

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER \_\_\_\_, 2016

NEW ISSUE (BOOK ENTRY ONLY)  
NOT BANK QUALIFIED

INVESTMENT RATING REQUESTED  
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**

**\$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B**

Dated: December 20, 2016

Due: December 1, as shown below

The General Obligation Corporate Purpose Bonds, Series 2016B (the "Bonds") are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The Bonds will be general obligations of the City of Wauwatosa, Wisconsin (the "City") for which its full faith, credit and resources are pledged. The Bonds will be issued for the public purposes of paying the cost of street improvement projects, construction of police facilities, acquisition of a fire engine and other equipment of the fire department, sewerage projects, consisting of sanitary sewer improvements, sewerage projects, consisting of storm sewer improvements, providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of the City's Tax Incremental District No. 11, regional projects, consisting of remodeling, construction and equipping of the Milwaukee Area Domestic Animal Control Commission (MADACC) facility, park projects and parking lot projects (collectively, the "Project"). See "THE BONDS - Authority for Issuance" for a list of the Projects herein.

The Bonds will mature December 1 in the years and amounts, and bear interest at the rates, as follows:

Year	Amount	Rate	Yield	CUSIP No. 943504 <sup>(1)</sup>	Year	Amount	Rate	Yield	CUSIP No. 943504 <sup>(1)</sup>
2017	\$ 970,000	%	%		2027	\$385,000	%	%	
2018	775,000				2028	385,000			
2019	450,000				2029	385,000			
2020	700,000				2030	390,000			
2021	675,000				2031	390,000			
2022	1,280,000				2032	335,000			
2023	930,000				2033	490,000			
2024	1,180,000				2034	500,000			
2025	1,930,000				2035	535,000			
2026	1,955,000				2036	550,000			

Principal of the Bonds, payable annually each December 1, commencing December 1, 2017 and interest, payable each June 1 and December 1, commencing June 1, 2017, 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 December 1, 2027 and thereafter are subject to redemption prior to maturity in whole or in part on December 1, 2026 or on any date thereafter at par plus accrued interest to the date of redemption.

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.

The rates shown herein are the interest rates payable by the City resulting from the bid for the Bonds on December 6, 2016, 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. Quarles & Brady LLP will also serve as Disclosure Counsel to the City. The Bonds will be available for delivery on or about December 20, 2016, 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.

**Hutchinson, Shockey, Erley & Co.**

Financial Advisor to the Issuer

<sup>(1)</sup> See "CUSIP INFORMATION" herein.

**BID OPENING: TUESDAY, DECEMBER 6, 2016 AT 10:00 A.M. (CST)  
AWARD: TUESDAY, DECEMBER 6, 2016 AT 7:30 P.M. (CST)**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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 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.

This Official Statement is in a form deemed final by the City for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)).

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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, 2018
Kathleen Causier	2	April, 2018
John J. Dubinski	2	April, 2020
Tim J. Hanson	3	April, 2018
Nancy Welch	3	April, 2020
Dennis R. McBride	4	April, 2020
Michael G. Walsh	4	April, 2018
Bobby Pantuso	5	April, 2018
Joel Tilleson	5	April, 2020
Allison L. Bryne	6	April, 2018
Kelly Rifelj	6	April, 2020
Cheryl Berdan (President)	7	April, 2020
Jason Kofroth	7	April, 2018
Jason G. Wilke	8	April, 2020
Craig Wilson	8	April, 2018

**ADMINISTRATIVE STAFF**

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

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**BOND AND DISCLOSURE COUNSEL**

Quarles & Brady LLP  
Milwaukee, Wisconsin

**UNDERWRITER**

To be determined by competitive sale on December 6, 2016.

**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.

## SUMMARY

*This is not a summary of the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement and all such documents.*

<b>Issuer</b>	City of Wauwatosa, Milwaukee County, Wisconsin.		
<b>Issue</b>	\$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B		
<b>Dated Date</b>	December 20, 2016		
<b>Principal Due</b>	December 1, 2017 through 2036.		
<b>Interest Payment Dates</b>	Commencing June 1, 2017 and on each June 1 and December 1 thereafter. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months.		
<b>Redemption Provision</b>	At the option of the City, the Bonds maturing on December 1, 2027 and thereafter are subject to redemption prior to maturity in whole or in part on December 1, 2026 or on any date thereafter at par plus accrued interest to the date of redemption.		
<b>Purpose</b>	The Bonds will be issued for the public purposes of paying the cost of street improvement projects, construction of police facilities, acquisition of a fire engine and other equipment of the fire department, sewerage projects, consisting of sanitary sewer improvements, sewerage projects, consisting of storm sewer improvements, providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of the City's Tax Incremental District No. 11, regional projects, consisting of remodeling, construction and equipping of the Milwaukee Area Domestic Animal Control Commission (MADACC) facility, park projects and parking lot projects (the "Project").		
<b>Security</b>	The City pledges its full faith, credit and resources and there will be levied on all the taxable property in the City a direct, annual, irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Bonds.		
<b>Authority</b>	The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes, initial resolutions adopted by the Common Council on November 1, 2016, and an award resolution to be adopted by the Common Council on December 6, 2016.		
<b>Tax Exemption</b>	Interest on the Bonds is excludable from gross income for present Federal income tax purposes. (See "LEGAL MATTERS - Tax Exemption" herein.)		
<b>Bank Qualification</b>	The Bonds shall <u>not</u> be designated as "qualified tax-exempt obligations".		
<b>Credit Rating</b>	A rating on the Bonds has been requested from Moody's Investors Service, Inc.		
<b>Underwriter</b>	To be determined by competitive sale on December 6, 2016.		
<b>Registrar and Fiscal Agent</b>	Officers of the City of Wauwatosa, Wisconsin.		
<b>Record Date</b>	The 15 <sup>th</sup> day of the month preceding an interest payment date.		
<b>Delivery Date and Place</b>	On or about December 20, 2016 through the facilities of DTC in New York, New York.		
<b>Denominations</b>	The Bonds will be issued in denominations of \$5,000 each and integral multiples thereof.		
<b>Bond Years</b>	138,818.31	<b>Average Life</b>	9.139 years
<b>Continuing Disclosure</b>	The Official Statement will be available from the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") System. The City will covenant to provide annual reports, as required, and timely notice of certain events as set forth in the Continuing Disclosure Certificate. See Appendix D herein.		

