

OFFICIAL STATEMENT

NEW ISSUE (BOOK ENTRY ONLY)
NOT BANK QUALIFIED

INVESTMENT RATING "Aa2"
MOODY'S INVESTORS SERVICE, INC.

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "LEGAL MATTERS - Tax Exemption" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes. The Bonds will not be designated by the City as "Qualified Tax Exempt Obligations" for purposes of Section 265(b)(3) of the Code.

**CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN
\$3,620,000 Waterworks System Revenue Bonds, Series 2018D**

Dated: November 20, 2018

Due: January 1, As Shown Below

The Waterworks System Revenue Bonds, Series 2018D (the "Bonds") are being issued pursuant to Section 66.0621 of the Wisconsin Statutes. The Bonds are special obligations of the City of Wauwatosa, Wisconsin (the "City") payable only out of the net revenues of the Waterworks System of the City (the "System"). The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or provision and are not secured by and do not give rise to a charge against the general credit or taxing powers of the City. The Bonds are being issued for the public purpose of paying the cost of waterworks system improvements included in the Capital Project Budget of the Waterworks System Improvement Fund (the "Project").

The Bonds will mature January 1, as follows:

Year	Amount	Rate	Yield	CUSIP No. 943521 ⁽¹⁾	Year	Amount	Rate	Yield	CUSIP No. 943521 ⁽¹⁾
2019	\$ 215,000	4.000%	1.900%	PY4	2027	\$ 170,000	4.000%	2.750%	QG2
2020	125,000	4.000	2.100	PZ1	2028	175,000	4.000	2.850	QH0
2021	125,000	4.000	2.200	QA5	2029	175,000	4.000	3.000	QJ6
2022	140,000	4.000	2.300	QB3	2030	180,000	4.000	3.100	QK3
2023	145,000	4.000	2.400	QC1	2031	190,000	4.000	3.200	QL1
2024	150,000	4.000	2.500	QD9	2032	195,000	3.400	3.500	QM9
2025	155,000	4.000	2.600	QE7	2033	200,000	3.500	3.600	QN7
2026	160,000	4.000	2.700	QF4	2034	210,000	3.600	3.700	QP2

\$910,000 3.75 % Term Bond Due January 1, 2038 Yield 3.900% CUSIP 943521 QT4

The Bonds will be issued as fully registered obligations without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

Principal of the Bonds, payable annually each January 1, commencing January 1, 2019 through 2034, and continuing as term bonds maturing January 1, 2038 (the "Term Bonds"), and interest, payable each January 1 and July 1, commencing January 1, 2019, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

At the option of the City, the Bonds maturing on January 1, 2027 and thereafter are subject to redemption prior to maturity in whole or in part on January 1, 2026 or on any date thereafter at par plus accrued interest to the date of redemption. In addition, the Term Bonds are subject to annual mandatory redemption by lot as set forth in "THE BONDS - Redemption Provisions" herein. Associated Trust Company, National Association, Green Bay, Wisconsin will serve as mandatory redemption agent for the Term Bonds.

The rates shown herein are the interest rates payable by the City resulting from the bids for the Bonds on November 7, 2018, by the successful bidder. All information concerning the terms of the reoffering of the Bonds, including yields or prices, should be obtained from the successful bidder and not from the City. See "MISCELLANEOUS - Underwriting" herein.

The Bonds are offered when, as and if issued, subject to the receipt of the approving opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. The Bonds will be available for delivery on or about November 20, 2018, through the facilities of DTC in New York, New York.

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

November 7, 2018

Bernardi Securities, Inc.
Underwriter for the Bonds

Hutchinson, Shockey, Erley & Co.
Financial Advisor to the City

⁽¹⁾ See "CUSIP INFORMATION" herein.

Unless otherwise indicated, information contained in this Official Statement is based upon material provided by the City and available at the date of publication of the Official Statement. Certain information contained herein has been obtained from sources other than records of the City, and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

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 offering of the Bonds and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Financial Advisor or the Underwriter. 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 the Bonds by any 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 operations of the City since the date of this Official Statement.

The Bonds have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

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**CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN**

Kathleen Ehley
Mayor
(Term Expires April 2020)

COMMON COUNCIL

<u>Name</u>	<u>Aldermanic District</u>	<u>Term Expiration</u>
James Moldenhauer	1	April, 2020
Matt Stippich	1	April, 2022
Kathleen Causier	2	April, 2022
John J. Dubinski	2	April, 2020
Tim J. Hanson	3	April, 2022
Nancy Welch	3	April, 2020
Ernst Franzen	4	April, 2020
Michael G. Walsh	4	April, 2022
Heather Kuhl	5	April, 2022
Joel Tilleson	5	April, 2020
Allison L. Bryne	6	April, 2022
Kelly Rifelj	6	April, 2020
Cheryl Berdan (President)	7	April, 2020
Jason Kofroth	7	April, 2022
Jason G. Wilke	8	April, 2020
Craig Wilson	8	April, 2022

ADMINISTRATIVE STAFF

James Archambo City Administrator
John Ruggini Finance Director
Carla A. Ledesma City Clerk
Alan R. Kesner City Attorney

BOND AND DISCLOSURE COUNSEL

Quarles & Brady LLP
Milwaukee, Wisconsin

UNDERWRITER

Bernardi Securities, Inc.
Chicago, Illinois

FINANCIAL ADVISOR

Hutchinson, Shockey, Erley & Co.
Milwaukee, Wisconsin
Chicago, Illinois

REGISTRAR AND FISCAL AGENT

Officers of the City
City of Wauwatosa, Wisconsin *

* The contact person for fiscal agent matters is John Ruggini, Finance Director.

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OFFICIAL STATEMENT
CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN
\$3,620,000 Waterworks System Revenue Bonds, Series 2018D

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information in connection with the issuance of \$3,620,000 Waterworks System Revenue Bonds, Series 2018D, dated November 20, 2018 (the "Bonds") of the City of Wauwatosa, Wisconsin (the "City").

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained in this Official Statement is based upon material provided by the City or obtained from other sources and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

All references to material included in this Official Statement not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is made to such instruments, documents and other materials for the complete provisions thereof, copies of which will be furnished upon request.

Information is available, including the City's prior years' financial statements, upon request and upon payment to the City of a charge for any copying, mailing and handling if required, from Mr. John Ruggini, Office of the Finance Director, City of Wauwatosa, 7725 W. North Avenue, Wauwatosa, Wisconsin 53213-0068, telephone (414) 479-8962; jruggini@wauwatosa.net, or from Hutchinson, Shockey, Erley & Co. at (414) 298-9898.

THE BONDS

Purpose

The Bonds are being issued for the public purpose of paying the cost of waterworks system improvements included in the Capital Project Budget of the Waterworks System Improvement Fund.

Authority for Issuance

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, Resolution No. R-86-252 (the "1986 Resolution"), as amended and supplemented by Resolution No. R-10-183 adopted on October 5, 2010 (the "2010 Resolution"), Resolution No. R-11-182 adopted on November 15, 2011 (the "2011 Resolution"), Resolution No. R-13-211 adopted on November 5, 2013 (the "2013 Resolution"), Resolution No. R-16-104 adopted on June 7, 2016 (the "2016 Resolution"), Resolution No. R-17-184 adopted on October 17, 2017 (the "2017 Resolution"), and a resolution adopted by the Common Council on November 7, 2018 entitled Resolution Supplementing Resolution No. R-86-252; Authorizing the Issuance and Sale of \$3,620,000 Waterworks System Revenue Bonds, Series 2018D and Providing for the Payment of the Bonds and Other Details and Covenants with Respect Thereto (the "Resolution").

The Bonds are being issued on a parity with respect to the lien and claim to the income and revenues of the System with the Waterworks System Revenue Bonds, Series 2010 dated October 25, 2010 (the "2010 Bonds") authorized by the 2010 Resolution, the Waterworks System Refunding Revenue Bonds, Series 2011 dated November 29, 2011 (the "2011 Bonds") authorized by the 2011 Resolution, the Waterworks System Revenue Bonds, Series 2013 dated November 19, 2013 (the "2013 Bonds") authorized by 2013 Resolution, the Waterworks System Revenue Bonds, Series 2016A, dated June 21, 2016 (the "2016 Bonds") authorized by the 2016 Resolution and the Waterworks System Revenue Bonds, Series 2017B, dated November 3, 2017 (the "2017 Bonds") authorized by the 2017 Resolution. The 2010 Resolution, 2011 Resolution, the 2013 Resolution, 2016 Resolution and the 2017 Resolution, collectively, shall be referred to as the "Prior Resolutions".

The 2010 Bonds, the 2011 Bonds, the 2013 Bonds, the 2016 Bonds and the 2017 Bonds, collectively, shall be referred to as the "Outstanding Bonds".

Description

The Bonds will be dated November 20, 2018 and will bear interest from their dated date to their respective maturities. Principal of the Bonds will be payable annually on each January 1, commencing January 1, 2019 through 2034, and continuing as term bonds maturing January 1, 2038 (the "Term Bonds"). Interest will be payable each January 1 and July 1, commencing January 1, 2019.

