
RESOLUTION

by the

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM

authorizing the issuance, sale and delivery of

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND BONDS,

and approving and authorizing instruments
and procedures relating thereto

August 24, 2017

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EXHIBITS

Exhibit A Forms of Bonds

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND
DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND BONDS,
AND APPROVING AND AUTHORIZING INSTRUMENTS AND
PROCEDURES RELATING THERETO**

WHEREAS, the Constitutional Provision (hereinafter defined), authorizes the Board (hereinafter defined) to issue bonds and notes not to exceed a total amount of 20% of the cost value of investments and other assets of the Permanent University Fund (hereinafter defined), exclusive of real estate, at the time of issuance thereof and to pledge all or any part of its two-thirds interest in the Available University Fund (hereinafter defined) to secure the payment of the principal of and interest on those bonds and notes, for the purpose of acquiring land, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under the Constitutional Provision or prior law, at or for the System (hereinafter defined) administration and component institutions of the System as listed in the Constitutional Provision; and

WHEREAS, the Board heretofore has authorized, issued and delivered, pursuant to the Constitutional Provision, its Series 2006B Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$284,065,000, its Series 2008A Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$364,365,000, its Series 2009A Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$250,000,000, its Series 2014A Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$240,340,000, its Series 2014B Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$205,200,000, its Series 2015A Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$161,710,000, its Series 2015B Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$204,445,000, its Series 2015C Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$126,020,000, its Series 2016A Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$113,390,000, and its Series 2016B Bonds (hereinafter defined), which are now outstanding in the aggregate principal amount of \$264,500,000, all of which are secured by a pledge of the Interest of the System (hereinafter defined) in the Available University Fund; and

WHEREAS, the Board has previously adopted a resolution, as amended, authorizing the issuance of its Commercial Paper Notes (hereinafter defined), which are authorized to be outstanding at any one time in the aggregate principal amount of \$750,000,000 and are secured by a pledge of the Interest of the System in the Available University Fund; and

WHEREAS, the Board has determined to authorize issuance of its bonds in the maximum aggregate principal amount of \$600,000,000 for the public purposes of refunding the Refunded Bonds (hereinafter defined), consisting of a portion of the Outstanding Parity Bonds (hereinafter defined), refunding the Refunded Commercial Paper Notes (hereinafter defined), consisting of all or a portion of the Commercial Paper Notes then outstanding, and paying Project Costs (hereinafter defined) for Eligible Projects (hereinafter defined), all pursuant to the Constitutional Provision and the Acts (hereinafter defined) and other applicable laws; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM:

ARTICLE I

DEFINITIONS, INTERPRETATION AND FINDINGS

Section 1.01 **Definitions.** Unless expressly provided otherwise herein or unless the context shall indicate a contrary meaning or intent, the terms and expressions defined below, when used in this Resolution, shall have the meanings set forth below for all purposes of this Resolution, except the FORMS OF BONDS set forth in Exhibit A hereto.

“*Acts*” means, collectively, Chapters 1207 and 1371, Texas Government Code, both as amended, and Section 65.46, Texas Education Code, as amended.

“*Additional Parity Bonds and Notes*” means the additional parity bonds and the additional parity notes permitted to be issued pursuant to Section 3.04 of the Series 2006B Resolution, Section 3.04 of the Series 2008A Resolution, Section 3.04 of the Series 2009A Resolution, Section 3.04 of the Series 2014A&B Resolution, Section 3.04 of the Series 2015A&B Resolution or Section 3.04 of the Series 2016 Resolution.

“*Approved Swap Agreement*” means each agreement authorized by the Board constituting a “bond enhancement agreement” under Section 65.461, Texas Education Code, as amended, and/or a “credit agreement” under Chapter 1371, Texas Government Code, as amended, in relation to the payment or exchange of payments on PUF Bonds.

