we will pay you par value and accrued interest to the date of delivery (plus a premium, if any), as shown:

	<u>Principal Amount</u> <u>(\$10,000,000 minimum) <sup>(1)</sup></u>	<u>Interest</u> <u>Rate <sup>(2)</sup></u>	<u>Premium</u> <u>(if any)</u>
Bid A:	\$ _____	_____ %	\$ _____
Bid B:	\$ _____	_____ %	\$ _____
Bid C:	\$ _____	_____ %	\$ _____
Bid D:	\$ _____	_____ %	\$ _____
Bid E:	\$ _____	_____ %	\$ _____

- (1) Each Bid shall be a minimum of \$10,000,000, and in multiples of \$10,000,000.  
 (2) Interest rate must be no greater than 4.00%, and in multiples of 1/8 or 1/20 of one percent.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company for one-half of one percent (0.50%) of the maximum amount of the Notes bid for as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice. We understand that in the event the Commission awards to us part of the Notes subject to the bids described herein, it will refund a pro rata share of the selected good faith deposit.

**If this bid is not accompanied by a Good Faith Deposit, we agree to the additional terms for Good Faith Deposit Submitted After Bids Are Due.**

By 3:00 p.m. Central Time on the day after receiving the award, we will provide to the City the following information for each member of the underwriting syndicate: Names, initial participation, and minority status. In addition, prior to closing, we agree to provide final participation for each member.

By: \_\_\_\_\_

\_\_\_\_\_  
 Company Name

Phone Number: \_\_\_\_\_

No addition, alteration or change is to be made to the form of this bid.

**RECEIPT**

Return of Good Faith Deposit is hereby acknowledged: \_\_\_\_\_

By: \_\_\_\_\_

In order to assist the Commission in minority underwriting participation, please list minority underwriting firms who have participated in your bidding group and their initial percentages:

\_\_\_\_\_  
\_\_\_\_\_

**Please attach a list of account members –**

If we receive the award of the Notes, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting of the Notes so awarded and the amount of each firm's participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award of the Notes. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.



**OFFICIAL NOTICE OF SALE AND  
OFFICIAL BID FORM**

**FOR**

**\$107,370,000\***

**CITY OF MILWAUKEE, WISCONSIN  
GENERAL OBLIGATION NOTES AND BONDS**

**comprised of**

**\$85,870,000\***

**GENERAL OBLIGATION PROMISSORY NOTES  
SERIES 2014 N2**

**and**

**\$21,500,000\***

**GENERAL OBLIGATION CORPORATE PURPOSE BONDS  
SERIES 2014 B3**

**Sale Data:**

**SALE DATE AND TIME:**

Thursday, May 1, 2014  
10:15 a.m. Central Time

**PLACE OF ACCEPTANCE FOR SEALED BIDS:**

City of Milwaukee  
Office of the City Comptroller  
City Hall, Room 404  
200 E. Wells St.  
Milwaukee, Wisconsin 53202

Bids will also be accepted electronically  
via PARITY®

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

**OFFICIAL NOTICE OF SALE**  
**CITY OF MILWAUKEE, WISCONSIN**

**\$85,870,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2014 N2**  
**AND**  
**\$21,500,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2014 B3**

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the “City”), will receive sealed bids and electronic bids until 10:15 A.M., Central Time, on Thursday, the

**1<sup>ST</sup> DAY OF MAY, 2014**

at the Office of the City Comptroller, in said City, for the purchase of Eighty Five Million Eight Hundred Seventy Thousand Dollars (\$85,870,000)\* General Obligation Promissory Notes, Series 2014 N2 (the “Notes”) and Twenty One Million Five Hundred Thousand Dollars (\$21,500,000)\* General Obligation Corporate Purpose Bonds, Series 2014 B3 (the “Bonds”, and collectively with the Notes, the “Obligations”). Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event PARITY is not accessible during the 30 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City’s Public Debt Commission scheduled for 1:00 P.M. Central Time on May 1, 2014. *Information regarding the Obligations is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

