

---

---

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

Dated June 1, 2011

by and between

CITY OF AUSTIN, TEXAS,

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

Relating to

City of Austin, Texas Airport System Refunding Revenue Bonds, Series 2005 (AMT)

Subseries 2005-1 and Subseries 2005-2

---

---

## TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE 1		
DEFINITIONS; INTERPRETATION		
ARTICLE 2		
AMOUNT AND TERMS OF LETTERS OF CREDIT		
Section 2.1	Letters of Credit .....	11
Section 2.2	Letter of Credit Drawings .....	12
Section 2.3	Reimbursement of Certain Drawings under the applicable Letters of Credit; Mandatory Prepayment; Interest.....	12
Section 2.4	Reimbursement of Drawings Other than Liquidity Drawings Creating Liquidity Advances.....	14
Section 2.5	Fees .....	14
Section 2.6	Method of Payment; Etc .....	15
Section 2.7	Voluntary Termination or Reduction of the Available Amount of the Letters of Credit .....	15
Section 2.8	Computation of Interest and Fees .....	15
Section 2.9	Payment Due on Non Business Day to Be Made on Next Business Day.....	15
Section 2.10	Late Payments.....	15
Section 2.11	Source of Funds .....	15
Section 2.12	Extension of Stated Expiration Date.....	16
Section 2.13	Net of Taxes, Etc.....	16
Section 2.14	Increased Costs .....	18
Section 2.15	Obligations Absolute .....	19
Section 2.16	Maximum Rate.....	20
Section 2.17	Security .....	20
ARTICLE 3		
REPRESENTATIONS AND WARRANTIES		
Section 3.1	Representations of City.....	21
ARTICLE 4		
CONDITIONS PRECEDENT		
Section 4.1	Conditions to Issuance and Delivery of the Letters of Credit.....	26
Section 4.2	Conditions Precedent to a Liquidity Advance .....	27
ARTICLE 5		
COVENANTS		
Section 5.1	Affirmative Covenants of the City.....	28
Section 5.2	Negative Covenants of the City .....	34
ARTICLE 6		
TERM AND TERMINATION OF AGREEMENT; EVENTS OF DEFAULT.		
Section 6.1	Term of Agreement.....	35

Section 6.2	City Events of Default .....	35
Section 6.3	Remedies.....	38
Section 6.4	Mandatory Tender Events.....	39

## ARTICLE 7 MISCELLANEOUS.

Section 7.1	Cancellation Agreement.....	40
Section 7.2	Reimbursement .....	40
Section 7.3	Liability of the Bank .....	41
Section 7.4	Participations.....	41
Section 7.5	Survival of this Agreement .....	42
Section 7.6	Modification of this Agreement.....	42
Section 7.7	Waiver of Rights by the Bank.....	42
Section 7.8	Severability .....	42
Section 7.9	Governing Law .....	42
Section 7.10	Notices; Effectiveness; Electronic Communications.....	43
Section 7.11	Successors and Assigns.....	44
Section 7.12	Taxes and Expenses .....	45
Section 7.13	Reserved.....	45
Section 7.14	Payment Obligations of the City hereunder and under the Bank Fee Agreement.....	45
Section 7.15	Headings .....	45
Section 7.16	Counterparts .....	45
Section 7.17	Entire Agreement .....	46
Section 7.18	USA Patriot Act .....	46
Section 7.19	Insurance Policy Claims .....	46
Section 7.20	Insurer's Rights.....	46
Section 7.21	Third Party Beneficiary.....	46

Appendix A	—	Forms of Letters of Credit
------------	---	----------------------------

## LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

This Letter of Credit and Reimbursement Agreement dated June 1, 2011 (this "*Agreement*"), is by and between the City of Austin, Texas (the "*City*") and JPMorgan Chase Bank, National Association (together with its successor and assigns, the "*Bank*").

### WITNESSETH

**WHEREAS**, the City has previously issued the Series 2005 Bonds (defined herein) pursuant to the terms of Ordinance No. 20050804-039, and all appendices and exhibits thereto (the "*Original Ordinance*");

**WHEREAS**, the Original Ordinance was amended on May 26, 2011 by Ordinance No. \_\_\_\_\_ (the "*Amendment*" and together with the Original Ordinance, the "*Ordinance*");

**WHEREAS**, the Ordinance provides that the Series 2005 Bonds may bear interest at certain variable rates set forth in the Ordinance;

**WHEREAS**, pursuant to the terms of the Ordinance and subject to the conditions described therein, the Series 2005 Bonds bearing interest at a Weekly Rate are subject to tender for purchase by the holders thereof at various times before the maturity thereof;

**WHEREAS**, the City has requested that the Bank issue separate irrevocable transferable direct-pay letters of credit for the payment by the Paying Agent, when and as due, of the principal and purchase price of and interest on the Subseries 2005-1 Bonds and the Subseries 2005-2 Bonds (each defined herein), and to provide a liquidity facility in respect of certain drawings under the applicable Letter of Credit (defined herein);

**WHEREAS**, the City has requested that, concurrently with the issuance of the Letters of Credit by the Bank, KBC Bank N.V., acting through its New York Branch ("*KBC*"), issue an irrevocable transferable direct-pay letter of credit for the payment by the Paying Agent, when and as due, of the principal and purchase price of and interest on the Subseries 2005-3 Bonds (defined herein) and provide a liquidity facility in respect of certain drawings under the Subseries 2005-3 Letter of Credit (defined herein);

**WHEREAS**, the City has requested that, concurrently with the issuance of the Letters of Credit by the Bank, Royal Bank of Canada ("*Royal Bank*"), acting through its WFC, New York, Branch, issue an irrevocable transferable direct-pay letter of credit for the payment by the Paying Agent, when and as due, of the principal and purchase price of and interest on the Subseries 2005-4 Bonds (defined herein) and provide a liquidity facility in respect of certain drawings under the Subseries 2005-4 Letter of Credit (defined herein); and

**WHEREAS**, the City has caused the Series 2005 Bonds (including Bank Bonds (defined herein)), to be insured as to the scheduled payments of principal and interest as such become due pursuant to a municipal bond insurance policy bearing Policy No. 205494-N (together with any and all riders and endorsements thereto, the "*Insurance Policy*") issued by the Insurer (defined herein);

**NOW, THEREFORE**, in consideration of the mutual promises contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Bank hereby agree as follows:

## **ARTICLE 1**

### **DEFINITIONS; INTERPRETATION**

The following capitalized terms when used in this Agreement have the meanings indicated below unless the context shall clearly indicate otherwise. Other capitalized terms used in this Agreement and not defined herein shall have the respective meanings given to such terms in the Ordinance. All the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof and of this Agreement. When used in this Agreement (1) the singular includes the plural and the plural includes the singular; (2) “or” is not exclusive; (3) a reference to a law includes any amendment or modification to such law; (4) a reference to a Person includes its permitted successors and permitted assigns; and (5) a reference to an agreement, instrument, or document shall include such agreement, instrument, or document as the same may be amended, modified, or supplemented from time to time in accordance with its terms and as permitted hereby.

“*Affiliate*” of a specified Person means any other Person which “controls,” or is “controlled” by, or is under common “control” with, such specified Person. For purposes of this definition, a Person “controls” another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

“*Agreement*” has the meaning set forth in the first paragraph hereof.

“*Airport System*” has the meaning set forth in the Ordinance.

“*Amendment*” has the meaning set forth in the recitals hereof.

“*Amortization Commencement Date*” means, with respect to each Bank Bond, the earlier to occur of (a) 90 days after the date of the related Liquidity Advance and (b) the Termination Date.

“*Amortization End Date*” means (a) if the Insurance Policy has been terminated prior to the related Amortization Commencement Date, the earliest to occur of (i) the fifth (5th) anniversary of the date the related Liquidity Advance was made, (ii) the Conversion Date, and (iii) the Substitution Date, or (b) if the Insurance Policy is in effect on the related Amortization Commencement Date, the earliest to occur of (i) the seventh (7th) anniversary of the date the related Liquidity Advance was made, (ii) the Conversion Date, and (iii) the Substitution Date; *provided, however*, that if the Insurance Policy is terminated after the related Amortization Commencement Date, “Amortization End Date” shall mean the earliest to occur of (i) the

seventh (7th) anniversary of the date of the related Liquidity Advance, (ii) the fifth (5th) anniversary of the effective date of the termination of the Insurance Policy, (iii) the Conversion Date, and (iv) the Substitution Date.

*"Amortization Payment Date"* means (a) the first Business Day of the sixth calendar month immediately succeeding date of the related Liquidity Advance, (b) the first Business Day of each sixth calendar month occurring thereafter prior to the Amortization End Date and (c) the Amortization End Date.

*"Available Amount"* has the meaning set forth in each respective Letter of Credit.

*"Bank"* has the meaning set forth in the first paragraph hereof.

*"Bank Agreement"* has the meaning set forth in Section 5.1(x) hereof.

*"Bank Bond"* means each Bond purchased for the account of the Bank with the proceeds of a Liquidity Drawing under a Letter of Credit.

*"Banks"* means collectively, the Bank, KBC and Royal Bank.

*"Bank Bond Endorsement"* means an endorsement to the Insurance Policy issued by the Insurer, so that the Insurance Policy as endorsed insures the payment when due of regularly scheduled principal of and interest on the Bonds, including any Subrogated Bonds and any Bank Bonds, up to the Bank Rate for the first sixty days following the date of a related Liquidity Advance and at the Insured Rate at all times thereafter, in form and substance satisfactory to the Bank.

*"Bank Fee Agreement"* means the Bank Fee Agreement dated June 1, 2011, between the City and the Bank.

*"Bank Rate"* means, with respect to any Liquidity Advance, the rate of interest per annum (i) for any day commencing on the date such Liquidity Advance is made, to and including the ninetieth (90th) day next succeeding the date such Liquidity Advance is made, equal to the Base Rate from time to time in effect, (ii) for any day commencing on the ninety-first (91st) day next succeeding the date such Liquidity Advance is made and thereafter, equal to the Base Rate from time to time in effect *plus* one percent (1.0%); *provided, however*, that immediately and automatically upon the occurrence of an Insurer Event of Default or a City Event of Default (and without any notice given with respect thereto) and during the continuance of such Insurer Event of Default or City Event of Default, "Bank Rate" shall mean the Default Rate; *provided* that the Bank Rate shall never exceed the Maximum Rate.

*"Bankruptcy Law"* means Title 11, U.S. Code, as amended or supplemented, any successor statute thereto, or any similar Federal, state, or foreign law for the relief of debtors.

*"Base Rate"* means, for any day, the highest of (i) the Prime Rate plus one and one-half percent (1.5%), (ii) the Federal Funds Rate plus two percent (2.0%), and (iii) eight percent (8.0%).

“*Bonds*” means, collectively, the Subseries 2005-1 Bonds and Subseries 2005-2 Bonds.

“*Business Day*” has the meaning set forth in each Letter of Credit.

“*Cancellation Agreement*” means the Insurance Policy Cancellation Agreement dated as of June 1, 2011 entered into by and among the City, Wells Fargo Bank, National Association, as Paying Agent and Tender Agent, the Bank, KBC, Royal Bank and the Insurer.

“*Cap Interest Rate*” has the meaning set forth in each Letter of Credit.

“*City*” has the meaning set forth in the first paragraph hereof.

“*City Event of Default*” has the meaning set forth in Section 6.2 hereof.

“*Closing Date*” means June 21, 2011, subject to the satisfaction of the conditions precedent set forth in Section 4.1 hereof.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time.

“*Commitment*” means either the Subseries 2005-1 Commitment or the Subseries 2005-2 Commitment, as the context may require.

“*Conditions Precedent*” has the meaning set forth in Section 4.2 hereof.

“*Conversion Date*” means the date on which the interest rate on any series of Bonds has been converted to an interest rate other than a Weekly Rate.

“*Custodian*” means Wells Fargo Bank, National Association, and its successors and assigns.

“*Custody Agreement*” means the custody agreement for the Bank Bonds between the Bank and the Paying Agent dated as of June 1, 2011.

“*Debt Service Reserve Fund*” has the meaning set forth in the Ordinance.

“*Debt Service Reserve Fund Requirement*” has the meaning set forth in the Ordinance.

“*Default*” means any circumstance, condition or event which, with the giving of notice or lapse of time, or both, could reasonably be expected to, unless cured or waived, become a City Event of Default.

“*Default Rate*” means the Base Rate from time to time in effect plus three percent (3.0%); *provided* that the Default Rate shall never exceed the Maximum Rate.

“*Dodd-Frank Act*” means the Dodd-Frank Wall Street Reform and Consumer Protection Act, as enacted by the United States Congress, and signed into law on July 21, 2010, and all rules, guidelines or directives promulgated thereunder.

“*Drawing*” means, with respect to each Letter of Credit, any drawing honored under such Letter of Credit.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors and assigns.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto and any rule or regulation issued thereunder.

“*Excess Interest*” has the meaning set forth in Section 2.16 hereof.

“*Existing Agreement*” means the Standby Bond Purchase Agreement, dated as of May 1, 2008, by and among the City, Wells Fargo Bank, National Association, as Tender Agent, and Dexia Credit Local, acting through its New York Branch.

“*Federal Funds Rate*” means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided* that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the preceding Business Day as so published on the next succeeding Business Day and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Bank on such day on such transactions as determined by the Bank. Each determination of the Federal Funds Rate by the Bank shall be conclusive and binding on the City except in the case of manifest error.

“*Financing Documents*” means the Ordinance, the Bonds, the Insurance Policy, the Remarketing Agreement, this Agreement, the Letters of Credit, the Custody Agreement, the Bank Fee Agreement, any Swap Contract related to the Bonds and payable from Net Revenues and the ordinance of the City authorizing such Swap Contracts, the Tender Agent Agreement and the Surety Policy.

“*GAAP*” means generally accepted accounting principles for governmental entities in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to governmental entities and the circumstances as of the date of determination, consistently applied.

“*Governmental Authority*” means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government, and any corporation or other entity owned or controlled (through ownership of common stock or capital) by any of the foregoing.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Payment Obligation of any other Person and,



without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Payment Obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), (ii) entered into for the purpose of assuring in any other manner the obligee of such Payment Obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (iii) with respect to any letter of credit issued for the account of such other Person or as to which such other Person is otherwise liable for reimbursement of drawings, *provided* that the term Guarantee shall not include (i) endorsements for collection or deposit in the ordinary course of business or (ii) performance or completion guarantees. The terms “Guarantee” and “Guaranteed” used as a verb have a corresponding meaning.

“*Ineligible Bonds*” means Bank Bonds, Bonds owned by or on behalf of the City and Bonds bearing interest at an interest rate other than a Weekly Rate.

“*Insurance Policy*” has the meaning set forth in the recitals hereof.

“*Insured Rate*” means the Bank Rate; *provided, however*, that immediately and automatically upon the occurrence of an Insurer Event of Default (and without any notice given with respect thereto) and during the continuance of such Insurer Event of Default, “Insured Rate” shall mean the Default Rate; and *provided further*, that the Insured Rate shall never exceed the least of (i) the Prime Rate plus 3.00%, (ii) the Maximum Rate, and (iii) 25%.

“*Insurer*” means Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), a stock insurance company organized under the laws of the State of New York, or any successor thereto or assignee thereof.

“*Insurer Downgrade Event*” means the financial strength or claims-paying rating of the Insurer shall be (i) reduced below “Aa3” (or its equivalent) or suspended or withdrawn by Moody’s and (ii) reduced below “AA-” (or its equivalent) or suspended or withdrawn by S&P.

“*Insurer Event of Default*” means the occurrence of one or more of the following events:

- (i) any principal or interest evidenced by the Bonds (including Bank Bonds) is not paid by the Insurer when, as, and in the amounts required to be paid pursuant to the terms of the Insurance Policy; or

- (ii) (a) any material provision of the Insurance Policy relating to the obligation of the Insurer to make payments of principal and interest thereunder at any time for any reason ceases to be valid and binding on the Insurer in accordance with the terms of the Insurance Policy or the New York Department of Insurance or a court or other Governmental Authority of appropriate jurisdiction finds or rules or enters an order, judgment or decree that the Insurance Policy is not valid and binding on the Insurer or (b) the Insurer (1) claims in writing that the Insurance Policy is not valid and binding on the Insurer, (2) repudiates the Insurer’s obligations under the Insurance Policy or (3) initiates legal proceedings seeking an adjudication that the Insurance Policy or any

material provision thereof regarding the payment of principal or interest on Bonds (including Bank Bonds) is not valid and binding on the Insurer; or

(iii) a proceeding is instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect to the Insurer or for any substantial part of its property under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) and such proceeding has not been dismissed within ninety (90) days or such court enters an order granting the relief sought in such proceeding; or the New York Department of Insurance declares a moratorium on the payment of the Insurer's debts, or the Insurer commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, consents to the entry of an order for relief in an involuntary case under any such law or consents to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Insurer or for any substantial part of its property, or makes a general assignment for the benefit of creditors, or fails generally to pay its Payment Obligations (*provided* that for purposes of this definition, "Payment Obligation" shall not include any obligation of the Insurer under any insurance policy or surety bond) as they become due, or an order for rehabilitation, liquidation or dissolution of the Insurer is issued; or

(iv) the Insurer fails to make any payment related to principal or interest when due under any insurance policy (other than the Insurance Policy) or surety bond issued by it insuring or supporting the payment of municipal obligations rated by any Rating Agency, and such failure continues for a period of thirty (30) days (it being understood by the Bank that default for purposes of this clause (iv) shall not mean a situation wherein the Insurer contests in good faith its liability under any such policy or policies in light of the claims made thereunder).

*"Interest Component"* means, with respect to any Liquidity Advance, the portion, if any, of such Liquidity Advance which corresponds to accrued interest on the Bonds purchased with the proceeds of such Liquidity Advance.

*"Interest Payment Date"*, with respect to any Bond which is not a Bank Bond, has the meaning set forth in the Ordinance and, with respect to Bank Bonds and Liquidity Advances, means the first Business Day of each calendar month.

*"Letter of Credit"* means either the Subseries 2005-1 Letter of Credit or the Subseries 2005-2 Letter of Credit, as applicable.

*"Letter of Credit Fee"* has the meaning set forth in the Bank Fee Agreement.

*"Letters of Credit"* means, collectively, the Subseries 2005-1 Letter of Credit and the Subseries 2005-2 Letter of Credit.

*"Liquidity Advance"* has the meaning set forth in Section 2.3(a)(i) hereof.

*“Liquidity Drawing”* means a drawing under a Letter of Credit resulting from the presentation of a certificate in the form of Exhibit E to such Letter of Credit.

*“Maximum Rate”* means the highest “net effective interest rate” as defined in and authorized under Chapter 1204, Texas Government Code, as amended.

*“MFN Clause”* has the meaning set forth in Section 5.1(dd) hereof.

*“Moody’s”* means Moody’s Investors Service, Inc. and any successor thereto.

*“Net Revenues”* has the meaning set forth in the Ordinance.

*“Obligations”* means all obligations of the City to pay or reimburse the Bank arising under or in relation to this Agreement or the Bank Fee Agreement, including, without limitation, the Reimbursement Obligations, the Letter of Credit Fees and the obligations of the City set forth in Sections 2.13, 2.14, and 7.2 hereof and including, in each instance, accrued interest thereon.

*“Ordinance”* has the meaning set forth in the recitals hereof.

*“Owner”* has the meaning set forth in the Ordinance.

*“Participant”* has the meaning set forth in Section 7.4 hereof.

*“Paying Agent”* means Wells Fargo Bank, National Association, or any other association or corporation which may at any time be substituted in its place as Paying Agent/Registrar with respect to the Bonds as provided in the Ordinance.

*“Payment Account”* means the account set forth beneath the name of the Bank on the signature pages hereof as its Payment Account or such other account as may be specified by the Bank to the City, the Tender Agent and the Paying Agent in writing.