Sources and Applications of Funds

Sources of Funds

Par Amount of Bonds	\$ 3,620,000
Transfers from Outstanding Bonds Debt Service Reserve Funds	1,530,138
Net Premium	<u>92,692</u>
Total	<u>\$ 5,242,830</u>

Applications of Funds

Cost of Projects	\$ 3,353,000
Deposit to Debt Service Reserve Fund	1,807,338
Underwriter's Discount	43,078
Deposit to Debt Service Account	<u>39,414</u>
Total	<u>\$ 5,242,830</u>

Sources of Payment for the Bonds

The Bonds are special obligations of the City payable only out of the net revenues of the System and the monies on deposit in the Special Redemption Fund created and established pursuant to the 1986 Resolution as amended by the Prior Resolutions and the Resolution on a parity with the Outstanding Bonds. The Bonds, together with interest thereon, shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or provision and are not secured by and do not give rise to a charge against the general credit or taxing powers of the City. Net revenues of the System consist of all monies received by the System from rentals, user fees, rates, charges and investments less current expenses of administering and maintaining the System. Such current expenses exclude depreciation, debt service, tax equivalents, replacements and capital expenditures.

The Bonds are also secured by a Reserve Account. The amount on deposit in the Reserve Account will be maintained in an amount equal to the lesser of the maximum amount of principal and interest due on the Outstanding Bonds and the Bonds or any parity bonds in any Bond Year or an amount not greater than 125% of combined average annual debt service on the Outstanding Bonds, the Bonds and any parity bonds. The Reserve Account shall be maintained by the Treasurer of the City in a segregated account and drawn upon only for the purpose of paying principal of and/or interest on the Outstanding Bonds and Bonds in the event that the System's revenues in any year should be insufficient to pay the principal and interest on the Outstanding Bonds and Bonds.

Additional Security

The City has covenanted to charge itself for the reasonable cost and value of services rendered to the City by the System. The amount of such reasonable cost and value shall be charged against the City and shall be paid by it in quarterly 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, and out of the tax levy of the City. The reasonable cost and value of such service to the City in each year shall be an amount which, together with the other revenues of the System, will produce in each Bond Year net revenues equivalent to not less than 1.25 times annual principal and interest requirements on the Outstanding Bonds, the Bonds and any parity bonds then outstanding after deduction of all operation and maintenance expenses of the System, but before deduction of depreciation charges and local tax equivalents. However, such payment out of the tax levy shall be subject to (a) approval of the Wisconsin Public Service Commission, if necessary, (b) annual appropriations by the Common Council, and (c) applicable levy limits, if any. Neither the 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 services rendered to the City or make any subsequent payment over and above such reasonable cost and value.

Additional Bonds

No bonds or obligations payable out of the revenues of the System may be issued in such manner as to enjoy priority over the Bonds. Additional bonds may be issued on a parity with the Outstanding Bonds and the Bonds, as to the pledge of the revenues of the System, if the following conditions, as more fully set forth the 1986 Resolution as amended and supplemented by the Prior Resolutions and the Resolution are met:

- (1) The net revenues for the last completed fiscal year preceding the issuance of additional debt have been at least 1.25 times the highest combined annual interest and principal requirements on all bonds outstanding payable from the revenues of the System

plus the additional bonds to be issued; provided, however, that if prior to the authorization of such additional bonds the City shall have adopted and put into effect a revised schedule of water rates, then net revenues calculated on the new rates would apply in lieu of the actual net revenues for the last fiscal year.

- (2) The payments required to be made to the various funds and accounts enumerated in the 1986 Resolution, as amended (including the Reserve Fund but not the Surplus Fund) must have been made in full.
- (3) The additional bonds must be payable as to principal on January 1 of each year and payable as to interest semiannually on January 1 and July 1 of each year.

Redemption Provisions

Optional Redemption. At the option of the City, the Bonds maturing on January 1, 2027 and thereafter shall be subject to redemption prior to maturity on January 1, 2026 or on any date thereafter. Said Bonds shall be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Bonds of a maturity are to be redeemed, selection of the Bonds to be so redeemed shall be by lot conducted by DTC in accordance with its rules and practices (see "BOOK-ENTRY-ONLY SYSTEM" herein).

Mandatory Redemption. The Term Bonds shall be subject to mandatory redemption by lot on January 1 of each of the years and in the amounts set forth below at the price of par plus accrued interest to the date of redemption.

\$910,000 Term Bonds Maturing on January 1, 2038

<u>Year</u>	<u>Amount</u>
2035	\$215,000
2036	225,000
2037	230,000
2038 (maturity)	240,000

The Term Bonds to be so redeemed in each such year shall be selected by lot from among the Term Bonds of that maturity then outstanding. Upon the optional redemption of any of the Term Bonds, the principal amount of such Term Bonds so redeemed shall be credited against the mandatory redemption payments shown above for such Term Bonds in such manner as the City shall direct. Associated Trust Company, National Association, Green Bay, Wisconsin will serve as mandatory redemption agent for the Term Bonds.

Notice of Redemption. Notice of redemption shall be given by facsimile transmission, certified or registered mail, overnight express delivery, electronic transmission or in any other manner required by DTC to DTC or its nominee as the registered owner of the Bonds. Such notice shall be sent not less than 30 days nor more than 60 days prior to the date fixed for redemption. Except as set forth in any undertaking by the City to provide continuing disclosure, the City will not be responsible for mailing notices of redemption to anyone other than DTC or its nominee.

THE RESOLUTION

The Resolution was adopted by the Common Council pursuant to the procedures prescribed by the Wisconsin Statutes. Reference is made to the Resolution for a complete recital of its terms.

The Resolution awards the Bonds to the Underwriter and establishes the form and terms of the Bonds, including the dating, maturity schedule, interest payment dates and redemption provisions, as shown in this Official Statement, and approves the interest rates to be borne by the Bonds. Pursuant to the Resolution, the Bonds are special obligations of the City payable only out of revenues of the System on a parity with the Outstanding Bonds. The Resolution establishes, separate and distinct from all other funds of the City, a debt service fund with respect to payment of principal and interest on the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The following information has been furnished by The Depository Trust Company for use in this Official Statement. Neither the City nor the Underwriter takes any responsibility for the accuracy or completeness of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement.

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

2. 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.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

5. 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds 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 the City 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 the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when

the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Agent's DTC account.

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

11. 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, Security certificates will be printed and delivered to DTC.

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

Registrar and Fiscal Agent

Officers of the City will act as the registrar and fiscal agent for the Bonds.

CUSIP Information

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright(c) 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

THE WAUWATOSA WATER UTILITY

Introduction

The Wauwatosa Water Utility (the "Utility") is owned and operated by the City, but is financially self-supporting through the sale of water and associated services. In 2017, the Utility purchased approximately 1,697,860,000 gallons of treated water from the City of Milwaukee, its sole supplier. The Utility served 15,517 metered customers in 2017, producing \$7,643,377 in water sales.

Management

The Utility is under the administration of the Board of Public Works of the City, subject to the direction of the Common Council. The City's Water Superintendent is responsible for the day-to-day operation and management of the Utility. The Utility operates under service rules, which are established by the Public Service Commission of Wisconsin ("the PSCW").

The Utility has 21.38 full-time equivalent employees.

Existing Facilities

Pumping Stations

The Utility has four pumping stations. Average daily pumpage in 2017 was approximately 4.25 million gallons. Maximum daily pumpage was 5.8 million gallons.

Storage (Reservoirs)

The Utility has three reservoir storage facilities, two steel and one concrete, with a combined storage capacity of 5.7 million gallons.

Storage (Elevated)

The Utility has four elevated storage facilities, all steel, with a combined storage capacity of 5 million gallons.

Distribution System

Approximately 203.85 miles of mains, ranging in size from 6" to 30" in diameter, make up the Wauwatosa water distribution system. Nearly all of the pipe is metal (excluding lead) with the remainder being plastic.

At the end of 2017, the City had 2,235 fire hydrants in service.

Service Area

At present, the Utility serves an area of approximately 13.07 square miles, with boundaries defined by the City limits.

Customer Base

The Water Utility's customer base (unmetered and metered sales to general customers but excluding fire protection services) for the past five years was as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential	14,339	14,339	14,348	14,353	14,358
Commercial	805	808	824	909	1,117
Industrial	21	22	23	24	26
Public Authority	49	47	46	46	40
Multifamily Residential ¹	<u>323</u>	<u>322</u>	<u>317</u>	<u>216</u>	<u>-</u>
Total	15,537	15,538	15,558	15,548	15,541

¹ New category added by the PSCW in 2014. Multifamily was previously included in commercial.

Source: Wauwatosa Waterworks Utility PSCW Annual Reports

Production - Gallons of Water Sold

The total gallons (000's omitted) sold (unmetered and metered sales to general customers but excluding fire protection services) for the last five years are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residential	722,667	755,388	745,560	746,842	803,862
Commercial	354,026	353,556	388,649	409,612	495,619
Industrial	74,539	94,094	72,543	54,281	46,201
Public Authorities	41,673	47,541	49,938	44,115	45,001
Multifamily Residential ¹	<u>124,570</u>	<u>122,349</u>	<u>116,010</u>	<u>70,373</u>	<u>-</u>
Total	1,317,475	1,372,928	1,372,700	1,325,223	1,390,683

¹ New category added by the PSCW in 2014. Multifamily was previously included in commercial.

