

**NEW ISSUES
BOOK ENTRY ONLY**

RATINGS:
G.O. Notes & G.O. Bonds
RANs
(See "RATINGS" herein)

Fitch Moody's Standard & Poor's
Ratings Requested
Ratings Requested

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

CITY OF MILWAUKEE, WISCONSIN

**\$33,530,000 GENERAL OBLIGATION SHORT-TERM
PROMISSORY NOTES, SERIES 2005 N1**

**\$13,795,000 GENERAL OBLIGATION
CORPORATE PURPOSE BONDS, SERIES 2005 B2**

**\$60,000,000* REVENUE ANTICIPATION NOTES
SERIES 2005 R3**

The General Obligation Short-Term Promissory Notes, Series 2005 N1 (the "G.O. Notes" or the "Notes") and the General Obligation Corporate Purpose Bonds, Series 2005 B1 (the "G.O. Bonds" or the "Bonds") are direct general obligations of the City of Milwaukee, Wisconsin (the "City" and the "State", respectively), payable from taxes levied on all taxable property within the City, subject to taxation by the City, without limitation as to rate or amount, and are issued for the purpose of financing various public improvement projects and fiscal requirements of the City.

The G.O. Notes and G.O. Bonds will be dated the Date of Delivery (expected to be March 23, 2005), will bear interest payable semiannually on February 15 and August 15 of each year, commencing August 15, 2005, at the rates, and will mature on February 15 in the years and amounts, as detailed on the inside front cover. The G.O. Notes are not subject to optional redemption. The G.O. Bonds are subject to optional redemption on any date on or after February 15, 2015, as provided herein.

The Revenue Anticipation Notes, Series 2005 R3 (the "RANs") are not a general obligation of the City, do not constitute an indebtedness for the purpose of determining the City's constitutional debt limitation, and no separate debt service tax shall be levied to pay the RANs or the interest thereon. The RANs will be dated the Date of Delivery, and will be payable on March 23 2006. The RANs 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 shared revenue payments. Interest on the RANs shall be payable at maturity. The RANs are not subject to optional redemption.

The Offered Obligations have been offered for sale by competitive bid in accordance with the Official Notices of Sale dated February 24, 2005 and are being issued subject to the legal opinions of Hawkins Delafield & Wood LLP, New York, New York, and Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel to the City, and other conditions specified in the Official Notices of Sale. Delivery of the Offered Obligations will be on or about March 23, 2005 (the "Date of Delivery") in New York, New York.

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

For Further Information Contact:

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

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

**ELECTRONIC BIDS FOR THE RANs WILL BE RECEIVED UP TO
10:00 A.M. (CENTRAL TIME) ON THURSDAY, MARCH 3, 2005**

**ELECTRONIC BIDS FOR THE G.O. BONDS AND G.O. NOTES WILL BE RECEIVED UP TO
10:30 A.M. (CENTRAL TIME) ON THURSDAY, MARCH 3, 2005**

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.

MATURITY SCHEDULES

\$33,530,000 G.O. SHORT-TERM PROMISSORY NOTES, SERIES 2005 N1

The G.O. Short-Term Promissory Notes, Series 2005 N1 will be dated the Date of Delivery, will bear interest at the rates shown below, payable semiannually on February 15 and August 15 of such year, commencing August 15, 2005, and will mature on February 15 in the years and in the amounts shown below. The G.O. Notes are not subject to optional redemption.

Maturing (February 15)	Amount	Interest Rate	Yield	Maturing (February 15)	Amount	Interest Rate	Yield
2006	\$8,950,000			2010	\$2,630,000		
2007	4,625,000			2011	2,160,000		
2008	2,975,000			2012	2,200,000		
2009	2,790,000			2013	2,245,000		
2010	2,665,000			2014	2,290,000		

\$13,795,000 G.O. CORPORATE PURPOSE BONDS, SERIES 2005 B2

The G.O. Corporate Purpose Bonds, Series 2005 B2 will be dated the Date of Delivery, will bear interest at the rates shown below, payable semiannually on February 15 and August 15 of each year, commencing August 15, 2005, and will mature on February 15 in the years and in the amounts shown below. The G.O. Bonds are subject to optional redemption on any date on or after February 15, 2015, as provided herein.

Maturing (February 15)	Amount	Interest Rate	Yield	Maturing (February 15)	Amount	Interest Rate	Yield
2016	\$2,040,000			2020	\$2,280,000		
2017	2,095,000			2021	1,470,000		
2018	2,155,000			2022	1,540,000		
2019	2,215,000						

\$60,000,000* REVENUE ANTICIPATION NOTES, SERIES 2005 R3

The Revenue Anticipation Notes, Series 2005 R3 will be dated the Date of Delivery, and will mature on March 23, 2006 without the option of prior redemption. Interest will be payable at maturity, at the rate or rates shown below.

Amount	Coupon	Yield
\$		

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

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.

This page will be updated as we move closer to the print date

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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:

\$33,530,000 General Obligation Short-Term Promissory Notes, Series 2005 N1 (the “G.O. Notes” or the “Notes”)

\$13,795,000 General Obligation Corporate Purpose Bonds, Series 2005 B2 (the “G.O. Bonds” or the “Bonds”)

\$60,000,000* Revenue Anticipation Notes, Series 2005 R3 (the “RANs”)

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

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

SUMMARY STATEMENT-THE G.O. NOTES

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

Issuer: City of Milwaukee, Wisconsin.

Issue: \$33,530,000 General Obligation Short-Term Promissory Notes, Series 2005 N1.

Dated Date: The Date of Delivery, which is anticipated to be March 23, 2005.

Amounts and Maturities:

G.O. Notes

Maturing (February 15)	Amount	Maturing (February 15)	Amount
2006	\$8,950,000	2011	\$2,630,000
2007	4,625,000	2012	2,160,000
2008	2,975,000	2013	2,200,000
2009	2,790,000	2014	2,245,000
2010	2,665,000	2015	2,290,000

Interest Payment Dates: Each February 15 and August 15 commencing August 15, 2005. Interest on the Notes will be computed on the basis of a 30-day month and a 360-day year.

Denominations: \$5,000 or integral multiples thereof.

Purpose: The Notes are being issued to finance various public improvement projects and fiscal requirements of the City.

Security: Principal and interest on the Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.

Authority for Issuance: The Common Council of the City has authorized the issuance and sale of the Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.

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

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

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

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

Official Statement: The City will provide the original purchaser of the G.O. Notes with up to 100 copies of this Official Statement within seven business days following the award of the G.O. Notes.

Professionals:

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

Delivery: Delivery of the Notes will be on or about March 23, 2005 (the "Expected Date of Delivery") 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 Notes 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 Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See "RULE 15c2-12" herein).

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SUMMARY STATEMENT-THE G.O. BONDS

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

Issuer: City of Milwaukee, Wisconsin.

Issue: \$13,795,000 General Obligation Corporate Purpose Bonds, Series 2005 B2.

Dated Date: Date of Delivery, which is anticipated to be March 23, 2005.

Amounts and Maturities:

<u>G.O. Bonds</u>			
<u>Maturing</u> <u>(February 15)</u>	<u>Amount</u>	<u>Maturing</u> <u>(February 15)</u>	<u>Amount</u>
2016	\$2,040,000	2020	\$2,280,000
2017	2,095,000	2021	1,470,000
2018	2,155,000	2022	1,540,000
2019	2,215,000		

Interest Payment Dates: Each February 15 and August 15 commencing August 15, 2005. Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year.

Denominations: \$5,000 or integral multiples thereof.

Purpose: **The Bonds are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the purpose of financing various public improvement projects of the City.**

Security: Principal and interest on the Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.

Authority for Issuance: The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.

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

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

Redemption Feature: The Bonds are subject to optional redemption on any date on or after February 15, 2015, as provided herein. (See "REDEMPTION PROVISIONS" herein.)

Official Statement: The City will provide the original purchaser of the G.O. Bonds with up to 100 copies of this Official Statement within seven business days following the award of the G.O. Bonds.

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

Quarles & Brady LLP
Milwaukee, Wisconsin

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

Delivery: Delivery of the Bonds will be on or about March 23, 2005 (the "Expected Date of Delivery") 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 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 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See "RULE 15c2-12" herein).

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SUMMARY STATEMENT-THE RANs

Issuer:	City of Milwaukee, Wisconsin.
Issue:	\$60,000,000* Revenue Anticipation Notes, Series 2005 R3.
Dated Date:	The Date of Delivery, which is anticipated to be March 23, 2005.
Maturity:	March 23, 2006.
Principal:	\$60,000,000*
Interest Payment Dates:	Payable at maturity; calculated on the basis of 30-day months and a 360-day year (term of 360 days assuming a March 23, 2005 delivery date).
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The RANs 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:	<p>The City has 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 RANs. 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 RANs and which are not otherwise pledged or assigned. (See "The RANs - SECURITY FOR THE RANs" herein).</p> <p>The RANs are not a general obligation, do not constitute an indebtedness of the City for the purpose of determining the City's constitutional debt limitation, and no tax shall be levied to pay the RANs or interest thereon.</p>
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the RANs in accordance with the provisions of Chapters 65 and 67, including particularly Section 67.12(1)(a) of the Wisconsin Statutes.
Form of Issuance:	The RANs will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the RANs. (See "BOOK-ENTRY-ONLY SYSTEM" herein).
Tax Status of Interest:	Under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the RANs is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Interest on the RANs is not exempt from State of Wisconsin income or franchise tax (See "TAX STATUS" herein).
Redemption Feature:	The RANs are not subject to redemption prior to maturity.
Official Statement:	The City will provide the original purchaser of the RANs with up to 100 copies of this Official Statement within seven business days following the award of the RANs.

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

Professionals:	Bond Counsel:	Hawkins Delafield & Wood LLP New York, New York Quarles & Brady LLP Milwaukee, Wisconsin
	Financial Advisor:	Robert W. Baird & Co. Milwaukee, Wisconsin
	Fiscal Agent:	J.P. Morgan Chase New York, New York
Delivery:	Delivery of the RANs will be on or about March 23, 2005 (the Expected Date of Delivery”) 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 RANs 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 RANs the City will provide an executed copy of its Continuing Disclosure Certificate. (See “RULE 15c2-12” herein).	

