

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

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 17, 2018**

**NEW ISSUE  
BOOK ENTRY ONLY**

**RATINGS: S&P Fitch**

(See "Ratings" herein.)

*In the opinion of Katten Muchin Rosenman LLP, and of Hurtado Zimmerman SC, Bond Counsel, in connection with the issuance of the General Obligation Promissory Notes, Series 2018 N1 (the "Notes") under existing law, if there is continuing compliance with the requirements of the Internal Revenue Code of 1986, interest on the Notes will not be includable in gross income for federal income tax purposes. Interest on the Notes is not required to be included as an item of tax preference for purposes of computing "alternative minimum taxable income." Interest on the Notes is not exempt from Wisconsin income taxes. See "Tax Matters" herein.*



**\$70,000,000\***  
**CITY OF MILWAUKEE, WISCONSIN**  
**GENERAL OBLIGATION PROMISSORY NOTES,**  
**SERIES 2018 N1**

**Dated:** February 8, 2018

**Due:** February 1, 2023

The General Obligation Promissory Notes, Series 2018 N1 (the "Notes") are issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in the principal amounts of \$5,000 or any integral multiple thereof and will be in book-entry-only form. Purchasers will not receive certificates representing their beneficial ownership in the Notes. The Notes are direct and general obligations of the City of Milwaukee, Wisconsin (the "City") payable from taxes levied on all taxable property in the City, subject to taxation by the City without limitation as to rate and amount. The Notes are not subject to redemption prior to maturity.

**MATURITY SCHEDULE**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (1)</u>
February 1, 2023	\$70,000,000*	___%	___%	602366 ___

The Notes are issued for the purpose of financing the fiscal requirements of the City.

The Notes will be dated February 8, 2018 (the "Dated Date"), will bear interest payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2018.

The Notes are offered for sale by competitive bid in accordance with the Official Notice of Sale dated January 17, 2018 and other conditions specified in the Official Notice of Sale. The Notes are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and of Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City. It is expected that the Notes will be delivered through the facilities of The Depository Trust Company ("DTC"), New York, New York on or about February 8, 2018.

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

**For Further Information Contact:**

Martin Matson, Comptroller and Secretary to Public Debt Commission  
City Hall, Room 404, 200 East Wells Street - Milwaukee, WI 53202 - Phone (414) 286-3321  
[www.MilwaukeeBonds.com](http://www.MilwaukeeBonds.com)

**ELECTRONIC BIDS WILL BE RECEIVED ON WEDNESDAY, JANUARY 24, 2018  
UNTIL 10:00 A.M. (CENTRAL TIME) FOR THE NOTES**

(1) The above-referenced CUSIP number has been assigned by an independent company not affiliated with the City and is included solely for the convenience of the holders of the Notes. The City is not responsible for the selection or uses of such CUSIP number, and no representation is made as to its correctness on the Notes, or as indicated above. The CUSIP number is subject to change after the issuance of the Notes.

\*Preliminary, 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.

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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:

\$70,000,000\* General Obligation Promissory Notes, Series 2018 N1 (the “Notes” or the “N1 Notes”)

*The following summary statement is furnished solely to provide limited introductory information regarding the Notes, 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

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$70,000,000* General Obligation Promissory Notes, Series 2018 N1
Dated Date:	February 8, 2018.
Principal Due Date:	February 1, 2023.
Interest Payment Date:	Interest on the N1 Notes is due each February 1 and August 1 commencing August 1, 2018. Interest is calculated on the basis of a 360 day year of twelve 30-day months.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The N1 Notes are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing the fiscal requirements of the City.
Security:	Principal and interest on the N1 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 N1 Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The N1 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 N1 Notes. (See “ <b>BOOK-ENTRY-ONLY SYSTEM</b> ” herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the N1 Notes is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), Bond Counsel are of the opinion that interest on the N1 Notes will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the

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\* Preliminary, subject to change.

opinion that the interest on the N1 Notes is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the N1 Notes is not exempt from Wisconsin income taxes. (See “**TAX MATTERS**” herein).

- Redemption Feature: The N1 Notes are **not** subject to redemption prior to maturity.
- Official Statement: The City will provide the original purchaser of the N1 Notes with an electronic copy and up to 5 copies of this Official Statement within seven business days following the award of the N1 Notes.
- Professionals:
- |                    |   |
|--------------------|---|
| Bond Counsel:      | Katten Muchin Rosenman LLP<br>Chicago, Illinois                 |
|                    | Hurtado Zimmerman SC<br>Wauwatosa, Wisconsin                    |
| Financial Advisor: | Public Financial Management, Inc.<br>Milwaukee, Wisconsin       |
| Paying Agent:      | City of Milwaukee, Comptroller’s Office<br>Milwaukee, Wisconsin |
- Record Date: January 31 and July 31 (whether or not a business day).
- Delivery: Delivery of the N1 Notes will be on or about February 8, 2018 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.
- Reoffering: The public reoffering price or yield of the N1 Notes will be set forth on the 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 N1 Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See “**CONTINUING DISCLOSURE**” herein).
- Additional Information: Periodically, the City updates its investor relations websites ([www.MilwaukeeBonds.com](http://www.MilwaukeeBonds.com) and [www.MPSBonds.com](http://www.MPSBonds.com)) with information regarding prospective financings and financial information. Inquiries may also be directed to: Mr. Martin Matson, City Comptroller, City Hall, Room 404, 200 East Wells Street, Milwaukee, WI 53202; Phone (414) 286-3321; or by emailing [PDC@milwaukee.gov](mailto:PDC@milwaukee.gov).

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# THE NOTES

## Authority and Purpose

The Notes are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance the fiscal requirements of the City, and to pay the associated financing costs. The Common Council of the City adopted Resolutions on January 18, 2017, and November 28, 2017 which authorize the issuance of the Notes in accordance with Section 67.12(12) of the Wisconsin Statutes.

## Security

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

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

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

## Maturity and Interest Rate

The Notes are to be dated February 8, 2018, and will bear interest from that date at the rate of \_\_\_\_\_ percentum (\_\_\_\_\_% ) per annum, and will mature on February 1, 2023. Interest on the Notes will be payable commencing August 1, 2018 and thereafter semiannually on February 1 and August 1 of each year and is calculated on the basis of a 360 day year of twelve 30-day months.

## Redemption Provisions

The Notes are not subject to redemption prior to maturity.

## Statutory Borrowing Limitation

Wisconsin Statutes limit direct general obligation debt the City may issue. The issuance of the Notes does not cause these limitations to be exceeded. (See “**DEBT STRUCTURE**” herein for further details).

## INVESTMENT POLICIES

The City may invest any of its funds not immediately needed in accordance with Section 66.0603 of the Wisconsin Statutes. The City, through Common Council Resolution 930358, adopted July 6, 1993, has instructed the City Treasurer to invest City funds, including Milwaukee Public Schools funds, in: (a) Certificates of Time Deposit at approved public depositories limited to the equity capital or net worth of the financial institution with collateralization required when total deposits at any institution exceed \$650,000; (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 Global Ratings, Moody's Investors Service, Inc., or some other similar nationally recognized rating agency.

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

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

The LGIP is a local option City depository. The City utilizes the LGIP in a manner similar to a "money market" account. When other investment options provide more favorable returns, such options are utilized. As of December 31, 2016, the City had approximately 48% (\$308 million) of its and Milwaukee Public Schools' investments deposited in the LGIP.

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

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

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

# THE CITY

## Location, Organization and Government

### General

The City is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area. The City is Wisconsin's largest city with a population of approximately 594,667 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area ("MSA") includes the principal cities of Milwaukee, Waukesha and West Allis; the counties of Milwaukee, Ozaukee, Waukesha and Washington; and has a population of approximately 1.6 million.

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

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

### Elected Officials

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

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

### City Officials

**As of January, 2018\***  
(initial year in office follows name)

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

### Common Council

Ashanti Hamilton	(2004)	Chantia Lewis	(2016)
Chevy Johnson	(2016)	Michael J. Murphy	(1989)
Nik Kovac	(2008)	Mark A. Borkowski	(2015)
Robert J. Bauman	(2004)	Jose G. Perez	(2012)
James A. Bohl, Jr.	(2000)	Terry L. Witkowski	(2003)
Milele A. Coggs	(2008)	T. Anthony Zielinski	(2004)
Khalif Rainey	(2016)	Russell W. Stamper, II	(2014)
Robert G. Donovan	(2000)		

\* The terms of all the above elected positions expire in April 2020.



## Public Services and Facilities

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

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

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

The second special purpose governmental unit is the Wisconsin Center District, a public entity created by the City pursuant to Section 229.42, Wisconsin Statutes, which oversees construction and operation of the Wisconsin Center, the City's major convention complex. This complex also includes the UW-Milwaukee Panther Arena (formerly known as "*MECCA*") and the Miller High Life Theatre (formerly known as Milwaukee Theatre) facilities. The Wisconsin Center was financed by \$185 million of revenue bonds issued by the Wisconsin Center District and secured by a pledge of dedicated sales tax revenues from lodging, restaurant, and vehicle rentals collected in the five county area served by the Wisconsin Center. Phase One of the Wisconsin Center was completed during 1998. Phase Two was completed in 1999. In 2001, the Wisconsin Center District issued \$30 million of bonds to renovate the Miller High Life Theatre.

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

2015 Wisconsin Act 60 authorized the Wisconsin Center District to borrow \$203 million to construct and operate a new sports and entertainment arena/facilities (the "*Arena*") for the Milwaukee Bucks. \$197 million of revenue bonds were issued by the Wisconsin Center District in 2016, and construction of the Arena is in process. The Arena will be owned by the Wisconsin Center District, and be leased to the Milwaukee Bucks. The BMO Harris Bradley Center will be demolished and transferred to the Wisconsin Center District. The Milwaukee Admirals have relocated to the UW-Milwaukee Panther facility. Also pursuant to 2015 Wisconsin Act 60, the Wisconsin Center District may assume from Milwaukee County ownership and operations of the Marcus Center for the Performing Arts.

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

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

## Employee Relations

The City has approximately 6,297 full-time employees. 2,534 employees are part of three public safety unions. The remaining employees do not have collective bargaining representation.

The police officers’ and the police supervisors’ contracts expired as of December 31, 2017. The firefighters’ union contract expired as of December 31, 2016. The City is in negotiations with the unions.

## GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

### General

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

#### City of Milwaukee Selected Economic Data

Year	Population		Adjusted Gross Income Per Return
	Department of Administration	U.S. Census	
2016	594,667		\$39,885
2015	595,787		39,931
2014	595,993		37,340
2013	596,500		37,300
2012	595,425		35,770
2011	595,525		34,100
2010	580,500	594,833	32,774
2009	584,000		32,500
2008	590,870		33,160
2000	605,572	596,974	32,370

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

## Building Permits

One indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the years 2012-2016.

### General Total

Year	Value	Permits Issued
2016	\$416,249,287	1,896
2015	303,762,859	2,332
2014	539,753,288	2,443
2013	269,010,398	2,217
2012	254,896,334	2,297

### Residential Building

Year	Single Family		Multi-Family		Total		Permits Issued
	Value	# Of Units	Value	# Of Units	Value	# Of Units	
2016	\$6,379,473	45	\$104,919,926	1,001	\$111,299,399	1,046	57
2015	4,240,620	26	78,356,702	657	82,597,322	682	46
2014	4,423,531	31	16,096,831	300	20,520,362	331	39
2013	5,429,015	43	46,923,592	430	52,352,607	473	53
2012	4,408,472	44	30,455,000	281	34,863,472	325	60

### Commercial Building

Year	Value	Permits Issued
2016	\$ 81,464,755	29
2015	58,724,198	31
2014	320,611,159	49
2013	83,584,379	42
2012	52,952,469	51

### Public Building

Year	Value	Permits Issued
2016	\$35,892,602	202
2015	21,178,391	252
2014	31,118,208	314
2013	24,248,685	147
2012	43,046,652	211

### Alterations and Additions

Year	Value	Permits Issued
2016	\$187,592,531	1,608
2015	141,262,948	2,003
2014	167,503,559	2,041
2013	108,824,727	1,975
2012	124,033,741	1,975

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

## Leading Business and Industrial Firms Located Within Milwaukee County

The listing of large employers in the Milwaukee County area that follows reveals the diversity of Milwaukee County's economic base. The employment estimates can include employees located in counties contiguous to Milwaukee County.

Company	Business Description	2017 Approximate Employment
Aurora Health Care	Health Care System	26,462
Ascension Wisconsin	Health Care System	12,000
Froedtert Health	Health Care System	10,913
GE Healthcare	Health Care Technologies	6,000
Medical College of Wisconsin	Private Medical School	5,573
Children's Hospital and Health System	Health Care System	5,004
Northwestern Mutual	Insurance, Investment Products	5,000
Goodwill Industries of SE Wisconsin Inc.	Training Programs, Retail, & Food Service	4,210
U.S. Bank	Banking Services	3,700
The Marcus Corp.	Theaters and Hotel Properties	3,180
BMO Harris Bank	Bank Holding Company	3,034
FIS	Banking and Payments Technology	2,950
Rockwell Automation Inc.	Industrial Automation Products	2,900
Marquette University	University	2,811
Johnson Controls International	Control Systems, Batteries & Auto Interiors	2,800
WEC Energy Group Inc.	Electric & Natural Gas Utility	2,736
Harley-Davidson Inc.	Motorcycles & Accessories	2,694
Potawatomi Hotel & Casino	Hotel & Casino	2,617
Bon-Ton Stores Inc.	Department Stores	2,000
Sendik's Food Market	Retail Supermarkets	1,950
Briggs & Stratton Corp.	Small Gasoline Engines	1,555
Rexnord Corp.	Power Transmission Equipment	1,550
Robert W. Baird & Co. Inc.	Asset Management and Capital Markets	1,489
MillerCoors LLC	Beer Brewery	1,400
Direct Supply Inc.	Shipping & eCommerce	1,200
Patrick Cudahy LLC	Manufacturer of Processed Meats	1,190
Wells Fargo	Banking & Financial Services	1,100
JPMorgan Chase & Co.	Global Financial Services	1,005
Cargill Meat Solutions	Food Distribution	1,000
Brady Corp.	Manufacturer of Identification Materials	1,000
Komatsu Mining Corp.	Mining Equipment Manufacturer & Distributor	950
Master Lock Co. LLC	Manufacturer of Padlocks & Security Products	877
La Macchia Enterprises Inc.	Travel Planning Brands and Software	674
Caterpillar Inc.	Manufacturer of Construction & Mining Equipment	640

Source: Milwaukee Business Journal, as of July 21, 2017.

## EMPLOYMENT AND INDUSTRY

During 2016, the City’s unemployment rate averaged approximately 5.8%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2012 through 2016.

<b>Annual Unemployment Rates</b> (Not Seasonally Adjusted)				
Year	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
2016	5.8%	4.5%	4.1%	4.9%
2015	6.6	4.9	4.6	5.3
2014	8.0	5.9	5.4	6.2
2013	10.1	7.2	6.7	7.4
2012	10.3	7.4	7.0	8.1

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

<b>Recent Monthly Unemployment Rates</b> (Not Seasonally Adjusted)				
Month	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
November, 2017	3.8%	3.0%	2.7%	3.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Not Seasonally Adjusted

The City’s economic structure reveals a diversified economy with strong service and manufacturing sectors. The area is not dominated by any large employers.

### Employment Distribution by Industry in Milwaukee County

	Employment	Percentage
Natural Resources	87	0
Construction	10,889	2
Manufacturing	52,153	11
Trade, Transportation, Utilities	75,670	16
Information	8,318	2
Financial Activities	29,500	6
Professional and Business Services	78,004	16
Education & Health	111,371	23
Leisure & Hospitality	46,433	10
Other Services	16,327	3
Government	55,753	12
Total	484,505	

Source: Wisconsin Department of Workforce Development, Bureau of Working Training, 2016.

## Ten Largest Taxpayers With 2016 Estimated Equalized Valuations

Northwestern Mutual Life Ins.	\$315,765,233
US Bank Corp.	248,360,999
Mandel Group	156,486,401
Juneau Village/Prospect Tower/Katz Properties	130,438,735
Forest County Potawatomi Community	115,368,847
Marcus Corp/Milw City Center/Pfister	106,973,437
Metropolitan Associates	102,939,661
411 E Wisconsin – FMC Investment Opportunities	91,099,838
Jackson Street Holdings	87,317,810
Gorman & Co.	83,501,052

Source: City of Milwaukee, Assessor's Office January 2017.

## DEBT STRUCTURE

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

### Legal Debt Limitations

Section 67.03 of the Wisconsin Statutes, as supplemented and amended, limits direct general obligation borrowing by the City to an amount equivalent to five percent of the equalized valuation of taxable property within the City. Section 119.49 of the Wisconsin Statutes, as supplemented and amended, further authorizes referendum approved-bonding in an additional amount equivalent to two percent of the equalized taxable property within the City for school capital purposes.

### Debt Margin (Includes the Offered Obligations to be issued by the City)

Equalized Value of Taxable Property in the City .....		\$26,903,884,900
<b>Legal Debt Limitation for City Borrowing</b>		
5% of Equalized Value.....		\$1,345,194,245
General Obligation Debt Outstanding subject to 5% Limit as of 01/01/18 .....	\$981,205,000	
Plus: 2018 N1 .....	70,000,000*	
Less: Provision for current year maturities.....	(166,155,000)	
Net General Obligation Debt Outstanding subject to the 5% Limit as of 01/01/18.....		\$885,050,000*
Total Debt Margin for City Borrowing (in Dollars) .....		\$460,144,245*
As a percentage .....		34.2%*
<b>Legal Debt Limitation for School Purpose Borrowing</b>		
2% of Equalized Value.....		\$538,077,698
General Obligation Debt Outstanding subject to 2% Limit as of 01/01/18 .....	\$9,267,507	
Less: Provision for current year maturities.....	(1,338,544)	
Net General Obligation Debt Outstanding subject to the 2% Limit as of 01/01/18.....		\$7,928,962
Total Debt Margin for School Purpose Borrowing (in Dollars) .....		\$530,148,736
(As a percentage).....		98.5%

\* Preliminary, subject to change.

**Analysis of General Obligation Debt  
Outstanding as of January 1, 2018**

Streets .....	\$228,434,658
Tax Increment Districts .....	201,316,273
Public Buildings.....	140,912,530
Schools (5% City Borrowing) .....	70,044,991
Municipal Expenses.....	77,167,801
Blight Elimination/Urban Renewal .....	45,278,840
Finance Real & Personal Property Tax Receivables .....	44,988,310
Bridges.....	43,438,679
Police .....	38,080,100
Library .....	24,911,883
Sewers.....	19,858,257
Fire.....	19,472,234
Parking.....	11,417,550
Water .....	7,485,622
Playground/Recreational Facilities .....	4,800,736
Harbor.....	3,527,538
Local Improvement Projects/Special Assessments.....	68,995
Total GO Debt subject to the 5% City Debt Limit .....	\$981,205,000
GO Debt subject to the 2% School Purpose Debt Limit...	9,267,507
Total Outstanding GO Debt.....	\$990,472,507

**Composition of General Obligation Debt  
Outstanding as of January 1, 2018**

Total GO Debt Outstanding	\$990,472,507
Less: Long-term variable rate debt	0
Less: Bond Anticipation Notes	(46,500,000)
Less: Revenue Bond Anticipation Notes	(11,500,000)
Less: Debt to be refunded	0
Less: Cash Flow Notes	0
	0
Total Long-Term Fixed Rate GO Debt	\$932,472,507
Less: Amounts on Deposit in Sinking Funds	(14,400,000)
	(14,400,000)
Net Long-Term Fixed Rate GO Debt	\$918,072,507

## General Obligation Debt Service Requirements

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

	Total Fixed Rate G.O. Debt Service as of 1/1/18 (1)		Series 2018 N1*		Total Requirements After Issuance*
	Principal (1)	Interest	Principal	Interest**	
2018	\$170,868,544	\$ 36,777,389	0	\$ 1,681,944	\$ 209,327,877
2019	101,756,727	32,462,709	0	3,500,000	137,719,436
2020	94,811,322	28,640,394	0	3,500,000	126,951,716
2021	83,173,148	24,737,225	0	3,500,000	111,410,373
2022	73,389,005	22,348,285	\$70,000,000	1,750,000	167,487,290
2023	69,703,761	19,243,139	0	0	88,946,901
2024	65,450,000	12,946,005	0	0	78,396,005
2025	60,760,000	10,335,674	0	0	71,095,674
2026	51,225,000	7,907,578	0	0	59,132,578
2027	45,310,000	5,101,748	0	0	50,411,748
2028	30,415,000	2,808,934	0	0	33,223,934
2029	24,475,000	1,889,207	0	0	26,364,207
2030	19,650,000	1,166,283	0	0	20,816,283
2031	14,300,000	620,777	0	0	14,920,777
2032	8,315,000	267,483	0	0	8,582,483
2033	3,860,000	77,906	0	0	3,937,906
2034	610,000	10,422	0	0	620,422
2035	0	0	0	0	0
2036	0	0			0
2037	0	0			0
2038	0	0			0
	<u>\$918,072,507</u>	<u>\$207,341,156</u>	<u>\$70,000,000</u>	<u>\$13,931,944</u>	<u>\$1,209,345,607</u>
	(2)				

(1) Assumes Sinking Fund Deposits in year due.