“*Assumed Rate*” means, in the case of:

- (a) Refunded Bonds constituting Variable Rate PUF Bonds, the greater of
 - (i) the average interest rate on such Refunded Bonds for the most recently completed sixty (60) month period or the period such Refunded Bonds have been outstanding if it is less than sixty (60) months, or
 - (ii) the rate to be determined pursuant to clause (b) below assuming such Refunded Bonds were being issued on the date of calculation; and
- (b) Bonds authorized by this Resolution constituting Variable Rate PUF Bonds, either
 - (i) to be issued on the basis that, in the opinion of Bond Counsel to be delivered at the time of the issuance thereof, interest on such Bonds would be excluded from gross income for federal income tax purposes, the greater of the (A) average of the Securities Industry and Financial Markets Association Municipal Swap Index (“*SIFMA Index*”) for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (B) the average of the SIFMA Index for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or

(ii) to be issued on a basis not described in clause (i), the greater of the (A) average of the London Interbank Offered Rate (“LIBOR”) for the time period most closely resembling the reset period for such Bonds for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (B) average of LIBOR for the time period most closely resembling the reset period for such Bonds for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points; and

provided, that if the SIFMA Index or LIBOR shall cease to be published, the index to be used in its place shall be that index which the Authorized Representative determines most closely replicates such index. Notwithstanding the foregoing, in no event shall the Assumed Rate be in excess of the maximum interest rate permitted by law on PUF Bonds; and

provided further, that if the Board has entered into an Approved Swap Agreement with respect to all or a portion of any such Variable Rate PUF Bonds pursuant to which the Board is obligated to make payments calculated at a fixed interest rate on the notional amount of such Approved Swap Agreement, the fixed interest rate used to calculate the amounts payable by the Board under the Approved Swap Agreement shall be assumed to be the interest rate on such Variable Rate PUF Bonds outstanding during the term of the Approved Swap Agreement if the notional amount under the Approved Swap Agreement is equal to or greater than the outstanding principal amount of such Variable Rate PUF Bonds.

“*Attorney General*” means the Attorney General of the State.

“*Authorized Denominations*” means, unless otherwise determined by the Authorized Representative in the Award Certificate, (i) for Bonds in the Daily Rate Mode or the Weekly Rate Mode, \$100,000 or any integral multiple of \$1,000 in excess of \$100,000, and (ii) for Bonds in the Term Rate Mode or Fixed Rate Mode, \$5,000 or any integral multiple thereof.

“*Authorized Representative*” means one or more of the following officers or employees of the System, to wit: the Chancellor, any Executive Vice Chancellor, the Vice Chancellor and General Counsel, the Associate Vice Chancellor for Finance, the Assistant Vice Chancellor for Finance, or in the event of a vacancy in any such position, the person duly authorized to act in such capacity pending the appointment of a successor to such position, or such other officer or employee of the System authorized by the Board to act as an “Authorized Representative.”

“*Available University Fund*” means the fund by that name specified in the Constitutional Provision, which fund consists of the distributions made to it from the total return on all investment assets of the Permanent University Fund, including the net income attributable to the surface of Permanent University Fund land, as determined by the Board pursuant to the Constitutional Provision.

“*Award Certificate*” means the certificate executed by the Authorized Representative in connection with each Series of Bonds that establishes the terms of the Series of Bonds (i) pursuant to Section 7.04 hereof in connection with the initial issuance and delivery thereof and (ii) in connection with any Conversion thereof as authorized pursuant to the terms of this Resolution. Each Award Certificate is hereby incorporated in and made a part of this Resolution and shall be filed in the minutes of the Board as a part of this Resolution.

“*Board of Regents*” or “*Board*” means the Board of Regents of the System.

“*Board-Held Bonds*” shall have the meaning given to such term in Section 2.04(d) hereof.

“*Board Liquidity Resolution*” shall mean that resolution adopted by the Board on August 23, 2007, as amended, pursuant to which the Board covenants to provide liquidity support for the Bonds by using lawfully available funds to purchase Bonds tendered for purchase, which resolution recites that it constitutes a “Credit Agreement” for purposes of this Resolution, or any other similar resolution hereafter adopted by the Board.

“*Bond*” or “*Bonds*” means any one or more, as the case may be, of the bonds of each Series authorized by this Resolution, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Resolution.

