

<b>APPROVAL</b> <i>slw fd</i>	<b>REQUEST FOR COUNCIL ACTION</b>	<b>MEETING DATE</b> <b>Nov 19, 2019</b>
<b>REPORTS &amp; RECOMMENDATIONS</b>	<b>Resolution Awarding the Sale of \$2,320,000 General Obligation Promissory Notes, Series 2019D</b>	<b>ITEM NUMBER</b> <b>G. 3.</b>

**Analysis**

On Sept 17, 2019 the Common Council adopted an initial resolution authorizing the sale of \$2,320,000 of General Obligation Notes to support projects in the 2019 Capital Improvement fund. The projects list include Pleasant View Park Pavilion, an indoor shooting range at the Police Administration Building, a round-about at S 51<sup>st</sup> Street and W Drexel Ave and street repairs on S 68<sup>th</sup> Street.

The sale is a competitive sale conducted November 19, 2019.

Our Financial Advisor for this transaction is Ehlers & Associates, LLC, represented by Dawn Gunderson.

Quarles and Brady prepared a sample Council resolution for review which is attached. An updated resolution based on the results of the sale will be presented at the meeting for adoption.

Ms. Gunderson of Ehlers & Associates will present the results of the sale from bids opened earlier on November 19, 2019.

Copies of the preliminary Official Statements are enclosed for your information and were emailed to Alderman last week.

**COUNCIL ACTION REQUESTED**

Motion to adopt Resolution No. 2019 - \_\_\_\_\_ awarding the sale of \$2,320,000 General Obligation Promissory Notes, 2019D.

STATE OF WISCONSIN · CITY OF FRANKLIN: MILWAUKEE COUNTY

RESOLUTION NO. \_\_\_\_\_

RESOLUTION AWARDING THE SALE OF \$2,320,000 GENERAL OBLIGATION  
PROMISSORY NOTES, SERIES 2019D

-----

WHEREAS, on September 17, 2019, the Common Council of the City of Franklin, Milwaukee County, Wisconsin (the "City") adopted a resolution (the "Set Sale Resolution"), providing for the sale of General Obligation Promissory Notes, Series 2019D (the "Notes") for public purposes, including paying projects listed in the City's Capital Improvement Program (the "Project");

WHEREAS, the Common Council hereby finds and determines that the Project is within the City's power to undertake and therefore serves a "public purpose" as that term is defined in Section 67.04(1)(b), Wisconsin Statutes;

WHEREAS, pursuant to the Set Sale Resolution, the City has directed Ehlers & Associates, Inc. ("Ehlers") to take the steps necessary to sell the Notes to pay the cost of the Project;

WHEREAS, Ehlers, in consultation with the officials of the City, prepared a Notice of Sale (a copy of which is attached hereto as Exhibit A and incorporated herein by this reference) setting forth the details of and the bid requirements for the Notes and indicating that the Notes would be offered for public sale on November 19, 2019;

WHEREAS, the City Clerk (in consultation with Ehlers) caused a form of notice of the sale to be published and/or announced and caused the Notice of Sale to be distributed to potential bidders offering the Notes for public sale on November 19, 2019;

WHEREAS, the City has duly received bids for the Notes as described on the Bid Tabulation attached hereto as Exhibit B and incorporated herein by this reference (the "Bid Tabulation"); and

WHEREAS, it has been determined that the bid proposal (the "Proposal") submitted by the financial institution listed first on the Bid Tabulation fully complies with the bid requirements set forth in the Notice of Sale and is deemed to be the most advantageous to the City. Ehlers has recommended that the City accept the Proposal. A copy of said Proposal submitted by such institution (the "Purchaser") is attached hereto as Exhibit C and incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City that.

Section 1. Ratification of the Notice of Sale and Offering Materials The Common Council hereby ratifies and approves the details of the Notes set forth in Exhibit A attached hereto as and for the details of the Notes The Notice of Sale and any other offering materials prepared and circulated by Ehlers are hereby ratified and approved in all respects All actions taken by officers of the City and Ehlers in connection with the preparation and distribution of the Notice of Sale, and any other offering materials are hereby ratified and approved in all respects.

Section 1A. Award of the Notes. The Proposal of the Purchaser offering to purchase the Notes for the sum set forth on the Proposal, plus accrued interest to the date of delivery, resulting in a true interest cost as set forth on the Proposal, is hereby accepted. The Mayor and City Clerk or other appropriate officers of the City are authorized and directed to execute an acceptance of the Proposal on behalf of the City. The good faith deposit of the Purchaser shall be applied in accordance with the Notice of Sale, and any good faith deposits submitted by unsuccessful bidders shall be promptly returned The Notes shall bear interest at the rates set forth on the Proposal.

Section 2. Terms of the Notes. The Notes shall be designated "General Obligation Promissory Notes, Series 2019D"; shall be issued in the aggregate principal amount of \$2,320,000\*; shall be dated December 4, 2019; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and shall bear interest at the rates per annum and mature on March 1 of each year, in the years and principal amounts as set forth on the Pricing Summary attached hereto as Exhibit D-1 and incorporated herein by this reference. Interest shall be payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2020. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The schedule of principal and interest payments due on the Notes is set forth on the Debt Service Schedule attached hereto as Exhibit D-2 and incorporated herein by this reference (the "Schedule").

Section 3. Redemption Provisions. The Notes maturing on March 1, 2027 shall be subject to redemption prior to maturity, at the option of the City, on March 1, 2026 or on any date thereafter. Said Notes shall be redeemable as a whole or in part, and if in part by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[If the Proposal specifies that any of the Notes are subject to mandatory redemption, the terms of such mandatory redemption shall be set forth on an attachment hereto as Exhibit MRP and incorporated herein by this reference. Upon the optional redemption of any of the Notes subject to mandatory redemption, the principal amount of such Notes so redeemed shall be credited against the mandatory redemption payments established in Exhibit MRP for such Notes in such manner as the City shall direct.]

---

\* Preliminary subject to change

Section 4 Form of the Notes. The Notes shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit E and incorporated herein by this reference.

Section 5. Tax Provisions.

(A) Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Notes as the same becomes due, the full faith, credit and resources of the City are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the City a direct annual irrepealable tax in the years 2019 through 2026 for the payments due in the years 2020 through 2027 in the amounts set forth on the Schedule.

(B) Tax Collection So long as any part of the principal of or interest on the Notes remains unpaid, the City shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Notes, said tax shall be, from year to year, carried onto the tax roll of the City and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the City for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus money in the Debt Service Fund Account created below.

(C) Additional Funds. If at any time there shall be on hand insufficient funds from the aforesaid tax levy to meet principal and/or interest payments on said Notes when due, the requisite amounts shall be paid from other funds of the City then available, which sums shall be replaced upon the collection of the taxes herein levied.