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THE G.O. NOTES AND G.O. BONDS

AUTHORITY AND PURPOSE

The G.O. Notes and G.O. Bonds (collectively the “G.O. Obligations”) 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, and to pay the associated financing costs. The Common Council of the City adopted resolutions on December 15, 2000, May 8, 2001, January 22, 2002, August 1, 2002, March 4, 2003, January 22, 2003, March 4, 2003, January 21, 2004, February 10, 2004, March 2, 2004, April 13, 2004 and February 1, 2005, authorizing the issuance of the G.O Obligations.

The proceeds of the G.O. Obligations are anticipated to be used as follows:

Public Buildings	Construction to and improvements of public buildings	\$3,840,000
Receivables and Other Fiscal Needs	Financing receivables and other fiscal needs	13,955,000
Schools	Construction of and improvements to school facilities	_____
Tax Incremental Districts	Construction of and improvements to Tax Incremental Districts	17,190,000
Fire Stations & Improvements	Construction of and improvements to fire stations	225,000
Street Improvements	Laying out, opening and widening of streets, and to provide street and sidewalk improvements	3,000,000
Bridges & Viaducts	Construction of and improvements to bridges and viaducts	_____
Police Facilities	Construction of and improvements to police facilities	3,250,000
Renewal & Development	Renewal and development projects	_____
Parks & Public Grounds	Construction of and improvements to park facilities	_____
Library Improvements	Construction of and improvements to libraries	1,800,000
Sewers	Construction of and improvements to sewers and drains	3,000,000
Parking Facilities	Construction of and improvements to parking facilities	1,065,000
Harbor	Construction of and improvements to the harbor	_____
Grant and Aid	Financing of grants and aid	_____
TOTAL		<u><u>47,325,000</u></u>

SECURITY FOR THE G.O. NOTES AND G.O. BONDS

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

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

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

MATURITY AND INTEREST RATES

The G.O. Obligations are to be dated the Date of Delivery and will bear interest from that date at the rates, and shall mature each February 15 in the amounts and on the dates as set forth on the inside front cover page of this Official Statement. Interest on the G.O. Obligations will be payable on August 15, 2005 and thereafter semiannually on February 15 and August 15 of each year and is calculated on the basis of 30-day months and a 360-day year.

REDEMPTION PROVISIONS

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

Optional Redemption. The G.O. Bonds with principal maturity dates on or after February 15, 2016 will be subject to redemption prior to their maturity, at the option of the City, on any date on or after February 15, 2015 a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding G.O. Bonds are called for redemption, the G.O. Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the G.O. Bonds of any maturity are called for redemption, the particular G.O. Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, to the owners of any G.O. Bonds to be redeemed in whose name such G.O. Bonds are registered as of a record date, which shall be 45 days prior to the redemption date.

STATUTORY BORROWING LIMITATION

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

THE RANs

AUTHORITY AND PURPOSE

The Common Council of the City has authorized the issuance and sale of the Revenue Anticipation Notes 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 February 1, 2005 in accordance with the provisions of Chapters 67.12(1) of the Wisconsin Statutes, which reads as follows:

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

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

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

SECURITY FOR THE RANs

The City has 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 RANs. 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 RANs.

The City has also covenanted to deposit by December 31, 2005, with the City's fiscal agent, segregated State Aid Payments in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the RANs.

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

MATURITY, INTEREST RATE(S) AND REDEMPTION PROVISION

The RANs are to be dated the Date of Delivery and will mature on March 23, 2006 without option of prior redemption and will bear interest from their date of issuance at the rate or rates as set forth on the inside front cover page of the Final Official Statement. Interest on the RANs will be payable at maturity.

Such interest will be calculated on the basis of 30-day months and a 360 day year (term of 360 days assuming a March 23, 2005 date of delivery).

STATUTORY BORROWING LIMITATION

Section 67.12(1)(a) of the Wisconsin Statutes limits issuance for the purpose of the RANs to sixty percent (60%) of the Estimated General Fund Revenues for fiscal year 2005. The limitation is calculated as follows:

Total Amount of Estimated General Fund Revenues for 2005	\$566,459,280
Statutory Borrowing Limit (60%)	\$339,875,568
This Issue of RANs	\$66,000,000*
Unused amount following this Issue	\$273,875,568
Percent of Borrowing Limit Used	19.4%
Percent of Borrowing to Estimated Revenues	11.7%

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

INVESTMENT POLICIES

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

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

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

The Local Government Investment Pool is a local option City depository. The City utilizes the Local Government Investment Pool in a manner similar to a "money market" account. When other investment options provide more favorable results, such options are utilized. As of January 31, 2005, the City had approximately 29.7% (\$148.6million) of its and MPS's investments deposited in the Local Government Investment Pool.

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

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

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 of Milwaukee, Wisconsin (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. Milwaukee is Wisconsin’s largest city with a population of 595,245 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Standard Consolidated Metropolitan Statistical Area (SCMSA) consisting of Milwaukee, Waukesha, Washington, Ozaukee, and Racine Counties, has a population of nearly 1.6 million. This SCMSA is the 24th largest metropolitan area in the United States.

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.

Milwaukee was incorporated as a city on January 31, 1846 pursuant to the laws of the territory of Wisconsin. Wisconsin gained statehood in 1848. The City, 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

Elected on April 6, 2004

(initial year in office follows name)

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

COMMON COUNCIL

Ashanti Hamilton	(2004)	Robert W. Puente	(2004)
Joe Davis, Sr.	(2003)	Michael J. Murphy	(1989)
Michael S. D’Amato	(1996)	Joseph A. Dudzik	(2002)
Robert J. Bauman	(2004)	James N. Witkowiak	(2004)
James A. Bohl, Jr.	(2000)	Terry L. Witkowski	(2003)
Michael McGee, Jr.	(2004)	T. Anthony Zielinski	(2004)
Willie C. Wade	(2003)	Willie L. Hines, Jr.	(1996)
Robert G. Donovan	(2000)		

The terms of all the above elected positions expire in April, 2008.

PUBLIC SERVICES AND FACILITIES

The City, employing approximately 7,401 people (some in a seasonal capacity), is charged with primary responsibility for public safety (via its police, fire and health departments); public works (including refuse removal and a City owned water utility); various cultural and recreational services including a library system; and general municipal administration. City government also participates in housing and neighborhood programs through separate housing and redevelopment authorities. These two latter authorities have the ability to directly borrow using revenue backed financings.

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

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

The second special purpose governmental unit is the Wisconsin Center District which oversees construction/operation of the Midwest Airlines Center, Milwaukee's major convention complex. This complex also includes the existing US Cellular Arena and the Milwaukee Auditorium facilities, formerly known as "MECCA". The Midwest Airlines Center was financed by \$185 million of revenue bonds backed by dedicated sales tax revenues from the lodging, restaurant, and vehicle rental areas. Phase one of the Midwest Airlines Center was completed during 1998. Phase two was completed in 1999. In 2001, \$30 million of Bonds were issued to renovate the Milwaukee Auditorium.

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

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

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

EMPLOYEE RELATIONS

Approximately 6,933 of the City's 7,150 full-time employees are members of bargaining units represented by 19 unions. Labor agreements are in place through December 31, 2006 with 10 unions representing approximately 2,886 employees. The remainder of the unions are at various stages in the negotiation process including mediation and arbitration.

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

GENERAL

The City, with a population of **593,920**, represents approximately 40 percent of the population of the greater metropolitan area. Based on the last U.S. Census, population in the four county retail trade area surrounding Milwaukee is 1,512,400 and represents 28% of the population of the State of Wisconsin. Over 74 percent of metropolitan Milwaukee's population is comprised of residents within the working ages of 18 and older. Forty-eight percent of the Milwaukee SMSA (Milwaukee, Washington, Waukesha and Ozaukee Counties) residents are under the age of 35.

Effective buying income in the City is approximately \$8.4 billion, 30 percent of the total effective buying income in the four county metro Milwaukee area. In Milwaukee, 26.6 percent of City households earn between \$20,000 and \$35,000 per year; 19.8 percent earn between \$35,000 and \$50,000 per year and 23.3 percent earn over \$50,000 per year. The age distribution of the population of the City is 10.7 percent between 18 and 24 years old; 15.2 percent between 25 and 34 years old; 20.5 percent between 35 and 49 years old and 23.3 percent are 50 years or older.

CITY OF MILWAUKEE SELECTED ECONOMIC DATA

	<u>Population⁽¹⁾</u>	<u>Per Capita Average Income</u>	<u>Per Capita Household Income</u>	<u>Per Capita Equalized Value</u>
1999	608,150	13,780	35,830	27,462
2000	605,572	14,170	36,830	28,641
2001	595,508	14,147	36,339	32,667
2002	595,958	13,420	34,320	34,022
2003	595,245	13,680	35,436	36,507
2004	593,920	Not Available	Not Available	Not Available

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

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

BUILDING PERMITS

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2000 through December 2004.

General

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2000	\$281,978,437	2,448
2001	388,613,133	2,752
2002	337,028,003	2,756
2003	334,954,154	2,884
2004	N/A	N/A

Residential Building

<u>Year</u>	<u>Single Family</u>		<u>Multi-Family</u>		<u>Total</u>		<u>Permits Issued</u>
	<u>Value</u>	<u># Of Units</u>	<u>Value</u>	<u># Of Units</u>	<u>Value</u>	<u># Of Units</u>	
2000	\$13,501,445	113	\$21,682,808	239	\$35,184,253	352	137
2001	17,597,336	141	81,508,896	401	99,106,232	542	168
2002	18,726,773	135	53,525,650	562	72,252,423	697	172
2003	20,069,077	159	91,792,191	666	111,861,268	825	187
2004	29,896,986	194	48,346,002	553	78,242,988	747	244

Commercial Building

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2000	\$99,967,923	88
2001	106,537,251	99
2002	87,778,047	89
2003	61,824,799	96
2004	63,485,441	89

Public Building

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2000	\$43,153,279	181
2001	64,534,354	406
2002	24,122,613	159
2003	54,241,508	202
2004	34,176,914	95

Alterations And Additions

<u>Year</u>	<u>Value</u>	<u>Permits Issued</u>
2000	\$103,672,982	2,042
2001	118,435,296	2,079
2002	152,874,920	2,336
2003	107,026,579	2,399
2004	118,905,782	2,356

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

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

BANK DEPOSITS

The following table illustrates a five-year history of bank deposits for the largest banks in the City. (In Thousands of Dollars)

