

Draft of 10/26/11

CITY OF MILWAUKEE
SEWERAGE SYSTEM SECOND LIEN REVENUE BONDS
BOND RESOLUTION

(2011 SECOND LIEN RESOLUTION)

FILE NO: 110717

ADOPTED: _____, 2011

Section 1. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by implication requires otherwise:

“Act” means Section 66.0621 of the Wisconsin Statutes;

“Bond Anticipation Note” means any bond anticipation note issued pursuant to Section 3.06 of the Master Resolution;

“Bond Registrar” means the City Treasurer, who shall act as Paying Agent for the Bonds;

“Bonds” mean the \$71,010,000 Sewerage System Second Lien Revenue Bonds of the City, issued from time to time in one or more series as authorized by this Resolution;

“Bond Year” means the twelve-month period ending on each May 1;

“City” means the City of Milwaukee;

“Common Council” means the Common Council of the City, or such other body as may hereafter be the chief legislative body of the City;

“Consulting Engineer” means an independent consulting engineer or engineering firm or corporation selected by the City and having special skill, knowledge and experience in analyzing the operations of sewerage systems, preparing rate analyses, forecasting the loads and revenues of sewerage systems, preparing feasible reports respecting the financing of sewerage systems and advising on the operation of sewerage facilities;

“Debt Service Account” means the State Loan Program Debt Service Account of the City established as a special account within the Subordinate Obligation Fund, which Account shall be the “special redemption fund” as such term is defined in the Act;

“Financial Assistance Agreement” means, with respect to a Series of Bonds, the Financial Assistance Agreement by and between the State of Wisconsin by the Department of Natural Resources and the Department of Administration and the City pursuant to which the Bonds of such Series are to be issued and sold to the State, substantially in the form presented to the Common Council and incorporated herein by reference;

“First Lien Bond” means any Sewerage System Revenue Bond of the City heretofore or hereafter issued under and pursuant to the Master Resolution and does not include any Bond Anticipation Note or any Subordinate Obligation;

“Fiscal Year” means the twelve-month period ending on each December 31;

“Master Resolution” means Common Council File Number 991863 adopted by the Common Council on August 23, 2001, as amended by Common Council File Numbers 021776 and 100863 adopted by the Common Council on April 15, 2003 and

November 23, 2010, respectively, as the same may be amended and supplemented from time to time;

“Net Revenues” means, with respect to any period, the Revenues during such period less amounts required to pay Operation and Maintenance Expenses;

“Operation and Maintenance Expenses” means the costs and expenses of operating and maintaining the System, including, without limiting the generality of the foregoing, all expenses includable in the operation and maintenance expense accounts of the City relating to the System according to generally accepted accounting principles, exclusive of debt service, capital expenditures, depreciation and tax equivalents;

“Parity Bonds” means Subordinate Obligations payable from the Second Lien Revenues other than the Bonds but issued on a parity and equality with the Bonds, the 2006 Authorization Bonds, and the 2009 Authorization Bonds, pursuant to the restrictive provisions of Section 12 of this Resolution;

“Project” or “Projects” means one or more of the capital improvements to the System funded under the State of Wisconsin Clean Water Fund Program. All elements of each Project are to be owned and operated by the City as part of the System;

“Record Date” means the close of business on the fifteenth day of the calendar month next preceding any principal or interest payment date;

“Revenues” means the moneys, including any moneys collected from the City or any department thereof, derived by the City from the rates, rentals, fees and charges prescribed for the use and services of, and the facilities and commodities furnished by, the System, including, without limiting the generality of the foregoing, all income, receipts, profits, and other moneys derived from the furnishing or supplying of the System (including payments made by counterparties pursuant to interest rate exchange agreements);

“Second Lien Revenue Requirement” means with respect to any Fiscal Year, an amount equal to 1.2 times the principal of and interest on the Bonds, the 2006 Authorization Bonds, the 2009 Authorization Bonds, and Parity Bonds payable in such Fiscal Year;

“Second Lien Revenues” means the amounts in the Subordinate Obligation Fund as may be available from time to time for the payment of the Bonds, including any amount deposited into the Debt Service Account;

“Series” means one or more Bonds issued on the same date in a single transaction;

“Sewerage Service Charge” means the sewerage system charge authorized in Section 66.0821(4), Wisconsin Statutes;