Section 6. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the City, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Debt service or sinking funds established for obligations previously issued by the City may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there hereby is established a separate and distinct account designated as the "Debt Service Fund Account for General Obligation Promissory Notes, Series 2019D" (the "Debt Service Fund Account") and such account shall be maintained until the indebtedness evidenced by the Notes is fully paid or otherwise extinguished. There shall be deposited into the Debt Service Fund Account (i) all accrued interest received by the City at the time of delivery of and payment for the Notes; (ii) any premium which may be received by the City above the par value of the Notes and accrued interest thereon; (iii) all money raised by the taxes herein levied and any amounts appropriated for the specific purpose of meeting principal of and interest on the Notes when due; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Notes when due, (v) surplus monies in the Borrowed Money Fund as specified below, and (vi) such further deposits as may be required by Section 67.11, Wisconsin Statutes

(B) Use and Investment. No money shall be withdrawn from the Debt Service Fund Account and appropriated for any purpose other than the payment of principal of and interest on the Notes until all such principal and interest has been paid in full and the Notes canceled, provided (i) the funds to provide for each payment of principal of and interest on the Notes prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Notes may be used to reduce the next succeeding tax levy, or may, at the option of the City, be invested by purchasing the Notes as permitted by and subject to Section 67.11(2)(a), Wisconsin Statutes, or in permitted municipal investments under the pertinent provisions of the Wisconsin Statutes ("Permitted Investments"), which investments shall continue to be a part of the Debt Service Fund Account. Any investment of the Debt Service Fund Account shall at all times conform with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any applicable Treasury Regulations (the "Regulations").

(C) Remaining Monies. When all of the Notes have been paid in full and canceled, and all Permitted Investments disposed of, any money remaining in the Debt Service Fund Account shall be transferred and deposited in the general fund of the City, unless the Common Council directs otherwise.

Section 7. Proceeds of the Notes; Segregated Borrowed Money Fund. The proceeds of the Notes (the "Note Proceeds") (other than any premium and accrued interest which must be paid at the time of the delivery of the Notes into the Debt Service Fund Account created above) shall be deposited into a special fund (the "Borrowed Money Fund") separate and distinct from all other funds of the City and disbursed solely for the purpose or purposes for which borrowed Monies in the Borrowed Money Fund may be temporarily invested in Permitted Investments. Any monies, including any income from Permitted Investments, remaining in the Borrowed Money Fund after the purpose or purposes for which the Notes have been issued have been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose(s) shall be deposited in the Debt Service Fund Account.

Section 8. No Arbitrage. All investments made pursuant to this Resolution shall be Permitted Investments, but no such investment shall be made in such a manner as would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations and an officer of the City, charged with the responsibility for issuing the Notes, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of delivery of the Notes to the Purchaser which will permit the conclusion that the Notes are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 9. Compliance with Federal Tax Laws. (a) The City represents and covenants that the projects financed by the Notes and the ownership, management and use of the projects will not cause the Notes to be "private activity bonds" within the meaning of Section 141 of the Code. The City further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Notes including, if applicable, the rebate requirements of Section 148(f) of the Code. The City further covenants

that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Notes) if taking, permitting or omitting to take such action would cause any of the Notes to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Notes to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the City charged with the responsibility of issuing the Notes shall provide an appropriate certificate of the City certifying that the City can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The City also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Notes provided that in meeting such requirements the City will do so only to the extent consistent with the proceedings authorizing the Notes and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 10. Designation as Qualified Tax-Exempt Obligations The Notes are hereby designated 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

Section 11. Execution of the Notes; Closing; Professional Services. The Notes shall be issued in printed form, executed on behalf of the City by the manual or facsimile signatures of the Mayor and City Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the City of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Notes may be imprinted on the Notes in lieu of the manual signature of the officer but, unless the City has contracted with a fiscal agent to authenticate the Notes, at least one of the signatures appearing on each Note shall be a manual signature. In the event that either of the officers whose signatures appear on the Notes shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Notes and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The City hereby authorizes the officers and agents of the City to enter into, on its behalf, agreements and contracts in conjunction with the Notes, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Notes is hereby ratified and approved in all respects.

Section 12. Payment of the Notes; Fiscal Agent The principal of and interest on the Notes shall be paid by Bond Trust Services Corporation, Roseville, Minnesota, which is hereby appointed as the City's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The City hereby authorizes the Mayor and City Clerk or other appropriate officers of the City to enter a Fiscal Agency Agreement between the City and the Fiscal Agent. Such contract may provide, among other things, for the performance by

the Fiscal Agent of the functions listed in Wis Stats. Sec. 67 10(2)(a) to (j), where applicable, with respect to the Notes.

Section 13. Persons Treated as Owners, Transfer of Notes. The City shall cause books for the registration and for the transfer of the Notes to be kept by the Fiscal Agent. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Note shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the Mayor and City Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Note surrendered for transfer.

The City shall cooperate in any such transfer, and the Mayor and City Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

Section 14. Record Date. The 15th day of the calendar month next preceding each interest payment date shall be the record date for the Notes (the "Record Date"). Payment of interest on the Notes on any interest payment date shall be made to the registered owners of the Notes as they appear on the registration book of the City at the close of business on the Record Date.

Section 15. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Notes eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the City agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the City Clerk or other authorized representative of the City is authorized and directed to execute and deliver to DTC on behalf of the City to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the City Clerk's office.

Section 16. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of the proceeds of the Notes allocable to the payment of issuance expenses to Old National Bank at Closing for further distribution as directed by Ehlers.

Section 17. Official Statement. The Common Council hereby approves the Preliminary Official Statement with respect to the Notes and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by officers of the City in connection with the preparation of such Preliminary Official Statement and any addenda to it or final Official Statement are hereby ratified and approved. In connection with the Closing, the appropriate City official shall certify the Preliminary Official Statement and any addenda or final Official Statement. The City Clerk shall

cause copies of the Preliminary Official Statement and any addenda or final Official Statement to be distributed to the Purchaser

Section 18. Undertaking to Provide Continuing Disclosure The City hereby covenants and agrees, for the benefit of the owners of the Notes, to enter into a written undertaking (the "Undertaking") if required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Notes or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the City to comply with the provisions of the Undertaking shall not be an event of default with respect to the Notes).

To the extent required under the Rule, the Mayor and City Clerk, or other officer of the City charged with the responsibility for issuing the Notes, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the City's Undertaking.

Section 19. Record Book. The City Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Notes in the Record Book.

Section 20. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Notes, the officers of the City are authorized to take all actions necessary to obtain such municipal bond insurance. The Mayor and City Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the Mayor and City Clerk including provisions regarding restrictions on investment of Note proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Notes by the bond insurer and notices to be given to the bond insurer. In addition, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Note provided herein.

Section 21. Conflicting Resolutions; Severability, Effective Date. All prior resolutions, rules or other actions of the Common Council or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Introduced at a regular meeting of the Common Council of the City of Franklin this 19th day of November, 2019.

Passed and adopted at a regular meeting of the Common Council of the City of Franklin this 19th day of November, 2019.

\_\_\_\_\_  
Stephen R. Olson  
Mayor

ATTEST:

\_\_\_\_\_  
Sandra L. Wesolowski  
City Clerk

(SEAL)

AYES \_\_\_ NOES \_\_\_ ABSENT \_\_\_

EXHIBIT A

Notice of Sale

To be provided by Ehlers & Associates, Inc and incorporated into the Resolution

(See Attached)

EXHIBIT B

Bid Tabulation

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution.

(See Attached)

EXHIBIT C

Winning Bid

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution

(See Attached)

EXHIBIT D-1

Pricing Summary

To be provided by Ehlers & Associates, Inc and incorporated into the Resolution.

