

## FEE AGREEMENT

This Fee Agreement dated June 1, 2011, is between the City of Austin, Texas (the “City”) and JPMorgan Chase Bank, National Association (the “Bank”). Reference is hereby made to the Letter of Credit Reimbursement Agreement dated June 1, 2011 (the “Reimbursement Agreement”) by and between the Bank and the City relating to the City’s Combined Utility Systems Taxable Commercial Paper Notes (the “Notes”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Reimbursement Agreement.

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

### Article I

*Section 1.1 Definitions.* The terms “Applicable Commitment Fee Percentage” “Applicable Letter of Credit Fee Percentage” “Bank Rate” “Base Rate,” “Default Rate,” and “Term Loan Rate” have the meanings set forth below:

(a) “Applicable Commitment Fee Percentage” means the percentage amount determined as a function of the unenhanced rating assigned by a Rating Agency to either of the City’s Parity Electric Utility Obligations or Parity Water/Wastewater Obligations, whichever obligations have the lowest rating, in accordance with the schedule below.

<u>Level</u>	<u>Rating</u> <u>Moody’s/S&amp;P/Fitch</u>	<u>Applicable</u> <u>Commitment Fee Percentage</u>
Level 1	A1 / A+/A+	.85%
Level 2	A2 / A/A	1.05%
Level 3	A3 / A-/A-	1.25%
Level 4	Baa1 / BBB+/BBB+	1.45%
Level 5	Baa2 / BBB/BBB	1.65%
Level 6	Baa3 / BBB-/BBB-	1.85%

In the event of split ratings among Moody’s, S&P and Fitch the Applicable Commitment Fee Percentage shall be determined from the lowest of the three ratings. Any change in the Applicable Commitment Fee Percentage 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 Rating 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 the Banks agree,

that as of the Effective Date the Applicable Commitment Fee Percentage is that specified above, Level 1. Upon the occurrence and during the continuance of an Event of Default or in the event that any rating is suspended, withdrawn or is otherwise unavailable, in each case for credit related reasons, the Applicable Commitment Fee Percentage shall be increased from the rate then in effect by an additional one and one-half percent (1.50%). The Commitment Fee shall be payable quarterly in arrears, together with interest on the Commitment Fees from the date payment is due until payment in full at the Default Rate.

(b) “*Applicable Letter of Credit Fee Percentage*” means the percentage amount determined as a function of the unenhanced rating assigned by a Rating Agency to either of the City’s Parity Electric Utility Obligations or Parity Water/Wastewater Obligations, whichever obligations have the lowest rating, in accordance with the schedule below.

<u>Level</u>	<u>Rating Moody’s/S&amp;P/Fitch</u>	<u>Applicable Letter of Credit Fee Percentage</u>
Level 1	A1 / A+/A+	.90%
Level 2	A2 / A/A	1.10%
Level 3	A3 / A-/A-	1.30%
Level 4	Baa1 / BBB+/BBB+	1.50%
Level 5	Baa2 / BBB/BBB	1.70%
Level 6	Baa3 / BBB-/BBB-	1.90%

In the event of split ratings among Moody’s, S&P and Fitch the Applicable Letter of Credit Fee shall be determined from the lowest of the three ratings. Any change in the Applicable Letter of Credit Fee Percentage 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 Rating 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 the Banks agree, that as of the Effective Date the Applicable Letter of Credit Fee Percentage is that specified above for Level 1. Upon the occurrence and during the continuance of an Event of Default or in the event that any Rating is suspended, withdrawn or is otherwise unavailable, in each case for credit related reasons, the Applicable Letter of Credit Fee Percentage shall be increased from the rate then in effect by an additional one and one-half percent (1.50%). 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.

(c) “*Bank Rate*” means the rate of interest per annum with respect to an Advance (i) for any day commencing on the date such Advance is made up to and including the ninetieth (90th) day next succeeding the date such Advance is made, equal to the Base Rate from time to time in effect, and (ii) for any day commencing on or after the ninety-first (91st) day next

succeeding the date such Advance is made, equal to the sum of the Base Rate from time to time in effect *plus* 1%; *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “Bank Rate” shall mean the Default Rate. The Bank Rate shall never be less than the rate of interest on the Notes. Additionally the Bank Rate shall never be greater than the Maximum Rate subject to the clawback provision set forth in Section 2.03(i) of the Reimbursement Agreement.

(d) “*Base Rate*” means a per annum, variable rate of interest equal to the highest of (a) the Prime Rate plus 1.50%; (b) the Fed Funds Rate plus 2.00%; and (c) 7.50% but in no event shall the Base Rate exceed the Maximum Rate subject to the clawback provision set forth in Section 2.03(i) of the Reimbursement Agreement.

(e) “*Default Rate*” means a per annum, variable rate of interest equal to the Base Rate plus 3.50%, provided, however, that the Default Rate shall never exceed the Maximum Rate subject to the clawback provision set forth in Section 2.03(i) of the Reimbursement Agreement.

(f) “*Termination Fee*” means an amount equal to the Letter of Credit Fee and the Commitment Fee (based upon the amount of the Total Commitment in effect on the Closing Date) that would be due up to and including the Letter of Credit Expiration Date, less the actual amount of Letter of Credit Fees and Commitment Fees the City has previously paid to the Bank.

(g) “*Term Loan Rate*” means Base Rate plus 1%.

*Section 1.2 Change in Stated Amount Fee.* Upon any adjustment in the Stated Amount of the Letter of Credit pursuant to Section 2.02 of the Reimbursement Agreement the City shall pay a fee of \$250 to the Bank, plus the Bank’s actual costs and expenses associated with such amendment, payable on the date of such change.

*Section 1.3 Drawing Fee.* In connection with each Drawing under the Letter of Credit, the City shall pay to the Bank a drawing fee in the amount of \$500 as payment for the Bank’s transactional costs related to such Drawing. The drawing fee shall be payable on the same day as the related Drawing.

*Section 1.4 Amendment and Transfer Fee.* The City agrees to pay, or cause to be paid, to the Bank, on the date of each amendment, supplement or modification to the Reimbursement Agreement, a Letter of Credit or this Fee Agreement, transfer of a Letter of Credit to a successor beneficiary, or execution of any standard waiver or consent, a non-refundable fee equal to \$2,500, plus, in each case, the reasonable fees and expenses of outside counsel to the Bank. Extensions to the term of the Letter of Credit alone will not require the payment of such fee, but will require the payment of related reasonable fees and expenses of outside legal counsel to the Bank.

*Section 1.5. Legal Fees.* The City shall pay, or caused to be paid, on the Closing Date the legal fees of Andrews Kurth LLP in an amount not to exceed \$45,000 for preparation of the Reimbursement Agreement and this Fee Agreement.

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

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

## Article II. Miscellaneous.

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

*Section 2.2. Governing Law.* **THIS FEE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS; PROVIDED, THAT THE OBLIGATIONS OF THE BANK SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

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

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

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

CITY OF AUSTIN, TEXAS

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

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

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

Signature Page to JPM/City of Austin Bank Fee Agreement