(2) Excludes \$14,400,000 on deposit in the sinking fund accounts.

\* Preliminary, subject to change.

\*\* Assumes a coupon of 5.0%.

### Trends of General Obligation Debt (Thousands of Dollars)

Year 12/31	Total GO Debt	Self-Sustaining GO Debt*	Levy Supported GO Debt
2013	\$ 872,014	\$295,522	\$576,492
2014	863,465	276,231	587,234
2015	892,221	263,175	629,046
2016	1,012,043	315,618	696,425
2017	990,473	285,135	705,337

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



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

Year 12/31	TID Program	Parking Program	Special Assessments	Delinquent Taxes (1)	Water (2)	Sewer (2)	Total Self-Sustaining
2013	\$179,475	\$11,443	\$2,286	\$58,033	\$15,791	\$28,494	\$295,522
2014	171,810	11,533	1,242	55,927	12,670	23,049	276,231
2015	167,898	11,768	561	54,648	10,158	18,142	263,175
2016	209,504	11,702	170	51,039	28,342	14,860	315,618
2017	201,316	11,418	69	44,988	7,486	19,858	285,135

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

- (1) Debt issued for Delinquent Tax Purposes is paid from collections of the delinquent taxes.  
(2) Includes Revenue Bond Anticipation Notes.

**Ratio of General Obligation Debt  
to Equalized and Assessed Values and to Per Capita**

Year 12/31	Population (1)	Net Equalized Valuation	Assessed Valuation	Total GO Debt	GO Debt/Net EV	GO Debt/AV	GO Debt/capita
2013	595,425	\$26,421,932,000	\$25,322,100,578	\$ 872,014,150	3.30%	3.44%	\$1,465
2014	596,500	26,089,611,100	25,034,158,099	863,464,646	3.31	3.45	1,448
2015	595,993	26,138,108,100	25,024,542,439	892,221,179	3.41	3.57	1,497
2016	595,787	25,980,469,600	25,262,963,417	1,012,042,745	3.90	4.01	1,699
2017	591,076	26,903,884,900	26,937,359,310	990,472,506	3.68	3.68	1,676

- (1) Population estimate from the Wisconsin Department of Revenue for use in the distribution of State Shared Revenues.

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

Year 12/31	PDAF Unsegregated Balance	GO Debt /Net EV	GO Debt /capita
2013	\$57,413,536	3.08%	1,368
2014	56,790,600	3.09	1,352
2015	61,857,951	3.18	1,393
2016	59,993,868	3.66	1,598
2017 (1)	57,993,868	3.47	1,578

- (1) 12/31/17 balance is unknown at this time. Assumes balance declines by \$2 million.

**Computation of Net Direct and Overlapping Debt  
January 1, 2018**

Governmental Unit	Debt Outstanding As of January 1, 2018	Percentage Applicable	Share of Debt As of January 1, 2018
City of Milwaukee (1).....	\$892,978,962	100.00%	\$892,978,962
Area Board of Vocational, Technical and Adult Education, District No. 9...	106,955,000	35.15	37,590,745
County of Milwaukee .....	637,877,169	43.78	279,288,821
Milwaukee Metropolitan Sewerage District .....	880,192,821	44.65	393,019,363
<b>Total Net Direct and Overlapping Debt.....</b>	<b><u>\$2,518,003,952</u></b>		<b><u>\$1,602,877,891</u></b>

(1) Includes \$79.3 million general obligation debt outstanding, which financed Milwaukee Public Schools improvements. Figure includes the new issue and excludes provisions for current year maturities.

**Future Financing**

Prior to the issuance of the Notes, the City has \$821 million authorized unissued general obligation debt for various corporate and capital improvement purposes, which can be issued at any time. The City also has \$400 million of authorized unissued revenue anticipation borrowing for City and School cash flow purposes.

The City has \$58.0 million on Lines of Credit outstanding which can be refinanced with General Obligation Debt. \$46.5 million are anticipated to be permanently financed with long-term General Obligation Debt in the spring of 2018, and \$11.5 million are anticipated to be permanently financed with Sewer Revenue Bonds.

The authorized unissued general obligation debt includes \$113 million for sewer purposes and \$61 million for water purposes. The sewer purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Clean Water Fund Program. The water purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Safe Drinking Water Loan Program.

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

## City Capital Improvement Plan

The City's 2018-2022 Draft Capital Improvement Plan ("CIP") outlines planned capital improvement projects and programs. Some school purpose improvements are financed by the City for Milwaukee Public School, but are not included in the CIP.

### 2018-2022 Draft Capital Improvement Plan (amounts in '000s)

	2018	2019	2020	2021	2022	Total
Transportation	82,700	80,673	80,635	100,457	93,276	437,741
Redevelopment and Blight Elimination	5,200	5,850	5,700	5,700	5,550	28,000
Public Safety	6,935	6,945	8,687	8,362	5,682	36,611
Miscellaneous	37,471	40,973	37,121	26,563	32,946	175,074
<b>Total General City</b>	<b>132,306</b>	<b>134,441</b>	<b>132,143</b>	<b>141,082</b>	<b>137,454</b>	<b>677,426</b>
Levy supported GO Borrowing	78,247	86,717	83,757	81,634	76,821	407,176
Grants	38,174	32,359	32,620	42,720	43,934	189,807
Cash Levy	1,000	1,000	1,000	1,000	1,000	5,000
Special Assessment	2,910	2,790	3,191	3,753	4,124	16,768
Cash Revenues	11,975	11,575	11,575	11,975	11,575	58,675
<b>Total Revenues for General City Improvements</b>	<b>132,306</b>	<b>134,441</b>	<b>132,143</b>	<b>141,082</b>	<b>137,454</b>	<b>677,426</b>
Tax Incremental Districts						
GO Borrowing repaid by TID Increment	25,000	25,000	25,000	25,000	25,000	125,000
Developer Financed	3,500	3,500	3,500	3,500	3,500	17,500
<b>Total for Tax Incremental Districts</b>	<b>28,500</b>	<b>28,500</b>	<b>28,500</b>	<b>28,500</b>	<b>28,500</b>	<b>142,500</b>
Water (primarily funded by Water Revenue Bonds)	40,365	44,970	40,650	39,915	51,000	216,900
Sewer (primarily funded by Sewer Revenue Bonds)	41,214	41,275	40,550	39,900	39,900	202,839
<b>Total Capital Improvements</b>	<b>242,385</b>	<b>249,186</b>	<b>241,843</b>	<b>249,397</b>	<b>256,854</b>	<b>1,239,665</b>

## Lines of Credit and Other Liquidity

The City has an \$80,000,000 line of credit with US Bank National Association, and a \$150,000,000 line of credit with JPMorgan Chase Bank, N.A (a "Line", or collectively, the "Lines"). Both Lines are secured by the general obligation pledge of the City, permit the City to draw and repay at any time, with interest rates based upon 1-month LIBOR. Each Line may be terminated upon specified events. If a Line's draw period is not extended, or if terminated, the City has 18 months, from the end of the draw period or termination date, to repay the Line (the "Term-out Period"). The Term-out Period gives the City at least six months to refund or payoff the Line before being required levy taxes for the payment of the outstanding amount of the Line.

Draw on the Lines may be made at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the Lines is to provide interim financing for expenditures pending the City's next long-term financing and short-term cash flow needs. As of January 1, 2018, the City had \$58.0 million outstanding on the Lines.

## Other Variable Rate Exposure

Other than the Lines of Credit, the City does not have any other form of variable rate debt outstanding. It is anticipated that, over time, when the use of variable rate debt is more advantageous, up to 15-25% of the tax levy supported long-term general obligation debt will be in the form of variable rate debt.

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

## REVENUE BONDING

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

Water System Revenue Bonds – In 2016, with the consent of the State, the City publically sold and issued \$10,000,000 of Water System Revenue Bonds on a senior lien basis to loans from the State of Wisconsin Safe Drinking Water Loan Program. Additional senior lien bonds may be issued without the consent of the State. As of January 1, 2018, total outstanding Water System Revenue Bonds was \$10 million with a final maturity in 2036.

Beginning in 1998, the City entered into loan agreements under the State of Wisconsin Safe Drinking Water Loan Program. Subsidized loans are available for certain projects, are secured by revenues of the Milwaukee Water Works, and are repayable over a period of 20 years. As of January 1, 2018, the outstanding balance was \$34 million.

Sewerage System Revenue Bonds – In 2001, the City created the Sewerage System Revenue Bonds with the issuance of \$29,095,000 of Sewerage System Revenue Bonds, and has periodically issued debt under the Resolution. Additional senior lien bonds may be issued without the consent of the State. As of January 1, 2018, total outstanding Sewerage System Revenue Bonds was \$157 million with a final maturity in 2036.

In 2006, the City created the Sewerage System Second Lien Revenue Bonds for the purpose of borrowing from the State of Wisconsin Clean Water Fund Program. Subsidized loans are available for certain projects, are secured by revenues of the Sewerage System, and are repayable over a period of 20 years. As of January 1, 2018, the outstanding balance was \$114 million. The City hopes to satisfy as much as possible of its Sewerage System capital needs with borrowings under the Program. (See “**Future Financing**”).

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

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

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

As of December 31, 2017, the Housing Authority had outstanding \$17.7 million of Mortgage Revenue Bonds.

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

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

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

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

As of January 1, 2018, the Redevelopment Authority had outstanding: one bond issue with \$19 million outstanding that has a moral obligation pledge of the City; and \$326 million in 11 bond issues for Milwaukee Public Schools, seven secured by leases, 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. The loan agreements with MBSD include a pledge of certain state aid payable to MBSD.

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

*Milwaukee Economic Development Corporation* – As of December 31, 2016, the Milwaukee Economic Development Corporation, itself, or through related entities, funded loans for 1,220 businesses and projects utilizing \$359 million to leverage a total of \$1.7 billion in investment. 1,061 loans have been enrolled in the Capital Access Program with covered loan amounts totaling \$60 million.