“*Bond Counsel*” means Bracewell LLP or any other attorney or firm of attorneys nationally recognized as experienced in the field of bonds of governmental issuers and appointed by the Board.

“*Bond Purchase Contract*” means the Board’s agreement with Underwriters providing for the sale of a Series of Bonds issued for the purpose of refunding the Refunded Bonds or the Refunded Commercial Paper Notes, as authorized by Section 7.04 hereof; provided that two or more Series of Bonds may be sold to the same Underwriters pursuant to the terms of a single Bond Purchase Contract.

“*Bond Purchase Fund*” shall have the meaning given to such term in Section 2.04(e) hereof.

“*Bond Year*” means the period beginning on July 2 of any calendar year and continuing through July 1 of the following calendar year.

“*Business Day*” means any day that is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City of New York, New York or in the city where the corporate trust office of the Paying Agent/Registrar (and, while the Bonds are in the Daily Rate Mode, the Weekly Rate Mode or the Term Rate Mode, the Remarketing Agent) are authorized by law or executive order to close.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“*Commercial Paper Notes*” means, collectively, the Board’s Permanent University Fund Commercial Paper Notes, Series A, and Permanent University Fund Taxable Commercial Paper Notes, Series B, issued from time to time under the Commercial Paper Notes Resolution.

“*Commercial Paper Notes Resolution*” means the resolution adopted by the Board on August 14, 2008, as amended by a resolution adopted by the Board on February 6, 2014,

authorizing the issuance of the Commercial Paper Notes in an aggregate principal amount outstanding at any time not to exceed \$750,000,000, as such resolution may be amended from time to time.

“*Comptroller*” means the Comptroller of Public Accounts of the State or any successor thereto.

“*Constitutional Provision*” means Section 18 of Article VII of the Constitution of the State, as amended and in effect on the date hereof, and any amendment thereto or any other amendment to the Constitution of the State relating to the Permanent University Fund hereafter approved by the voters of the State.

“*Conversion*” or “*conversion*” means a change from one Mode to another with respect to a Bond, including from one Term Rate Mode to a different Term Rate Mode (of the same or a different duration as the then-expiring Term Rate Mode).

“*Conversion Certificate*” means the certificate of the Authorized Representative given pursuant to Section 2.03(a) hereof evidencing the exercise by the Board of the option to convert Bonds from one Mode to another Mode, including from one Term Rate Mode to a different Term Rate Mode (of the same or a different duration as the then-expiring Term Rate Mode).

“*Conversion Date*” means the date on which a Conversion becomes effective.

“*Credit Agreement*” means the Board Liquidity Resolution or any other standby purchase agreement, letter of credit, line of credit or similar agreement provided in lieu thereof.

“*CUSIP*” means the Committee on Uniform Securities Identification Procedures of the American Bankers Association, or any successor to its functions.

“*Daily Rate*” means the rate of interest that is set on the Bonds while they are in the Daily Rate Mode.

“*Daily Rate Bonds*” means the Bonds of a Series in the Daily Rate Mode.

“*Daily Rate Mode*” means the Mode in which the interest rate on the Bonds is set at the Daily Rate.

“*Defeased Bond*” means any Bond the principal of and interest on which is deemed to be paid, retired and no longer outstanding within the meaning of this Resolution, pursuant to and in accordance with Section 7.02 hereof.

“*Delivery Date*” means any date on which a Bond is tendered to the Paying Agent/Registrar for purchase pursuant to the terms hereof.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors and assigns.

“*DTC Participant*” means the securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“*Effective Date*” means, with respect to a Bond in the Daily Rate Mode, the Weekly Rate Mode or the Term Rate Mode, the date on which a new Interest Rate Period or a new Mode for that Bond takes effect, as applicable.

“*Electronic Notice*” means notice transmitted through a time-sharing terminal, by facsimile transmission or by telephone (promptly confirmed in writing or by facsimile transmission).

“*Eligible Project*” means the acquisition of land, either with or without permanent improvements, the construction and equipping of buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, the acquisition of capital equipment and library books and library materials. The term “*Eligible Project*” shall not include the construction, equipping, repairing, or rehabilitating of buildings or other permanent improvements that are to be used for student housing, intercollegiate athletics, or auxiliary enterprises.