**OFFICIAL STATEMENT**  
**CITY OF WAUWATOSA**  
**MILWAUKEE COUNTY, WISCONSIN**  
**\$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B**

**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 \$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B, dated December 20, 2016 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 will be issued for the public purposes of paying the cost of street improvement projects, construction of police facilities, acquisition of a fire engine and other equipment of the fire department, sewerage projects, consisting of sanitary sewer improvements, sewerage projects, consisting of storm sewer improvements, providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of the City's Tax Incremental District No. 11, regional projects, consisting of remodeling, construction and equipping of the Milwaukee Area Domestic Animal Control Commission (MADACC) facility, park projects and parking lot projects (the "Project").

**Authority for Issuance**

The Bonds are being issued pursuant to Chapter 67, Wisconsin Statutes, initial resolutions authorizing general obligation bonds, in a total amount not to exceed \$18,035,000 (the "Initial Resolutions") adopted by the Common Council on November 1, 2016, and a Resolution Awarding the Sale of \$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B (the "Resolution") to be adopted by the Common Council on December 6, 2016.

The initial resolutions for the Project are for the following public purposes and in the following not to exceed amounts:

- \$3,590,000 for the public purpose of paying the cost of street improvement projects;
- \$65,000 for the public purpose of paying the cost of construction of police facilities;
- \$985,000 for the public purpose of paying the cost of acquisition of a fire engine and other equipment of the fire department;
- \$3,720,000 for the public purpose of paying the cost of sewerage projects, consisting of sanitary sewer improvements;
- \$4,390,000 for the public purpose of paying the cost of sewerage projects, consisting of storm sewer improvements;

- \$2,400,000 for the public purpose of providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of Tax Incremental District No. 11;
- \$2,325,000 for the public purpose of paying the cost of regional projects, consisting of remodeling, construction and equipping of the Milwaukee Area Domestic Animal Control Commission (MADACC) facility;
- \$10,000 for the public purpose of paying the cost of park projects; and
- \$550,000 for the public purpose of paying the cost of parking lot projects.

**Description**

The Bonds will be dated December 20, 2016 and will bear interest from their dated date to their respective maturities. Principal of the Bonds will be payable annually on each December 1, commencing December 1, 2017. Interest will be payable each June 1 and December 1, commencing June 1, 2017.

**Sources and Applications of Funds**

<u>Sources of Funds</u>	
Par Amount of Bonds	\$
Premium	_____
Total	\$ =====
 <u>Applications of Funds</u>	
Cost of the Project	\$
Costs of Issuance (including Underwriter's Discount)	
Deposit to the Debt Service Account	_____
Total	\$ =====

**Sources of Payment for the Bonds**

The City is authorized and required by law to levy on all property taxable by the City such *ad valorem* taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

**Security for the Bonds**

As security for the Bonds, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Bonds. The tax will be levied under the Resolution for collection in each of the years 2017 through 2036 (or monies to pay such debt service will otherwise be appropriated).

The Resolution provides that the tax will be, from year to year, carried onto the tax rolls of the City and collected as other taxes are collected and that the City shall not repeal such levy or obstruct the collection of the tax. Provision is made for reducing the amount of tax carried onto the tax rolls by the amount of any surplus money in the Debt Service Account for the Bonds.

**Redemption Provisions**

At the option of the City, the Bonds maturing on December 1, 2027 and thereafter shall be subject to redemption prior to maturity on December 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).

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 RESOLUTIONS

The Initial Resolutions were and the Resolution is to be adopted by the Common Council pursuant to the procedures prescribed by State Statutes. Reference is made to the Initial Resolutions and the Resolution for a complete recital of their terms.

The Initial Resolutions authorize the issuance of the Bonds. 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 City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the 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 ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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, Bond 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 Issuer 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) 2016 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 Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

## **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 2016 population estimate of 47,160.

The City has 438.5 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
- Vacant position

**Administrative Organization**

The policies of the City of Wauwatosa 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 119.04 FTE positions providing public safety and protection for the City's residents and a fire department of 103 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	1/1/14 – 12/31/16	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 <u>2016</u>	Estimated <u>2015</u>	Estimated <u>2014</u>	Estimated <u>2013</u>	Estimated <u>2012</u>
City of Wauwatosa	47,160	46,947	46,766	46,705	46,320
Milwaukee County	948,930	949,795	949,741	950,410	948,322
State of Wisconsin	5,775,120	5,753,324	5,732,981	5,717,110	5,703,525

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>
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
2011	66,020	42,830	47,640

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>
2016 (through 9/30)	\$ 181,156,995
2015	151,530,889
2014	191,029,545
2013	111,071,060
2012	41,927,585

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:

	<u>September 2016</u>	<u>2015 Average</u>	<u>2014 Average</u>	<u>2013 Average</u>	<u>2012 Average</u>	<u>2011 Average</u>
City of Wauwatosa	3.3%	3.7%	4.2%	5.2%	5.4%	5.7%
Milwaukee County	4.7	5.8	6.9	8.4	8.6	9.3
State of Wisconsin	3.5	4.6	5.4	6.7	7.0	7.8

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.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>ALL INDUSTRIES</b>	481,625	467,273	465,419	459,677	458,895
Construction	10,464	9,920	9,266	8,889	9,546
Education & Health Services	135,930	132,254	129,552	125,546	126,238
Financial Activities	30,730	31,384	32,056	32,855	33,812
Information	8,913	*	*	*	*
Leisure & Hospitality	49,233	47,569	47,093	46,040	44,420
Manufacturing	52,404	52,042	52,891	53,646	53,202
Natural Resources & Mining	92	75	73	96	90
Other Services	16,715	17,187	17,758	18,986	18,468
Professional & Business Services	77,816	77,736	77,626	74,539	73,065
Public Administration	20,090	20,484	21,009	21,446	21,457
Trade, Transportation, Utilities	79,234	78,622	78,095	77,634	78,597
Unclassified	4	*	*	*	*

\* 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	15,000
Briggs & Stratton Corp.	Small engine manufacturer	1,500
Wauwatosa Unified School District	Education	830
GE Healthcare	Medical equipment and supplies	671
Harley Davidson Inc.	Motorcycle manufacturer	650
Lutheran Home of the Aging, Inc.	Nursing home; assisted living	515
City of Wauwatosa	Municipal government	438.5 FTE
UnitedHealth Care	Insurance	365
St. Camillus Health System	Nursing homes, assisted living	363
Bostik Findley	Adhesives	270

Source: D&B Family Tree, Hoover's, MNI, 2015-2016 Milwaukee Business Journal Book of Lists, and employer websites, October, 2016.