**Details of the Obligations**

The Obligations will be dated as May 16, 2014 (the “Dated Date”), and will bear interest from the Dated Date, payable commencing on October 1, 2014 and semiannually thereafter on April 1 and October 1. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes mature on April 1, in each of the years and in the principal amounts as follows:

Maturing (April 1)	Amount*	Maturing (April 1)	Amount*
2015	\$26,225,000	2020	\$6,220,000
2016	12,705,000	2021	5,115,000
2017	7,175,000	2022	5,115,000
2018	6,710,000	2023	5,115,000
2019	6,375,000	2024	5,115,000

The Notes are not subject to redemption prior to maturity.

The Bonds mature on April 1, in each of the years and in the principal amounts as follows:

Maturing (April 1)	Amount*	Maturing (April 1)	Amount*
2025	\$4,300,000	2028	\$4,300,000
2026	4,300,000	2029	4,300,000
2027	4,300,000		

\* Subject to change in accordance with this Official Notice of Sale

The Bonds are subject to redemption prior to their maturity at the option of the City on any date on or after April 1, 2024, at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding Bonds are called for redemption, the Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any Bonds to be redeemed in whose name such Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15<sup>th</sup> calendar day (whether or not a business day) prior to the redemption date.

#### **Bid Parameters**

No bid for less than all of the Obligations will be considered. **Coupons:** Bidders are required to name the interest rate or rates the Obligations are to bear. The rates shall be less than, or equal to 5.00%; the rates for all Notes and Bonds maturing in 2015 and thereafter, shall be equal to, or greater than the rate on the prior maturity, including the 2025 maturity of the Bonds with respect to the 2024 maturity of the Notes; and the rates shall be in multiples of one-eighth of one percent or one-twentieth of one percent. There shall be only one rate for Obligations maturing on the same date. **Minimum Maturity Price:** No maturity may have an initial offering price of less than 100% of par value plus accrued interest, if any. This parameter is not on the bid form, but will be enforced by confirmation with the bidder prior to the award. **Minimum Issue Price:** No bid at less than par value plus accrued interest, if any, will be considered. **Maximum Issue Price:** No bid for more than 107% of par value plus accrued interest, if any, will be considered. Minimum and Maximum Issue Price restriction only applies to the original bid, and shall not take into account any upward or downward adjustment in the principal amount of the Obligations.

#### **Good Faith Deposit**

The winning bidder must submit a Good Faith Deposit (“Deposit”) in the form of a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of One Million Dollars (\$1,000,000), payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder as liquidated damages should such bidder fail to take up and pay for the Obligations when ready. The Deposit of the successful bidder will be retained by the City and deducted from the purchase price at the time of closing. No adjustment of the Deposit will be made as a result in the change in the final par amount of the Obligations.

The good faith checks of the unsuccessful bidders will be returned promptly upon the official determination of the bid to be accepted. All bids shall remain firm until 6:00 P.M. Central Time, by which time the official award of the Obligations will be made or all bids rejected.

**Good Faith Deposit Submitted After Bids Are Due – Terms and Conditions:** Bidders may elect to provide a Deposit after the time Bids are due, subject to the following conditions:

1. Submission of a bid without providing a Deposit prior to the time bids are due, in consideration for the City considering the bid, the bidder shall be deemed to have consented to these additional terms for Good Faith Deposit Submitted After Bids Are Due.
2. The winning bidder shall provide the City a Deposit by cashier’s check or a certified check drawn on a state or national bank or trust company (or wire transfer such amount as instructed by the City) payable to the City by 12:00 Noon, Central Time (“Due Time”) on the date bids are open.
3. Failure to provide a Deposit by the Due Time will result in the winning bid being rejected, and the City will negotiate with the next highest bidder(s) for the completion of the transaction.
4. The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the Deposit amount represents liquidated damages for the City in the event that the winning bidder fails to provide the Deposit by the Due Time. The City shall be entitled to the liquidated damages even if the City rejects the winning bid due to failure to provide the

Deposit by the Due Time, and regardless of whether the City is able to complete the transaction with another bidder at a higher or lower cost, or at all. The winning bidder agrees to reimburse the City for costs to collect the liquidated damages, and to the jurisdiction of Wisconsin courts.