Source: Wauwatosa Waterworks Utility PSCW Annual Reports

Largest Water Utility Customers - 2017

<u>Customer</u>	<u>Nature of Business</u>	<u>2017 Annual Consumption in Gallons</u>	<u>2017 Annual Revenues</u>	<u>Percentage of Total Revenues</u>
Briggs & Stratton Corp	Small engine manufacturer	37,718,648	\$180,433	1.96%
Mayfair Shopping Center	Shopping center	31,718,192	151,165	1.64
Covenant Laundry	Laundry	21,390,556	97,491	1.06
Normandy Village	Apartment complex	12,354,716	61,780	0.67
County Parks	Parks	9,818,996	61,646	0.67
American Industrial	Laundry	12,477,388	57,005	0.62
Grede Foundries	Foundry	10,804,860	49,903	0.54
Serafino Square	Apartment complex	8,134,500	45,486	0.49
Harley Davidson	Motorcycle manufacturer	6,565,196	44,197	0.48
San Camillo	Senior living complex	<u>8,947,576</u>	<u>44,096</u>	<u>0.48</u>
		\$159,930,628	\$793,202	8.63%

Source: City

Water Utility Rates

The Utility operates under the primary jurisdiction of the Public Service Commission of Wisconsin ("PSCW"). Water rates are set by the PSCW. The Department applies to the PSCW for a rate increase and notifies customers of the application. The PSCW conducts a field audit and recommends the amount of revenue increase and the authorized rate of return. A hearing is then held on the proposed rates. After the hearing, the proposed rates may go into effect.

The accounting records of the Utility are maintained in accordance with the Uniform System of accounts prescribed by the Public Service Commission.

The Utility received authority from the PSCW to increase water rates, including public fire protection, effective November 29, 2016.

Water rates effective November 29, 2016 are as follows:

General Service - Metered

Quarterly Service Charge:

5/8 - inch meter	\$ 15.00	3 - inch meter	\$ 102.00
3/4 - inch meter	15.00	4 - inch meter	156.00
1 - inch meter	24.00	6 - inch meter	270.00
1 1/4 - inch meter	33.00	8 - inch meter	423.00
1 1/2 - inch meter	42.00	10 - inch meter	615.00
2 - inch meter	63.00	12 - inch meter	807.00

Plus Volume Charge:

First	3,333 cubic feet used monthly or 10,000 cubic feet used quarterly	\$3.80	per 100 cubic feet
Next	13,334 cubic feet used monthly or 40,000 cubic feet used quarterly	\$3.70	per 100 cubic feet
Over	16,667 cubic feet used monthly or 50,000 cubic feet used quarterly	\$3.30	per 100 cubic feet

Public Fire Protection Service

Quarterly Service Charge:

5/8 - inch meter	\$ 11.82	3 - inch meter	\$ 177.00
3/4 - inch meter	11.82	4 - inch meter	297.00
1 - inch meter	30.00	6 - inch meter	591.00
1 1/4 - inch meter	45.00	8 - inch meter	945.00
1 1/2 - inch meter	60.00	10 - inch meter	1,419.00
2 - inch meter	96.00	12 - inch meter	1,890.00

Private fire protection - Unmetered:

Quarterly Service Charge:

2 - inch (or smaller) connection	\$15.00	10 - inch connection	\$ 165.00
3 - inch connection	21.00	12 - inch connection	210.00
4 - inch connection	45.00	14 - inch connection	261.00
6 - inch connection	84.00	16 - inch connection	330.00
8 - inch connection	117.00		

Billing Procedures

Bills for water service are rendered quarterly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1.0% per month will be added to bills not paid within 20 days of issuance. This late payment charge will be applied to the total unpaid balance for utility service, including unpaid late payment charges. The late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to the Wis. Admin. Code ch. PSC 185.

Pursuant to Section 66.0809(3) of the Wisconsin Statutes, the owner of any real estate against which charges are delinquent as of October 1 of each year is given notice of such arrearage by October 15. If such arrearage is not settled in full by November 1, a penalty of 10% of the amount of the arrearage is added. If the arrearage with interest and penalty is not paid in full by November 16, the total amount due is levied as a special tax against the real estate to which service has been furnished.

2017 and 2018 Budgets

	<u>2017</u>	<u>2018</u>
Operating Revenues		
Charges for Services	\$8,714,600	\$8,767,000
Other Revenues	<u>384,514</u>	<u>499,958</u>
Total Operating Revenues	\$9,099,114	\$9,266,958
Operating Revenue Deductions		
Operating expense	4,426,368	4,401,851
Maintenance expense	<u>1,442,393</u>	<u>1,528,434</u>
Total Operation Deductions	\$5,868,761	\$5,930,285
Utility Operating Income	\$3,230,353	\$3,336,673
Other Income	<u>133,200</u>	<u>149,800</u>
Net Income Before Interest Charges	\$3,363,553	\$3,486,473
Interest Charges	<u>(502,463)</u>	<u>(552,292)</u>
NET INCOME	<u>\$2,861,090</u>	<u>\$2,934,181</u>

Source: City

Summary of Operations – Water Utility

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenues	\$9,155,224	\$7,913,767	\$7,629,639	\$7,232,570	\$7,078,366
Other Income	<u>35,814</u>	<u>9,754</u>	<u>4,309</u>	<u>6,813</u>	<u>5,700</u>
Total Revenues	9,191,038	7,923,521	7,633,948	7,239,383	7,084,066
Less: Net Operating Expenses	<u>5,553,001</u>	<u>5,615,452</u>	<u>5,420,642</u>	<u>5,790,101</u>	<u>4,990,846</u>
Net Income	\$3,638,037	\$2,308,069	\$2,213,306	\$1,449,282	\$2,093,220
Depreciation	\$994,580	\$962,055	\$870,353	\$831,429	\$751,346
Taxes ¹	\$927,994	\$968,717	\$829,101	\$823,915	\$855,236

¹ Net property tax equivalent per PSCW Reports.

Source: City's Comprehensive Annual Financial Reports.

Total Outstanding Revenue Debt Summary (As of November 20, 2018)

Waterworks System

Type of Obligation	Date of Issue	Original Amount	Final Maturity Dates	Current Amount Outstanding
Revenue Bonds, Series 2010	10/25/10	\$ 7,750,000	1/01/29	\$ 5,925,000
Refunding Revenue Bonds, Series 2011	11/29/11	2,400,000	1/01/22	1,075,000
Revenue Bonds, Series 2013	11/19/13	4,575,000	1/01/34	3,825,000
Revenue Bonds, Series 2016A	6/21/16	4,225,000	1/01/36	3,825,000
Revenue Bonds, Series 2017B	11/03/17	3,000,000	1/01/37	3,000,000
Revenue Bonds, Series 2018D	11/20/18	3,620,000	1/01/38	<u>3,620,000¹</u>
Total Waterworks System Revenue Debt				<u>\$ 21,270,000</u>

¹ New Issue.

Revenue Debt Service Schedules

	<u>\$7,750,000 Waterworks System Rev Bonds, Series 2010 - 10/25/10</u>		<u>\$2,400,000 Waterworks System Rev Ref Bonds, Series 2011 - 11/29/11</u>		<u>\$4,575,000 Waterworks System Rev Bonds, Series 2013 - 11/19/13</u>		<u>\$4,225,000 Waterworks System Rev Bonds, Series 2016A - 6/21/16</u>	
	<u>Principal 01/01</u>	<u>Interest</u>	<u>Principal 01/01</u>	<u>Interest</u>	<u>Principal 01/01</u>	<u>Interest</u>	<u>Principal 01/01</u>	<u>Interest</u>
2018								
2019	\$ 275,000	\$ 217,938	\$ 250,000	\$ 29,750	\$ 175,000	\$ 136,487	\$ 175,000	\$ 105,719
2020	275,000	206,937	250,000	23,500	200,000	131,238	175,000	100,469
2021	275,000	195,938	275,000	17,250	200,000	125,237	175,000	96,968
2022	275,000	187,687	300,000	9,000	200,000	119,238	175,000	93,469
2023	600,000	176,688			200,000	113,237	200,000	88,219
2024	625,000	157,188			200,000	107,238	200,000	82,219
2025	650,000	136,875			200,000	101,237	200,000	76,218
2026	700,000	110,875			175,000	95,238	200,000	72,219
2027	725,000	86,375			175,000	89,550	200,000	68,219
2028	750,000	61,000			200,000	83,644	200,000	64,219
2029	775,000	31,000			200,000	76,644	225,000	59,718
2030					300,000	68,644	225,000	54,375
2031					325,000 ⁽¹⁾	56,644	225,000	46,500
2032					350,000 ⁽¹⁾	43,643	225,000	38,625
2033					350,000	29,644	250,000 ⁽¹⁾	30,750
2034					375,000	15,468	250,000 ⁽¹⁾	23,250
2035							250,000 ⁽¹⁾	15,750
2036							275,000 ⁽¹⁾	8,250
	<u>\$ 5,925,000</u>	<u>\$ 1,568,501</u>	<u>\$ 1,075,000</u>	<u>\$ 79,500</u>	<u>\$ 3,825,000</u>	<u>\$ 1,393,031</u>	<u>\$ 3,825,000</u>	<u>\$ 1,125,156</u>

<u>Year</u>	<u>\$3,000,000 Waterworks System Revenue Bonds, Series 2017B - 11/3/17</u>		<u>\$3,620,000 Waterworks System Revenue Bonds, Series 2018D - 11/20/18²</u>	
	<u>Principal 01/01</u>	<u>Interest</u>	<u>Principal 01/01</u>	<u>Interest</u>
2018				
2019	\$ 100,000	\$ 90,000	\$ 215,000	\$ 15,889
2020	100,000	87,000	125,000	130,915
2021	100,000	84,000	125,000	125,915
2022	100,000	81,000	140,000	120,915
2023	125,000	78,000	145,000	115,315
2024	125,000	74,250	150,000	109,515
2025	125,000	70,500	155,000	103,515
2026	125,000	66,750	160,000	97,315
2027	125,000	63,000	170,000	90,915
2028	125,000	59,250	175,000	84,115
2029	125,000	55,500	175,000	77,115
2030	200,000	51,750	180,000	70,115
2031	200,000	45,750	190,000	62,915
2032	200,000	39,750	195,000	55,315
2033	200,000	33,750	200,000	48,685
2034	200,000	27,750	210,000	41,685
2035	225,000	21,750	215,000 ⁽¹⁾	34,125
2036	225,000	15,000	225,000 ⁽¹⁾	26,062
2037	275,000	8,250	230,000 ⁽¹⁾	17,625
2038			240,000 ⁽¹⁾	9,000
	<u>\$3,000,000</u>	<u>\$1,053,000</u>	<u>\$3,620,000</u>	<u>\$1,436,966</u>

¹ Mandatory redemption amounts.