*“Payment Obligation”* of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money and reimbursement obligations which are not contingent, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services which purchase price is due twelve (12) months or more from the date of incurrence of the obligation in respect thereof, (iv) all obligations of such Person as lessee under capital leases, (v) all Payment Obligations of others Guaranteed by such Person, and (vi) all payment obligations of such Person, in addition to any obligations set forth in clauses (i) through (v) above, arising under any Swap Contract; *provided* that it is understood that any Payment Obligation does not include contingent obligations of such Person to reimburse any other Person in respect of surety bonds or letters of credit to the extent that such surety bonds or letters of credit support any Payment Obligation of such Person.

*“Person”* means any individual, partnership, firm, corporation, association, joint venture, trust or other entity, or any government (or political subdivision or agency, department or instrumentality thereof).

*“Prime Rate”* means, for any day, the rate of interest per annum determined by the Bank from time to time as its prime commercial lending rate for U.S. Dollar loans made in the United States. Such prime commercial lending rate is a rate set by the Bank based upon various factors including the Bank’s costs and desired return, general economic conditions and other factors and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

*“Principal Component”* means, with respect to any Liquidity Advance, the portion, if any, of such Liquidity Advance which corresponds to the principal amount of the Bonds purchased with the proceeds of such Liquidity Advance.

*“Principal Office”* means, with respect to the Bank, the office at which Drawings are to be presented to the Bank under a Letter of Credit or the office at which payment is to be made to the Bank, in each case, as set forth beneath the name of the Bank on the signature pages hereof as its Principal Office, or such other office as may be designated by such Bank as its Principal Office in a written notice to the City, the Paying Agent and the Tender Agent in accordance with Section 2.6 hereof.

*“Prior Lien Bonds”* has the meaning set forth in the Ordinance.

*“Rating Agency”* means Moody’s, Fitch or S&P, and *“Rating Agencies”* means, collectively, Moody’s, Fitch and S&P.

*“Reimbursement Obligations”* means, without duplication, any and all obligations of the City to reimburse the Bank for any Drawings under the Letters of Credit, including, without limitation, any outstanding Liquidity Drawing and outstanding Bank Bonds.

*“Remarketing Agent”* means Morgan Stanley & Co. Incorporated and its successors and assigns.

*“Remarketing Agreement”* means the remarketing agreement dated as of May 1, 2008, as amended on June 9, 2009 between the City and the Remarketing Agent with respect to the Bonds.

*“Remarketing Memorandum”* means the Secondary Market Information Circular dated June 14, 2011, relating to the Bonds, including any supplement or amendment thereto, and any other offering document from time to time hereafter distributed relating to the Bonds.

*“Required Banks”* means any two of the Bank, KBC and Royal Bank.

*“S&P”* means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor thereto.

*“Series 2005 Bonds”* means the City of Austin, Texas, Airport System Refunding Revenue Bonds, Series 2005 (AMT), consisting of the Subseries 2005-1 Bonds, the Subseries 2005-2 Bonds, the Subseries 2005-3 Bonds and the Subseries 2005-4 Bonds.

“*State*” means the State of Texas.

“*Stated Expiration Date*” means June 21, 2014 as such Stated Expiration Date may be extended with respect to a Letter of Credit in accordance with the terms of such Letter of Credit.

“*Subrogated Bond*” means any Bond with respect to which the Bank shall be subrogated to the rights of the Paying Agent and the Owners under the Insurance Policy in an amount and to the extent that the Bank pays the principal of or interest on the Bond from one or more Drawings (other than a Liquidity Drawing) under the respective Letter of Credit.

“*Subseries 2005-1 Bonds*” means the \$62,075,000 Subseries 2005-1 Bonds.

“*Subseries 2005-2 Bonds*” means the \$62,050,000 Subseries 2005-2 Bonds

“*Subseries 2005-3 Bonds*” means the \$62,100,000 Subseries 2005-3 Bonds

“*Subseries 2005-4 Bonds*” means the \$62,125,000 Subseries 2005-4 Bonds

“*Subseries 2005-1 Commitment*” means \$63,156,636 (representing the sum of the Subseries 2005-1 Interest Commitment and the Subseries 2005-1 Principal Commitment).

“*Subseries 2005-2 Commitment*” means \$63,131,200 (representing the sum of the Subseries 2005-2 Interest Commitment and the Subseries 2005-2 Principal Commitment).

“*Subseries 2005-1 Interest Commitment*” means \$1,081,636 (representing 53 days of interest at the Cap Interest Rate calculated on the basis of a 365/366 day year.

“*Subseries 2005-2 Interest Commitment*” means \$1,081,200 (representing 53 days of interest at the Cap Interest Rate calculated on the basis of a 365/366 day year.)

“*Subseries 2005-1 Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by the Bank for the Subseries 2005-1 Bonds.

“*Subseries 2005-2 Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by the Bank for the Subseries 2005-2 Bonds.

“*Subseries 2005-3 Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by KBC for the Subseries 2005-3 Bonds.

“*Subseries 2005-4 Letter of Credit*” means the irrevocable transferable direct-pay letter of credit issued by Royal Bank for the Subseries 2005-4 Bonds.

“*Subseries 2005-1 Principal Commitment*” means \$62,075,000.

“*Subseries 2005-2 Principal Commitment*” means \$62,050,000.

“*Surety Policy*” means the Municipal Bond Debt Service Reserve Insurance Policy No. 205494-R, effective August 17, 2005, together with any and all riders and endorsement thereto,

provided by the Insurer for the Debt Service Reserve Fund Requirement for the Series 2005 Bonds.

“*Substitute Credit Facility*” means any credit facility or liquidity facility supporting the Bonds issued in substitution for any Letter of Credit in accordance with the terms of Section A-501 of the Ordinance.

“*Substitution Date*” means the effective date of a Substitute Credit Facility in accordance with the terms of the Ordinance.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Tender Agent*” means Wells Fargo Bank, N.A., in its capacity as tender agent under the Ordinance, and any permitted successors as Tender Agent under the Ordinance.

“*Tender Agent Agreement*” means the Amended and Restated Tender Agency Agreement between the Tender Agent and the City dated as of June 1, 2011, relating to the Bonds.

“*Termination Date*” means, with respect to a Letter of Credit, the Stated Expiration Date of such Letter of Credit or such earlier date on which such Letter of Credit expires or terminates in accordance with its terms.

## **ARTICLE 2**

### **AMOUNT AND TERMS OF LETTERS OF CREDIT**

**Section 2.1 Letters of Credit.** Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letters of Credit (substantially in the form of Appendix A hereto). The Subseries 2005-1 Letter of Credit shall be issued in the original stated amount of \$63,156,636, which is the sum of (i) the principal amount of the Subseries 2005-1 Bonds outstanding on the Closing Date, plus (ii) interest thereon at the Cap Interest Rate for a period of

fifty-three (53) days. The Subseries 2005-2 Letter of Credit shall be issued in the original stated amount of \$63,131,200, which is the sum of (i) the principal amount of the Subseries 2005-2 Bonds outstanding on the Closing Date plus (ii) interest thereon at the Cap Interest Rate for a period of fifty-three (53) days.

**Section 2.2 Letter of Credit Drawings.** The Paying Agent is authorized to make Drawings under the Letters of Credit in accordance with the terms thereof. No Drawing shall be made under any Letter of Credit for the payment of principal or purchase price of, or interest on, Ineligible Bonds. The City hereby irrevocably approves reductions and reinstatements of the Available Amount of each respective Letter of Credit as provided in each Letter of Credit.

**Section 2.3 Reimbursement of Certain Drawings under the applicable Letters of Credit; Mandatory Prepayment; Interest.**

(a) (i) Each Liquidity Drawing made under a Letter of Credit shall constitute an advance (a "*Liquidity Advance*") to the City; *provided, however*, that if at the time of payment by the Bank of any Liquidity Drawing the Insurance Policy is no longer in effect and the Conditions Precedent are not satisfied, then such Liquidity Drawing shall not constitute a Liquidity Advance and shall be due and payable pursuant to Section 2.3(a)(iv) hereof.

(ii) The City shall reimburse the Bank for the Interest Component of a Liquidity Advance on the earliest to occur of (A) the next succeeding Interest Payment Date, (B) the date on which the applicable Letter of Credit is replaced by a Substitute Credit Facility pursuant to the terms of the Ordinance, (C) the date on which any Bonds purchased with funds disbursed under the applicable Letter of Credit in connection with such Liquidity Drawing are redeemed, prepaid or canceled pursuant to the Ordinance, (D) the date on which any Bonds purchased with funds disbursed under the applicable Letter of Credit in connection with such Liquidity Drawing are remarketed or deemed remarketed pursuant to the Ordinance, (E) the Conversion Date with respect to all of the Bonds supported by the applicable Letter of Credit, and (F) the termination of the applicable Letter of Credit pursuant to Section 2.7 hereof. The City's obligations to repay the Interest Component of each Liquidity Advance as hereinafter provided shall be evidenced and secured by Bank Bonds.

(iii) The City promises to reimburse Bank for the Principal Component of each Liquidity Advance on the earliest to occur of (A) the date on which the applicable Letter of Credit is replaced by a Substitute Credit Facility pursuant to the terms of the Ordinance, (B) the date on which any Bonds purchased with funds disbursed under the applicable Letter of Credit in connection with such Liquidity Advance are redeemed, prepaid or canceled pursuant to the Ordinance, (C) the date on which any Bonds purchased with funds disbursed under the applicable Letter of Credit in connection with such Liquidity Advance are remarketed or deemed remarketed pursuant to the Ordinance, (D) the date which is one (1) Business Day following the Conversion Date with respect to all of the Bonds supported by the applicable Letter of Credit, and (E) if on the Amortization

Commencement Date the Insurance Policy is no longer in effect and the Conditions Precedent are not satisfied, the Amortization Commencement Date. The City's obligations to repay the Principal Component of each Liquidity Advance and to pay interest thereon as hereinafter provided shall be evidenced and secured by the Bank Bonds. Unless otherwise paid in full on one of the dates provided above, the Principal Component of each Liquidity Advance shall be payable by the City in semiannual installments ("*Semiannual Principal Payments*") on each Amortization Payment Date, with the final installment in an amount equal to the entire then outstanding principal amount of such Liquidity Advance due and payable on the Amortization End Date (the period commencing on the Amortization Commencement Date and ending on the Amortization End Date is herein referred to as the "*Amortization Period*"). Each Semiannual Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) Semiannual Principal Payments over the applicable Amortization Period. Notwithstanding the foregoing, if an Amortization End Date is changed in accordance with the proviso to clause (b) of the definition of "Amortization End Date" in Article 1 hereof (as a result of the Insurance Policy being terminated after the related Amortization Commencement Date), the Amortization Period shall be adjusted to reflect the new Amortization End Date and each Semiannual Principal Payment due over the remaining term of the adjusted Amortization Period shall be that amount of principal which will result in equal (as nearly as possible) Semiannual Principal Payments over the remaining term of the adjusted Amortization Period.

(iv) If at the time of payment by the Bank of any Liquidity Drawing the Insurance Policy is no longer in effect and the Conditions Precedent are not satisfied, all amounts of such Liquidity Drawing for which the Bank has not been reimbursed at the close of business on the day of the Bank's payment of such Liquidity Drawing shall be immediately due and payable and shall accrue interest at the Default Rate.

(v) The City promises to pay to the Bank interest on each Liquidity Advance from the date such Liquidity Advance is made until it is paid in full as provided herein, at a rate per annum equal to the Bank Rate from time to time in effect, which interest shall be payable monthly in arrears on the first Business Day of each calendar month for the immediately preceding calendar month (commencing on the first such date to occur after making such Liquidity Advance), and on the date that the final installment of such Liquidity Advance is payable as herein provided. Notwithstanding anything set forth herein to the contrary, the Bank hereby acknowledges and agrees that the Insurance Policy will not insure interest on Bank Bonds in excess of the Insured Rate or principal of Bank Bonds payable over an amortization period of less than seven (7) years.

(b) Any Liquidity Advance may be prepaid in whole or in part (without premium or penalty): (i) on the day such Liquidity Advance is made; or (ii) on any other Business Day upon one Business Day's prior written notice if not paid in connection with remarketing of the Bonds.



(c) Upon receipt by the Bank of any payment or prepayment of any Liquidity Advance, the amount of such Liquidity Advance shall be reduced by the amount of such payment or prepayment. Any payment or prepayment of Liquidity Advances hereunder shall be applied to the payment or prepayment of Liquidity Advances in chronological order of their issuance hereunder.

(d) Upon the Bank honoring a Liquidity Drawing under a Letter of Credit, the Bank shall be deemed to have purchased the Bank Bonds in respect of which such Liquidity Drawing is made, and the City shall cause the Custodian to hold such Bank Bonds for the benefit of the Bank and register such Bank Bonds in the name of the Bank, or its nominee, or otherwise deliver such Bank Bonds as directed by the Bank, pursuant to the terms of the Custody Agreement. During such time as the Bank is the owner of any Bank Bonds, the Bank shall have all the rights granted to an Owner under the Ordinance and such additional rights as may be granted to the Bank hereunder. To the extent that the Bank actually receives payment in respect of principal of or interest on any Bank Bonds owned by the Bank, the Liquidity Drawing (or Liquidity Advance if such Liquidity Drawing has been converted to a Liquidity Advance) made in connection with the purchase of such Bank Bonds shall be deemed to have been reduced to such extent, with the Bank crediting any payment received by it, first to the payment of any outstanding accrued interest and second to the payment of principal.. Following the occurrence of (i) an Insurer Event of Default if the Insurance Policy is still in effect or (ii) a City Event of Default if the Insurance Policy is no longer in effect, any payments received by the Bank hereunder shall be applied by the Bank to the payment of the Obligations owed to the Bank in such order as the Bank shall in its sole discretion determine; *provided, however*, that amounts received pursuant to the Insurance Policy shall be applied solely to the payment of the principal of and interest on the Subrogated Bonds and the Bank Bonds in accordance with the terms of the Insurance Policy .

(e) For the avoidance of doubt, (i) the City shall pay to the Bank when due the amount of interest due to the Bank, calculated at the applicable Bank Rate, and (ii) payment by the Insurer pursuant to the Insurance Policy of any interest due to the Bank under this Agreement shall not relieve the City of its obligation to ensure that the Bank is paid in full on the date any such interest is due and payable to the Bank hereunder. Any overdue interest amounts shall accrue interest at the Default Rate.

**Section 2.4 Reimbursement of Drawings Other than Liquidity Drawings Creating Liquidity Advances.** The City agrees to reimburse the Bank for the full amount of all Drawings (other than Liquidity Drawings) made under the Letters of Credit immediately upon payment by the Bank of each such Drawing. If the City fails to make such reimbursement on such date and the Insurer fails to make any payment it is required to make in respect thereof within five (5) Business Days after the date on which such reimbursement by the Insurer is due as more fully described in Section 7.19 hereof, such Reimbursement Obligation shall automatically and without further action bear interest at the Default Rate.

**Section 2.5 Fees.** The City agrees to pay to the Bank the fees set forth in the Bank Fee Agreement.

**Section 2.6 Method of Payment; Etc.** All payments to be made to the Bank under this Agreement or the Bank Fee Agreement shall be made to the Bank by wire transfer by the City in lawful currency of the United States and in immediately available funds to the Payment Account, or at such other place as the Bank may designate in writing, without any withholding, deduction or set-off, not later than 3:00 p.m. New York time on the date when due. All payments received by the Bank after 3:00 p.m. New York time shall be deemed to have been received on the next succeeding Business Day, and any applicable interest or fee shall continue to accrue.

**Section 2.7 Voluntary Termination or Reduction of the Available Amount of the Letters of Credit.** Notwithstanding any provisions of this Agreement, the Letters of Credit or any other Financing Document (other than the Bank Fee Agreement) to the contrary, the City agrees not to terminate any Letter of Credit or permanently reduce the Available Amount of any Letter of Credit unless such termination or permanent reduction is made in accordance with the terms of the Bank Fee Agreement. The City agrees that it will provide thirty (30) days prior written notice to the Bank in connection with the termination of any Letter of Credit and pay to the Bank, in connection with the termination of such Letter of Credit, pursuant to the terms hereof, all fees, expenses and other Obligations payable hereunder and under the Bank Fee Agreement, including, without limitation, the Make-Whole Fee (as defined in the Bank Fee Agreement) (if required pursuant to the terms of the Bank Fee Agreement) and all principal and accrued interest owing the Bank with respect to any related outstanding Liquidity Advance or Bank Bonds. The City agrees that it will provide thirty (30) days prior written notice to the Bank in connection with each permanent reduction of the Available Amount of any Letter of Credit and pay to the Bank in connection with each permanent reduction of the Available Amount of any Letter of Credit the Make-Whole Fee (if required) pursuant to the terms of the Bank Fee Agreement.

**Section 2.8 Computation of Interest and Fees.** All computations of interest payable by the City hereunder shall be made on the basis of a 365- or 366-, as applicable, day year and calculated based upon the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof. All computations of fees payable by the City hereunder and under the Bank Fee Agreement shall be made on the basis of a 360-day year and calculated based upon the actual number of days elapsed.

**Section 2.9 Payment Due on Non Business Day to Be Made on Next Business Day.** If any sum becomes payable pursuant to this Agreement or the Bank Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

**Section 2.10 Late Payments.** If any Obligation is not paid when due in accordance with the terms hereof, such Obligation shall bear interest until paid in full at the Default Rate, payable on demand.

**Section 2.11 Source of Funds.** All payments made by the Bank pursuant to the Letters of Credit shall be made from funds of the Bank and not from the funds of any other Person.

**Section 2.12 Extension of Stated Expiration Date.** (a) The City may, by written notice to the Bank not earlier than 120 days prior to nor later than 60 days prior to the then current Stated Expiration Date of the Letters of Credit in effect (the “*Existing Expiration Date*”), request that the Bank consent to the extension of the Existing Expiration Date to a date agreed to by the Bank and the City. The date of receipt of any such notice from the City is hereinafter referred to as the “*Notice Date.*”

(b) The Bank, acting in its sole and absolute discretion (and after such due diligence (if any) as the Bank shall undertake), shall, by notice to the City no later than the date 45 days after the Notice Date (or, if such date is not a Business Day, the next preceding Business Day), advise the City whether or not the Bank agrees to such extension, and if the Bank that does not so advise the City by such date, it shall be deemed to have declined to extend the Existing Expiration Date.

(c) As a condition precedent to the effectiveness of such consent to the extension of the Existing Expiration Date, the City shall deliver to the Bank a certificate of the City dated the Existing Expiration Date signed by an authorized officer of the City (A) certifying and attaching the resolution or ordinance adopted by the City approving or consenting to such extension and (B) certifying that, before and after giving effect to such extension, (1) the representations and warranties contained in Article 3 hereof and the other Financing Documents are true and correct in all material respects, in each case on and as of the Existing Expiration Date, except, in each case, to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and (2) no Default or City Event of Default exists.

(d) Any such extension of the Existing Expiration Date shall be subject to such additional terms, including payment of extension fees to the Bank, as shall be agreed between the Bank and the City.

(e) Upon the effectiveness of any such consent to the extension of any Existing Expiration Date, the Bank shall deliver to the City, the Paying Agent and the Tender Agent a notice of extension (a “*Notice of Extension*”) designating the date to which the Existing Expiration Date is being extended. Such extension of the Existing Expiration Date shall be effective, after receipt of such notice, on the Business Day following the date of delivery of such Notice of Extension, and thereafter all references in this Agreement to the Existing Expiration Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to the Paying Agent and the Tender Agent.

**Section 2.13 Net of Taxes, Etc.**

(a) *Taxes.* Any and all payments to the Bank by the City hereunder and under the Bank Fee Agreement shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes or franchise taxes or other charges imposed in lieu of such taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a

result of a connection between the Bank and such jurisdiction or political subdivision (all such non excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "*Taxes*"). If the City shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder or under the Bank Fee Agreement to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City shall make such deductions and (iii) the City shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the City shall make any payment under this Section 2.13 to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim a refund of such taxes or any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States, then the Bank shall pay to the City an amount equal to the amount of any refund actually received by the Bank or the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the City with respect to such Taxes. Nothing herein shall interfere with the Bank's right to arrange its tax affairs in whatever manner it sees fit nor obligate it to claim any tax credit or to disclose any information relating to its tax affairs or any computations in respect thereof. In addition, the City agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the law of the United States of America, the State of Texas, the State of New York or any other taxing jurisdiction from any payment made hereunder or under the Bank Fee Agreement to the Bank or from the execution or delivery or otherwise by the Bank with respect to this Agreement or under the Bank Fee Agreement (hereinafter referred to as "*Other Taxes*"). The Bank shall provide to the City within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the City to the Bank hereunder; *provided* that the Bank's failure to send such notice shall not relieve the City of its obligation to pay such amounts hereunder.