(See Attached)

EXHIBIT D-2

Debt Service Schedule and Irrepealable Tax Levies

To be provided by Ehlers & Associates, Inc and incorporated into the Resolution

(See Attached)

[ EXHIBIT MRP

Mandatory Redemption Provision

The Notes due on March 1, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (the "Term Bonds") are subject to mandatory redemption prior to maturity by lot (as selected by the Depository) at a redemption price equal to One Hundred Percent (100%) of the principal amount to be redeemed plus accrued interest to the date of redemption, from debt service fund deposits which are required to be made in amounts sufficient to redeem on March 1 of each year the respective amount of Term Bonds specified below

For the Term Bonds Maturing on March 1, \_\_\_\_\_

<u>Redemption Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on March 1, \_\_\_\_\_

<u>Redemption Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on March 1, \_\_\_\_\_

<u>Redemption Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on March 1, \_\_\_\_\_

<u>Redemption Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity) ]

EXHIBIT E

(Form of Note)

REGISTERED	UNITED STATES OF AMERICA	DOLLARS
	STATE OF WISCONSIN	
	MILWAUKEE COUNTY	
NO. R-____	CITY OF FRANKLIN	\$_____
	GENERAL OBLIGATION PROMISSORY NOTE, SERIES 2019D	

MATURITY DATE:	ORIGINAL DATE OF ISSUE:	INTEREST RATE:	CUSIP:
March 1, _____	December 4, 2019	_____%	_____

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ THOUSAND DOLLARS  
(\$\_\_\_\_\_)

FOR VALUE RECEIVED, the City of Franklin, Milwaukee County, Wisconsin (the "City"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), on the maturity date identified above, the principal amount identified above, and to pay interest thereon at the rate of interest per annum identified above, all subject to the provisions set forth herein regarding redemption prior to maturity. Interest shall be payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2020 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Note are payable to the registered owner in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Note is registered on the Bond Register maintained by Bond Trust Services Corporation, Roseville, Minnesota (the "Fiscal Agent") or any successor thereto at the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). This Note is payable as to principal upon presentation and surrender hereof at the office of the Fiscal Agent.

For the prompt payment of this Note together with interest hereon as aforesaid and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Note is one of an issue of Notes aggregating the principal amount of \$2,320,000, all of which are of like tenor, issued by the City pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, for public purposes including projects listed in the City's Capital Improvement Program, as authorized by a resolution adopted on November 19, 2019 (the "Resolution"). Said Resolution is recorded in the official minutes of the Common Council for said date.

The Notes maturing on March 1, 2027 are subject to redemption prior to maturity, at the option of the City, on March 1, 2026 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

【The Notes maturing in the years \_\_\_\_\_ are subject to mandatory redemption by lot as provided in the Resolution, at the redemption price of par plus accrued interest to the date of redemption and without premium.】

In the event the Notes are redeemed prior to maturity, as long as the Notes are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the Notes of a maturity are to be called for redemption, the Notes of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation and date of the Notes called for redemption, CUSIP number, and the date of redemption. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Notes shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Notes shall no longer be deemed to be outstanding.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time; that the aggregate indebtedness of the City, including this Note and others issued simultaneously herewith, does not exceed any limitation imposed by law or the Constitution of the State of Wisconsin; and that a direct annual irrevocable tax has been levied sufficient to pay this Note, together with the interest thereon, when and as payable.

This Note has been designated by the Common Council as a "qualified tax-exempt obligation" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Note is transferable only upon the books of the City kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Notes, and the City appoints another depository, upon surrender of the Note to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Note in the same aggregate principal amount shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the City for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Notes (i) after the Record Date, (ii)

during the fifteen (15) calendar days preceding the date of any publication of notice of any proposed redemption of the Notes, or (iii) with respect to any particular Note, after such Note has been called for redemption. The Fiscal Agent and City may treat and consider the Depository in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The Notes are issuable solely as negotiable, fully-registered Notes without coupons in the denomination of \$5,000 or any integral multiple thereof.

This Note shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Fiscal Agent.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

IN WITNESS WHEREOF, the City of Franklin, Milwaukee County, Wisconsin, by its governing body, has caused this Note to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, if any, all as of the original date of issue specified above.

CITY OF FRANKLIN  
MILWAUKEE COUNTY, WISCONSIN

By \_\_\_\_\_  
Stephen R. Olson  
Mayor

(SEAL)

By: \_\_\_\_\_  
Sandra L. Wesolowski  
City Clerk

Date of Authentication: \_\_\_\_\_, \_\_\_\_\_

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue authorized by the within-mentioned Resolution of the City of Franklin, Milwaukee County, Wisconsin.

BOND TRUST SERVICES  
CORPORATION,  
ROSEVILLE, MINNESOTA

By \_\_\_\_\_  
Authorized Signatory

ASSIGNMENT

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

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or other Identifying Number of Assignee)

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_, Legal Representative, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
(e.g Bank, Trust Company  
or Securities Firm)

\_\_\_\_\_  
(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

\_\_\_\_\_  
(Authorized Officer)

## PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2019

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, 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.

New Issue

Rating Application Made: Moody's Investors Service, Inc.

### CITY OF FRANKLIN, WISCONSIN (Milwaukee County)

### \$2,320,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2019D

**BID OPENING:** November 19, 2019, 10:00 A.M., C.T.      **CONSIDERATION:** November 19, 2019, 6:30 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$2,320,000\* General Obligation Promissory Notes, Series 2019D (the "Notes") of the City of Franklin, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including projects listed in the City's Capital Improvement Program. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF NOTES:** December 4, 2019

**MATURITY:** March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2020	\$75,000	2023	\$385,000	2026	\$300,000
2021	125,000	2024	250,000	2027	325,000
2022	385,000	2025	475,000		

**\*MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** March 1, 2020 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Notes maturing on March 1, 2027 are subject to call for prior optional redemption on March 1, 2026 on any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:** \$2,296,800.

**MAXIMUM BID:** \$2,412,800.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$46,400 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation.

**BOND COUNSEL &**

**DISCLOSURE COUNSEL:** Quarles & Brady LLP.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and if given or made such other information or representations must not be relied upon as having been authorized by the City. *This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Notes. Compensation of Ehlers and Associates, Inc. payable entirely by the City is contingent upon the delivery of the Notes.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes; (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested; and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

## TABLE OF CONTENTS

INTRODUCTORY STATEMENT	1	TAX LEVIES AND COLLECTIONS	17
THE NOTES	1	TAX LEVIES AND COLLECTIONS	17
GENERAL	1	PROPERTY TAX RATES	18
OPTIONAL REDEMPTION	1	LEVY LIMITS	18
AUTHORITY PURPOSE	2	THE ISSUER	20
ESTIMATED SOURCES AND USES	2	CITY GOVERNMENT	20
SECURITY	2	EMPLOYEES PENSIONS	20
RATING	2	OTHER POST EMPLOYMENT BENEFITS	22
CONTINUING DISCLOSURE	3	LITIGATION	22
LEGAL MATTERS	3	MUNICIPAL BANKRUPTCY	23
TAX EXEMPTION	4	FUNDS ON HAND	24
ORIGINAL ISSUE DISCOUNT	4	ENTERPRISE FUNDS	25
BOND PREMIUM	5	SUMMARY GENERAL FUND	
QUALIFIED TAX-EXEMPT OBLIGATIONS	5	INFORMATION	26
MUNICIPAL ADVISOR	6	GENERAL INFORMATION	27
MUNICIPAL ADVISOR AFFILIATED		LOCATION	27
COMPANIES	6	LARGER EMPLOYERS	27
INDEPENDENT AUDITORS	6	BUILDING PERMITS	28
RISK FACTORS	6	U.S. CENSUS DATA	29
VALUATIONS	8	EMPLOYMENT UNEMPLOYMENT DATA	29
WISCONSIN PROPERTY VALUATIONS		FINANCIAL STATEMENTS	A-1
PROPERTY TAXES	8	FORM OF LEGAL OPINION	B-1
CURRENT PROPERTY VALUATIONS	9	BOOK-ENTRY-ONLY SYSTEM	C-1
2019 EQUALIZED VALUE BY		FORM OF CONTINUING DISCLOSURE	
CLASSIFICATION	9	CERTIFICATE	D-1
TREND OF VALUATIONS	9	NOTICE OF SALE	E-1
LARGER TAXPAYERS	10	BID FORM	
DEBT	11		
DIRECT DEBT	11		
SCHEDULE OF GENERAL OBLIGATION			
DEBT	12		
SCHEDULE OF OTHER DEBT	14		
DEBT LIMIT	15		
OVERLAPPING DEBT	15		
DEBT RATIOS	16		
DEBT PAYMENT HISTORY	16		
FUTURE FINANCING	16		