## **TAX INCREMENT DISTRICT FINANCING**

Five issues of the Redevelopment Authority and Housing Authority involving over \$60 million in bonds have financed projects located within tax increment districts (“TID”) of the City. The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such districts through the issuance of its general obligation bonds. As of December 31, 2017, \$201 million general obligation debt for TID purposes were outstanding. Under current law, tax increments received by the City have been calculated based upon the assessed valuation and the applicable tax levy in the TID. The applicable tax levy includes the tax levy rate for each of the overlapping taxing jurisdictions, including Milwaukee Public Schools, Milwaukee County, Milwaukee Metropolitan Sewerage District, and Milwaukee Area Technical College.

The Redevelopment Authority of the City has approximately \$15 million of debt secured by tax increment revenues. The debt is owed to developers of projects within the TID, with no recourse to the City in the event that tax increment revenues are insufficient to repay the obligations. Pursuant to 2003 Wisconsin Acts 126, 127, 194 and 231 (enacted in February through April 2004), the allowable life of TIDs created between September 30, 1995 and October 1, 2004 for blight elimination and rehabilitation purposes is 27 years. The maximum lives for TIDs created after September 30, 2004 is 27 years for blighted and rehabilitation TIDs, and 20 years for mixed use TIDs and industrial TIDs, which, for industrial TIDs represents a reduction from 23 years, though the law also makes them eligible for a three year extension under certain circumstances. In any year in which total TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the City’s general property tax levy.

## **FINANCIAL INFORMATION**

### **Budgeting**

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

**Adopted Budget – Combined Revenues – 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
<b>Taxes</b>						
Property Tax – General .....	\$107,191,811		\$66,215,500	\$889,000		\$174,296,311
Provision for Employee Retirement (1).....	94,188,661					94,188,661
Contingent Fund.....	5,000,000					5,000,000
<b>Total Taxes.....</b>	<b>\$206,380,472</b>	<b>–</b>	<b>\$66,215,500</b>	<b>\$889,000</b>	<b>0</b>	<b>\$273,484,972</b>
<b>Revenues</b>						
Taxes and PILOT .....	\$ 17,590,600					\$ 17,590,600
Licenses and Permits.....	15,937,400					15,937,400
Intergovernmental Revenues.....	269,493,400	\$42,847,051				312,340,451
Charges for Service.....	159,427,367					159,427,367
Fines and Forfeitures.....	3,001,000					3,001,000
Miscellaneous Revenues.....	22,149,507	7,740,000				29,889,507
Fringe benefits (2).....	23,000,000					23,000,000
Parking .....	17,123,005		\$ 2,782,230	–	\$ 19,259,265	39,164,500
Water Works .....	–		3,065,837	5,473,000	98,213,163	106,752,000
Sewer Maintenance Fund....	–		3,470,251	2,700,000	59,072,515	65,242,766
Retained Earnings .....					18,304,898	18,304,898
Delinquent Taxes .....			15,540,807			15,540,807
Tax Incremental Districts....			28,208,683			28,208,683
Other Self Supporting Debt			31,249,192			31,249,192
Cash Flow borrowings .....			138,300,000			138,300,000
Special Assessments .....		11,443,004		2,885,000		14,328,004
Capital Revenue .....				18,130,000		18,130,000
<b>Total Revenues .....</b>	<b>\$527,722,279</b>	<b>\$62,030,055</b>	<b>\$222,617,000</b>	<b>\$29,188,000</b>	<b>\$194,849,841</b>	<b>\$1,036,407,175</b>
<b>Tax Stabilization Fund</b>						
Transfer from Reserves .....	\$ 19,000,000					\$ 19,000,000
<b>Sale of Bonds and Notes</b>						
General City .....				\$121,424,000		121,424,000
Enterprise Funds .....				65,545,500		65,545,500
<b>Grand Total.....</b>	<b>\$753,102,751</b>	<b>\$62,030,055</b>	<b>\$288,832,500</b>	<b>\$217,046,500</b>	<b>\$194,849,841</b>	<b>\$1,515,861,647</b>

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

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

## Adopted Budget – Combined Appropriations – 2018

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
<b>Expenditures</b>						
Administration, Dept of .....	\$ 13,731,036			\$ 1,660,000		\$ 15,391,036
Assessor's Office .....	4,709,627					4,709,627
City Attorney.....	7,365,342					7,365,342
City Treasurer .....	3,000,697					3,000,697
Common Council – Clerk....	9,239,890					9,239,890
Municipal Court .....	3,075,602					3,075,602
Comptroller .....	4,953,536					4,953,536
Dept. of City Development..	5,222,716			53,420,000		58,642,716
Election Commission .....	2,871,969					2,871,969
Employee Relations, Dept of	4,004,802					4,004,802
Fire and Police Commission	3,087,727					3,087,727
Fire Department .....	111,234,000			1,555,000		112,789,000
Health Department .....	13,674,571			660,000		14,334,571
Library Board.....	23,206,425			4,695,000		27,901,425
Mayor's Office.....	1,400,850					1,400,850
Neighborhood Services.....	19,823,367			2,000,000		21,823,367
Police Department.....	293,672,222			7,001,000		300,673,222
Port of Milwaukee.....	5,131,693			700,000		5,831,693
DPW–Administration .....	3,103,169					3,103,169
DPW–Infrastructure .....	37,984,935			53,448,000		91,432,935
DPW–Operations .....	81,583,829			9,675,000		91,258,829
Water Works .....			\$ 3,065,837	32,780,000	\$103,686,163	139,532,000
Sewer Maintenance Fund....			3,470,251	37,514,000	66,733,765	107,718,016
Special Purpose Accounts....	146,714,083					146,714,083
Pension Funds .....	125,773,335					125,773,335
Debt Service – City.....			129,441,333			129,441,333
Debt Service – Schools.....			11,772,849			11,772,849
Debt Service – Cash Flow ...			138,300,000			138,300,000
Contingency .....	5,000,000					5,000,000
Delinquent Tax Fund .....		\$ 7,740,000				7,740,000
Parking .....			2,782,230	3,424,500	24,429,913	30,636,643
Grant & Aid Fund .....		42,847,051				42,847,051
Special Capital Projects .....				8,514,000		8,514,000
Economic Development.....		11,443,004				11,443,004
Fringe Benefit Offset .....	(176,462,672)					(176,462,672)
<b>Grand Total.....</b>	<b>\$753,102,751</b>	<b>\$62,030,055</b>	<b>\$288,832,500</b>	<b>\$217,046,500</b>	<b>\$194,849,841</b>	<b>\$1,515,861,647</b>



**Budgetary Comparison Schedule – General Fund**  
**For The Years Ending December 31, 2012 Through 2016**  
(Thousands of Dollars)

	2012	2013	2014	2015	2016
<b>Revenues:</b>					
Property Taxes.....	167,927	172,594	179,269	190,318	187,739
Other Taxes .....	3,363	3,544	6,091	2,765	3,979
Licenses and Permits .....	14,410	15,030	16,063	16,629	16,767
Intergovernmental.....	260,141	259,735	260,886	263,350	265,190
Charges for Services.....	108,190	111,881	114,743	120,908	118,166
Fines and Forfeitures .....	5,042	4,492	4,577	4,110	3,534
Other.....	23,483	35,378	32,284	28,486	20,000
<b>Total General Fund Revenues .....</b>	<b>582,556</b>	<b>602,654</b>	<b>613,913</b>	<b>626,566</b>	<b>615,375</b>
Tax Stabilization Fund Withdrawals .....	13,767	14,900	20,000	16,700	21,087
Other Financing Sources and Equity .....					
Transfers (Net).....	47,470	107,770 (1)	49,492	50,906	46,788
<b>Total General Fund Revenues Tax Stabilization Fund Withdrawals and Other Financing Sources ....</b>	<b>643,793</b>	<b>725,324</b>	<b>683,405</b>	<b>694,172</b>	<b>683,250</b>
<b>Expenditures:</b>					
General Government.....	208,013	313,667 (1)	254,418	239,232	225,418
Public Safety.....	265,900	270,680	267,344	293,085	320,389
Public Works .....	93,421	99,907	103,244	101,007	103,740
Health .....	8,656	9,147	9,028	9,459	10,207
Culture and Recreation .....	15,912	15,900	16,342	16,669	17,296
Conservation and Development.....	4,320	3,379	3,519	3,816	4,429
<b>Total Expenditures .....</b>	<b>596,222</b>	<b>712,680</b>	<b>653,895</b>	<b>663,268</b>	<b>681,479</b>
Sources Over (Under) Expenditures .....	47,571	12,644	29,510	30,904	1,771
Fund Balance - January 1 (excludes reserved for use during the year) .....	58,219	90,890	83,534	96,344	106,161
Fund Balance - December 31.....	105,790	103,534	113,044	127,248	107,932
<b>Fund Balance Components:</b>					
Nonspendable .....	15,721	15,389	17,301	17,094	16,127
Restricted.....	0	0	0	0	0
Committed.....	1,835	1,741	1,587	2,035	2,266
Assigned.....	35,915	43,172	44,150	46,404	38,802
Unassigned .....	52,319	43,232	50,006	61,715	50,737
<b>Total Fund Balance .....</b>	<b>105,790</b>	<b>103,534</b>	<b>113,044</b>	<b>127,248</b>	<b>107,932</b>

(1) \$62 million was borrowed in 2013 for a pension early payment program.

