

FEE LETTER
DATED SEPTEMBER 12, 2018

Reference is hereby made to (i) the Letter of Credit and Reimbursement Agreement dated as of August 1, 2018 (as amended, supplemented, modified or restated from time to time, the “*Agreement*”), between the CITY OF SAN JOSE, CALIFORNIA, a municipal corporation and a political subdivision duly organized and existing under the Constitution and laws of the State of California (the “*City*”), and BANK OF AMERICA, N.A. (including its permitted successors and assigns, the “*Bank*”), relating to the City’s Norman Y. Mineta San Jose International Airport Subordinated Commercial Paper Notes, Series A-1 (Non-AMT), Series A-2 (Non-AMT/Private Activity), Series B (AMT) and Series C (Taxable) (together, the “*Notes*”) and (ii) the Irrevocable Transferable Letter of Credit No. [] dated the date hereof (the “*Letter of Credit*”), issued by the Bank pursuant to the Agreement, supporting the Notes. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement or the Letter of Credit, as applicable.

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

ARTICLE I. FEES.

Section 1.1. Letter of Credit Fee. The City hereby agrees to pay to the Bank, on October 1, 2018, for the period commencing on the Issuance Date and ending on September 30, 2018, and in arrears on the first Business Day of each January, April, July and October (each, a “*Quarterly Payment Date*”) occurring thereafter to and including the Termination Date, and on the Termination Date, a non-refundable letter of credit fee (the “*Letter of Credit Fee*”) in an amount equal to the product of (a) the Stated Amount of the Letter of Credit (without regard to any temporary reductions thereof) for each day during the related fee period multiplied by (b) the rate per annum corresponding to the Level specified below associated with the Rating (as defined below) as specified below (the “*Letter of Credit Fee Rate*”) for each day during the related fee period.

LEVEL	FITCH RATING	MOODY’S RATING	S&P RATING	LETTER OF CREDIT FEE RATE
Level 1	A- or above	A3 or above	A- or above	0.35%
Level 2	BBB+	Baa1	BBB+	0.60%
Level 3	BBB	Baa2	BBB	1.00%
Level 4	BBB- or below	Baa3 or below	BBB- or below	Default Rate

The term “*Rating*” as used in each of the above-referenced pricing matrices shall mean the lowest long-term unenhanced debt rating assigned by each of Fitch, Moody’s and S&P to any

Senior Lien Bonds. If Ratings are in effect (i) from any two of Moody's, S&P or Fitch, the Letter of Credit Fee Rate shall be equal to the Level set forth above in this Section 1.1 corresponding to the lower Rating from either of such Rating Agencies, (ii) from all three of Moody's, S&P and Fitch and only two of such Ratings are equivalent, the Letter of Credit Fee Rate shall be equal to the Level set forth above in this Section 1.1 corresponding to such two equivalent Ratings and (iii) from all three of Moody's, S&P and Fitch, and none of such Ratings are equivalent, the Letter of Credit Fee Rate shall be equal to the Level set forth above in this Section 1.1 corresponding to the middle Rating (for the avoidance of doubt, Level 4 is the lowest Level, and Level 1 is the highest Level for purposes of the pricing grid in this Section 1.1). 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 in the above-referenced pricing matrices 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, including, without limitation, any recalibration or realignment of the long-term unenhanced credit rating assigned to any Parity Debt in connection with the adoption of a "global" rating scale, each of the Ratings referred to in the above-referenced pricing matrices from the Rating 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 currently in effect. The City acknowledges, and the Bank agrees, that as of the Issuance Date the Letter of Credit Fee Rate is that specified above for Level 1. In the event that any Rating is suspended, withdrawn or otherwise unavailable for credit related reasons (and, for purposes of clarity, other than as a result of debt maturity, redemption, defeasance, non-application or non-provision of information) from any Rating Agency or upon the occurrence and during the continuance of an Event of Default, the Letter of Credit Fee Rate shall automatically and without notice to the City increase by an additional 1.50% over the Letter of Credit Fee Rate otherwise in effect immediately prior to the occurrence of such Event of Default, automatically and without notice to the City. In the event that any Letter of Credit Fees are not paid when due, such Letter of Credit Fees shall accrue interest from the date payment is due until payment in full at a per annum rate of interest equal to the Default Rate, payable on demand. The Letter of Credit Fees shall be computed on the basis of a 360-day year and the actual number of days elapsed and payable in immediately available funds.

Section 1.2. Drawing Fee. The City hereby agrees to pay to the Bank a non-refundable drawing fee (a "Draw Fee") of \$250 for each Draw under the Letter of Credit. The Draw Fees are payable in arrears on each Quarterly Payment Date for all Draws made during the related fee period.