**CITY OF FRANKLIN  
COMMON COUNCIL**

		<u>Term Expires</u>
Steven R. Olson	Mayor	April 2020
Mark Dandrea	Common Council President	April 2022
Mike Barber	Aldersperson	April 2022
Daniel Mayer	Aldersperson	April 2022
John R. Nelson	Aldersperson	April 2020
Steve F. Taylor	Aldersperson	April 2020
Kristen Wilhelm	Aldersperson	April 2020

**ADMINISTRATION**

Mark W. Diberda, Director of Administration  
Paul Rotzenberg, Director of Finance & Treasurer  
Sandia L. Wesolowski, Director of Clerk Services/City Clerk

**PROFESSIONAL SERVICES**

Jesse A. Wesolowski, City Attorney, Franklin, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin  
*(Other offices located in Roseville, Minnesota and Denver, Colorado)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Franklin, Wisconsin (the "City") and the issuance of its \$2,320,000\* General Obligation Promissory Notes, Series 2019D (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Common Council on November 19, 2019.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE NOTES

### GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 4, 2019. The Notes will mature on March 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2020, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Authorizing Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

### OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on March 1, 2027 shall be subject to optional redemption prior to maturity on March 1, 2026 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

**AUTHORITY; PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including projects listed in the City's Capital Improvement Program.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Notes	\$2,320,000	
Estimated Earnings	<u>3,750</u>	
<b>Total Sources</b>		<b>\$2,323,750</b>
<b>Uses</b>		
Estimated Underwriter's Discount (1.000%)	\$23,200	
Costs of Issuance	48,250	
Deposit to Borrowed Money Fund	2,250,000	
Rounding Amount	<u>2,300</u>	
<b>Total Uses</b>		<b>\$2,323,750</b>

\*Preliminary, subject to change

**SECURITY**

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct annual, irrepealable tax on all taxable property in the City sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

**RATING**

General obligation debt of the City is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's")

The City has requested a rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. 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 such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

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

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule") the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL MATTERS**

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B.)

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. 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 Notes 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 Notes 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 Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes 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 Notes to be included in gross income retroactively to the date of issuance of the Notes. 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 Notes."

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

Prospective purchasers of the Notes should be aware that ownership of the Notes 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 Notes 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 Notes. 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 Notes may be enacted. Prospective purchasers of the Notes 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.

## **ORIGINAL ISSUE DISCOUNT**

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted Notes") 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 Note over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Notes were sold (issue price). With respect to a taxpayer who purchases a Discounted Note in the initial public offering at the issue price and who holds such Discounted Note 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 Note 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 Note 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 Note, on days that are determined by reference to the maturity date of such Discounted Note. The amount treated as original issue discount on a Discounted Note for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Note (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Note 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 Note during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Note the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Note 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 Note is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Note (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Note 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 Notes may result in certain collateral federal income tax consequences for the owners of such Discounted Notes. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Notes at a price other than the issue price or who purchase such Discounted Notes in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Notes. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Notes 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 Notes should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Notes.

## **BOND PREMIUM**

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

Any Premium Note purchased in the initial offering at the issue price will have "amortizable premium" within the meaning of Section 171 of the Code. The amortizable premium of each Premium Note is calculated on a daily basis from the issue date of such Premium Note 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 Note that has amortizable premium is not allowed any deduction for the amortizable premium, rather the amortizable premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Notes. During each taxable year, such an owner must reduce his or her tax basis in such Premium Note by the amount of the amortizable premium that is allocable to the portion of such taxable year during which the holder held such Premium Note. The adjusted tax basis in a Premium Note will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Note.

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

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

BTSC and Ehlers Investment Partners LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2018 have been audited by Baker Tilly Virchow Krause, LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

## **RISK FACTORS**

Following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Notes are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the City and to the Notes. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

**Ratings; Interest Rates:** In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

**Tax Exemption:** If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

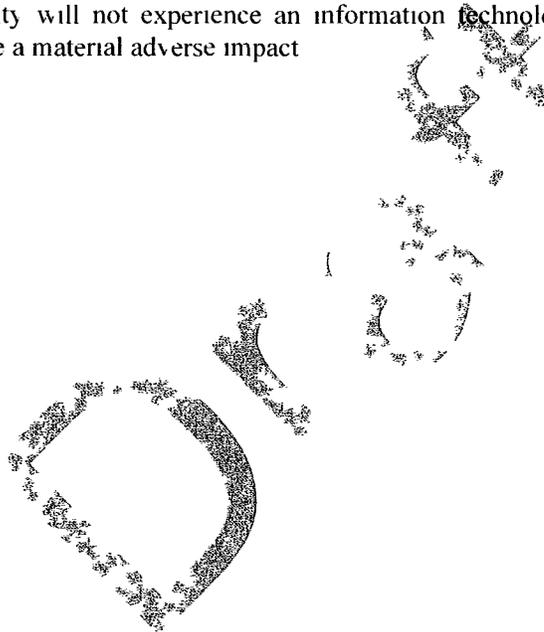
**Depository Risk:** Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Notes in the secondary market.

**Secondary Market for the Notes:** No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

**Cybersecurity:** The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.



# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

### Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village, or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue by the second Monday in June.

## CURRENT PROPERTY VALUATIONS

2019 Equalized Value	\$4,360,269,000
2019 Equalized Value Reduced by Tax Increment Valuation	\$4,211,998,800
2019 Assessed Value	\$4,229,425,745

## 2019 EQUALIZED VALUE BY CLASSIFICATION

	<b>2019 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$ 3,205,292,500	73.511%
Commercial	923,259,800	21.174%
Manufacturing	152,492,500	3.497%
Agricultural	869,600	0.020%
Undeveloped	5,205,600	0.119%
Ag Forest	205,200	0.005%
Forest	550,800	0.013%
Other	19,760,600	0.453%
Personal Property	52,632,400	1.207%
Total	<u>\$ 4,360,269,000</u>	<u>100.000%</u>

## TREND OF VALUATIONS

Year	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2015	\$3,396,543,100	\$3,649,185,900	1.66%
2016	3,704,478,925	3,729,003,100	2.19%
2017	3,854,766,200	3,888,926,200	4.29%
2018	4,035,310,280	4,022,941,400	3.45%
2019	4,229,425,745	4,360,269,000	8.39%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau

---

<sup>1</sup> Includes tax increment valuation.

## LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2018 Equalized Value <sup>1</sup>	Percent of City's Total Equalized Value
Northwestern Mutual Life	Insurance	\$ 106,301,788	2.64%
Covenant Healthcare System	Healthcare Provider	26,202,447	0.65%
Wal-Mart Stores	Retail	25,170,021	0.63%
ET Franklin Pro-Packaging LLC	Lite Manufacturing	23,326,626	0.58%
Whitnall Pointe Limited Partnership	Multi-family Housing	21,977,337	0.55%
Manchester Oaks Apartments LLC	Multi-family Housing	20,696,012	0.51%
Franklin-Wyndham LLC	Multi-family Housing	13,611,648	0.34%
Menards Inc	Retail	13,375,822	0.33%
Baptista's Bakery Inc	Lite Manufacturing	13,355,063	0.33%
MMAC 150 Aurora LLC	Healthcare Provider	13,052,970	0.32%
<b>Total</b>		<b>\$ 277,069,734</b>	<b>6.89%</b>

City's Total 2018 Equalized Value<sup>2</sup> **\$4,022,941,400**

Source: The City. 2019 data is not yet available.

<sup>1</sup> Calculated by dividing the 2018 Assessed Values by the 2018 Aggregate Ratio of assessment for the City.

<sup>2</sup> Includes tax increment valuation.

# DEBT

## DIRECT DEBT<sup>1</sup>

### General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes and the Concurrent Obligations as defined herein)\*

\$ 58,535,341

### Other Obligations

Name of Issue	Issue Date	Final Maturity	Amount Outstanding
Taxable Note Anticipation Notes Series 2018A <sup>2</sup>	5/1/2018	3/1/2023	\$ 9,480,000 <sup>3</sup>

\*Preliminary, subject to change

---

<sup>1</sup> Outstanding debt is as of the dated date of the Notes and excludes the obligations being refunded by the Concurrent Obligations

<sup>2</sup> These Taxable Note Anticipation Notes are not general obligations of the City but are secured by a pledge of the proceeds from the issuance of long term general obligation debt. The City has reserved general obligation debt capacity for the long term debt.

<sup>3</sup> Outstanding amount is after the refunding of the \$4,000,000 portion of the Taxable Note Anticipation Notes by the Concurrent Obligations



City of Franklin, Wisconsin  
 Schedule of Bonded Indebtedness continued  
 General Obligation Debt Secured by Taxes  
 (As of 12/04/2019)

Dated Amount	Taxable GO Corporate Purpose Bonds 2019A		GO Community Development Bonds Series 2019B		Taxable GO Corporate Purpose Bonds Series 2019C		GO Promissory Notes Series 2019D		Total P & I*	Principal Outstanding*	% Paid*	Calendar Year Ending
	Maturity	Principal	Interest	Principal	Interest	Principal*	Estimated Interest*	Principal*				
02/20/2019	665,000	41,700	219,700	200,000	12,04/2019	52,320,000			4,846,103	55,140,069	5.80%	2020
02/20/2019	965,000	391,250	219,700	160,000	12/04/2019	\$12,470,000			5,257,679	51,338,400	12.30%	2021
03/01	1,495,000	354,350	216,500	215,000	03/01				5,553,841	47,139,560	19.47%	2022
	940,000	317,825	209,000	200,000					4,988,785	43,402,759	25.85%	2023
	1,000,000	288,725	199,300	270,000					5,124,180	39,402,183	32.69%	2024
	1,000,000	258,725	186,500	370,000					5,207,882	31,046,365	46.99%	2025
	1,020,000	228,425	168,800	515,000					5,280,557	26,579,397	54.59%	2026
	1,100,000	196,625	147,800	670,000					4,660,219	22,615,204	61.36%	2028
	1,100,000	162,938	125,880	585,000					7,258,042	15,907,870	72.82%	2029
	1,100,000	128,563	106,075	575,000					4,432,396	11,881,456	79.70%	2030
	93,500	88,525	88,525	630,000					4,378,481	7,795,000	86.68%	2031
	57,063	57,063	70,375	630,000					2,655,489	5,335,000	90.89%	2032
	19,250	19,250	51,700	655,000					1,639,713	3,850,000	93.46%	2033
			32,094	775,000					1,718,181	2,200,000	96.24%	2034
			10,969	850,000					901,600	1,350,000	97.69%	2035
				675,000					704,700	675,000	98.85%	2036
				675,000					684,956	0	100.00%	2037
	13,685,000	3,912,938	2,052,938	6,365,000	12,470,000	3,475,878	158,636	58,535,341	11,908,887	70,444,228		

Preliminary Subject to change

City of Franklin, Wisconsin  
 Schedule of Bonded Indebtedness  
 Special Obligation Debt Secured by Long Term GO Debt  
 (As of 12/04/2019)

Taxable NAN  
 Series 2018A

Dated Amount	Maturity	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
05/01/2018 \$23,480,000	03/01	0	303,360	0	303,360	303,360	9,480,000	00%	2020
		0	303,360	0	303,360	303,360	9,480,000	00%	2021
		0	303,360	0	303,360	303,360	9,480,000	00%	2022
		9,480,000	151,680	9,480,000	151,680	9,631,680	0	100	2023
		9,480,000	1,061,760	9,480,000	1,061,760	10,541,760			

\* Outstanding amount is after the refunding of the \$4,000,000 portion of the Taxable Note Anticipation Notes by the Series 2019C Bonds

**DEBT LIMIT**

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI Section 3 of the Wisconsin Constitution and Section 67.03 Wisconsin Statutes) is 5% of the current equalized value

Equalized Value	\$ 4,360,269,000
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 218,013,450
Less General Obligation Debt (includes the Notes and the Concurrent Obligations)*	(58,535,341) <sup>1</sup>
Less Note Anticipation Note Debt Outstanding	<u>(9,480,000)<sup>2</sup></u>
Unused Debt Limit*	<u>\$ 149,998,109</u>

\*Preliminary, subject to change

**OVERLAPPING DEBT<sup>3</sup>**

Taxing District	2019 Equalized Value <sup>4</sup>	% In City	Total G.O. Debt <sup>5</sup>	City's Proportionate Share
Milwaukee County	\$ 67,178,449,700	6.49%	\$ 532,465,597	\$34,568,699
Milwaukee Area Technical College District	83,891,800,999	15.20%	100,465,000	5,146,180
Franklin Public School District	3,306,017,548	100.00%	63,700,000	63,700,000
Oak Creek-Franklin Joint School District	4,624,824,289	17.16%	135,520,000	23,255,232
Whitnall School District	1,876,432,480	13.88%	14,592,984	2,025,506
Milwaukee Metro Sewer District	65,909,579,500	6.62%	769,033,581	<u>50,910,023</u>
City's Share of Total Overlapping Debt				<u>\$179,605,640</u>

<sup>1</sup> The City has adopted a policy which further limits its ability to issue general obligation debt. Under the City's current policy, the City shall not issue general obligation debt in such an amount which would cause their outstanding debt to be in excess of 40% of the statutory debt limit. However, the City may amend such policy at any time.

<sup>2</sup> The City has covenanted that it will maintain a debt limit capacity such that the outstanding principal balance of all general obligation debt plus the principal balance of all note anticipation notes shall at no time exceed the constitutional debt limit of the City.

Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

<sup>4</sup> Includes tax increment valuation.