² New issue.

Total Waterworks System Revenue Debt and Coverage Ratio

	<u>Total Waterworks System Debt</u>			
	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt Service</u>	<u>Coverage Ratio</u> ¹
2018				2.64
2019	\$ 1,190,000	\$ 595,783	\$ 1,785,783	2.04
2020	1,125,000	680,059	1,805,059	2.02
2021	1,150,000	645,308	1,795,308	2.03
2022	1,190,000	611,309	1,801,309	2.02
2023	1,270,000	571,459	1,841,459	1.98
2024	1,300,000	530,410	1,830,410	1.99
2025	1,330,000	488,345	1,818,345	2.00
2026	1,360,000	442,397	1,802,397	2.02
2027	1,395,000	398,059	1,793,059	2.03
2028	1,450,000	352,228	1,802,228	2.02
2029	1,500,000	299,977	1,799,977	2.02
2030	905,000	244,884	1,149,884	3.16
2031	940,000	211,809	1,151,809	3.16
2032	970,000	177,333	1,147,333	3.17
2033	1,000,000	142,829	1,142,829	3.18
2034	1,035,000	108,153	1,143,153	3.18
2035	690,000	71,625	761,625	4.78
2036	725,000	49,312	774,312	4.70
2037	505,000	25,875	530,875	6.85
2038	<u>240,000</u>	<u>9,000</u>	<u>249,000</u>	14.61
	\$21,270,000	\$6,656,154	\$27,926,154	

¹ Coverage based on 2017 net revenues of \$3,638,037. The coverage shown for 2018 reflects a total debt service amount of \$1,378,769 before deduction of any 2018 payments.

THE CITY

Introduction

The City is adjacent to the City of Milwaukee in Milwaukee County (the "County"). The City has been a municipal corporation since 1897. It encompasses 13.07 square miles and has a 2018 population estimate of 47,781.

The City has 441.4 full-time equivalent ("FTE") employees, excluding alderpersons.

Transportation

The City is located along two interstate highways, three U.S. highways, and several state highways. The City is also served by passenger and freight railroads and General Mitchell International Airport in the City of Milwaukee.

Common Council

The City has a mayor/alderman form of government with the 16 members of the Common Council elected to serve alternating four-year terms. The Council President is elected to that position by the Council members. The Mayor is also elected for a four-year term and is responsible for conducting the Council meetings.

Board of Public Debt Commissioners

The City created a board of public debt commissioners (the "Board") in May 1938. The Board consists of three resident citizens, the City Finance Director and Assistant Finance Director three of whom shall constitute a quorum. The Mayor appoints, subject to the approval of a majority of the Common Council, three members for rotating three year terms. The members receive no compensation and the Board maintains its own records of proceedings, makes its own rules and provides for its own meetings, except when ordered by the Mayor. The Board oversees the issuance and retirement of municipal bonds issued by the City.

The current Board members are:

John Ruggini, Finance Director
Derik Summerfield, Assistant Finance Director
Marlyn Spear
Steve Kreklow
John Major

Administrative Organization

The policies of the City are set by the Common Council.

The City Administrator has the responsibility of administering the day-to-day operations of the City and executing the policy decisions of the Common Council.

The Finance Director is responsible for the financial operations of the City and has responsibility for the formulation and enforcement of the budget for all departments.

Services

The City provides the full range of municipal services, including police and fire protection, parks, public works operations, parking, water and sewer utilities, community development, and general administrative services.

Public Safety

The City has a police force of 120.7 FTE positions providing public safety and protection for the City's residents and a fire department of 103.6 FTEs providing fire protection and ambulance service.

Employee Relations and Collective Bargaining

The following two bargaining units represent the respective number of City employees:

<u>Union/Association</u>	<u>Contract Term</u>	<u>Number of Members</u>
Wauwatosa Professional Firefighter's Association	1/1/17 – 12/31/19	90
Wauwatosa Peace Officers Association	1/1/16 – 12/31/18	73

According to the City, relations between the City and the bargaining units are termed satisfactory.

All eligible City personnel are covered by the Municipal Employment Relations Act (MERA) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and collectively bargain with the municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety or transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

Demographic Information

Population

The Wisconsin Department of Administration, Demographic Services Center has estimated the population trends to be as shown in the table below. The City's 2010 Census population is 46,396.

	Estimated 2018	Estimated 2017	Estimated 2016	Estimated 2015	Estimated 2014
City of Wauwatosa	47,781	47,389	47,160	46,947	46,766
Milwaukee County	950,381	945,416	948,930	949,795	949,741
State of Wisconsin	5,816,231	5,783,278	5,775,120	5,753,324	5,732,981

Source: Wisconsin Department of Administration, Demographic Services Center

Median Age

The median ages for the City, County and State as of the 2010 U.S. Census are as follows:

	<u>Years</u>
City of Wauwatosa	39.8
Milwaukee County	33.6
State of Wisconsin	38.5

Source: U.S. Census Bureau, 2010 Census

Income

Adjusted Gross Income per tax return for the City, County and State for the last five available years are presented in the following table:

<u>Year</u>	<u>City of Wauwatosa</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>
2016	\$ 81,077	\$ 49,692	\$ 55,267
2015	75,583	48,533	54,227
2014	72,920	45,980	52,050
2013	71,210	45,620	50,670
2012	68,860	44,460	49,900

Source: Wisconsin Department of Revenue, Division of Research & Policy

Economic Information

Construction

Construction activity in the City for the last five years is indicated by the construction value of building permits issued, as set forth in the following table:

<u>Year</u>	<u>Construction Value of Building Permits</u>
2018 (as of 9/4/2018)	\$ 82,614,029
2017	122,487,507
2016	202,971,842
2015	151,530,889
2014	191,029,545
2013	111,071,060

Source: City

Employment

The Wisconsin Department of Workforce Development, Workforce and Labor Market Information System has estimated the percentage of unemployment to be as follows:

	September 2018	2017 Average	2016 Average	2015 Average	2014 Average	2013 Average
City of Wauwatosa	2.7%	2.9%	3.4%	3.6%	4.2%	5.2%
Milwaukee County	3.5	4.0	5.0	5.7	6.9	8.4
State of Wisconsin	2.6	3.3	4.0	4.5	5.4	6.7

Source: Wisconsin Department of Workforce Development

Average Annual Employment

The table below presents average annual employment by selected categories within Milwaukee County for the last five available years.

	2018*	2017	2016	2015	2014
ALL INDUSTRIES	483,780	484,363	484,505	481,625	467,273
Construction	10,061	10,747	10,785	10,464	9,920
Education & Health Services	142,212	139,421	138,894	135,930	132,254
Financial Activities	29,119	29,074	29,626	30,730	31,384
Information	8,044	8,226	8,639	8,913	**
Leisure & Hospitality	50,399	51,144	50,191	49,233	47,569
Manufacturing	50,618	51,594	52,153	52,404	52,042
Natural Resources & Mining	57	84	87	92	75
Other Services	15,894	16,550	16,343	16,715	17,187
Professional & Business Services	79,508	78,469	78,238	77,816	77,736
Public Administration	19,360	20,175	20,611	20,090	20,484
Trade, Transportation, Utilities	78,508	78,879	78,938	79,234	78,622
Unclassified	-	-	-	4	**

* Through March 31.

** Data suppressed.

Source: Wisconsin Department of Workforce Development

Major Employers

The following table lists the major commercial, industrial and institutional establishments in the City by employment:

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
Milwaukee Regional Medical Center	Medical facilities	17,000
Briggs & Stratton Corp.	Small engine manufacturer	1,555
Wauwatosa Unified School District	Education	797.0 FTE
GE Healthcare	Medical equipment and supplies	671
Harley Davidson Inc.	Motorcycle manufacturer	650
Lutheran Home	Nursing home; assisted living	515
City of Wauwatosa	Municipal government	441.5 FTE
UnitedHealth Care	Insurance	365
St. Camillus Health System	Nursing homes, assisted living	363
Bostik, Inc.	Adhesives	250

Source: Hoover's, MNI, Milwaukee Business Journal (August 17, 2018), Wisconsin Department of Public Instruction, City and employer websites, September, 2018.

Tax Levies and Collections

Real estate and personal property taxes are levied in December by the Common Council in conjunction with the adoption of the annual budget for the ensuing fiscal year beginning January 1. Levies are based on assessed property values certified on January 1 of the prior year and become a lien on the property at the beginning of the fiscal year. Real estate taxes are payable in full by January 31, or in three installments on January 31, March 31, and May 31. Personal property taxes must be paid in full by January 31. The City Treasurer is responsible for collection of taxes for all taxing purposes on properties within the City through May. On January 15 and February 15 and on the 15th of each month following a month in which an installment payment is due, settlements are made with all taxing entities. On or before August 20, the County pays the City in full for all outstanding real estate taxes due, and assumes responsibility for remaining balances. The City retains responsibility for collection of personal property taxes.

