

AMENDATORY LOAN AGREEMENT

DATED AS OF JULY 1, 2005

BY AND AMONG

THE

REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE, WISCONSIN

THE

MILWAUKEE BOARD OF SCHOOL DIRECTORS

AND

THE

CITY OF MILWAUKEE, WISCONSIN

AS AGENT OF THE MILWAUKEE BOARD OF SCHOOL DIRECTORS

AMENDATORY LOAN AGREEMENT

THIS AMENDATORY LOAN AGREEMENT (this “Agreement”), dated as of July 1, 2005, by and among the Redevelopment Authority of the City of Milwaukee, Wisconsin (herein sometimes called the “Authority”), the Milwaukee Board of School Directors (herein sometimes called “the Borrower”) and the City of Milwaukee, Wisconsin (herein sometimes called the “City”) as agent, amending the Loan Agreement, dated as of December 1, 2003, among the Authority, the Borrower and the City (the “Loan Agreement”):

WITNESSETH:

WHEREAS, the Authority, at the request of the Borrower, issued its Taxable Pension Funding Bonds, 2003 Series D (Milwaukee Public Schools) (the “Bonds”) to finance the payment of unfunded prior service liability contributions under the Wisconsin Retirement System for the Borrower and loaned the proceeds of the Bonds to the Borrower;

WHEREAS, under Wisconsin law, the Borrower is effectively treated as a department of the City, and Section 119.16(8) of the Wisconsin Statutes authorizes the Borrower to adopt its own budget and requires the Borrower to transmit its budget to the City;

WHEREAS, the City Comptroller, the City Treasurer and the City Attorney perform their functions for the Borrower as well as for the City, and under Section 119.50 of the Wisconsin Statutes, the City Treasurer disburses the Borrower’s funds at the Borrower’s direction as the custodian of such funds;

WHEREAS, pursuant to the relationship between the Borrower and the City provided under Wisconsin law as described in the previous two paragraphs, the City is a party to this Agreement solely in its role as the custodian of the Borrower’s funds and will act hereunder as agent of the Borrower and at the direction of the Borrower in fulfillment of that role;

WHEREAS, the Bonds are now outstanding as Auction Rate Securities and the Authority, at the request of the Borrower, desires to convert such Bonds to Index Bonds and the Authority has agreed to enter into this Agreement in connection with such conversion;

WHEREAS, DEPFA BANK plc, acting through its New York Branch, has offered to purchase such Index Bonds and has submitted a Bond Purchase Agreement to the Authority in connection therewith (the “Bond Purchase Agreement”);

WHEREAS, all terms used herein and not otherwise defined shall be as defined in the Loan Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

ARTICLE I

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 1.1. Representations by the Authority. The Authority makes the following representations as the basis for its undertakings under this Agreement:

(a) The representations made by the Authority in the Loan Agreement are true and accurate as of the date hereof as fully as though made on the date hereof and the Loan Agreement, except as specifically provided otherwise herein, remains in full force and effect.

(b) The Authority is a duly created and validly existing public body and a body corporate and politic created under the laws of the State of Wisconsin vested with the rights and powers conferred upon it under the Act.

(c) This Agreement was duly authorized by resolution of the Commissioners of the Authority on May __, 2005 (the "Authority Resolution") and is in substantially the same form as presented to the Authority at the meeting at which the Authority Resolution was adopted.

(d) The Authority has full right, power and authority to (i) adopt the Authority Resolution and execute and deliver this Agreement and the related documents including the Bond Purchase Agreement and (ii) carry out and consummate all other transactions contemplated by this Agreement.

(e) The Authority Resolution was duly adopted by a majority of the members of the Commissioners, is in full force and effect and constitutes the legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

(f) This Agreement has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

SECTION 1.2. Representations by City. The City makes the following representations as the basis for its undertakings under this Agreement:

(a) The representations made by the City in the Loan Agreement are true and accurate as of the date hereof as fully as though made on the date hereof and the Loan Agreement, except as specifically provided otherwise herein, remains in full force and effect.