(b) *Reimbursement.* The City shall, to the fullest extent permitted by law and subject to the provisions hereof, reimburse the Bank for the full amount of Taxes and Other Taxes, including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.13, paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the City shall not be obligated to reimburse the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's negligence or willful misconduct. The Bank agrees to give notice to the City of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank's failure to notify the City promptly of such assertion shall not relieve the City of its obligation under this Section 2.13. Payments by the City pursuant to this Section 2.13 shall be made within thirty (30) days after the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to

the City any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the City pursuant to this Section 2.13 received by the Bank for Taxes or Other Taxes that were paid by the City pursuant to this Section 2.13. The term “*refund*,” solely as used in this Section 2.13(b) shall include any credit or deduction against other taxes payable by the Bank.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes by the City, the City shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Survival of Obligations.* The obligations of the City under this Section 2.13 shall survive the termination of this Agreement.

#### **Section 2.14     Increased Costs**

(a) If on or after the date hereof, the adoption of any law, rule or regulation, or any change therein, or in the interpretation or administration thereof by any court, governmental authority, central bank or comparable agency charged with the interpretation or administration thereof (each a “*Change in Law*”), or compliance by the Bank or any of its affiliates or subsidiaries with any request or directive made on or after the date hereof (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject the Bank or any of its affiliates or subsidiaries to any tax, duty or other charge with respect to this Agreement, the Bank Fee Agreement, or the Letters of Credit or any Bank Bonds purchased by the Bank or such affiliate or subsidiary hereunder, or shall change the basis of taxation of payments to the Bank or any of its affiliates or subsidiaries of any amounts due under this Agreement, the Bank Fee Agreement, or its Letters of Credit or any Liquidity Advances made by the Bank or any of its affiliates or subsidiaries hereunder (except for changes in the rate of (A) tax on the overall net income of the Bank or such affiliate or subsidiary or (B) franchise taxes or other charges imposed in lieu of such taxes); or

(ii) shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System), special deposit, or similar requirement against the assets of, deposits with or for the account of, or credit extended by, the Bank or any of its affiliates or subsidiaries or shall impose on the Bank or any of its affiliates or subsidiaries any other condition affecting its obligations under this Agreement, the Bank Fee Agreement, or the Letters of Credit;

and the result of any event referred to in subparagraphs (i) and (ii) above is to increase the cost to the Bank or an affiliate or subsidiary of the Bank of performing its obligations under this Agreement, the Bank Fee Agreement, or the Letters of Credit, or to reduce the amount of any sum received or receivable by the Bank or such affiliate or subsidiary under this Agreement or the Letters of Credit or any Bank Bonds purchased by the Bank

or such affiliate or subsidiary hereunder, by an amount deemed by the Bank or such affiliate or subsidiary to be material, then, within sixty (60) days after demand by the Bank or such affiliate or subsidiary (or, if such increased costs will continue to be incurred by the Bank or such affiliate or subsidiary, in arrears on a monthly basis as agreed between the City and the Bank or such affiliate or subsidiary), the City shall pay to the Bank or an affiliate or subsidiary of the Bank, such additional amount or amounts as will compensate the Bank or such affiliate or subsidiary for such increased cost or reduction.

(b) If the Bank or any of its affiliates or subsidiaries shall have determined that, after the date hereof, any Change in Law, or any request or directive regarding capital adequacy or liquidity (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of the Bank or any of its affiliates or subsidiaries relating to the Bank's or its affiliate's or subsidiary's, as applicable, obligations hereunder, under the Bank Fee Agreement, or under the Letters of Credit, and such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy or liquidity) will reduce the Bank's or its affiliate's or subsidiary's, as applicable, rate of return on capital by a material amount, then from time to time, within sixty (60) days after written demand by the Bank or its affiliate or subsidiary, the City shall pay to the Bank or its affiliate or subsidiary, as applicable, such additional amount or amounts as will compensate the Bank or its affiliate or subsidiary, as applicable, for such additional costs.

(c) Notwithstanding the foregoing, for purposes of this Agreement (a) all requests, rules, guidelines or directives in connection with the Dodd-Frank Act shall be deemed to be a Change in Law, regardless of the date enacted, adopted or issued, and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority shall be deemed a Change in Law regardless of the date enacted, adopted or issued.

(d) A certificate of the Bank or any of its affiliates or subsidiaries claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder and attaching such information in reasonable detail shall be conclusive in the absence of manifest error.

(e) No affiliate or subsidiary or other transferee of the Bank's rights shall be entitled to receive any greater payment under this Section 2.14 than the Bank would have been entitled to receive with respect to the rights transferred.

(f) The obligations of the City under this Section 2.14 shall survive the termination of this Agreement.

**Section 2.15 Obligations Absolute.** The obligations of the City to reimburse the Bank for amounts paid by the Bank under the Letters of Credit, together with interest thereon as provided herein and all other amounts due and owing the Bank, shall be absolute, unconditional and

irrevocable and shall be performed strictly in accordance with the terms of this Agreement and the Bank Fee Agreement, under all circumstances whatsoever, including without limitation the following circumstances:

(i) any lack of validity or enforceability of any Letter of Credit or any of the Financing Documents;

(ii) any amendment to, waiver of or consent to departure from any provision of, any Letter of Credit or any Financing Document;

(iii) the existence of any claim, set off, defense or other right which the City may have at any time against the Paying Agent, any beneficiary of any Letter of Credit (or any Persons for whom the Paying Agent, any such beneficiary or any such transferee may be acting), the Bank, a Participant or any other Person, whether in connection with the Letters of Credit, the Financing Documents or any unrelated transaction;

(iv) any statement or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Bank to the Paying Agent under any Letter of Credit against presentation of a draft or certificate which does not strictly comply with the terms of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

**Section 2.16 Maximum Rate.** If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period and (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof and (ii) the Maximum Rate (the "*Excess Interest*") shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the City shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. Upon the earlier of (A) the date the related Liquidity Advance is repaid in full and (B) the date all related Reimbursement Obligations are payable hereunder following the termination of the applicable Letter of Credit, in consideration for the limitation of the rate of interest otherwise payable hereunder, the City, to the extent permitted by law, shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest; *provided* that in no event shall any such payment result in interest paid hereunder exceeding the Maximum Rate.

**Section 2.17 Security.** Notwithstanding any provision set forth herein to the contrary, the Bank acknowledges and agrees that the obligations of the City hereunder for the payment of

Obligations owed to the Bank hereunder, under the Bank Fee Agreement and with respect to the Bank Bonds are secured by and payable solely from Net Revenues as provided in the Ordinance and are subject to all limitations on such sources and priorities with respect to payment therefrom as are set forth in the Ordinance. Funds raised or to be raised by taxation shall not be available for the payment of Obligations owed to the Bank hereunder.

### **ARTICLE 3**

#### **REPRESENTATIONS AND WARRANTIES**

**Section 3.1 Representations of City.** In order to induce the Bank to enter into this Agreement and the Bank to issue its Letters of Credit, the City hereby represents and warrants to the Bank as follows:

(a) *Organization and Authorization.* The City is a “Home Rule City”, acting as such under the Constitution and laws of the State, and has full legal right, power and authority to (i) charge and collect revenues related to the Airport System and (ii) pledge the Net Revenues to secure the Bonds (including Bank Bonds).

(b) *Authority to Adopt or Execute Documents.* The City had, as of the date of adoption thereof, full power and authority to adopt its ordinance or ordinances authorizing the execution and delivery of the Financing Documents to which the City is a party and the transactions contemplated hereby and thereby, has, or had as of the date of execution and delivery, full power and authority to execute and deliver this Agreement, the Bank Fee Agreement, and the Financing Documents to which the City is a party, and has full power and authority to perform its obligations under each of the foregoing.

(c) *Obligations Legal, Valid and Binding.* (i) The Financing Documents to which the City is a party have been duly and validly authorized, executed and delivered and constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except insofar as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State or by the exercise by the United States of America of the power delegated to it by the Constitution of the United States of America.

(ii) No Default or City Event of Default has occurred and is continuing under this Agreement, and no event of default or condition, event or act which with notice or lapse of time or both would become or constitute a default or event of default under, or as such term is defined in, any other Financing Document to which it is a party or under any other material mortgage, indenture, contract, agreement or undertaking to which the City is a party or which purports to be binding on the City or on any of its assets which default would materially adversely affect the ability of City to perform its obligations hereunder or under any of the other Financing Documents to which it is a party.



(d) *No Legal Bar.* (i) The City is not in violation of any law of the State in any manner which would adversely affect the City' existence or its powers and authority referred to in Section 3.1(b) hereof.

(ii) The execution, delivery and performance by the City of this Agreement, the Bank Fee Agreement, and the other Financing Documents to which it is a party, and all other agreements and instruments relating to this Agreement or the other Financing Documents executed and delivered by the City in connection herewith and therewith (i) do not violate any provision of the Constitution of the State or the laws of the State or any other applicable law, regulation, order, writ, judgment or decree of any court, arbitrator (to the extent that any ruling, finding or decision of any arbitrator is enforceable by a court of law) or governmental authority, and (ii) do not violate any provision of, constitute a default under, or result in the creation or imposition of any lien on any of the assets of the City pursuant to the provisions of, any mortgage, ordinance, resolution, indenture, contract, agreement or other undertaking to which the City is a party or which purports to be binding on the City or on any of its assets other than the liens created hereby or by the other Financing Documents, which violation would materially adversely affect the ability of the City to perform its obligations hereunder or under any of the other Financing Documents to which it is a party.

(iii) The City is not a party to, or otherwise subject to, any provision contained in any instrument evidencing any Payment Obligation of the City or any other contract or agreement which limits the amount of, or otherwise imposes restrictions on the incurring of, obligations of the City that would materially adversely affect the ability of City to perform its obligations hereunder or under any of the other Financing Documents to which it is a party.

(e) *Consents.* The City has obtained, or will obtain on or before the Closing Date, all consents, permits, licenses and approvals of, and has made, or will have made on or before the Closing Date, all filings, registrations and declarations with, governmental authorities required under law, to authorize the remarketing of the Bonds, the execution, delivery and performance of this Agreement, the Bank Fee Agreement, and the other Financing Documents to which it is a party and all other agreements delivered or to be delivered in connection with any thereof, and all such consents, permits, licenses, approvals, filings, registrations and declarations remain in full force and effect.

(f) *Litigation.* There is no action, suit, investigation or proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of the City, threatened against or affecting the City in which an adverse determination could have a material adverse effect on the Airport System or the business, operations or condition (financial or otherwise) of the Airport System or its ability to perform its obligations hereunder or under the other Financing Documents to which it is a party.

(g) *Disclosure.* The representations and statements made by the City herein or in any other Financing Document, or in any other document furnished to the Bank by the City in connection herewith or therewith are accurate as of the date of this Agreement. All financial statements of the City furnished to the Bank were prepared in accordance with GAAP. Since the date of the audited financial statements of the City included in the Remarketing Memorandum, no material adverse change has occurred in the business, operations or condition (financial or otherwise) of the City. The Remarketing Memorandum does not, as of its date, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that no representation is made as to information with respect to the Insurer, the Bank, KBC or Royal Bank.

(h) *Insurance.* The City currently maintains insurance for the Airport System of such types and in such amounts or in excess of such amounts as are customarily carried by, and insures against such risks as are customarily insured against by, Texas home-rule cities operating properties of like type, size and character to the Airport System or provides self-insurance for the same.

(i) *No Proposed Legal Changes.* To the knowledge of the City, as of the date of execution of this Agreement, there is no amendment or proposed amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law (including, without limitation, any opinion of the attorney general of the State interpreting the Constitution of the State or any State law), or any legislation that has passed either house of the State legislature, or any published judicial decision by a court of competent jurisdiction interpreting any of the foregoing, the effect of which is (i) to materially adversely affect the Bonds or any holder thereof in its capacity as such or (ii) to materially adversely affect the ability of the City to perform its obligations under this Agreement or any other Financing Document to which it is a party.

(j) *No Immunity.* To the extent authorized by Texas Government Code Section 1371.059(c), the City has, in this Agreement, waived sovereign immunity from suit and liability for the purposes of adjudicating a claim to enforce this Agreement and the Bank Fee Agreement or for damages for breach of this Agreement or the Bank Fee Agreement. The City further represents that to the extent its obligations hereunder, under the Bank Fee Agreement and under the other Financing Documents to which it is a party represent the legal obligations of the City, it believes its non-discretionary duties are subject to enforcement in Texas courts by writ of mandamus, and that it is not immune to an equitable mandamus action.

(k) *Other MFN Clause.* The City does not currently have outstanding any Bank Agreement in which it has given to any Person or Persons that have made a loan or extended credit or liquidity to the City for the benefit of the Airport System an MFN Clause that provides such Person or Persons the benefit of any events of default contained in a separate Bank Agreement (entered into by the City on a future date with a different

Person or Persons) that are in addition to or different from the events of default provided for in the Bank Agreement containing the subject MFN Clause.

(l) *Regulations U and X.* The City is not engaged in the business of extending purpose credit, secured directly or indirectly, by margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and the City will not use, or cause any other Person to use, the proceeds of the Bonds to extend purpose credit, secured directly or indirectly by margin stock, to any other Person.

(m) *Environmental Matters.* The City has not received any notice to the effect that the City is not in compliance with any requirement of law or is the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non compliance or remedial action could have a material adverse effect on the assets, financial condition, properties, business or operations of the Airport System or the ability of the City to perform its obligations hereunder and under the other Financing Documents to which the City is a party.

(n) *ERISA.* The City is not subject to ERISA.

(o) *Compliance with Laws.* Except as disclosed in the Remarketing Memorandum or otherwise disclosed in writing to the Bank prior to the date hereof, the City is in compliance in all material respects with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the assets, financial condition, properties, business or operations of the Airport System or the ability of the City to perform its obligations hereunder and under the other Financing Documents to which the City is a party.

(p) *Taxes.* The City has filed all Federal, state and other material tax returns and reports required to be filed and has paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the City that would, if made, have a material adverse effect on the assets, financial condition, properties, business or operations of the City or the ability of the City to perform its obligations hereunder and under the other Financing Documents to which the City is a party.

(q) *Interest.* None of the Financing Documents (including the Bonds and Bank Bonds) provide for any payments that would violate any applicable law regarding permissible maximum rates of interest under the laws of the State; *provided, however,*

that the City makes no representation with respect to the last sentence of Section 2.16 hereof.

(r) *Prior Lien Bonds.* Other than the Prior Lien Bonds the City has no obligations secured by a lien on the Net Revenues that is superior to the lien on the Net Revenues securing the Series 2005 Bonds. The City has covenanted in the Ordinance not to issue Additional Prior Lien Bonds (as defined in the ordinances authorizing the Prior Lien Bonds).

(s) *Bank Bonds.* The Bank Bonds purchased pursuant to this Agreement will be transferred to or held for the benefit of the Bank, free and clear of all liens, security interests or claims of any Person other than the Bank, except for such consensual liens or other security interests as may be created by the Bank.

(t) *The Paying Agent and Remarketing Agent.* The Paying Agent is the duly appointed and acting paying agent/registrar under the Ordinance. The Remarketing Agent is the duly appointed and acting remarketing agent for the Bonds.

(u) *Swap Termination Payments.* There is no lien on the Net Revenues securing any swap termination payments payable pursuant to any Swap Contract entered into by the City that is superior in priority to or on a parity with the lien securing the Bonds, the Bank Bonds and any other Obligations owed to the Bank hereunder or under the Bank Fee Agreement.

(v) *Incorporation of Representations and Warranties.* The City hereby makes to the Bank the same representations and warranties as were made by it in each Financing Document (other than this Agreement) to which it is a party, which representations and warranties, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Section 3.1(v) with the same effect as if each and every such representation and warranty and definition were set forth in this Section 3.1(v) in its entirety. No amendment to or waiver of such representations and warranties or definitions made pursuant to such Financing Documents shall be effective to amend such representations and warranties and definitions as incorporated by reference in this Section 3.1(v) without the prior written consent of the Bank in accordance with Section 5.2(a).

(w) *Security.* Pursuant to the Ordinance the City has pledged the Net Revenues to the payment and security of the Bonds (including the Bank Bonds). The Ordinance validly grants the pledge which it purports to create to secure the Bonds (including the Bank Bonds) and the City's obligations hereunder as and to the extent provided herein and in the Ordinance and is a perfected lien in the manner provided by Chapter 1208, Texas Government Code.

## ARTICLE 4

### CONDITIONS PRECEDENT

**Section 4.1 Conditions to Issuance and Delivery of the Letters of Credit.** The obligation of the Bank to issue the Letters of Credit has been undertaken in reliance upon the due performance by the City of its obligations and agreements to be performed hereunder and under the other Financing Documents to which it is a party and the accuracy of and compliance with the representations, warranties, covenants, agreements and duties of the City contained herein on and as of the Closing Date. The obligation of the Bank to issue the Letters of Credit is also subject to the fulfillment of the following conditions precedent by the City on or before the Closing Date, in a manner satisfactory to the Bank and its counsel:

(a) The Bank shall have received (i) an executed original of each of this Agreement, the Bank Fee Agreement, the Custody Agreement and copies of the other Financing Documents, (ii) a specimen copy of each of the Bonds, and (iii) a certified copy of the Ordinance;

(b) The Bank shall have received a signed legal opinion of counsel to the City as to such matters as the Bank may reasonably request, such opinion shall be addressed to the Bank, dated the Closing Date and in form and substance satisfactory to the Bank and its counsel;

(c) The Bank shall have received a signed opinion of Vinson & Elkins, L.L.P., bond counsel, dated the Closing Date, addressed to the Bank and in form and substance satisfactory to the Bank and its counsel;

(d) The Bank shall have received evidence satisfactory to the Bank that the Bonds have been assigned an underlying long term rating of "A-" and that such rating is in full force and effect on the Closing Date;

(e) The Bank shall have received a certificate of the City signed by a duly authorized officer, dated the Closing Date, certifying the names and true signatures of the officers of the City authorized to execute, on behalf of the City, this Agreement and each other Financing Document required to be executed and delivered by the City as of the Closing Date;

(f) The Bank shall have received a certificate of the City, dated the Closing Date and signed by a duly authorized officer, stating that (i) the representations and warranties set forth in Article 3 hereof and in all other Financing Documents to which it is a party are true and correct in all material respects as of the Closing Date, (ii) no Default or City Event of Default has occurred and is continuing; and (iii) no material adverse change has occurred in the financial position or results of operation of the City since the date of the audited financial statements of the City included in the Remarketing Memorandum;

(g) All other legal matters pertaining to the execution and delivery of this Agreement, the other Financing Documents and the remarketing of the Bonds shall be reasonably satisfactory to the Bank and its counsel;

(h) The City shall have paid the fees and expenses and all other amounts (including, without limitation, attorneys' fees and expenses) payable on the Closing Date pursuant to the Bank Fee Agreement and Section 7.12 hereof for which the City shall have received an invoice prior to the Closing Date from the Bank; provided, however, that the failure by the Bank to provide an invoice with respect to any fees, expenses or other amounts payable by the City pursuant to the Bank Fee Agreement and Section 7.12 hereof shall not relieve the City from its liability to make such payments to the Bank;

(i) The Bank shall have received an executed Bank Bond Endorsement from the Insurer;

(j) The Bank shall have received a signed opinion of counsel to the Insurer, dated the Closing Date, addressed to the Bank and in form and substance satisfactory to the Bank;

(k) The Bank shall have received written evidence of the Insurer's consent to the Amendment to the Ordinance and the terms and provisions of this Agreement and the Letters of Credit;

(l) The Bank shall have received such other documents, certificates, opinions, approvals and filings with respect to this Agreement and the other Financing Documents as its counsel may reasonably request;

(m) The Bank shall have received satisfactory evidence of the termination of the Existing Agreement;

(n) The Bank shall have received the approval of the Texas Attorney General related to the proceedings related to this Agreement; and

(o) The Bank shall have received a CUSIP number specifically assigned to the Bank Bonds.

