

ADDENDUM

Addendum to the Agreement made the 6th day of January, 1984, by and between the City of Milwaukee, a municipal corporation organized and existing under the laws of the State of Wisconsin and the ordinances of the City of Milwaukee, located at 200 East Wells Street, Milwaukee, Wisconsin 53202 (City) and J.P. Morgan Chase Bank (formerly known as The Chase Manhattan Bank), a banking corporation duly organized and existing under the laws of the State of New York, located at 450 West 33rd Street, New York, NY 10001 (Bank).

Whereas, The City and Bank entered into an Agreement dated January 6, 1984, wherein and whereby the City appointed the Bank as Fiscal Agent pursuant to sec. 67.10(2), Stats.; and

Whereas, Common Council Resolution File No. _____ adopted on _____, 2002, authorized the Public Debt Commission to sell an amount not to exceed \$148,000,000 in short-term promissory notes pursuant to sec. 67.12(1), Stats., for the purpose of financing the operating budget of the Milwaukee Public Schools on an interim basis pending receipt of state school equalization aid revenue payments due in September and December, 2002; and March and June, 2003; and

Whereas, Pursuant to such resolution, the Commissioners of the Public Debt authorized the sale of \$_____ in short-term promissory notes, Series of 2002-B for delivery on or about _____, 2002; and

Whereas, In conjunction with such sale the City has covenanted to irrevocably pledge to the payment of principal School Operations Fund revenues included in the budget for fiscal year 2002-2003 which are due and not yet paid the City as of the date of delivery and payment for the notes and which are not otherwise applied through June 30, 2003, and to pledge to the payment

of accrued interest upon maturity surplus revenues in its Debt Service Fund, and further covenanted to enter into this Agreement with the Bank under which the City on or before June 30, 2003 will irrevocably deposit with the Bank direct obligations of the U.S. Government or pledged revenues to purchase direct obligations of the U.S. Government in an amount sufficient together with earnings thereon to pay the principal and interest due on the notes at maturity and pending the deposit in safekeeping the City as security for payment of the notes has pledged and will irrevocably segregate upon receipt of State school equalization aid revenue due in June, 2003, in the amount of the principal obligation of the notes;

Now, Therefore, In consideration of the mutual promises contained herein, the City and Bank agree as follows:

1. On or before June 30, 2003, the City shall irrevocably deposit with the Bank pledged revenues in accordance with A or B, which ever is greater;

A. General revenues to purchase direct obligations of the United States Government in an amount sufficient together with earnings thereon to pay the principal and interest due on the short-term promissory notes, Series of 2002-B, at maturity.

B. General revenues in an amount sufficient together with earnings thereon to pay the principal and interest due on the short-term promissory notes, Series of 2002-B, at maturity, discounted from the date of maturity to the date of deposit at the rate of two percent (2%) per annum.

2. The Bank shall purchase, at the City's direction, if required, with the amount so deposited from inventory of the City Treasurer, direct obligations of the U.S. Government in an amount sufficient together with earnings thereon to pay the principal and interest on the short-term promissory notes, Series of 2002-B, due at maturity. In the event that the inventory of the

City Treasurer shall be insufficient to meet the Bank's obligations under this Agreement, the Bank shall purchase, at the City's direction, the requisite direct obligations of the U.S. Government on the open market.

3. The Bank shall hold the revenues and the direct obligations of the U.S. Government purchased therewith in escrow for the benefit of the holders of the notes and apply the same to the payment of principal and interest due on the notes at maturity. Any excess proceeds at maturity shall be referred to the City.

4. Based upon a certification executed by the City's independent auditors, the City, at the time of the deposit and the purchase of the direct government obligations, shall execute an acknowledgement that the obligations purchased with the amount deposited together with earnings thereon are sufficient to pay the principal and interest due on the notes at maturity, and such acknowledgement shall be delivered to the City Comptroller who shall enter the same upon the transcript of proceedings with respect to short-term promissory notes, Series of 2002-B.

In all other respects, the Agreement dated January 6, 1984 shall remain in full force and effect.

In Witness Whereof, City and Bank have caused this Addendum to be executed this ____ day of _____, 2002.

IN THE PRESENCE OF:

CITY OF MILWAUKEE:

By: _____
MAYOR

By: _____
CITY CLERK

COUNTERSIGNED:

By: _____
COMPTROLLER

IN THE PRESENCE OF:

J.P. MORGAN CHASE BANK

By: _____

By: _____

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