“Subordinate Obligation” means any bond, note or other evidence of indebtedness of the City payable from the Net Revenues, other than First Lien Bonds and Bond Anticipation Notes, and issued under Section 3.07 of the Master Resolution;

“Subordinate Obligation Fund” means the fund so named and maintained under the Master Resolution; and

“System” means the entire sewerage system of the City, specifically including that portion of each Project owned by the City and including all property of every nature now or hereafter owned by the City for the collection, transmission, treatment and disposal of domestic and industrial sewerage and waste, including all improvements and extensions thereto made by the City while any of the Bonds, the 2006 Authorization Bonds, the 2009 Authorization Bonds, and Parity Bonds remain outstanding, including all real and personal property of every nature constituting part of or used or useful in connection with such sewerage system and including all appurtenances, contracts, leases, franchises, and other intangibles.

“2006 Authorization” means Resolution File Number 060091 adopted by the Common Council on June 20, 2006.

“2006 Authorization Bonds” means any of the \$59,909,505 aggregate principal amount of Sewerage System Second Lien Revenue Bonds of the City issued pursuant to the 2006 Authorization.

“2009 Authorization” means Resolution File Number 090330 adopted by the Common Council on July 28, 2009.

“2009 Authorization Bonds” means any of the \$89,215,825.57 aggregate principal amount of Sewerage System Second Lien Revenue Bonds of the City issued pursuant to the 2009 Authorization.

Section 2. Authorization of the Bonds and Financial Assistance Agreements. For the purpose of paying the costs of the Projects (including legal, fiscal, engineering and other expenses), there shall be borrowed on the credit of the income and revenue of the System up to the sum of \$71,010,000; and fully registered revenue bonds of the City are authorized to be issued in evidence thereof and sold from time to time in one or more Series, to the State of Wisconsin Clean Water Fund Program, in accordance with the terms and conditions of one or more the Financial Assistance Agreements, which are incorporated herein by this reference and the Mayor and the City Clerk of the City are hereby authorized, by and on behalf of the City, to execute each Financial Assistance Agreement. Each Bond issued pursuant to this Resolution shall be a Subordinate Obligation issued pursuant to Section 3.07 of the Master Resolution.

Section 3. Terms of the Bonds. The Bonds of each Series shall be designated “Sewerage System Second Lien Revenue Bonds” and the title of each Bond shall also include a Series designation. Bonds of each Series shall be dated as of their date of original issuance; shall

be numbered one and upward; shall bear interest at a rate per annum not to exceed 8.00% per annum, calculated on the basis of a 360-day year made up of twelve 30-day months; shall be issued in denominations of \$0.01 or any integral multiple thereof; and shall mature on the dates and in the amounts as set forth in *Exhibit B* of the applicable Financial Assistance Agreement, provided that each Bond shall mature within 40 years of its date of issuance. Interest on the Bonds shall be payable semiannually on May 1 and November 1 of each year. The Bonds shall not be subject to redemption prior to maturity except as provided in the applicable Financial Assistance Agreement. It is found and determined that the annual debt service payments made or provided for with respect to the Bonds are reasonable in accordance with prudent municipal utility management practices.

Section 4. Form, Execution, Registration and Payment of the Bonds. The Bonds shall be issued as registered obligations in substantially the form attached hereto as *Exhibit A* and incorporated herein by this reference.

The Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signatures of the Commissioners of the Public Debt of the City and the manual or facsimile signature of the Comptroller of the City and the City's seal shall be affixed or a facsimile of the City's seal shall be imprinted, on each Bond, and attested by the manual or facsimile signature of the City Clerk; provided, that the signature of either the Comptroller or the City Clerk shall be a manual signature. In case any of the officers who shall have signed, countersigned or attested any of the Bonds shall cease to be such officer before such Bonds have been issued, such Bonds shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed, countersigned or attested such Bonds had not ceased to be such officers.

The principal of, premium, if any, and interest on the Bonds shall be paid by the City Treasurer, who is hereby appointed as the City's registrar (the "Bond Registrar").

Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America by the Bond Registrar. Payment of principal of the final maturity on the Bonds will be payable upon presentation and surrender of the Bonds to the Bond Registrar. Payment of principal of the Bonds (except the final maturity) and each installment of interest shall be made to the registered owner of each Bonds who shall appear on the registration books of the City, maintained by the Bond Registrar, on the Record Date and shall be paid by electronic transfer or by check or draft of the City and mailed to such registered owner at his or its address as appears on such registration books or at such other address may be furnished in writing to such registered owner to the Bond Registrar.

