

January ____, 2008

City of Milwaukee, Wisconsin
City Hall, Room 404
200 E. Wells Street
Milwaukee, Wisconsin 53202
Attention: Comptroller

RE: City of Milwaukee General Obligation Commercial Paper Promissory Notes, 2008 Program, Series C2, R3, and T4 (Taxable)

Ladies and Gentlemen:

This letter constitutes the fee letter referred to in Section 3(j) of that certain Letter of Credit and Reimbursement Agreement, dated as of January 1, 2008 (the "Reimbursement Agreement"), by and between the City of Milwaukee, Wisconsin (the "Issuer"), and State Street Bank and Trust Company (the "Bank"), in connection with the agreement by the Bank to issue a letter of credit in support of the above-referenced Commercial Paper Promissory Notes (the "Notes"). The fees due and payable to the Bank are set forth herein. Any capitalized term not otherwise defined shall have the meaning assigned to such term in the Reimbursement Agreement.

(a) *Commitment Fee.* The Issuer agrees to pay to the Bank a nonrefundable commitment fee (the "Commitment Fee") on the basis of the Unutilized Commitment in effect from time to time, in an amount equal to the product of (i) the Unutilized Commitment as in effect as of the close of business on each day during the period being calculated and (ii) at the rate per annum set forth below (the "Commitment Rate") until such date as the Unutilized Commitment is permanently reduced to zero pursuant to Section 2 of the Reimbursement Agreement. The applicable Commitment Rate for any period shall be determined on the basis of the publicly announced rating ("Credit Rating") on the Issuer's Parity Debt (without giving effect to any bond insurance policy or other credit enhancement securing such Parity Debt) by S&P, Fitch or Moody's during such period.

<u>Credit Rating</u> (S&P/Fitch/Moody's)	<u>Commitment Rate</u>
AA-/AA-/Aa3 or better	
A+/A+/A1	
A/A/A2	
A-/A-/A3	
BBB+/BBB+/Baa1	
BBB/BBB/Baa2	

BBB-/BBB-/Baa3	
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If the Credit Ratings assigned by S&P and/or Fitch and/or Moody's appear in more than one tier (*i.e.*, a split rating), the Commitment Rate will be based on the tier that includes the lowest Credit Rating. Each change in the Commitment Rate resulting from a change in the Credit Ratings shall become effective on the date of announcement or publication by S&P, Fitch or Moody's, respectively, of a change in such rating or, in the absence of such announcement or publication, on the effective date of such changed rating. In the event that the Credit Ratings assigned by any of S&P, Fitch or Moody's have been suspended or withdrawn, the Credit Rating shall be deemed to be equal to BBB-/BBB-/Baa3. Upon the occurrence and during the continuance of an Event of Default, the Commitment Rate then in effect will increase by 1.00% per annum. Immediately after the Issuer shall have obtained knowledge of any downgrade, suspension or withdrawal of any Credit Rating, the Issuer shall provide written notice to the Bank of such downgrade, suspension or withdrawal and the effective date thereof. Such Commitment Fee shall be payable in immediately available funds quarterly in arrears (each such payment to be computed on the basis of a year of 360 days and the actual number of days elapsed) in respect of the Unutilized Commitment from time to time in effect, payable (i) on April 1, 2008, for the period from the Closing Date through March 31, 2008, and (ii) on the first Business Day of each April, July, October and January occurring thereafter for so long as the Letter of Credit remains outstanding. If the Unutilized Commitment is permanently reduced to zero, all accrued Commitment Fees shall be payable on the effective date of such termination. The Bank shall timely provide quarterly invoices to the Issuer for amounts owing under this Agreement, but delivery or receipt of, or failure of delivery or receipt of, any such invoice shall not affect the Issuer's payment obligations hereunder.

(b) *Letter of Credit Fee.* The Issuer agrees to pay to the Bank a nonrefundable letter of credit fee (the "Letter of Credit Fee") on the basis of the Stated Amount (without regard to temporary reductions thereof) of the Letter of Credit in effect from time to time, in an amount equal to the product of (i) the Stated Amount (without regard to temporary reductions thereof) as in effect as of the close of business on each day during the period being calculated and (ii) at the rate per annum set forth below (the "Letter of Credit Rate") for so long as the Letter of Credit remains outstanding, on the average daily amount of the Stated Amount during each period in respect of which payment is made. The applicable Letter of Credit Rate for any period shall be determined on the basis of the Credit Ratings on the Issuer's Parity Debt (without giving effect to any bond insurance policy or other credit enhancement securing such Parity Debt) by S&P, Fitch or Moody's during such period.