“*Escrow Agent*” means each Escrow Agent selected pursuant to Section 7.05 hereof or any successor thereto.

“*Escrow Agreement*” means each Escrow Agreement between the Board and an Escrow Agent, as authorized by Section 7.05 hereof, as each such agreement may be amended from time to time in accordance with the terms thereof.

“*Favorable Opinion*” means an opinion of Bond Counsel addressed to the Board and the Paying Agent/Registrar to the effect that the action proposed to be taken with respect to any Bonds (i) is authorized or permitted by the Acts and this Resolution and (ii) if the Bonds were issued as Tax-Exempt Bonds, will not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Bonds.

“*Fiscal Year*” means the fiscal year of the State, which currently ends on August 31 of each calendar year.

“*Fixed Rate*” means a rate of interest on a Bond that is fixed for the remaining term of the Bond.

“*Fixed Rate Bonds*” means the Bonds of a Series in the Fixed Rate Mode.

“*Fixed Rate Mode*” means the Mode in which the interest rate on the Bonds is fixed until the final maturity date thereof.

“*Government Obligations*” means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally

guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves any proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves any proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (iv) any other then authorized securities or obligations under applicable State law in existence on the date the Board adopts or approves any proceedings authorizing the issuance of refunding bonds that may be used to defease obligations such as the Bonds. The foregoing notwithstanding, the Authorized Representative may elect in the Award Certificate to modify the definition of “Government Obligations” by eliminating any securities or obligations set forth in the preceding sentence upon determining that it is in the best interests of the Board to do so.

“*Initial Bond*” means one or more Bonds of a Series authorized, issued, sold and initially delivered hereunder and upon which the registration certificate, manually executed by or on behalf of the Comptroller, has been placed.

“*Interest and Sinking Fund*” means the Board of Regents of The University of Texas System Permanent University Fund Bonds Interest and Sinking Fund described in Section 3.02 hereof.

“*Interest of the System,*” when used with reference to the Available University Fund, means the System’s two-thirds interest in the Available University Fund as apportioned and provided in the Constitutional Provision.

“*Interest Payment Date*” means, unless otherwise determined by the Authorized Representative in the Award Certificate, (i) when used with respect to Bonds accruing interest at Daily or Weekly Rates, the first Business day of each calendar month following a month in which interest at such rate has accrued; (ii) when used with respect to Bonds accruing interest at a Term Rate or a Fixed Rate, the first day of the immediately succeeding January or July after the Conversion thereof to the Term Rate Mode (including to a new Term Rate Mode of the same or different duration as the then-expiring Term Rate Mode) or to the Fixed Rate Mode and thereafter each January 1 or July 1; (iii) each Conversion Date, in the event such date is not an Interest Payment Date established pursuant to the preceding clauses (i) and (ii); and (iv) the final scheduled maturity date or redemption date of a Series of Bonds.

“*Interest Rate Period,*” “*Rate Period,*” or “*Period*” means, when used with respect to any particular rate of interest for a Bond, the period during which such rate of interest determined for such Bond will remain in effect as described herein, provided that the Remarketing Agent (i) shall not offer Interest Rate Periods which end on a day which does not immediately precede a Business Day, (ii) not offer Interest Rate Periods applicable to Bonds to be converted extending beyond the day preceding any scheduled Conversion of the Bonds to another Mode or the Maturity Date, and (iii) follows any written directions of the Board not inconsistent with the preceding clauses (i) and (ii) as to the Interest Rate Periods to be made available.

“*Issuance Date*” means the date of delivery of each Series of Bonds to the initial purchasers thereof.

“*Maximum Rate*” means the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended, or such other maximum interest rate permitted to be borne by PUF Bonds by then applicable law.

“*Mode*” means the period for and the manner in which the interest rates on the Bonds are set and includes the Daily Rate Mode, the Weekly Rate Mode, the Term Rate Mode and the Fixed Rate Mode.

