

**FIRST AMENDMENT TO
INTERGOVERNMENTAL COOPERATION AGREEMENT**

by and between

**City of Milwaukee
and
Milwaukee Board of School Directors**

This First Amendment to Intergovernmental Cooperation Agreement is made as of this _____ day of _____, 2010 by and between the City of Milwaukee (the “City”) and the Milwaukee Board of School Directors (the “Board”).

WHEREAS, the parties entered into that certain Intergovernmental Cooperation Agreement dated as of December 21, 2009 (the “Agreement”) relative to issuance by the City of general obligation notes and bonds under Wis. Stat. § 67.12, pursuant to the Qualified School Construction Bonds program authorized by the American Recovery and Reinvestment Act of 2009 (the “Program”) for the purpose of financing capital improvement projects for Milwaukee Public Schools; and

WHEREAS, in December, 2009, \$12 million dollars of Series 2009 M6 Debt Instruments were issued pursuant to the Agreement at a discount; and

WHEREAS, the parties desire to increase the amount of Debt Instruments that may be issued pursuant to the Agreement to adjust for such discount and otherwise; and

WHEREAS, in March, 2010, the Program was amended by the federal government to permit the issuance of Build America Bonds, Direct Payment (the “Direct Payment Bonds”) pursuant to which the federal government reimburses an issuer for up to 100% of the interest paid on the Direct Payment Bonds (“the Anticipated Payment”); and

WHEREAS, the parties desire to amend the Agreement to permit the City to issue Direct Payment Bonds; and

WHEREAS, the City's Common Council has approved entering into this First Amendment through its adoption of File No. 091668 adopted on _____, 2010; and

WHEREAS, the Board has approved entering into this Agreement through its action on _____, 2010.

NOW, THEREFORE, the parties hereto agree as follows (any capitalized terms used but not defined herein shall have the meaning set forth in the Agreement):

1. Section I of the Agreement is amended and restated as follows:

SECTION I.

City Activities

The City shall sell general obligation notes and bonds pursuant to Wis. Stat. § 67.12 in an amount not to exceed \$50,000,000 in accordance with Common Council Resolution Nos. 090814 and 091668 and pursuant to the Program for the purpose of financing capital improvements for Milwaukee Public Schools (the "Debt Instruments"). The Debt Instruments may be in the form of Direct Payment Bonds. Payments received by the fiscal agent for the Debt Instruments ("Fiscal Agent") from the federal government in respect of Direct Payment Bonds for which the City has previously received payment of Debt Service from the Board, shall be the property of the Board and the City hereby directs the Fiscal Agent to remit such payments, promptly and on a dollar-for-dollar basis, to the Board.

2. Section II of the Agreement is amended in Paragraph A thereof by deleting "\$48,000,000" appearing therein and substituting "\$50,000,000" in its place and by amending and restating Paragraph C as follows:

C. The Board shall cause all administrative officials to take the necessary ministerial action to include in the proposed annual budget for Milwaukee Public Schools, for each fiscal year during the term of this Agreement, funds sufficient to reimburse in full the City in advance for debt service, including the amount of principal of, interest on or redemption premium (if any) on the Debt Instruments (“Debt Service”) in each calendar year following the sale of the Debt Instruments, without deduction or credit for any anticipated payments from the federal government in respect of Direct Payment Bonds. Such reimbursement shall be due and payable no later than December 31 of the year prior to the year in which such Debt Service shall become due. The parties acknowledge it is their mutual intent to have the initial payments of Debt Service to be due in 2011, such that payment by the Board in reimbursement thereof to the City shall be due and payable in December, 2010. In the event the amount of payments from the federal government in respect of Direct Payment Bonds is less than the amount of the Anticipated Payment, and such shortfall is caused by any action or inaction on the part of the City, then the Board shall be allowed a credit in the amount of such shortfall as of the next payment of Debt Service due the City.

3. Section II of the Agreement is further amended by creating and adding a new Paragraph F thereto as follows:

F. The Board authorizes the City to issue Debt Instruments pursuant hereto as Direct Payment Bonds. The Board acknowledges and accepts the risk that the federal government does not make payment in full of an amount equal to the Anticipated Payment except, and to the extent, such failure to pay in full by the federal government is caused by any action or inaction on the part of the City.

4. Except as amended hereby, the Agreement continues in full force and effect according to its terms.

IN WITNESS WHEREOF, the parties have executed this First Amendment by their respective officers as of the date first set forth above.

CITY OF MILWAUKEE

By: _____
Tom Barrett, Mayor

By: _____
Ronald D. Leonhardt, City Clerk

Countersigned

By: _____
W. Martin Morics, Comptroller

Approved as to form and execution this _____ day of _____, 2010.

Assistant City Attorney

**MILWAUKEE BOARD OF SCHOOL
DIRECTORS**

By: _____
Michael Bonds, Board President

By: _____
William G. Andrekopoulos, Superintendent