

FEE AGREEMENT
DATED [____], 2018

Reference is hereby made to (i) that certain Letter of Credit Reimbursement Agreement dated as of [____], 2018 (as amended, supplemented or otherwise modified from time to time, the “*Agreement*”), between CITY OF AUSTIN, TEXAS (the “*Issuer*”) and BARCLAYS BANK PLC (the “*Bank*”), relating to the Issuer’s outstanding \$105,690,000 Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008 (the “*Bonds*”), and (ii) that certain Irrevocable Direct-Pay Letter of Credit dated [____], 2018 (the “*Letter of Credit*”), issued pursuant to the Agreement, supporting the Bonds. Capitalized terms used herein that are not specifically defined herein shall have the meanings assigned to such terms in the Agreement or the Letter of Credit, as applicable.

The purpose of this Fee Agreement is to confirm the agreement between the Bank and the Issuer with respect to the Facility Fee (as defined below) and certain other fees payable by the Issuer to the Bank. This Fee Agreement is the Fee Agreement referenced in the Agreement, the terms of which are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement between the Issuer and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I. FEES.

Section 1.1. Facility Fee. The Issuer hereby agrees to pay or cause to be paid to the Bank on January 2, 2019, for the period commencing on (and including) the Closing Date, and ending on (and including) January 1, 2019, and in arrears on the first Business Day of each April, July, October and January (each a “*Quarterly Payment Date*”) occurring thereafter to the Termination Date, and on the Termination Date, a non-refundable facility fee (the “*Facility Fee*”) in an amount equal to (x) the rate per annum (the “*Facility Fee Rate*”) associated with the applicable Rating (as defined below) as specified in the applicable Level in the pricing matrix below multiplied by (y) the Stated Amount (without regard for any temporary reductions thereof) for each day during each related period.

LEVEL	MOODY’S RATING	S&P RATING	FITCH RATING	FACILITY FEE RATE
1	Aa2 or greater	AA or greater	AA or greater	0.25%
2	Aa3	AA-	AA-	0.32%
3	A1	A+	A+	0.42%
4	A2	A	A	0.52%
5	A3	A-	A-	0.62%

6	Baa1	BBB+	BBB+	0.87%
7	Baa2	BBB	BBB	1.13%

The term “Rating” as used above shall mean the Obligor Rating. If Ratings are in effect (i) from any two Rating Agencies, the Facility Fee Rate shall be based on the Level set forth above corresponding with the lowest Rating from either of such Rating Agencies (*i.e.*, if one of the foregoing Rating Agency’s Rating is at a different Level than the Rating of the other Rating Agency, the Facility Fee Rate shall be based upon the Level in which the lowest Rating appears), or (ii) from any three Rating Agencies and (A) only two of such Ratings are equivalent, the Facility Fee Rate shall be equal to the Level set forth above corresponding to such two equivalent Ratings, or (B) none of such Ratings are equivalent, the Facility Fee Rate shall be equal to the Level set forth above corresponding to the middle Rating (for the avoidance of doubt, Level 7 is the lowest Level, and Level 1 is the highest Level). Any change in the Facility 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, or in the absence of such announcement, on the effective date of such changed Rating. References to ratings above are references to rating categories as determined by the Rating Agencies at the date hereof, and, in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced rating assigned to any Parity Water/Wastewater Obligations in connection with the adoption of a “global” rating scale, each of the Ratings referred to above from the agency in question shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as in effect on the date hereof. Upon the occurrence and during the continuance of an Event of Default, provided that such Event of Default has not been waived by the Bank or cured to the satisfaction of the Bank, the Facility Fee Rate shall immediately and without notice be increased by 2.00% per annum over the rate applicable to Level 7. Such Facility Fee shall be payable in immediately available funds and computed on a basis of a year of 360 days and the actual number of days elapsed. The Issuer represents that, as of the Closing Date, the Facility Fee Rate is that specified above for Level 1.

