
MODE ADDENDUM

**TERM BONDS
(TERM MODE)**

**FOR THE
TRUST INDENTURE**

by and between

CITY OF MILWAUKEE

and

U.S. BANK NATIONAL ASSOCIATION,

as trustee

dated as of July 1, 2012

Relating To

**CITY OF MILWAUKEE
GENERAL OBLIGATION CORPORATE PURPOSE
MULTIMODAL BONDS
SERIES 2012**

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MODE ADDENDUM

TERM BONDS

(TERM MODE)

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

WITNESSETH:

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

WHEREAS, the City desires to permit Bonds to be issued in as Term Bonds in the Term Mode (the “Term Mode”); and

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

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

ARTICLE I

DEFINITIONS AND CONSTRUCTION

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

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

“*Final Mandatory Purchase Date*” means the Term Tender Date.

“Interest Payment Date” means each February 15 and August 15, beginning with the first February 15 or August 15 that is at least 60 days after the Term Rate Determination Date.

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

“Mandatory Purchase Date” means a Term Tender Date, an Issuer Mandatory Purchase Date or any Mode Change Date.

“Record Date” means the 1st of the month, whether or not a business day, prior to an Interest Payment Date.

“Term Bond” means a Bond in the Term Mode.

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

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

“Term Period” means with respect to each Bond of a Series in the Term Mode, the period specified in Section 2.4(b).

“Term Rate” means a fixed rate for a Series of Bonds established in accordance with Section 2.4(b) hereof.

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

“Term Tender Date” means with respect to any Series of Bonds converted to a Term Mode after the Date of Issuance (including a Series of Bonds converted from one Term Mode to another Term Mode), a February 15 or August 15 of any year on or prior to the Maturity Date so specified by the City pursuant to Section 2.4(b).

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

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

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

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

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.1 Authorization and Issuance of Term Bonds.

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

Section 2.2 Calculation and Payment of Interest; Maximum Rate.

(a) Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

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

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

Section 2.3 Determination of Interest Rates. During each Term Mode for a Series of Bonds, the Bonds of that Series shall bear interest at the Term Rate. The Term Rate for such Bonds shall be determined by the City on the Term Rate Determination Date for such Bonds, and shall remain in effect for the duration of the Term Mode applicable to such Bonds. The Term Rate established by the City shall be the minimum fixed rate that would enable the Remarketing Agent to sell the Bonds on the Term Rate Determination Date at a price (without regarding accrued interest) equal to the principal amount thereof. More than one series of Bonds may be outstanding in Term Mode with different Term Tender Dates, and/or with different Term Mode Conversion Dates.

Section 2.4 Changes in Mode. Prior to the Conversion Date, subject to the provisions of this Section and the Original Indenture, the City may effect a change in Mode with respect to all or a portion of the Bonds in the Term Mode.

(a) The City may elect to convert all or a portion of the Bonds from the Term Mode to another Mode (other than the Fixed Rate Mode) as follows:

(i) The Mode Change Date shall be any date on which such Series of Bonds is subject to optional redemption pursuant to Section 2.5 or the last Interest Payment Date of the current Term Period.

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

(b) When remarketing within or converting to Term Mode, the new Mode shall commence on the Mode Change Date. The City shall specify the Term Tender Date for such Bonds, the Term Rate and all conditions set forth in Section 3.5(a)(iii) of the Original Indenture shall have been satisfied.

Section 2.5 Optional Redemption and Purchase in Lieu of Redemption of Bonds in the Term Mode. Bonds in the Term Mode are subject to optional redemption or mandatory purchase in lieu of redemption by the City, in whole or in part, in Authorized Denominations on any Business Day as set forth in the table below at a Redemption Price or Purchase Price of par plus accrued interest to the Redemption Date or Purchase Date in the manner set forth in Section 3.6 of the Original Indenture.

<u>LENGTH OF TERM MODE</u>	<u>COMMENCEMENT OF REDEMPTION PERIOD</u>
Greater than or equal to 10 years	Seventh anniversary of the Term Mode Conversion Date
Less than 10 years and greater than or equal to 5 years	Three years prior to the Term Tender Date
Less than 5 years and greater than 3 years	Two years prior to the Term Tender Date
Less than or equal to 3 years	One year prior to the Term Tender Date

Section 2.6 Mandatory Purchase on Term Tender Date. (A) The Bonds in the Term Mode shall be subject to mandatory tender for purchase on the Term Tender Date at the Purchase Price. The Purchase Price is payable by wire transfer in immediately available funds. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the Bonds subject to mandatory purchase no less than ten (10) days prior to the Term Tender Date. The notice shall state the Term Tender Date, the Purchase Price and that interest on the Bond subject to mandatory purchase shall cease to accrue from and after the Term Tender Date if the Purchase Price of Bonds has been paid. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of such Bond or any other Bond subject to such mandatory purchase. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder or Beneficial Owner.

(B) If the Bonds of any Series in a Term Mode and subject to mandatory purchase pursuant to subsection (A) of this Section have not been successfully remarketed or otherwise paid by the Term Tender Date, the Trustee shall give written notice to the City and the Holders of all Bonds of such Series on the Business Day immediately succeeding the Term Tender Date. The notice shall state (1) that the Bonds of such Series have not been successfully

remarketed on the Term Tender Date and (2) that the Bonds of such Series will bear interest until purchased.

(C) The failure to pay the Purchase Price on a Final Mandatory Purchase Date of all tendered Bonds with that Final Mandatory Purchase Date shall constitute an Event of Default pursuant to Section 7.1 of the Original Indenture.

ARTICLE III

COVENANTS

Section 3.1 Remarketing of Bonds. At least 90 days prior to a Term Tender Date, the City shall begin the process of remarketing the Bonds subject to purchase on that Term Tender Date, or otherwise provide for mode change, refinancing, or redemption of the Bonds. The Bonds may remain in the Term Mode with such Term Tender Date as specified by the City, and shall be remarketed pursuant to Section 2.4(b) hereof.

Section 3.2 Abatement. With respect to Section 6.6 of the Original Indenture, the City may not abate the annual levy in anticipation of remarketing Bonds in the Term Mode.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Construction. This Term Mode Addendum shall be construed in accordance with the provisions of Wisconsin law.

Section 4.2 Headings Not a Part of this Addendum. Any headings preceding the texts of the several Articles and Sections hereof, and any Table of Contents appended to copies hereof, are solely for convenience of reference and do not constitute a part of this Term Mode Addendum, nor do they affect its meaning, construction or effect.

Section 4.3 Multiple Counterparts. This Term Mode Addendum may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and all such counterparts shall constitute but one and the same instrument.

Section 4.4 Effectiveness. This Term Mode Addendum, once executed by the parties hereto shall become effective and shall become part of the Original Indenture as if it were originally made a part thereof.

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

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

CITY OF MILWAUKEE

Mayor

City Clerk

COUNTERSIGNED:

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

City Attorney

Comptroller

U.S. BANK NATIONAL ASSOCIATION,
as trustee

By: _____
Authorized Representative

EXHIBIT A
FORM OF BOND