Section 1.3. Amendment and Transfer Fees. The City hereby agrees to pay to the Bank on the date (a) of any amendment to this Agreement, the Letter of Credit or any Related Document or transfer of the Letter of Credit to a successor trustee or (b) on which the Bank consents or provides a waiver with respect to any Related Document, an amendment, transfer, waiver or consent fee, as applicable, of \$2,500 (or such other amount that is satisfactory to the Bank and the City) plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith. Such transaction charges shall be payable on the date of such transfer, amendment, waiver or consent.

Section 1.4. Termination Fee; Reduction Fee. (a) Notwithstanding anything set forth herein or in the Agreement to the contrary, the City agrees not to terminate, or cause the termination of, the Letter of Credit prior to the twelve (12) month anniversary of the Issuance Date, except upon (i) the payment by the City to the Bank of a termination fee (the “*Termination Fee*”) on the date of such termination in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect pursuant to Section 1.1 hereof on the date of such termination, (B) the Stated Amount in effect on the date of termination, and (C) 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 twelve (12) month anniversary of the Issuance Date, and the denominator of which is 360, payable on the date the Letter of Credit is terminated or replaced, and (ii) compliance with the provisions of Section 2.6 of the Agreement; *provided, however*, that no such Termination Fee shall be due and payable if the Letter of Credit is terminated or replaced (i) after the Bank requests additional payments pursuant to Section 5.2 of the Agreement, (ii) following a reduction of any of the Bank’s senior unsecured short-term ratings below “A-1” by S&P, “P-1” by Moody’s or “F1” by Fitch, or (iii) because the Covered Notes are redeemed, refunded or the rate of interest thereon is converted to a fixed rate or another interest rate mode that does not involve a credit facility or liquidity facility.

(b) Notwithstanding anything set forth herein or in the Agreement to the contrary, the City agrees not to permanently reduce the Stated Amount of the Letter of Credit prior to the twelve (12) month anniversary of the Issuance Date, without the payment by the City to the Bank of a reduction fee (the “*Reduction Fee*”) in connection with each and every permanent reduction of the Stated Amount on the date of such reduction in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect pursuant to Section 1.1 hereof on the date of such permanent reduction, (B) the difference between the Stated Amount prior to such permanent reduction and the Stated Amount after such permanent reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such permanent reduction to and including the twelve (12) month anniversary of the Issuance Date, and the denominator of which is 360, payable on the date the Stated Amount of the Letter of Credit is permanently reduced; *provided, however*, that no such Reduction Fee shall be due and payable if the Letter of Credit is permanently reduced (i) after the Bank requests additional payments pursuant to Section 5.2 of the Agreement, (ii) following a reduction of any of the Bank’s senior unsecured short-term ratings below “A-1” by S&P, “P-1” by Moody’s or “F1” by Fitch, or (iii) because the Covered Notes are redeemed, refunded or the rate of interest thereon is converted to a fixed rate or another interest rate mode that does not involve a credit facility or liquidity facility.

Section 1.5. Payment Office. For purposes of the Agreement and this Fee Agreement, the term “*Payment Office*” means Bank of America, N.A., at ABA , Credit: Scranton-Standby Unit, Account No.: Reference: San Jose Airport LC# _____, Address: Bank of America, 1 Fleet Way, Scranton, PA 18507, and including details of the payment, or such other office as the Bank may designate from time to time.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Amendments. This Fee Letter may be amended only by written instrument duly executed by each of the parties hereto.

Section 2.2. Legal Fees. The City shall pay the reasonable legal fees and expenses of the Bank incurred in connection with the preparation and negotiation of the Agreement, this Fee Letter and certain other Related Documents in an amount not to exceed **\$[45,000]**, plus expenses. Legal fees shall be paid directly to the Bank's counsel, Chapman and Cutler LLP, in accordance with the instructions provided by Chapman and Cutler LLP.

Section 2.3. Governing Law. This Fee Letter shall be deemed a contract under, and shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

Section 2.4. Counterparts. This Fee Letter 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 one and the same instrument, and it will not be necessary in making proof of this Fee Letter to produce or account for more than one such counterpart.

Section 2.5. Severability. Any provision of this Fee Letter 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, and the remaining portion of such provision and all other remaining provisions will be construed to render them enforceable to the fullest extent.

[SIGNATURE PAGES FOLLOW]

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

CITY OF SAN JOSE, CALIFORNIA

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO FEE LETTER]

DRAFT--Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO FEE LETTER]