<b>Tax Stabilization Fund (free fund balance)</b>					
Reserved for Next Year's Budget.....	14,900	20,000	16,700	21,087	27,579
Reserved for Subsequent Years' Budget .....	59,800	49,947	56,599	68,095	50,737

**City of Milwaukee  
Assessed and Equalized Valuations**

	Year 2013 For 2014 Purposes	Year 2014 For 2015 Purposes	Year 2015 For 2016 Purposes	Year 2016 For 2017 Purposes	Year 2017 for 2018 Purposes
<b>Real Property</b>					
Residential	\$14,265,490,669	\$14,198,159,000	\$14,254,964,300	\$14,438,034,368	\$14,854,223,750
Industrial (Manufacturing)	709,328,200	707,900,800	726,810,200	728,863,500	765,075,100
Mercantile (Commercial)	9,195,173,876	9,178,216,405	9,430,293,399	9,964,809,169	10,496,050,788
<b>Total Real Property</b>	<b>\$24,169,992,745</b>	<b>\$24,084,276,205</b>	<b>\$24,412,067,899</b>	<b>\$25,131,707,037</b>	<b>\$26,115,349,638</b>
Personal Property	864,165,354	940,266,234	850,895,518	842,551,928	822,009,672
<b>Total Assessed Valuations</b>	<b>\$25,034,158,099</b>	<b>\$25,024,542,439</b>	<b>\$25,262,963,417</b>	<b>\$25,974,258,965</b>	<b>\$26,937,359,310</b>
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	\$27,954,669,900	\$26,138,108,100	\$25,980,469,600	\$27,042,046,500	\$26,903,884,900
Ratio of Assessed to Equalized Valuation	99.87%	95.74%	97.24%	96.05%	100.12%

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

	2014	2015	2016	2017	2018
<b>Unit of Government</b>					
City Government	\$10.58	\$10.71	\$10.61	\$10.75	\$10.75
Milwaukee Public Schools	12.47	12.62	12.43	11.46	10.71
Milwaukee County	5.53	5.50	5.46	5.49	5.05
Milwaukee Area Technical College	2.22	1.33	1.29	1.82	1.72
Milwaukee Metropolitan Sewerage District	1.78	1.79	1.79	1.31	1.26
<b>Gross Tax Rate Per \$1,000</b>	<b>\$32.58</b>	<b>\$31.95</b>	<b>\$31.58</b>	<b>\$30.83</b>	<b>\$29.49</b>
Less: State Tax Credit	(1.96)	(1.98)	(2.23)	(2.13)	(2.19)
<b>Net Tax Rate</b>	<b>\$30.62</b>	<b>\$29.97</b>	<b>\$29.35</b>	<b>\$28.70</b>	<b>\$27.30</b>

**City of Milwaukee**  
**Property Tax Levies and Collections**  
(\$ Amounts in Thousands)

Budget Year	Taxes Levied for the Fiscal Year			Cumulative Collected in Subsequent Years	
	Levy	Collections	% of Levy	Amount	% Collected
2012	\$301,051	\$288,749	95.91	11,473	99.72
2013	304,700	293,489	96.32	9,620	99.48
2014	307,246	295,624	96.22	8,116	98.86
2015	312,216	299,650	95.98	4,763	97.50
2016	312,091	302,007	96.77	0	96.77

**Collection Procedures**

If no payment of property taxes is received by January 31<sup>st</sup>, the taxes become delinquent as of February 1st. If the taxes are not paid when due under the 10-month installment plan, they become delinquent for legal purposes on November 15<sup>th</sup>.

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

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

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

**Insurance**

The City has property insurance coverage in the amount of \$1 billion with AIG, subject to a \$250,000 deductible. The City also maintains insurance for theft, environmental matters, and its role as a wharfinger. The City is self-insured for liability. Under Wisconsin law, the City’s tort liability is limited to \$50,000 in non-automobile cases and \$250,000 in automobile cases. The City follows a policy of requiring contract service providers to provide the City with indemnification and insurance as the City deems appropriate.

## PENSION SYSTEM SUMMARY

### Employees' Retirement System

The Employees' Retirement System ("ERS") of the City, established pursuant to Section 36 of the Milwaukee City Charter, provides retirement, disability and survivor benefits to the City and other agency employees and their beneficiaries. Membership in the ERS includes some classes of part-time employees, all full-time employees, and elected officials.

#### Active Members by Employee Groups

As of December 31, 2016

	Active Members	Covered Compensation
General City.....	3,332	\$182,988,398
Policemen .....	1,921	160,010,056
Firemen.....	744	62,183,635
Water Department.....	311	17,534,574
	<b>6,308</b>	<b>\$422,716,663</b>
School Board .....	4,174	\$122,400,905
Milwaukee Sewerage District....	216	17,177,813
Housing Authority .....	179	10,608,347
Wisconsin Center District.....	82	4,287,544
Veolia .....	36	2,921,654
Redevelopment Authority.....	9	788,869
Milwaukee Technical College...	-	-
	<b>11,004</b>	<b>\$580,901,795</b>

#### Benefit Recipients

As of December 31, 2016

Class	Vested	Non-Vested	Inactive	Retired
General & Elected....	5,408	3,009		9,294
Policeman .....	1,630	292		2,278
Firemen.....	664	80		1,300
Certain pre-1996 .....				16
	<b>7,702</b>	<b>3,381</b>	<b>3,416</b>	<b>12,888</b>

*Source: Tables 1c and 5 of the Actuarial Valuation Report as of January 1, 2017.*

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

### Basic Benefit Accrual Rates and Member Contributions

Class	Retirement Allowance	Maximum Allowance	Member Contribution
General and Mayor hired prior to 1/1/2014 .....	2.0%	70%	5.5%
General hired after 12/31/2013 .....	1.6%	70%	4.0%
Other Elected Officials enrolled prior to 1/1/2014..	2.5%	70%	7.0%
Elected Officials first enrolled after 12/13/2013.....	2.0%	70%	4.0%
Police .....	2.5%	90%	7.0%
Firefighters.....	2.5%	90%	7.0%

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

Valuation As of Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2016	\$5,055,700	\$5,259,300	\$203,600	96.1%	\$583,950	34.9%
2015	4,899,155	5,064,141	165,986	96.3	535,802	31.0
2014	4,797,437	4,935,482	138,045	97.2	529,939	26.0
2013	4,580,729	4,831,689	250,960	94.8	521,651	48.1
2012	4,259,889	4,689,814	429,925	90.8	523,738	81.1
2011	4,404,635	4,587,915	183,280	96.0	525,181	34.9
2010	4,641,425	4,447,548	-	104.4	538,218	0.0
2009	4,814,402	4,269,324	-	112.8	553,846	0.0
2008	4,076,297	4,113,089	36,792	99.1	536,558	6.9

Source: Tables 14 and 16 of the Actuarial Valuation Report as of January 1, 2017 (and each prior year).

For more information about the ERS, details on plan benefits, and for copies of their financial and actuarial reports, see <http://www.cmers.com>. The Employees' Retirement System Actuarial Valuation Report as of January 1, 2017 is available from EMMA and is hereby incorporated by reference. (See "CONTINUING DISCLOSURE" herein).

### Policemen's Annuity and Benefit Fund

Membership in the Policemen's Annuity and Benefit Fund ("PABF") consists of all Police Department employees whose service commenced prior to July 29, 1947. As of December 31, 2016, there were 4 members and 23 spouses receiving benefits under the fund program.

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

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

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

Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio
2016	\$ 3	\$ 732	\$ 729	0.3%
2015	185	1,059	875	17.4
2014	147	1,388	1,241	10.6
2013	412	1,778	1,366	23.2
2012	651	2,152	1,501	30.2
2011	1,008	2,451	1,444	41.1
2010	1,584	2,946	1,362	53.8
2009	1,936	3,687	1,751	52.5
2008	2,147	4,296	2,148	50.0

*Source: Policemen's Annuity and Benefit Fund, Actuarial Valuation Reports as of January 1, 2017 (and each prior year). Summary of Principal Results.*

**Other Post-Employment Benefits**

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

Until age 65, for retirees with at least 15 years of creditable service, the majority of the cost of the health benefit plan is paid by the City. After attaining the age of 65, and having completed a minimum of 15 years of creditable service, the City pays 25% of the base rate of the City’s Basic Plan and 100% of the major medical rate.

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

The required contribution for medical and life insurance for retirees is based upon pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2016, the City paid approximately \$30 million and \$2 million, respectively, towards medical and life insurance for retirees.

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

**Funding Status and Funding Progress**  
(\$ amounts in thousands)

Annual Required Contribution (ARC)	\$79,655
Interest on Net OPEB	16,833
Adjustment to ARC	<u>(15,257)</u>
Annual OPEB Cost	81,231
Contributions Made	<u>31,839</u>
Increase in net OPEB Obligation	49,392
Net OPEB Obligation – beginning of year	<u>373,866</u>
Net OPEB Obligation – end of year	<u><u>423,258</u></u>

Source: City's 2016 CAFR.

**Annual Cost and Net OPEB Liability**  
(\$ amounts in thousands)

Year Ended Dec 31	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$81,231	39.2%	\$423,258
2015	77,566	37.3	373,866
2014	74,790	49.9	325,503
2013	71,489	52.5	287,460
2012	76,156	46.6	253,523
2011	73,071	47.3	212,886
2010	81,311	41.8	174,360
2009	77,389	37.1	127,074

Source: City's 2016 and prior years CAFRs.

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

Valuation As of Jan 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2016	\$0	\$1,020,383	\$1,020,383	0.0%	\$377,788	270%
2015	0	975,696	975,696	0.0	366,785	266
2014	0	928,496	928,496	0.0	381,100	227
2013	0	888,983	888,983	0.0	382,795	218
2012	0	946,857	946,857	0.0	409,572	231
2011	0	916,383	916,383	0.0	407,840	225
2010	0	1,007,573	1,007,573	0.0	413,648	244
2009	0	959,562	959,562	0.0	419,811	229

Source: City's 2016 and prior years CAFRs.

Actuarial Assumptions and Methods for the most recent valuation include:

The retiree healthcare valuation was based on the projected unit credit (“PUC”) cost method. The PUC method produces an explicit normal cost and actuarial accrued liability. The normal cost and actuarial accrued liability are directly proportional to the employee’s service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability

equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement. Depending on the demographic characteristics of the current group and new entrants in the future, this method could produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.5% based on the City's projected short-terms investment rate of return. The healthcare cost trends rate is 8.0% initially, and reduced by decrements to the ultimate rate of 4.5% after 9 years. The actuarial assumption for wage inflation is 3%. The amortization of the unfunded actuarial accrued liability is based on a level percentage of pay over a 30-year open amortization period.

## LEGAL MATTERS

### Litigation Statement

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

The City Attorney's office has reviewed the status of pending or threatened litigation, claims and assessments to which the office has devoted substantive attention in the form of legal consultation or representation and which individually represent maximum potential loss exposure in excess of \$1 million, existing on January 5, 2018.