“*Outstanding Parity Bonds*” means the Series 2006B Bonds, the Series 2008A Bonds, the Series 2009A Bonds, the Series 2014A Bonds, the Series 2014B Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2015C Bonds, the Series 2016A Bonds and the Series 2016B Bonds.

“*Paying Agent/Registrar*” means the paying agent and registrar for the Bonds appointed pursuant to Section 2.14 hereof, or any successor to such agent appointed hereunder.

“*Paying Agent/Registrar Agreement*” means the paying agent/registrar agreement executed by the Board and the Paying Agent/Registrar pursuant to Section 2.14 hereof, as such agreement may be amended from time to time in accordance with the terms thereof.

“*Permanent University Fund*” means the Permanent University Fund as created, established, implemented and administered pursuant to sections 10, 11, 11a, 11b, 15 and 18 of Article VII of the Constitution of the State, as amended, and by other applicable present and future constitutional and statutory provisions, and further implemented by the provisions of Chapter 66, Texas Education Code, as amended.

“*Potential Tender Offer Obligations*” shall have the meaning given to such term in Section 7.05(b).

“*Project Costs*” means all costs and expenses incurred in relation to Eligible Projects, including without limitation design, planning, engineering, and legal costs; acquisition costs of land, interests in land, right-of-way, and easements; construction costs, costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an Eligible Project; financing costs, including, interest and payments on credit agreements during construction and thereafter, underwriter’s discount and/or fees, legal, financial, and other professional services; any amounts due and payable under an Approved Swap Agreement; and reimbursement for any such Project Costs incurred prior to the issuance of any Bonds.

“*PUF Bonds*” means the Bonds, the Outstanding Parity Bonds and all Additional Parity Bonds and Notes.

“*PUF Bonds Construction Fund*” means the Board of Regents of The University of Texas System PUF Bonds Construction Fund described in Section 2.17 hereof.

“*Purchase Date*” means, while the Bonds are in the Daily Rate Mode, the Weekly Rate Mode or the Term Rate Mode the date upon which the Bonds are required to be purchased pursuant to a mandatory or optional tender, as applicable, as set forth in Section 2.03 hereof and the FORMS OF BONDS in Exhibit A hereto.

“*Purchase Price*” means the purchase price of the Bonds required to be purchased pursuant to a mandatory or optional tender as set forth in Section 2.03 hereof and the FORMS OF BONDS in Exhibit A hereto.

“*Record Date*” means, unless otherwise determined by the Authorized Representative in the Award Certificate, with respect to the Bonds, for any Interest Payment Date, the close of business on the Business Day immediately preceding an Interest Payment Date.

“*Refunded Bonds*” means the particular Outstanding Parity Bonds that the Authorized Representative, acting for and on behalf of the Board pursuant to Sections 7.04 and 7.05 hereof, determines shall be refunded by a Series of Bonds, and which, in accordance with Section 7.05(b), may include Tender Offer Obligations. The Refunded Bonds shall be specified in the Award Certificate.

“*Refunded Commercial Paper Notes*” means the particular Commercial Paper Notes that the Authorized Representative, acting for and on behalf of the Board, pursuant to Sections 7.04 and 7.05 hereof, determines shall be refunded by a Series of Bonds. The Refunded Commercial Paper Notes shall be specified in the Award Certificate.

“*Registration Books*” means the books or records of the registration and transfer of the Bonds required to be kept by or on behalf of the Board pursuant to Section 2.09 hereof.

“*Regulations*” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“*Remarketing Agent*” means each remarketing agent appointed pursuant to Section 7.10 hereof and any successor thereto. The principal office of each Remarketing Agent shall mean the office thereof designated in writing to the Paying Agent/Registrar.

“*Remarketing Agreement*” means each remarketing agreement executed by the Board and the Remarketing Agent pursuant to Section 7.10 hereof, as each such agreement may be amended from time to time pursuant to the terms thereof.

“*Remarketing Proceeds*” means proceeds from the sale of the Bonds by the Remarketing Agent other than to the Board.

“*Resolution*” means this resolution authorizing the Bonds, as the same may be amended from time to time in accordance with the terms hereof.