## **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 15<sup>th</sup> 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>
2016	\$40,058,445	\$ 7.62
2015	39,050,136	7.79
2014	37,949,568	7.69
2013	37,030,421	7.13
2012	36,555,123	7.00

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
State	\$ 0.18	\$ 0.17	\$ 0.16	\$ 0.15	\$ 0.16
County	6.50	6.22	5.75	5.51	5.52
Sewer District	1.80	1.74	1.60	1.47	1.45
Technical College District	1.30	1.29	2.00	1.92	1.87
School District	8.59	8.55	8.81	8.72	8.18
City	7.62	7.79	7.69	7.13	7.00
School and County Tax Credits	<u>(2.67)</u>	<u>(2.37)</u>	<u>(2.26)</u>	<u>(2.20)</u>	<u>(2.27)</u>
Net Tax Rate	\$ 23.33	\$ 23.39	\$ 23.74	\$ 22.70	\$ 21.91
Ratio of Assessed to Equalized Value	96.69%	98.62%	106.4%	110.27%	104.23%

Source: City

**Largest Taxpayers for 2015**

The table below shows the City's larger taxpayers for 2015.

<u>Name</u>	<u>Type of Property</u>	2015 <u>Assessed Valuation</u>	2015 <u>Equalized Valuation</u>	Net Taxes <u>Due</u>	Percent of City's 2015 Total Equalized <u>Value</u>
Mayfair Mall LLC <sup>1</sup>	Shopping center and office tower	\$422,104,200	\$436,554,100	\$9,846,820	7.88%
Burleigh Mayfair LLC (Mayfair Collection)	Shopping center	59,435,400	61,470,100	1,386,505	1.11%
Bel Marquette I LLC, (GE Healthcare building)	IT, ultrasound & e-commerce functions	55,951,600	57,867,000	1,305,235	1.04%
Wheaton Franciscan Services	Healthcare provider	38,432,700	39,748,400	896,556	0.72%
H-D Capitol Drive LLC	Harley Davidson motorcycles	36,579,900	37,832,100	853,334	0.68%
J.C. Penney Properties Inc.	Warehouse; catalog sales; store	28,265,900	29,233,500	659,385	0.53%
Bonstores Realty One LLC	Boston Store	28,147,300	29,110,900	656,618	0.53%
Briggs & Stratton Corp.	Small engine manufacturer	26,979,000	27,902,600	629,364	0.50%
Innovation Partners LLC	Office building	25,899,100	26,785,700	604,173	0.48%
North Mayfair 8 LLC	Office buildings	<u>24,360,000</u>	<u>25,193,900</u>	<u>568,269</u>	<u>0.45%</u>
	TOTAL	\$746,155,100	\$771,698,300	\$17,406,259	13.92%

<sup>1</sup> Assessment under appeal by taxpayer. See "LEGAL MATTERS - Pending Litigation" herein.

Source: City. Information for 2016 is not yet available.

**Equalized Valuations**

The City has experienced 14.81% change in equalized value (Tax Increment Value included) over the past five years. This trend is outlined in the table below.

	<u>Including Tax Increment Value</u>	<u>% Change</u>	<u>Excluding Tax Increment Value</u>	<u>% Change</u>
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
2013	4,932,992,500	(0.62)	4,641,119,800	(1.46)
2012	4,963,918,700	(5.33)	4,709,725,000	(5.90)

Source: State of Wisconsin, Department of Revenue

The equalized value by class of property for 2016 is as follows:

Real Estate	
Residential	\$ 3,355,638,000
Commercial	1,970,253,800
Manufacturing	131,251,900
Total Real Estate	<u>5,457,143,700</u>
Total Personal Property	242,128,600
Total	<u>\$ 5,699,272,300</u>

Source: State of Wisconsin, Department of Revenue

The percentage mix of equalized value by class of property for the past five years was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Real Estate					
Residential	58.88%	60.90%	61.63%	63.92%	63.47%
Commercial	34.57	32.96	31.79	29.14	29.52
Manufacturing	2.30	2.42	2.50	2.73	2.75
Personal Property	<u>4.25</u>	<u>3.72</u>	<u>4.07</u>	<u>4.20</u>	<u>4.26</u>
	100.00%	100.00%	100.00%	100.00%	100.00%
Total Equalized Value (billions)	\$5.699	\$5.543	\$5.351	\$4.933	\$4.964

Source: State of Wisconsin, Department of Revenue

The City has Tax Incremental Districts ("TIDs") created under Wisconsin Statutes Section 66.1105. TID valuations totaling \$179,572,900 have been excluded from the City's tax base for 2016.

<u>TID # <sup>1</sup></u>	<u>TID Creation Date</u>	<u>Base Value</u>	<u>2016 Current Value</u>	<u>Increment</u>
005	2007	\$ 2,401,800	\$ 15,475,900	\$ 13,074,100
006	2010	26,768,400	92,209,900	65,441,500
007	2013	20,815,000	104,599,900	83,784,900
008	2014	21,713,200	38,522,100	16,808,900
009	2015	5,128,200	4,967,600	*
010	2015	3,970,400	3,882,000	*
011	2015	11,163,400	11,626,900	463,500
			Total	<u>\$179,572,900</u>

\* Zero or negative increment.

