
REMARKETING AGREEMENT

Dated as of

August __, 2008

Between

CITY OF AUSTIN, TEXAS

And

**MORGAN KEEGAN & COMPANY, INC.,
as Remarketing Agent**

Related to:

**CITY OF AUSTIN, TEXAS
HOTEL OCCUPANCY TAX**

**SUBORDINATE LIEN VARIABLE RATE REVENUE REFUNDING BONDS,
SERIES 2008**

\$59,645,000 Subseries A Bonds

REMARKETING AGREEMENT

THIS REMARKETING AGREEMENT dated as of August __, 2008 (this "Agreement"), between **CITY OF AUSTIN, TEXAS** (the "Issuer"), and **MORGAN KEEGAN & COMPANY, INC.**, as Remarketing Agent (the "Remarketing Agent").

Recitals

A. The Issuer authorized the issuance of its City of Austin, Texas Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 (the "Bonds"), in the aggregate principal amount of \$119,290,000, pursuant to the provisions of Ordinance No. 20080724-__ adopted and approved by the Issuer on July 24, 2008 (the "Ordinance"). Deutsche Bank Trust Company Americas has been appointed as paying agent and bond registrar (the "Paying Agent/Registrar") with respect to the Bonds under the Ordinance. All terms not otherwise defined in this Remarketing Agreement have the meanings ascribed to such terms in the Ordinance.

B. Pursuant to the Ordinance the Bonds are issued as two subseries (each, a "Subseries"), and the Bonds may bear interest at variable interest rates and, under the circumstances, at the times and in the manner provided in the Ordinance, may be, and at certain times are required to be, tendered by the holders thereof for purchase.

C. The Bonds are subject to both optional and mandatory tender for purchase by the holders thereof and to remarketing, all as provided in the Ordinance.

D. The Bonds are more fully described in the Official Statement, dated August __, 2008 (the "Official Statement") and the Ordinance.

E. Pursuant to the Ordinance, the Issuer desires to appoint Morgan Keegan & Company, Inc., as its agent for the remarketing of the Subseries A Bonds to perform the services of Remarketing Agent provided for herein and in the Ordinance, and Morgan Keegan & Company, Inc. is willing to do so on the terms and conditions set forth herein.

F. The City has entered into a Reimbursement Agreement, dated as of August __ 2008, (the "Liquidity Facility") with Dexia Credit Local, acting through its New York Branch (the "Bank"), pursuant to which the Bank has agreed to issue a direct pay letter of credit (the "Letter of Credit") for the payment of the principal and interest on the Bonds and to provide liquidity to pay the purchase price of any tendered Bonds.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Agreement, the parties to this Agreement hereby covenant and agree as follows:

1. Representations and Warranties of the Issuer. The Issuer represents and warrants to the Remarketing Agent that as of the date hereof:

(a) The representations and warranties made by the Issuer in the Liquidity Facility to the Bank are true and correct.

(b) This Agreement has been duly authorized by the Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy or other laws affecting the enforcement of creditors' rights generally or by general equitable principles and except as rights of indemnity or contribution hereunder may be limited by law or public policy.

2. Acceptance of Appointment and Obligations of Remarketing Agent.

(a) Morgan Keegan & Company, Inc. hereby accepts its appointment as the Remarketing Agent for the Subseries A Bonds and hereby accepts and agrees to perform the duties and obligations imposed upon it as Remarketing Agent under the Ordinance.

(b) The Remarketing Agent hereby certifies that it is a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$15,000,000 and is authorized by law to perform all the duties imposed upon it as Remarketing Agent by this Agreement and the Ordinance.

(c) The Remarketing Agent will determine the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate and the Fixed Rate, all in accordance with the Ordinance, and will give notice of such rates in the manner and to the persons specified therein. In addition, the Remarketing Agent will provide all notices in the manner and at the times set forth in the Ordinance.

(d) The Remarketing Agent will keep books and records with respect to its duties as Remarketing Agent as is consistent with prudent industry practice and will make those books and records available for inspection by the Issuer at all reasonable times during its normal business hours.

(e) The Remarketing Agent will be acting solely as an agent in the resale of the Subseries A Bonds and will use its best efforts to remarket the Subseries A Bonds in accordance with the Ordinance and perform all other duties assigned to it under the Ordinance. In the event of any conflict between the terms of this Agreement and the Ordinance, the Ordinance shall control.