	1999	2000	2001	2002	2003
Bank One, Milwaukee, N.A. ⁽¹⁾⁽²⁾	\$4,262,523	\$4,397,409	\$4,398,040	—	—
M & I Marshall & Ilsley Bank	5,245,384	8,623,224	18,244,031	\$18,523,783	\$20,932,473
Wells Fargo Bank Wisconsin, N.A.	1,667,542	1,803,846	1,992,708	2,200,491	2,277,301
Bank Mutual ⁽³⁾	1,355,566	1,343,013	1,479,372	1,477,209	2,270,649
Associated Bank Milwaukee ⁽⁴⁾	1,929,558	1,918,455	5,840,463	5,648,495	—
Guaranty Bank	678,162	918,287	1,475,151	1,784,272	1,541,942
Johnson Bank	1,016,505	1,105,687	1,165,488	1,468,019	1,872,594
St. Francis Bank, FSB ⁽⁵⁾	1,547,272	1,480,471	1,431,840	140,024	1,349,686
State Financial Bank, N.A. ⁽⁶⁾	—	859,769	955,237	991,701	—
Park Bank	390,147	455,397	466,454	472,664	510,814

- ⁽¹⁾ Total deposits for Bank One, Wisconsin. As of December 7, 1996, all 14 of the Bank One charters in Wisconsin merged into one charter. Bank deposits for all Bank One offices in the state are combined and reported as one amount under the name Bank One, Wisconsin. As a result, bank deposits for Bank One offices in the City of Milwaukee are not available for year-end 1996 and later.
- ⁽²⁾ Title change to Bank One, National Association due to a merger with Bank One, National Association of Chicago, Illinois effective August 2002. As a result, bank deposits for Bank One offices in the City of Milwaukee are not available for year-end 2002.
- ⁽³⁾ Changed title to Bank Mutual as of March 2003.
- ⁽⁴⁾ Changed title to Associated Bank, National Association, due to merger with Associated Bank Green Bay, National Association on April 20, 2001.
- ⁽⁵⁾ St. Francis Bank merged into Mid America Bank, FSB, Clarendon Hills, Illinois on December 1, 2003.
- ⁽⁶⁾ State Financial Bank, N.A. formed by merger in 2000.

Note: Other banks that have a significant presence in the Milwaukee area include TCF National Bank and U.S. Bank. These banks are not chartered in Wisconsin and information on these banks is not available through the Wisconsin Department of Financial Institutions.

Source: Wisconsin Department of Financial Institutions, December 2003 and The American Financial Directory (Wisconsin) January-June 2004.

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

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

<u>Employer</u>	2004 ⁽¹⁾ <u>Employment</u>	<u>Type of Business or Service</u>
Aurora Health Care	13,275	Health Care
U.S. Government (Includes Zablocki V.A. Medical Center)	10,700	Government
Covenant Health Care	9,300	Health Care
City of Milwaukee	7,401	Government
M&I Marshall & Ilsley	7,176	Holding company banking/finance and data services
Milwaukee Public Schools	7,137	Education
Milwaukee County	5,577	Government
University of Wisconsin-Milwaukee	4,307	Education
Medical College of Wisconsin	4,430	Medical school/academic/health care
Northwestern Mutual Life	4,039	Insurance
Columbia-St. Mary's	5,749	Health Care
Rockwell Automation (formerly Allen-Bradley)	3,800	Manufacturer, electrical/electronic products
Harley-Davidson Motor Company	3,599	Manufacturer, motorcycles
Froedert Memorial Lutheran Hospital	3,400	Health Care
US Bank (formerly Firststar Corporation)	3,350	Finance, banking
WE Energies	2,791	Electric/natural gas utility
SBC Communications (Ameritech Corporation)	2,766	Communications
Johnson Controls, Inc.	2,500	Manufacturer, of electronic control systems, automobile interior modules
Children's Hospital of Wisconsin	2,500	Health care
Marquette University	2,019	Higher Education
Briggs and Stratton	2,000	Manufacturer, small engines, automotive locks and keys
Fortis	1,863	Health care
Journal Communications	1,800	Publishing, printing and broadcasting
Miller Brewing Company	1,700	Manufacturer of beer and aluminum containers
Delphi Automotive Systems (General Motors)	1,600	Manufacturer, automotive electronic engine control modules, catalytic converters, and automotive

⁽¹⁾ Reflects full-time equivalent employees (FTEs).

Source: The 2005 Business Journal, 2005 Wisconsin Manufacturers and Business Service Directories and employer surveys August 2004 and February 2005.

EMPLOYMENT AND INDUSTRY

During 2004, the City's unemployment rate averaged approximately 8.6%. Presented below are annual unadjusted unemployment rates for the City of Milwaukee, as compared to the State of Wisconsin and the United States for the period 2000 through December 2004.

<u>Year</u>	<u>City of Milwaukee</u>	<u>Milwaukee - Waukesha Metropolitan Area</u>	<u>State of Wisconsin</u>	<u>United States</u>
2004	8.6%(1)	5.3%(1)	4.9%	5.5%
2003	7.9	5.1	5.6	6.0
2002	9.6	6.0	5.5	5.8
2001	7.8	4.7	4.5	4.7
2000	6.7	3.8	3.6	4.0

⁽¹⁾ As of December, 2004. Annual average is estimated.

Rates for City of Milwaukee and Milwaukee - Waukesha Metropolitan Area are not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics.

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

CITY OF MILWAUKEE
ESTABLISHMENTS AND EMPLOYMENT BY INDUSTRY GROUP
2004 ⁽¹⁾

<u>NAICS Description</u>	<u>Number of Establishments</u>	<u>Average Employment</u>
Agriculture, Forestry, Fishing & Hunting	3	8
Mining	6	36
Utilities	22	1,553
Construction	778	7,608
Manufacturing	862	39,650
Wholesale Trade	912	12,090
Retail Trade	1,558	20,736
Transportation & Warehousing	413	12,566
Information	245	8,938
Finance & Insurance	776	24,853
Real Estate & Rental & Housing	537	4,486
Professional & Technical Services	1,495	17,283
Management of Companies & Enterprises	132	11,232
Administrative & Waste Services	782	24,526
Educational Services	348	32,236
Health Care & Social Services	1,658	59,092
Arts, Entertainment, & Recreation	166	6,405
Accommodation & Food Services	1,107	21,625
Other Services, Excluding Public Administration	1,995	10,558
Public Administration	41	17,302
Unclassified	<u>2</u>	<u>9</u>
Total	<u>13,838</u>	<u>332,790</u>
All Government	241	45,667
Private Sector	<u>13,597</u>	<u>287,123</u>
Total	<u>13,838</u>	<u>332,790</u>

NOTE: Due to the method of reporting in prior years, the information stated above is incompatible with the data provided in previous years. The Wisconsin Department of Workforce Development changed its method of reporting data from the old system of Standard Industry Classification (SIC) to the new North American Industry Classification System (NAICS). The impact changed the number of industries reported from four subsectors to ten subsectors. The new method and format of reporting data is also incompatible with previous data sets by industry under the former SIC structure.

⁽¹⁾ Information represents second quarter 2004.

Source: Wisconsin Department of Workforce Development.

TEN LARGEST TAXPAYERS WITH 2004 ASSESSED VALUATIONS

US Bank (fna First Security Bank)	\$221,108,570
Northwestern Mutual Life Ins.	166,455,780
Teachers Insurance & Annuity/TIAA Realty	104,989,070
Towne Realty	85,265,870
M & I Marshall & Ilsley Bank/Metavante Corp	79,325,020
Metropolitan Associates	76,535,640
Marcus Corp/Milw City Center/Pfister	71,423,920
Miller Brewing	71,372,250
100 E. Wisconsin Ave Joint Venture	56,967,650
Great Lakes REIT/GLR Milw Center	56,455,410

Source: City of Milwaukee, Assessor's Office January 2005.

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DEBT STRUCTURE

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

LEGAL DEBT LIMITATIONS

Section 67.03 of the Wisconsin Statutes limits direct general obligation borrowing 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 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. Such debt margins, as of December 31, 2004, are calculated upon the 2004 City equalized valuation for 2005 purposes of \$ \$23,491,773,700. After issuance of the Offered Obligations, the available five percent debt margin for City borrowing is \$565,263,685 or 48.1% remaining for future debt issuance. The available two percent debt margin for school purpose borrowing is \$448,641,265, or 95.5% remaining for future debt issuance.

DEBT MARGIN

(Includes the G.O. Notes and G.O. Bonds)

Equalized Value of Taxable Property in the City		<u>\$23,491,773,700</u>
Legal Debt Limitation for City Borrowing		
5% of Equalized Value		\$1,174,588,685
General Obligation Debt Outstanding subject to 5% Limit		
As of February 1, 2005	\$642,148,094	
Plus: G. O. Notes	\$33,530,000	
Plus: G. O. Bonds	\$13,795,000	
Less: Provision for current year maturities	<u>(\$80,148,094)</u>	
Net General Obligation Debt Outstanding subject to the 5% Limit		<u>\$609,325,000</u>
As of February 1, 2005		
Total Debt Margin for City Borrowing (in Dollars)		<u>\$565,263,685</u>
(As a percentage)		48.1%
Legal Debt Limitation for School Purpose Borrowing		
2% of Equalized Value		\$469,835,474
General Obligation Debt Outstanding subject to 2% Limit		
As of February 1, 2005	\$21,194,209	
Less: Provision for current year maturities	\$ (0)	
Net General Obligation Debt Outstanding subject to the 5% Limit		\$21,194,209
As of February 1, 2005		
Total Debt Margin for School Purpose Borrowing (in Dollars)		\$448,641,265
(As a percentage)		95.5%

DEBT REFUNDED

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

\$30,725,000 General Obligation Refunding Bonds, Series of 2001-A, dated July 1, 2001, for the purpose of refunding additional portions of five general obligation bond issues, with a final escrow payment in 2009, and Associated Trust Company, N.A. as escrow trustee.

\$159,985,000, General Obligation Refunding Bonds, Series of 2002-A, dated October 15, 2002, for the purpose of refunding portions of seventeen general obligation issues, with a final escrow payment in 2011, and Marshall & Ilsley Trust Company, N.A. as escrow trustee.

None of the refunded debt is reflected in the "Debt Margin" presentation above.