The issuance of its Letters of Credit to Wells Fargo Bank, N.A., in its capacities as Paying Agent and as Tender Agent (as Beneficiary as defined in the Letters of Credit), shall constitute an acknowledgement by the Bank that the conditions precedent set forth above have been satisfied or waived.

**Section 4.2 Conditions Precedent to a Liquidity Advance.** If at the time of payment by the Bank of any Liquidity Drawing under a Letter of Credit the Insurance Policy is no longer in effect, a Liquidity Advance shall be made available to the City only if on the date of payment of such Liquidity Drawing by the Bank (a) the representations and warranties contained in Article 3 of this Agreement are true and correct in all material respects as of such date (except to the extent that such representations and warranties specifically refer to an earlier date, in which case, they are true and correct as of such earlier date); and (b) no event has occurred and is continuing,

or would result from the making of such Liquidity Advance, which constitutes a Default or a City Event of Default hereunder. The conditions described in this Section 4.2 shall be referred to herein as the “*Conditions Precedent*”. Notwithstanding any other provision of this Agreement to the contrary and for the avoidance of doubt, so long as the Insurance Policy is in effect the payment or making by the Bank of any Liquidity Drawing or Liquidity Advance shall not be subject to or otherwise dependent upon the satisfaction of the Conditions Precedent.

Unless the City shall have previously advised the Bank in writing that the above statements are no longer true, the City shall be deemed to have represented and warranted on the date of such payment that the above statements are true and correct.

## **ARTICLE 5**

### **COVENANTS**

**Section 5.1 Affirmative Covenants of the City.** As long as this Agreement is in effect, and until all amounts payable hereunder, under the Bank Fee Agreement and under any Bank Bonds are fully paid or defeased in accordance with the Ordinance, the City will, as applicable, perform and observe the covenants set forth below:

(a) *Financial Records.* The City shall at all times maintain financial records and furnish to the Bank, as soon as available, but in any event within one hundred eighty (180) days after the end of each fiscal year, audited financial statements (including balance sheet and income statement) prepared in accordance with GAAP consistently applied and certified by an independent certified public accounting firm except to the extent State law requires otherwise.

(b) *Notice of Default.* The City shall notify the Bank in writing of the occurrence of (i) any Default or City Event of Default, (ii) any default under any Financing Document to which the City is a party, or (iii) any filing by the City of a petition in bankruptcy under the Bankruptcy Law. The City shall also notify the Bank of the occurrence of any default or other event under any ordinance, contract or instrument providing for the creation of any Payment Obligation (payable from Net Revenues) of the City where the effect thereof is to accelerate, or permit the acceleration of, the maturity of such Payment Obligation (payable from Net Revenues).

(c) *Budgets.* The City shall deliver to the Bank a copy of its annual budget for the next fiscal year promptly upon adoption of such budget.

(d) *Reports.* The City shall deliver to the Bank, as soon as available and in any event not later than forty-five (45) days after the end of each fiscal quarter, (i) quarterly unaudited financial statements of the Airport System prepared in accordance with GAAP consistently applied, except to the extent State law requires otherwise, and accompanied by comparative figures of the expected year-end balances and the budgeted amount for such fiscal period including relevant footnotes, (ii) quarterly mark-to-market valuations on Swap Contracts in place with respect to the Bonds and payable from Net Revenues, (iv) written notice of any change in insurance carriers or amount of any

insurance coverage and (vii) all other information concerning the City which the City submits to or receives from any other party which is reasonably likely to have a material effect on the Bank's rights hereunder or under the Bank Fee Agreement or the City's obligations under any Financing Document to which it is a party.

(e) *Other Information.* The City shall furnish to the Bank promptly, as the Bank may reasonably request, such additional information concerning the Airport System or the City in order to enable the Bank to determine whether the covenants, terms and provisions of this Agreement and the other Financing Documents have been complied with by the City, and for that purpose all pertinent books, documents and vouchers relating to the City's business, affairs and properties shall at all reasonable times during regular business hours and upon reasonable notice be open to the inspection of such accountants or other agents (who may make copies of all or any part thereof at their own cost and expense) as shall from time to time be designated by the Bank. Without limiting the foregoing, the City will permit the Bank to visit and inspect any of the properties of the City during regular business hours and to discuss the affairs, finances and accounts of the City with its respective officials and any accounting firm performing services for the City, as often as the Bank may reasonably request.

(f) *Compliance with Obligations.* The City shall observe and comply with all of its obligations arising in connection with the Airport System and all laws applicable to the Airport System, including, without limitation, all budgeting requirements of the Airport System, so as not to materially adversely affect the ability of the City to perform its obligations hereunder. The City shall observe and comply with all of its obligations arising in connection with the Financing Documents and all laws applicable to the City so as not to materially adversely affect the ability of the City to perform its obligations hereunder or under any other Financing Documents to which it is a party.

(g) *Litigation.* The City shall promptly, and in any event within ten (10) Business Days, notify the Bank in writing with respect to any pending or, to the extent of its actual knowledge, threatened litigation with respect to the City or the Airport System, the existence of which causes the representation set forth in Section 3.1(f) hereof to be untrue or inaccurate in any material respect.

(h) *Licenses, Permits, Etc.* The City will take all necessary and appropriate action to ensure the continuance in force of all material consents, licenses, permits, orders, decrees, approvals, authorizations, registrations and filings obtained or made in connection with the Airport System, this Agreement, or the other Financing Documents to which the City is a party, or which are necessary to authorize the execution, delivery and performance the City of this Agreement and the other Financing Documents to which the City is a party and all other agreements to be delivered in connection with any thereof.

(i) *Books and Records.* The City shall keep or cause to be kept adequate and proper records and books of account with respect the City and the Airport System in which complete and correct entries shall be made.



(j) *Reserved.*

(k) *Maintenance of Existence.* Except as may be required by law, or unless it has obtained the prior written consent of the Bank (which consent shall not be unreasonably withheld), the City shall preserve and maintain its existence, and its rights, franchises and privileges material to the conduct of its business and shall not reorganize, merge or consolidate with or into any Person, wind up, liquidate or dissolve its affairs (or suffer any liquidation or dissolution) or convert, sell, assign, transfer, lease or otherwise dispose of (or agree to do any of the foregoing at any future time), whether in one transaction or a series of transactions, all or substantially all of its property or assets.

(l) *Notice of Adverse Change.* The City shall notify the Bank, as soon as possible, and in any event within ten (10) Business Days, after acquiring knowledge of the occurrence of (i) the filing of any action in a court of competent jurisdiction for an initiative or referendum which is reasonably likely to lead to the material diminution or reallocation of Net Revenues or the funds received by the City under any Swap Contract relating to the Bonds and payable from Net Revenues or (ii) any other event which is likely to have a material adverse effect on the financial condition or operations of the Airport System or materially adversely affect the ability of the City to perform its obligations under this Agreement or under any other Financing Document to which the City is a party.

(m) *Paying Agent and Other Agents.* The City shall immediately notify the Bank of any resignation of the Paying Agent, the Tender Agent or the Remarketing Agent. The City shall obtain the prior written consent of the Bank prior to the appointment of any successor Paying Agent, Tender Agent or Remarketing Agent. The City shall use reasonable efforts to cause the Remarketing Agent to at all times comply with the terms of the Financing Documents to which it is a party.

(n) *Other Matters.* The City shall execute and deliver to the Bank all such documents and instruments, and do all such acts and things, as may be necessary or reasonably required by the Bank to enable the Bank to exercise and enforce its rights under this Agreement and the Bank Fee Agreement and to realize thereon, and record and file and rerecord and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or reasonably required by the Bank to validate, preserve and protect the lien of the Bank on the Net Revenues under the Ordinance.

(o) *Payment of Obligations; Removal of Liens.* The City shall pay all indebtedness and obligations of the City in accordance with the terms thereof, including as the same respectively become due, all taxes, charges, assessments (general or special) and governmental charges of any kind whatsoever, that may be at any time lawfully assessed or levied against or with respect to the Net Revenues and promptly discharge or cause to be discharged all liens, encumbrances and charges on Net Revenues.

(p) *Maintenance of Insurance.* The City covenants that it will maintain insurance or self insurance on the Airport System. The City shall maintain insurance of

such type and in such amounts or in excess of such amounts as are customarily carried by, and insure against such risks as are customarily insured against by, Texas home-rule cities of like type, size and character to the City or provide self-insurance for the same.

(q) *Reserved.*

(r) *Liquidity.*

(i) The City shall use its best efforts to (A) obtain a Substitute Credit Facility to replace the Letters of Credit (to the extent replacement is commercially reasonable), (B) convert the interest rate on the related subseries of Bonds to an interest rate other than the Weekly Rate or (C) refund or refinance the related subseries of Bonds, in the event the Bank shall notify the City that it will not extend the Stated Expiration Date pursuant to Section 2.12 hereof.

(ii) The City agrees that any Substitute Credit Facility will require, as a condition to the effectiveness of the Substitute Credit Facility, that the issuer of the Substitute Credit Facility will provide funds to the extent necessary, in addition to other funds available, on the date the Substitute Credit Facility becomes effective, for the purchase of all Bank Bonds at par plus all accrued interest thereon through the date such Substitute Credit Facility becomes effective. On such date, any and all amounts due hereunder to the Bank shall be payable in full to the Bank.

(iii) The City shall not permit a Substitute Credit Facility to become effective with respect to less than all of the Bonds without the prior written consent of the Bank.

(s) *Conversion.*

(i) (A) The City shall promptly furnish, or cause to be furnished, to the Bank, not later than furnishing the same to the Paying Agent, a copy of any notice of conversion of the interest rate on any subseries of Bonds furnished by the City to the Paying Agent pursuant to the Ordinance indicating a proposed conversion of the interest rate on any subseries of the Bonds to a rate other than a Weekly Rate and (B) the City shall not permit, consent to, or request a conversion of the Bonds to an interest rate other than a Weekly Rate without the prior written consent of the Bank if, after giving effect to such conversion, there would be any other amounts payable to the Bank or in respect of Bank Bonds held by the Bank or any other Obligations owed to the Bank would not have been paid in full; and

(ii) In the event of a tender and a failed remarketing of the Bonds and the resulting Liquidity Drawing under any Letter of Credit remains outstanding for a period of thirty (30) consecutive calendar days, the City shall use its best efforts to (A) replace such Letter of Credit with a Substitute Credit Facility (to the extent replacement is commercially reasonable), (B) convert the interest rate on the Bonds to a rate other than a Weekly Rate or (C) refund or refinance the

Bonds, in any case not later than ninety (90) days immediately succeeding the thirtieth (30th) calendar day succeeding the date of the related Liquidity Drawing.

(t) *Selection of Bank Bonds for Redemption.* The City shall select, or cause to be selected, for optional redemption any and all Bank Bonds subject to optional redemption prior to selecting, or causing to be selected, for optional redemption any of the Bonds that are not Bank Bonds.

(u) *Incorporated by Reference.* The City agrees that it will, for the benefit of the Bank, comply with, abide by and be restricted by all of the agreements, covenants, obligations and undertakings of the City in the Financing Documents to which it is a party, which agreements, covenants, obligations and undertakings, together with the related definitions and ancillary provisions, are incorporated in this Section 5.1(u) by reference and made a part of this Section 5.1(u) to the same extent and with the same force and effect as if the same had been set forth in this Section 5.1(u) in their entirety, and they will be deemed to continue in effect for the benefit of the Bank, without regard or giving effect to any amendment or modification of such provisions or any waiver of compliance therewith, unless such amendment, modification or waiver is consented to in writing by the Bank in accordance with Section 5.2(a).

(v) *Maintenance of Ratings.* The City shall, at all times during the term of this Agreement, maintain a long-term unenhanced credit rating with respect to the Bonds with at least one of the Rating Agencies.

(w) *Paying Agent and Remarketing Agent.* The City shall at all times maintain a Paying Agent and a Tender Agent under the Ordinance reasonably acceptable to the Bank. The City shall cause the Remarketing Agent to use its best efforts to remarket the Bonds, including Bank Bonds, up to the maximum rate permitted under the Ordinance. If the Remarketing Agent fails to remarket the Bonds for thirty (30) consecutive days or at any time fails to perform its duties under the Remarketing Agreement and the Ordinance to the satisfaction of the Bank, the City will, at the direction of the Bank, replace such Remarketing Agent and, appoint a successor Remarketing Agent reasonably acceptable to the Bank and the Insurer. The City will not, without the prior written consent of the Bank, which consent shall not be unreasonably withheld, remove the then existing Remarketing Agent. Any remarketing agreement with a successor Remarketing Agent shall provide that (a) such successor Remarketing Agent may resign upon at least sixty (60) days prior written notice to the Paying Agent, the Bank, and the City, (b) such successor Remarketing Agent shall use its best efforts to remarket the Bonds without regard to the Bank Rate (i.e., whether or not the rate to be borne by the Bonds is less than the Bank Rate) and (c) such successor Remarketing Agent shall offer the Bonds for remarketing at the maximum rate permitted under the Ordinance prior to such Bonds being tendered for purchase pursuant to a Liquidity Drawing.

(x) *Credit Facilities.* In the event that the City shall hereafter enter into or otherwise consent to any credit agreement, bond purchase agreement, liquidity agreement, direct securities purchase agreement or other agreement or instrument in connection with the Airport System (or any amendment, supplement or modification

thereto) (each such agreement or amendment, supplement or modification thereto shall be referred to herein as a "*Bank Agreement*") under which any Person (other than the federal government or any agency thereof) undertakes to make loans or extend credit or liquidity to the City for the benefit of the Airport System, which Bank Agreement (or amendment thereto) provides such Person with additional or more restrictive covenants and/or greater rights and remedies than are provided to the Bank in this Agreement, the City shall provide the Bank with a copy of such Bank Agreement and such additional or more restrictive covenants and/or greater rights and remedies shall automatically be deemed to be incorporated into this Section 5.1(x) and the Bank shall have the benefits of such additional or more restrictive covenants and/or such greater rights and remedies as if specifically set forth in this Section 5.1(x). No amendment or waiver to any such Bank Agreement shall be effective as against the Bank without the written consent of the Bank. Upon the request of the Bank, the City shall promptly enter into an amendment to this Agreement to include such additional or more restrictive covenants, and/or greater rights or remedies, *provided* that the Bank shall maintain the benefit of such additional or more restrictive covenants and/or greater rights and remedies even if the City fails to provide such amendment.

(y) *Waiver of Sovereign Immunity.* To the extent authorized by Texas Government Code Section 1371.059(c), the City hereby waives sovereign immunity from suit and liability for the purposes of adjudicating a claim to enforce this Agreement or the Bank Fee Agreement or for damages for breach of this Agreement or the Bank Fee Agreement.

(z) *Maintenance of Property.* The City shall maintain, preserve and keep the Airport System in good repair, working order and condition (ordinary wear and tear excepted).

(aa) *Taxes and Assessments.* The City shall pay or cause to be paid all taxes, assessments and governmental charges imposed upon it or its respective interest in the Airport System before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the City are adequate.

(bb) *Debt Service Reserve Fund.* In the event that the financial strength rating of the Bond Insurer is reduced below A3 or is withdrawn or suspended for credit related reasons by Moody's and is reduced below A- or is withdrawn or suspended for credit related reasons by S&P, the City shall, within sixty (60) days of such rating action, (i) replace the surety provider with a provider acceptable to the Bank or (ii) cash fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement (over a period of eighteen (18) months in monthly installments as required by the Ordinance).

(cc) *Bank Bond Rating.* At any time Bank Bonds are outstanding, upon request of the Bank or any other financial institution that owns Bank Bonds or a beneficial interest therein, the City, at its expense, (i) shall obtain promptly from at least one rating agency then rating the Bonds, a rating specifically assigned to such Bank Bonds and (ii)

shall ensure that the CUSIP number and the rating assigned to such Bank Bonds are available electronically from a third-party provider of such information.

(dd) *Future Agreements.* In the event that the City shall hereafter enter into or otherwise consent to any Bank Agreement with any Person for a loan or to extend credit or liquidity to the City for the benefit of the Airport System and such Bank Agreement contains a “most favored nations” or “most favored lender” provision (each an “*MFN Clause*”) that provides such Person the benefit of any additional or different events of default (contained in a separate Bank Agreement that is entered into by the City on a future date with a different Person) than are provided to such Person in such Bank Agreement, then within 5 Business Days after the effective date of such Bank Agreement, the City shall provide to the Bank a copy of such MFN Clause and, at the discretion of the Bank, the portion of such MFN Clause referencing such additional or different events of default (the “*Incorporated Portion*”) shall be deemed to be incorporated into Section 5.1(x) hereof and the Bank shall have the benefit of the Incorporated Portion. Upon the request of the Bank, the City shall promptly enter into an amendment to this Agreement to include the Incorporated Portion, *provided* that the Bank shall have the benefit of such Incorporated Portion of such MFN Clause even if the City fails to provide such amendment.

**Section 5.2 Negative Covenants of the City.** As long as this Agreement is in effect, and until all amounts payable hereunder or under the Bank Fee Agreement, and under any Bank Bonds, are indefeasibly paid in full, the City shall not, unless the Bank shall otherwise consent in writing:

(a) agree to amend, supplement, extend, modify, waive, revise or otherwise alter or terminate, or permit any party to amend, supplement, extend, modify, waive, revise or otherwise alter or terminate, any term of the Bonds or any other Financing Document to which the City is a party;

(b) violate any law, rule, regulation, or governmental order to which it is subject, which violation involves a reasonable likelihood of adversely affecting the use or value of the Airport System, the financial condition, business or results of operations of the Airport System or the ability of the City to perform its obligations under this Agreement or any other Financing Document;

(c) invest any amounts on deposit in any of the funds or accounts held or maintained by the Paying Agent pursuant to the Ordinance in any investments other than investments permitted pursuant to the terms of the Ordinance or deviate from the investment policies of the City approved by the City Council of the City or from the applicable provisions of the State statutes with respect to the City’s investments;

(d) take any action, or cause the Paying Agent or the Tender Agent to take any action under the Ordinance that would cause a Default or a City Event of Default under this Agreement;

(e) take any action which would result in the City's obligations to the Bank under this Agreement and the Bank Fee Agreement not having the priority set forth in the Ordinance;

(f) terminate this Agreement, the Bank Fee Agreement or the Ordinance (except as otherwise permitted herein or therein) or replace any Letter of Credit with a Substitute Credit Facility (except as otherwise permitted herein or in the Ordinance);

(g) except as permitted by the Ordinance, encumber, transfer, sell, lease, convey or otherwise dispose of, any interest in, or create, suffer or assume any lien to be created on, the Airport System; or

(h) other than in the Remarketing Memorandum and its audited financial statements, refer to the Bank in any official statement or any similar offering document or make any changes in reference to the Bank in any official statement or any similar offering document; provided, however, that the City may include the name of the Bank in the Remarketing Memorandum or its audited financial statements without the consent of the Bank; or

(i) permit a lien on the Net Revenues securing any swap termination payments payable pursuant to any Swap Contract entered into the City that is superior in priority to or on a parity with the lien on the Net Revenues securing the Bonds, the Bank Bonds or any other Reimbursement Obligations owed to the Bank hereunder.

(j) *Liens and Additional Debt.*

(i) Parity Liens. Except as permitted by the Ordinance, the City shall not grant any lien, pledge or security interest in the Net Revenues which is on parity with the lien on Net Revenues that secures the payment of the City's Obligations.

(ii) Additional Senior Debt. The City shall not issue any obligations after the Closing Date which are secured by a lien on Net Revenues that is senior to that securing the Bonds.

## **ARTICLE 6**

### **TERM AND TERMINATION OF AGREEMENT; EVENTS OF DEFAULT.**

**Section 6.1 Term of Agreement.** This Agreement shall become effective upon execution by the Bank and the City and shall continue in full force and effect until the Letters of Credit have terminated or expired in accordance with their terms and all Obligations have been paid in full.