Section 5. Security for the Bonds. The Bonds, together with interest thereon, shall not constitute an indebtedness of the City nor a charge against its general credit or taxing power. The Bonds, together with interest thereon, shall be payable only out of the Debt Service Account hereinafter created and established, and shall be a valid claim of any holder thereof only against such Debt Service Account and the Second Lien Revenues pledged to such Account. Sufficient Second Lien Revenues are hereby pledged to said Debt Service Account, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds as the same becomes due.

The City covenants that, without the consent of all of the owners of the Bonds then outstanding, it will not amend the terms and provisions of Article VI of the Master Resolution in any way that would materially and adversely affect the security for the payment of the Bonds.

The City covenants that it will not adopt any amendment pursuant to Section 10.01 of the Master Resolution that would be detrimental to the interests of the owners of the Bonds.

Section 6. Funds and Accounts. In accordance with the Act and pursuant to Section 6.01 of the Master Resolution, the City has established and maintains the Sewerage System Revenue Fund (the "Revenue Fund"); the Operation and Maintenance Fund; the Rebate Fund; the Sewerage System Special Redemption Fund (and Reserve Account therein); the Subordinate Obligation Fund; and the Surplus Fund. The deposit and application of the Revenues and other moneys held in these Funds is set forth in Article VI of the Master Resolution and, for the benefit of the registered owners of the Bonds, the City covenants to deposit and apply all of the revenues of the System in accordance with the provisions of the Master Resolution.

In accordance with the Act and pursuant to Section 6 of the 2006 Authorization, the City has established and maintains within the Subordinated Obligations Fund a special trust fund known as the "State Loan Program Debt Service Account" (the "Debt Service Account"), for the purpose of the application and proper allocation of Second Lien Revenues and to secure the payment of the principal of and interest on the 2006 Authorization Bonds, the 2009 Authorization Bonds, the Bonds and the Parity Bonds, as Subordinate Obligations under the Master Resolution. The moneys held in the Debt Service Account shall be used for the payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable.

Section 7. Application of Revenues and Second Lien Revenues. On the fifth day prior to the end of each month, and in accordance with the provisions of Paragraph (B) of Section 6.02 of the Master Resolution, the City shall withdraw from the Revenue Fund and deposit in the Subordinate Obligation Fund, the amount required to be deposited therein to satisfy the then current deposit requirements for the Debt Service Account. Immediately upon such deposit to the Subordinate Obligation Fund, the City shall allocate and deposit into the Debt Service Account within the Subordinate Obligation Fund the current deposit requirement, being the sum of, an amount equal to one-sixth (1/6) of the next installment of interest coming due on the 2006 Authorization Bonds, the 2009 Authorization Bonds, the Bonds and Parity Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the 2006 Authorization Bonds, the 2009 Authorization Bonds, the Bonds and Parity Bonds then outstanding coming due during such Bond Year (after giving effect to available amounts in said Account from accrued interest, any premium or any other source).

It is the express intent and determination of the Common Council that the amounts so transferred and deposited in the Debt Service Account shall be sufficient in any event to pay the interest on the Bonds as the same accrues and the principal thereof as the same matures.

Section 8. Deposits and Investments. The Debt Service Account shall be kept apart from monies in the other Funds and Accounts of the City and the same shall be used for no purpose other than the prompt payment of principal of and interest on the 2006 Authorization

Bonds, the 2009 Authorization Bonds, the Bonds and the Parity Bonds as the same becomes due and payable. All moneys therein shall be deposited in special and segregated accounts in a public depository selected under Chapter 34 of the Wisconsin Statutes and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m) of the Wisconsin Statutes. The other funds herein created (except the Sewerage System CFWP Project Fund) may be combined in a single account in a public depository selected in the manner set forth above and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m) of the Wisconsin Statutes.

