

FEE LETTER AGREEMENT

Reference is hereby made to (i) that certain Reimbursement Agreement dated as of _____, 2011 (the “*Agreement*”), among the City of Austin, Texas (the “*City*”), Bank of America, N.A., individually and as Administrative Agent (“*BANA*” and the “*Administrative Agent*”) and the JPMorgan Chase Bank, National Association (“*JPMorgan*” and together with BANA collectively referred to as the “*Banks*”), relating to the City of Austin, Texas Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 Subseries 2008A (the “*Subseries A Bonds*”) and Subseries 2008B (the “*Subseries B Bonds*” and together with the Subseries A Bonds, collectively referred to herein as, the “*Bonds*”), (ii) that certain Irrevocable Transferable Letter of Credit dated _____, 2011, issued by JPMorgan supporting the Subseries A Bonds (the “*2008 Subseries A Letter of Credit*”) and (iii) that certain Irrevocable Transferable Letter of Credit dated _____, 2011, issued by BANA supporting the Subseries B Bonds (the “*2008 Subseries B Letter of Credit*” and together with the Subseries A Letter of Credit collectively referred to herein as the “*Letters of Credit*”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement or the Letters of Credit, as applicable.

The purpose of this Fee Letter Agreement is to confirm the agreement between the Banks, the Administrative Agent and the City with respect to, among other things, the Letter of Credit Fees (as defined below) and certain other fees payable to the Banks. This Fee Letter Agreement is the Fee Letter referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement.

ARTICLE I. FEES AND OTHER AGREEMENTS.

Section 1.1. Letter of Credit Fees. The City hereby agrees to pay to each Bank the following fees:

(a) on October 3, 2011, for the period commencing on the Closing Date and ending on October 2, 2011, and in arrears on the first Business Day of each January, April, July and October occurring thereafter to each Termination Date, and on each Termination Date, a non-refundable fee in an amount equal to the rate per annum associated with the Rating as specified below (the “*Letter of Credit Fee Rate*”) on the Available Amount of such Bank’s Letter of Credit (the “*Letter of Credit Fees*”) for each day during each period.

LEVEL	MOODY’S RATING	FITCH RATING	S&P RATING	LETTER OF CREDIT FEE RATE
Level 1	A3 or above	A- or above	A- or above	1.10%
Level 2	Baa1	BBB+	BBB+	1.35%
Level 3	Baa2	BBB	BBB	1.60%

The term “*Rating*” as used above shall mean the long-term, unenhanced debt ratings assigned by each of Fitch, S&P and Moody’s (each a “*Rating Agency*” and collectively, the “*Rating Agencies*”) to any Indebtedness of the City secured by the Security. In the event of a split Rating (*i.e.*, one of the foregoing Rating Agency’s Rating is at a different level than the Rating of the other Rating Agencies) the Letter of Credit Fees shall be based upon the level in which the lowest rating appears. Any change in the Letter of Credit Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, each of the Ratings from the agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The City acknowledges, and each Bank agrees, that as of the date hereof the Letter of Credit Fee Rate is that specified above for Level 1. The Letter of Credit Fees shall be payable quarterly in arrears, together with interest on the Letter of Credit Fees from the date payment is due until payment in full at the Default Rate. The computation of the Letter of Credit Fee payable by the City under this Agreement shall be made on the basis of a year of 360 days and the actual number of days elapsed, including date of issuance and expiration. Upon the occurrence and during the continuance of an Event of Default, or in the event any Rating is suspended, withdrawn or is otherwise unavailable, the Letter of Credit Fee Rate shall be increased from the rate then in effect by an additional one and one-half percent (1.5%) per annum;

Section 1.2 Draw Fees. The City hereby agrees to pay for any drawing under a Letter of Credit, a drawing fee (the “*Draw Fee*”) in the amount of \$250 to the applicable Bank that makes a payment under the applicable Letter of Credit payable monthly in arrears on the first Business Day of each month.

Section 1.3. Amendment and Waiver Fees. The City hereby agrees to pay (i) to the applicable Bank, on the date of each amendment to such Bank’s Letter of Credit a non-refundable fee equal to \$3,500 for such Bank and (ii) to each Bank, on the date of each amendment to this Agreement, or execution of any standard waiver or consent, a non-refundable fee equal to \$3,500 for each Bank, plus, in each case, the reasonable fees and expenses of counsel to the Administrative Agent and each Bank.

Section 1.4. Transfer Fees. The City hereby agrees to pay to the applicable Bank, on the date of each transfer of such Bank’s Letter of Credit to a successor beneficiary, a non-refundable fee equal to \$3,500 for such Bank, plus, in each case, the reasonable fees and expenses of counsel to the Administrative Agent and such Bank.

Section 1.5. Termination and Reduction Fee. (i) In the event a Letter of Credit is terminated prior to the Stated Expiration Date, the City hereby agrees to pay to the applicable Bank a termination fee in connection with such termination of such Letter of Credit in an amount equal to the product of (x) the Letter of Credit Fee Rate in effect pursuant to Section 1.1 hereof on the date of termination (y) the Available Amount of such Letter of Credit (without regard to

any temporary reductions thereof) and (z) a fraction, the numerator of which is equal to the number of days from and including the date of termination to and including the Stated Expiration Date and the denominator of which is 360 (the "*Termination Fee*"), payable on the date the Agreement is terminated.

(ii) Notwithstanding the foregoing and anything set forth herein or in the Agreement to the contrary, the City agrees not to permanently reduce the Available Amount prior to the Stated Expiration Date, without the payment by the City to the applicable Bank of a reduction fee in connection with each and every permanent reduction of the Available Amount as set forth herein in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect on the date of such reduction, (B) the difference between the Available Amount of such Letter of Credit (without regard to any temporary reductions thereof) prior to such reduction and the Available Amount (without regard to any temporary reductions thereof) after such reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the Stated Expiration Date, and the denominator of which is 360 (the "*Reduction Fee*"); *provided, however*, that in the event that (A) the short-term unenhanced ratings of the Bank falls below "P1" (or its equivalent) by Moody's or "A-1" (or its equivalent) by S&P, or (B) such Bank charges increased costs pursuant to Section 3.2 of the Agreement, no Termination Fee or Reduction Fee pursuant to this Section 1.4 shall be required to be paid to such Bank.

Section 1.6. Administrative Agent Fees. The City hereby agrees to pay to the Administrative Agent, on the Closing Date and annually thereafter, an Administrative Agent Fee equal to \$10,000.

Section 1.7. Administrative Expenses. The City hereby agrees to reimburse the Banks for all administrative expenses (including, without limitation, wire fees, courier and overnight delivery fees, and internal processing fees) incurred by the Banks in connection with the execution, delivery and administration of the Agreement, promptly upon the applicable Bank's request therefor.

Section 1.8. Pricing Parity. In the event that the City enters into an agreement with another provider of credit enhancement and/or liquidity in support of bonds or notes of the City that are part of the same financing as the Bonds or within two months of the Closing Date and which includes pricing that exceeds or is more favorable than that provided for herein, including, but not limited to any increases in such pricing, the pricing terms provided in the Agreement shall be deemed amended to incorporate the pricing that exceeds or is more favorable than that agreed to with the Banks, including, but not limited to, any increases in such pricing.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Out-of-Pocket Expenses. The City shall pay promptly, upon receipt of invoice, any and all reasonable fees and expenses of the Banks (including the out-of-pocket expenses of each Bank and the fees of counsel to the Banks) all payable in accordance with Section 9.4 of the Agreement.

Section 2.2. Amendments. No amendment to this Fee Letter Agreement shall become effective without the prior written consent of the City and the Banks.

Section 2.3. Governing Law. THE OBLIGATIONS OF THE BANKS PURSUANT TO THIS FEE LETTER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW RULES, AND THE OBLIGATIONS OF THE CITY PURSUANT TO THIS FEE LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO CHOICE OF LAW RULES.

Section 2.4. Counterparts. This Fee Letter Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument.

Section 2.5. Severability. Any provision of this Fee Letter Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Fee Letter Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of this ____ day of _____, 2011

Very truly yours,

CITY OF AUSTIN, TEXAS

By _____
Its _____

BANK OF AMERICA, N.A.,
as Administrative Agent

By _____
Its _____

BANK OF AMERICA, N.A.

By _____
Its _____

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION

By _____
Its _____