ANALYSIS OF GENERAL OBLIGATION DEBT OUTSTANDING AS OF FEBRUARY 1, 2005

Schools (5% City Borrowing)	\$100,247,793
Schools (2% School Purpose Borrowing)	21,194,209
Tax Increment Districts	96,629,415
Streets	77,190,810
Public Buildings	76,216,899
Sewers	62,493,099
Police	45,802,510
Water	32,202,813
Finance Real & Personal Property Tax Rec	26,260,000
Blight Elimination/Urban Renewal	22,436,777
Local Improvement Projects/Special Ass	21,987,987
Parking	16,270,898
Fire	14,969,034
Bridges	14,149,720
FMIS Replacement	8,838,466
Library	8,564,276
Playground/Rec Facilities	8,169,032
Harbor	4,471,551
Municipal Expenses	4,000,000
Grant & Aid Improvements City Share	537,856
Economic Development	356,451
Industrial Land Bank	192,856
Milwaukee Exposition and Conv Center	72,983
Resource Recovery	62,740
Lakefront Development	24,128
	<hr/>
Total	<u>\$663,342,303</u>

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

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

Year	Total G.O. Debt Service as of Requirements February 1, 2005	Plus: This issue of G.O. Bonds and Notes			Total Debt Service Requirements After Issuance
		Bonds	Notes	Interest (1)	
2005	\$109,758,160			\$788,750	\$110,546,910
2006	100,798,635		\$8,950,000	1,893,000	111,641,635
2007	90,290,216		4,625,000	1,535,000	96,450,216
2008	84,810,045		2,975,000	1,350,000	89,135,045
2009	74,306,044		2,790,000	1,231,000	78,327,044
2010	68,417,204		2,665,000	1,119,400	72,201,604
2011	60,638,650		2,630,000	1,012,800	64,281,450
2012	54,713,161		2,160,000	907,600	57,780,761
2013	48,761,105		2,200,000	821,200	51,782,305
2014	41,776,823		2,245,000	733,200	44,755,023
2015	35,362,285		2,290,000	643,400	38,295,685
2016	27,109,916	\$2,040,000	—	551,800	29,701,716
2017	22,471,300	2,095,000	—	470,200	25,036,500
2018	16,732,778	2,155,000	—	386,400	19,274,178
2019	10,486,631	2,215,000	—	300,200	13,001,831
2020	6,247,819	2,280,000	—	211,600	8,739,419
2021	5,727,125	1,470,000	—	120,400	7,317,525
2022	5,315,000	1,540,000	—	61,600	6,916,600
2023	4,955,000	—	—	—	4,955,000
2024	—	—	—	—	—
	<u>\$868,677,897</u>	<u>\$13,795,000</u>	<u>\$33,530,000</u>	<u>\$14,137,550</u>	<u>\$930,140,447</u>

⁽¹⁾ Assumes an interest rate of 4.00% on the G.O. Bonds and G.O. Notes.

TRENDS OF GENERAL OBLIGATION DEBT

The following table indicates the general obligation debt of the City outstanding on December 31st of the year shown.

<u>Dec. 31</u>	<u>General Obligation Debt Outstanding⁽²⁾</u>	<u>Debt Service Fund Balance ⁽¹⁾</u>		<u>Debt Less Debt Service Fund Balance</u>
		<u>Allocated To Specific Issues⁽³⁾</u>	<u>Unallocated⁽⁴⁾</u>	
1999	\$559,098,751	\$11,253,948	\$20,068,052	\$527,776,751
2000	605,239,921	9,623,007	20,812,993	574,803,921
2001	643,382,647	13,391,189	28,745,811	601,245,647
2002 ⁽⁵⁾	659,548,890	14,526,317	3,021,809	642,000,763
2003 ⁽⁵⁾	660,081,448	22,666,740	6,281,494	631,133,214
2004	672,642,303	23,707,300	22,167,087	626,767,915

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

TRENDS OF SELF-SUSTAINING GENERAL OBLIGATION DEBT

Self-Sustaining General Obligation Debt⁽¹⁾

<u>Date</u>	General Obligation	Self-Sustaining General Obligation Debt ⁽¹⁾					Total Self	Net General Obligation
	Debt Less Debt Service Balance ⁽²⁾	TID Program ⁽³⁾	Parking Program	Special Assessments ⁽⁴⁾	Delinquent Taxes ⁽⁵⁾	Water	Sustaining Debt	Debt Less Self- Sustaining Debt ⁽⁶⁾
12/31/1999	\$539,030,699	\$66,836,574	\$25,399,711	\$28,560,056	\$21,950,000	\$57,373,821	\$200,120,162	\$338,910,537
12/31/2000	584,426,928	66,078,454	26,981,616	26,299,555	21,225,000	52,611,050	193,195,675	391,231,253
12/31/2001	614,636,836	85,095,889	25,557,046	23,882,153	22,430,000	47,857,943	204,823,031	409,813,805
12/31/2002	656,527,080	92,727,110	22,588,922	21,291,451	22,645,000	42,488,920	201,741,403	454,785,677
12/01/2003	653,799,954	90,709,964	21,056,163	20,263,625	24,190,000	39,264,209	195,483,961	458,315,993
12/01/2004	650,475,215	98,051,013	16,612,840	22,824,289	26,260,000	32,800,701	196,548,843	453,926,372

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

<u>Date</u>	<u>Debt Per Capita</u>
12/31/1999	\$557.28
12/31/2000	646.05
12/31/2001	688.17
12/31/2002	763.12
12/01/2003	769.96
12/01/2004	764.29

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

<u>Date</u>	<u>Population⁽¹⁾</u>	<u>Net Equalized Valuation⁽²⁾</u>	<u>Assessed Valuation</u>	<u>Net General Obligation Debt⁽³⁾</u>	<u>Net General Debt/Equalized Valuation⁽⁴⁾</u>	<u>Net General Obligation Debt/Assessed Valuation</u>	<u>Net General Obligation Debt Per Capita⁽⁴⁾</u>	<u>Per Capita Income</u>	<u>Net G.O. Debt Per Capita/ Per Capita Income</u>
12/31/1999	608,150	\$16,701,225,300	\$15,774,873,167	\$527,776,751	3.16%	3.35%	\$867.84	\$13,870	6.26%
12/31/2000	605,572	17,344,251,400	17,582,994,597	574,803,921	3.31	3.27	949.19	14,170	6.70
12/31/2001	595,508	19,453,830,200	17,699,784,394	601,245,647	3.09	3.40	1,009.63	14,147	7.14
12/31/2002	595,958	20,298,387,000	19,866,255,215	642,000,763	3.16	3.23	1,077.26	13,420	8.03
12/01/2003	595,245	21,730,754,000	21,009,517,241	631,133,214	2.90	3.00	1,060.29	13,680	7.71
12/01/2004	593,920	23,491,773,700	22,772,419,500	626,767,915	2.67	2.75	1,055.31	N/A	N/A

- (1) The population figures are derived through estimates from the Wisconsin Department of Revenue population used in the distribution of State Shared Revenues.
- (2) Per Wisconsin Department of Revenue, Bureau of Property and Utility Tax.
- (3) See - "TRENDS OF GENERAL OBLIGATION DEBT" herein.
- (4) The Public Debt Amortization Fund may be used to acquire debt prior to maturity. Assuming the year-end unsegregated fund balance had been applied in this manner to debt in 1999 through 2004, the following results would have occurred:

<u>Date</u>	<u>Debt Percentage Of Equalized Value</u>	<u>Direct Debt Per Capita</u>
12/31/1999	2.89%	\$793.76
12/31/2000	3.06	877.44
12/31/2001	2.86	936.33
12/31/2002	2.94	1,002.87
12/01/2003	2.70	987.15
12/01/2004	2.48	979.36

**COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
FEBRUARY 1, 2005**

<u>Governmental Unit</u>	<u>Debt Outstanding As of February 1, 2005 (Net of 05' Principal Payments)</u>	<u>Approximate Percentage Applicable</u>	<u>Milwaukee's Share of Debt As of February 1, 2005 (Net of 05' Principal Payments)</u>
City of Milwaukee ⁽¹⁾	\$663,342,303	100.00%	\$663,342,303
Area Board of Vocational, Technical and Adult Education, District No. 9	50,315,000	37.38	18,807,747
County of Milwaukee	436,007,238	45.92	200,214,524
Milwaukee Metropolitan Sewerage District ⁽²⁾	659,083,946	46.97	309,571,729
TOTAL NET DIRECT AND OVERLAPPING DEBT	\$1,808,748,487		\$1,191,936,303

(1) Includes \$119,320,464 general obligation debt outstanding, which financed Milwaukee Public Schools improvements.

(2) Includes \$371,388,946 of low interest loans from the State of Wisconsin Clean Water Fund, supported by the full faith and credit of the District.

FUTURE FINANCING

The G.O. Bonds and G.O. Notes are being issued pursuant to \$295,233,568 authorized general obligation debt for various corporate and capital improvement purposes. The balance of the general obligation debt can be issued at any time. The 2005 Budget provides for the issuance of up to \$300,000,000 of revenue anticipation borrowings. The balance of the revenue anticipation borrowings can be issued at any time, with approximately \$175,000,000 anticipated to be sold in August for Milwaukee Public School purposes. \$13,703,500 of Sewerage Revenue and/or general obligation bonds are authorized to be sold at any time. See "FINANCIAL INFORMATION – CITY CAPITAL IMPROVEMENTS PLAN" herein for information on potential future capital needs.

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REVENUE BONDING

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

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

As of December 31, 2003, the amount of \$17,559,338 has been loaned to the City by the State. The remaining outstanding balance as of December 31, 2003 is \$14,548,378. Debt service on this issuance is anticipated through the year 2018.

Sewerage System Revenue Bonds - In 2001, the City created the Sewerage System with the issuance of \$29,095,000 of Sewerage System Revenue Bonds. As of December 31, 2004, total outstanding Sewerage System Revenue Bonds was \$60,945,000 with a final maturity in 2023.

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 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 not a general obligation of the City nor are they guaranteed by the City. As such, they are not backed by the general credit or taxing powers of the City.

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

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

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

Since its creation, the Authority has provided for the acquisition and improvement of a variety of industrial, commercial, housing and other revenue-producing projects, and, in some instances, has entered into revenue agreements for the financing thereof, pursuant to authorization contained in the Act. In connection with the financing of a number of such projects, the Authority has issued revenue bonds under a number of authorizing resolutions and indentures, each of which contained separate terms and conditions relating to the respective issues of revenue bonds. In each instance, the bonds issued constitute limited obligations of the Authority, and do not constitute an indebtedness of the City or a charge against the City's general credit or taxing power. As of December 31, 2002, the Authority has sold 90 separate issues in the total principal amount of approximately \$620 million. As December 31, 2003 there remained approximately \$564 million outstanding.