**Section 6.2 City Events of Default.** It shall be a "*City Event of Default*" hereunder if any of the following events shall occur and be continuing:

(a) (i) any principal or interest evidenced by the Bonds or the Bank Bonds is not paid when due or (ii) any Drawing or any Liquidity Advance is not paid when due; or

(b) any representation or warranty made by the City in this Agreement or any other Financing Document shall prove to be untrue in any material respect on the date as of which it was made; or

(c) nonpayment of any amounts payable under this Agreement or the Bank Fee Agreement when due (other than amounts referred to in Section 6.2(a) hereof), if such failure to pay when due shall continue for six (6) Business Days; or

(d) default in the due observance or performance by the City of any covenant set forth in Sections 5.1(b), 5.1(g), 5.1(k), 5.1(l), 5.1(o), 5.1(p), 5.1(s), 5.1(t), 5.1(v), 5.1(w), 5.1(y), 5.1(bb), or 5.2 hereof; or

(e) default in the due observance or performance by the City of any other term, covenant or agreement (not covered by clause (a), (c) or (d)) set forth in this Agreement and the continuance of such default for thirty (30) days after the earlier to occur of (i) the City obtaining actual knowledge thereof and (ii) receipt by the City of notice thereof from the Bank; or

(f) the Ordinance shall terminate or cease to be in full force and effect, other than as a result of any prepayment in full of all of the Bonds or provision for such prepayment in full in accordance with the Ordinance; or any provision of the Ordinance relating to the security for the Bonds or the Obligations, the City's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Bank, or any other material provision of the Ordinance or of any other Financing Document to which the City is a party shall cease to be in full force or effect, or the City or any Person acting on behalf of the City shall deny or disaffirm the City's obligations under the Ordinance or any other Financing Document to which the City is a party; or

(g) (i) the City shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate the City as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the City or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the City shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the City any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the City any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal

within sixty (60) days from the entry thereof, or (iv) the City shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the City shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts; or

(h) the City or a governmental authority of competent jurisdiction shall have declared or announced a moratorium (whether or not in writing) with respect to any debt or Payment Obligation of the City payable from Net Revenues; or

(i) any final, non-appealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount of \$5,000,000 or more, payable from Net Revenues, shall be entered or filed against the City and shall remain unvacated, unbonded or unstayed for a period of sixty (60) days; or

(j) any "event of default" shall occur under the Ordinance or under any other Financing Document; or

(k) the long-term unenhanced rating assigned to any of the City's debt payable from Net Revenues is reduced below "Baa2" by Moody's or below "BBB" by S&P or is suspended or withdrawn by Moody's or S&P; or

(l) except pursuant to Section 6.3 or Section 6.4 hereof, the Insurance Policy is canceled or terminated or the Insurer is replaced with another insurer or the terms of the Insurance Policy are amended or modified in any respect which, in the sole discretion of the Bank, would have an adverse effect on the rights or security of the Bank, in any case which was (i) not at the direction of the Bank or (ii) without the prior written consent of the Bank; or

(m) the City shall (i) default in any payment of any principal or premium of or interest on any of the City's long-term indebtedness in the amount of \$5,000,000 or more payable from Net Revenues (other than the Bonds, the Liquidity Drawings and the Liquidity Advances) beyond the period of grace, if any, provided in the instrument or agreement under which such long-term indebtedness was created; or (ii) default in the observance or performance of any agreement or condition relating to any such long-term indebtedness payable from Net Revenues or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such long-term indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such long-term indebtedness to become due prior to its stated maturity; or

(n) (i) a court or other governmental authority with jurisdiction to rule on the validity of this Agreement, the Ordinance or any other Financing Document to which the City is a party shall find, announce or rule that any material provision of this Agreement or any other Financing Document to which the City is a party, or any provision of the Ordinance relating to the security for the Bonds or the Obligations, the City's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the



Bank under this Agreement or any other Financing Document, is not a valid and binding agreement of the City; or (ii) the City shall contest the validity or enforceability of this Agreement, any other Financing Document to which the City is a party or any provision of the Ordinance relating to the security for the Bonds or the Obligations, the City's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Bank under this Agreement or any other Financing Document; or (iii) the City or any other Person acting on behalf of the City shall seek an adjudication that this Agreement, any other Financing Document to which the City is a party or any provision of the Ordinance relating to the security for the Bonds or the Obligations, the City's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Bank under this Agreement or any other Financing Document to which the City is a party, is not valid and binding on the City.

**Section 6.3 Remedies.** If a City Event of Default shall have occurred, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) give written notice of the occurrence of any City Event of Default hereunder to the Paying Agent, with a copy to the City and the Tender Agent, and, with the consent of the Required Banks, direct the Paying Agent to cause a mandatory tender of all the Bonds pursuant to Section A-403 of the Ordinance, thereby causing the Letters of Credit to terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent's receipt of such notice, and the Insurance Policy to terminate in accordance with the terms of the Cancellation Agreement, in which case the City and the Bank shall take such action as shall be necessary to effect such termination pursuant to the Cancellation Agreement; *provided, however,* that if an Insurer Event of Default has also occurred and is continuing, the Bank may direct the City and the Paying Agent that the Insurance Policy shall not be terminated;

(b) pursue any rights and remedies it may have under the Financing Documents subject to the terms thereof, including instituting suit, actions or proceedings to enforce its rights under the Ordinance;

(c) pursue any other action available at law or in equity for specific performance of any covenant or agreement contained herein, in aid of execution of any power herein granted or for the enforcement of any proper legal remedy; or

(d) declare all Obligations to be immediately due and payable, whereupon the same shall be immediately due and payable without any further notice of any kind, which notice is hereby waived by the City (unless such automatic acceleration is waived by the Bank in writing);

*provided, however,* that in the case of the foregoing clauses (b), (c) and (d), the Bank shall not exercise any such rights and remedies or pursue such other actions, including directions or remedies under the Ordinance, without the consent of the Insurer unless the following conditions are met: (i) the Insurance Policy is no longer in effect and (ii) unless an Insurer Event of Default has occurred and is continuing, the Insurer has been paid all amounts due and payable to it, and if

such conditions are met, then the Insurer's rights derived through subrogation or assignment shall nonetheless continue in full force and effect; *provided further*, that, notwithstanding the condition set forth in clause (i) of the foregoing proviso, if an Insurer Event of Default has occurred, the Bank may, while the Insurance Policy is in effect, exercise any such rights and remedies and pursue such other actions, including directions or remedies under the Ordinance. If the Bank, with the consent of the Required Banks, has directed the Paying Agent to cause a mandatory tender of all of the Bonds pursuant to Section 6.3(a) or Section 6.4(a) hereof, the Bank shall, and hereby covenants with the Insurer that it will (unless, with respect to Section 6.3(a) hereof, an Insurer Event of Default has occurred and the Bank has directed the City and the Paying Agent that the Insurance Policy shall not be terminated) satisfy at the earliest time practicable all applicable conditions to the effectiveness of termination of the Insurance Policy pursuant to the Cancellation Agreement and direct the Paying Agent not to draw on the Insurance Policy during the period between the Bank directing the Paying Agent to cause a mandatory tender of all of the Bonds and the effectiveness of termination of the Insurance Policy. Notwithstanding anything to the contrary herein, the Insurer's right to enforce the Bank's covenants set forth in this paragraph shall survive any termination of other rights of the Insurer.

#### **Section 6.4      Mandatory Tender Events.**

(a)      If an Insurer Event of Default or an Insurer Downgrade Event shall have occurred, the Bank may give written notice to the Paying Agent, with a copy to the City and the Tender Agent, of the occurrence of such Insurer Event of Default or Insurer Downgrade Event and, with the consent of the Required Banks, direct the Paying Agent to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, thereby causing the Insurance Policy to terminate in accordance with the terms of the Cancellation Agreement on the sixteenth (16<sup>th</sup>) day following the Paying Agent's receipt of such notice. The City and the Bank shall take such action as may be necessary or required to effect such termination pursuant to the Cancellation Agreement. So long as no City Event of Default shall have occurred and be continuing, upon the termination of the Insurance Policy the City shall cause the Remarketing Agent to use its best efforts to remarket all tendered Bonds at the earliest date possible pursuant to the terms of the Ordinance; *provided* that, if after the Bonds have been called for mandatory tender by the Paying Agent but prior to the remarketing of such Bonds a City Event of Default shall have occurred and be continuing, such tendered Bonds shall only be remarketed with the written consent of the Bank and the Bank may at its sole discretion pursue any of its rights or remedies pursuant to this Agreement.

(b)      If the City fails to pay the Letter of Credit Fee, the Bank may give written notice of such failure to pay to the Paying Agent, with a copy to the City and the Tender Agent, and, with the consent of the Required Banks, direct the Paying Agent to cause a mandatory tender of all the Bonds in accordance with Section A-403 of the Ordinance, thereby causing the Letters of Credit to terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent's receipt of such notice.

(c)      If an Insurer Event of Default or an Insurer Downgrade Event shall have occurred and be continuing, and, in either case, a City Event of Default shall also have

occurred and be continuing, the Bank may give written notice to the Paying Agent, with a copy to the City and the Tender Agent, of the occurrence of such Insurer Event of Default or Insurer Downgrade Event, as applicable, and such City Event of Default and, with the consent of the Required Banks, direct the Paying Agent to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, thereby causing the Letters of Credit to terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent's receipt of such notice.

## **ARTICLE 7**

### **MISCELLANEOUS.**

**Section 7.1 Cancellation Agreement.** The City and the Bank hereby acknowledge and agree that (i) pursuant to the terms of the Cancellation Agreement, if the Banks direct the Paying Agent to cause a mandatory tender of the Bonds pursuant to Section 6.3 or Section 6.4 hereof, the Paying Agent shall cause all other Series 2005 Bonds to be tendered for purchase and (ii) the Insurance Policy shall not be terminated prior to the mandatory tender date of all the Series 2005 Bonds established in accordance with the terms of the Ordinance. If the Bank in its sole and absolute discretion shall pay any amounts owed to the Insurer in connection with the cancellation of the Insurance Policy pursuant to the terms of the Cancellation Agreement, the City shall reimburse the Bank for such payments to the Insurer within five (5) Business Days after the City's receipt of written notice from the Bank as to such amount due to the Bank and amounts not paid when due shall accrue interest at the Default Rate. Any payments to the Insurer made by the Bank that are in respect of principal of or interest on the Bonds shall be deemed to be Reimbursement Obligations hereunder.

**Section 7.2 Reimbursement.** To the extent permitted by the law of the State, the City agrees to reimburse and hold the Bank and its officers, directors and employees (each a "*Reimbursed Party*") harmless from and against, and to pay on demand, any and all claims, damages, losses, liabilities, costs and expenses whatsoever which such Reimbursed Party may incur or suffer by reason of or in connection with the execution and delivery of this Agreement, the Bank Fee Agreement or the Letters of Credit, or any other documents which may be delivered in connection with this Agreement, the Bank Fee Agreement or the Letters of Credit or in connection with the remarketing of the Bonds, or in connection with any payment under the Letters of Credit, including, but not limited to, the fees and expenses of counsel for such Reimbursed Party with respect thereto and with respect to advising such Reimbursed Party as to its rights and responsibilities under this Agreement, the Bank Fee Agreement and the Letters of Credit and all fees and expenses, if any, in connection with the enforcement or defense of the rights of such Reimbursed Party in connection with this Agreement, the Bank Fee Agreement, the Letters of Credit or any of the other Financing Documents, or the collection of any monies due under this Agreement, the Bank Fee Agreement or such other documents which may be delivered in connection with this Agreement, the Bank Fee Agreement, the Letters of Credit or any of the other Financing Documents, except to the extent that any such claim, damage, loss, liability, cost or expense shall have resulted directly from or been caused by such Reimbursed Party's negligence or willful misconduct in connection with the Letters of Credit. Promptly after receipt by any Reimbursed Party of notice of the commencement, or threatened commencement, of any action subject to the reimbursement obligation contained in this Section 7.2, such

Reimbursed Party shall promptly notify the City thereof, *provided* that failure to give such notice shall not relieve the City from any liability to such Reimbursed Party hereunder. The obligations of the City under this Section 7.2 shall survive payment of all Obligations owed under this Agreement and the expiration of the Letters of Credit. Net Revenues shall constitute the sole source of funds available to the City for the payments, if any, owing to a Reimbursed Party.

**Section 7.3 Liability of the Bank.** The City assumes all risks of the acts or omissions of the Tender Agent and the Paying Agent, or any agents thereof, and any transferee beneficiary of any Letter of Credit with respect to its use of any Letter of Credit. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of any Letter of Credit or for any acts or omissions of the Tender Agent or the Paying Agent, any agent thereof or any transferee beneficiary in connection therewith; (b) the validity or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged; (c) payment by the Bank against presentation of documents which do not comply with the terms of the applicable Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under the Letters of Credit; *provided, however*, that the City shall have a claim against the Bank to the extent of any direct compensatory, as opposed to consequential, damages suffered by the City which the City proves were caused by the Bank's negligence or willful misconduct in connection with a Letter of Credit (it being understood that the Bank assumes no liability or responsibility for the genuineness, falsification or effect of any document which appears to be regular on its face). The Bank is hereby expressly authorized and directed to honor any demand for payment which is made under a Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between or among the City, the Tender Agent and the Paying Agent, any transferee beneficiary of any Letter of Credit or any other Person or the respective rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under the Letters of Credit are true and correct.

**Section 7.4 Participations.** The Bank may at any time, without the consent of, or notice to, the City, sell participations to any Person (other than a natural person or the City) (each, a "*Participant*") in all or a portion of the Bank's rights and obligations under this Agreement and the Bank Fee Agreement and its obligations under a Letter of Credit (including all or a portion of the applicable Commitment and of any Drawings or Liquidity Advances due and owing hereunder); *provided* that (i) the Bank's obligations under the Letters of Credit shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the City shall continue to deal solely and directly with the Bank in connection with the Bank's rights under this Agreement, the Bank Fee Agreement, and its obligations under the Letters of Credit.

Any agreement or instrument pursuant to which the Bank sells such a participation shall provide that the Bank shall retain the sole right to enforce this Agreement and the Bank Fee Agreement and to approve any amendment, modification or waiver of any provision hereof or thereof; *provided* that such agreement or instrument may provide that the Bank will not, without the consent of the Participant, agree to any amendment or waiver described in Section 7.6(a), 7.6(b), 7.6(c) or 7.6(d) hereof that affects such Participant.

**Section 7.5 Survival of this Agreement.** All covenants, agreements, representations and warranties made in this Agreement shall survive the issuance of the Letters of Credit and shall continue in full force and effect so long as any Letter of Credit shall be unexpired or any Obligations shall be outstanding and unpaid. The obligation of the City to reimburse the Bank pursuant to Sections 2.13, 2.14, 7.2, 7.3 and 7.12 hereof shall survive the payment of the Bonds and termination of this Agreement.

**Section 7.6 Modification of this Agreement.** No amendment, modification or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the Bank and the City and consented to in writing by the Insurer, *provided, however*, that if an Insurer Event of Default shall have occurred and be continuing, then the Bank and the City may amend this Agreement without the consent of the Insurer unless such amendment would be adverse to the Insurer or would change its obligations in connection with any Bank Bonds; *provided, further*, that no consent of the Insurer shall ever be required in connection with the extension of the Stated Expiration Date of the Letters of Credit or any amendment to the Bank Fee Agreement or in the event the Insurance Policy is no longer in effect. No amendment, modification or waiver of any provision of the Letters of Credit shall in any event be effective unless the same shall be in writing and signed by the Bank (in its sole discretion). Any such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the City in any case shall entitle the City to any other or further notice or demand in the same, similar or other circumstances.

**Section 7.7 Waiver of Rights by the Bank.** No course of dealing or failure or delay on the part of the Bank in exercising any right, power or privilege hereunder or under any Letter of Credit or the Bank Fee Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or privilege. The rights of the Bank under the Letters of Credit, this Agreement and the Bank Fee Agreement are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have.

**Section 7.8 Severability.** In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic and legal effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

**Section 7.9 Governing Law.** This Agreement and the Bank Fee Agreement shall be deemed to be contracts under, and for all purposes shall be governed by, and construed and interpreted in accordance with, the law of the State of Texas. Each party hereto irrevocably waives, if and to the extent permitted by applicable law, any and all, to the extent permitted by law, right to a trial by jury in any action, suit or legal proceedings arising out of or relating to this Agreement or any other Financing Document or the transactions contemplated hereby or thereby.

## **Section 7.10 Notices; Effectiveness; Electronic Communications.**

(a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to, the address, telecopier number, electronic mail address or telephone number specified for the recipient on its respective signature page hereto.

Notices and other communications sent by hand or overnight courier service or mailed by certified or registered mail shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not sent during normal business hours for the recipient, such communications shall be deemed to have been given at the opening of business on the next business day for the recipient).

(b) *Electronic Communications.* Notices and other communications to the Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Bank, *provided* that the foregoing shall not apply to notices to the Bank pursuant to Article II. The City may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communication pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications.

If the Bank has agreed to receive communications by e-mail and unless the Bank otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) *Change of Address, Etc.* Each of the City and the Bank may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other party hereto. In addition, the Bank agrees to notify the City from time to time to ensure that the City has on record (i) an effective address, contact name, telephone number, telecopier number and, if applicable, e-mail address to which notices and other communications may be sent and (ii) accurate wire instructions for the Bank.

(d) *Reliance by the Bank.* The Bank shall be entitled to rely and act upon any notices (including telephonic notices with respect to any Drawing) purportedly given by

or on behalf of the City even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein or (ii) the terms thereof, as understood by the Bank, varied from any confirmation thereof. The City shall reimburse the Bank for all losses, costs, expenses and liabilities resulting from the reliance by the Bank on each notice purportedly given by or on behalf of the City. All telephonic notices to and other telephonic communications with the Bank may be recorded by the Bank, and the City hereby consents to such recording.

#### **Section 7.11 Successors and Assigns.**

(a) *Successors and Assigns Generally.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the City may not assign or otherwise transfer any of its respective rights or obligations hereunder or under any other Financing Document without the prior written consent of the Bank (and the Insurer if the Insurance Policy is still in effect), and the Bank may not assign or otherwise transfer any of its rights or obligations hereunder or under any Letter of Credit without the prior written consent of the City (and the Insurer if the Insurance Policy is still in effect); *provided, however,* that the obligations of the Bank under any Letter of Credit may be assigned or otherwise transferred with (A) the prior written consent of the City and (B) confirmation from each Rating Agency then rating the related subseries of Bonds that the long and short-term ratings on such subseries of Bonds will not be withdrawn or reduced as a result of such assignment or transfer. Notwithstanding the foregoing, the Bank may assign its right to receive payment of any Obligation of the City hereunder or under the Bank Fee Agreement without the prior written consent of the City or any other party. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and Participants to the extent provided in Section 7.4 hereof) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Certain Pledges.* Notwithstanding anything to the contrary set forth in this Agreement, the Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and the Bank Fee Agreement to secure obligations of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

(c) *Electronic Execution of Assignments.* The words “execution,” “signed,” “signature,” and words of like import in any assignment and assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Texas State Electronic Signatures

and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

**Section 7.12 Taxes and Expenses.** The City will promptly pay (i) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Financing Documents as set forth in the Bank Fee Agreement, (ii) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to its rights and responsibilities under this Agreement and the other Financing Documents after the occurrence of a City Event of Default, and (iii) all reasonable costs and expenses, if any, in connection with any amendment to this Agreement, the Bank Fee Agreement or any other Financing Document which requires the consent of the Bank or the waiver of such provision by the Bank or the enforcement of this Agreement, the Bank Fee Agreement and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Bank. In addition, the City shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement or the Bank Fee Agreement and the security contemplated by the Financing Documents and agrees, to the extent permitted by the law of the State, to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees; *provided, however*, that the City may reasonably contest any such taxes or fees with the prior written consent of the Bank, which consent, if a City Event of Default does not then exist, shall not be unreasonably withheld. In addition, the City agrees to pay, after the occurrence of a City Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the City hereunder by reason of such City Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of the City under this Section 7.12 shall survive the termination of this Agreement.