*Estate of Perry v. Wenzel, et al.* James Perry was lawfully arrested by Milwaukee police officers. He was brought to the Police Administration Building, where he was detained in the City jail facility. While in the City jail, Mr. Perry suffered a seizure. Medical personnel were immediately called, and he was ultimately transported to an area hospital for treatment. While at the hospital, Mr. Perry was treated for a seizure condition, and he was released to the custody of Milwaukee police officers. Milwaukee police officers brought Mr. Perry back to the City jail facility, to complete his processing, and then he was brought to the Milwaukee County Criminal Justice Facility, for long-term imprisonment. While waiting in the triage area, and before he was accepted into the custody of the County, Mr. Perry collapsed, and died shortly thereafter. The plaintiffs are Mr. Perry's estate, along with his child. The plaintiffs claim that various County of Milwaukee and City of Milwaukee defendants violated Mr. Perry's rights, and that these actions caused his death. However, the autopsy conducted by the Milwaukee County Medical Examiner indicates that Mr. Perry died from natural causes related to significant coronary artery disease. On May 6, 2016 the district court granted all defendants' summary judgment dismissing the complaint. Judgment was entered on May 10, 2016; however, the plaintiff filed a notice of appeal to the United States Court of Appeals for the Seventh Circuit. Oral argument was conducted before the appellate court on January 5, 2017. On September 18, 2017, the Seventh Circuit affirmed in part and reversed in part the district court's grant of summary judgment to the defendants, including the City. On December 15, 2017, the City filed a petition for a writ of certiorari with the United States Supreme Court seeking review of the 7<sup>th</sup> Circuit's decision. The petition is still pending.

*Robert Lee Stinson v. City of Milwaukee, et al.* In this 2009 civil rights action, Mr. Stinson claims that he was wrongly convicted in 1984 of the murder of a 67-year-old woman. Stinson spent more than 20 years in prison until recent DNA testing of the victim's clothing produced no DNA matching Stinson's and



new techniques of examining bite marks on the victim indicating that the marks did not match Stinson's teeth. Stinson claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and conspired with two dental experts to produce false evidence. The defendants have all filed dispositive motions seeking to have the court dismiss the case. The trial court denied all defendants' motions. All defendants have appealed the denial to the court of appeals and the court of appeals ruled in favor of all of the defendants on August 25, 2015. Stinson filed a request for rehearing and rehearing by the entire court of appeals, which was granted. The matter was argued to the entire court and on August 18, 2017 the United States Court of Appeals for the Seventh Circuit dismissed the qualified immunity appeals and affirmed the judgment of the district court with respect to its absolute immunity rulings. On November 10, 2017, the City filed a petition for a writ of certiorari with the United States Supreme Court seeking review of the 7<sup>th</sup> Circuit's decision. The petition is still pending.

***Estate of Derek Williams, Jr. et al v. City of Milwaukee, et al.*** Derek Williams, Jr. was lawfully arrested on July 6, 2011, taken into custody after a foot pursuit and placed in the back of a police squad. While in the squad, Mr. Williams complained that he could not breathe. Officers believed that Mr. Williams' complaints were exaggerated and that he was failing to cooperate with them, by refusing to provide his name and current information. When officers at the scene became aware that Mr. Williams was in medical distress they rendered immediate CPR and called for an ambulance; however they were unable to revive him and Mr. Williams was later pronounced dead. It was subsequently determined that Mr. Williams suffered from sickle cell syndrome, and the medical examiner, after further review, could not attribute his death to the officers' conduct. In February 2013 an inquest jury recommended that three officers be charged criminally with failure by a law enforcement officer to render aid to Mr. Williams; however, the special prosecutor assigned to the investigation declined to do so. The lawsuit filed July 6, 2016 alleges that Mr. Williams was subjected to unreasonable force during the arrest, and that officers failed to provide medical help in spite of Mr. Williams' pleas for help and obvious distress. The suit also alleges that the City promulgated unconstitutional policies concerning rendering medical care, discipline, supervision and training and maintaining a code of silence. The plaintiffs are the estate and three minor children. The potential damages include claims for pain and suffering, punitive damages and loss of support and companionship for the minor children. No amounts of monetary damages were specifically claim in the lawsuit. Defendants filed a motion for summary judgment based on qualified immunity, however it was denied by the district court. A trial date of August 28, 2017 was set by the court. The trial date, however, has been postponed due to the City's filing of an appeal of the district court's ruling with the United States Court of Appeals for the Seventh Circuit. The appeal is currently pending.

***Ronnie Martin v. Dominique Heaggan-Brown, et al.*** In this 2017 civil rights action, the plaintiff claims that two officers violated his Fourth, Eighth and Fourteenth Amendment rights during an April 15, 2016 arrest. His complaint also states several state law claims. Specifically, he claims that the officers unreasonably and unlawfully searched and seized him and used excessive force when arresting him. Plaintiff is claiming damages in excess of \$1,000,000 for medical care, pain and suffering, emotional distress, and loss of his constitutional rights. Discovery is ongoing and no trial date has been set.

***Estate of Sylville Smith v. Heaggan-Brown.*** Mr. Smith was fatally shot by an officer on August 13, 2016 in the Sherman Park neighborhood. In October 2016, the officer's employment was terminated due to unrelated criminal charges and on December 15, 2016, the former officer was charged with first degree reckless homicide in connection with the Smith shooting. On June 21, 2018, Heaggan-Brown was found not guilty after a jury trial. A civil suit for excessive use of force has been filed. Discovery is ongoing and no trial date has been set.

***Charles Collins, et. al. v. City of Milwaukee.*** Individual plaintiffs and the American Civil Liberties Union allege the Milwaukee Police Department engaged in racially discriminatory traffic and pedestrian

stops in violation of the 14th Amendment of the United States Constitution. No monetary damages are being sought, however the potential award of attorneys' fees may exceed \$1 million.

**Section 74.37 Litigation.** Various lawsuits are pending against the City for property tax refunds under Section 74.37 of the Wisconsin Statutes. As the tax collector, the City would pay any refund owed, and recover approximately 2/3 of the payment from overlapping jurisdictions. Litigation with the potential for a City share of more than \$1,000,000 are:

- ***U.S. Bank N.A. v. City of Milwaukee.*** U.S. Bank alleges its 2014 and 2015 assessments are excessive and has requested a refund in the amount of \$5.3 million. Discovery is complete, and the case is set for trial in May 2018. U.S. Bank has also filed a new lawsuit against the City in regard to its 2016 assessment and has requested a refund of \$2.6 million.
- ***Marathon Petroleum Company LP et al v. City of Milwaukee.*** This action involves the 2008-2014 assessments of oil terminal property. The taxpayers have requested a tax refund of approximately \$3,200,000 plus interest. The City was successful at trial, and the taxpayers appealed. The case is currently pending before the court of appeals.
- ***Metropolitan Associates v. City of Milwaukee.*** This action involves the 2008-2013 assessments of eight apartment complexes located on the south side of the City. Metropolitan requested approximately \$1.75 million plus interest. The City was successful at trial and in the court of appeals. The case is currently pending before the Wisconsin Supreme Court.
- ***Wisconsin and Milwaukee Hotel, LLC v. City of Milwaukee.*** This action involves the 2014 and 2015 assessments of the downtown Marriott Hotel. Wisconsin and Milwaukee have requested a refund in the amount of approximately \$980,000 plus interest. The case is set for trial at the end of January 2018. Wisconsin and Milwaukee has also filed a new lawsuit in regard to its 2016 assessment and requested a refund of \$775,325 plus interest and costs.
- ***U.S. Venture v. City of Milwaukee.*** This action involves the 2015 assessment of oil terminal property. U.S. Venture has requested a refund in the amount of approximately \$860,000 plus interest. U.S. Venture has also added a claim to its lawsuit in regard to its 2016 assessment and requested a refund of \$944,000.

## LEGAL OPINIONS

The legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City, will be delivered to the purchasers of the Notes. A draft of the legal opinion for the Notes is included herein as **Appendix B**.

## RATINGS

The City has requested ratings on the Notes from Fitch Ratings and S&P Global Ratings.

Fitch Ratings has assigned a rating of “\_\_\_” on the Notes. S&P Global Ratings has assigned a rating of “\_\_\_” on the Notes.

Moody's Investors Service, Inc. has rated prior general obligation debt of the City. The City did not request a rating from Moody's Investors Service, Inc. for the Notes. The ratings, when issued, reflect only the views of the respective ratings agencies, and an explanation of the significance of such rating may

be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either upward or downward, or withdrawn entirely, by the respective agencies, if, in their judgment, circumstances so warrant. A revision or withdrawal of the credit rating could have an effect on the market price of the Notes.

## **TAX MATTERS**

### **Summary of Bond Counsel Opinion**

Bond Counsel are of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), Bond Counsel are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that interest on the Notes is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Notes is not exempt from Wisconsin income taxes.

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

### **Notes Purchased at a Premium or at a Discount**

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

Bond premium and original issue discount are amortized over the term of a Note on the basis of the owner’s yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Notes for federal income tax purposes, to the same extent and with the same limitations as current interest.

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

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

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

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

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

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

## **Covenants to Comply**

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

## **Risks of Non-Compliance**

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

## **Federal Income Tax Consequences in connection with the Notes**

Pursuant to Section 103 of the Code, interest on the Notes is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Notes that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE NOTES.

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

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

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

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

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

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

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

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

## STATE TAX MATTERS

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

## NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

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

## CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “*Commission*”), pursuant to the Securities Exchange Act of 1934 (the “*Rule*”), the City shall covenant pursuant to a Resolution adopted by the Governing Body to enter into an undertaking (the “*Undertaking*”) for the benefit of holders including beneficial holders of the Notes to provide certain financial information and operating data relating to the City annually to a central repository designated by the Commission, currently the Municipal Securities Rulemaking Board (the “*MSRB*”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner

otherwise prescribed by the MSRB to the MSRB. The MSRB has designated its Electronic Municipal Market Access (“EMMA”) system as the system to be used for continuing disclosures to investors. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of reportable events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Notes are delivered. Such Certificate will be in substantially the form attached hereto as *Appendix C*. The City intends to fully comply with the Undertaking relating to the Notes.

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

Prior to August of 2003 the City entered into continuing disclosure undertakings (the “*Pre-2003 Undertakings*”) which contained a six-month filing requirement for Annual Financial Information. Due to the complexity and size of the City’s operations, the City had difficulty meeting that timing requirement and subsequently modified its continuing disclosure undertakings (the “*Post-2003 Undertakings*”) to use a nine-month filing requirement for Annual Filing Information. Except as discussed below, within the previous five years, the City has not failed to comply in any material respect with regards to the Post-2003 Undertakings. With regards to the Pre-2003 Undertakings the City has failed to strictly comply with the 6-month time period for filing its Annual Financial Information.

The City has endeavored to report rating changes which would impact any of its outstanding debt due to bond insurer downgrades. However, since the Nationally Recognized Statistical Rating Organizations (“NRSRO”) and bond insurers do not notify the City of any such rating changes, no assurance can be provided that notices of all rating changes were reported.

## **FINANCIAL ADVISOR**

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

## **UNDERWRITING**

The Notes were purchased at competitive bidding conducted on January 24, 2018.