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

As of **December 31, 2003**, the Authority had outstanding: one bond issue with \$2,245,000 outstanding secured by a lease with the City; two bond issues with \$43,140,000 outstanding that have a Moral Obligation Pledge of the City; and \$293,084,122 in five bond issues for MPS, one secured by a lease, and four secured by loan agreements, with the Milwaukee Board of School Directors ("MBSD"). These bonds do not constitute general obligations of the City, or of MBSD, and shall not constitute or give rise to a charge against the City's, or MBSD's, taxing powers. These pledges create only financial obligations of the City, or MBSD, which are subject to annual appropriation. The loan agreement with MBSD includes a pledge of certain state aid payable to MBSD.

The Authority has also issued debt payable from tax increment revenues. See "TAX INCREMENT DISTRICT FINANCING" herein.

Milwaukee Economic Development Corporation – As of December 31, 2004, the Milwaukee Economic Development Corporation funded loans for 899 small businesses and redevelopment projects utilizing \$163 million to leverage a total of \$807.3 million in investment. 603 loans have been enrolled in the Capital Access Program with covered loan amounts totaling \$19.2 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 \$11.9 million as of December 31, 2004.

TAX INCREMENT DISTRICT FINANCING

Five issues of the Redevelopment Authority and Housing Authority involving over \$60 million in bonds have financed projects located within tax incremental districts ("TID"). The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such Districts through the issuance of its general obligation bonds. **As of February 1, 2005, \$_____ of general obligation bonds for TID purposes were outstanding.** Under current laws, tax increments received by the City have been calculated based upon the assessed valuation and the applicable tax levy in the tax increment district. The applicable tax levy includes the public school tax levy rate for Milwaukee Public Schools.

The Redevelopment Authority of the City has approximately \$42 million of debt secured by tax increment revenues. One of those issues, in the approximate amount of \$20 million, has the moral obligation of the City. The remaining debt is owed to developers of projects within the TID, with no recourse to the City in the event that tax increment revenues are insufficient to repay the obligations.

In 1996, the Wisconsin Legislature passed a property tax relief measure which increased the portion of statewide school revenues funded by State equalization aid to two-thirds from approximately one-half of all funds' budgets. The 2002 Assessed Tax Rate for Milwaukee Public Schools was \$9.34 per thousand dollars of assessed value, down from \$15.70 in 1995. As a result, tax increment revenues for certain TIDs received by the City have been, and are expected to continue to be, reduced, and therefore have the impact of either increasing the time needed to recover incurred project costs, including future debt service requirements; reducing the funding of active and proposed TIDs; or may require the City to fund TIDs cash flow deficiencies with other City revenues. In connection with the change in the school aid formula, the Legislature extended the allowable life of all TIDs established before October 1, 1995 from a maximum 23 years to a maximum 27 years to accommodate the lower school property tax rate. 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 will be 27 years. The maximum lives for TIDs created after September 30, 2004 is 27 years for blighted and rehabilitation TIDs, and 20 years for mixed-use TIDs and industrial TIDs (which, for industrial TIDs represents a reduction from 23 years, though the new law also makes them eligible for a three-year extension). Extensions are available under 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 general property tax levy.

FINANCIAL INFORMATION

BUDGETING

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

CITY CAPITAL IMPROVEMENTS PLAN

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

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

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

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

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

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

ADOPTED BUDGET - COMBINED REVENUES - 2005

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	<u>Total</u>
Taxes						
Property Tax - General	\$93,839,022	1,000,000	\$52,941,522	\$10,119,425		\$157,899,969
Provision for Empl Retirement	40,091,374	—	—	—		40,091,374
Common Council Cont	5,000,000					5,000,000
Total Taxes	<u>\$138,930,396</u>	<u>1,000,000</u>	<u>\$52,941,522</u>	<u>10,119,425</u>	<u>\$0</u>	<u>202,991,343</u>
Revenues						
Taxes	12,559,200	—	—	—	—	12,559,200
Licenses and Permits	10,230,550	—	—	—	—	10,230,550
Intergovernmental Revenues	272,544,100	81,360,664	—	—	—	353,904,764
Charges for Service	84,676,839	—	—	—	—	84,676,839
Fines and Forfeitures	5,213,000	—	—	—	—	5,213,000
Miscellaneous Revenues	25,555,695	9,500,000	—	—	15,210,000	50,265,695
Cost Recovery	10,000	—	—	—	—	10,000
Fringe benefits	16,739,500	—	—	—	—	16,739,500
Solid Waste Fund	—	—	—	—	—	—
Parking	—	—	—	—	21,363,369	21,363,369
Water Works	—	—	—	—	78,624,322	78,624,322
Sewer Maintenance Fund	—	—	—	—	31,426,441	31,426,441
Retained Earnings	—	—	—	—	33,806,229	33,806,229
Sinking Fund	—	—	69,770,143	—	—	69,770,143
Special Assessments	—	5,388,818	—	3,895,050	—	9,283,868
Capital Revenue	—	—	—	14,200,000	—	14,200,000
Total Revenues	<u>\$427,528,884</u>	<u>\$96,249,482</u>	<u>\$69,770,143</u>	<u>\$18,095,050</u>	<u>\$180,430,361</u>	<u>\$792,073,920</u>
Tax Stabilization						
Transfer from Reserves	16,621,000	—	—	—	—	16,621,000
Sale of Bonds and Notes						
Bonds and Notes	—	—	—	66,667,446	23,906,000	90,573,446
Grand Total	<u><u>\$583,080,280</u></u>	<u><u>\$97,249,482</u></u>	<u><u>\$122,711,665</u></u>	<u><u>\$94,881,921</u></u>	<u><u>\$204,336,361</u></u>	<u><u>\$1,102,259,709</u></u>

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

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

ADOPTED BUDGET – COMBINED APPROPRIATIONS – 2005

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Administration, Dept of	\$7,171,555	—	—	—	—	\$7,171,555
Assessor's Office	4,139,804	—	—	—	—	4,139,804
City Attorney	6,185,158	—	—	—	—	6,185,158
City Treasurer	2,707,895	—	—	232,160	—	2,940,055
Common Council - Clerk	7,097,667	—	—	—	—	7,097,667
Municipal Court	3,120,575	—	—	—	—	3,120,575
Comptroller	6,140,809	—	—	—	—	6,140,809
Dept of City Development	3,219,144	—	—	26,650,000	—	29,869,144
Election Commission	1,090,490	—	—	—	—	1,090,490
Employee Relations, Dept of	5,188,291	—	—	—	—	5,188,291
Fire Department	88,404,023	—	—	5,060,000	—	93,464,023
Fire and Police Commission	—	—	—	—	—	—
Health Department	12,565,109	—	—	1,028,500	—	13,593,609
Library Board	20,627,107	—	—	1,700,000	—	22,327,107
Mayor's Office	1,050,410	—	—	—	—	1,050,410
Neighborhood Services	12,945,618	—	—	—	—	12,945,618
Police Department	185,962,917	—	—	2,400,000	—	188,362,917
Port of Milwaukee	3,557,378	—	—	725,000	—	4,282,378
Public Debt Commission	—	—	—	—	—	—
DPW-Administration	4,610,376	—	—	625,000	—	5,235,376
DPW-Infrastructure	21,482,735	—	—	20,962,463	—	42,445,198
DPW-Operations	71,264,031	—	—	25,173,798	—	96,437,829
Water Works	—	—	—	—	102,222,241	102,222,241
Sewer Maintenance Fund	—	—	—	—	54,529,316	54,529,316
Special Purpose Accounts	140,531,639	—	—	—	—	140,531,639
Pension Funds	64,688,277	—	—	—	—	64,688,277
Debt Service - City	—	—	107,075,114	—	—	107,075,114
Debt Service - Schools	—	—	15,636,551	—	—	15,636,551
Contingency	5,000,000	—	—	—	—	5,000,000
Delinquent Tax Fund	—	10,500,000	—	—	—	10,500,000
Parking	—	—	—	—	47,584,804	47,584,804
Grant & Aid Fund	—	81,360,664	—	—	—	81,360,664
Special Capital Projects	—	—	—	10,325,000	—	10,325,000
Economic Development	—	5,388,818	—	—	—	5,388,818
Fringe Benefit Offset	(95,670,728)	—	—	—	—	(95,670,728)
Grand Total	<u>\$583,080,280</u>	<u>\$97,249,482</u>	<u>\$122,711,665</u>	<u>\$94,881,921</u>	<u>\$204,336,361</u>	<u>\$1,102,259,709</u>

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

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEARS ENDING DECEMBER 31, 1999 THROUGH 2003**

<u>Revenues:</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Property Taxes	89,250	98,456	118,804	114,096	126,749
Other Taxes	10,283	12,808	12,688	2,944	4,318
Licenses and Permits	8,996	10,154	10,485	10,814	10,883
Intergovernmental	277,884	278,434	278,969	283,068	284,565
Charges for Services	37,598	45,383	54,594	57,749	55,714
Fines and Forfeitures	17,694	18,036	4,408	5,210	6,115
Other	<u>9,032</u>	<u>14,358</u>	<u>12,408</u>	<u>8,706</u>	<u>7,814</u>
TOTAL GENERAL FUND REVENUES	<u>450,737</u>	<u>477,629</u>	<u>492,356</u>	<u>482,587</u>	<u>496,158</u>
Tax Stabilization Fund Withdrawals	12,820	11,250	5,500	11,000	9,300
Other Financing Sources and Equity					
Transfers (Net)	<u>8,760</u>	<u>18,647</u>	<u>24,324</u>	<u>29,681</u>	<u>32,791</u>
TOTAL GENERAL FUND REVENUES					
TAX					
STABILIZATION FUND WITHDRAWALS					
AND OTHER FINANCING SOURCES	<u>472,317</u>	<u>507,526</u>	<u>522,180</u>	<u>523,268</u>	<u>538,249</u>
 <u>Expenditures:</u>					
General Government	132,231	157,615	162,628	158,645	165,270
Public Safety	205,717	220,879	209,521	211,163	239,698
Public Works	91,817	100,696	87,453	88,094	86,335
Health	11,401	11,363	11,237	10,552	10,677
Culture and Recreation	16,627	17,584	16,948	18,791	17,165
Conservation and Development	<u>7,271</u>	<u>7,502</u>	<u>7,922</u>	<u>7,857</u>	<u>3,833</u>
TOTAL EXPENDITURES	<u>465,064</u>	<u>515,639</u>	<u>495,709</u>	<u>495,102</u>	<u>522,978</u>
 SOURCES OVER (UNDER) EXPENDITURES	7,253	(8,113)	26,471	28,166	15,271
Fund Balance - January 1 (excludes reserved for use during the year)	58,956	55,085	40,465	57,844	76,710
Net Residual Equity Transfers	126	(7)	1,908	0	0
Fund Balance - December 31 (2)	<u>66,335</u>	<u>46,965</u>	<u>68,844</u>	<u>86,010</u>	<u>91,981</u>
 Fund Balance Components:					
Reserved for Encumbrances & Carryovers	28,610	8,886	22,460	36,585	33,000
Reserved for Inventory	6,454	6,014	5,678	5,801	5,190
Reserved for Mortgage Trust	281	281	281	276	276
Reserved for Environmental Remediation	291	304	303	303	303
Reserved for Next Year's Budget	11,250	5,500	11,000	9,300	16,870
Reserved for Subsequent Years' Budget	<u>19,449</u>	<u>25,980</u>	<u>29,122</u>	<u>33,745</u>	<u>36,342</u>
TOTAL FUND BALANCE	<u>66,335</u>	<u>46,965</u>	<u>68,844</u>	<u>86,010</u>	<u>91,981</u>