**Section 7.13 Reserved.**

**Section 7.14 Payment Obligations of the City hereunder and under the Bank Fee Agreement.** Notwithstanding anything set forth to the contrary herein, any provision of this Agreement or the Bank Fee Agreement which provides that the City will make payments to the Bank in respect of any Obligations hereunder or under the Bank Fee Agreement shall be an obligation of the City to make such payment to the Bank subject to the limitations contained in this Agreement as to the sources of funds available to the City for such purpose.

**Section 7.15 Headings.** The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

**Section 7.16 Counterparts.** This Agreement may be executed in counterparts, each of which shall constitute an original but all taken together to constitute one instrument. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail 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 7.17 Entire Agreement.** This Agreement and the Bank Fee Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby and thereby.

**Section 7.18 USA Patriot Act** The Bank hereby notifies the City that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (the “*Patriot Act*”), it is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Patriot Act, and the City hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the Patriot Act. The City shall comply with all applicable Bank Secrecy Act laws and regulations, as amended.

**Section 7.19 Insurance Policy Claims.** Following payment by the Bank of any Drawing under a Letter of Credit, the Bank shall have sixty (60) Business Days from the date of such payment to direct the Insurer to reimburse the Bank for the amount of the Drawing that was not reimbursed by the City, the Tender Agent or the Paying Agent from amounts in the funds and accounts under the Ordinance. In the event the Bank fails to direct the Insurer to reimburse the Bank within the sixty (60) Business Day period, the Bank shall be deemed to have elected not to receive reimbursement from the Insurer with respect to such payment under a Letter of Credit and to have waived its right to present such a claim to the Insurer for failure of the City to make such reimbursement. In no event shall the Bank be deemed to have waived its right to direct a mandatory tender of the Bonds with respect to any such reimbursement default as a result of the Bank waiving its right to present a claim of reimbursement to the Insurer.

**Section 7.20 Insurer’s Rights.** Except as otherwise provided herein or in the Cancellation Agreement, the existence of all rights given to the Insurer hereunder with respect to the giving of consents, approvals or notices, or the direction of proceedings and its rights pursuant to Section 7.21 hereof is expressly conditioned upon (i) the Insurance Policy being in full force and effect or (ii) no Insurer Event of Default having occurred and being continuing. If either or both of such conditions is not satisfied, then only the Insurer’s rights derived through subrogation or assignment shall continue in full force and effect except as expressly provided herein or in the Cancellation Agreement. Any such rights shall not be exercisable by the Insurer (but shall be exercisable by the Bank in accordance with the terms of the Ordinance) if at any time (i) the Insurance Policy is no longer in full force and effect as a result of a termination of the Insurance Policy and the Insurer has been paid all amounts due and payable to it or (ii) an Insurer Event of Default has occurred and is continuing; *provided* that this Section 7.20 shall not in any way limit or affect the rights of the Insurer as subrogee of the Bank or Owner of a Bond or as assignee of the Bank or Owner of a Bond or to otherwise be reimbursed and indemnified for its costs and expenses and other payments on or in connection with the Reimbursement Obligations or the Insurance Policy either by operation of law or at equity or by contract.

**Section 7.21 Third Party Beneficiary.** The Bank and the City acknowledge that, unless (i) the Insurance Policy has been terminated pursuant to Section 6.3(a) or 6.4(a) hereof and the Insurer has been paid all amounts due and payable to it (if applicable in accordance with Section 6.3(a) or Section 6.4(a) hereof) or (ii) an Insurer Event of Default has occurred and is continuing,

the Insurer shall be an express third party beneficiary of the provisions of this Agreement relating to the Insurer with the power to enforce the same.

[Balance of this page intentionally blank]

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

**CITY OF AUSTIN, TEXAS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

City of Austin, Texas  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

512 974-7882 phone  
512 370-3838 fax  
Art. Alfaro@ci.austin.tx.us

**JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Principal Office:  
Public Finance Credit Origination  
383 Madison Avenue, 8th Floor  
Mail Code NY1-M076  
New York, NY 10179

Wire instructions with respect to  
Letter of Credit Fees:

JPMorgan Chase Bank, National Association  
ABA No. 021-000-021  
Account: 324-331754  
Attn: City of Austin / CPCS-926106/ CPCS-  
927415  
Contact: Brian Nevin - 312-954-1922

Wire instructions with respect  
to reimbursement of Letter of Credit  
drawings, draw fees, amendment fees  
and transfer fees:

JPMorgan Chase Bank, National Association  
ABA No. 021-000-021  
Acct No. 324-331754  
Acct. Name: JPMorgan GTS, Letters of Credit  
Attn: City of Austin / CPCS-926106/ CPCS-  
927415  
Contact: Brian Nevin - (312) 954-1922

Address for Notices:

JPMorgan Chase Bank, National Association  
Public Finance Credit Origination  
383 Madison Avenue, 8th Floor  
Mail Code NY1-M076  
New York, NY 10179  
Attention: David M. Bayer  
Phone: (212) 270-4186  
Fax: (917) 546-2657

E-mail: public.finance.notices@jpmchase.com;  
david.m.bayer@jpmchase.com

With a copy to:

JPMorgan Chase Bank, National Association  
Loan and Agency Services  
1111 Fannin, 10th Floor  
Houston, TX 77002  
Mail Code: TX2-FO46  
Attention: Amanda Brewer/Kimberly Brown  
Phone: (713) 427-0002 / (713) 750-2502  
Fax: (713) 750-2956

and

JPMorgan Chase Bank, National Association  
Standby Letter of Credit Unit  
131 South Dearborn, 5<sup>th</sup> Floor  
Mail Code IL1-0236  
Chicago, IL 60603-5506  
Facsimile No.: (312) 954-6163  
Telephone No. (800) 634-1969, Option 1  
Attention: Standby Service Unit

## **APPENDIX A**

### **FORMS OF LETTERS OF CREDIT**

APPENDIX A-1 TO REIMBURSEMENT AGREEMENT FOR SUBSERIES 2005-1 BONDS

FORM OF IRREVOCABLE TRANSFERABLE DIRECT PAY LETTER OF CREDIT  
No. CPCS-926106

June 21, 2011

Letter of Credit No. CPCS-926106

Beneficiary:

Wells Fargo Bank, National Association, as Paying  
Agent/Registrar and Tender Agent (the "*Beneficiary*")  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

Ladies and Gentlemen:

We (the "Bank") hereby establish in your favor as beneficiary (the "Beneficiary"), for the benefit of the holders of the Bonds (as hereinafter defined), our Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106 for the account of the City of Austin, Texas (the "*Applicant*"), whereby we hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of our close of business on: (i) June 21, 2014 (as extended from time to time, the "*Stated Expiration Date*"), (ii) the date which is one (1) Business Day following the date on which all of the Bonds (as hereinafter defined) are converted to bear interest at a rate other than a Weekly Rate as defined in Ordinance No. 20050804-039 of the City of Austin, Texas, as amended by Ordinance No. \_\_\_\_\_ (together, the "*Ordinance*"), as such date is specified in a certificate in the form of Exhibit A hereto (the "*Conversion Date*"), (iii) the date which is one (1) Business Day following receipt by the Bank of a certificate in the form set forth as Exhibit B hereto, (iv) the date on which a Stated Maturity Drawing (as hereinafter defined) is honored by us, (v) the date which is sixteen (16) days following receipt by you of a written notice from us in the form of Exhibit A-2 attached to the Cancellation Agreement (as defined herein) (for convenience a copy of such exhibit is also attached here to as Exhibit L) specifying the occurrence of a City Event of Default as defined in the Letter of Credit and Reimbursement Agreement dated June 1, 2011 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "*Reimbursement Agreement*"), by and between the Applicant and the Bank, and directing you to cause a mandatory tender of the Bonds in accordance with Section A-403 of the Ordinance (the earliest of such dates to occur referred to herein as the "*Termination Date*"), in each such case a maximum aggregate amount not exceeding Sixty-Three Million One Hundred Fifty-Six

Thousand Six Hundred and Thirty-Six Dollars (\$63,156,636; the "*Original Stated Amount*") to pay the unpaid principal amount of, or the portion of the purchase price corresponding to the principal of, and accrued interest on, or the portion of the purchase price corresponding to accrued interest on, the City of Austin, Texas Airport System Refunding Revenue Bonds, Series 2005 (AMT), Subseries 2005-1 (the "*Bonds*") (said \$63,156,636 having been calculated to be equal to \$62,075,000 the outstanding principal amount of the Bonds, plus \$1,081,636, which is at least 53 days accrued interest on said principal amount of the Bonds at the rate of twelve percent (12%) per annum (the "*Cap Interest Rate*") calculated on the basis of a 365/366 day year). This Letter of Credit is available to you against presentation of the following documents (the "*Payment Documents*") presented to the Bank as described below:

A certificate (with all blanks appropriately completed) (i) in the form attached as Exhibit C hereto to pay accrued interest on the Bonds as provided for in the Ordinance (an "*Interest Drawing*"), (ii) in the form attached as Exhibit D hereto to pay the principal amount of and accrued interest on the Bonds in respect of any redemption of the Bonds as provided for in Sections A-301 and A-302 of the Ordinance (a "*Redemption Drawing*"), (iii) in the form attached as Exhibit E hereto, to allow the Beneficiary to pay the purchase price of Bonds tendered for purchase as provided for in Section A-401 of the Ordinance which have not been successfully remarketed or for which the purchase price has not been received by the Beneficiary by 12:00 noon, New York time, on the purchase date (a "*Liquidity Drawing*") or (iv) in the form attached as Exhibit F hereto to pay the principal amount of Bonds maturing on November 15, 2025, ( a "*Stated Maturity Drawing*" and together with Interest Drawings, Redemption Drawings and Liquidity Drawings collectively referred to herein as "*Drawings*" and individually as a "*Drawing*"), each certificate to state therein that it is given by your duly authorized officer and to be dated the date such certificate is presented hereunder. No Drawings shall be made under this Letter of Credit for Ineligible Bonds (as defined in the Reimbursement Agreement).

The term "*Cancellation Agreement*" shall mean the Insurance Policy Cancellation Agreement dated as of June 1, 2011 entered into by and among the City, Wells Fargo Bank, National Association, as Paying Agent/Register and Tender Agent, the Bank, KBC Bank N.V., acting through its New York Branch, Royal Bank of Canada, acting through a New York branch, and the Insurer.

All Drawings shall be made by presentation of each Payment Document to JPMorgan Chase Bank, National Association by facsimile (at facsimile number (312) 954-6163 or alternatively to (312) 954-3140), Attention: Standby Letter of Credit Unit, or at such other telecopier number as we may specify to you in writing without need of further documentation,



including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of drawing.

The Bank agrees to honor and pay the amount of any Interest Drawing, Redemption Drawing, Liquidity Drawing or Stated Maturity Drawing if presented in compliance with all of the terms of this Letter of Credit. If such drawing, other than a Liquidity Drawing, is presented prior to 2:00 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 11:00 A.M., New York time, on the following Business Day. If any such drawing, other than a Liquidity Drawing, is presented at or after 2:00 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 11:00 A.M., New York time, on the second following Business Day. If a Liquidity Drawing is presented to the Bank prior to 12:25 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 2:30 P.M., New York time, on the same Business Day. If a Liquidity Drawing is presented at or after 12:25 p.m., New York time, payment shall be made in immediately available funds, by 3:00 P.M., New York time, on the following Business Day. Payments made hereunder shall be made by wire transfer to you in accordance with the instructions specified by the Beneficiary in the drawing certificate relating to a particular drawing hereunder. "*Business Day*" means any day which is not (i) a Saturday, a Sunday or legal holiday, or (ii) a day on which the payment office of the Bank for Drawings is located, is required or authorized by law to remain closed.

The Available Amount (as hereinafter defined) will be reduced automatically by the amount of any Drawing hereunder; *provided, however*, that the amount of any Interest Drawing hereunder shall be automatically reinstated on the fifth (5th) calendar day following the date any Interest Drawing is honored if you shall not have received notice from us in the form of Exhibit A-1 or Exhibit A-2 attached to the Cancellation Agreement (for convenience a copy of such exhibits are also attached here to as Exhibit L) prior to such time that a City Event of Default has occurred under the Reimbursement Agreement directing the Beneficiary to cause a mandatory tender of the Bonds. After payment by the Bank of a Liquidity Drawing, the obligation of the Bank to honor Drawings under this Letter of Credit will be automatically reduced by an amount equal to the amount of said Drawing. In addition, prior to the Conversion Date, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Bank's obligations to honor Drawings hereunder will be automatically reinstated concurrently with receipt by the Bank of a certificate in the form of Exhibit H attached hereto and receipt by the Bank or the Beneficiary for the account of the Bank of the amount stated on such Exhibit H.

Upon receipt by the Bank of a certificate of the Beneficiary in the form of Exhibit G hereto, the Available Amount will automatically and permanently be reduced by the amount specified in such certificate. Such reduction shall be effective as of the next Business Day following the date of delivery of such certificate.

Upon any permanent reduction of the Available Amount to be drawn under this Letter of Credit, as provided herein, we will deliver to you an amendment to this Letter of Credit substantially in the form of Exhibit K attached hereto to reflect any such reduction. The

*“Available Amount”* shall mean the Original Stated Amount (i) less the amount of all permanent prior reductions pursuant to Interest Drawings, Redemption Drawings or Liquidity Drawings, (ii) less the amount of any previous reduction thereof pursuant to a reduction certificate in the form of Exhibit G (to the extent such reduction is not already accounted for by a reduction in the Available Amount pursuant to clause (i) above), and (iii) plus the amount of all reinstatements as above provided.

Prior to the Termination Date, we may extend the Stated Expiration Date from time to time at the request of the Applicant by delivering to you an amendment to this Letter of Credit in the form of Exhibit J hereto designating the date to which the Stated Expiration Date is being extended. All references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in the most recent of such notices. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

Upon the Termination Date, this Letter of Credit shall automatically terminate.

This Letter of Credit is transferable only in whole to your successor as Paying Agent/Registrar and Tender Agent under the Ordinance. Any such transfer (including any successive transfer) shall be subject to the Bank’s receipt of a transfer request signed by the transferor and by the transferee in the form of Exhibit I hereto and payment of our transfer fee. Upon our endorsement of such transfer the transferee instead of the transferor shall be entitled to all the benefits of and rights under this Letter of Credit in the transferor’s place; *provided* that, in such case, any certificate of the Beneficiary to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer of the transferee.

Communications with respect to this Letter of Credit shall be addressed to us at JPMorgan Chase Bank, National Association, 131 South Dearborn, 5th Floor, Mail Code IL1-0236, Chicago, Illinois 60603-0236, Attention: Standby Letter of Credit Unit, specifically referring to the number of this Letter of Credit. For telephone assistance, please contact the Standby Client Service Unit at 1-800-634-1969, select Option 1, and have this Letter of Credit number available.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the International Standby Practice ISP98 (*“ISP98”*). As to matters not governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code as in effect in the State of Texas.

All payments made by us hereunder shall be made from our own funds and not with the funds of any other person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-926106

**NOTICE OF CONVERSION DATE**

[Date]

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603-5506  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), which has been established by the Bank for the account of the Applicant, in favor of the Beneficiary.

The undersigned hereby certifies and confirms that the Conversion Date of all of the Bonds to bear interest at a rate other than a Weekly Rate (as defined in the Ordinance) has occurred on [insert date], and, accordingly, the Letter of Credit shall terminate on \_\_\_\_\_, which is one (1) Business Day after such Conversion Date, in accordance with its terms.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

\_\_\_\_\_,  
as Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT B  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-926106

**NOTICE OF TERMINATION**

[Date]

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603-5506  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), which has been established by the Bank for the account of the Applicant, in favor of the Beneficiary.

The undersigned hereby certifies and confirms that (i) no Bonds remain Outstanding within the meaning of the Ordinance, (ii) all drawings required to be made under the Ordinance and available under the Letter of Credit have been made and honored and the Available Amount under the Letter of Credit has been reduced to zero and may not be reinstated, or (iii) a substitute credit facility has been issued to replace the Letter of Credit pursuant to the Ordinance and the Letter of Credit Reimbursement Agreement dated June 1, 2011, by and between the Applicant and the Bank, and, accordingly, the Letter of Credit shall terminate in accordance with its terms on the date that is one (1) Business Day after the date of your receipt of this Notice of Termination.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

\_\_\_\_\_,  
as Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT C  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-926106

**INTEREST DRAWING CERTIFICATE**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association, in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Paying Agent/Registrar under the Ordinance.
2. The Beneficiary is entitled to make this Drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Ordinance with respect to the payment of interest due on all Bonds outstanding on the Interest Payment Date (as defined in the Ordinance) occurring on [insert applicable date], other than Ineligible Bonds (as defined in the Reimbursement Agreement).
3. The amount of this Drawing is equal to the amount required to be drawn by the Paying Agent/Registrar pursuant to the Ordinance.
4. The amount of the drawing made by this Certificate was computed in compliance with the terms of the Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

Exhibit C  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. \_\_\_\_\_  
(Continued)

5. Payment by the Bank pursuant to this drawing shall be made to  
\_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number  
\_\_\_\_\_, Attention: \_\_\_\_\_,  
Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of  
\_\_\_\_\_, 20\_\_.

\_\_\_\_\_, as Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT D  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-926106

**REDEMPTION DRAWING**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned individual, a duly authorized officer of \_\_\_\_\_  
\_\_\_\_\_  
(the "*Beneficiary*"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association, in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Paying Agent/Registrar under the Ordinance.
2. The Beneficiary is entitled to make this Drawing in the amount of \$ \_\_\_\_\_  
under the Letter of Credit pursuant to Section [\_\_\_\_\_] **(with respect to Bonds that bear interest at the Weekly Rate)** of the Ordinance.
3. (a) The amount of this Drawing is equal to (i) the principal amount of Bonds to be redeemed by the Applicant (as defined in the Letter of Credit) pursuant to Section \_\_\_\_\_ **(with respect to Bonds that bear interest at the Weekly Rate)** of the Ordinance on [insert applicable date] (the "*Redemption Date*") other than Ineligible Bonds (as defined in the Reimbursement Agreement (as defined in the Letter of Credit)), plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Ordinance) to the Redemption Date, provided that in the event the Redemption Date coincides with an Interest Payment Date this Drawing does not include any accrued interest on such Bonds.

(b) Of the amount stated in paragraph 2 above:

- (i) \$ \_\_\_\_\_ is demanded in respect of the principal amount of the Bonds referred to in subparagraph (a) above; and
- (ii) \$ \_\_\_\_\_ is demanded in respect of accrued interest on such Bonds.

4. Payment by the Bank pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account



Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re:  
\_\_\_\_\_.

5. The amount of the Drawing made by this Certificate was computed in compliance with the terms and conditions of the Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

6. Upon payment of the amount drawn hereunder, the Bank is hereby directed to permanently reduce the Available Amount by \$[insert amount of reduction] and the Available Amount shall thereupon equal \$[insert new Available Amount]. The Available Amount has been reduced by an amount equal to the principal of Bonds paid with this drawing and an amount equal to \_\_\_ days' interest thereon at the Cap Interest Rate (as defined in the Letter of Credit).

7. Of the amount of the reduction stated in paragraph 6 above:

(i) \$\_\_\_\_\_ is attributable to the principal amount of Bonds redeemed; and

(ii) \$\_\_\_\_\_ is attributable to interest on such Bonds (*i.e.*, \_\_\_ days' interest thereon at the Cap Interest Rate).

8. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

9. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding, to the extent such Bonds are not Bonds that bear interest at a rate other than a Weekly Rate, plus \_\_\_ days' interest thereon at the Cap Interest Rate.

Exhibit D  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-926106  
(Continued)

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as  
Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT E  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-926106

**LIQUIDITY DRAWING CERTIFICATE**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*") hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association, in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Tender Agent under the Ordinance.
2. The Beneficiary is entitled to make this Drawing under the Letter of Credit in the amount of \$\_\_\_\_\_ with respect to the payment of the purchase price of Bonds tendered for purchase in accordance with Section \_\_\_\_\_ **(with respect to Bonds that bear interest at the Weekly Rate]** of the Ordinance and to be purchased on [insert applicable date] (the "*Purchase Date*") which Bonds have not been remarketed as provided in the Ordinance or the purchase price of which has not been received by the Beneficiary by \_\_\_\_\_ A.M., New York time, on said Purchase Date.

