

INTERGOVERNMENTAL AGREEMENT

For Administration of

PENSION OBLIGATION BONDS

**MILWAUKEE BOARD
OF SCHOOL DIRECTORS**

AND

CITY OF MILWAUKEE

AND

**REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE**

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OF THE CITY OF MILWAUKEE**

AGREEMENT made as of the ____ day of December, 2003, by and between the Milwaukee Board of School Directors (“MPS”), a body politic, organized and existing under Chapter 119, Wis. Stats., with its principal officers located at 5225 West Vliet Street, Milwaukee, Wisconsin, the City of Milwaukee (“CITY”), a Wisconsin municipal corporation, whose address is 200 East Wells Street, Milwaukee, Wisconsin, and the Redevelopment Authority of the City of Milwaukee (“RACM”), a public body corporate and politic, whose address is 809 North Broadway, Milwaukee, Wisconsin.

W I T N E S S E T H:

WHEREAS, MPS, CITY, and RACM previously entered into a Cooperation Agreement for Financing Unfunded Pension Liability With the Wisconsin Retirement System (the “WRS”), dated as of August ____, 2003 (the “First Cooperation Agreement”); and

WHEREAS, Pursuant to the First Cooperation Agreement the parties are presently finalizing the structure for the issuance of up to \$200 Million in City of Milwaukee Taxable General Obligation Promissory Notes, 2003 Series M10 and M11 (the “City Notes”) and Redevelopment Authority of the City of Milwaukee Taxable Pension Funding Bonds, 2003 Series B, C, and D (the “RACM Bonds”) (collectively the City Notes and the RACM Bonds are referred to herein as the “Pension Obligation Bonds”) and anticipate closing on the issuance of the Pension Obligation Bonds during December, 2003; and

WHEREAS, the parties desire to provide for the ongoing administration of the Pension Obligation Bonds through the allocation of responsibility for various ministerial and discretionary actions and determinations to the CITY’S Comptroller; and

WHEREAS, the parties desire to clearly acknowledge the fact that the Pension Obligation Bonds are intended to be the financial obligations of MPS and to reaffirm the fact that the parties do not intend to create any financial obligations on the part of the CITY or RACM by virtue of the issuance of the Pension Obligation Bonds; and

WHEREAS, the parties further desire to provide for ongoing cooperation in addressing the long-term financial objectives of MPS with respect to the overall administration of its pension programs as summarized in Common Council Resolution File NO. 031026 (the “City Resolution”).

NOW, THEREFORE, MPS, the CITY, and RACM, in consideration of the premises and of the mutual promises and undertakings hereinafter contained, mutually agree as follows:

1. MPS Delegation of Responsibilities to CITY. In conjunction with the issuance and administration of the Pension Obligation Bonds, the CITY, acting through the Public Debt Commission, the CITY’s Comptroller, and other CITY officers and employees, in consultation with appropriate staff of MPS, will act as the agent of MPS and will, on behalf of MPS, execute various commitments and agreements and transfer funds for the purpose of paying debt service and other amounts due with respect to the Pension Obligation Bonds.

MPS hereby authorizes the CITY’s Comptroller to take all such actions and to give all such directions and approvals as are required under documentation executed in conjunction with the issuance and administration of the Pension Obligation Bonds; including, without limitation, with respect to the RACM Bonds any Indenture of Trust, Loan Agreement, or “Swap Agreement” (as that term is defined in the Indenture). MPS further authorizes the CITY’s Comptroller to transfer funds from the appropriate MPS accounts for the purpose of paying debt service and other amounts due with respect to the Pension Obligation Bonds and pursuant to 119.499(2)(a) Wisconsin Statutes, requests the CITY to remit designated revenues of the school district, State Aid payments pledged by MPS in conjunction with the Pension Obligation Bonds, directly to RACM in such amounts and at such times as are required to repay the Loan Agreement.

MPS hereby acknowledges its responsibility under 119.498(2) Wisconsin Statutes to include in its budget an amount sufficient to pay the principal of and interest and redemption premium on the City Notes as they become due. MPS further agrees that by December 31st of each year, it shall remit to the CITY an amount sufficient to pay the principal of and interest and redemption premium on the City Notes that are due in the following calendar year.