YEAR 2003 GENERAL FUND RESULTS (BUDGET BASIS)

Exhibits A and E of Appendix A present the 2003 audited financial statements for the General Fund. The City General Fund balance of Tax Stabilization reserves, on a budget basis, totaled \$53,212,000 at the end of 2003, or about 9.1 percent of 2004 General Fund expenditures. This compares to \$43,045,000 (7.7% of expenditures) at December 31, 2002. Total Fund balance at December 31, 2003 is \$92.0 million compared to \$86.0 million at December 31, 2002.

Overall, General Fund Revenues and Other Sources for 2003 exceeded expenditures by \$15,271,000, or 2.9 percent.

Total Revenues and Other Sources increased by \$15.0 million (2.9%) in 2003. This is mainly due to a \$12.7 million increase in property tax revenues. Other increases include: \$1.4 million in other taxes, \$1.5 million in intergovernmental revenues, \$0.9 million in fines and forfeitures, and \$3.1 million in other financing sources and net equity transfers. Decreases in revenues include: \$2.0 million in charges for service, and \$0.9 million in other revenues, and \$1.7 million in tax stabilization fund withdrawals.

Total General Fund Expenditures increased by \$27.9 million (5.6%) in 2003. The major increases were \$28.5 million (13.5%) for public safety, and \$6.6 million (4.2%) in general government. The primary causes of the increase in public safety were retroactive wages due to completed labor contract negotiations, and police overtime. Normal budgetary procedures include amounts for the retroactive wage settlements in reserves for encumbrances and carryovers. A new police chief has drastically reduced police overtime in 2004 to more normal levels. Expenditures declined for: public works by \$1.8 million, culture and recreation by \$1.6 million, and conservation and development by \$4.0 million.

Regarding the components of General Fund Balance, the major change was a \$7.6 million (81.4%) increase in reserved for next year's budget (tax stabilization fund withdrawal). Even though the tax stabilization fund withdrawal had a significant increase, the amount available for subsequent year's budgets continued to increase by \$2.6 million. The major decrease was \$3.6 million in reserved for encumbrances & carryovers, which is due to contract settlements in 2003, and the resulting payment of retroactive wages.

Since 1999, General Fund Revenues and Other Sources have grown at an average of about 3.3 percent annually. Intergovernmental Aids remain the major funding source for the General Fund providing almost 53 percent of total sources. This compares to 59 percent in 1999. Property taxes comprised about 24 percent of total sources in 2003 versus 19 percent in 1999.

General Fund expenditures have grown at an average 3.0 percent annually since 1999. Because of large retroactive wage settlements every 2 years (see "The City – Employee Relations") it is difficult to make year-over-year comparisons. Over the past 5 years, the two largest categories, Public Safety and General Government have grown an average of 3.9% and 5.7% per year respectively. Public Safety has grown from 44% of General Fund expenditures in 1999 to 46% in 2003. General Government has grown from 28% of General fund expenditures in 1999 to 32% in 2003.

Regarding changes in General Fund Equity, the amount reserved for subsequent years' budget has grown from \$19.4 million in 1999 to \$36.3 million in 2003.

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

CITY OF MILWAUKEE
GENERAL FUND - PROJECTED CASH FLOW SUMMARY
(MILLIONS OF DOLLARS)
January 1, 2004 to December 31, 2004

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
BALANCE	121.170	99.398	57.443	35.949	36.076	83.068	23.325	65.577	41.970	25.459	9.633	183.329	
RECEIPTS													
Property Taxes	7.978	1.623	10.788	4.738	4.406	8.985	30.102	7.507	9.221	9.950	0.688	56.753	152.739
State Aids													
Shared Revenue	-	-	-	-	-	-	44.238	-	-	-	196.137	-	240.375
Highway Aids	6.523	-	-	6.523	-	-	6.982	-	-	6.523	-	-	26.551
Payment Muni. Services	-	2.550	-	-	-	-	-	-	-	-	-	-	2.550
Computer Exemption Aid	-	-	-	-	2.800	-	-	-	-	-	-	-	2.800
Other	7.298	11.105	8.512	3.236	9.812	7.486	10.257	8.777	7.152	9.141	7.677	10.843	101.296
Pension Fees	1.589	1.589	4.089	1.589	1.590	1.589	1.589	1.589	1.589	1.589	1.589	1.589	21.569
Solid Waste Fee	0.821	1.032	0.965	1.044	1.070	0.748	1.067	0.969	0.912	1.261	0.847	1.099	11.835
City PILOTS (Major)	-	-	-	-	-	-	-	-	-	-	-	10.090	10.090
Parking Transfers	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	12.000
Street Sweeping	-	-	-	-	-	-	-	-	-	-	-	4.200	4.200
Milwaukee Public Schools Fee	3.558	-	-	-	-	-	-	-	-	-	-	-	3.558
Potawatomi PILOT	-	-	-	-	-	-	-	3.380	-	-	-	0.960	4.340
Snow Removal	0.368	0.069	0.043	0.043	0.023	0.016	0.019	0.013	0.019	0.332	0.512	0.709	2.166
Year End Transfers	11.177	-	-	-	-	-	-	-	-	-	-	(4.500)	6.677
Note Proceeds ⁽¹⁾	-	-	-	17.000	66.000	-	-	-	-	-	-	-	83.000
TOTAL RECEIPTS	40.312	18.968	25.397	35.173	86.701	19.824	95.254	23.235	19.893	29.796	208.450	82.743	685.746

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

⁽²⁾ Maximum deficit occurs on November 5, 2004.

**CITY OF MILWAUKEE
GENERAL FUND - PROJECTED CASHFLOW SUMMARY
(MILLIONS OF DOLLARS) (CONTINUED)
JANUARY 1, 2004 TO DECEMBER 31, 2004**

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
DISBURSEMENTS													
Salaries & Benefits	36.434	31.264	31.588	31.616	31.478	33.537	50.393	32.182	32.531	31.918	31.871	50.283	425.095
Services & Supplies	25.650	7.450	15.303	3.430	8.231	12.625	2.609	14.660	3.873	13.704	2.883	0.603	111.021
Purchase Tax Delinquents	-	22.209	-	-	-	-	-	-	-	-	-	-	22.209
Contractual Tax Payment	-	-	-	-	-	33.405	-	-	-	-	-	-	33.405
Note Principal Repayment	-	-	-	-	-	-	-	-	-	-	-	66.000	66.000
TOTAL DISBURSEMENTS	62.084	60.923	46.891	35.046	39.709	79.567	53.002	46.842	36.404	45.622	34.754	116.886	657.730
BALANCE	99.398	57.443	35.949	36.076	83.068	23.325	65.577	41.970	25.459	9.633	183.329	149.186	
REPAYMENT FUND													
Balance												67,974	
Receipts:													
From General Fund											66,000		66,000
From Debt Service Fund											1,974		1,974
Disbursement												67,974	67,974
Balance											67,974		-

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

(2) Maximum deficit occurs on November 5, 2004.

**CITY OF MILWAUKEE
GENERAL FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Millions of Dollars)**

	Beginning Cash Balance <u>(Deficit)</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash Balance <u>(Deficit)</u>
January	\$116.951	\$32.698	\$67.599	\$82.050
February	82.050	15.717	60.338	37.429
March	37.429	36.679	46.578	27.530
April	27.530	127.667 ⁽¹⁾	47.469	107.728
May	107.728	21.116	49.170	79.674
June	79.674	15.810	82.507	12.977
July	12.977	94.351	53.034	54.294
August	54.294	21.728	45.661	30.361
September	30.361	19.772	34.101	16.032
October	16.032	28.106	44.434	(0.296)
November	(0.296)	217.328	34.468	182.564
December ⁽³⁾	182.564	<u>86.487</u>	<u>147.881</u> ⁽²⁾	121.170
		<u>\$717.459</u>	<u>\$713.240</u>	

Notes:

(1) Proceeds from the sale of revenue anticipation Short-Term Promissory Notes was \$98 million in April, 2003.

(2) December disbursements include the \$98 million principal payment on December 15.

(3) Estimated.

**CITY OF MILWAUKEE
GENERAL FUND
PROJECTED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
For The Year Ended December 31, 2004
(Millions of Dollars)**

	Beginning Cash Balance (Deficit)	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash Balance (Deficit)	Ending Cash Balance Including Borrowing of \$ 66 Million
January	\$121.170	\$40.312	\$62.084	\$99.398	\$99.398
February	99.398	18.968	60.923	57.443	57.443
March	57.443	25.397	46.891	35.949	35.949
April	35.949	1835.173	35.046	36.076	36.076
May	36.076	20.701	39.709	17.068	83.068 ⁽¹⁾
June	17.068	19.824	79.567	(42.675)	23.325
July	(42.675)	95.254	53.002	(0.423)	65.577
August	(0.423)	23.235	46.842	(24.030)	41.970
September	(24.030)	19.893	36.404	(40.541)	25.459
October	(40.541)	29.796	45.622	(56.367)	9.633
November	(56.367)	208.450	34.754	117.329	183.329 ⁽²⁾
December	117.329	<u>82.743</u>	<u>50.886</u>	149.186	149.186
		<u><u>\$619.746</u></u>	<u><u>\$591.730</u></u>		

(1) Balance includes \$66 million RAN principal receipt.

(2) Balance includes \$66 million principal to be paid in December, 2004.