3. (a) The amount of this Drawing is equal to (i) the principal amount of Bonds to be purchased pursuant to the Ordinance on the Purchase Date other than Ineligible Bonds (as defined in the Reimbursement Agreement as defined in the Letter of Credit)) plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Ordinance) (or, if none, the date of issuance of the Bonds) to the Purchase Date, provided that in the event the Purchase Date coincides with an Interest Payment Date this drawing does not include any accrued interest on such Bonds.

(b) Of the amount stated in subparagraph (2) above:

- (i) \$\_\_\_\_\_ is demanded in respect of the principal portion of the purchase price of the Bonds referred to in subparagraph (2) above; and
- (ii) \$\_\_\_\_\_ is demanded in respect of payment of the interest portion of the purchase price of such Bonds.

Exhibit E  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-926106  
(Continued)

4. The amount of the Drawing made by this Certificate was computed in compliance with the terms and conditions of the Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. The Beneficiary will register or cause to be registered in the name of the Bank upon payment of the amount drawn hereunder, Bonds in the principal amount of the Bonds being purchased with the amounts drawn hereunder, and such Bonds will be held in accordance with the Ordinance.

6. Payment by the Bank pursuant to this Drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as  
Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT F  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-926106

**STATED MATURITY DRAWING CERTIFICATE**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association, in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Paying Agent/Registrar under the Ordinance.
2. The Beneficiary is entitled to make this drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Ordinance.
3. The amount of this Drawing is equal to the principal amount of Bonds maturing on \_\_\_\_\_, \_\_\_\_\_, as specified in the Ordinance, other than Ineligible Bonds (as defined in the Reimbursement Agreement as defined in the Letter of Credit)).
4. The amount of this Drawing made by this Certificate was computed in compliance with the terms and conditions of the Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).
5. Payment by the Bank pursuant to this Drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

Exhibit F  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-926106  
(Continued)

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as  
Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT G  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-926106

**REDUCTION CERTIFICATE**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Paying Agent/Registrar under the Ordinance.
2. The Beneficiary shall deliver this Certificate to the Bank at the direction of the Applicant pursuant to the terms of the Ordinance.
3. Upon receipt by the Bank of this Certificate, the Available Amount (as defined in the Letter of Credit) shall be reduced by \$ \_\_\_\_\_, and the Available Amount shall thereupon equal \$ \_\_\_\_\_. \$ \_\_\_\_\_ of the new Available Amount is attributable to interest.
4. The interest amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.
5. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding plus \_\_\_ days' interest thereon at the Cap Interest Rate (as defined in the Letter of Credit).

Exhibit G  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-926106  
(Continued)

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_,  
as Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]



EXHIBIT H  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-926106

REINSTATEMENT CERTIFICATE

[Date]

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*"), hereby notifies JPMorgan Chase Bank, National Association, with reference to Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit) issued by the Bank in favor of the Beneficiary as follows:

1. \_\_\_\_\_ is the Remarketing Agent under the Ordinance.
2. The Beneficiary has been advised by the Bank that the amount of \$\_\_\_\_\_ has been paid to the Bank or the Beneficiary for the account of the Bank on the date hereof by the Applicant or the Remarketing Agent on behalf of the Applicant as a payment made to reimburse the Bank, pursuant to the Reimbursement Agreement for amounts drawn under the Letter of Credit pursuant to a Liquidity Drawing.
3. Of the amount referred to in paragraph 2, \$\_\_\_\_\_ represents the aggregate principal amount of Bonds resold or to be resold on behalf of the Applicant.
4. Of the amount referred to in paragraph 2, \$\_\_\_\_\_ represents accrued and unpaid interest on such Bonds.

Exhibit H  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-926106  
(Continued)

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of  
this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_, Beneficiary

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT I  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-926106

**TRANSFER REQUEST**

Date:

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603-5506  
Attention: Standby Letter of Credit Unit

Re: Irrevocable Transferable Direct-Pay Letter of Credit No. CPCS-926106, dated  
June 21, 2011

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw  
under the above referenced Letter of Credit (the "*Letter of Credit*") in its entirety to:

NAME OF TRANSFEREE

---

(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE

---

CITY, STATE/COUNTRY ZIP

---

In accordance with ISP98 (as defined in the Letter of Credit), Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in the Letter of Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Letter of Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Transferor requests that you notify the Transferee of the

transfer of this Letter of Credit in such form and manner as you deem appropriate and of the terms and conditions of the Letter of Credit as transferred.

If you agree to these instructions, please advise the Transferee of the terms and conditions of the transferred Letter of Credit and these instructions.

Payment of your transfer fee of \$\_\_\_\_\_ is for the account of the Applicant (as defined in the Letter of Credit) which, agrees to pay you on demand any expense or cost you may incur in connection with this transfer. Receipt of such transfer fee shall not constitute consent by you to effect the transfer.

The undersigned Transferor represents and warrants that (a) the Transferee is the Transferor's successor Beneficiary as Paying Agent/Registrar and Tender Agent under the Ordinance, (b) the enclosed Letter of Credit is original and complete, and (c) there is no outstanding or pending demand or request for payment, reinstatement or reduction of the Available Amount or transfer under the Letter of Credit affecting the rights to be transferred.

The effective date of the transfer of the Letter of Credit shall be the date hereafter on which you effect the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

This Transfer Request is made subject to ISP98 and is subject to and shall be governed by the law of the State of Texas, without regard to principles of conflict of laws that might require the application of a different governing law.

(Signature Page Follows)

Exhibit I  
to  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-926106  
(continued)

Sincerely yours,

\_\_\_\_\_  
(Print Name of Transferor)

\_\_\_\_\_  
(Transferor's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

<p style="text-align: center;"><b>SIGNATURE GUARANTEED</b></p> <p>Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement</p> <p>_____ (Print Name of Bank)</p> <p>_____ (Address of Bank)</p> <p>_____ (City, State, Zip Code)</p> <p>_____ (Print Name and Title of Authorized Signer)</p> <p>_____ (Authorized Signature)</p> <p>_____ (Telephone Number)</p> <p>_____ (Date)</p>
---

Acknowledged:

\_\_\_\_\_  
(Print Name of Transferee)

\_\_\_\_\_  
(Transferee's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

<p style="text-align: center;"><b>SIGNATURE GUARANTEED</b></p> <p>Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.</p> <p>_____ (Print Name of Bank)</p> <p>_____ (Address of Bank)</p> <p>_____ (City, State, Zip Code)</p> <p>_____ (Print Name and Title of Authorized Signer)</p> <p>_____ (Authorized Signature)</p> <p>_____ (Telephone Number)</p> <p>_____ (Date)</p>
--

Acknowledged as of \_\_\_\_\_, 20\_\_:

JPMorgan Chase Bank, N.A.

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT J  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-926106

**NOTICE OF EXTENSION AMENDMENT**

\_\_\_\_\_, \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION, AS BENEFICIARY  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

CITY OF AUSTIN TEXAS  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), established by us in your favor as Beneficiary. We hereby notify you that the Stated Expiration Date (as defined in the Letter of Credit) has been extended to \_\_\_\_\_, \_\_\_\_\_.

All other terms and conditions of the Letter of Credit remain unchanged.

This Notice of Extension Amendment shall be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT K  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-926106

NOTICE OF REDUCTION AMENDMENT

[Date]

Wells Fargo Bank, National Association, as Beneficiary

\_\_\_\_\_

Attention:

City of Austin, Texas  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-926106, dated June 21, 2011 (the "*Letter of Credit*"), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Available Amount (as defined in the Letter of Credit) has been reduced to U.S. \$\_\_\_\_\_, of which U.S. \$\_\_\_\_\_ is attributable to principal and U.S. \$\_\_\_\_\_ is attributable to interest.

All other terms and conditions of the Letter of Credit remain unchanged.

This Notice of Reduction Amendment shall be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT L  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-926106

**Exhibit A-1 to Insurance Policy Cancellation Agreement**

**Notice of Mandatory Tender and Cancellation of Insurance Policy No. 205494-N**

Wells Fargo Bank, National Association, as Paying Agent/Registrar and Tender Agent  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

City of Austin, Texas  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

Assured Guaranty Municipal Corp.

\_\_\_\_\_  
\_\_\_\_\_

Re: Municipal Bond Insurance Policy No. 205494-N; City of Austin, Texas Airport  
System Refunding Revenue Bonds, Series 2005 (AMT)

Ladies and Gentlemen:

The undersigned, constituting the Required Banks under the Reimbursement Agreements,  
hereby advise you that

[Insert one of the following paragraphs as appropriate]

[a City Event of Default has occurred and pursuant to Section 6.3(a) of the  
Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar (i) to  
cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance,



whereby the Letters of Credit will terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent/Registrar's receipt of this Notice of Mandatory Tender and Cancellation of Insurance Policy No. 205494-N (this "Notice"), and (ii) to cause Municipal Bond Insurance Policy No. 205494-N to terminate in accordance with the terms of the Cancellation Agreement.]

[an Insurer Event of Default or an Insurer Downgrade Event has occurred and pursuant to Section 6.4(a) of the Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar (i) to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance and (ii) to cause Municipal Bond Insurance Policy No. 205494-N to terminate in accordance with the terms of the Cancellation Agreement on the sixteenth (16<sup>th</sup>) day following the Paying Agent's/Registrar's receipt of this Notice of Mandatory Tender and Cancellation of Insurance Policy No. 205494-N (this "Notice").]

All capitalized terms used in this Notice and not defined herein shall have the meaning ascribed to such terms in the Letter of Credit and Reimbursement Agreements dated June 1, 2011, by and between the City of Austin, Texas and, respectively, JPMorgan Chase Bank, National Association, Royal Bank of Canada, acting through its WFC, New York, Branch and KBC Bank, N.V., acting through its New York Branch, (as in effect on the date hereof, the "Reimbursement Agreements").

IN WITNESS WHEREOF, the undersigned have executed and delivered this Notice the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

JPMORGAN CHASE BANK,  
NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

KBC BANK N.V.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ROYAL BANK OF CANADA

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit L  
to  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-926106  
(continued)

**Exhibit A-2 to Insurance Policy Cancellation Agreement**

**Notice of Mandatory Tender and Termination of the Letters of Credit  
(Insurance Policy Not Cancelled)**

[Date]

Wells Fargo Bank, National Association, as Paying Agent/Registrar and Tender Agent  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

City of Austin, Texas  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

Re: City of Austin, Texas Airport System Refunding Revenue Bonds, Series 2005  
(AMT)

Ladies and Gentlemen:

The undersigned, constituting the Required Banks under the Reimbursement Agreements,  
hereby advise you that:

[Insert one of the following paragraphs as appropriate]

[a City Event of Default and an Insurer Event of Default have occurred and pursuant to Section 6.3(a) of the Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, whereby the Letters of Credit will terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent/Registrar's receipt of this Notice of Mandatory Tender and Termination of the Letters of Credit (this "Notice").]

[the City has failed to pay the Letter of Credit Fee and pursuant to Section 6.4(b) of the Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, whereby the Letters of Credit will terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent/Registrar's receipt of this Notice of Mandatory Tender and Termination of the Letters of Credit (this "Notice").]

[an Insurer Event of Default or an Insurer Downgrade Event has occurred and is continuing, and a City Event of Default has also occurred and is continuing and pursuant to Section 6.4(c) of the Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, whereby the Letters of Credit will terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent/Registrar's receipt of this Notice of Mandatory Tender and Termination of the Letters of Credit (this "Notice").]

All capitalized terms and used in this Notice and not defined herein shall have the meaning ascribed to such term in the Letter of Credit and Reimbursement Agreements dated June 1, 2011, by and between the City of Austin, Texas and, respectively, JPMorgan Chase Bank, National Association, Royal Bank of Canada, acting through a New York branch, and KBC Bank, N.V., acting through its WFC, New York, Branch (as in effect on the date hereof, the "Reimbursement Agreements").

IN WITNESS WHEREOF, the undersigned have executed and delivered this Notice the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

JPMORGAN CHASE BANK,  
NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

KBC BANK N.V.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ROYAL BANK OF CANADA

By: \_\_\_\_\_

Exhibit L  
to  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-926106  
(continued)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPENDIX A-2 TO REIMBURSEMENT AGREEMENT FOR SUBSERIES 2005-2 BONDS

FORM OF IRREVOCABLE TRANSFERABLE DIRECT PAY LETTER OF CREDIT  
No. CPCS-927415

June 21, 2011

Letter of Credit No. CPCS-927415

Beneficiary:

Wells Fargo Bank, National Association, as Paying  
Agent/Registrar and Tender Agent (the "*Beneficiary*")  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

Ladies and Gentlemen:

We (the "Bank") hereby establish in your favor as beneficiary (the "Beneficiary"), for the benefit of the holders of the Bonds (as hereinafter defined), our Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415 for the account of the City of Austin, Texas (the "*Applicant*"), whereby we hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of our close of business on: (i) June 21, 2014 (as extended from time to time, the "*Stated Expiration Date*"), (ii) the date which is one (1) Business Day following the date on which all of the Bonds (as hereinafter defined) are converted to bear interest at a rate other than a Weekly Rate as defined in Ordinance No. 20050804-039 of the City of Austin, Texas, as amended by Ordinance No. \_\_\_\_\_ (together, the "Ordinance"), as such date is specified in a certificate in the form of Exhibit A hereto (the "*Conversion Date*"), (iii) the date which is one (1) Business Day following receipt by the Bank of a certificate in the form set forth as Exhibit B hereto, (iv) the date on which a Stated Maturity Drawing (as hereinafter defined) is honored by us, (v) the date which is sixteen (16) days following receipt by you of a written notice from us in the form of Exhibit A-2 attached to the Cancellation Agreement (as defined herein) (for convenience a copy of such exhibit is also attached here to as Exhibit L) specifying the occurrence of a City Event of Default as defined in the Letter of Credit and Reimbursement Agreement dated June 1, 2011 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "*Reimbursement Agreement*"), by and between the Applicant and the Bank, and directing you to cause a mandatory tender of the Bonds in accordance with Section A-403 of the Ordinance (the earliest of such dates to occur referred to herein as the "*Termination Date*"), in each such case a maximum aggregate amount not exceeding Sixty-Three Million One Hundred Thirty-One Thousand Two Hundred Dollars (\$63,131,200; the "*Original Stated Amount*") to pay the unpaid principal amount of, or the portion of the purchase price corresponding to the principal of, and

accrued interest on, or the portion of the purchase price corresponding to accrued interest on, the City of Austin, Texas Airport System Refunding Revenue Bonds, Series 2005 (AMT), Subseries 2005-2 (the "*Bonds*") (said \$63,131,200 having been calculated to be equal to \$62,050,000 the outstanding principal amount of the Bonds, plus \$1,081,200, which is at least 53 days accrued interest on said principal amount of the Bonds at the rate of twelve percent (12%) per annum (the "*Cap Interest Rate*") calculated on the basis of a 365/366 day year). This Letter of Credit is available to you against presentation of the following documents (the "*Payment Documents*") presented to the Bank as described below:

A certificate (with all blanks appropriately completed) (i) in the form attached as Exhibit C hereto to pay accrued interest on the Bonds as provided for in the Ordinance (an "*Interest Drawing*"), (ii) in the form attached as Exhibit D hereto to pay the principal amount of and accrued interest on the Bonds in respect of any redemption of the Bonds as provided for in Sections A-301 and A-302 of the Ordinance (a "*Redemption Drawing*"), (iii) in the form attached as Exhibit E hereto, to allow the Beneficiary to pay the purchase price of Bonds tendered for purchase as provided for in Section A-401 of the Ordinance which have not been successfully remarketed or for which the purchase price has not been received by the Beneficiary by 12:00 noon., New York time, on the purchase date (a "*Liquidity Drawing*") or (iv) in the form attached as Exhibit F hereto to pay the principal amount of Bonds maturing on November 15, 2025 ( a "*Stated Maturity Drawing*" and together with Interest Drawings, Redemption Drawings and Liquidity Drawings collectively referred to herein as "*Drawings*" and individually as a "*Drawing*"), each certificate to state therein that it is given by your duly authorized officer and to be dated the date such certificate is presented hereunder. No Drawings shall be made under this Letter of Credit for Ineligible Bonds (as defined in the Reimbursement Agreement).

The term "*Cancellation Agreement*" shall mean the Insurance Policy Cancellation Agreement dated as of June 1, 2011 entered into by and among the City, Wells Fargo Bank, National Association, as Paying Agent/Register and Tender Agent, the Bank, KBC Bank N.V. acting through its New York Branch, Royal Bank of Canada, acting through a New York branch, and the Insurer.

All Drawings shall be made by presentation of each Payment Document to JPMorgan Chase Bank, National Association by facsimile (at facsimile number (312) 954-6163 or alternatively to (312) 954-3140), Attention: Standby Letter of Credit Unit, or at such other telecopier number as we may specify to you in writing without need of further documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of drawing.

The Bank agrees to honor and pay the amount of any Interest Drawing, Redemption Drawing, Liquidity Drawing or Stated Maturity Drawing if presented in compliance with all of the terms of this Letter of Credit. If such drawing, other than a Liquidity Drawing, is presented prior to 2:00 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 11:00 A.M., New York time, on the following Business Day. If any such drawing, other than a Liquidity Drawing, is presented at or after 2:00 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 11:00 A.M., New York time, on the second following Business Day. If a Liquidity Drawing is presented to the Bank prior to 12:25 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 2:30 P.M., New York time, on the same Business Day. If a Liquidity Drawing is presented at or after 12:25 p.m., New York time, payment shall be made in immediately available funds, by 3:00 P.M., New York time, on the following Business Day. Payments made hereunder shall be made by wire transfer to you in accordance with the instructions specified by the Beneficiary in the drawing certificate relating to a particular drawing hereunder. "*Business Day*" means any day which is not (i) a Saturday, a Sunday or legal holiday, or (ii) a day on which the presentation office of the Bank for Drawings is required or authorized by law to remain closed.

The Available Amount (as hereinafter defined) will be reduced automatically by the amount of any Drawing hereunder; *provided, however*, that the amount of any Interest Drawing hereunder shall be automatically reinstated on the fifth (5th) calendar day following the date any Interest Drawing is honored if you shall not have received notice from us in the form of Exhibit A-1 or Exhibit A-2 attached to the Cancellation Agreement (for convenience a copy of such exhibits are also attached here to as Exhibit L) prior to such time that a City Event of Default has occurred under the Reimbursement Agreement directing the Beneficiary to cause a mandatory tender of the Bonds. After payment by the Bank of a Liquidity Drawing, the obligation of the Bank to honor Drawings under this Letter of Credit will be automatically reduced by an amount equal to the amount of said Drawing. In addition, prior to the Conversion Date, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Bank's obligations to honor Drawings hereunder will be automatically reinstated concurrently with receipt by the Bank of a certificate in the form of Exhibit H attached hereto and receipt by the Bank or the Beneficiary for the account of the Bank of the amount stated on such Exhibit H.

Upon receipt by the Bank of a certificate of the Beneficiary in the form of Exhibit G hereto, the Available Amount will automatically and permanently be reduced by the amount specified in such certificate. Such reduction shall be effective as of the next Business Day following the date of delivery of such certificate.

Upon any permanent reduction of the Available Amount to be drawn under this Letter of Credit, as provided herein, we will deliver to you an amendment to this Letter of Credit substantially in the form of Exhibit K attached hereto to reflect any such reduction. The "*Available Amount*" shall mean the Original Stated Amount (i) less the amount of all permanent prior reductions pursuant to Interest Drawings, Redemption Drawings or Liquidity Drawings, (ii) less the amount of any previous reduction thereof pursuant to a reduction certificate in the

form of Exhibit G (to the extent such reduction is not already accounted for by a reduction in the Available Amount pursuant to clause (i) above), and (iii) plus the amount of all reinstatements as above provided.