“*Rule 15c2-12*” means Rule 15c2-12 of the Securities and Exchange Commission, as amended from time to time.

“*Series*” means any designated series of Bonds issued pursuant to this Resolution.

“*Series 2006B Resolution*” means the resolution adopted by the Board on August 10, 2006, authorizing the issuance of the Series 2006B Bonds, as such resolution may be amended from time to time.

“*Series 2006B Bonds*” means the Board’s Permanent University Fund Refunding Bonds, Series 2006B, issued under the Series 2006B Resolution in the original aggregate principal amount of \$284,065,000.

“*Series 2008A Bonds*” means the Board’s Permanent University Fund Bonds, Series 2008A, issued pursuant to the Series 2008A Resolution in the original aggregate amount of \$400,905,000.

“*Series 2008A Resolution*” means the resolution adopted August 14, 2008, authorizing the issuance of the Series 2008A Bonds, as such resolution may be amended from time to time.

“*Series 2009A Bonds*” means the Board’s Permanent University Fund Taxable Bonds, Series 2009A, issued pursuant to the Series 2009A Resolution in the original aggregate amount of \$250,000,000.

“*Series 2009A Resolution*” means the resolution adopted August 20, 2009, authorizing the issuance of the Series 2009A Bonds, as such resolution may be amended from time to time.

“*Series 2014A Bonds*” means the Board’s Permanent University Fund Bonds, Series 2014A, issued under the Series 2014A&B Resolution in the original aggregate principal amount of \$240,340,000.

“*Series 2014B Bonds*” means the Board’s Permanent University Fund Bonds, Series 2014B, issued under the Series 2014A&B Resolution in the original aggregate principal amount of \$221,580,000.

“*Series 2014A&B Resolution*” means the resolution adopted by the Board on August 22, 2013, authorizing the issuance of the Series 2014A Bonds and the Series 2014B Bonds, as such resolution may be amended from time to time.

“*Series 2015A Bonds*” means the Board’s Permanent University Fund Refunding Bonds, Series 2015A, issued under the Series 2015A&B Resolution in the original aggregate principal amount of \$197,970,000.

“*Series 2015B Bonds*” means the Board’s Permanent University Fund Bonds, Series 2015B, issued under the Series 2015A&B Resolution in the original aggregate principal amount of \$220,565,000.

“*Series 2015C Bonds*” means the Board’s Permanent University Fund Bonds, Taxable Series 2015C, issued under the Series 2016 Resolution in the original aggregate principal amount of \$126,020,000.

“*Series 2015A&B Resolution*” means the resolution adopted by the Board on August 21, 2014, authorizing the issuance of the Series 2015A Bonds and, the Series 2015B Bonds, as such resolution may be amended from time to time.

“*Series 2016A Bonds*” means the Board’s Permanent University Fund Bonds, Series 2016A, issued under the Series 2016 Resolution in the original aggregate principal amount of \$117,270,000.

“*Series 2016B Bonds*” means the Board’s Permanent University Fund Bonds, Series 2016B, issued under the Series 2016 Resolution in the original aggregate principal amount of \$272,350,000.

“*Series 2016 Resolution*” means the resolution adopted by the Board on August 20, 2015, authorizing the issuance of the Series 2015C Bonds, the Series 2016A Bonds and the Series 2016B Bonds, as such resolution may be amended from time to time.

“*State*” means the State of Texas.

“*Stepped Coupon Rate*” shall have the meaning given to such term in the Award Certificate.

“*Stepped Rate Period*” shall have the meaning given to such term in Section 2.03(a)(C)(5) hereof.

“*System*” means The University of Texas System.

“*Tax-Exempt Bond*” shall mean any Bond, the interest on which is excludable from gross income for federal income tax purposes.

“*Taxable Bond*” shall mean any Bond, the interest on which is not excludable from gross income for federal income tax purposes.

“*Tendered Bond*” means any Bond tendered or deemed tendered for purchase pursuant to the provisions hereof.

“*Tender Offer Obligations*” shall have the meaning given to such term in Section 7.05(b) hereof.