Section 9. Service to the City. The reasonable cost and value of services rendered to the City by the System by furnishing sewerage services for public purposes shall be charged against the City and shall, to the extent permitted by law, be paid in monthly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the Revenues derived from the System; that is to say, out of the tax levy of the City made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the City in each year shall be equal to an amount which, together with other Revenues of the System, will produce in each Bond Year Net Revenues equivalent to not less than the annual principal and interest requirements on the First Lien Bonds, the 2006 Authorization Bonds, the 2009 Authorization Bonds, the Bonds and any Parity Bonds then outstanding times the greater of (i) 110%, or (ii) the highest debt service coverage ratio required with respect to any debt obligations payable from the Revenues of the System then outstanding. However, such payment out of the tax levy shall be subject to (a) approval of the Public Service Commission, or successors to its function, if applicable, (b) yearly appropriations therefor, and (c) applicable levy limitations, if any; but neither this Resolution nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of the services rendered to the City and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Section 10. Operation of System; City Covenants. It is covenanted and agreed by the City with the owner or owners of the applicable Series of Bonds, and each of them, that the City will perform all of the obligations as set forth in the applicable Financial Assistance Agreement.

Section 11. Rates and Charges. (A) The City shall fix, charge and collect such Sewerage Service Charges as shall be required in order that in each Fiscal Year the Second Lien Revenues shall be not less than the Second Lien Revenue Requirement for such Fiscal Year. The failure in any Fiscal Year to comply with the foregoing rate covenant in this subsection (A) shall not constitute a default under this Resolution if the City shall comply with subsection (B) of this Section 11.

(B) Prior to the end of each Fiscal Year the Commissioner of Public Works of the City shall complete a review of the financial condition of the System for the purpose of estimating whether the Second Lien Revenues for such Fiscal Year and for the next succeeding Fiscal Year will be sufficient to comply with the rate covenant in subsection (A) of this Section 11 and shall by a written certificate make a determination with respect thereto. If it is determined in such written certificate that the Second Lien Revenues may not be so sufficient, the Commissioner of Public Works of the City shall forthwith make a study for the purpose of

determining a schedule of Sewerage Service Charges which, in the opinion of the Commissioner of Public Works, will cause sufficient Second Lien Revenues to be collected in the following Fiscal Year to comply with such rate covenant in subsection (A) of this Section 11 and will cause additional Revenues to be collected in such following and later Fiscal Years sufficient to eliminate the amount of any deficiency at the earliest practicable time, or the Commissioner of Public Works may elect to cause the Consulting Engineer to make such a study and render such opinion. The Common Council shall as promptly as practicable but no later than the one hundred twenty (120) days following such determination by the Commissioner of Public Works, or receipt of the Consulting Engineer's recommendation, adopt and place in effect a schedule of Sewerage Service Charges as so determined or recommended pursuant to this Section 11.

Section 12. Subordinate Status; Additional Bonds. Each Bond issued pursuant to this Resolution is a "Subordinate Obligation" as defined in Section 1.01 of the Master Resolution and shall be entitled to a rank and priority of payment from the Subordinate Obligation Fund equal to and on a parity with any other Subordinate Obligation hereafter issued by the City. No bonds or obligations payable out of the Second Lien Revenues may be issued in such manner as to enjoy priority over the Bonds. Additional obligations may be issued if the lien and pledge of Second Lien Revenues is junior and subordinate to that of the Bonds. Parity Bonds may be issued only under the following circumstances:

(a) Additional Parity Bonds may be issued for the purpose of completing any Project and for the purpose of financing costs of any Project which are ineligible for payment under the State of Wisconsin Clean Water Fund Program. However, such additional Parity Bonds shall be in an aggregate amount not to exceed 20% of the face amount of the Bonds; or

(b) Additional Parity Bonds may also be issued if all of the following conditions are met:

(1) The Net Revenues of the System for the Fiscal Year immediately preceding the issuance of such additional Parity Bonds must have been in an amount at least equal to the maximum annual interest and principal requirements on all First Lien Bonds and Subordinate Obligations (other than Bond Anticipation Notes) outstanding and payable from the revenues of the System, and on the Parity Bonds then to be issued, times the greater of (i) 1.10 or (ii) the highest debt service coverage ratio to be required with respect to the additional Parity Bonds then to be issued or on any First Lien Bonds or Subordinate Obligations payable from the Revenues of the System then outstanding. Should an increase in permanent rates and charges, including those made to the City, be properly ordered and made effective during the Fiscal Year immediately prior to the issuance of such Parity Bonds or during that part of the Fiscal Year of issuance prior to such issuance, then Net Revenues for purposes of such computation shall include such additional revenues as an independent certified public accountant, consulting professional engineer or the Wisconsin Public Service Commission may certify would have accrued during the prior Fiscal Year had the new rates been in effect during that entire immediately prior Fiscal Year.