City tax levies for the past five calendar years were as follows:

<u>Year of Collection</u>	<u>City Tax Levies</u>	<u>Levy Rate Per \$1000 of Assessed Valuation</u>
2018	\$41,946,785	\$ 7.77
2017	41,106,546	7.68
2016	40,058,445	7.62
2015	39,050,136	7.79
2014	37,949,568	7.69

The City experiences no real estate tax delinquencies since Milwaukee County is required by State Statute to settle in full with the City on or before August 20 of each year.

Source: City

Mill Rates

The following are the mill rates per \$1,000 of assessed value for the City for the last five collection years.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State	\$ 0.00 ⁽¹⁾	\$ 0.17	\$ 0.18	\$ 0.17	\$ 0.16
County	6.77	6.43	6.50	6.22	5.75
Sewer District	1.88	1.81	1.80	1.74	1.60
Technical College District	1.37	1.30	1.30	1.29	2.00
School District	8.59	8.90	8.59	8.55	8.81
City	7.77	7.68	7.62	7.79	7.69
School and County Tax Credits	<u>(2.82)</u>	<u>(2.59)</u>	<u>(2.67)</u>	<u>(2.37)</u>	<u>(2.26)</u>
Net Tax Rate	\$23.56	\$23.70	\$23.33	\$23.39	\$23.74
Ratio of Assessed to Equalized Value	91.83%	96.97%	96.69%	98.62%	106.40%

⁽¹⁾ State property taxes were eliminated in the State's 2017-19 budget act.

Source: City

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Largest Taxpayers for 2017

The table below shows the City's larger taxpayers for 2017.

Name	Type of Property	2017		Net Taxes Due in 2018	Percent of City's 2017 Total Equalized Value
		Assessed Valuation	Equalized Valuation		
Mayfair Mall LLC ¹	Shopping center and office tower	\$448,729,200	\$482,764,100	\$ 10,570,837	7.84%
Burleigh Mayfair LLC (Mayfair Collection)	Shopping center	92,269,100	99,267,500	2,173,190	1.61
Wheaton Franciscan Healthcare (Heart Hospital)	Health care	56,983,500	61,305,500	1,342,061	1.00
Bel Marquette I LLC, (formerly GE Healthcare)	IT, ultrasound & e-commerce	53,138,800	57,866,500	1,251,758	0.94
Nordstrom Inc. ¹	Department store	40,165,900	43,212,400	946,150	0.70
H-D Capitol Drive LLC	Harley Davidson motorcycles	34,476,400	37,543,700	812,120	0.61
Briggs & Stratton Corp.	Small engine manufacturer	28,480,900	31,014,800	670,828	0.50
Meijer Stores Limited Partnership ¹	Retail store	26,842,700	28,878,600	632,290	0.47
J.C. Penney Properties Inc. ²	Warehouse; catalog sales; store	26,676,700	28,700,100	628,380	0.47
Meadowland Research LLC	Commercial	<u>26,300,000</u>	<u>28,294,800</u>	<u>619,506</u>	<u>0.46</u>
	TOTAL	<u>\$834,063,200</u>	<u>\$898,848,000</u>	<u>\$19,647,120</u>	14.60%

¹ Assessment under appeal by taxpayer. See "LEGAL MATTERS - Pending Litigation" herein.

² Closed in 2018. The building was purchased by a separate company to maintain as a warehouse.

Source: City. Information for 2018 is not yet available.

Equalized Valuations

The City has experienced 18.53% change in equalized value (Tax Increment Value included) over the past five years. This trend is outlined in the table below.

	Including Tax Increment Value	% Change	Excluding Tax Increment Value	% Change
2018	\$6,342,128,700	3.03%	\$6,007,585,200	2.29%
2017	6,155,392,800	8.00	5,873,146,600	6.40
2016	5,699,272,300	2.81	5,519,699,400	1.55
2015	5,543,348,500	3.60	5,435,690,500	6.77
2014	5,350,627,100	8.47	5,091,255,900	9.70

Source: State of Wisconsin, Department of Revenue

The equalized value by class of property (Tax Increment Value included) for 2018 is as follows:

Real Estate	
Residential	\$ 3,700,085,500
Commercial	2,269,287,500
Manufacturing	<u>131,585,200</u>
Total Real Estate	6,100,958,200
Total Personal Property	<u>241,170,500</u>
Total	<u>\$ 6,342,128,700</u>

Source: State of Wisconsin, Department of Revenue

The percentage mix of equalized value by class of property (Tax Increment Value included) for the past five years was as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Real Estate					
Residential	58.35%	58.11%	58.88%	60.90%	61.63%
Commercial	35.78	35.57	34.57	32.96	31.79
Manufacturing	2.07	2.14	2.30	2.42	2.50
Personal Property	<u>3.80</u>	<u>4.18</u>	<u>4.25</u>	<u>3.72</u>	<u>4.07</u>
	100.00%	100.00%	100.00%	100.00%	100.00%
Total Equalized Value (billions)	\$6.342	\$6.155	\$5.699	\$5.543	\$5.351

Source: State of Wisconsin, Department of Revenue

The City has Tax Incremental Districts ("TIDs") created under Wisconsin Statutes Section 66.1105. TID valuations totaling \$334,543,500 have been excluded from the City's tax base for 2018.

<u>TID #¹</u>	<u>TID Creation Date</u>	<u>Base Value</u>	<u>2018 Current Value</u>	<u>Increment</u>
006	2010	\$26,768,400	\$135,861,200	\$109,092,800
007	2013	20,815,000	153,865,600	133,050,600
008	2014	21,713,200	45,436,100	23,722,900
009	2015	5,128,200	17,235,100	12,106,900
010	2015	3,970,400	37,140,800	33,170,400
011	2015	11,163,400	34,563,300	23,399,900
			Total	<u>\$334,543,500</u>

¹ The City created TID #12 in 2018 with an estimated base value of \$35,052,467.

Source: State of Wisconsin, Department of Revenue

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CITY DEBT STRUCTURE

Total Outstanding General Obligation Debt Summary (As of November 20, 2018)

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Final Maturity Date</u>	<u>Current Amount Outstanding</u>
Taxable G.O. Refunding Bonds, Series 2010A	8/03/10	\$ 8,450,000	3/01/24	\$ 4,230,000
G.O. Prom. Notes, Series 2011	11/29/11	12,500,000	11/01/21	6,100,000
G.O. Prom. Notes, Series 2012	8/21/12	12,400,000	6/01/22	6,225,000
G.O. Prom. Notes, Series 2013	8/20/13	6,250,000	6/01/23	2,825,000
G.O. Refunding Bonds, Series 2013	8/20/13	3,315,000	12/01/18	665,000
G.O. Sewerage Bonds, Series 2013	11/19/13	9,475,000	11/01/33	8,550,000
G.O. Prom. Notes, Series 2014A	12/02/14	16,370,000	12/01/24	12,675,000
Taxable G.O. Prom. Notes, Series 2014B	12/02/14	5,240,000	12/01/24	4,125,000
G.O. Cmnty. Dev. Bonds, Series 2015A	4/01/15	6,200,000	4/01/35	5,825,000
G.O. Corporate Purpose Bonds, Series 2015B	12/01/15	26,375,000	12/01/30	21,975,000
Taxable G.O. Cmnty. Dev. Bonds, Series 2015C	12/01/15	7,400,000	12/01/30	6,775,000
G.O. Corporate Purpose Bonds, Series 2016B	12/20/16	15,190,000	12/01/36	14,220,000
G.O. Corporate Purpose Bonds, Series 2017A	11/03/17	14,280,000	11/01/32	12,840,000
Taxable G.O. Cmnty. Dev. Bonds, Series 2018A ("2018A Bonds")	11/20/18	3,690,000	11/01/34	3,690,000 ¹
G.O. Corporate Purpose Bonds, Series 2018B ("2018B Bonds")	11/20/18	10,020,000	12/01/33	10,020,000 ¹
G.O. Promissory Notes, Series 2018C ("2018C Notes")	11/20/18	6,350,000	12/01/28	6,350,000 ¹
Total General Obligation Debt				127,090,000
Less Remaining 2018 Principal Payments				(5,215,000)
Net General Obligation Debt				<u>\$ 121,875,000</u>

¹ The 2018A Bonds, 2018B Bonds and 2018C Notes are expected to be issued concurrently with the Bonds.

General Obligation Debt Service Schedules

<u>Year</u>	<u>\$8,450,000 Taxable G.O. Ref Bonds, Series 2010A - 8/3/10</u>		<u>\$12,500,000 G.O. Notes, Series 2011 - 11/29/11</u>		<u>\$12,400,000 G.O. Notes, Series 2012 - 8/21/12</u>	
	<u>Principal (3/01)</u>	<u>Interest</u>	<u>Principal (11/01)</u>	<u>Interest</u>	<u>Principal (6/01)</u>	<u>Interest</u>
2018						\$ 64,094
2019	\$ 625,000	\$186,066	\$2,000,000	\$152,500	\$1,500,000	113,188
2020	650,000	158,160	2,000,000	102,500	1,575,000	82,437
2021	685,000 ⁽¹⁾	127,438	2,100,000	52,500	1,675,000	49,937
2022	720,000 ⁽¹⁾	94,420			1,475,000	16,594
2023	755,000 ⁽¹⁾	58,625				
2024	795,000 ⁽¹⁾	19,875				
	<u>\$4,230,000</u>	<u>\$644,584</u>	<u>\$6,100,000</u>	<u>\$307,500</u>	<u>\$6,225,000</u>	<u>\$326,250</u>
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>64,094</u>
TOTAL	<u>\$4,230,000</u>	<u>\$644,584</u>	<u>\$6,100,000</u>	<u>\$307,500</u>	<u>\$6,225,000</u>	<u>\$262,156</u>

¹ Mandatory redemption amounts.