### **Award**

The Obligations will be awarded to the qualified bidder offering the lowest true interest cost to the City. The City's computation of true interest cost of each bid will be controlling. True interest cost can be estimated as follows: the present value rate necessary to discount, to the Purchase Price (hereinafter defined), the future debt service payments from the payment dates to the Dated Date, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding. The "Purchase Price" is principal, plus premium, plus accrued interest from the Dated Date to the date of delivery. \* The City reserves the right to reject any or all bids or to waive any irregularity in any bid.

Prior to the award of the Obligations, the aggregate principal amount of the Obligations offered for sale may be revised downward in an amount not to exceed the aggregate premium bid. A SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE PRICE OR INTEREST RATE BID AT THE INITIAL OFFERING PRICE AS A RESULT OF ANY REVISION MADE TO THE PRINCIPAL AMOUNT OF THE NOTES OR BONDS. In the event of any such revision, no re-bidding or re-calculation of bids submitted will be required or permitted. Obligations will be awarded up to the revised aggregate principal amount.

The City will contact the successful bidder shortly after opening of the bids. The successful bidder with then have 5 minutes to provide the City with the reoffering yield and prices of each maturity of the Obligations. The City will calculate the underwriting discount, which shall be a fixed percentage of the par amount of each Offered Obligation. Based upon the information, the City will recalculate the par amount of each maturity of the Obligations being offered, and the adjusted bid price. The City will inform the successful bidder as soon as possible of the anticipated adjusted amounts.

The winning bid will be reported to PARITY, but the City assumes no responsibility or liability for results posted on such website.

### **Submission of Bids**

Sealed proposals for the purchase of the Obligations must be made using the Official Bid Form or, if submitted electronically via the PARITY, in accordance with the requirements prescribed by this Notice of Sale. For bidders submitting their electronic bid via PARITY, please refer to your contract/agreement with PARITY regarding any requirements for participation. If more than one bid, either through the same method or through more than one method, including using more than one electronic method, shall be submitted by the same bidder for the Obligations, each such bid shall be considered a separate proposal for the purchase of the Obligations.

**Any prospective bidder intending to submit an electronic bid must submit its electronic bid via PARITY through their competitive bidding application BidComp. By submitting an electronic bid, a bidder agrees:**

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the Purchase Price for the Obligations and interest rate or rates to be borne by the Obligations and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the bidder shall be bound by the terms of such contract.
2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and

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\* The Dated Date and the delivery date are expected to be the same date.

the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.

3. That the bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such access. None of the electronic bidding services is an agent of the City. The City shall have no liability whatsoever based on the bidders use of the electronic service including, but not limited, to any failure by the electronic service to correctly or timely transmit information provided by the bidder.

The City assumes no responsibility or liability for bids submitted through PARITY. The City also assumes no responsibility for the accuracy of information on the Obligations presented by, nor of calculations performed by, nor of restrictions on the entry of bids enforced by, PARITY. If any provisions in this Official Notice of Sale conflict with information provided by PARITY, this Official Notice of Sale shall control. The City's computation of true interest cost of each bid will be controlling.

An electronic bid shall be deemed an irrevocable offer to purchase the Obligations on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facility being the sole risk of the prospective bidder.

For purposes of both the sealed bid process and the electronic bid process, the time as maintained by the City shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids may be submitted electronically via PARITY® pursuant to this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this notice, the terms of this notice shall control. For further information about PARITY®, potential bidders may contact PARITY® at (212) 404-8102. The fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder.