Source: State of Wisconsin, Department of Revenue

## CITY DEBT STRUCTURE

### Total Outstanding General Obligation Debt Summary (As of December 20, 2016)

<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>
G.O. Prom. Notes, Series 2008	5/01/08	\$ 6,200,000	12/01/17	\$ 1,000,000
Taxable G.O. Refunding Bonds, Series 2010A	8/03/10	8,450,000	3/01/24	5,405,000
G.O. Prom. Notes, Series 2011	11/29/11	12,500,000	11/01/21	8,800,000
G.O. Prom. Notes, Series 2012	8/21/12	12,400,000	6/01/22	9,050,000
G.O. Prom. Notes, Series 2013	8/20/13	6,250,000	6/01/23	4,175,000
G.O. Refunding Bonds, Series 2013	8/20/13	3,315,000	12/01/18	1,315,000
G.O. Sewerage Bonds, Series 2013	11/19/13	9,475,000	11/01/33	9,000,000
G.O. Prom. Notes, Series 2014A	12/02/14	16,370,000	12/01/24	13,725,000
Taxable G.O. Prom. Notes, Series 2014B	12/02/14	5,240,000	12/01/24	4,575,000
G.O. Cmnty. Dev. Bonds, Series 2015A	4/01/15	6,200,000	4/01/35	6,150,000
G.O. Corporate Purpose Bonds, Series 2015B	12/01/15	26,375,000	12/01/30	24,075,000
Taxable G.O. Cmnty. Dev. Bonds, Series 2015C	12/01/15	7,400,000	12/01/30	7,250,000
G.O. Corporate Purpose Bonds, Series 2016B <sup>1</sup>	12/20/16	15,190,000	12/01/36	<u>15,190,000</u>
		Total General Obligation Debt		109,710,000
		Less Remaining 2016 Principal Payments		( )
		Net General Obligation Debt		<u>\$ 109,710,000</u>

<sup>1</sup> New issue. Preliminary, subject to change.

### General Obligation Debt Service Schedules

	\$6,200,000 G.O. Notes Series 2008 - 5/1/08		\$8,450,000 Taxable G.O. Ref Bonds, Series 2010A - 8/3/10		\$12,500,000 G.O. Notes, Series 2011 - 11/29/11	
	Principal <u>12/01</u>	Interest <u>          </u>	Principal <u>3/01</u>	Interest <u>          </u>	Principal <u>11/01</u>	Interest <u>          </u>
2016	\$ 1,000,000	\$ 68,750	\$ 550,000	\$ 253,847	\$ 1,100,000	\$ 228,500
2017	1,000,000	35,000	575,000	234,129	1,200,000	206,500
2018			600,000	211,348	1,500,000	182,500
2019			625,000	186,066	2,000,000	152,500
2020			650,000	158,160	2,000,000	102,500
2021			685,000 <sup>(1)</sup>	127,438	2,100,000	52,500
2022			720,000 <sup>(1)</sup>	94,420		
2023			755,000 <sup>(1)</sup>	58,625		
2024			795,000 <sup>(1)</sup>	19,875		
	<u>2,000,000</u>	<u>103,750</u>	<u>5,955,000</u>	<u>1,343,908</u>	<u>9,900,000</u>	<u>925,000</u>
Less 2016 Payments	<u>1,000,000</u>	<u>68,750</u>	<u>550,000</u>	<u>253,847</u>	<u>1,100,000</u>	<u>228,500</u>
	\$ 1,000,000	\$ 35,000	\$ 5,405,000	\$ 1,090,061	\$ 8,800,000	\$ 696,500

<sup>1</sup> Mandatory redemption amounts.

*General Obligation Debt Service Schedules continued*

	<u>\$12,400,000 G.O. Notes, Series 2012 - 8/21/12</u>		<u>\$6,250,000 G.O. Notes, Series 2013 - 8/20/13</u>		<u>\$3,515,000 G.O. Ref Bonds, Series 2013 - 8/20/13</u>	
	<u>Principal 6/01</u>	<u>Interest</u>	<u>Principal 6/01</u>	<u>Interest</u>	<u>Principal 12/01</u>	<u>Interest</u>
2016	\$ 900,000	\$ 193,687	\$ 525,000	\$ 109,500	\$ 650,000	\$ 58,950
2017	1,275,000	171,938	625,000	98,000	650,000	39,450
2018	1,550,000	143,687	725,000	84,500	665,000	19,950
2019	1,500,000	113,188	750,000	69,750		
2020	1,575,000	82,437	525,000	54,375		
2021	1,675,000	49,937	500,000	39,000		
2022	1,475,000	16,594	525,000	23,625		
2023	<u>9,950,000</u>	<u>771,468</u>	<u>4,700,000</u>	<u>486,625</u>	<u>1,965,000</u>	<u>118,350</u>
Less 2016 Payments	<u>900,000</u>	<u>193,687</u>	<u>525,000</u>	<u>109,500</u>	<u>650,000</u>	<u>58,950</u>
	\$ 9,050,000	\$ 577,781	\$ 4,175,000	\$ 377,125	\$ 1,315,000	\$ 59,400

	<u>\$9,475,000 G.O. Sewerage Bonds, Series 2013 - 11/19/13</u>		<u>\$16,370,000 G.O. Notes, Series 2014A - 12/2/14</u>		<u>\$5,240,000 Taxable G.O. Notes, Series 2014B - 12/2/14</u>	
	<u>Principal 11/01</u>	<u>Interest</u>	<u>Principal 12/01</u>	<u>Interest</u>	<u>Principal 12/01</u>	<u>Interest</u>
2016	\$ 175,000	\$ 336,938	\$ 925,000	\$ 339,750	\$ 450,000	\$ 121,987
2017	200,000	332,562	1,050,000	330,500	450,000	112,988
2018	250,000	326,563	1,050,000	309,500	450,000	103,987
2019	250,000	319,062	1,425,000	288,500	475,000	94,988
2020	275,000	311,563	1,250,000	260,000	475,000	85,487
2021	325,000	303,312	1,925,000	235,000	475,000	75,513
2022	375,000	293,563	2,850,000	196,500	525,000	64,350
2023	350,000	282,312	2,200,000	125,250	525,000	50,700
2024	625,000	271,813	1,975,000	59,250	1,200,000	36,000
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	<u>750,000</u>	<u>31,875</u>				
	<u>9,175,000</u>	<u>4,108,875</u>	<u>14,650,000</u>	<u>2,144,250</u>	<u>5,025,000</u>	<u>746,000</u>
Less 2016 Payments	<u>175,000</u>	<u>336,938</u>	<u>925,000</u>	<u>339,750</u>	<u>450,000</u>	<u>121,987</u>
	\$ 9,000,000	\$ 3,771,937	\$ 13,725,000	\$ 1,804,500	\$ 4,575,000	\$ 624,013