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

	<u>General Fund ⁽¹⁾</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Trust and Agency Funds</u>	<u>Total</u>
January	\$99.398	\$231.842	\$75.920	\$543.311	\$950.471
February	57.443	218.418	82.120	494.398	852.379
March	35.949	198.328	78.400	579.760	892.437
April	36.076	216.721	83.105	500.181	836.083
May	83.068	212.631	85.937	438.473	820.109
June	23.325	180.639	83.130	520.264	807.358
July	65.577	168.277	90.858	458.348	783.060
August	41.970	162.007	93.165	403.388	700.530
September	25.459	138.547	85.165	415.851	665.022
October	9.633	181.599	86.329	479.813	757.374
November	183.329	181.073	84.499	440.512	889.413
December	149.186	181.325	71.349	744.693	1,146.553

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

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 - 2004
(Millions of Dollars)

	<u>General Fund ⁽¹⁾</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Trust and Agency Funds</u>	<u>Total</u>
January	\$99.398	\$231.842	\$75.920	\$543.311	\$950.471
February	57.443	218.418	82.120	494.398	852.379
March	35.949	198.328	78.400	579.760	892.437
April	36.076	216.721	83.105	500.181	836.083
May	83.068	212.631	85.937	438.473	820.109
June	23.325	180.639	83.130	520.264	807.358
July	65.577	168.277	90.858	458.348	783.060
August	41.970	162.007	93.165	403.388	700.530
September	25.459	138.547	85.165	415.851	665.022
October	9.633	181.599	86.329	479.813	757.374
November	183.329	181.073	84.499	440.512	889.413
December	149.186	181.325	71.349	744.693	1,146.553

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

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 2000 For 2001 Purposes	Year 2001 For 2002 Purposes	Year 2002 For 2003 Purposes	Year 2003 For 2004 Purposes	Year 2004 For 2005 Purposes
Real Property					
Residential	\$10,292,622,989	\$10,358,670,619	\$12,027,394,755	\$12,938,633,380	\$14,213,469,156
Industrial (Manufacturing)	741,471,600	717,830,700	765,130,300	729,858,200	6,977,367,610
Mercantile (Commercial)	5,612,521,788	5,716,180,475	6,176,332,500	6,493,804,441	733,768,400
Total Real Property	<u>\$16,646,616,377</u>	<u>\$16,792,681,794</u>	<u>\$18,968,857,555</u>	<u>\$20,162,296,021</u>	<u>\$21,924,605,166</u>
Personal Property	936,378,220	907,102,600	897,397,660	847,221,220	866,730,995
Total Assessed Valuations	<u>\$17,582,994,597</u>	<u>\$17,699,784,394</u>	<u>\$19,866,255,215</u>	<u>\$21,009,517,241</u>	<u>\$22,791,336,161</u>
Equalized Valuation as determined by the State Department of Taxation is the basis used in computing the 7% statutory debt limitation of the City of Milwaukee					
	\$17,344,251,400	\$19,453,830,200	\$20,275,936,700	\$21,730,754,000	\$23,491,773,700
Ratio of Assessed to Equalized Valuation	101.40%	91.00%	98.00%	96.68%	97.02%

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Unit of Government					
City Government ⁽¹⁾	\$10.49	\$10.87	\$10.15	\$9.73	\$9.19
Milwaukee Public Schools	9.87	10.12	9.34	8.96	9.40
Milwaukee County	5.66	6.13	5.40	5.15	4.91
Milwaukee Area Technical College	2.00	2.23	2.05	2.04	2.00
Milwaukee Metropolitan Sewerage District	1.68	1.87	1.74	1.64	1.59
Gross Tax Rate Per \$1,000	<u>\$29.70</u>	<u>\$31.22</u>	<u>\$28.68</u>	<u>\$27.52</u>	<u>\$27.09</u>
Less: State Tax Credit	1.69	1.66	1.43	1.35	1.23
Net Tax Rate	<u><u>\$28.01</u></u>	<u><u>\$29.56</u></u>	<u><u>\$27.25</u></u>	<u><u>\$26.17</u></u>	<u><u>\$25.86</u></u>

(1) Includes School Debt Service (\$0.59 in 2004).

**CITY OF MILWAUKEE
PROPERTY TAX LEVIES AND COLLECTIONS**

City of Milwaukee
Property Tax Levies and Collections ⁽¹⁾

Collection Year	Total Tax Levy	Current Tax Collection		Delinquent Tax Collections ⁽²⁾	Total Tax Collections		Outstanding Delinquent Taxes
		Amount	% of Levy		Amount	% of Levy	
2000	\$474,230,849	\$460,458,659	97.10%	\$11,289,351	\$471,748,010	99.48%	\$24,052,217
2001	522,236,846	509,440,570	97.55	14,805,255	524,245,825	100.38	22,043,238
2002	552,490,450	538,742,161	97.51	13,926,347	552,668,508	100.03	21,865,180
2003	569,696,984	554,540,917	97.34	12,400,491	566,941,408	99.52	24,620,756
2004	578,190,855	564,236,091	97.59	14,381,083	578,617,174	100.07	

⁽¹⁾ Includes overlapping portion from all taxing bodies.

City portion is approximately 35% of the dollar amounts shown.

⁽²⁾ Includes amounts from any prior year collected in that year.

COLLECTION PROCEDURES

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

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

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

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

The rate of current tax collections continues at this historically high level. Current collections for 2003 were approximately 97.34 percent of the total tax levied.

INSURANCE

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

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PENSION SYSTEM

EMPLOYEES' RETIREMENT SYSTEM

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

Membership in the System consists of specified classes of part-time and all full-time municipal employees including elected officials. Persons employed as teachers are specifically excluded from membership. Membership in the System totals approximately 12,600 active and 3,600 vested, inactive members at December 31, 2003. There were approximately 10,500 retirees and beneficiaries receiving benefits as of December 31, 2003.

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

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

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

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

For the year ended December 31, 2003, the latest year for which audited figures are available, required member contributions totaled \$31.0 million and required employer contributions totaled \$78,000. Approximately 72.3% of these contributions were for requirements of the City of Milwaukee employees. The original cost of fund investments totaled \$3.201 billion with a corresponding market value of \$4.040 billion or 126% of the original cost at December 31, 2003.

The Milwaukee City Charter requires that an actuarial study of the System be performed at least once every five (5) years for the purpose of reviewing assumptions. The last actuarial study was completed by Buck Consultants covering experience from January 1, 1997 to December 31, 2001.

The latest actuarial valuation was as of January 1, 2004. The valuation reveals the System continues to remain actuarially sound.

The Governmental Accounting Standards Board (GASB) Statement No. 25 Disclosure of "Schedule of Funding Progress" indicates an Actuarial Value of Assets of \$3.909 billion as of January 1, 2004 and an Actuarial Accrued Liability of \$3.371 billion as of that date. This results in a Funded Ratio of 116.0%.

FIREMEN'S ANNUITY AND BENEFIT FUND

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

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

POLICEMEN'S ANNUITY AND BENEFIT FUND

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

Membership in the Policemen's Annuity and Benefit Fund consists of all Police Department employees whose service commenced prior to July 29, 1947. At January 31, 2005 there were approximately 193 retired members or survivors in payment.

Funding is derived from employee and employer contributions. Employee contributions total six percent of compensation, which is entirely paid by the City. Employer contributions are actuarially determined and based on normal cost and amortization of past service liability. There is an unfunded past service liability for the Policemen's Annuity and Benefit Fund at year-end 2003 in the amount of \$3,235,617 per the Policemen's Annuity and Benefit Fund's Annual Actuarial Statement dated June 12, 2003.

Assets of the Policemen's Annuity and Benefit Fund at December 31, 2004, totaled \$4,218,188 at cost. Market value of Policemen's Annuity and Benefit Fund assets was \$4,553,162 or 107.9 percent of cost at December 31, 2003.

BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Offered Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Offered Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds, distributions, and dividend payments on the Offered Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of The City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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LEGAL MATTERS

LITIGATION STATEMENT

The City, its boards, officers and employees have been defendants in numerous lawsuits over the years. Experience has shown that a relatively small number of suits commenced are reduced to judgment. The City does not carry a blanket policy of insurance against tort liability. In addition, §893.80, Stats. 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 February ____, 2005, which are further described below.

U.S. Department of Justice Pattern and Practice Investigation-Milwaukee Police Department. The Equal Employment Opportunity Commission (the "EEOC") conducted a pattern and practice investigation from December 1993 to September 1996. The investigation resulted in a finding of probable cause that the Fire and Police Commission (the "FPC") and Milwaukee Police Department (the "MPD") discriminated, based on race, in the areas of hiring, discipline, retaliation, and terms and conditions of employment. The EEOC sought \$5 million in total remedies for the class claims and nearly \$2 million to the individual hiring charging parties. Additionally, the EEOC requested remedies for the 15 individual "terms and conditions" charging parties in an amount totaling over \$2.5 million. The EEOC also sought an additional \$1 million in compensation to the "terms and conditions" class members. The 15 individual charges could become individual lawsuits if the charging parties request and receive Right to Sue letters; however, the City cannot anticipate with any accuracy at this time if, indeed, there will be individual lawsuits, and if so, how many of the 15 individual charging parties will file a lawsuit. The EEOC referred the matter to the United States Department of Justice ("DOJ") in February 1997. The DOJ conducted a further, lengthy investigation and stated by letter dated January 2, 2001 that suit has been authorized against the City and the FPC on the basis of the information provided by the EEOC and upon further information compiled by the DOJ since the matter was referred to them. DOJ alleges that between 1991 and 1996, African Americans were discriminated against in terms of differential and less favorable treatment in the hiring process (failing background investigations), and in terms and conditions of employment such as discipline, discharge, and assignment. DOJ had requested \$6.15 million in compensatory damages for a class of 100 victims of discriminatory terms and conditions of employment and an unspecified sum in back pay for a group of approximately 39 African Americans who failed background investigations. In December 2001, the City indicated it was unwilling to negotiate in the range DOJ requested. The City suggested that DOJ issue individual Right to Sue Letters to the claimants rather than pursue the City on a pattern and practice basis, or review their requests for settlement in a more realistic range. Since December 2001, DOJ has issued a number of Right to Sue Letters to claimants involved in the charges. Although the DOJ has not formally stated its intentions to either abandon the pattern and practice matter or renew negotiations, counsel has been advised that it will do so after completing its review of several remaining charges. It is possible the DOJ could sue on behalf of one or more remaining charging parties, but this is not likely.