Section 1.2. Drawing Fee. The Issuer hereby agrees to pay to the Bank a drawing fee of \$350 for each Drawing (each, a “Draw Fee”) under the Letter of Credit, payable on the date such Drawing is made.

Section 1.3. Amendment Fee. The Issuer hereby agrees to pay to the Bank on the date of any amendment, waiver or consent with respect to the Agreement, this Fee Agreement, the Letter of Credit or any other Related Document (i) an amendment fee in the amount of \$2,500 or (ii) a waiver or consent fee in an amount mutually agreed to between the Issuer and the Bank, plus, in each case, the reasonable fees of legal counsel retained by the Bank in connection therewith.

Section 1.4. Termination Fee. (a) Notwithstanding anything set forth herein or in the Agreement to the contrary, the Issuer agrees not to terminate, or cause the termination of, the Letter of Credit prior to the one year anniversary of the Closing Date, except upon (i) the payment by the Issuer to the Bank of a termination fee (the “Termination Fee”) in an amount equal to the product of (1) the Facility Fee Rate on the date of such termination, (2) the Stated Amount as of the date of termination and (3) a fraction, the numerator of which is equal to the number of days from and

including the date of such termination to and including the one year anniversary of the Closing Date or any extension thereof and the denominator of which is 360 and (ii) compliance with the provisions of Section 10.16 of the Agreement; *provided* that no Termination Fee shall become payable if the Letter of Credit is terminated or replaced as a result of (A) a reduction of the Bank's senior unsecured short-term ratings below "P-1," "A-1," or "F1" by any of Moody's, S&P or Fitch, respectively, (B) the Bonds are converted or refinanced into a fixed rate of interest pursuant to the terms of the Ordinance, or (C) the Bank submits to the Issuer a request for payment due to a Change in Law pursuant to Section 2.07 of the Agreement.

(b) Notwithstanding anything set forth herein or in the Agreement to the contrary, the Issuer agrees not to permanently reduce the Stated Amount of the Letter of Credit prior to the one year anniversary of the Closing Date, without the payment by the Issuer to the Bank of a reduction fee (the "*Reduction Fee*") in connection with each and every permanent reduction of the Stated Amount in an amount equal to the product of (i) the Facility Fee Rate in effect on the date of such reduction, (ii) the difference between the Stated Amount prior to such reduction and the Stated Amount after such reduction and (iii) a fraction, the numerator of which is equal to the number of days from and including the date of termination to and including the one year anniversary of the Closing Date or any extension thereof and the denominator of which is 360; *provided* that no Reduction Fee shall become payable if the Stated Amount is permanently reduced as a result of (A) a reduction of the Bank's senior unsecured short-term ratings below "P-1," "A-1," or "F1" by any of Moody's, S&P or Fitch, respectively, (B) the outstanding amount of the Bonds is reduced pursuant to a conversion or refinancing of a portion of the Bonds into a fixed rate of interest pursuant to the terms of the Ordinance, or (C) the Bank submitting to the Issuer a request for payment due to a Change in Law pursuant to Section 2.07 of the Agreement.

ARTICLE II. MISCELLANEOUS.

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

Section 2.2. Governing Law. THIS FEE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE AND APPLICABLE FEDERAL LAW, *PROVIDED*, THAT THE RIGHTS AND OBLIGATIONS OF THE BANK HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW, WITHOUT REGARD TO CHOICE OF LAW RULES OTHER THAN NEW YORK GENERAL OBLIGATIONS LAW SECTION 5-1401 (OR ANY SUCCESSOR STATUTE THERETO).

Section 2.3. Counterparts. This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Fee Agreement by signing any such counterpart. This Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, 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 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 representatives thereunto duly authorized as of the date first set forth above.

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: Jannette S. Goodall
Title: City Clerk

BARCLAYS BANK PLC

By: _____
Name: R. Cassandra Bolz
Title: Authorized Signatory for and on
behalf of Barclays Bank PLC