Prior to the Termination Date, we may extend the Stated Expiration Date from time to time at the request of the Applicant by delivering to you an amendment to this Letter of Credit in the form of Exhibit J hereto designating the date to which the Stated Expiration Date is being extended. All references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in the most recent of such notices. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

Upon the Termination Date, this Letter of Credit shall automatically terminate.

This Letter of Credit is transferable only in whole to your successor as Paying Agent/Registrar and Tender Agent under the Ordinance. Any such transfer (including any successive transfer) shall be subject to the Bank's receipt of a transfer request signed by the transferor and by the transferee in the form of Exhibit I hereto and payment of our transfer fee. Upon our endorsement of such transfer, the transferee instead of the transferor shall be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; *provided* that, in such case, any certificate of the Beneficiary to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer of the transferee.

Communications with respect to this Letter of Credit shall be addressed to us at JPMorgan Chase Bank, National Association, 131 South Dearborn, 5th Floor, Mail Code IL1-0236, Chicago, Illinois 60603-0236, Attention: Standby Letter of Credit Unit, specifically referring to the number of this Letter of Credit. For telephone assistance, please contact the Standby Client Service Unit at 1-800-634-1969, select Option 1, and have this Letter of Credit number available.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the International Standby Practice ISP98 ("*ISP98*"). As to matters not governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code as in effect in the State of Texas.

All payments made by us hereunder shall be made from our own funds and not with the funds of any other person.



This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-927415

**NOTICE OF CONVERSION DATE**

[Date]

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603-5506  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), which has been established by the Bank for the account of the Applicant, in favor of the Beneficiary.

The undersigned hereby certifies and confirms that the Conversion Date of all of the Bonds to bear interest at a rate other than a Weekly Rate (as defined in the Ordinance) has occurred on [insert date], and, accordingly, the Letter of Credit shall terminate on \_\_\_\_\_, which is one (1) Business Day after such Conversion Date, in accordance with its terms.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

\_\_\_\_\_,  
as Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT B  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

NOTICE OF TERMINATION

[Date]

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603-5506  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), which has been established by the Bank for the account of the Applicant, in favor of the Beneficiary.

The undersigned hereby certifies and confirms that (i) no Bonds remain Outstanding within the meaning of the Ordinance, (ii) all drawings required to be made under the Ordinance and available under the Letter of Credit have been made and honored and the Available Amount under the Letter of Credit has been reduced to zero and may not be reinstated, or (iii) a substitute credit facility has been issued to replace the Letter of Credit pursuant to the Ordinance and the Letter of Credit Reimbursement Agreement dated June 21, 2011, by and between the Applicant and the Bank, and, accordingly, the Letter of Credit shall terminate in accordance with its terms on the date that is one (1) Business Day after the date of your receipt of this Notice of Termination.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

\_\_\_\_\_,  
as Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT C  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-927415

**INTEREST DRAWING CERTIFICATE**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association, in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Paying Agent/Registrar under the Ordinance.
2. The Beneficiary is entitled to make this Drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Ordinance with respect to the payment of interest due on all Bonds outstanding on the Interest Payment Date (as defined in the Ordinance) occurring on [insert applicable date], other than Ineligible Bonds (as defined in the Reimbursement Agreement).
3. The amount of this Drawing is equal to the amount required to be drawn by the Paying Agent/Registrar pursuant to the Ordinance.
4. The amount of the drawing made by this Certificate was computed in compliance with the terms of the Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

Exhibit C  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. 927415  
(Continued)

5. Payment by the Bank pursuant to this drawing shall be made to  
\_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number  
\_\_\_\_\_, Attention: \_\_\_\_\_,  
Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of  
\_\_\_\_\_, 20\_\_.

\_\_\_\_\_, as Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT D  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

**REDEMPTION DRAWING**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned individual, a duly authorized officer of \_\_\_\_\_  
\_\_\_\_\_  
(the "*Beneficiary*"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association, in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Paying Agent/Registrar under the Ordinance.
2. The Beneficiary is entitled to make this Drawing in the amount of \$ \_\_\_\_\_  
under the Letter of Credit pursuant to Section [\_\_\_\_\_] (**with respect to Bonds that bear interest at the Weekly Rate**) of the Ordinance.
3. (a) The amount of this Drawing is equal to (i) the principal amount of Bonds to be redeemed by the Applicant (as defined in the Letter of Credit) pursuant to Section \_\_\_\_\_ (**with respect to Bonds that bear interest at the Weekly Rate**) of the Ordinance on [insert applicable date] (the "*Redemption Date*") other than Ineligible Bonds (as defined in the Reimbursement Agreement as defined in the Letter of Credit)), plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Ordinance) to the Redemption Date, provided that in the event the Redemption Date coincides with an Interest Payment Date this Drawing does not include any accrued interest on such Bonds.  
  
(b) Of the amount stated in paragraph 2 above:
  - (i) \$ \_\_\_\_\_ is demanded in respect of the principal amount of the Bonds referred to in subparagraph (a) above; and
  - (ii) \$ \_\_\_\_\_ is demanded in respect of accrued interest on such Bonds.
4. Payment by the Bank pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account \_\_\_\_\_

Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re:  
\_\_\_\_\_.

5. The amount of the Drawing made by this Certificate was computed in compliance with the terms and conditions of the Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

6. Upon payment of the amount drawn hereunder, the Bank is hereby directed to permanently reduce the Available Amount by \$[insert amount of reduction] and the Available Amount shall thereupon equal \$[insert new Available Amount]. The Available Amount has been reduced by an amount equal to the principal of Bonds paid with this drawing and an amount equal to \_\_\_ days' interest thereon at the Cap Interest Rate (as defined in the Letter of Credit).

7. Of the amount of the reduction stated in paragraph 6 above:

(i) \$\_\_\_\_\_ is attributable to the principal amount of Bonds redeemed; and

(ii) \$\_\_\_\_\_ is attributable to interest on such Bonds (*i.e.*, \_\_\_ days' interest thereon at the Cap Interest Rate).

8. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

9. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding, to the extent such Bonds are not Bonds that bear interest at a rate other than a Weekly Rate, plus \_\_\_ days' interest thereon at the Cap Interest Rate.

Exhibit D  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-927415  
(Continued)

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as  
Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]



EXHIBIT E  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

**LIQUIDITY DRAWING CERTIFICATE**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*") hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association, in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Tender Agent under the Ordinance.
2. The Beneficiary is entitled to make this Drawing under the Letter of Credit in the amount of \$\_\_\_\_\_ with respect to the payment of the purchase price of Bonds tendered for purchase in accordance with Section \_\_\_\_\_ **(with respect to Bonds that bear interest at the Weekly Rate]** of the Ordinance and to be purchased on [insert applicable date] (the "*Purchase Date*") which Bonds have not been remarketed as provided in the Ordinance or the purchase price of which has not been received by the Beneficiary by \_\_\_\_\_ A.M., New York time, on said Purchase Date.
3. (a) The amount of this drawing is equal to (i) the principal amount of Bonds to be purchased pursuant to the Ordinance on the Purchase Date other than Ineligible Bonds (as defined in the Reimbursement Agreement (as defined in the Letter of Credit)) plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Ordinance) (or, if none, the date of issuance of the Bonds) to the Purchase Date, provided that in the event the Purchase Date coincides with an Interest Payment Date this drawing does not include any accrued interest on such Bonds.  
  
(b) Of the amount stated in subparagraph (2) above:
  - (i) \$\_\_\_\_\_ is demanded in respect of the principal portion of the purchase price of the Bonds referred to in subparagraph (2) above; and
  - (ii) \$\_\_\_\_\_ is demanded in respect of payment of the interest portion of the purchase price of such Bonds.

Exhibit E  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-927415  
(Continued)

4. The amount of the Drawing made by this Certificate was computed in compliance with the terms and conditions of the Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. The Beneficiary will register or cause to be registered in the name of the Bank upon payment of the amount drawn hereunder, Bonds in the principal amount of the Bonds being purchased with the amounts drawn hereunder, and such Bonds will be held in accordance with the Ordinance.

6. Payment by the Bank pursuant to this Drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_, as  
Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT F  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. CPCS-927415

**STATED MATURITY DRAWING CERTIFICATE**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*"), hereby CERTIFIES on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association, in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Paying Agent/Registrar under the Ordinance.
2. The Beneficiary is entitled to make this drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Ordinance.
3. The amount of this Drawing is equal to the principal amount of Bonds maturing on \_\_\_\_\_, \_\_\_\_\_, as specified in the Ordinance, other than Ineligible Bonds (as defined in the Reimbursement Agreement (as defined in the Letter of Credit)).
4. The amount of this Drawing made by this Certificate was computed in compliance with the terms and conditions of the Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).
5. Payment by the Bank pursuant to this Drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

Exhibit F  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-927415  
(Continued)

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as  
Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT G  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

**REDUCTION CERTIFICATE**

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), issued by JPMorgan Chase Bank, National Association in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Ordinance (as defined in the Letter of Credit):

1. The Beneficiary is the Paying Agent/Registrar under the Ordinance.
2. The Beneficiary shall deliver this Certificate to the Bank at the direction of the Applicant pursuant to the terms of the Ordinance.
3. Upon receipt by the Bank of this Certificate, the Available Amount (as defined in the Letter of Credit) shall be reduced by \$\_\_\_\_\_, and the Available Amount shall thereupon equal \$\_\_\_\_\_. \$\_\_\_\_\_ of the new Available Amount is attributable to interest.
4. The interest amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.
5. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding plus \_\_\_ days' interest thereon at the Cap Interest Rate (as defined in the Letter of Credit).

Exhibit G  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. \_\_\_\_\_  
(Continued)

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_,  
as Beneficiary

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT H  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

**REINSTATEMENT CERTIFICATE**

[Date]

JPMorgan Chase Bank, National Association  
Attention: Standby Letter of Credit Unit  
Telecopy No.: (312) 954-6163  
Alternate Telecopy No.: (312) 954-3140

The undersigned, a duly authorized officer of \_\_\_\_\_ (the "*Beneficiary*"), hereby notifies JPMorgan Chase Bank, National Association, with reference to Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit) issued by the Bank in favor of the Beneficiary as follows:

1. \_\_\_\_\_ is the Remarketing Agent under the Ordinance.
2. The Beneficiary has been advised by the Bank that the amount of \$\_\_\_\_\_ has been paid to the Bank or the Beneficiary for the account of the Bank on the date hereof by the Applicant or the Remarketing Agent on behalf of the Applicant as a payment made to reimburse the Bank, pursuant to the Reimbursement Agreement for amounts drawn under the Letter of Credit pursuant to a Liquidity Drawing.
3. Of the amount referred to in paragraph 2, \$\_\_\_\_\_ represents the aggregate principal amount of Bonds resold or to be resold on behalf of the Applicant.
4. Of the amount referred to in paragraph 2, \$\_\_\_\_\_ represents accrued and unpaid interest on such Bonds.

Exhibit H  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. 927415  
(Continued)

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of  
this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_, Beneficiary

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



EXHIBIT I  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

**TRANSFER REQUEST**

Date:

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603-5506  
Attention: Standby Letter of Credit Unit

Re: Irrevocable Transferable Direct-Pay Letter of Credit No. CPCS-927415, dated  
June 21, 2011

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw  
under the above referenced Letter of Credit (the "*Letter of Credit*") in its entirety to:

NAME OF TRANSFEREE

---

(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE

---

CITY, STATE/COUNTRY ZIP

---

In accordance with ISP98 (as defined in the Letter of Credit), Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in the Letter of Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Letter of Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Transferor requests that you notify the Transferee of the

Exhibit I  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-927415  
(Continued)

transfer of this Letter of Credit in such form and manner as you deem appropriate and of the terms and conditions of the Letter of Credit as transferred.

If you agree to these instructions, please advise the Transferee of the terms and conditions of the transferred Letter of Credit and these instructions.

Payment of your transfer fee of \$ \_\_\_\_\_ is for the account of the Applicant (as defined in the Letter of Credit) which, agrees to pay you on demand any expense or cost you may incur in connection with this transfer. Receipt of such transfer fee shall not constitute consent by you to effect the transfer.

The undersigned Transferor represents and warrants that (a) the Transferee is the Transferor's successor Beneficiary as Paying Agent/Registrar and Tender Agent under the Ordinance, (b) the enclosed Letter of Credit is original and complete, and (c) there is no outstanding or pending demand or request for payment, reinstatement or reduction of the Available Amount or transfer under the Letter of Credit affecting the rights to be transferred.

The effective date of the transfer of the Letter of Credit shall be the date hereafter on which you effect the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

This Transfer Request is made subject to ISP98 and is subject to and shall be governed by the law of the State of Texas, without regard to principles of conflict of laws that might require the application of a different governing law.

(Signature Page Follows)

Exhibit I  
To  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-927415  
(Continued)

Sincerely yours,

\_\_\_\_\_  
(Print Name of Transferor)

\_\_\_\_\_  
(Transferor's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

SIGNATURE GUARANTEED  
Signature(s) with title(s) conform(s) with that/those on  
file with us for this individual, entity or company and  
signer(s) is/are authorized to execute this agreement

\_\_\_\_\_  
(Print Name of Bank)

\_\_\_\_\_  
(Address of Bank)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Print Name and Title of Authorized Signer)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date)

Acknowledged:

\_\_\_\_\_  
(Print Name of Transferee)

\_\_\_\_\_  
(Transferee's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

SIGNATURE GUARANTEED  
Signature(s) with title(s) conform(s) with that/those on  
file with us for this individual, entity or company and  
signer(s) is/are authorized to execute this agreement.

\_\_\_\_\_  
(Print Name of Bank)

\_\_\_\_\_  
(Address of Bank)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Print Name and Title of Authorized Signer)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date)

Acknowledged as of \_\_\_\_\_, 20\_\_:

JPMorgan Chase Bank, N.A.

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT J  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

NOTICE OF EXTENSION AMENDMENT

\_\_\_\_\_, \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION, AS BENEFICIARY  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

CITY OF AUSTIN, TEXAS  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), established by us in your favor as Beneficiary. We hereby notify you that the Stated Expiration Date (as defined in the Letter of Credit) has been extended to \_\_\_\_\_, \_\_\_\_\_.

All other terms and conditions of the Letter of Credit remain unchanged.

This Notice of Extension Amendment shall be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT K  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

**NOTICE OF REDUCTION AMENDMENT**

[Date]

Wells Fargo Bank, National Association, as Beneficiary  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

City of Austin, Texas  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. CPCS-927415, dated June 21, 2011 (the "*Letter of Credit*"), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Available Amount (as defined in the Letter of Credit) has been reduced to U.S. \$\_\_\_\_\_, of which U.S. \$\_\_\_\_\_ is attributable to principal and U.S. \$\_\_\_\_\_ is attributable to interest.

All other terms and conditions of the Letter of Credit remain unchanged.

This Notice of Reduction Amendment shall be attached to the Letter of Credit and made a part thereof.

EXHIBIT L  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT NO. \_\_\_\_\_

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT L  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT No. CPCS-927415

**Exhibit A-1 to Insurance Policy Cancellation Agreement**

**Notice of Mandatory Tender and Cancellation of Insurance Policy No. 205494-N**

Wells Fargo Bank, National Association, as Paying Agent/Registrar and Tender Agent  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

City of Austin, Texas  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

Assured Guaranty Municipal Corp.

\_\_\_\_\_  
\_\_\_\_\_

Re: Municipal Bond Insurance Policy No. 205494-N; City of Austin, Texas Airport  
System Refunding Revenue Bonds, Series 2005 (AMT)

Ladies and Gentlemen:

The undersigned, constituting the Required Banks under the Reimbursement Agreements,  
hereby advise you that

[Insert one of the following paragraphs as appropriate]

[a City Event of Default has occurred and pursuant to Section 6.3(a) of the  
Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar (i) to

Appendix A-2

- 27 -

cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, whereby the Letters of Credit will terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent/Registrar's receipt of this Notice of Mandatory Tender and Cancellation of Insurance Policy No. 205494-N (this "Notice"), and (ii) to cause Municipal Bond Insurance Policy No. 205494-N to terminate in accordance with the terms of the Cancellation Agreement.]

[an Insurer Event of Default or an Insurer Downgrade Event has occurred and pursuant to Section 6.4(a) of the Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar (i) to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance and (ii) to cause Municipal Bond Insurance Policy No. 205494-N to terminate in accordance with the terms of the Cancellation Agreement on the sixteenth (16<sup>th</sup>) day following the Paying Agent's/Registrar's receipt of this Notice of Mandatory Tender and Cancellation of Insurance Policy No. 205494-N (this "Notice").]

All capitalized terms used in this Notice and not defined herein shall have the meaning ascribed to such terms in the Letter of Credit and Reimbursement Agreements dated June 1, 2011, by and between the City of Austin, Texas and, respectively, JPMorgan Chase Bank, National Association, Royal Bank of Canada, acting through its WFC, New York, Branch and KBC Bank, N.V., acting through its New York Branch, (as in effect on the date hereof, the "Reimbursement Agreements").

IN WITNESS WHEREOF, the undersigned have executed and delivered this Notice the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

JPMORGAN CHASE BANK,  
NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

KBC BANK N.V.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ROYAL BANK OF CANADA

By: \_\_\_\_\_

Name: \_\_\_\_\_



Exhibit L  
to  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-927415  
(continued)

Title: \_\_\_\_\_

Exhibit L  
to  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-927415  
(continued)

**Exhibit A-2 to Insurance Policy Cancellation Agreement**

**Notice of Mandatory Tender and Termination of the Letters of Credit  
(Insurance Policy Not Cancelled)**

[Date]

Wells Fargo Bank, National Association, as Paying Agent/Registrar and Tender Agent  
201 Main St., Ste 301  
MAC T5441-030  
Fort Worth, TX 76102  
ph: 817.334.7068  
fax: 817.885.8650  
email: kathleen.r.wagner@wellsfargo.com

City of Austin, Texas  
700 Lavaca, Suite 940  
Austin, Texas 78701  
Attention: City Treasurer

Re: City of Austin, Texas Airport System Refunding Revenue Bonds, Series 2005  
(AMT)

Ladies and Gentlemen:

The undersigned, constituting the Required Banks under the Reimbursement Agreements,  
hereby advise you that:

**[Insert one of the following paragraphs as appropriate]**

**[a City Event of Default and an Insurer Event of Default have occurred and pursuant to Section 6.3(a) of the Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, whereby the Letters of Credit will terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent/Registrar's receipt of this Notice of Mandatory Tender and Termination of the Letters of Credit (this "Notice").]**

**[the City has failed to pay the Letter of Credit Fee and pursuant to Section 6.4(b) of the Reimbursement Agreements the Required Banks hereby direct the Paying**

**Agent/Registrar to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, whereby the Letters of Credit will terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent/Registrar's receipt of this Notice of Mandatory Tender and Termination of the Letters of Credit (this "Notice").]**

**[an Insurer Event of Default or an Insurer Downgrade Event has occurred and is continuing, and a City Event of Default has also occurred and is continuing and pursuant to Section 6.4(c) of the Reimbursement Agreements the Required Banks hereby direct the Paying Agent/Registrar to cause a mandatory tender of all of the Bonds in accordance with Section A-403 of the Ordinance, whereby the Letters of Credit will terminate on the sixteenth (16<sup>th</sup>) day following the Paying Agent/Registrar's receipt of this Notice of Mandatory Tender and Termination of the Letters of Credit (this "Notice").]**

All capitalized terms and used in this Notice and not defined herein shall have the meaning ascribed to such term in the Letter of Credit and Reimbursement Agreements dated June 1, 2011, by and between the City of Austin, Texas and, respectively, JPMorgan Chase Bank, National Association, Royal Bank of Canada, acting through a New York branch, and KBC Bank, N.V., acting through its WFC, New York, Branch (as in effect on the date hereof, the "Reimbursement Agreements").

IN WITNESS WHEREOF, the undersigned have executed and delivered this Notice the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By:

JPMORGAN CHASE BANK,  
NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By:

KBC BANK N.V.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By:

ROYAL BANK OF CANADA

By: \_\_\_\_\_

HOU:3100838.13

Exhibit L  
to  
JPMorgan Chase Bank, National Association  
Letter of Credit No. CPCS-927415  
(continued)

Name: \_\_\_\_\_

Title: \_\_\_\_\_