MPS also agrees to:

1. That by June 30, 2004, MPS shall develop a plan, consistent with accepted actuarial standards, to fully fund the remaining unfunded MPS pension liabilities, not included in the City/RACM financing, or the City pension plan;
2. That in order to avoid creating future unfunded pension liabilities, that current and future pension type benefits are to be, consistent with accepted actuarial standards and sound financial management principles, fully provided for from appropriations in the year such amounts are earned/accrued and/or granted;

3. That the Superintendent prepare an experience study for each pension type benefit plan, other than the WRS plan and the City pension plan, at least once every 5 years;

4. That any future unfunded accrued actuarial liability identified as a result of an experience study and/or changes in actuarial assumptions are to be fully funded over a period of time consistent with accepted actuarial standards and sound financial management principles; and

5. That the Superintendent shall present to the CITY an Annual Status Report of Employee Pension Benefit Funding as of the end of the previous fiscal year that includes: 1) the funding costs included in the annual budget projection; 2) updates the City as to MPS's progress towards fully funding pension type benefits and fulfilling the objectives set forth in this resolution; and 3) the ability of MPS to provide for such expenses.

2. RACM Delegation of Responsibilities to the CITY. From and after the issuance of the Pension Obligation Bonds, the CITY, acting through the Public Debt Commission, the CITY's Comptroller, and other CITY officers and employees, in consultation with appropriate staff of MPS, will act as the agent of RACM with respect to the administration of the RACM Bonds. RACM hereby authorizes the CITY's Comptroller to take all such actions and give all such directions and approvals as are required under the Indenture and the Loan Agreement for the RACM Bonds, unless RACM directs the CITY and the trustee under the Indenture otherwise. RACM also hereby authorizes the CITY's Comptroller to act as "Authorized Authority Representative" under the Indenture for the RACM Bonds, unless RACM directs the trustee under such Indenture otherwise.
3. MPS Financial Obligations. The parties hereby acknowledge and agree that notwithstanding the actions of CITY and RACM taken and to be taken on behalf of MPS, that the Pension Obligation Bonds are the sole financial obligation of MPS and are not intended to constitute a debt or indebtedness of either the CITY or RACM. The RACM Bonds are intended to be special limited obligations of RACM payable solely from Revenues (as that term is defined in the Indenture). The 2003 RACM Bonds do not constitute a debt or indebtedness of RACM or the CITY and are not a charge against their general credit or taxing power. RACM has no taxing power. The CITY Notes are intended to be general obligations of the CITY, payable from funds levied by the CITY on behalf of MPS.
4. Fulfillment of MPS Objectives with Respect to Pension Type Benefits. The City Resolution summarizes current MPS objectives with respect to pension type benefits. In fulfilling its responsibilities under this Cooperation Agreement the CITY, and in particular the CITY's Comptroller, shall be guided by the provisions of the City Resolution. In addition, at the request of MPS, the CITY and in particular the CITY's Comptroller, shall provide cooperation and assistance in the development of plans, experience studies, and reports referenced in the City Resolution.

5. CITY Acceptance of Responsibilities. The City hereby agrees to perform the ministerial functions as requested herein. In particular, the City agrees to MPS's request pursuant to 119.499(2)(a) Wisconsin Statutes to directly remit designated revenues of the school district to RACM at such times and in such amounts as are required of MPS under the Loan Agreement. The City also acknowledges that pursuant to the Loan Agreement, such amounts payable to RACM are directed to be paid directly to the Trustee (as defined in the Loan Agreement).

IN WITNESS WHEREOF, each party has caused this Intergovernmental Agreement to be executed by its duly authorized officers, all as of the date of this Intergovernmental Agreement.

**MILWAUKEE BOARD
OF SCHOOL DIRECTORS**

Jeff Spence, President

William Andrekopoulos
Superintendent of Schools

CITY OF MILWAUKEE

John O. Norquist, Mayor

Ronald D. Leonhardt, City Clerk

COUNTERSIGNED:

W. Martin Morics, Comptroller

**REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE**

Tom D. Mellencamp, Chair

Julie A. Penman, Executive Director

Approved as to form and execution
this ____ day of _____, 2003.

Assistant City Attorney

11-12-03
1049-2003-1493
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