(b) The City is a duly created and validly existing municipal corporation of the State of Wisconsin and is vested with the rights and powers conferred upon it by Wisconsin law and the City's Home Rule Charter.

(c) This Agreement was duly authorized by resolution of the Common Council of the City on May __, 2005 (the "City Resolution") and is in substantially the same form as presented to the Council at the meeting at which the City Resolution was adopted.

(d) The City has full right, power and authority to (i) adopt the City Resolution and execute and deliver this Agreement and the related documents and (ii) carry out and consummate all of the transactions contemplated by this Agreement.

(e) The City Resolution was duly adopted by a majority of the members of the Common Council, is in full force and effect and constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

(f) This Agreement has been executed and delivered by duly authorized officials of the City and constitutes the legal, valid and binding obligation of the City, payable solely from Revenues, enforceable against the City in accordance with its terms.

SECTION 1.3. Representations by the Borrower. The Borrower makes the following representations as the basis for its undertakings under this Agreement:

(a) The representations made by the Borrower in the Loan Agreement are true and accurate as of the date hereof as fully as though made on the date hereof and the Loan Agreement, except as specifically provided otherwise herein, remains in full force and effect.

(b) The Borrower is a body politic organized and existing under Chapter 119 of the Wisconsin Statutes and is vested with the rights and powers conferred upon it by Wisconsin law.

(c) This Agreement was duly authorized by resolution of the Milwaukee Board of School Directors on May __, 2005 (the "Borrower Resolution") and is substantially the same form as presented to the Board at the meeting at which the Borrower Resolution was adopted.

(d) The Borrower has full right, power and authority to (i) adopt the Borrower Resolution and execute and deliver this Agreement and the related documents including the Bond Purchase Agreement and (ii) carry out and consummate all of the transactions contemplated by this Agreement.

(e) The Borrower Resolution was duly adopted by a majority of the members of the Board, is in full force and effect and constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(f) This Agreement has been executed and delivered by a duly authorized official of the Borrower and constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

ARTICLE II

AMENDMENT OF LOAN AGREEMENT

SECTION 2.1. Paragraph (a) of Section 4.3 of the Loan Agreement shall be rewritten to read as follows:

As to the Borrower	—	Milwaukee Public Schools 5225 West Vliet Street Milwaukee, Wisconsin 53208 Attention: Chief Financial and Operations Officer
As to the Authority	—	Redevelopment Authority of the City of Milwaukee 809 North Broadway, 2 nd Floor Milwaukee, Wisconsin 53202 Attention: Economic Development Officer
As to the Trustee	—	Deutsche Bank National Trust Company Corporate Trust & Agency Services 222 S. Riverside Plaza, 24 th Floor Chicago, Illinois 60606-5808
As to the Bond Insurer	—	MBIA Insurance Corporation 113 King Street Armonk, New York 10504 Attention: IPM – Global Public Finance

A duplicate copy of each notice, certificate or other communication given hereunder by the Authority or the City or the Borrower to any other shall also be given to the Trustee. The Authority, the City or the Borrower, the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Notwithstanding the foregoing, any notices, certificates or other communications given to the Trustee or the Authority hereunder shall be effective only on receipt.

SECTION 3.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority, the City and the Borrower and their respective successors and assigns. This Agreement shall also inure to the benefit of the Bond Insurer, each Swap Provider and its respective successors and assigns.

SECTION 3.3. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 3.4. Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.5. Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Wisconsin.

SECTION 3.6. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

IN WITNESS WHEREOF, the Authority, the City and the Borrower have caused this Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

REDEVELOPMENT AUTHORITY OF THE
CITY OF MILWAUKEE, WISCONSIN

Attest:

(SEAL)

Executive Director- Secretary

By: _____
Chair

CITY OF MILWAUKEE, WISCONSIN

Attest:

(SEAL)

City Clerk

By: _____
Mayor

Approved:

City Attorney

By: _____
Comptroller

MILWAUKEE BOARD OF SCHOOL
DIRECTORS

Attest:

Superintendent of Schools

By: _____
President

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