<sup>5</sup> Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$4,360,269,000</b>	<b>Debt/ Per Capita 35,996<sup>1</sup></b>
Total General Obligation Debt*	\$ 58,535,341	1.34%	\$ 1,626.16
City's Share of Total Overlapping Debt	<u>179,605,640</u>	<u>4.12%</u>	<u>4,989.60</u>
Total*	\$238,140,981	5.46%	\$ 6,615.76

\*Preliminary, subject to change

## DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt

## FUTURE FINANCING

Concurrently with the Notes, the City plans to issue \$12,470,000 Taxable General Obligation Corporate Purpose Bonds, Series 2019C (the "Concurrent Obligations"). The City may issue approximately \$9,500,000 of general obligation debt to finance capital projects in the City's tax incremental districts. Additionally, the City may refund the remaining \$9,480,000 of the Taxable Note Anticipation Notes, Series 2018A with general obligation debt in the next 12 months. Pursuant to a development agreement with a developer, the City expects to issue a \$14,980,000 obligation to said developer sometime in the next 12 months (the "MRO"). Under the development agreement, such MRO is a special, limited revenue obligation of the City payable solely from certain tax increment revenues that are appropriated by the Common Council. The City has previously entered into agreements in which they have issued obligations similar to the MRO and currently those obligations are outstanding in the amount of \$5,189,000. Similar to the MRO, such obligations are special, limited revenue obligations of the City payable solely from tax increment revenues of the related tax increment district. If such tax increment revenues are not generated and available, no payment is due on the related MRO. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

---

<sup>1</sup> Estimated 2019 population

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2014/15	\$20,509,000	100%	\$5.90
2015/16	20,509,000	100%	5.82
2016/17	20,509,000	100%	5.65
2017/18	21,027,849	100%	5.57
2018/19	21,389,375	100%	5.45

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20 the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

## PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows

Year Levied/ Year Collected	Schools <sup>1</sup>	County	Local	Other <sup>2</sup>	Total
2014/15	\$12 97	\$5 10	\$5 90	\$1 89	\$25 86
2015/16	13 06	5 13	5 82	1 92	25 93
2016/17	12 66	5 10	5 65	1 93	25 34
2017/18	12 26	5 05	5 57	1 73	24 61
2018/19	11 95	4 90	5 45	1 69	23 99

**Source:** Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance

## 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 either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property) and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

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

---

<sup>1</sup> The Schools tax rate reflects the composite rate of all local school districts and technical college district

<sup>2</sup> Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties in turn apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

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

## THE ISSUER

### CITY GOVERNMENT

The City was incorporated in 1956 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to three-year terms. The appointed City Clerk is responsible for administrative details and financial records.

### EMPLOYEES; PENSIONS

The City employs a staff of 196 full-time and 48 part-time. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). All employees hired after January 1, 2019 participate in the WRS in lieu of supplemental pension benefits. Existing employees made an irrevocable election to join WRS as of January 1, 2019 or to remain in the supplemental pension. The WRS is a cost-sharing multiple-employer defined benefit pension plan. 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 generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the fiscal year ended December 31, 2017 ("Fiscal Year 2017") and the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$869,137, \$1,074,037 and \$1,119,560, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 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, 2017, the total pension liability of the WRS was calculated as \$101.43 billion and the fiduciary net position of the WRS was calculated as \$104.4 billion, resulting in a net pension asset of \$2.97 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 2018, the City reported an asset of \$2,607,342 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2017 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 0.08781536% of the aggregate WRS net pension asset as of December 31, 2017.

The calculation of the total pension asset 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 net pension asset 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 4 A in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

**Recognized and Certified Bargaining Units**

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with 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 and 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 the 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.

The following bargaining units represent employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Police	December 31, 2021
Fire	December 31, 2020

**Supplemental Pension Benefits**

The City provides other pension benefits to public works employees who have satisfied specified eligibility standards through a single-employer defined benefit plan. The amount of such benefits are based on years of service and average compensation. Membership of the plan consisted of 26 retirees receiving benefits, 11 terminated vested retirees and 29 active plan members as of December 31, 2018, the date of the latest actuarial valuation.

Pension benefit calculations are required to be updated every two years and prepared in accordance with Governmental Accounting Standards Board Statement No. 68 ("GASB 68"). An actuarial study for the plan was most recently completed by The Principal Financial Group in September 2019 with an actuarial valuation date of December 31, 2018 (the "Pension Actuarial Report").

Under GASB 68, an actuarially determined contribution ("ADC") is calculated as a target or recommended contribution to the plan for the reporting period, determined in conformity with actuarial standards based on the most recent measurement available. The City's ADC for Fiscal Year 2018 was \$251,009. For Fiscal Year 2018, contributions to the plan totaled \$251,009, which was 100% of the ADC. The City's current funding practice is to at least fully fund ADC.

As shown in the Pension Actuarial Report, as of December 31, 2018, the total pension liability was \$11,268,865 and the fiduciary net position was \$9,110,866, resulting in net pension liability of \$2,157,999

For more information, see Note 4 A in "Appendix A - Financial Statements" attached hereto. The Pension Actuarial Report is available from the City upon request.

The City also provides a defined contribution pension plan benefit to eligible non-protective employees (other than public works employees). Eligibility begins after six months of employment with the City. Employees are required to make contributions of 5% of wages. For Fiscal Year 2018, the City contributed \$211,762 and employees contributed \$211,762 to the plan. For more information, see Note 4 B in "Appendix A - Financial Statements."

## **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 former employees and their dependents through a single employer defined benefit plan. Membership of the plan consisted of 24 retirees receiving benefits and 179 active plan members as of December 31, 2017. Eligible retirees may continue to participate in the City's group health plan. The City contributes a fixed portion of the premiums determined at retirement based on the employment category of retiree, and the retiree is responsible for paying the balance of the premiums.

OPEB calculations are required to be updated every two years. Prior to June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations will be required to be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). An actuarial study for the plan prepared in accordance with GASB 75 was most recently completed by Actuarial & Health Care Solutions, LLC in October 2017, with an actuarial valuation date of January 1, 2018 (the "OPEB Report").

Under GASB 75, a net OPEB liability is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As shown in the City's audited financial statements for Fiscal Year 2018, the ADC for Fiscal Year 2018 was \$441,859. For Fiscal Year 2018, contributions to the plan totaled \$444,364, which was 100.57% of the ADC. The City's current funding practice is to at least fully fund the ADC.

As shown in the financial statements for Fiscal Year 2018, as of December 31, 2018, the total OPEB liability of the plan was \$7,733,557 and the plan fiduciary net position was \$5,229,404, resulting in a net OPEB liability of \$2,504,153.

For more information, see Note 4 C in "Appendix A - Financial Statements."

## LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes. At any given time, the City may be involved in potential lawsuits, however, at this time, the City does not expect any pending litigation to result in final judgments which would materially affect the City's ability to pay principal and interest on the Notes.

## 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 Notes 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 Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes 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 Notes.

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 Notes would not occur.