### **Payment and Delivery of the Obligations**

Payment for the Obligations shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Obligations will be delivered on or about May 16, 2014, or as soon thereafter as the Obligations may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

The Obligations, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Obligations. A certificate for each interest rate will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Obligation purchased. The successful bidder shall be required to deposit the Obligations with DTC as a condition to delivery of the Obligations. The City will make payment of the principal and interest on the Obligations to DTC or its nominee as registered owner of the Obligations. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Obligations. Notices, if any, given by the City to DTC are redistributed in the same manner as are payments. The City assumes no liability for the failure of DTC, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Obligations. The City is not responsible for supervising the activities or reviewing the records of DTC, its participants or other persons acting through such participants. In the event that the securities depository relationship with DTC for the Obligations is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Notes and Bonds in

fully registered certificated notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Obligations of the same interest rate then outstanding as directed by the registered owners of the Obligations.

### **Issue Price Certificate**

In order for the City to comply with certain conditions of the Internal Revenue Code relating to the exclusion of interest on the Obligations from gross income for Federal tax purposes, the successful bidder will be required to complete, execute, and deliver to the City a certification regarding "Issue Price". Each bidder, by submitting its bids, agrees to complete, execute and deliver such certificate if its bid is accepted by the City. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. We anticipate the Issue Price Certificate to be similar to the following:

We hereby certify that as of \_\_\_\_\_, 20\_\_\_, the date on which the Obligations were sold by the Issuer (the "Sale Date"), all of the Obligations were offered and the first 10 percent or more of the Obligations were [actually][reasonably expected to be] sold to the General Public for money in a bona fide public offering at the initial offering prices shown on the attached schedule (the "Issue Price"), which do not exceed the fair market value of the Obligations as of the Sale Date. On this basis, we have determined the Issue Price of the Obligations to be \$\_\_\_\_\_.

For purposes of this certificate, "General Public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers.

It is understood by the undersigned that the certifications contained in this certificate will be relied upon by the Issuer and Bond Counsel in determining that the Obligations are tax-exempt under Section 103 of the Internal Revenue Code of 1986.

### **Minority Participation**

The Commission has been disappointed with the degree of minority underwriter participation in the bidding for City debt. The Commission, under its stated policy, strongly desires that a minimum of 5% of City debt is underwritten by firms which are certified by the State of Wisconsin as being minority-owned. The Commission urges prospective bidders to utilize the list of firms so certified by the State of Wisconsin that is available from the City Comptroller upon request, and to include such firms in their bidding group. The Commission further strongly desires certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority participation in bids is strongly encouraged by the Commission, but is not a requirement for submitting a bid.

### **Authorization, Security, and Conditions of Delivery**

The Obligations have been approved by resolutions adopted by the Common Council of the City and are issued for the financing of various public improvement projects, fiscal requirements of the City, and refunding outstanding obligations of the City. The Obligations will be direct general obligations of the City, payable from taxes levied on all property within said City, subject to taxation by said City, without limitation as to rate or amount.

The Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel, which opinions, together with the completed Obligations, will be furnished to the successful bidder at the expense of the City. The form of such opinion appears as Appendix B in the Official Statement.

The successful bidder will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Obligations. The Preliminary Official Statement is in a form which the City "deems final" as of April 21, 2014 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder will also be furnished with up to one hundred copies of the Final Official Statement issued in conjunction

with this offering within seven business days after the award of the Obligations in accordance with SEC Rule 15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Obligations, but neither the failure to include such numbers on any Obligation nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Obligations in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Obligation or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Obligations the City will provide an executed copy of its Continuing Disclosure Certificate. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Obligations, to provide in a timely manner and notice of certain events with respect to the Obligations. Notice of the occurrence of certain events with respect to the Obligations will be provided to each nationally recognized municipal securities information repository, to the Municipal Securities Rulemaking Board and to the Wisconsin State Information Repository, if created.