3. Fees and Expenses. While any Subseries A Bonds bear interest at a Weekly Rate, unless otherwise agreed upon from time to time by the Issuer and the Remarketing Agent, the Issuer will pay the Remarketing Agent directly as compensation for its services for any Subseries A Bonds bearing interest at a Weekly Rate, a fee equal to _____ (____ %) per annum of the weighted average principal amount of the Subseries A Bonds outstanding bearing interest at a Weekly Rate during each three-month period (or from the date of the remarketing of such Bonds to the first interest payment date with respect thereto), payable quarterly in arrears on each _____, _____, _____ and _____, commencing _____, 2008. If the Bonds are to bear interest at a Daily Rate or at a Commercial Paper Rate, the Issuer will pay the Remarketing Agent for Subseries A Bonds bearing interest at a Daily Rate or at a Commercial Paper Rate a remarketing fee that is mutually agreed to by the Issuer and the Remarketing Agent at the time of conversion of any Subseries A Bonds to a Daily Rate or a Commercial Paper Rate, as applicable. The Remarketing Agent will not be entitled to

compensation after this Agreement is terminated except for a pro rata portion of the fee in respect of the quarter in which such termination occurs. Additionally, the Issuer will reimburse the Remarketing Agent for its reasonable out-of-pocket expenses in performing its obligations hereunder, including, without limitation, expenses incurred in the preparation and distribution of the Disclosure Documents (referred to in section 4) and in connection with the proposed conversion of any Subseries A Bonds from one Mode to another Mode. The parties anticipate that separate arrangements for compensation will be made for the remarketing of Subseries A Bonds in connection with a conversion to the Term Rate Mode, the Auction Rate Mode or the Fixed Rate Mode at the time of such conversion.

4. Disclosure Document. If required under any applicable law or as a material change in the information in a disclosure document heretofor used in connection with the sale or theretofore used in connection with the remarketing of the Subseries A Bonds, which may include the Official Statement (the “Disclosure Document”), the Issuer promptly will provide the Remarketing Agent with a disclosure document reasonably satisfactory to the Remarketing Agent and its counsel in respect of the Subseries A Bonds. The Issuer will supply the Remarketing Agent with such number of copies of such disclosure document as the Remarketing Agent reasonably requests from time to time, within such reasonable time period as will permit the Remarketing Agent to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission promulgated pursuant to the Securities Exchange Act of 1934, as amended (the “Rule”). The Issuer will supplement and amend the Disclosure Document so that, at all times when used in connection with the remarketing of the Subseries A Bonds, the Disclosure Document will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no such amendment or supplement will be made prior to allowing the Remarketing Agent a reasonable opportunity to review it. The Issuer will not, however, be required to make representations or warranties as to statements or omissions based upon information furnished to the Issuer in writing by or on behalf of the Remarketing Agent relating to the Remarketing Agent expressly for use therein.

The Issuer agrees to notify the Remarketing Agent promptly in writing of the occurrence of any of the following events:

- (a) any default under the Bonds, the Ordinance or the Liquidity Facility of which it has knowledge or any event which, with notice or lapse of time or both, would constitute such an event of default;
- (b) any event with respect to the Subseries A Bonds which requires the delivery of a favorable Opinion of Bond Counsel pursuant to the Ordinance;
- (c) any optional redemption pursuant to the Ordinance;
- (d) any mandatory redemption (other than pursuant to sinking fund provisions) pursuant to the Ordinance;
- (e) each material amendment, modification or supplement to the Ordinance;

(f) any adverse change, or threatened adverse change, in the federal income tax treatment of interest on the Subseries A Bonds;

(g) any fact or occurrence as a result of which the Disclosure Document would be or become false or misleading in any material respect or any representation or warranty made herein would become false;

(h) any material adverse change in the financial condition or general affairs of the Issuer; or

(i) any reduction, qualification or withdrawal or any written suggestion by any rating agency that it is considering a possible reduction, qualification, or withdrawal in the rating of the Subseries A Bonds; or

(j) any failure of the Liquidity Provider to honor the Letter of Credit or other default by the Liquidity Provider.

The Issuer hereby acknowledges the requirements imposed on the Remarketing Agent by the Rule. The Issuer covenants and agrees that it will comply with the continuing disclosure requirements pursuant to Section (b)(5)(i) of the Rule to the extent applicable to the Remarketing Agent and the Bonds, and take such other actions as is reasonably necessary to enable the Remarketing Agent to comply with the Rule, if applicable.

Upon the request of the Remarketing Agent, which may be made from time to time, the Issuer shall cooperate with the Remarketing Agent to cause the Subseries A Bonds to qualify for offer, remarketing and sale under the blue sky laws as the Remarketing Agent may designate, and the Issuer shall pay, or reimburse if paid by the Remarketing Agent, all reasonable fees and disbursement of counsel for the Remarketing Agent and all other expenses and filing fees in connection therewith; provided however, that the Issuer shall not be required to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in any jurisdiction in which it is not otherwise subject to taxation.