*General Obligation Debt Service Schedules continued*

	<u>\$6,200,000 G.O. Cmnty Dev Bonds, Series 2015A - 4/1/15</u>		<u>\$26,375,000 G.O. Corp. Purp. Bonds, Series 2015B - 12/1/15</u>		<u>\$7,400,000 Taxable G.O. Cmnty Dev Bonds, Series 2015C - 12/1/15</u>	
	Principal		Principal		Principal	
	<u>4/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>
2016	\$ 50,000	\$ 320,953	\$ 2,300,000	\$ 657,687	\$ 150,000	\$ 195,475
2017	150,000	210,719	2,100,000	611,688	475,000	192,100
2018	175,000	205,844	1,750,000	569,687	525,000	181,412
2019	175,000	200,594	2,000,000	534,688	575,000	169,600
2020	175,000	195,344	1,750,000	494,687	625,000	156,663
2021	200,000	188,718	1,275,000	459,688	650,000	142,600
2022	200,000	180,719	1,650,000	434,187	700,000	127,975
2023	200,000	171,719	3,475,000	368,188	700,000	111,525
2024	200,000	161,719	2,425,000	290,000	725,000	93,675
2025	350,000	149,719	2,200,000	229,375	750,000	73,737
2026	375,000	135,218	950,000	168,875	300,000	51,613
2027	400,000	119,719	1,075,000	140,375	300,000	42,312
2028	400,000	103,719	1,100,000	102,750	300,000	32,563
2029	400,000	89,718	1,150,000	69,750	300,000	22,362
2030	425,000	77,344	1,175,000	35,250	325,000	11,863
2031	425,000	64,594				
2032	450,000	51,469				
2033	475,000	37,593				
2034	475,000	23,047				
2035	500,000	7,812				
	<u>6,200,000</u>	<u>2,696,281</u>	<u>26,375,000</u>	<u>5,166,875</u>	<u>7,400,000</u>	<u>1,605,475</u>
Less 2016 Payments	<u>50,000</u>	<u>320,953</u>	<u>2,300,000</u>	<u>657,687</u>	<u>150,000</u>	<u>195,475</u>
	\$ 6,150,000	\$ 2,375,328	\$ 24,075,000	\$ 4,509,188	\$ 7,250,000	\$ 1,410,000

	<u>\$15,190,000 G.O. Corporate Purpose Bonds, Series 2016B - 12/20/16<sup>1</sup></u>	
	Principal	ESTIMATED
	<u>6/01</u>	<u>Interest</u>
2016		
2017	\$ 970,000	\$ 321,629
2018	775,000	320,150
2019	450,000	304,650
2020	700,000	295,650
2021	675,000	281,650
2022	1,280,000	268,150
2023	930,000	242,550
2024	1,180,000	223,950
2025	1,930,000	200,350
2026	1,955,000	161,750
2027	385,000	122,650
2028	385,000	114,950
2029	385,000	105,325
2030	390,000	95,700
2031	390,000	84,000
2032	335,000	72,300
2033	490,000	62,250
2034	500,000	47,550
2035	535,000	32,550
2036	550,000	16,500
	<u>15,190,000</u>	<u>3,374,254</u>
Less 2016 Payments	<u>-</u>	<u>-</u>
	\$ 15,190,000	\$ 3,374,254

<sup>1</sup> New issue. Preliminary, subject to change.

Total General Obligation Debt

	<u>Total Principal</u> <sup>1</sup>	<u>Total Interest</u> <sup>1</sup>	<u>Total Debt Service</u> <sup>1</sup>	Less: Offsetting <u>Revenues</u> <sup>2</sup>	<u>Net Total Debt Service</u>
2016	\$ 8,775,000	\$ 2,886,024	\$ 11,661,024	\$ 4,874,531	\$ 6,786,493
2017	10,720,000	2,897,203	13,617,203	5,723,408	7,893,795
2018	10,015,000	2,659,128	12,674,128	5,417,709	7,256,419
2019	10,225,000	2,433,586	12,658,586	5,318,185	7,340,401
2020	10,000,000	2,196,866	12,196,866	5,267,722	6,929,144
2021	10,485,000	1,955,356	12,440,356	5,451,769	6,988,587
2022	10,300,000	1,700,083	12,000,083	5,112,311	6,887,772
2023	9,660,000	1,418,744	11,078,744	4,228,012	6,850,732
2024	9,125,000	1,156,282	10,281,282	3,448,214	6,833,068
2025	5,855,000	906,243	6,761,243	1,983,750	4,777,493
2026	4,255,000	750,206	5,005,206	1,564,750	3,440,456
2027	2,835,000	630,806	3,465,806	1,075,750	2,390,056
2028	2,885,000	532,732	3,417,732	1,070,750	2,346,982
2029	2,960,000	437,905	3,397,905	1,063,250	2,334,655
2030	3,040,000	341,907	3,381,907	1,029,750	2,352,157
2031	1,540,000	241,344	1,781,344	996,250	785,094
2032	1,535,000	187,519	1,722,519	987,750	734,769
2033	1,715,000	131,718	1,846,718	951,375	895,343
2034	975,000	70,597	1,045,597	165,000	880,597
2035	1,035,000	40,362	1,075,362	185,500	889,862
2036	550,000	16,500	566,500	180,250	386,250
	<u>\$ 118,485,000</u>	<u>\$ 23,591,111</u>	<u>\$ 142,076,111</u>	<u>\$ 56,095,986</u>	<u>\$ 85,980,125</u>
Less: 2016 Payments	<u>8,775,000</u>	<u>2,886,024</u>	<u>11,661,024</u>	<u>4,874,531</u>	<u>6,786,493</u>
	<u>\$ 109,710,000</u>	<u>\$ 20,705,087</u>	<u>\$ 130,415,087</u>	<u>\$ 51,221,455</u>	<u>\$ 79,193,632</u>

<sup>1</sup> Preliminary, subject to change.

