

BANK FEE AGREEMENT

This Bank Fee Agreement dated June 1, 2011, is between the City of Austin, Texas (the “City”) and KBC Bank, N.V., acting through its New York Branch (the “Bank”). Reference is hereby made to the Letter of Credit and Reimbursement Agreement dated June 1, 2011 (the “Reimbursement Agreement”) by and between the City and the Bank relating to the City’s Airport System Refunding Revenue Bonds, Series 2005 (AMT), Subseries 2005-3 (the “Bonds”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Reimbursement Agreement.

The purpose of this Bank Fee Agreement is to set forth the agreement between the Bank and the City with respect to fees payable to the Bank pursuant to the Reimbursement Agreement. This Bank Fee Agreement constitutes the “Bank Fee Agreement” as such term is defined in the Reimbursement Agreement.

Article I. Fees

Section 1.1 Letter of Credit Fee. The City shall pay to the Bank a Letter of Credit fee (“Letter of Credit Fee”) on the Commitment during the term of the Letter of Credit at the Letter of Credit Fee Rate described in the chart below based on the long term underlying rating (without giving effect to credit enhancement or bond insurance) (the “Rating”) assigned to the Bonds or other bonds issued by the City that are secured by and payable from the Net Revenues on a parity basis with the Bonds. The Letter of Credit Fee will be calculated on the basis of the actual number of days elapsed in a 360-day year and payable quarterly in arrears on first Business Day of each January, April, July and October commencing July 2011.

<u>LEVEL</u>	<u>S&P RATING</u>	<u>LETTER OF CREDIT FEE RATE</u>
1	A- or above	135 % per annum
2	BBB+	155 % per annum
3	BBB	175 % per annum
4	BBB- or below	195 % per annum

Any change in the Letter of Credit Fee Rate resulting from a change in the Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to Ratings above are references to rating categories as determined by S&P at the date hereof, and in the event of the adoption by S&P of any new or changed rating system, including, without limitation, any recalibration or realignment of the long-term unenhanced rating assigned to any other bonds issued by the City that are secured by and payable from Net Revenues on a

parity basis with the Bonds in connection with the adoption of a “global” rating scale, the Rating in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as in effect at the date hereof.

In the event the Rating assigned by S&P is withdrawn or suspended, the Letter of Credit Fee Rate shall be increased immediately, without notice to the City, by an additional 100 basis points per annum over the Letter of Credit Fee Rate otherwise in effect. At any time an Event of Default shall have occurred and be continuing under the Reimbursement Agreement, the Letter of Credit Fee Rate shall be increased immediately, without notice to the City, by an additional 100 basis points per annum above the Letter of Credit Fee Rate in effect prior to the occurrence of such Event of Default for so long as such Event of Default is continuing.

Section 1.2 Drawing Fee. In connection with each Drawing under the Letter of Credit, the City shall pay to the Bank a drawing fee in the amount of \$250 as payment for the Bank’s transactional costs related to such Drawing. The drawing fee shall be payable on the same day as the related Drawing.

Section 1.3 Amendment and Transfer Fee. The City agrees to pay, or cause to be paid, to the Bank, on the date of each amendment, supplement or modification to the Reimbursement Agreement, the Letter of Credit or this Bank Fee Agreement, transfer of the Letter of Credit to a successor beneficiary, or execution of any standard waiver or consent, a non-refundable fee equal to \$2,500, plus, in each case, the reasonable fees and expenses of outside counsel to the Bank. Extensions to the term of the Letter of Credit alone will not require the payment of such fee, but will require the payment of related reasonable fees and expenses of outside legal counsel to the Bank.

Section 1.4. Termination/Reduction. The City may voluntarily terminate the Letter of Credit at any time with 30 days prior written notice to the Bank; *provided, however*, that in the event the City elects to terminate or permanently reduce (excluding in connection with mandatory sinking fund redemptions) the Available Amount of the Letter of Credit prior to its Stated Expiration Date, the City shall pay to the Bank the Letter of Credit Fees that would be due and payable to the Bank through the Stated Expiration Date based on the Available Amount in effect on date of such termination or reduction less the Letter of Credit Fees already paid (the “Make-Whole Fee”) up to and including the termination or reduction date. The City will not be required to pay the Make-Whole Fee to the Bank if: (a) the Letter of Credit is terminated due to a downgrade of the short-term rating of the Bank below “P-1” by Moody’s, “A-1” by S&P, or “F1” by Fitch; or (b) the Bonds are refunded from a source of funds that does not require a credit facility or analogous facility from a bank or financial institution, or the rate of interest on the Bonds is converted to a fixed rate or another interest rate mode that does not require a credit facility, a bank direct purchase facility, or an analogous facility from a bank or financial institution.

Section 1.5. Legal Fees. The City shall pay, or caused to be paid, on the Closing Date the legal fees of Andrews Kurth LLP for preparation of the Reimbursement Agreement and this Bank Fee Agreement. The amount payable by the City with respect to the legal fees of Andrews

Kurth LLP incurred in connection with the preparation of the Reimbursement Agreement and this Bank Fee Agreement, and incurred in connection with preparation of similar reimbursement agreements and bank fee agreements for other sub-series of the aforesaid Series 2005 Bonds being negotiated and delivered concurrently with the Reimbursement Agreement and this Bank Fee Agreement, shall not exceed in the aggregate \$75,000. The City shall also pay the legal fees of the Bank's foreign counsel in an amount not to exceed \$3,150.

Section 1.6. Out-of-Pocket Expenses. As a condition to closing on the Reimbursement Agreement, the City shall pay the Bank's out-of-pocket expenses in an amount not to exceed \$3,000.

Section 1.7. Default Rate. Any amounts due to the Bank hereunder that are past due shall accrue interest at the Default Rate from the date due to but excluding the date of payment in full.

Article II. Miscellaneous.

Section 2.1 Amendments. No amendment to this Bank Fee Agreement shall become effective without the prior written consent of the Bank and the City.

Section 2.2. Governing Law. This Bank Fee Agreement shall be deemed to be a contract under, and for all purposes shall be governed by, and construed and interpreted in accordance with, the law of the State of Texas.

Section 2.3. Counterparts. This Bank Fee Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Bank Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by email with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 2.4. Severability. Any provision of this Bank Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

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IN WITNESS WHEREOF, the parties hereto have caused this Bank Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CITY OF AUSTIN, TEXAS

By:_____

Name:_____

Title:_____

Signature Page to KBC/City of Austin Bank Fee Agreement

KBC Bank, N.V., acting through its New York
Branch

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Signature Page to KBC/City of Austin Bank Fee Agreement