The Issuer shall deliver to the Remarketing Agent such additional information concerning the business and financial condition of the Issuer as the Remarketing Agent may reasonably request.

5. Indemnification.

(a) To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Remarketing Agent and each Person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended (the "Securities Act")) the Remarketing Agent against any and all losses, claims, damages, expenses, and liabilities whatsoever arising out of any untrue statement or alleged untrue statement of a material fact in the any Disclosure Document or any omission or alleged omission of any material fact necessary to make the statements therein, at the time and in light of the circumstances under which they were made, not misleading, including, without limiting the generality of the foregoing, the aggregate amount paid in settlement of any litigation

commenced or threatened or of any claim whatsoever based upon any such untrue statement or omission or alleged untrue statement or omission, if such settlement is effected with the written consent of the Issuer, and any amount reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim based upon any such untrue statement or omission or alleged untrue statement or omission. In case any claim should be made or action brought against any of the Remarketing Agent or any controlling Person (as aforesaid) based upon the Disclosure Document, in respect of which indemnity may be sought against the Issuer, the Remarketing Agent or such controlling Person shall, promptly notify the Issuer in writing setting forth the particulars of such claim or action and the Issuer shall assume the defense thereof, including the retaining of counsel and the payment of all expenses; provided however that failure to provide such notification shall not affect an indemnified party's right to indemnification hereunder. The Remarketing Agent or any such controlling Person shall have the right to retain separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the Remarketing Agent's expense or the expense of such controlling Person unless the retaining of such counsel has been specifically authorized in writing by the Issuer or counsel has advised the Remarketing Agent that the representation of the two parties would constitute a conflict and be inappropriate due to actual or potential differing of interests between them.

(b) The Remarketing Agent will indemnify and hold harmless the Issuer, each of its officers and employees and each Person who controls the Issuer within the meaning of the Securities Act, to the same extent as the foregoing indemnity from the Issuer to the Remarketing Agent, but only with respect (i) to written information relating to the Remarketing Agent under the captions "DESCRIPTION OF THE BONDS – *Remarketing Agents*" and "DESCRIPTION OF THE BONDS - Disclosure Concerning Tender Process and Sales of Adjustable Rate Bonds by Remarketing Agents," which information was furnished by the Remarketing Agents specifically for use in preparation of the Official Statement or (ii) written information relating to the Remarketing Agents furnished by the Remarketing Agent specifically for use in any other Disclosure Document or any supplement or amendment thereto.

(c) If the indemnification provided for above is unavailable or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities referred to above, then each indemnifying party, in lieu of indemnifying such indemnified party, shall to the extent permitted by law, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer and the Remarketing Agent from the remarketing of the Subseries A Bonds or (ii) in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer and of the Remarketing Agent in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Issuer and the Remarketing Agent shall be deemed to be in the same respective proportions as the net proceeds from the remarketing (before deducting expenses) received by the Issuer and the total compensation received by the Remarketing

Agent in the preceding twelve (12) months, pursuant to section 3 hereunder. The relative fault of the Issuer and the Remarketing Agent shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or by the Remarketing Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(d) The Issuer and the Remarketing Agent agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this section 5, the Remarketing Agent shall not be required to contribute hereunder any amount in excess of the aggregate amount of remarketing fees paid to the Remarketing Agent under Section 3 hereof. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) to the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

6. Remarketing Agent's Liabilities. The Remarketing Agent will incur no liability to the Issuer or any other party for its actions as Remarketing Agent pursuant to the terms hereof and of the Ordinance except for (i) the liabilities for which the Remarketing Agent has agreed to indemnify the Issuer and others pursuant to section 5 above, and (ii) its negligence or willful misconduct. In setting the interest rates on the Subseries A Bonds, the Remarketing Agent will not be liable for any error made in good faith. The undertaking of the Remarketing Agent to remarket any Subseries A Bonds pursuant to the Ordinance is on a "best efforts" basis.

The duties and obligations of the Remarketing Agent will be determined solely by the express provisions of this Agreement and the Ordinance, and the Remarketing Agent will not be responsible for the performance of any duties and obligations other than as are specifically set forth in this Agreement and the Ordinance, and no implied covenants or obligations will be read into this Agreement or the Ordinance against the Remarketing Agent. The Remarketing Agent may conclusively rely upon any notice or document given or furnished to it and conforming to the requirements of this Agreement or the Ordinance and the Remarketing Agent may rely and will be protected in acting upon such notice or any document reasonably believed by it to be genuine and to have been given, signed or presented by the proper party or parties.