<sup>2</sup> 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 (As of December 20, 2016)**

Waterworks System

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Current Amount Outstanding</u>
Revenue Bonds, Series 2010	10/25/10	\$ 7,750,000	1/01/29	\$ 6,425,000
Refunding Revenue Bonds, Series 2011	11/29/11	2,400,000	1/01/22	1,550,000
Revenue Bonds, Series 2013	11/19/13	4,575,000	1/01/34	4,200,000
Revenue Bonds, Series 2016A	6/21/16	4,225,000	1/01/36	<u>4,225,000</u>
		Total Waterworks System Revenue Debt		16,400,000
		Less Remaining 2016 Principal Payments		<u>( - )</u>
		Net Waterworks System Revenue Debt		<u>\$ 16,400,000</u>

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>	
	Principal		Principal		Principal		Principal	
	<u>01/01</u>	<u>Interest</u>	<u>01/01</u>	<u>Interest</u>	<u>01/01</u>	<u>Interest</u>	<u>01/01</u>	<u>Interest</u>
2016	\$ 225,000	\$ 242,187	\$ 225,000	\$ 44,375	\$ 200,000	\$ 153,738	\$ 225,000	\$ 60,018
2017	250,000	235,438	225,000	39,875	200,000	147,737	175,000	109,219
2018	250,000	227,937	250,000	35,375	175,000	141,738	175,000	105,719
2019	275,000	217,938	250,000	29,750	175,000	136,487	175,000	100,469
2020	275,000	206,937	250,000	23,500	200,000	131,238	175,000	96,968
2021	275,000	195,938	275,000	17,250	200,000	125,237	175,000	93,469
2022	275,000	187,687	300,000	9,000	200,000	119,238	200,000	88,219
2023	600,000	176,688			200,000	113,237	200,000	82,219
2024	625,000	157,188			200,000	107,238	200,000	76,218
2025	650,000	136,875			200,000	101,237	200,000	72,219
2026	700,000	110,875			175,000	95,238	200,000	68,219
2027	725,000	86,375			175,000	89,550	200,000	64,219
2028	750,000	61,000			200,000	83,644	225,000	59,718
2029	775,000	31,000			200,000	76,644	225,000	54,375
2030					300,000	68,644	225,000	46,500
2031					325,000 <sup>(1)</sup>	56,644	225,000	38,625
2032					350,000 <sup>(1)</sup>	43,643	250,000 <sup>(1)</sup>	30,750
2033					350,000	29,644	250,000 <sup>(1)</sup>	23,250
2034					375,000	15,468	250,000 <sup>(1)</sup>	15,750
2035							275,000 <sup>(1)</sup>	8,250
2036								
	<u>6,650,000</u>	<u>2,274,063</u>	<u>1,775,000</u>	<u>199,125</u>	<u>4,400,000</u>	<u>1,836,244</u>	<u>4,225,000</u>	<u>1,294,393</u>
Less 2016 Payments	<u>225,000</u>	<u>242,187</u>	<u>225,000</u>	<u>44,375</u>	<u>200,000</u>	<u>153,738</u>	<u>-</u>	<u>-</u>
	\$ 6,425,000	\$ 2,031,876	\$ 1,550,000	\$ 154,750	\$ 4,200,000	\$ 1,682,506	\$ 4,225,000	\$ 1,294,393

<sup>1</sup> Mandatory redemption amounts.

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Total Waterworks System Revenue Debt and Coverage Ratio

	Total Principal	Total Interest	Total Debt Service	Coverage Ratio <sup>1</sup>
2016	\$ 650,000	\$ 440,300	\$ 1,090,300	1.99
2017	900,000	483,068	1,383,068	1.57
2018	850,000	514,269	1,364,269	1.59
2019	875,000	489,894	1,364,894	1.59
2020	900,000	462,144	1,362,144	1.59
2021	925,000	435,393	1,360,393	1.59
2022	950,000	409,394	1,359,394	1.59
2023	1,000,000	378,144	1,378,144	1.57
2024	1,025,000	346,645	1,371,645	1.58
2025	1,050,000	314,330	1,364,330	1.59
2026	1,075,000	278,332	1,353,332	1.60
2027	1,100,000	244,144	1,344,144	1.61
2028	1,150,000	208,863	1,358,863	1.59
2029	1,200,000	167,362	1,367,362	1.58
2030	525,000	123,019	648,019	3.34
2031	550,000	103,144	653,144	3.32
2032	575,000	82,268	657,268	3.30
2033	600,000	60,394	660,394	3.28
2034	625,000	38,718	663,718	3.26
2035	250,000	15,750	265,750	8.15
2036	<u>275,000</u>	<u>8,250</u>	<u>283,250</u>	7.65
	17,050,000	5,603,825	22,653,825	
Less 2016 Payments	<u>650,000</u>	<u>440,300</u>	<u>1,090,300</u>	
	\$ 16,400,000	\$ 5,163,525	\$ 21,563,525	

<sup>1</sup> Coverage based on 2015 net revenues of \$2,166,891.

**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 December 20, 2016, and for the past five years ended December 31 follows:

Year	Ratios of General Obligation Debt to <u>Equalized Valuation and Population</u>				
	Outstanding General Obligation Debt	Equalized Valuation	Percent of <u>Equalized Value</u>	<u>Population</u> <sup>1</sup>	Per <u>Capita</u>
2016	\$ 109,710,000 <sup>2</sup>	\$ 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
2012	60,204,990	4,963,918,700	1.21	46,320	1,299.76
2011	52,957,924	5,243,279,500	1.01	46,380	1,141.83

<sup>1</sup> Estimated by the Wisconsin Department of Administration.

<sup>2</sup> Unaudited (includes the Bonds; less 2016 payments).

**Indirect Debt**

The indirect general obligation debt of the City as of November 15, 2016 is listed below.