(2) The payments required to be made into the Funds enumerated in Section 6 of this Resolution must have been made in full.

(3) The additional Parity Bonds must have principal maturing on May 1 of each year and interest falling due on May 1 and November 1 of each year.

(4) The proceeds of the additional Parity Bonds must be used only for the purpose of providing extensions or improvements to the System, or to refund obligations issued for such purpose.

Section 13. Issuance of First Lien Bonds. The City may issue additional First Lien Bonds without limit as to principal amount, provided that at the time of each issuance of additional First Lien Bonds, the rating of the proposed additional First Lien Bonds is confirmed by a publicly released municipal bond rating of “A”, or better, as assigned by Moody’s Investors Service, or Standard & Poor’s Corporation, or by a similar nationally recognized rating agency, without regard to any credit enhancement provided for such proposed additional First Lien Bonds.

Section 14. Sale of Bonds. The sale from time to time of each Series of the Bonds to the State of Wisconsin Clean Water Fund Program for the aggregate purchase price of up to \$71,010,000, and at par, is authorized; and the officers of the City are authorized and directed to do any and all acts, including executing any Financial Assistance Agreement and any Series of the Bonds as hereinabove provided, necessary to conclude delivery of such Series to said purchaser. The purchase price for the Bonds shall be paid upon requisition therefor as provided in the applicable Financial Assistance Agreement. The details of each Series of the Bonds and the terms of sale of each Series of the Bonds are hereby delegated to the Commissioners of the Public Debt.

Section 15. Application of Bond Proceeds. The proceeds of the sale of the Bonds of each Series shall be deposited by the City into a special fund designated as “Sewerage System CWFP Project Fund” and the City Comptroller may hereafter establish one or more accounts within such Fund for the administration and accounting of the proceeds of sale of each Series of the Bonds. The Sewerage System CWFP Project Fund shall be used solely for the purpose of paying the costs of the Projects (including capitalized interest, if any, on the Bonds) as more fully described in the Financial Assistance Agreements. Proceeds of sale of the Bonds may be applied to pay or provide for the payment of any debt of the City issued for the purpose of providing interim financing of the costs of any Project or Projects. Moneys in the Sewerage System CWFP Project Fund shall be disbursed within three (3) business days of their receipt from the State of Wisconsin and shall not be invested in any interest-bearing account.

Other than “preliminary expenditures” as defined in the Treasury Regulations 26 CFR 1.150-2 in an amount not exceeding 20% of the principal amount of the Bonds of a Series, or other than a “de minimis” amount as defined in Treasury Regulations 26 CFR 1.150-2 in an amount not exceeding the lesser of \$100,000 or 5% of the principal amount of the Bonds of a Series, all of the proceeds loaned to the City will be used for costs of Projects paid by the City subsequent to (i) the date which is 60 days prior to the date on which the City adopted a

“declaration of intent” pursuant to Treasury Regulations 26 CFR 1.150-2 stating its intent to reimburse other funds of the City previously used to finance Projects, or (ii) the date on which the Bonds of such Series are issued; and

Section 16. Amendment to Resolution. After the issuance of any of the Bonds, no change or alteration of any kind in the provisions of this Resolution may be made until all of the Bonds have been paid in full as to both principal and interest, or discharged as herein provided, except: (a) the City may, from time to time, amend this Resolution without the consent of any of the owners of the Bonds, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of this Resolution; and (b) this Resolution may be amended, in any respect, with a written consent of the owners of not less than two-thirds (2/3) of the principal amount of the Bonds then outstanding, exclusive of Bonds held by the City; provided, however, that no amendment shall permit any change in the pledge of Second Lien Revenues or the maturity of any Bond issued hereunder, or a reduction in the rate of interest on any Bond, or in the amount of the principal obligation thereof, or in the amount of the redemption premium payable in the case of redemption thereof, or change the terms upon which the Bonds may be redeemed or make any other modification in the terms of the payment of such principal or interest without the written consent of the owner of each such Bond to which the change is applicable.