General Obligation Debt Service Schedules continued

Year	\$6,250,000 G.O. Notes, Series 2013 - 8/20/13		\$3,515,000 G.O. Ref Bonds, Series 2013 - 8/20/13		\$9,475,000 G.O. Sewerage Bonds, Series 2013 - 11/19/13	
	Principal (6/01)	Interest	Principal (12/01)	Interest	Principal (11/01)	Interest
2018		\$ 38,625	\$ 665,000	\$ 9,975		
2019	\$ 750,000	69,750			\$ 250,000	\$ 319,062
2020	525,000	54,375			275,000	311,563
2021	500,000	39,000			325,000	303,312
2022	525,000	23,625			375,000	293,563
2023	525,000	7,875			350,000	282,312
2024					625,000	271,813
2025					625,000	253,062
2026					675,000	232,750
2027					675,000	205,750
2028					700,000	178,750
2029					725,000	150,750
2030					725,000	121,750
2031					725,000	92,750
2032					750,000	63,750
2033					750,000	31,875
	<u>\$2,825,000</u>	<u>\$233,250</u>	<u>\$665,000</u>	<u>\$ 9,975</u>	<u>\$8,550,000</u>	<u>\$3,112,812</u>
Less: Remaining 2018 Payments	0	38,625	665,000	9,975	0	0
TOTAL	<u>\$2,825,000</u>	<u>\$194,625</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$8,550,000</u>	<u>\$3,112,812</u>

Year	\$16,370,000 G.O. Notes, Series 2014A - 12/2/14		\$5,240,000 Taxable G.O. Notes, Series 2014B - 12/2/14		\$6,200,000 G.O. Cmnty Dev Bonds, Series 2015A - 4/1/15	
	Principal (12/01)	Interest	Principal (12/01)	Interest	Principal (4/01)	Interest
2018	\$ 1,050,000	\$154,750	\$ 450,000	\$ 51,994		
2019	1,425,000	288,500	475,000	94,988	\$ 175,000	\$ 200,594
2020	1,250,000	260,000	475,000	85,487	175,000	195,344
2021	1,925,000	235,000	475,000	75,513	200,000	188,718
2022	2,850,000	196,500	525,000	64,350	200,000	180,719
2023	2,200,000	125,250	525,000	50,700	200,000	171,719
2024	1,975,000	59,250	1,200,000	36,000	200,000	161,719
2025					350,000	149,719
2026					375,000	135,218
2027					400,000	119,719
2028					400,000	103,719
2029					400,000	89,718
2030					425,000	77,344
2031					425,000	64,594
2032					450,000	51,469
2033					475,000	37,593
3034					475,000	23,047
3035					500,000	7,812
	<u>\$12,675,000</u>	<u>\$1,319,250</u>	<u>\$4,125,000</u>	<u>\$459,032</u>	<u>\$5,825,000</u>	<u>\$1,958,765</u>
Less: Remaining 2018 Payments	1,050,000	154,750	450,000	51,994	0	0
TOTAL	<u>\$11,625,000</u>	<u>\$1,164,500</u>	<u>\$3,675,000</u>	<u>\$407,038</u>	<u>\$5,825,000</u>	<u>\$1,958,765</u>

General Obligation Debt Service Schedules continued

	\$26,375,000		\$7,400,000 Taxable G.O.		\$15,190,000	
	G.O. Corporate Purpose Bonds, Series 2015B - 12/1/15		Community Dev Bonds, Series 2015C - 12/1/15		G.O. Corporate Purpose Bonds, Series 2016B - 12/20/16	
Year	Principal (12/01)	Interest	Principal (12/01)	Interest	Principal (12/01)	Interest
2018	\$ 1,750,000	\$ 284,844	\$ 525,000	\$ 90,706	\$ 775,000	\$ 245,613
2019	2,000,000	534,688	575,000	169,600	450,000	460,306
2020	1,750,000	494,687	625,000	156,663	700,000	442,306
2021	1,275,000	459,688	650,000	142,600	675,000	414,306
2022	1,650,000	434,187	700,000	127,975	1,280,000	387,306
2023	3,475,000	368,188	700,000	111,525	930,000	348,906
2024	2,425,000	290,000	725,000	93,675	1,180,000	321,006
2025	2,200,000	229,375	750,000	73,737	1,930,000	285,606
2026	950,000	168,875	300,000	51,613	1,955,000	208,406
2027	1,075,000	140,375	300,000	42,312	385,000	149,756
2028	1,100,000	102,750	300,000	32,563	385,000	138,207
2029	1,150,000	69,750	300,000	22,362	385,000	126,656
2030	1,175,000	35,250	325,000	11,863	390,000	114,626
2031					390,000	101,950
2032					335,000	88,300
2033					490,000 ⁽¹⁾	76,574
3034					500,000 ⁽¹⁾	58,814
3035					535,000 ⁽¹⁾	40,688
2036					550,000 ⁽¹⁾	20,626
	<u>\$21,975,000</u>	<u>\$3,612,657</u>	<u>\$6,775,000</u>	<u>\$1,127,194</u>	<u>\$14,220,000</u>	<u>\$4,029,958</u>
Less: Remaining 2018 Payments	<u>1,750,000</u>	<u>284,844</u>	<u>525,000</u>	<u>90,706</u>	<u>775,000</u>	<u>245,613</u>
TOTAL	<u>\$20,225,000</u>	<u>\$3,327,813</u>	<u>\$6,250,000</u>	<u>\$1,036,488</u>	<u>\$13,445,000</u>	<u>\$3,784,345</u>

	\$14,280,000		\$3,690,000 Taxable		\$10,020,000	
	G.O. Corporate Purpose Bonds, Series 2017A - 11/3/17		G.O. Community Dev Bonds, Series 2018A - 11/20/18 ⁽²⁾		G.O. Corporate Purpose Bonds, Series 2018B - 11/20/18 ⁽²⁾	
Year	Principal (11/01)	Interest	Principal (11/01)	Interest	Principal (11/01)	Interest
2019	\$ 750,000	\$ 331,825	\$ 175,000	\$143,889	\$600,000	\$337,372
2020	800,000	309,325	175,000	144,032	900,000	332,168
2021	725,000	285,325	180,000	136,158	900,000	296,169
2022	775,000	263,575	190,000	128,058	500,000	260,169
2023	900,000	240,325	195,000	119,508	850,000	240,169
2024	1,125,000	222,325	205,000	110,732	550,000	206,168
2025	1,125,000	199,825	215,000	102,532	900,000	184,169
2026	1,400,000	177,325	220,000	93,932	500,000	157,168
2027	1,400,000	149,325	230,000	85,132	500,000	142,169
2028	775,000	107,325	240,000	76,508	500,000	127,168
2029	800,000	87,950	250,000	67,268	500,000	112,168
2030	850,000	67,950	260,000	57,518	525,000	96,545
2031	675,000	42,450	270,000	47,248	675,000	79,482
2032	740,000	22,200	285,000	36,448	700,000	56,700
2033			295,000	24,905	920,000	32,200
2034			305,000	12,810		
	<u>\$12,840,000</u>	<u>\$2,507,051</u>	<u>\$3,690,000</u>	<u>\$1,386,678</u>	<u>\$10,020,000</u>	<u>\$2,659,984</u>
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$12,840,000</u>	<u>\$2,507,051</u>	<u>\$3,690,000</u>	<u>\$1,386,678</u>	<u>\$10,020,000</u>	<u>\$2,659,984</u>

¹ Mandatory redemption amounts.
² New issue expected to be issued concurrently with the Bonds.

General Obligation Debt Service Schedules continued

	\$6,350,000	
	G.O. Promissory Notes, Series 2018C - 11/20/18 ⁽¹⁾	
	Principal	
<u>Year</u>	<u>(11/01)</u>	<u>Interest</u>
2019	\$525,000	\$197,496
2020	275,000	187,500
2021	525,000	176,500
2022	475,000	155,500
2023	550,000	136,500
2024	650,000	120,000
2025	650,000	100,500
2026	800,000	81,000
2027	950,000	57,000
2028	950,000	28,500
	<u>\$6,350,000</u>	<u>\$1,240,496</u>
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>
TOTAL	\$6,350,000	\$1,240,496

¹ New issue expected to be issued concurrently with the Bonds.