**FUNDS ON HAND** (as of September 30, 2019)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$ 12,866,357
Debt Service Funds	1,007,402
TIF Districts	15,504,594
Nonmajor Governmental Funds	18,306,647
Sewer Fund	1,413,070
Water Utility	2,123,485
Self Insurance Fund	2,423,401
Other Designated Funds	14,169
<b>Total Funds on Hand</b>	<b><u><u>\$ 53,659,125</u></u></b>



## ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year

	2016	2017	2018
<b>Water</b>			
Total Operating Revenues	\$ 6,054,573	\$ 6,057,085	\$ 5,961,350
Less Operating Expenses	(5,514,241)	(5,393,413)	(5,476,438)
Operating Income	\$ 540,332	\$ 663,672	\$ 484,912
Plus Depreciation	1,344,829	1,194,029	1,204,485
Interest Income	2,589	9,926	43,412
Revenues Available for Debt Service	\$ 1,887,750	\$ 1,867,627	\$ 1,732,809
Less PILOT Payment	(1,047,053)	(1,029,649)	(1,008,038)
Net Revenues	<u>\$ 840,697</u>	<u>\$ 837,978</u>	<u>\$ 724,771</u>
<b>Sewer</b>			
Total Operating Revenues	\$ 3,328,550	\$ 3,313,854	\$ 3,704,852
Less Operating Expenses	(5,197,869)	(5,222,142)	(5,476,724)
Operating Income	\$ (1,869,319)	\$ (1,908,288)	\$ (1,771,872)
Plus Depreciation	2,123,035	2,119,900	2,135,076
Interest Income	134	16,587	31,810
Revenues Available for Debt Service	<u>\$ 253,850</u>	<u>\$ 228,199</u>	<u>\$ 395,014</u>

## SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2018 audited financial statements.

GENERAL FUND	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audited	2017 Audited <sup>1</sup>	2018 Audited	2019 Projected	2020 Proposed Budget
<b>Revenues</b>					
Taxes	\$ 17,161,004	\$ 17,093,625	\$ 17,611,739	\$ 18,827,500	\$ 19,691,600
Intergovernmental revenues	2,318,825	2,264,961	2,317,488	1,728,200	1,746,400
Licenses and permits	665,169	773,877	1,166,156	968,555	903,200
Penalties and forfeitures	498,653	485,407	475,840	500,000	546,000
Public charges for services	1,452,601	1,603,247	2,405,406	2,432,700	2,527,300
Intergovernmental charges for services	194,806	172,796	192,542	184,000	182,000
Investment earnings	161,281	189,275	241,398	508,800	343,580
Miscellaneous revenues	182,016	148,853	244,136	153,450	139,250
<b>Total Revenues</b>	<b>\$ 22,634,355</b>	<b>\$ 22,732,041</b>	<b>\$ 24,654,705</b>	<b>\$ 25,303,205</b>	<b>\$ 26,079,330</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ 2,910,893	\$ 2,940,898	\$ 2,944,482	\$ 3,064,535	\$ 3,392,982
Public safety	15,787,827	16,660,351	17,077,275	17,436,502	18,446,978
Public works	3,745,146	3,832,372	3,388,370	3,931,315	4,151,677
Health and human services	646,870	675,875	670,134	647,670	737,635
Culture, recreation and education	179,933	187,959	240,916	175,365	210,448
Conservation and development	523,268	520,314	512,157	570,645	619,400
Contingency	0	0	0	0	1,145,000
<b>Total Expenditures</b>	<b>\$ 23,793,937</b>	<b>\$ 24,837,869</b>	<b>\$ 24,833,331</b>	<b>\$ 25,826,032</b>	<b>\$ 28,704,120</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (1,159,582)</b>	<b>\$ (2,105,828)</b>	<b>\$ (178,626)</b>	<b>\$ (522,827)</b>	<b>\$ (2,624,790)</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	1,050,382	1,059,793	1,011,392	1,139,125	1,050,000
Operating transfers out	(1,250,025)	(57,138)	(84,000)	(24,000)	(524,000)
Restricted Contingency	0	0	0	0	1,335,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (199,643)</b>	<b>\$ 1,002,655</b>	<b>\$ 927,392</b>	<b>\$ 1,115,125</b>	<b>\$ 1,861,000</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ (1,359,225)</b>	<b>\$ (1,103,173)</b>	<b>\$ 748,766</b>	<b>\$ 592,298</b>	<b>(\$763,790)<sup>1</sup></b>
General Fund Balance January 1	9,049,909	7,690,684	6,587,511	7,336,277	7,928,575
General Fund Balance December 31	\$ 7,690,684	\$ 6,587,511	\$ 7,336,277	\$ 7,928,575	\$ 7,164,785
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	2,294,958	246,548	180,623		
Restricted	0	0	0		
Committed	0	0	0		
Assigned	61,626	150,565	271,970		
Unassigned	5,334,100	6,190,398	6,883,684		
<b>Total</b>	<b>\$ 7,690,684</b>	<b>\$ 6,587,511</b>	<b>\$ 7,336,277</b>		

<sup>1</sup> Deficit includes a one-time \$605,700 extraordinary pension contribution.

<sup>2</sup> Deficit includes a one-time \$1.2 million transfer to the Capital Improvement Fund for capital expenditures.

The 2020 Budget includes as a budgeted expenditure a \$1,335,000 restricted contingency that is not expected to be spent. Any use of such expenditure would require a 2/3 vote of the Common Council and such expenditure is not expected to be made.

<sup>4</sup> The City is budgeting a deficit for 2020 for some non-recurring costs including severance on retirees, tax refunds on assessments, challenges and transfers to the capital improvement fund for security enhancements at City buildings.

## GENERAL INFORMATION

### LOCATION

The City, with a 2010 U.S. Census population of 35,451, and a current estimated population of 35,996, comprises an area of 34.5 square miles and is located in the southwest corner of Milwaukee County.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Northwestern Mutual	Insurance/investment services	1,938
Krones, Inc	High speed labeling/filler machines	625
Franklin Public Schools	K-12 education	558
Baptista's Bakery	Commercial bakery	519
Carlisle Interconnect Technologies	Wire harnesses	393
Milwaukee County Corrections South	Government	388
Ascension Healthcare	Medical and surgical hospital	300
Wal-Mart	Retailer	300
Strauss Veal & Lamb Int'l Inc	Animal processing	288
Senior Flexonics - GA Precision	Off-road engine components mfg	273

**Source:** ReferenceUSA written and telephone survey (July 2019) Franklin 2018 CAFR

---

<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

<sup>2</sup> Formerly known as Wheaton Franciscan.

## BUILDING PERMITS

	2015	2016	2017	2018	2019 <sup>1</sup>
<u>New Single Family Homes</u>					
No of building permits	26	23	18	30	40
Valuation	\$10,199,139	\$9,721,721	\$8,991,610	\$13,357,904	\$19,087,167
<u>New Multiple Family Buildings</u>					
No of building permits	3	1	0	7	8
Valuation	\$1,110,000	\$5,550,000	\$0	\$27,972,154	\$32,715,000
<u>New Commercial/Industrial</u>					
No of building permits	3	5	13	9	15
Valuation	\$1,961,261	\$154,300	\$28,861,659	\$8,677,160	\$16,739,561
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No of building permits	300	267	251	267	199
Valuation	\$30,654,542	\$27,316,600	\$49,403,073	\$62,150,023	\$76,578,406

Source: The City



<sup>1</sup> As if September 30, 2019

## U.S. CENSUS DATA

### Population Trend: City

2000 U.S. Census	29,494
2010 U.S. Census	35,451
2019 Estimated Population	35,996
Percent of Change 2000 - 2010	20.20%

### Income and Age Statistics

	City	Milwaukee County	State of Wisconsin	United States
2017 per capita income	\$37,849	\$26,933	\$30,557	\$31,177
2017 median household income	\$74,972	\$46,784	\$56,759	\$57,652
2017 median family income	\$102,206	\$59,763	\$72,542	\$70,850
2017 median gross rent	\$996	\$844	\$813	\$982
2017 median value owner occupied units	\$225,700	\$150,300	\$169,300	\$193,500
2017 median age	42.4 yrs.	34.6 yrs.	39.2 yrs.	37.8 yrs.
		State of Wisconsin	United States	
City % of 2017 per capita income		123.86%	121.40%	
City % of 2017 median family income		140.89%	144.26%	

### Housing Statistics

	City	2000	2017	Percent of Change
All Housing Units		10,936	13,951	27.57%

**Source:** 2000 and 2010 Census of Population and Housing, and 2017 American Community Survey (Based on a five-year estimate), U.S. Census Bureau ([www.factfinder2.census.gov](http://www.factfinder2.census.gov)).