The City understands that, from time to time, it is advantageous to take bond insurance into account when submitting a bid. Bond insurance is at the sole discretion and risk of the bidder. The City will assist in the reoffering of the Obligations with insurance by including bidder provided bond insurance information in the Final Official Statement. However, the City does not have the authority to enter into agreements with the bond insurer. **The successful bidder does not have the option to refuse delivery of the Obligations due to bond insurance related issues, including downgrade of the bond insurer prior to delivery.** Reprinting of the Final Official Statement due to bond insurance related issues that arise after the date of sale shall be at the sole expense of the bidder.

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

MARTIN MATSON  
City Comptroller and Secretary  
Public Debt Commission  
City Hall, Room 404  
200 E. Wells St.  
Milwaukee, WI 53202

By order of the Commissioners of the  
Public Debt of the City of Milwaukee

KENNETH KREI, Chairperson  
PETER ARMBRUSTER, Member  
CRAIG D. KAMMHOLZ, Member

COMMISSIONERS OF THE PUBLIC DEBT

April 21, 2014





**OFFICIAL BID FORM**

(Electronic Bids also accepted via Parity – See the Official Notice of Sale)

**CITY OF MILWAUKEE, WISCONSIN**  
**\$85,870,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2014 N2**  
AND  
**\$21,500,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2014 B3**

May 1, 2014

Commissioners of the Public Debt  
 200 E. Wells St., Room 404  
 Milwaukee, Wisconsin 53202

Commissioners:

For all but no part of \$107,370,000\* notes and bonds, comprised of the \$85,870,000\* General Obligation Promissory Notes, Series 2014 N2 (the “Notes”) and the \$21,500,000\* General Obligation Corporate Purpose Bonds, Series 2014 B3 (the “Bonds”), we offer to pay a price of \$\_\_\_\_\_ (not less than \$107,370,000, and not more than \$114,885,900), plus accrued interest from May 16, 2014, the dated date, to the date of delivery. The Notes and Bonds shall bear interest as follows:

<u>Series 2014 N2 (Notes)</u>		<u>Series 2014 B3 (Bonds)</u>	
April 1, 2015	____.____% **	April 1, 2025	____.____% **+
April 1, 2016	____.____% **+	April 1, 2026	____.____% **+
April 1, 2017	____.____% **+	April 1, 2027	____.____% **+
April 1, 2018	____.____% **+	April 1, 2028	____.____% **+
April 1, 2019	____.____% **+	April 1, 2029	____.____% **+
April 1, 2020	____.____% **+		
April 1, 2021	____.____% **+		
April 1, 2022	____.____% **+		
April 1, 2023	____.____% **+		
April 1, 2024	____.____% **+		

- \*\* Rates must be less than, or equal to 5.00%, and in multiples of 1/8 or 1/20 of one percent. The minimum initial reoffering price for a maturity shall not be less than 100% of the par amount.
- + Rates must be equal to, or greater than, the rate on the prior maturity.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of \$1,000,000 for as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice.

**If this bid is not accompanied by a Good Faith Deposit, we agree to the additional terms for Good Faith Deposit Submitted After Bids Are Due.**

By 3:00 p.m. Central Time on the day after receiving the award, we will provide to the City the following information for each member of the underwriting syndicate: Names, initial participation, and minority status. In addition, prior to closing, we agree to provide final participation for each member.

By: \_\_\_\_\_  
 Phone Number: \_\_\_\_\_  
 \_\_\_\_\_  
 Company Name

No addition, alteration or change is to be made to the form of this Bid Form.

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

**RECEIPT**

Return of Good Faith Deposit is hereby acknowledged: \_\_\_\_\_

By: \_\_\_\_\_

In order to assist the Commission in minority underwriting participation, please list minority underwriting firms who have participated in your bidding group and their initial percentages:

\_\_\_\_\_  
\_\_\_\_\_

**Please attach a list of account members –**

If we receive the award, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting and the amount of each firm’s participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.