Total General Obligation Debt

	<u>Total</u> <u>Principal</u> ¹	<u>Total</u> <u>Interest</u> ¹	<u>Total</u> <u>Debt Service</u> ¹	<u>Less: Offsetting</u> <u>Revenues</u> ²	<u>Net Total</u> <u>Debt Service</u>
2018	\$ 5,215,000	\$ 940,601	\$ 6,155,601	\$ 2,495,807	\$ 3,659,794
2019	12,275,000	3,599,824	15,874,824	6,331,595	9,543,229
2020	12,150,000	3,316,547	15,466,547	6,045,702	9,420,845
2021	12,815,000	2,982,164	15,797,164	6,319,624	9,477,540
2022	12,240,000	2,626,541	14,866,541	5,882,867	8,983,674
2023	12,155,000	2,261,602	14,416,602	5,138,118	9,278,484
2024	11,655,000	1,912,563	13,567,563	4,600,820	8,966,743
2025	8,745,000	1,578,525	10,323,525	3,116,125	7,207,400
2026	7,175,000	1,306,287	8,481,287	3,085,375	5,395,912
2027	5,915,000	1,091,538	7,006,538	2,655,625	4,350,913
2028	5,350,000	895,491	6,245,491	1,929,125	4,316,366
2029	4,510,000	726,622	5,236,622	1,069,813	4,166,810
2030	4,675,000	582,846	5,257,846	1,036,125	4,221,721
2031	3,160,000	428,474	3,588,474	1,002,250	2,586,224
2032	3,260,000	318,867	3,578,867	993,000	2,585,867
2033	2,930,000	203,147	3,133,147	955,875	2,177,272
2034	1,280,000	94,671	1,374,671	168,563	1,206,109
2035	1,035,000	48,500	1,083,500	188,125	895,375
2036	550,000	20,626	570,626	181,563	389,064
	<u>\$127,090,000</u>	<u>\$24,935,436</u>	<u>\$152,025,436</u>	<u>\$53,196,095</u>	<u>\$98,829,341</u>
Less: Remaining 2018 Payments	<u>5,215,000</u>	<u>940,601</u>	<u>6,155,601</u>	<u>2,495,807</u>	<u>3,659,794</u>
	\$121,875,000	\$23,994,835	\$145,869,835	\$50,700,288	\$95,169,547

¹ Includes the 2018A Bonds, 2018B Bonds and 2018C Notes expected to be issued concurrently with the Bonds.

² Offsetting revenues includes water, storm sewer and sanitary sewer revenues. The actual amount of these offsetting revenues is not guaranteed. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available.

Total Outstanding Revenue Debt Summary

Waterworks System Revenue Debt is shown beginning on page 9 herein.

Debt Ratios

Outstanding general obligation direct debt as a percentage of equalized value and on a per capita basis for the current year as of November 20, 2018, and for the past five years ended December 31 follows:

Year	Ratios of General Obligation Debt to Equalized Valuation and Population				
	Outstanding General Obligation Debt	Equalized Valuation	Percent of Equalized Value	Population ¹	Per Capita
2018	\$ 121,875,000 ²	\$ 6,342,128,700	1.92%	47,781	\$2,550.70
2017	113,269,987	6,155,392,800	1.84	47,389	2,390.22
2016	109,709,985	5,699,272,300	1.92	47,160	2,326.34
2015	103,970,024	5,543,348,500	1.88	46,947	2,214.63
2014	84,685,021	5,350,627,100	1.58	46,766	1,810.82
2013	69,714,979	4,932,992,500	1.41	46,705	1,492.67

¹ Estimated by the Wisconsin Department of Administration.

² Unaudited (Includes the Securities to be issued concurrently with the Bonds, less 2018 payments).

Indirect Debt

The indirect general obligation debt of the City as of October 1, 2018 is listed below.

Governmental Unit	Outstanding Debt as of October 1, 2018 (Less: 2018 Sinking Funds)	Percent of Debt Within City	Amount of Debt Within City
Wauwatosa School District	\$ -	100.00%	\$ -
Milwaukee County ¹	542,772,241	10.02	54,385,779
Milwaukee Metro Sewerage District	806,420,156	10.22	82,416,140
Milwaukee Area Technical College District ²	99,045,000	8.04	7,963,218
			<u>\$ 144,765,136</u>

¹ Milwaukee County expects to issue general obligation bonds totaling \$58,275,000 on October 11, 2018 and approximately \$26,895,000 on November 15, 2018, and such amounts are not included in the table above.

² The district is anticipating the issuance of \$39.0 million in the next 12 months. The amount is subject to change.

Total Indirect Debt	\$	144,765,136
Indirect Debt Per Capita	\$	3,030
Indirect Debt as a % of Equalized Value		2.28%
Total Direct Debt	\$	121,875,000
Total Direct Debt Per Capita	\$	2,551
Total Direct Debt as a % of Equalized Value		1.92%
Total Direct and Indirect Debt	\$	266,640,136
Total Direct and Indirect Debt Per Capita	\$	4,743
Total Direct and Indirect Debt as a % of Equalized Value		4.20%

Short Term Debt

The City has no outstanding short-term debt.

Legal Debt Limit

The City has the power to incur indebtedness for City purposes specified by statute (Article 11, Section 3 of the Wisconsin Constitution and Chapter 67, Wisconsin Statutes) in an aggregate amount, not exceeding five percent of the equalized value of taxable property in the City, as last determined by the State of Wisconsin Department of Revenue. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes.

The City's unused borrowing capacity is as follows:

Equalized Value of Taxable Property in the City for 2018	\$ 6,342,128,700
Total General Obligation Debt Outstanding as of November 20, 2018	\$ 127,090,000
Legal Debt Capacity (5% of Equalized Value)	\$ 317,106,435
Unused Margin of Indebtedness	\$ 190,016,435
Unused Legal Debt Capacity	59.92%

No Default on City Indebtedness

The City has no record of default on any prior debt repayment obligations.

Future Financings

The City expects to issue the 2018A Bonds, 2018B Bonds and 2018C Notes concurrently with the Bonds. The City borrows annually for its capital projects. Other than the preceding, the City currently anticipates issuing no additional debt in the next 12 months.

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FINANCIAL INFORMATION

Annual Budgets

Development of the annual budget begins in May. Developmental budget requests are submitted to the City Administrator and Finance Director in early August. After review by the Mayor and City Administrator, the budget is finalized and submitted to the Budget Committee by the end of August. The Budget Committee completes its review by mid-October and recommends a proposed budget to the Common Council.

In November of each year the Common Council, after conducting public hearings on the budget proposals at which time any resident or taxpayer of the City has an opportunity to be heard, adopts a final budget for the succeeding year and levies taxes for proposed budget purposes. The amounts of taxes so levied, the amounts of the various appropriations and the purposes for such appropriations stated in the final budget (after any alterations made pursuant to the public hearing) may not be changed unless authorized by a vote of two-thirds of the entire membership of the Common Council. Notice of any changes made in the foregoing manner must be published within 10 days thereafter. Failure to give such notice precludes any changes in the budget.

Summaries of the Adopted 2017 and 2018 General Fund Budgets are shown below.

City of Wauwatosa General Fund Budgets

	2017 Adopted Budget	2018 Adopted Budget ⁽¹⁾	Percent of 2018 Adopted Budget Total
REVENUES			
General Property Tax Levy	\$38,552,016	\$41,946,785	70.28%
Other Taxes	1,575,500	1,648,500	2.76
Special Charges	19,600	21,100	0.04
State Shared Revenues	2,895,483	2,826,246	4.74
State Grants and Aids	2,178,765	2,489,243	4.17
Federal Shared Revenues/Grants	169,788	346,489	0.58
Licenses & Permits	1,505,320	1,480,065	2.48
Fines, Forfeits & Penalties	1,359,901	1,270,000	2.13
Public Charges for Services	3,003,348	3,266,442	5.47
Intergovernmental Charges	1,563,308	1,606,765	2.69
Miscellaneous Revenue	737,590	928,064	1.56
Transfers from Other Funds & Use of Equity			
Transfer from Amortization Fund	452,000	802,000	1.34
Transfer from Water Utility	1,001,725	1,014,827	1.70
Transfer from T.I.F.	35,000	35,000	0.06
TOTAL	<u>\$55,049,344</u>	<u>\$59,681,526</u>	<u>100.00%</u>
EXPENDITURES			
General Government	\$ 4,912,986	\$ 5,117,628	8.57%
Public Safety	30,950,198	31,875,468	53.41
Transportation – General	4,785,015	4,867,201	8.16
Sanitation	2,093,187	1,999,925	3.35
Health	1,466,993	1,444,184	2.42
Leisure Activities	464,863	0	0.00
Conservation & Development	1,899,511	2,157,445	3.61
Non-Departmental & General	1,000,514	1,074,006	1.80
Transfers to Other Funds & Equity Use:			
Amortization Fund	685,000	860,000	1.44
Debt Service Fund	4,634,105	4,783,725	8.02
Parks Reserve	1,147,871	1,060,849	1.78
Capital	932,000	1,370,419	2.30
Library	0	2,532,592	4.24
Tourism	0	539,788	0.90
Insurance Reserve Funds	77,101	(1,704)	0.00
TOTAL	<u>\$55,049,344</u>	<u>\$59,681,526</u>	<u>100.00%</u>

⁽¹⁾ Based on results to-date, the City expects that it may end 2018 with a less than 1% deficit.