Section 17. Defeasance. When all Bonds have been discharged, all pledges, covenants and other rights granted to the owners thereof by this Resolution shall cease. The City may discharge all Bonds due on any date by irrevocably depositing in escrow with a suitable bank or trust company a sum of cash and/or bonds or securities issued or guaranteed as to principal and interest by the U.S. Government, or by a commission, board or other instrumentality of the U.S. Government, maturing on the dates and bearing interest at the rates required to provide funds sufficient to pay when due the interest to accrue on each of said Bonds to its maturity or, at the City’s option, if said Bond is prepayable to any prior date upon which it may be called for redemption, and to pay and redeem the principal amount of each such Bond at maturity, or at the City’s option, if said Bond is prepayable, at its earliest redemption date, with the premium required for such redemption, if any, provided that notice of the redemption of all prepayable Bonds on such date has been duly given or provided for.

Section 18. Tax Covenant; Rebate Fund. The interest on each Bond is intended to be excluded from gross income for purposes of federal income taxation. The City shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Bond is subject on the date of original issuance thereof.

Unless the Bonds of a Series are exempt from the rebate requirements of the Internal Revenue Code of 1986 (the “Code”), the City shall establish and maintain a separate account for the Bonds of each Series within the State Loan Program Rebate Fund (the “Rebate Fund”) which is hereby established as a special fund of the City. The sole purpose of the Rebate Fund is to provide for the payment of any rebate liability with respect to the Bonds under the relevant provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder (the “Regulations”). The Rebate Fund shall be maintained

by the City until all required rebate payments with respect to the Bonds have been made in accordance with the relevant provisions of the Code and the Regulations.

The City hereby covenants and agrees that it shall pay to the United States from the Rebate Fund, at the times and in the amounts and manner required by the Code and the Regulations, the portion of the “rebate amount” (as defined in Section 1.148-3(b) of the Regulations) that is due as of each “computation date” (within the meaning of Section 1.148-3(e) of the Regulations). As of the date of this Resolution, the provisions of the Regulations specifying the required amounts of rebate installment payments and the time and manner of such payments are contained in Sections 1.148-3(f) and (g) of the Regulations, respectively. Amounts held in the Rebate Fund and the investment income therefrom are not pledged as security for the Bonds or any Parity Bonds and may only be used for the payment of any rebate liability with respect to the Bonds.

The City may engage the services of accountants, attorneys or other consultants necessary to assist it in determining the rebate payments, if any, owed to the United States with respect to the Bonds. The City shall maintain or cause to be maintained records of determinations of rebate liability with respect to the Bonds for each computation date until six (6) years after the retirement of the last of the Bonds. The City shall make such records available to the State of Wisconsin upon reasonable request therefor.

Section 19. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the City and the owner or owners of the Bonds, and after issuance of any of the Bonds no change or alteration of any kind in the provisions of this Resolution may be made, except as provided in Section 16, until all of the Bonds have been paid in full as to both principal and interest. The owner or owners of any of the Bonds shall have the right in addition to all other rights, by mandamus or other suit or action in any court of competent jurisdiction, to enforce such owner’s or owners’ rights against the City, the Common Council, and any and all officers and agents thereof including, but without limitation, the right to require the City, the Common Council and any other authorized body, to fix and collect rates and charges fully adequate to carry out all of the provisions and agreements contained in this Resolution.

Section 20. Continuing Disclosure. The officers of the City are hereby authorized and directed, if requested by the State, to provide (and to undertake in a written agreement to provide) to the State of Wisconsin Clean Water Fund Program (the “CWFP”) and to such other persons or entities as directed by the CWFP such ongoing disclosure regarding the City’s financial condition and other matters, at such times and in such manner as the CWFP may require, in order that securities issued by the City and the CWFP satisfy rules and regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended or may be amended from time to time imposed on brokers and dealers of municipal securities before the brokers and dealers may buy, sell, or recommend the purchase of such securities.

Section 21. Conflicting Resolutions. All ordinances, resolutions, or orders, or parts thereof heretofore enacted, adopted or entered, in conflict with the provisions of this Resolution, are hereby repealed, and this Resolution shall be in effect from and after its passage.