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

The public reoffering yield of the Notes will be detailed on the cover of the Final Official Statement.

## **CLOSING DOCUMENTS AND CERTIFICATES**

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

- (1) signature and no litigation certificate;

- (2) tax certificate for the Notes;
- (3) certificate of delivery and payment;
- (4) the opinions as to the legality of the Notes under Wisconsin law and as to the tax-exempt status of the interest on the Notes for federal income tax purposes rendered by Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Co-Bond Counsel to the City, in substantially the forms as set forth in *Appendix B*;
- (5) copies of this Official Statement issued in conjunction with the Notes within seven business days after the award of the Notes in accordance with SEC Rule 15c2-12(b)(3);
- (6) 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**

Periodically, the City updates its investor relations websites ([www.MPSBonds.com](http://www.MPSBonds.com) and [www.MilwaukeeBonds.com](http://www.MilwaukeeBonds.com)) with information regarding prospective financings and financial information. Additional information may be obtained from the undersigned City Comptroller upon request.

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

/s/

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Martin Matson  
City Comptroller and Secretary  
City of Milwaukee, Wisconsin

## **APPENDIX A**

### **Audited Annual Financial Report of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2016**

#### **Selected Sections of the Comprehensive Annual Financial Report**

The City's Comprehensive Annual Financial Report for the year ended December 31, 2016 is available from EMMA and is hereby incorporated by reference.

The independent auditor has not been engaged to perform, and has not performed since the date of its report (a portion of which is included herein), any procedures on the financial statements addressed in the report nor on this Official Statement, nor has the independent auditor been asked to give consent to the inclusion of this appendix in this Official Statement.



**APPENDIX B**

**Draft Form of Legal Opinion**

\_\_\_\_\_, 2018

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

We have examined a record of proceedings relating to the issuance of \$ \_\_\_\_\_,000 aggregate principal amount of General Obligation Promissory Notes, Series 2018 N1 (the “Notes”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on \_\_\_\_\_ and \_\_\_\_\_.

The Notes constitute an issue of “promissory notes” under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Notes are dated as of \_\_\_\_\_, 2018, mature (without option of prior redemption) on February 1, 2023 and bear interest from their date at the rate of \_\_\_\_\_ percentum ( \_\_\_\_\_ %) per annum payable on August 1, 2018 and semiannually thereafter on each February 1 and August 1.

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

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

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

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

Respectfully submitted,

## **APPENDIX C**

**Form of Continuing Disclosure Certificate  
and list of EMMA filings for the past 5 years**

## MASTER CONTINUING DISCLOSURE CERTIFICATE

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

### ARTICLE I - Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II - The Undertaking

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

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

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

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

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

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

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

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

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

### ARTICLE III - Operating Rules

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

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

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

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

### ARTICLE IV - Termination, Amendment and Enforcement

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

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

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

(b) In addition to subsection (a) above, this Certificate may be amended and any provision of this Certificate may be waived, without the consent of the Security Holders, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate; (2) the City shall have received an opinion of Counsel to the effect that performance by the City under this Certificate as so

amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and (3) the City shall have delivered copies of such opinion and amendment to the Repository.

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

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

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

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

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

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

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

CITY OF MILWAUKEE, WISCONSIN

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



**ADDENDUM DESCRIBING REPOSITORY AND SID**

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

**Repositories**

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

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

**SID (State Information Depository)**

None.

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

CITY OF MILWAUKEE, WISCONSIN

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

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

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

Obligor: The City of Milwaukee, Wisconsin

Content of Annual Financial Information for Issuer:

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

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

CITY OF MILWAUKEE, WISCONSIN

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

WMM:RL

**SUPPLEMENTAL CERTIFICATE**

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

Name of Obligations:

\_\_\_\_\_,000 General Obligation Promissory Notes, Series 2018 N1

Addendum Describing Annual Report:

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

Date of Issue:

\_\_\_\_\_, 2018

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

IN WITNESS WHEREOF, this Supplemental Certificate is executed this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

CITY OF MILWAUKEE, WISCONSIN

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

MM:RL

**City of Milwaukee, Wisconsin  
Continuing Disclosure Filings on the EMMA  
Since February 1, 2013**

Date	Submission ID	Description of Filing	CAFR (1)	
			City	MPS
		OS: Series 2018 N1		
		POS: Series 2018 N1		
12/29/2017	ER506658	Corrected typo in Failure to file CAFR, City by June 30, 2012		
12/8/2017	ER861838	POS: RACM MPS 2017C QSCBs		
11/7/2017	ER853451	Pension Actuarial Valuation Report, 1/1/17		
11/7/2017	EP803719	Rating Change: Fitch on MPS Pension Bonds		
10/5/2017	ES822384	OS: Series 2017 M11 MPS RANs		
9/27/2017	ER848376	POS: Series 2017 M11 MPS RANs		
8/8/2017	EP798860	Rating Change: Moody's on MPS Pension and NSI Bonds		
8/2/2017	ER841452	CAFR, City, 12/31/16	2016	
6/26/2017	EP377478	OS: RACM MPS 2017 Refunding NSI - Supplement Rating Change		
6/14/2017	ER831649	Annual Financial Information: OS Series 2017 R3, N4, B5		
6/14/2017	ER831646	Failure to file CAFR, City by June 30		
6/13/2017	EP377479	OS: RACM MPS 2017 Lease		
6/13/2017	EP377478	OS: RACM MPS 2017 Refunding NSI		
6/1/2017	ES810072	POS: RACM MPS 2017 Lease		
6/1/2017	ES810070	POS: RACM MPS 2017 Refunding NSI		
5/9/2017	EP779249	OS: Series 2017 T6 and T7		
5/9/2017	EP779244	OS: Series 2017 N4 and B5		
5/9/2017	EP779240	OS: Series 2017 R3		
5/1/2017	ER825087	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
4/24/2017	ER822910	POS: Series 2017 T6 and T7		
4/24/2017	ER822904	POS: Series 2017 N4 and B5		
4/24/2017	ER822885	POS: Series 2017 R3		
1/31/2017	ER806929	CAFR, MPS, 6/30/16		2016
1/9/2017	ER794709	Bond Call: 2007 B5		
1/9/2017	ER794708	Bond Call: 2006 B10		
12/7/2016	ES786074	Bank Loan: JP Morgan Chase Line		
12/7/2016	ES786061	OS: Series 2016 W10 Water		
11/29/2016	ES377098	OS: RACM MPS 2016A, 2016B QECB		
11/21/2016	ES781334	Bank Loan: US Bank Line		
11/21/2016	ES781270	POS: Series 2016 W10 Water		
11/18/2016	ES780313	Bond Call: 2012 F9 & V10		
10/12/2016	EP752983	OS: Series 2016 M8 MPS RANs		
9/29/2016	EP750542	POS: Series 2016 M8 MPS RANs		
9/23/2016	ES663847	Rating Change: Moody's on RACM Summerfest		
8/16/2016	ES652467	OS: Series 2016 S7 Sewers		
8/3/2016	EP744796	POS: Series 2016 S7 Sewers		

**City of Milwaukee, Wisconsin  
Continuing Disclosure Filings on the EMMA  
Since February 1, 2013**

Date	Submission ID	Description of Filing	CAFR (1)	
			City	MPS
8/2/2016	ES652017	Pension Actuarial Valuation Report, 1/1/16		
8/2/2016	ES651988	Pension Actuarial Valuation Report, 1/1/15		
8/1/2016	ES650872	CAFR, City, 12/31/15, raw formatting	2015	
6/14/2016	ER764909	OS: Series 2016 B6		
6/14/2016	ER764907	OS: Series 2016 N5		
6/1/2016	ES640183	Annual Financial Information: POS Series 2016 N5, B6		
6/1/2016	ES640180	POS: Series 2016 N5, B6		
6/1/2016	EP741451	Failure to file CAFR, City by June 30		
5/12/2016	EP735406	OS: Series 2016 T4		
5/12/2016	EP735405	OS: Series 2016 N2, B3		
5/12/2016	EP735402	OS: Series 2016 R1		
5/2/2016	ER755640	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
3/8/2016	ES622894	Rating Change: Moody's on RACM (MPS NSI) to "A1" and "A2"		
1/4/2016	ES611748	CAFR, MPS, 6/30/15		2015
1/4/2016	ES611742	Bond Call: 2006 B2		
11/19/2015	EP705011	Reoffering Circular, Series 2012 V10		
10/5/2015	ER730150	OS Series 2015 M7 MPS RANs		
9/22/2015	ES596432	POS: Series 2015 M7 MPS RANs		
9/10/2015	EA600555	CAFR, City, 12/31/14, previous file replaced with final formatting		
7/31/2015	EA600555	CAFR, City, 12/31/14, raw formatting (archived)	2014	
7/1/2015	ER718386	Bond Call: 2005 B10, 2019-2022 maturities		
7/1/2015	ER716342	Bond Call: 2005 B10, 2016-2018 maturities		
6/29/2015	ER713827	Bond Call: RACM 2005A (MPS Congress Craig Fratney)		
6/26/2015	ER712870	Official Statement RACM 2015A MPS QSCB		
6/4/2015	EP687877	Failure to file CAFR, City by June 30		
5/26/2015	EP685340	OS Series 2015 T4		
5/26/2015	EP685338	OS Series 2015 N2 B3		
5/26/2015	EP685335	OS Series 2015 R1		
5/8/2015	ER699706	POS: Series 2015 R1, N2, B3, and T4		
5/1/2015	ER697247	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
1/30/2015	EA572313	CAFR, MPS, 6/30/14		2014
1/23/2015	EA566970	Bond Call: 2005 B2, 2018-2022 maturities		
1/20/2015	EA564896	Bond Call: 2005 A5		
1/8/2015	ER670752	Bond Call: 2005 B2, 2018-2022 maturities		
12/31/2014	ER667442	Bond Call: 2005 B2		
10/23/2014	ER645647	Successor Trustee: 2009 M6, and 2010 M6 QSCB		
10/14/2014	EA543863	OS Series 2014 M4		