Source: City

Summary of Operations

Revenues, Expenditures and Changes in Fund Balances General Fund For the Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES:			
Taxes	\$ 43,015,401	\$ 35,397,278	\$ 34,505,008
Intergovernmental revenues	5,237,279	5,500,775	4,910,552
Licenses and permits	1,923,852	2,185,359	2,178,435
Penalties and forfeitures	1,064,340	1,086,121	1,031,435
Public improvement revenues	10,369	10,827	26,956
Public charges for services	3,021,454	3,180,829	3,007,983
Intergovernmental charges for services	1,595,442	1,553,480	1,581,449
Commercial revenues	<u>875,001</u>	<u>710,144</u>	<u>726,769</u>
Total Revenues	56,743,138	49,624,813	47,968,587
EXPENDITURES:			
Current			
General government	6,700,779	6,086,548	5,624,297
Protection of persons and property	30,957,890	30,275,241	28,998,448
Health and sanitation	3,599,464	3,352,250	3,413,231
Highway and transportation	4,285,759	4,505,666	4,562,105
Education and recreation	432,569	78,817	54,294
Conservation and development	1,467,358	1,541,127	1,570,493
Unclassified	185,860	419,956	407,231
Capital outlay	<u>266,014</u>	<u>235,643</u>	<u>180,269</u>
Total Expenditures	47,895,693	46,495,248	44,810,368
Excess of Revenues Over (Under) Expenditures	8,847,445	3,129,565	3,158,219
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Proceeds from sale of capital assets	-	-	-
Operating transfers in	1,012,599	987,755	884,940
Operating transfers out	<u>(9,534,949)</u>	<u>(2,303,610)</u>	<u>(3,347,408)</u>
Net change in fund balances	325,095	1,813,710	695,751
FUND BALANCES – BEGINNING OF YEAR	<u>22,435,452</u>	<u>20,621,742</u>	<u>19,925,991</u>
FUND BALANCES - END OF YEAR	<u>\$ 22,760,547</u>	<u>\$ 22,435,452</u>	<u>\$ 20,621,742</u>
FUND BALANCES			
Nonspendable	\$ 2,338,243	\$ 2,521,308	\$ 2,071,864
Restricted	\$ -	\$ -	\$ -
Assigned	\$ 2,160,016	\$ 2,346,541	\$ 1,978,281
Unassigned	\$ 18,262,288	\$ 17,567,603	\$ 16,571,597

Source: The City's audited financial statements.

Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
For the Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES:			
Taxes	\$ 47,358,607	\$ 44,237,021	\$ 47,003,285
Intergovernmental revenues	6,647,919	7,971,623	8,326,309
Licenses and permits	1,923,852	2,185,359	2,178,435
Penalties and forfeitures	1,064,340	1,086,121	1,031,435
Public improvement revenues	751,516	1,149,039	505,954
Public charges for services	3,771,347	3,923,831	3,715,345
Intergovernmental charges for services	1,595,442	1,553,480	1,581,449
Commercial revenues	<u>1,115,087</u>	<u>1,608,196</u>	<u>2,058,879</u>
 Total Revenues	 64,228,110	 63,714,670	 66,401,091
EXPENDITURES:			
General government	6,700,779	6,086,548	5,624,297
Protection of persons and property	30,957,890	30,275,241	28,998,448
Health and sanitation	3,599,464	3,352,250	3,413,231
Highway and transportation	4,285,759	4,505,666	4,562,105
Education and recreation	4,276,162	3,986,714	3,748,216
Conservation and development	9,487,886	11,446,539	34,275,579
Unclassified	185,860	419,956	407,231
Debt service			
Principal	6,785,990	5,544,897	26,504,637
Interest	2,077,545	2,053,450	1,852,409
Capital outlay	<u>13,452,406</u>	<u>12,345,157</u>	<u>19,150,370</u>
 Total Expenditures	 81,809,741	 80,016,418	 128,536,523
 Excess of Revenues Over (Under) Expenditures	 (17,581,631)	 (16,301,748)	 (62,135,432)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	17,159,218	11,782,596	49,045,500
Premium on long term debt	335,342	362,534	960,273
Proceeds from sale of capital assets	100,030	-	-
Operating transfers in	16,413,049	15,665,368	35,159,856
Operating transfers out	<u>(14,553,608)</u>	<u>(13,660,243)</u>	<u>(32,439,382)</u>
 Net change in fund balances	 <u>1,872,400</u>	 <u>(2,151,493)</u>	 <u>(9,409,185)</u>
 FUND BALANCES - BEGINNING OF YEAR	 <u>37,318,586</u>	 <u>39,470,079</u>	 <u>48,879,264</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 39,190,986</u>	 <u>\$ 37,318,586</u>	 <u>\$ 39,470,079</u>
FUND BALANCES			
Nonspendable	\$ 2,338,243	\$ 3,021,293	\$ 3,125,158
Restricted	\$ 6,874,203	\$ 5,595,822	\$ 12,617,348
Assigned	\$ 11,718,674	\$ 11,133,868	\$ 7,155,976
Unassigned	\$ 18,259,866	\$ 17,567,603	\$ 16,571,597

Source: The City's audited financial statements.

Annual Financial Statements

A copy of the City's audited financial statements for the fiscal year ended December 31, 2017, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by CliftonLarsonAllen LLP, Milwaukee, Wisconsin (the "Auditor"), to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there has been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This is the sixth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

Pension Plan

All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015"), the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), and the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$2,718,895, \$2,708,618 and \$2,721,212, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2016, the total pension liability of the WRS was calculated as \$93.4 billion and the fiduciary net position of the WRS was calculated as \$92.6 billion, resulting in a net pension liability of \$0.8 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2017, the City reported a liability of \$2,316,111 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2016 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.28100006% of the aggregate WRS net pension liability as of December 31, 2016.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 5. A. of the City's Financial Statements for the Year Ended December 31, 2017.

Other Post-Employment Benefits

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the City and have satisfied specified eligibility standards through a single-employer defined benefit plan. As of December 28, 2016, membership of the plan consisted of 368 active plan members and 138 retirees receiving benefits. Such benefits are no longer offered to employees hired on or after January 1, 2015, other than public safety employees.

Pension benefit calculations are required to be updated every two years and prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board. An actuarial study for the City was last completed by Milliman, Inc. in May 2017 with an actuarial valuation date of December 31, 2016.

The City is required to expense the estimated yearly cost of providing post-retirement benefits and such annual accrual expense is referred to as the "annual required contribution." As shown in the City's audited financial statements for Fiscal Year 2017, the annual required contribution for Fiscal Year 2017 was \$4,163,739. For Fiscal Year 2017, contributions to the plan totaled \$3,593,299, which was 86.29% of the annual required contribution. The City's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

As of December 31, 2016, the actuarial accrued liability for benefits was \$46,237,093 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$46,237,093, and a funded ratio of actuarial value of assets to actuarial accrued liability of 0%.

For more detailed information, see Note 5. C. of the City's Financial Statements for the Year Ended December 31, 2017.

LEGAL MATTERS

Pending Litigation

The City certifies that there is no pending litigation or threatened litigation, which would restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contest or affect the validity of the Bonds or of any proceedings of the City taken with respect to the issuance and sale of the Bonds.

The City is currently involved in property tax litigation with General Growth Properties, the owner of Mayfair Mall. The matter is titled as Mayfair Mall LLC v. City of Wauwatosa. The case involves a dispute in the taxable value of the City's largest taxpayer, Mayfair Mall, and involves a difference of opinion approximating \$100,000,000 over several years. The matter is currently in trial, and a trial court decision may be received in the next six to eight months. The City is comfortable that its position in this matter is well-supported and expects to defend the matter vigorously, however, the outcome of the matter cannot be predicted.

Levy Limits

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

Legal Matters

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such opinion is attached hereto as Appendix C "Proposed Form of Legal Opinion for the Bonds."

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

Tax Exemption

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

See Appendix C "Proposed Form of Legal Opinion for the Bonds".

Original Issue Discount

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

Bond Premium

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line

interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

Not Designated As Qualified Tax-Exempt Obligations

The City will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

MISCELLANEOUS

Rating

The Bonds have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's").

Concurrently, Moody's maintains its "Aa2" rating on the City's outstanding water revenue debt.

The rating reflects only the view of Moody's, and an explanation of the significance of such rating may be obtained therefrom. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either upward or downward, or withdrawn entirely, by Moody's if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Undertaking described under the heading "Continuing Disclosure" neither the City nor the Underwriter undertake responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

Continuing Disclosure

Undertaking to Provide Continuing Disclosure. In order to assist an Underwriter which will reoffer the Bonds in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to the Resolution adopted by the Common Council to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Bonds to provide certain financial information and operating data relating to the City annually to 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 details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix D. A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (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 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years the City has not failed to comply in all material respects with any previous undertakings under the Rule.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Underwriting

The Bonds were sold by competitive bidding conducted on November 7, 2018.

The award of the Bonds was made to Bernardi Securities, Inc., Chicago, Illinois (the "Underwriter"). The public reoffering prices or yields of the Bonds, as shown on the cover of this Official Statement, have been obtained from the Underwriter.

Financial Advisor

Hutchinson, Shockey, Erley & Co., Milwaukee, Wisconsin, is under contract with the City to provide financial advisory services to the City, as well as assistance with the competitive sale of the City's Bonds on November 7, 2018.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, the Mayor and the Clerk of the City will deliver to the purchaser of the Bonds a certificate stating that, to the best of their knowledge, this Official Statement did not as of its date and as of the sale date and does not, as of the date of delivery of the Bonds, contain an untrue statement of a material fact or omit to state a material fact required to be included therein for the purpose for which this Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made not misleading.

CITY OF WAUWATOSA

By /s/ Carla A. Ledesma
City Clerk

APPENDIX A

**Audited Financial Statements
of the
City of Wauwatosa
For the Year Ended December 31, 2017**

APPENDIX B

**FORM OF RESOLUTION
FOR THE BONDS**

APPENDIX C

**PROPOSED FORM OF LEGAL OPINION
FOR THE BONDS**

APPENDIX D

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE
FOR THE BONDS**