U.S. Department of Justice Investigation of Firefighter Selection Procedures (Brotherhood of Firefighters v. FPC). Potential litigation concerning the Firefighter selection procedures of 1993, 1995 and 1999 has been averted and the matter settled by an approved Supplemental Order of the United States District Court dated November 30, 2001, under Civil Action Case No. 74-C-480. It originated with EEOC charges filed by the Brotherhood of Firefighters on October 30, 1996 and February 26, 1997, alleging discrimination on the basis of race (African-American) with respect to: 1) hiring; 2) promotion; 3) terms and conditions of employment; and 4) discipline. On December 10, 1999 the EEOC issued a Reasonable Cause Determination, and had sought damages of approximately \$12 million. On October 4, 2000, the EEOC referred the matter to the DOJ. DOJ conducted its own investigation of the charges as well as a like and related matter: the 1999 entry-level examination for firefighter. DOJ, the Brotherhood of Firefighters and the City entered into a settlement agreement concerning the recruitment and hiring charges for Cadet and entry level firefighters, and the 1993, 1995 and 1999 examinations. The settlement did not cover the promotional charges; however, the DOJ subsequently issued right to sue letters concerning those charges. No timely suit was filed by charging parties, and those issues are not time barred. The settlement agreement for the entry-level examinations is in the form of a Supplemental Order to an existing consent decree in Civil Action No. 74-C-480. The United States District Court approved the Order on November 30, 2001. The Order obligates the

City of pay a total of \$1.8 million in back pay, payable in three annual installments of \$600,000 each commencing in January, 2002. In addition, the City will contribute the employer portion of Medicare Tax on the back pay award, and will provide up to 40 priority appointments of African Americans who were the victims of past discrimination to the position of Firefighter, with retroactive seniority and pension benefits. The first two installments of \$600,000 have been paid, and the third installment has been reserved in the Damages and Claims fund. The cost of providing such retroactive pension benefits are unknown but is anticipated to exceed \$615,000.

Alexander, et al v. City of Milwaukee, et al. Starting in October 2002, seventeen white male lieutenants in the MPD filed a series of EEOC charges alleging discrimination on the basis of race and gender in their failure to be promoted to the rank of Captain of Police. The EEOC concluded its investigation without finding cause, and issued notice of rights to sue letters, on April 1, 2003. The seventeen plaintiffs filed suit in the above captioned matter on June 27, 2003. The complaint alleges a class action on behalf of all white male lieutenants of the MPD who have sought or will seek promotion from the position of lieutenant to captain, or who in the future will be denied equal employment opportunity by the MPD due to their being white males. The Complaint names the City, the Board of the FPC, and former Chief of Police Arthur Jones in his individual and official capacity. It also names each of the FPC Commissioners as of the suit's commencement, in their individual and official capacities. The Complaint alleges violations of Title VII of the Civil Rights Act of 1964, as amended as well as equal protection violations actionable under 42 U.S.C. §§1983 and 1981. Plaintiffs seek compensatory damages in the sum of \$300,000 each, plus unspecified sums in punitive damages, as well as other relief available such as attorneys' fees and costs. Defendants have answered and intend to vigorously defend the action. In December 2003, the Court denied plaintiffs' motion for class certification without prejudice. That issue could potentially be raised again in the future. Extensive discovery is currently being taken. Trial dates are set for March and April 2005. If plaintiffs are successful, damages could exceed \$5 million.

Nelson, et al v. City of Milwaukee, et al. Eleven white male lieutenants in the Milwaukee Fire Department filed EEOC charges beginning in March, 2003 alleging race discrimination in connection with the administration of the civil service examination for Fire Captain. The EEOC concluded its investigation and issued notice of rights letters, finding no cause, on July 31, 2003. The eleven plaintiffs filed suit in the above captioned matter on October 10, 2003. The complaint names the City and Jane French, a Senior Personnel Analyst for the FPC. The complaint alleges intentional discrimination based upon race and gender (white males) in manipulating test results to allow for promotion of African-American Fire Lieutenants at a disproportionate rate. The complaint alleges violations of Title VII of the civil Rights Act of 1964, as amended as well as equal protection violations actionable under 42 U.S.C. §§1981 and 1983. Plaintiffs seek compensatory damages in the sum of \$300,000 each, plus an unspecified sum in punitive damages. Defendants have answered and intend to vigorously defend the action. The Court has set trial dates in May, April and February 2005. If plaintiffs are successful, damages could exceed \$3 million.

Estate of Justin Fields, et al. v. City of Milwaukee, et al. This case involves a fatal police shooting, which occurred on March 2, 2003. While arresting two drunk and disorderly men at bar time on Water Street, Officers Craig Nawotka and Thomas Brummond observed a car fail to yield to an emergency vehicle. Officer Nawotka approached the vehicle, and its driver, Mr. Fields, exchanged words with the officer and fled the scene. A vehicular pursuit ensued, and came to a stop on North Martin Luther King Drive, after the Fields vehicle collided with another car. Believing that the car was unable to move and that its occupants might be injured, the officers approached the Fields vehicle. The vehicle then accelerated toward the officers. Officer Nawotka believed his life and that of others was in danger, and he fired his weapon at the driver. Mr. Fields died at the scene. The case is in the initial stages of litigation. The City anticipates a full discovery process, dispositive motions, and ultimately, if motions fail, a trial.

Pasko, et al. v. City of Milwaukee, et al. This action was brought by 23 individually named plaintiffs who are or were Milwaukee Police Officers underfilling the position of Police Alarm Operator, and their union, the Milwaukee Police Association (the "Union"). Plaintiffs sought a writ of mandamus to compel the defendants to promote the active police officers to the rank of Police Alarm Operator and to compel adjustments in the pension of the retired officer. The trial court ruled that plaintiffs were barred by the doctrine of claim preclusion from bringing this action, which sought to compel their promotions to the rank of Police Alarm Operator. During oral argument on the motion for summary judgment, plaintiffs acknowledged that the action was barred as to the individually named plaintiffs. The Union appealed to the Court of Appeals, which reversed the trial court's ruling that the Union's action was barred by claim preclusion.

Defendants' petition for review by the Wisconsin Supreme Court was granted. The Supreme Court affirmed the ruling of the Court of Appeals regarding the Union being barred from bringing the action. Both the Supreme Court and the Court of Appeals reaffirmed that the individual plaintiffs had conceded that their action was barred by claim preclusion.

The original complaint sought a writ of mandamus based on an alleged right to promotion to Police Alarm Operator expressed in: (1) Wis. Stat. § 62.50(9); (2) the collective bargaining agreement between the Union and the City; and (3) the decision of the Court of Appeals in an earlier litigation.

In reviewing the sufficiency of the complaint, the Supreme Court expressly ruled that the statute plaintiffs relied on did not require the promotions as alleged, and that the Court of Appeals' decision in the earlier litigation did not require the promotions as alleged in the complaint. The entire collective bargaining agreement was not a part of the record and the Court remanded the case to the trial court for a finding as to: (1) whether any vacancies in the position of Police Alarm Operator currently exist; (2) whether the collective bargaining agreement required the City to promote patrolmen immediately as vacancies occurred; and (3) whether the position was considered a "newly created office."

On remand to the trial court, the Union filed an amended complaint and cross-claim seeking a declaratory judgment regarding defendants' earlier transfer of squad dispatching duties to a newly created classification of employees in the Police Department. Subsequent to a trial on the merits on May 5-7, 2003, the trial court issued a decision and order adjudicating the issues. The trial court denied a writ of mandamus. The court granted the Union's claim for a declaratory judgment and ordered that the City violated the collective bargaining agreement when it failed to engage in good-faith bargaining about its decision to eliminate the Police Alarm Operator positions and to create the civilian Police Dispatcher position. The City has appealed to the Court of Appeals.

LEGAL OPINIONS

The legal opinions of Hawkins Delafield & Wood LLP, New York, New York and Quarles & Brady LLP, Milwaukee, 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.

TAX STATUS

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

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

CERTAIN ONGOING FEDERAL TAX REQUIREMENTS AND COVENANTS

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Offered Obligations in order that interest on the Offered Obligations be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Offered Obligations, yield and other restrictions on

investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Offered Obligations to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Offered Obligations from gross income under Section 103 of the Code.

CERTAIN COLLATERAL FEDERAL TAX CONSEQUENCES

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Offered Obligations. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of an Offered Obligation. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Offered Obligations.

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

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

STATE TAX MATTERS

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

NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The Issuer 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 (the "Rule") promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, the City shall covenant pursuant to a resolution adopted by the Common Council 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 to certain information repositories annually, and to provide notices of the occurrence of certain events enumerated in the Rule to certain information repositories or the Municipal Securities Rulemaking Board and to any state information depository. 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 Master Continuing Disclosure Certificate and Addendums, which shall be made applicable to the Offered Obligations pursuant to Schedules to be executed and delivered by the City at the time the Offered Obligations are delivered. Such Certificate, Addendums, and Schedules will be in substantially the form attached hereto as Appendix C. The City has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events. 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.

RATINGS

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

In addition, the City has received ratings on the RANs from Fitch Ratings, Moody's Investors Service, Inc. and from Standard & Poor's Ratings Group. FITCH Ratings has assigned a rating of "___" on the RANs. Moody's Investors Service, Inc. has assigned a rating of "___" on the RANs. Standard & Poor's Ratings Group has assigned a rating of "___" on the RANs.

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

FINANCIAL ADVISOR

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

LEGISLATION

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

UNDERWRITING

The Offered Obligations have been purchased at competitive bidding conducted on March 3, 2005.

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

The award of RANs 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 this 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) a signature and no litigation certificate;
- (2) a tax certificate;
- (3) a certificate 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 thereon for federal income tax purposes rendered by Hawkins Delafield & Wood LLP, New York, New York and Quarles & Brady LLP, Milwaukee, Wisconsin, 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) a Continuing Disclosure Certificate; and
- (7) a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

REPRESENTATIONS OF THE CITY

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

ADDITIONAL INFORMATION

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

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

/s/ _____
Comptroller
City of Milwaukee, Wisconsin

February 24, 2005

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APPENDIX A

**Audited General Purpose Financial Statements of
the City of Milwaukee, Wisconsin
for the Year Ended December 31, 2003**

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CITY OF MILWAUKEE
Financial Statements
For the Year Ended December 31, 2003
(Excerpts From Annual Financial Report)

To be updated to include the Management Discussion & Analysis

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APPENDIX B

Draft Forms of Legal Opinions

APPENDIX C

Master Continuing Disclosure Certificate

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