<u>Governmental Unit</u>	<u>Outstanding Debt as of November 15, 2016 (Less: 2016 Sinking Funds)</u>	<u>Percent of Debt Within City</u>	<u>Amount of Debt Within City</u>
Wauwatosa School District	\$ -	100.00%	\$ -
Milwaukee County	648,079,858	9.45	61,243,547
Milwaukee Metro Sewerage District <sup>1</sup>	875,401,480	9.64	84,388,703
Milwaukee Area Technical College District <sup>2</sup>	105,945,000	7.61	8,062,415
			<u>\$ 153,694,664</u>

<sup>1</sup> The Sewerage District made Clean Water Fund Loan ("CWF Loan") draws of \$7,251,000 as of November 2, 2016, and expects to draw an additional approximately \$5,728,000 before year-end. The CWF Loans are supported by the full faith and credit of the Sewerage District.

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

Total Indirect Debt	\$	153,694,664
Indirect Debt Per Capita	\$	3,259
Indirect Debt as a % of Equalized Value		2.70%
Total Direct Debt	\$	109,710,000
Total Direct Debt Per Capita	\$	2,326
Total Direct Debt as a % of Equalized Value		1.92%
Total Direct and Indirect Debt	\$	263,404,664
Total Direct and Indirect Debt Per Capita	\$	5,585
Total Direct and Indirect Debt as a % of Equalized Value		4.62%

**Short Term Debt**

The City does not issue short-term debt for operational purposes.

**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 2016	\$	5,699,272,300
Total General Obligation Debt Outstanding as of December 20, 2016	\$	109,710,000
Legal Debt Capacity (5% of Equalized Value)	\$	284,963,615
Unused Margin of Indebtedness	\$	175,253,615
Unused Legal Debt Capacity		61.50%

**No Default on City Indebtedness**

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

**Future Financings**

The City anticipates issuing general obligation debt in 2017. The amount and date are unknown at this time.

## 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 2016 General Fund Budget and 2017 General Fund Budget are shown below.

#### City of Wauwatosa General Fund Budgets

	2016 Adopted Budget	2017 Proposed Budget	Percent of 2017 Proposed Budget Total
<b>REVENUES</b>			
General Property Tax Levy	\$ 37,577,013	\$ 38,552,016	70.00%
Other Taxes	1,506,805	1,575,500	2.86
Special Charges	21,100	19,600	0.04
State Shared Revenues	3,083,849	2,895,483	5.26
State Grants and Aids	1,915,022	2,178,765	3.95
Federal Shared Revenues/Grants	210,988	169,788	0.31
Licenses & Permits	1,362,955	1,505,320	2.73
Fines, Forfeits & Penalties	1,215,000	1,359,901	2.47
Public Charges for Services	2,783,890	3,003,348	5.45
Intergovernmental Charges	1,615,551	1,563,308	2.84
Miscellaneous Revenue	601,890	737,590	1.34
Transfers from Other Funds & Use of Equity			
Transfer from Amortization Fund	400,000	480,000	0.87
Transfer from Water Utility	928,738	1,001,725	1.82
Transfer from T.I.F.	25,000	35,000	0.06
Appropriated Surplus Applied	<u>60,000</u>	<u>-</u>	<u>0.00</u>
<b>TOTAL</b>	<b><u>\$ 53,307,801</u></b>	<b><u>\$ 55,077,344</u></b>	<b><u>100.00%</u></b>
<b>EXPENDITURES</b>			
General Government	\$ 4,921,984	\$ 4,912,986	8.92%
Public Safety	29,705,197	30,950,198	56.20
Transportation – General	4,904,889	4,785,015	8.69
Sanitation	2,097,698	2,093,187	3.80
Health	1,499,869	1,466,993	2.67
Leisure Activities	389,457	464,863	0.84
Conservation & Development	1,917,532	1,899,511	3.45
Non-Departmental & General	988,579	1,000,514	1.82
Transfers to Other Funds & Equity Use:			
Amortization Fund	630,000	685,000	1.24
Debt Service Fund	4,205,767	4,634,105	8.41
Parks Reserve	1,108,093	1,147,871	2.08
Other Funds	850,000	960,000	1.74
Insurance Reserve Funds	<u>88,735</u>	<u>77,101</u>	<u>0.14</u>
<b>TOTAL</b>	<b><u>\$ 53,307,800</u></b>	<b><u>\$ 55,077,344</u></b>	<b><u>100.00%</u></b>

Source: City

## Summary of Operations

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES:</b>			
Taxes	\$ 34,505,008	\$ 33,660,827	\$ 33,466,592
Intergovernmental revenues	4,910,562	4,667,455	4,609,449
Licenses and permits	2,178,435	2,068,477	1,719,500
Penalties and forfeitures	1,031,425	994,421	1,080,323
Public improvement revenues	26,956	34,622	35,045
Public charges for services	3,007,983	2,496,843	3,039,890
Intergovernmental charges for services	1,581,449	1,596,756	1,568,660
Commercial revenues	<u>726,769</u>	<u>1,135,292</u>	<u>251,134</u>
Total Revenues	47,968,587	46,654,693	45,770,593
<b>EXPENDITURES:</b>			
Current			
General government	5,624,297	5,823,484	4,785,158
Protection of persons and property	28,998,448	28,361,225	29,143,209
Health and sanitation	3,413,231	3,627,241	3,741,837
Highway and transportation	4,562,105	4,920,058	5,383,042
Education and recreation	54,294	46,355	49,736
Conservation and development	1,570,493	1,523,209	1,406,508
Unclassified	407,231	383,261	392,257
Capital outlay	<u>180,269</u>	<u>281,180</u>	<u>156,122</u>
Total Expenditures	44,810,368	44,966,013	45,057,869
Excess of Revenues Over (Under) Expenditures	3,158,219	1,688,680	712,724
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Proceeds from sale of capital assets	-	26,572	-
Operating transfers in	884,940	944,360	902,692
Operating transfers out	<u>(3,347,408)</u>	<u>(1,799,854)</u>	<u>(1,574,650)</u>
Net change in fund balances	695,751	859,758	40,766
FUND BALANCES – BEGINNING OF YEAR	<u>19,925,991</u>	<u>19,066,233</u>	<u>19,025,467</u>
FUND BALANCES - END OF YEAR	<u>\$ 20,621,742</u>	<u>\$ 19,925,991</u>	<u>\$ 19,066,233</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 2,071,864	\$ 5,608,760	\$ 5,621,848
Committed	\$ -	\$ -	\$ 242,849
Assigned	\$ 1,978,281	\$ 2,284,846	\$ 2,302,959
Unassigned	\$ 16,571,597	\$ 12,032,385	\$ 10,898,577