7. Resignation or Removal of Remarketing Agent. The Remarketing Agent may be removed at any time, with or without cause, by the Issuer, upon twenty (20) days written notice by the Issuer to the Remarketing Agent, the Paying Agent/Registrar, the Tender Agent, the Bank, and the Liquidity Facility Issuer, if any. In addition, pursuant to the Ordinance, the Remarketing Agent may be removed for failure to perform its duties under the Ordinance or for a suspension of its remarketing activity. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Remarketing Agreement by giving at least thirty (30)

days written notice to the Issuer, the Paying Agent/Registrar, the Tender Agent, the Bank and the Liquidity Facility Issuer, if any (or, if no successor has been appointed prior to the expiration of such thirty (30) day period, such resignation shall take effect on the earlier of the sixtieth (60th) day following the date of such notice or the effective date of the appointment of a successor; provided that the Remarketing Agent may immediately cease to offer and sell the Subseries A Bonds if it determines, in its reasonable judgment, that its ability to remarket the Bonds has been or will be adversely affected as a result of the occurrence of any of the following events, which suspension will continue so long as, in the Remarketing Agent's reasonable judgment, such event continues to adversely affect the Remarketing Agent's ability to remarket the Bonds:

(a) legislation shall be enacted or be proposed or actively considered for enactment, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation, or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that (i) the Subseries A Bonds, or any comparable securities of the Issuer or any obligations of the general character of the Subseries A Bonds, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, (ii) the offer and sale of the Subseries A Bonds, or any comparable securities of the Issuer or any obligations of the general character of the Subseries A Bonds would be in violation of any provision of applicable securities laws;

(b) there shall have been any material adverse change in the affairs of the Issuer;

(c) a general banking moratorium shall have been declared by federal or state authorities having jurisdiction or a material disruption in commercial banking or securities settlement or clearance services shall have occurred;

(d) there shall have occurred (i) an outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war occurs or (ii) the occurrence of any other calamity or crisis or any change in the financial, political, or economic conditions in the United States or elsewhere;

(e) a downgrade or withdrawal of the rating of the Subseries A Bonds shall have occurred or there shall have occurred or notice shall have been given of any intended downgrading or published negative change in outlook in the rating accorded to any of the Issuer's debt obligations that are secured in a like manner as the Subseries A Bonds (including the Subseries A Bonds);

(f) there shall be established any new or additional restriction on transactions in securities materially affecting trading in or the free market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters established by the New York Stock Exchange, the Securities and Exchange Commission or any other governmental, administrative, executive or regulatory authority or by any national securities exchange;

(g) a stop order, release, regulation, or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made to the effect that the remarketing of the Subseries A Bonds, including all the underlying obligations as contemplated hereby or by any Disclosure Document, is or would be in violation of any provision of applicable securities laws;

(h) there shall be in force a general suspension of trading on the New York Stock Exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that exchange or by an order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(i) there shall exist any event or circumstance that in the Remarketing Agent's reasonable judgment either makes untrue or incorrect in any material respect any statement or information in any Disclosure Document or is not reflected in any Disclosure Document but should be reflected therein in order to make any statement of material fact therein not misleading in any material respect;

(j) the Remarketing Agent determines, in its sole discretion upon consultation with counsel, that either (i) a disclosure document is required by applicable law to be distributed to prospective purchasers and that such document is not available or, if available, is not reasonably satisfactory to the Remarketing Agent in form or substance or (ii) a continuing disclosure undertaking is required by applicable law and that such undertaking is either not then in effect or is not reasonably satisfactory to the Remarketing Agent in form or substance;

(k) legislation shall have been enacted or introduced by the Congress of the United States or the legislature of the State or legislation shall have been reported out of committee of either body or be pending in committee of either body, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation, or temporary regulation, release, or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character of that to be derived by the Issuer from its operations, or upon interest received on obligations of the general character of the Subseries A Bonds that, in the Remarketing Agent's reasonable judgment, materially adversely affects the market for the Subseries A Bonds, or the market price generally of obligations of the general character of the Subseries A Bonds;

(l) the Remarketing Agent receives an opinion of Bond Counsel to the Issuer (a copy of which will be furnished to the Issuer) that substantial grounds exist upon which interest on the Subseries A Bonds is not excludable from gross income for federal income tax purposes; or

(m) an insolvency event, including, without limitation, the bankruptcy or default of any other issuer of or obligor on obligations of the general character of the Subseries A Bonds, shall have occurred.

In addition, the Remarketing Agent will suspend its remarketing efforts upon receipt of notice of the occurrence of an event of default under the Bonds, the Ordinance or the Liquidity Facility, or upon a wrongful dishonor of the Letter of Credit or other default of the Liquidity Provider.

