

FIRST AMENDMENT TO STANDBY BOND PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO STANDBY BOND PURCHASE AGREEMENT (the “First Amendment”) dated as of June __, 2010 (the “Effective Date”) is entered into by and among the **CITY OF AUSTIN, TEXAS** (the “Issuer”), **DEUTSCHE BANK TRUST COMPANY AMERICAS** (the “Tender Agent”) and **LANDESBANK BADEN-WÜRTTEMBERG**, acting through its New York Branch (the “Bank”).

WITNESSETH:

WHEREAS, the Issuer, the Tender Agent and the Bank have previously entered into a Standby Bond Purchase Agreement dated as of August 1, 2004 (the “Agreement”) relating to the City of Austin, Texas Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2004;

WHEREAS, the payment of the regularly scheduled principal of and interest on the Bonds (including Bank Bonds, as defined in the Agreement) when due is guaranteed by a municipal bond insurance policy issued by Assured Guaranty Municipal Corp., (formerly known as Financial Security Assurance Inc.) (“AGM” or the “Insurer”);

WHEREAS, the rating assigned to the Insurer by Fitch Ratings has been withdrawn;

WHEREAS, pursuant to Section 9.16 of the Agreement, the Agreement may be amended by a written amendment thereto, signed by the Bank, the Tender Agent and the Issuer and consented to in writing by the Insurer; and

WHEREAS, the Bank, the Tender Agent and the Issuer wish to amend the Agreement as provided herein.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

AMENDMENTS

Section 1.01. Amendment to Section 6.20(b). Section 6.20(b) of the Agreement is hereby amended by deleting such subsection in its entirety and in place thereof inserting the following:

(b) Notwithstanding any provision of the Ordinance to the contrary, the Issuer shall not replace or cancel any Bond Insurance Policy without the prior written consent of the Bank. If the claims paying ability of the Insurer is lowered below “Aa3”

or “AA-” by either Moody's or S&P, respectively, the Issuer shall, within 30 days of the request of the Bank, (i) replace the Insurer with an Insurer reasonably acceptable to the Bank and which will not cause a reduction, withdrawal or suspension of the then current rating on the Bonds as confirmed in writing by the rating agencies then rating the Bonds, (ii) convert the interest rate borne by the Bonds to an interest rate other than a Covered Rate and terminate this Agreement or (iii) obtain an Alternate Liquidity Facility.

Section 1.02. Amendment to Section 9.04. Section 9.04 of the Agreement is hereby amended by deleting the notice information under the heading “Insurer” and in place thereof inserting the following:

Insurer: Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, New York 10019
Attention: Managing Director-Surveillance Policy No.: 20 3392-N
Telephone: (212) 974-0100
Facsimile: (212) 581-3268

ARTICLE II

FULL FORCE AND EFFECT

The Agreement is hereby amended to the extent provided in this First Amendment and, except as specifically provided herein, the Agreement shall remain in full force and effect in accordance with its terms.

ARTICLE III

GOVERNING LAW

THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS FIRST AMENDMENT SHALL BE GOVERNED AS PROVIDED IN SECTION 9.06 OF THE AGREEMENT.

ARTICLE IV

HEADINGS

Section headings in this First Amendment are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this First Amendment.

ARTICLE V

COUNTERPARTS

This First Amendment may be signed in any number of counterpart copies, but all such copies shall constitute one and the same instrument.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Each party hereto represents and warrants to the other that this First Amendment has been duly authorized and validly executed by it and that the Agreement as hereby amended constitutes its valid obligation, enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and subject to the application of general principles of equity including but not limited to the right of specific performance.

ARTICLE VII

SEVERABILITY

In case any one or more of the provisions contained herein 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 hereby.

ARTICLE VIII

DEFINITIONS

All capitalized terms used herein and not defined shall have the meaning assigned to such terms in the Agreement.

ARTICLE IX

FEEES

In connection with this First Amendment, the Issuer agrees to pay on the Effective Date (a) an amendment fee of \$2,500 to the Bank and (b) the fees and expenses of Kutak Rock LLP, counsel to the Bank.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the date and year first written above.

CITY OF AUSTIN, TEXAS

By _____
Name _____
Title _____

LANDESBANK BADEN-WÜRTTEMBERG,
Acting Through Its New York Branch

By _____
Name _____
Title _____

By _____
Name _____
Title _____

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Tender Agent

By _____
Name _____
Title _____

By _____
Name _____
Title _____

[Signatures continued on following page]

[Signature page to First Amendment to Standby Bond Purchase Agreement]

Consented to:

Neither this consent nor any past, present or future consents, waivers, actions, amendments or other agreements, individually or in combination, may be construed to imply or impose upon AGM any intention, agreement, obligation or undertaking to grant future consents, waivers or amendments, or to limit the ability of AGM to exercise any and all of its rights under the Agreement or the First Amendment, all of which shall remain unmodified and in full force and effect except as to the First Amendment consented to above. In addition, AGM makes no representation and expresses no opinion as to whether the consent of any other person is required to effect the First Amendment.

ASSURED GUARANTY MUNICIPAL
CORP. (formerly known as Financial
Security Assurance Inc.), as Insurer

By _____

Name _____

Title _____