Source: The City's audited financial statements.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES:</b>			
Taxes	\$ 47,003,285	\$ 47,232,813	\$ 45,185,474
Intergovernmental revenues	8,326,309	8,879,865	9,137,594
Licenses and permits	2,178,436	2,068,477	1,719,500
Penalties and forfeitures	1,031,436	994,421	1,080,323
Public improvement revenues	505,954	687,535	405,240
Public charges for services	3,715,345	3,263,154	3,790,087
Intergovernmental charges for services	1,581,449	1,596,756	1,568,660
Commercial revenues	<u>2,058,879</u>	<u>1,362,185</u>	<u>527,909</u>
 Total Revenues	 66,401,091	 66,085,206	 63,414,787
<b>EXPENDITURES:</b>			
General government	5,624,297	5,823,484	4,785,158
Protection of persons and property	28,998,448	28,361,225	29,143,209
Health and sanitation	3,413,231	3,627,241	3,741,837
Highway and transportation	4,562,105	4,920,058	5,383,042
Education and recreation	3,748,216	3,746,824	4,166,067
Conservation and development	34,275,579	6,322,366	7,556,660
Unclassified	407,231	383,261	392,257
Debt service			
Principal	26,504,637	8,137,991	8,054,402
Interest	1,852,409	2,014,970	2,230,080
Capital outlay	<u>19,150,370</u>	<u>7,896,609</u>	<u>17,318,171</u>
 Total Expenditures	 128,536,523	 71,234,029	 82,770,883
 Excess of Revenues Over (Under) Expenditures	 (62,135,432)	 (5,148,823)	 (19,356,096)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	49,045,500	14,170,000	7,446,280
Premium on long term debt	960,273	149,888	308,530
Proceeds from sale of capital assets	-	26,572	-
Operating transfers in	35,159,856	9,536,964	20,182,405
Operating transfers out	<u>(32,439,382)</u>	<u>(7,575,856)</u>	<u>(18,302,131)</u>
 Net change in fund balances		 11,158,745	 (9,721,012)
 FUND BALANCES - BEGINNING OF YEAR	 <u>(9,409,185)</u>	 <u>37,720,519</u>	 <u>47,441,531</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 39,470,079</u>	 <u>\$ 48,879,264</u>	 <u>\$ 37,720,519</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 3,125,158	\$ 5,610,560	\$ 5,681,477
Restricted	\$ 12,617,348	\$ 27,811,038	\$ 17,596,944
Committed	\$ -	\$ -	\$ 242,849
Assigned	\$ 7,155,976	\$ 3,425,281	\$ 3,300,672
Unassigned	\$ 16,571,597	\$ 12,032,385	\$ 10,898,577

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, 2015, 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, 2014. This is the fourth 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. The total retirement plan contributions (including both the City's and the employees' contributions) for the fiscal years ended December 31, 2014 and December 31, 2013 were \$4,770,997 and \$5,267,429 respectively. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$2,718,895.

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, 2014, the total pension liability of the WRS was calculated as \$89.7 billion and the fiduciary net position of the WRS was calculated as \$92.2 billion, resulting in a net pension asset of \$2.5 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 2015, the City reported an asset of \$6,958,029 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2014 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 0.28327583% of the aggregate WRS net pension asset as of December 31, 2014.

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, 2015.

## **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 February 1, 2015, membership of the plan consisted of 450 active plan members and 130 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 June 2015 with an actuarial valuation date of January 1, 2015.

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 2015, the annual required contribution for Fiscal Year 2015 was \$4,300,210. For Fiscal Year 2015, contributions to the plan totaled \$2,585,568, which was 60.13% 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 January 1, 2015, the actuarial accrued liability for benefits was \$47,952,213 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$47,952,213, 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, 2015.

## **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. The matter is in its early stages, so no final decision is expected in the next twelve 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. 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.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

## **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 B "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 corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. 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 City 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 City 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 B "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. In the case of corporate owners of Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in adjusted current earnings for purposes of calculating the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

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.

### **Exemption From Securities Registration**

Wisconsin Statutes, Section 551.201, provides that securities issued by a political subdivision of a state, including the Bonds, are exempt from registration with the Wisconsin Department of Financial Institutions Division of Securities.

### **Other Covenants of the City**

*No Arbitrage.* The City covenants that no investment will be made which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

*Compliance With Federal Tax Laws.* The City represents and covenants that the Projects financed by the Bonds will not cause the Bonds to be "private activity bonds" and that it will comply with the provisions of the Internal Revenue Code of 1986, as amended, including the arbitrage rebate requirements of the Code, to the extent necessary to maintain the tax-exempt status of the Bonds.

## **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

A rating on the Bonds has been requested from Moody's Investors Service, Inc. ("Moody's").

Currently, Moody's maintains its "Aaa" rating on the City's previously issued long-term general obligation debt.

The rating, when issued, 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 C. 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 past five years there have been numerous rating changes reported by Moody's Investors Service, S&P Global Ratings and Fitch Ratings affecting municipal bond insurance companies, some of which had insured bonds previously issued by the City. Material event notices of these bond insurer rating changes were not filed by the City, but there was widespread knowledge of these changes in the municipal bond market. Except to the extent the preceding is deemed to be material, 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 has reviewed its continuing disclosure compliance responsibilities to help ensure compliance in the future.

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](http://www.emma.msrb.org).

### Underwriting

The Bonds are to be purchased by competitive bidding conducted on December 6, 2016.

The award of the Bonds was made to \_\_\_\_\_ (the "Underwriter"). The public reoffering prices or yields of the Bonds may be obtained from the successful 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 Bonds on December 6, 2016.

**CERTIFICATES 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 \_\_\_\_\_  
City Clerk

**APPENDIX A**

**Audited Financial Statements  
of the  
City of Wauwatosa  
For the Year Ended December 31, 2015**

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**APPENDIX B**

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

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**APPENDIX C**

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

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**APPENDIX D**  
**OFFICIAL NOTICE OF SALE**  
**FOR THE BONDS**

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**APPENDIX E**  
**OFFICIAL BID FORM**  
**FOR THE BONDS**

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