

AGREEMENT

THIS AGREEMENT, made as of _____, 2003, is by and among the STATE OF WISCONSIN DEPARTMENT OF ADMINISTRATION (“DOA”) acting on behalf of the State of Wisconsin (the “State”), the DEPARTMENT OF PUBLIC INSTRUCTION (“DPI”), the REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE, WISCONSIN, a public body corporate and politic created and existing under the laws of the State of Wisconsin (the “Authority”), the MILWAUKEE BOARD OF SCHOOL DIRECTORS, a body politic, organized and existing under Chapter 119, Wisconsin Statutes (“MPS”) and DEUTSCHE BANK, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the Authority is issuing its Taxable Pension Funding Bonds, 2003 Series B, Series C and Series D (Milwaukee Public Schools) (the “Bonds”), pursuant to Section 66.1333 of the Wisconsin Statutes, as amended, including amendments set forth in 2003 Wisconsin Act 43, enacted August 11, 2003 (the “Act”) and a Trust Indenture (the “Indenture”), dated as of _____, 2003, between the Authority and the Trustee; and

WHEREAS, pursuant to the Loan Agreement, dated as of _____, 2003, among the Authority, MPS and the City of Milwaukee, Wisconsin (the “City”) (the “Loan Agreement”), the Authority will loan the proceeds of the Bonds to MPS (the “Loan”), and MPS will pledge all State Aid it is entitled to receive under Section 121.15 of the Wisconsin Statutes, as amended (“State Aid”) to the Authority as partial security for the Loan; and

WHEREAS, the Authority on behalf of MPS, may in the future issue additional bonds also payable from State Aid (the “Additional Bonds”) and loan the proceeds thereof to MPS (the “Additional Loan(s)"); and

WHEREAS, pursuant to 2003 Wisconsin Act 43, MPS may request DPI to remit the State Aid directly to the Authority; and

WHEREAS, the Authority requests DPI to deposit State Aid directly into the Bond Fund of the Indenture, if so directed by the Trustee and in the amounts determined by the Trustee;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, it is hereby agreed as follows:

1. Until the Loan and Additional Loan(s) have been repaid in full in accordance with the provisions of the Loan Agreement (the Loan and the Additional Loan(s) being referred to herein as the “Loans”), DPI hereby irrevocably instructs DOA to remit from time to time State Aid payments which MPS is entitled to receive directly to the Trustee, for the account of the Authority as the issuer of the Bonds and Additional Bonds, to repay the Loans,

provided DOA shall make such a remittance only after receipt of a notice from the Trustee pursuant to Section 2 below and each such remittance shall be in the amount specified in the applicable notice. Pursuant to the Act, DPI shall ensure that the remittance of State Aid does not affect the amount determined to be received by MPS as State Aid under Section 121.08 for any other purpose.

2. The dates on which State Aid is remitted to MPS by DOA are currently the fourth Monday of March, the third Monday of June and September and the first Monday of December of each year (each a "State Aid Payment Date"). DOA will notify the other parties to this Agreement upon any change to State Aid Payment Dates (in which event such new dates shall be State Aid Payment Dates for purposes of this Agreement). Under the Loan Agreement, the City on behalf of MPS is required to set aside (i) on January 1 in each year for the period from the following April 1 to the following September 30 and (ii) on August 1 of each year for the period from the following October 1 to the following March 31, moneys sufficient to pay principal of, and interest and redemption premium on, the Bonds for such respective period (each a "Bond Payment Period"). If Additional Bonds are issued, the City on behalf of MPS will be required to set aside additional amounts for the payment of principal of, and interest and redemption premium on, the Additional Bonds for the periods set forth in the proceedings authorizing the issuance of such Additional Bonds (each an "Additional Bonds Payment Period"). Not later than the 45th day prior to each of the State Aid Payment Dates immediately preceding the first day of each Bond Payment Period and each Additional Bonds Payment Period, respectively, the Trustee shall determine the amount which is available to pay the principal of, and interest and redemption premium on, the Bonds or any such Additional Bonds due for the next Bond Payment Period or Additional Bond Payment Period, respectively. If such available amount is less than the principal of, and interest and redemption premium due on the Bonds or any such Additional Bonds for the next Bond Payment Period or Additional Bond Payment Period, respectively (a "Deficiency), the Trustee shall send written notice to DPI, DOA and MPS at least thirty (30) days prior to such State Aid Payment Date stating the amount of the Deficiency and directing that an amount of State Aid which MPS is otherwise entitled to receive be remitted to the Trustee in accordance with the payment instructions set forth in such notice.

3. Until the Loans have been repaid in full in accordance with the provisions of the Loan Agreement, DOA hereby agrees, in accordance with the direction from DPI set forth in section 1 above, to remit from time to time a portion of such State Aid payments equal to the Deficiency set forth in the applicable notice from the Trustee, directly to the Trustee.

4. This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin applicable to contracts made and performed in such State.

5. In the event any term, covenant or condition herein contained is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained.

6. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to DOA:

[contact info]

If to DPI:

[contact info]

If to the Authority:

Mr. James Scherer
Economic Development Officer
Redevelopment Authority of the City of Milwaukee
Department of City Development
809 North Broadway, 2nd Floor
Milwaukee, WI 53202

If to MPS:

Ms. Michelle Nate
Chief, Finance & Operations
Milwaukee Public Schools
5225 West Vliet Street
Milwaukee, WI 53208

If to the Trustee:

[contact info]

7. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as DOA, DPI, MPS, the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, DPI, MBSD, the Authority and the State have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date and year first above written.

STATE OF WISCONSIN DEPARTMENT OF
ADMINISTRATION, on behalf of the State of
Wisconsin

By _____
Secretary

DEPARTMENT OF PUBLIC INSTRUCTION

By _____
State Superintendent Department of Public
Instruction

REDEVELOPMENT AUTHORITY OF THE CITY
OF MILWAUKEE, WISCONSIN

(SEAL)

Attest:

Executive Director - Secretary

By _____
Chair

MILWAUKEE BOARD OF SCHOOL
DIRECTORS

Attest:

By: _____

Superintendent of Schools

President

DEUTSCHE BANK

By _____
[title]