

J.P.Morgan

_____, 2012

Successor Agency to the Redevelopment Agency
of the City of San José
200 East Santa Clara Street, 17th Fl
San José, California 95113
Attention: Debra Figone, Executive Officer

Ladies and Gentlemen:

Reference is made to (i) the Reimbursement Agreement, dated as of June 1, 1996 (the “**1996 Agreement**”), and the Reimbursement Agreement, dated as of August 1, 2003 (the “**2003 Agreement**”), each case between the JPMorgan Chase Bank, N.A. (the “**Bank**”) and the Redevelopment Agency of the City of San José (the “**Agency**”), as the same have been amended (each, an “**Agreement**,” and, collectively, the “**Agreements**”), and (ii) the letter agreement regarding fees and expenses dated as of October 27, 2010, between the Bank and the Agency (the “**Existing Fee Letter**”). Any capitalized term below that is defined in an Agreement shall have the same meaning when used herein. This letter agreement (this “**Fee Letter**”) supersedes the Existing Fee Letter in its entirety. This letter is the Fee Letter described in the Agreements.

Pursuant to California Health & Safety Code Sections 34161 et. seq., on February 1, 2012, the Agency was dissolved and the City of San José, as its successor, was charged with winding down the affairs of the former Agency.

In consideration of the maintenance by the Bank of the Letter of Credits, the City of San José as successor to the Agency (the “**Successor Agency**”) agrees to pay to the Bank a letter of credit fee (the “**Letter of Credit Fee**”) from and including the date of this Fee Letter to the Expiration Date, which Letter of Credit Fee shall be payable in arrears on each March 31, June 30, September 30 and December 31, commencing on June 30, 2012, and on the Expiration Date. The Letter of Credit Fee for a calculation period shall be equal to the product of (i) the letter of credit fee percentage (expressed as a decimal) specified in the grid below opposite the applicable Rating Level (as defined below), (ii) the Aggregate Adjusted Letter of Credit Amount (as defined below) and (iii) a fraction, the numerator of which is the actual number of days in the applicable calculation period, and the denominator of which is 360. The Letter of Credit Fee for the period prior to the date of this Fee Letter shall be calculated in accordance with the terms of the Existing Fee Letter.

LEVEL	RATINGS		LETTER OF CREDIT FEE PERCENTAGE
	MOODY’S	STANDARD & POOR’S	
I	Baa1 or better	BBB+ or better	2.10%
II	Baa2	BBB	2.25%
III	Baa3	BBB-	2.50%
IV	Below Baa3	Below BBB-	3.00%

As used herein, the term “Aggregate Adjusted Letter of Credit Amount” means the sum of the Adjusted Letter of Credit Amount (as defined in 1996 Agreement) and the Adjusted Letter of Credit Amount (as defined in 2003 Agreement). As used herein, the term “Rating” means the long-term unenhanced rating assigned by Moody’s and Standard & Poor’s, as the case may be, to the Senior Obligations that include a cash funded debt service reserve account. If the Rating assigned by Moody’s and the Rating assigned by Standard & Poor’s fall within the same level in the grid above, the “Rating Level” will be that level. If the Rating assigned by Moody’s and the Rating assigned by Standard & Poor’s fall within different levels in the grid above, the “Rating Level” will be the level that contains the lower Rating (it being understood that Level I is the highest rating level and Level IV is the lowest rating level). Notwithstanding the foregoing, the Letter of Credit Fee shall be increased by 1.50% per annum from the Letter of Credit Fee in effect immediately prior thereto, (a) in the event a Rating is withdrawn, suspended or is otherwise unavailable by Moody’s or Standard & Poor’s and/or (b) upon the occurrence and during the continuance of an Event of Default. Any change in the Letter of Credit Fee 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 the Ratings above are references to the rating categories of Moody’s and Standard & Poor’s as presently determined by Moody’s and Standard & Poor’s and in the event of the adoption of any new or changed rating system by either or both rating agencies, the Rating from Moody’s and Standard & Poor’s, as the case may be, shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as then currently in effect. As of the date of this Fee Letter, the applicable Rating Level is Level II.

All amounts paid pursuant to this Fee Letter shall be non-refundable. Any determination of the Letter of Credit Fee by the Bank shall be conclusive absent manifest error.

All payments to be made by the Successor Agency to the Bank pursuant to this Fee Letter shall be made in the manner and at the times set forth in the Agreements. All rights of the Bank under the Agreements relating to late payments, net payments, gross ups, increased costs, loss of return and indemnification shall apply to this Fee Letter and the Agency’s obligations hereunder and shall be incorporated herein *mutatis mutandis*.

This Fee Letter may not be amended or waived except by an instrument in writing signed by the Bank and the Agency.

This Fee Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Fee Letter by electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

The Bank acknowledges that this Fee Letter must be approved by the Successor Agency’s governing body and the oversight board for the Successor Agency and, as a result, this Fee Letter will be included among the meeting agenda materials for the Successor Agency’s governing board and the oversight board for the Agency and will be available on the internet to the public.

[Remainder of page intentionally left blank.]

Please confirm that the foregoing is our mutual understanding by signing and returning to the Bank an executed counterpart of this Fee Letter. This Fee Letter shall become effective as of the date first above referenced upon our receipt of an executed counterpart of this Fee Letter from you.

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: _____
Name: Timothy A. Self
Title: Managing Director

cc: Julia H. Cooper, Acting Director, City Finance Department
Richard Keit, Executive Officer, Successor Agency

Accepted and agreed to
as of the date first
written above by:

CITY OF SAN JOSE IN ITS CAPACITY AS
SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF SAN JOSE

By: _____
Name: Julia H. Cooper
Title: Acting Director of Finance, City of San José

Approved as to Form:

By: _____
Chief Deputy City Attorney