## EMPLOYMENT/UNEMPLOYMENT DATA

Year	Average Employment		Average Unemployment		
	City	Milwaukee County	City	Milwaukee County	State of Wisconsin
2015	17,566	449,639	4.4%	5.7%	4.6%
2016	17,804	453,900	3.8%	5.0%	4.0%
2017	17,920	457,018	3.2%	4.0%	3.3%
2018	17,863	455,544	2.9%	3.6%	3.0%
2019, September <sup>1</sup>	17,794	453,791	2.9%	3.9%	2.9%

**Source:** Wisconsin Department of Workforce Development.

<sup>1</sup> Preliminary

**FINANCIAL STATEMENTS**

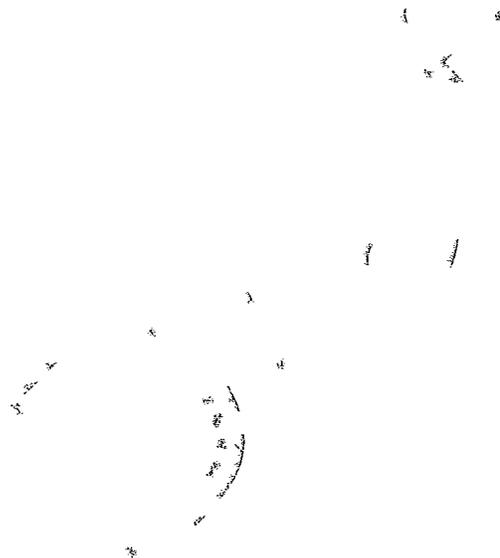
Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, 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 Notes, the City represents that there have 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.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



**FORM OF LEGAL OPINION**

(See following pages )



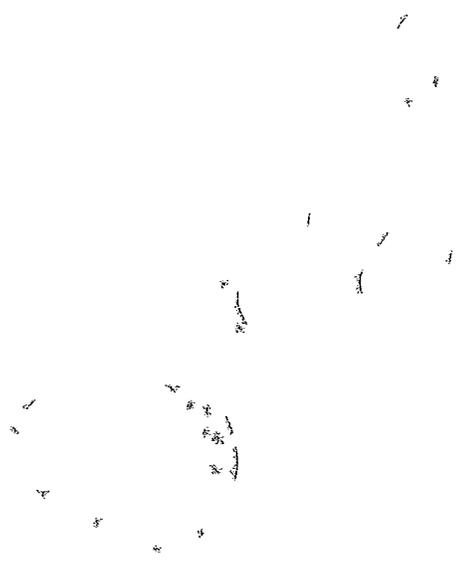
**BOOK-ENTRY-ONLY SYSTEM**

- 1 The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the securities (the "Securities") The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue ]
- 2 DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts This eliminates the need for physical movement of securities certificates Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC") DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies DTCC is owned by the users of its regulated subsidiaries Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants") DTC has a Standard & Poor's rating of AA+ The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com)
- 3 Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued
- 4 To facilitate subsequent transfers, all Securities 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 Securities 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 Securities, DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers

- 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
- 6 Redemption notices shall be sent to DTC. If less than all of the Securities 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 Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
- 8 Redemption proceeds, distributions, and dividend payments on the Securities 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 Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
- 10 DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
- 11 The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
- 12 The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages )



**NOTICE OF SALE**

**\$2,320,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2019D  
CITY OF FRANKLIN, WISCONSIN**

Bids for the purchase of \$2,320,000 General Obligation Promissory Notes, Series 2019D (the "Notes") of the City of Franklin, Wisconsin (the "City") will be received at the offices of Ehlers and Associates Inc ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M., Central Time, on November 19, 2019, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

**PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including projects listed in the City's Capital Improvement Program. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

**DATES AND MATURITIES**

The Notes will be dated December 4, 2019, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2020	\$75,000	2023	\$385,000	2026	\$300,000
2021	125,000	2024	250,000	2027	325,000
2022	385,000	2025	475,000		

**ADJUSTMENT OPTION**

\* The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BOND OPTION**

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

**INTEREST PAYMENT DATES AND RATES**

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2020, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All

Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

### BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

### PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

### OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on March 1, 2027 shall be subject to optional redemption prior to maturity on March 1, 2026 or any date thereafter at a price of par plus accrued interest.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

### DELIVERY

On or about December 4, 2019, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

### LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City, provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement.)

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. 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 Notes 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 Notes for any investor.

### SUBMISSION OF BIDS

Bids must not be for less than \$2,296,800 nor more than \$2,412,800 plus accrued interest on the principal sum of \$2,320,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and **must** be received prior to the time established above for the opening of bids. Each bid must be **unconditional** except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

**A good faith deposit ("Deposit") in the amount of \$46,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

### AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

## BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

## CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

## QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

## NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

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

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors.
- (2) all bidders shall have an equal opportunity to bid.
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds, and

- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale

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

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Notes. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule")

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public

The City acknowledges that in making the representation set forth above, the winning bidder will rely on

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-price rule if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel

(f) By submitting a bid, each bidder confirms that

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is party to such third-party distribution agreement, as applicable, to

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public together with the related pricing wires contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public).

(iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or

profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

### **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Paul Rotzenberg, Director of Finance & Treasurer  
City of Franklin, Wisconsin

Draft

# BID FORM

The Common Council  
City of Franklin, Wisconsin

November 19, 2019

RE \$2,320,000\* General Obligation Promissory Notes, Series 2019D (the "Notes")  
DATED December 4, 2019

I or all or none of the above Notes in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement we will pay you \$ \_\_\_\_\_ (not less than \$2,296,800 nor more than \$2,412,800) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____	%	due	2020	_____	%	due	2023	_____	%	due	2026
_____	%	due	2021	_____	%	due	2024	_____	%	due	2027
_____	%	due	2022	_____	%	due	2025				

\* The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Notes of the same maturity must bear interest from date of issue until paid at a single uniform rate. Each rate must be expressed in an integral multiple of 1/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$46,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc. as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 4, 2019.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds.  
YES \_\_\_\_\_ NO \_\_\_\_\_

If the competitive sale requirements are not met, we elect to use the (circle one) 10% test / hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager \_\_\_\_\_ By \_\_\_\_\_

Account Members

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award) the total dollar interest cost (including any discount or less any premium) computed from December 4, 2019 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_ %.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Franklin, Wisconsin, on November 19, 2019.

By \_\_\_\_\_ By \_\_\_\_\_  
Title \_\_\_\_\_ Title \_\_\_\_\_

**blank page**