8. Dealing in Securities by Remarketing Agent. The Remarketing Agent, in its individual capacity, either as principal or agent, may buy, sell, own, hold and deal in any of the Subseries A Bonds, and may join in any action which any owner of such Bonds may be entitled to take with like effect as it did not act in any capacity hereunder; however, the Remarketing Agent will have no obligation hereunder to buy or take any position in the Subseries A Bonds for its own account. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depository, trustee, or agent for any committee or body of owners of such Bonds or other obligations of the Issuer freely as if it did not act in any capacity hereunder.

9. Intention of Parties. It is the express intention of the parties hereto that no purchase, sale or transfer of any Subseries A Bonds as herein provided, will constitute or be construed to be the extinguishment of any such Bond or the indebtedness represented thereby or the reissuance of any Subseries A Bond or the refunding of any indebtedness represented thereby.

10. Amendment.

(a) The Issuer agrees not to consent to any amendment of the provisions of the Ordinance with respect to this Agreement or the rights and duties of the Remarketing Agent hereunder or thereunder without the prior written consent of the Remarketing Agent which will not be unreasonably withheld.

(b) This Agreement may not be amended except by a writing signed by each of the parties hereto; may not be assigned without the mutual consent of the parties hereto; and will not confer any rights upon any other person or any registered or beneficial owners of the Subseries A Bonds in their capacities as such.

11. Notices.

Unless otherwise provided, all notices, requests, demands and formal actions hereunder must be in writing and mailed, telegraphed or delivered, as follows:

If to the Issuer:

City of Austin
700 Lavaca, Suite 1510
Austin, Texas 78701
Attention: Treasurer
Tel: 512-974-7882

If to the Remarketing Agent:

Morgan Keegan & Company, Inc.
50 North Front Street, 50th Floor
Memphis, Tennessee 38103
Attention: Thomas Galvin
Tel: 901-579-4226
Fax: 901-579-4363

If to the Paying Agent/Registrar or the Tender Agent:

Deutsche Bank Trust Company Americas
60 Wall Street, 27th Floor
Mail Stop NYC60-2715
New York, New York 10005
Attention: Christina Van Ryzin
Telephone: (212) 250-7848
Facsimile: (212) 797-8618
E-mail: Christina.van-ryzin@db.com

If to the Bank:

Dexia Crédit Local, acting through its New York Branch
445 Park Avenue, 7th Floor
New York, New York 10022
Attention: Public Finance Department, Richard E. Skiera
Telephone: (212) 515-7000
Facsimile: (212) 753-5516

Each of the above parties may, by written notice given hereunder to the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications is sent. In addition, the parties hereto may agree to any other means by which subsequent notices, certificates, requests or other communications may be sent.

12. Governing Law and Waiver of Trial by Jury. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. TO THE EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO ALSO IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF THIS REMARKETING AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

13. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

14. Electronic Transaction. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies,

facsimiles, electronic files and other reproductions of original executed documents will be deemed to be authentic and valid counterparts of the original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

15. Severability. If any clause, provision or Section hereof is ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or Section will not affect any of the remaining clauses, provisions or sections hereof.

16. The obligations of the respective parties hereto may not be assigned or delegated to any other person without the consent of the other parties hereto. This Agreement will inure to the benefit of and be binding upon the Issuer and the Remarketing Agent and their respective successors and assigns, and will not confer any rights upon any other person, partnership, association or corporation other than persons, if any, controlling the Remarketing Agent within the meaning of the Securities Act.

17. All of the representations, warranties and agreements contained in this Agreement of the Issuer and the Remarketing Agent shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Remarketing Agent or the Issuer, (ii) delivery of and any payment for any Subseries A Bonds hereunder or (iii) termination or cancellation of this Agreement.

18. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part this Agreement and will not be used in the interpretation of any provision of this Agreement.

19. This Agreement shall only be amended, supplemented or modified in a writing signed by a duly authorized representative of the parties hereto.

20. The Remarketing Agent may record telephone communications with the Issuer, the Paying Agent, the Trustee, or the Tender Agent, or all of them.

21. This Agreement shall not be deemed or construed to be modified, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the parties hereto.

22. Failure of any party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by any other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

[Execution Page Follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Remarketing Agreement to be duly executed by their duly authorized officers as of the day and year first above written.

CITY OF AUSTIN, TEXAS, as
Issuer

By: _____
Name: _____
Title: _____

MORGAN KEEGAN & COMPANY, INC., as
Remarketing Agent

By: _____
Name: _____
Title: _____