<u>Credit Rating</u> (S&P/Fitch/Moody's)	<u>Letter of Credit Rate</u>
AA-/AA-/Aa3 or better	
A+/A+/A1	

A/A/A2	
A-/A-/A3	
BBB+/BBB+/Baa1	
BBB/BBB/Baa2	
BBB-/BBB-/Baa3	

If the Credit Ratings assigned by S&P and/or Fitch and/or Moody's appear in more than one tier (i.e., a split rating), the Letter of Credit Rate will be based on the tier that includes the lowest Credit Rating. Each change in the Letter of Credit Rate resulting from a change in the Credit Ratings shall become effective on the date of announcement or publication by S&P, Fitch or Moody's, respectively, of a change in such rating or, in the absence of such announcement or publication, on the effective date of such changed rating. In the event that the Credit Ratings assigned by any of S&P, Fitch or Moody's have been suspended or withdrawn, the Credit Rating shall be deemed to be equal to BBB-/BBB-/Baa3. Upon the occurrence and during the continuance of an Event of Default, the Letter of Credit Rate then in effect will increase by 1.00% per annum. Immediately after the Issuer shall have obtained knowledge of any downgrade, suspension or withdrawal of any Credit Rating, the Issuer shall provide written notice to the Bank of such downgrade, suspension or withdrawal and the effective date thereof. Such Letter of Credit Fee shall be payable in immediately available funds quarterly in arrears (each such payment to be computed on the basis of a year of 360 days and the actual number of days elapsed) in respect of the Stated Amount of the Letter of Credit from time to time in effect, payable (i) on April 1, 2008, for the period from the Closing Date through March 31, 2008, and (ii) on the first Business Day of each April, July, October and January occurring thereafter for so long as the Letter of Credit remains outstanding. If the Letter of Credit is terminated in its entirety, all accrued Letter of Credit Fees shall be payable on the effective date of such termination. The Bank shall timely provide quarterly invoices to the Issuer for amounts owing under this Agreement, but delivery or receipt of, or failure of delivery or receipt of, any such invoice shall not affect the Issuer's payment obligations hereunder.

(c) *Drawing Fee.* The Issuer agrees to pay to the Bank, on the date of each drawing on the Letter of Credit, a drawing fee equal to \$250 per drawing.

(d) *Transfer Fee.* The Issuer also hereby agrees to pay to the Bank on the date of the appointment of any successor Bond Trustee, a transfer fee of \$2,500.00 (which shall include the fees of any legal counsel retained by the Bank in connection therewith).

(e) *Amendment Fee.* The Issuer also hereby agrees to pay to the Bank, (i) in connection with the written request by the Issuer of any amendment, supplement, modification, consent or waiver to this Agreement, the Letter of Credit or any of the Related Documents, and (iii) in connection with any extension of the Scheduled Termination Date and the Letter of Credit Commitment Expiration Date, a non-refundable amendment fee of \$5,000, plus the reasonable

fees of any legal counsel (which shall not exceed \$7,500 plus expenses) retained by the Bank in connection therewith.

(f) *Termination Fee.* Notwithstanding any provision of the Trust Indenture, the Issuer agrees not to terminate the Letter of Credit or replace the Letter of Credit with an Alternate Letter of Credit prior to the earlier of (i) January 1, 2008, or (ii) the date on which S&P shall have lowered the Bank's short-term rating below "A-1+" or the Bank's long-term rating below "AA-", or (iii) the date the Issuer receives notice from the Bank of an increased cost, reduction or payment pursuant to Section 3(d) of the Agreement or of Taxes or Other Taxes pursuant to Section 3(h) of the Agreement; *provided* that the amounts payable by the Issuer to the Bank pursuant to Section 3(d) or Section 3(h) would not be charged by the issuer of the Alternate Letter of Credit, or (iv) the date the Bank fails to extend the Scheduled Termination Date upon a written request of the Issuer, unless the Issuer shall pay the Bank a termination fee in the amount of _____% of the Stated Amount of the Letter of Credit immediately preceding its replacement. Thereafter, no termination fee shall be payable upon termination or replacement.

This letter may be executed in any number of counterparts, all of which taken together shall constitute one and the same document, and each of which shall for all purposes be deemed to be an original.

Very truly yours,

STATE STREET BANK AND TRUST
COMPANY

By: _____
Its: Senior Vice President

Agreed as to the aforesaid:

CITY OF MILWAUKEE, WISCONSIN

By: _____
Its: _____