EXHIBIT A

FORM OF BOND

REGISTERED
NO. R-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF WISCONSIN
COUNTY OF MILWAUKEE
CITY OF MILWAUKEE
SEWERAGE SYSTEM SECOND LIEN REVENUE BOND, SERIES _____

| | |
|----------------------------|-------------------------------|
| <u>Final Maturity Date</u> | <u>Date of Original Issue</u> |
| May 1, 20__ | _____, 200__ |

REGISTERED OWNER: STATE OF WISCONSIN CLEAN WATER FUND PROGRAM

The City of Milwaukee, Milwaukee County, Wisconsin (the "City") hereby acknowledges itself to owe and for value received promises to pay to the registered owner shown above, or registered assigns, solely from the fund hereinafter specified, the principal sum of an amount not to exceed _____ (\$ _____) (but only so much as shall have been drawn hereunder, as provided below) on May 1 of each year commencing May 1, 20__ until the final maturity date written above, together with interest thereon (but only on amounts as shall have been drawn hereunder, as provided below) from the dates the amounts are drawn hereunder or the most recent payment date to which interest has been paid, at the rate of _____% per annum, calculated on the basis of a 360-day year made up of twelve 30-day months, such interest being payable on the first days of May and November of each year, with the first interest being payable on [May 1 or November 1, 20____].

The principal amount evidenced by this Bond may be drawn upon by the City in accordance with the Financial Assistance Agreement entered by and between the City and the State of Wisconsin by the Department of Natural Resources and the Department of Administration including capitalized interest transferred (if any). The principal amounts so drawn shall be repaid in installments on May 1 of each year commencing on May 1, 20__ in an amount equal to an amount which when amortized over the remaining term of this Bond plus current payments of interest (but only on amounts drawn hereunder) at _____ percent (_____%) per annum shall result in equal annual payments of the total of principal and the semiannual payments of interest. The State of Wisconsin Department of Administration shall record such draws and corresponding principal repayment schedule on a cumulative basis in the format shown on the attached Exhibit A.

Both principal and interest hereon are hereby made payable to the registered owner in lawful money of the United States of America. On the final maturity date, principal of this Bond

shall be payable only upon presentation and surrender of this Bond at the office of the City Treasurer. Principal hereof (except the final maturity) and interest hereon shall be payable by electronic transfer or by check or draft dated on or before the applicable payment date and mailed from the office of the City Treasurer to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month next preceding such interest payment date.

The Bonds shall not be redeemable prior to their maturity, except with the consent of the registered owner.

This Bond is transferable only upon the books of the City kept for that purpose at the office of the City Treasurer, by the registered owner in person or its duly authorized attorney, upon surrender of this Bond, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the City Treasurer, duly executed by the registered owner or its duly authorized attorney. Thereupon a replacement Bond shall be issued to the transferee in exchange therefor. The City may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or interest hereof and for all other purposes. This Bond is issuable solely as a negotiable, fully-registered bond, without coupons, and in denominations of \$0.01 or any integral multiple thereof.

This Bond is issued for the purpose of providing for the payment of the cost of constructing improvements to the Sewerage System of the City, pursuant to Section 66.0621, Wisconsin Statutes, and Resolution File Number 110717 adopted by the Common Council of the City on _____, 2011, and is payable only from the income and revenues derived from the operation of the Sewerage System of the City (the "System") and constituting "Second Lien Revenues" as defined in the Resolution. This Bond does not constitute an indebtedness of said City within the meaning of any constitutional or statutory debt limitation or provision.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen, and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law; and that sufficient amounts of the income and revenue to be received by said City from the operation of the System has been pledged to and will be set aside into a special fund for the payment of the principal of and interest on this Bond.

IN WITNESS WHEREOF, the CITY OF MILWAUKEE has caused this Bond to be signed by the facsimile signatures of the Mayor and City Clerk, countersigned by the manual signature of the Comptroller, attested by the facsimile signatures of the Commissioners of the Public Debt, and sealed with a printed facsimile of the City's seal, and has caused this Bond to be dated this _____ day of _____, 20__.

ATTEST:

Commissioner of the Public Debt



Mayor

Commissioner of the Public Debt

City Clerk

Commissioner of the Public Debt

Comptroller

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite name and address, including zip code, of Assignee).

Please insert Social Security or other identifying number of Assignee

the within Bond, and all rights thereunder, hereby irrevocably constituting and appointing _____

Attorney to transfer said Bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature(s) guaranteed by:

