

FIRST AMENDMENT
TO THE SUBSERIES B REMARKETING AGREEMENT

This First Amendment to the Remarketing Agreement (the “First Amendment”) executed and entered into as of July 27, 2011 (the “Effective Date”) by and among **CITY OF AUSTIN, TEXAS** (the “City”) and **MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**, as Remarketing Agent (the “Remarketing Agent”):

WITNESSETH:

WHEREAS, the City and Bank of America, N.A., individually and as administrative agent, and JPMorgan Chase Bank National Association (collectively, the “Banks”, and each a “Bank”) will, as of the date hereof, execute and deliver a Reimbursement Agreement dated as of July 15, 2011 (as amended, supplemented, restated or otherwise modified from time to time the “Reimbursement Agreement”), pursuant to which each Bank will issue an irrevocable transferable letter of credit in support of the related subseries of the City of Austin, Texas, Hotel Occupancy Tax Variable Rate Revenue Refunding Bonds, Series 2008 (the “Bonds”); and

WHEREAS, in connection with the execution and delivery of the Reimbursement Agreement, the City and the Remarketing Agent now desire to amend the Remarketing Agreement, dated as of August 1, 2008 (the “Original Remarketing Agreement”), between the City and the Remarketing Agent, executed in connection with the original issuance of the Subseries 2008B Bonds;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties do hereby agree to amend the following provisions:

SECTION 1: Any reference in the Original Remarketing Agreement to the (a) “Liquidity Facility”, “Reimbursement Agreement”, “Credit Provider” or “Liquidity Facility Provider” shall have the meanings set forth in Ordinance No. 20080724-101, passed and approved on July 24, 2008, including Appendix A thereto (the “Ordinance”), (b) “Letter of Credit” shall mean a Liquidity Facility, as defined in the Ordinance related to the Bonds or the applicable subseries of the Bonds, (c) “Bank” shall mean the bank or banks defined above, as applicable and (d) Subseries B Bonds mean the Subseries 2008B Bonds, as defined in the Ordinance.

SECTION 2: The following paragraph shall be added at the end of Section 4 of the Original Remarketing Agreement:

“The Issuer hereby (i) authorizes and consents to the delivery to the MSRB pursuant to MSRB Rule G-34(c) by the Remarketing Agent of the Reimbursement Agreement and any other documents (including any executed amendments, extensions or related changes thereto) (all such documents, “Rule G-34 Documents”) that establish an obligation to provide liquidity with respect to the Bonds, and (ii) covenants to timely provide the Remarketing Agent with executed copies of such Rule G-34 Documents on or prior to the effective date thereof to permit the filing of such Rule G-34 Documents in compliance with MSRB Rule G-34(c); provided that it is expressly agreed that the Fee Agreement, dated as of July 15, 2011, between the Issuer and the Banks, is not required to be delivered by the Issuer to the Remarketing Agent pursuant hereto. The Issuer further agrees that the Remarketing Agent shall have no responsibility and holds the Remarketing Agent harmless with respect to identifying and/or redacting any confidential or proprietary information in the Rule G-34 Documents.”

SECTION 3: Paragraph 2(c) of the Original Remarketing Agreement shall be and is hereby amended by adding the following sentence;

“The Remarketing Agent will use its commercially reasonable efforts to remarket Bonds up to the Maximum Rate (as defined in the Ordinance).”

SECTION 4: Section 11 of the Original Remarketing Agreement shall be amended as follows:

If to the Issuer:

City of Austin
700 Lavaca, Suite 940
Austin, Texas 78701
Attention: Treasurer
Tel: 512-974-7882

If to the Remarketing Agent:

Merrill Lynch, Pierce, Fenner & Smith & Incorporated
Bank of America Tower
One Bryant Park, 9th Floor
New York, New York 10036
Attention: Municipal Markets Department, Mona Payton
Telephone: 212-449-5101
Telecopy: 646-736-6960
Email: mona.payton@baml.com

If to the Paying Agent/Registrar or Tender Agent:

Deutsche Bank Trust Company Americas
Global Transaction Banking
100 Plaza One, 6th Floor
Jersey City, NJ 07311
Attention: Debra Schwalb
Tel: 201-593-2511
Fax: 201-860-4520
debra.schwalb@db.com

If to the Bank:

Bank of America, N.A.
901 Main Street
Dallas, Texas 75202
Attention: Michael Feist, Vice President
Tel: 214-209-3217
Fax: 972-728-9590

SECTION 5: The City and the Remarketing Agent hereby ratify and reaffirm all of the terms, conditions and provisions of the Remarketing Agreement, as specifically amended by this First Amendment, and each hereby acknowledges that the Original Remarketing Agreement remains in full force and effect as so amended.

SECTION 6: This First Amendment may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument.

(remainder of page intentionally left blank)

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

MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED

By: _____

CITY OF AUSTIN, TEXAS

By _____
Title: Chief Financial Officer