**City of Milwaukee, Wisconsin  
Continuing Disclosure Filings on the EMMA  
Since February 1, 2013**

Date	Submission ID	Description of Filing	CAFR (1)	
			City	MPS
10/7/2014	EA472095	2012 CAFR, City updated to also be the AFI filing		
10/1/2014	EP666595	POS Series 2014 M4		
7/31/2014	ER639237	CAFR, City, 12/31/13	2013	
7/29/2014	ER637373	Pension Actuarial Valuation Report, 1/1/13		
7/29/2014	ER637379	Pension Actuarial Valuation Report, 1/1/14		
7/18/2014	ER635579	Successor Trustee, 2003 RACM Pension Bonds		
7/14/2014	EA521008	Bank Loan, Series 2013 T4, PNC Line		
6/3/2014	ER626851	Failure to file CAFR, City by June 30		
5/9/2014	EA508249	Official Statement with updated financial information		
5/9/2014	EA508254	Official Statement with updated financial information		
5/9/2014	EA508256	Official Statement with updated financial information		
4/11/2014	EP645783	Rating Change: Moody's on City to "Aa3"		
1/30/2014	ER606473	Bond Call: Series 2004 B1		
12/29/2013	ER598943	CAFR, MPS, 6/30/13		2013
10/18/2013	ER579753	Official Statement with updated financial information		
9/13/2013	ER570974	CAFR, City, 12/31/11 (color)		
9/13/2013	ER570972	Official Statement with updated financial information		
8/20/2013	EA472095	CAFR, City, 12/31/12	2012	
6/26/2013	EA461298	Failure to file CAFR, City by June 30		
6/26/2013	EA461481	Bond Call: RACM 2003A (MPS NSI)		
6/17/2013	EA457491	Bond Call: RACM 2005A (MPS Congress Craig Fratney)		
5/15/2013	EA454755	Bond Call: 2004 B1		
5/15/2013	EA454753	Bond Call: 2003 B6		
5/15/2013	EA454742	Refunding: 2003 B6, 2004 B1, RACM 2005A		
5/1/2013	EP614626	Bond Call: Sewer 2003		
4/11/2013	EP612596	Bond Call: RACM 2002A (MPS NSI)		
4/2/2013	EP608693	Bond Call: Sewer 2003 S4		
2/18/2013	EA438554	CAFR, MPS, 6/30/12 (Revised)		
2/6/2013	EA440349	Bond Call: 2003 B1		

(1) The current requirement for the City's audit to be filed is by June 30<sup>th</sup>. In 2018, or when the 2001-A Bonds are defeased, the new requirement will be by September 30<sup>th</sup>. MPS's audit is required to be filed by March 31<sup>st</sup>.

## **APPENDIX D**

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

## BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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



Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

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

**APPENDIX E**

**OFFICIAL NOTICE OF SALE AND BID FORM**

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

**FOR**

**\$70,000,000\***

**CITY OF MILWAUKEE, WISCONSIN  
GENERAL OBLIGATION PROMISSORY NOTES  
SERIES 2018 N1**

**Sale Data:**

**SALE DATE AND TIME:**

Wednesday, January 24, 2018  
10:00 a.m. Central Time

**PLACE OF ACCEPTANCE FOR SEALED BIDS:**

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

Bids will also be accepted electronically  
via PARITY®

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

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

**\$70,000,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018 N1**

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the "City"), will receive sealed bids and electronic bids until 10:00 A.M., Central Time, on Wednesday, the

**24<sup>TH</sup> DAY OF JANUARY, 2018**

at the Office of the City Comptroller, in said City, for the purchase of Seventy Million Dollars (\$70,000,000)\* General Obligation Promissory Notes, Series 2018 N1 (the "Notes"). Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event that access to, or function of, PARITY is materially interrupted at any time during the 60 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City's Public Debt Commission scheduled for 4:00 P.M. Central Time on January 24, 2018. *Information regarding the Notes is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

**Details of the Notes**

The Notes will be dated as February 8, 2018 (the "Dated Date"), will mature on February 1, 2023, and will bear interest from the Dated Date, payable commencing on August 1, 2018 and semiannually thereafter on February 1 and August 1. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes are not subject to redemption prior to maturity.

**Bid Parameters**

The City desires to realize a bid price of no less than \$70,000,000, and no more than \$70,100,000. The winning bidder shall specify the par amount of Notes and bid price for those Notes. The par amount of Notes may be reduced in order to result in a bid price within the desired range.

Par Amount: Bidders shall specify the par amount of Notes (in \$5,000 denominations). No par amount greater than \$70,000,000 will be considered. Coupons: Bidders are required to name the interest rate the Notes are to bear. The rate shall be less than, or equal to 5.00%, and the rate shall be in multiples of one-eighth of one percent or one-twentieth of one percent. Minimum Price: No bid at less than \$70,000,000 plus accrued interest, if any, will be considered. Maximum Price: No bid at more than \$70,100,000 plus accrued interest, if any, will be considered.

**Good Faith Deposit**

The winning bidder must submit a Good Faith Deposit ("Deposit") in the form of a certified check or a cashier's check drawn on a state or national bank or trust company in the amount of Seven Hundred Thousand Dollars (\$700,000), payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder as liquidated damages should such bidder fail to take up and pay for the Notes when ready. The Deposit of the successful bidder will be retained by the City and deducted from the purchase price at the time of closing. No adjustment of the Deposit will be made as a result in the change in the final par amount of the Notes.

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

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

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

#### **Award**

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

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

#### **Submission of Bids**

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

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

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the Purchase Price for the Notes and interest rate or rates to be borne by the Notes and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the bidder shall be bound by the terms of such contract.

2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.
3. That the bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such access. None of the electronic bidding services is an agent of the City. The City shall have no liability whatsoever based on the bidders use of the electronic service including, but not limited, to any failure by the electronic service to correctly or timely transmit information provided by the bidder.

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

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

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

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

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

Payment for the Notes shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Notes will be delivered on or about February 8, 2018, or as soon thereafter as the Notes may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

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

does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Notes in fully registered certificated notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Notes as directed by the registered owners of the Notes.

**Establishment of Issue Price  
(10% Test to Apply if Competitive Sale Requirements are Not Satisfied)**

The successful bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the form included as part of this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of each successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor. Any questions concerning such certification should be directed to Bond Counsel.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “competitive sale requirements”) because:

- (1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest true interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

All of the City’s competitive sales in the past 5 years would have met the competitive sale requirements, however, no assurance can be given that the competitive sale requirements will be met for this sale. In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder. The City shall treat the first price at which 10% of the Notes (the “10% test”) is sold to the public as the issue price of the Notes. The successful bidder shall advise the City if the Notes satisfy the 10% test as of the date and time of the award of the Notes. **The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of the Notes as the issue price of the Notes. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the Notes will be subject to the 10% test in order to establish the issue price of the Notes.**

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to the Notes, the successful bidder agrees to promptly report to the City the prices at which the unsold Notes have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Notes.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Notes allotted to it until it is



notified by the successful bidder that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the public, if and for so long as directed by the party to winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public).
- (3) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date that the Notes are awarded by the City to the successful bidder.

#### **Issue Price Certificate – Competitive Sale Requirements**

The undersigned, on behalf of \_\_\_\_\_ (“Winning Underwriter”), hereby certifies as set forth below with respect to the sale of the \$ \_\_\_\_\_ principal amount of General Obligation Promissory Notes, Series 2018 N1 of the City of Milwaukee, Wisconsin (the “Notes”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering price of the Notes to the Public by the Winning Underwriter is \$ \_\_\_\_\_ (the “Expected Offering Price”). The Expected Offering Price is the price for the Maturity of the Notes used by Winning Underwriter in formulating its bid to purchase the Notes.

(b) Winning Underwriter was not given the opportunity to see other bids prior to submitting its bid but was able to see the ranking of its bid relative to other bids (i.e., “Leader”, “Cover”, “3rd” *etc.*).

(c) The bid submitted by Winning Underwriter constituted firm offer to purchase the Notes.

2. ***Defined Terms.***

(a) *Maturity* means Notes with the same credit and payment terms. Notes with the same maturity date but different stated interest rates or credit terms, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes

of this certificate generally means, in, the case of corporations, any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Bonds is January 24, 2018.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Winning Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City of Milwaukee with respect to certain of the representations set forth in the Tax Compliance Certificate pertaining to the Notes and with respect to compliance with the federal income tax rules affecting the Notes, and by Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

#### **Issue Price Certificate – 10% Test**

The undersigned, on behalf of \_\_\_\_\_ (“Underwriter”), hereby certifies as set forth below with respect to the sale of the \$ \_\_\_\_\_ principal amount of General Obligation Promissory Notes, Series 2018 N1 of the City of Milwaukee, Wisconsin (the “Notes”).

1. ***Sale of the Notes.*** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A. [NOTE: This statement must be modified if 10% of any maturity is not sold by the issue date of the Notes]

2. ***Defined Terms.***

(a) *Issuer* means City of Milwaukee, Wisconsin.

(b) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) An *underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Bond Counsel in connection with rendering its opinion that the interest on the Notes is excluded from gross income

for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

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

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

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

The successful bidder will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Notes. The Preliminary Official Statement is in a form which the City “deems final” as of \_\_\_\_\_, 2018 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder will also be furnished with an electronic copy and up to five copies of the Final Official Statement issued in conjunction with this offering within seven business days after the award of the Notes in accordance with SEC Rule 15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Notes, but neither the failure to include such numbers on any Note nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Note or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

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

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

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

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

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

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

BERNARD J. ALLEN, Chairperson  
DAVID MISKY, Member  
MARY REAVEY, Member

COMMISSIONERS OF THE PUBLIC DEBT

\_\_\_\_\_, 2018

**OFFICIAL BID FORM**

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

**CITY OF MILWAUKEE, WISCONSIN  
\$70,000,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018 N1**

January 24, 2018

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

Commissioners:

We offer to purchase the General Obligation Promissory Notes, Series 2018 N1 (the “Notes”) of the City of Milwaukee, Wisconsin, in the principal amount set forth below, as described in the Official Notice of Sale, dated \_\_\_\_\_, 2018 of said Notes, which Official Notice of Sale is by reference incorporated herein, and made a part of the bid described herein.

The Notes shall bear interest at the following rate per annum, and we will pay you the Bid Price, and accrued interest to the date of delivery (if any), as shown:

<u>Maturity Date</u>	<u>Principal Amount (1)</u>	<u>Interest Rate (2)</u>	<u>Bid Price (3)</u>
February 1, 2023	\$ _____	_____. ____%	\$ _____

- (1) Principal Amount shall be no more than \$70,000,000, and in multiples of \$5,000.
- (2) Interest rate shall be no greater than 5.00%, and in multiples of 1/8 or 1/20 of one percent.
- (3) Bid Price shall be no less than \$70,000,000, and no more than \$70,100,000.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of \$700,000 for as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice.

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

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

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

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

**RECEIPT**

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

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

If we receive the award, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting and the amount of each firm’s participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree

to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.