“*Term Rate*” means the rate of interest that is set on the Bonds while they are in the Term Rate Mode.

“*Term Rate Bonds*” means the Bonds of a Series in the Term Rate Mode.

“*Term Rate Mode*” means the Mode in which the interest rate on the Bonds is set at the Term Rate.

“*Undelivered Bonds*” means Bonds that are deemed to have been tendered as provided in the FORMS OF THE BONDS set forth in Exhibit A hereto.

“*Underwriters*” means the investment banking firm or firms that contract to purchase the Bonds of a Series issued for the purpose of refunding the Refunded Bonds or the Refunded Commercial Paper Notes, pursuant to a Bond Purchase Contract in accordance with Section 7.04 of this Resolution; provided that the same Underwriters may contract to purchase two or more Series of such Bonds pursuant to a single Bond Purchase Contract.

“*Variable Rate PUF Bonds*” means Refunded Bonds or Bonds, the interest rate on which is not fixed, but is variable or adjustable by any formula, agreement or otherwise.

“*Weekly Rate*” means the rate of interest that is set on the Bonds while they are in the Weekly Rate Mode.

“*Weekly Rate Bonds*” means the Bonds of a Series in the Weekly Rate Mode.

“*Weekly Rate Mode*” means the Mode in which the interest rate on the Bonds is set at the Weekly Rate.

Section 1.02 **Recitals, Table of Contents, Titles and Headings**. The terms and phrases used in the recitals of this Resolution have been included for convenience of reference only and the meaning, construction and interpretation of such terms and phrases for purposes of this Resolution shall be determined solely by reference to Section 1.01 of this Resolution. The table of contents, titles and headings of the articles and sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Resolution or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.03 **Interpretation**. Unless the context requires otherwise, words of the singular number used in this Resolution shall be construed to include correlative words of the plural number and vice versa, and words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa. References in this Resolution to numbered Articles, Sections or portions thereof shall refer to the respective Articles and Sections of this Resolution, unless expressly specified otherwise. The terms “hereof,” “herein,” “hereunder” and similar terms shall refer to this Resolution as a whole and not to any particular provision of this Resolution. This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the provisions set forth herein and to sustain the validity of this Resolution.

ARTICLE II

AUTHORIZATION AND TERMS OF THE BONDS

Section 2.01 **Authorization and Authorized Amount**. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State, particularly the Constitutional Provision and the Acts, the Bonds are hereby authorized to be issued, in the maximum aggregate principal amount (calculated without regard to premium or discount affecting the sale price) of SIX HUNDRED MILLION DOLLARS (\$600,000,000) in one or more Series (as Tax-Exempt Bonds, Taxable Bonds, or any combination thereof) for the purpose of obtaining

funds to refund the Refunded Bonds, to refund the Refunded Commercial Paper Notes and to finance Project Costs of Eligible Projects, all in accordance with and subject to the terms, conditions and limitations contained herein; provided that, the authority conferred by this Resolution to (i) act on behalf of the Board in connection with the initial sale of any Series of Bonds and (ii) award the sale of the Bonds of such Series to a bidder in a competitive sale or execute one or more Bond Purchase Contracts(s) pursuant to this Resolution shall expire at 11:59 p.m. on August 31, 2018. Any Series of Bonds awarded pursuant to an official bid form or sold pursuant to a Bond Purchase Contract executed on or before August 31, 2018, may be issued and delivered after such date. The Bonds are Additional Parity Bonds permitted to be issued under Section 3.04 of the Series 2006B Resolution, Section 3.04 of the Series 2008A Resolution, Section 3.04 of the Series 2009A Resolution, Section 3.04 of the Series 2014A&B Resolution, Section 3.04 of the Series 2015A&B Resolution and Section 3.04 of the Series 2016 Resolution on a parity and in all respects of equal dignity with the Outstanding Parity Bonds.

The Bonds herein authorized, unless otherwise indicated, may be issued in the form of Fixed Rate Bonds, Daily Rate Bonds, Weekly Rate Bonds or Term Rate Bonds, all as provided in Section 2.02 hereof, the Award Certificate and in the FORMS OF BONDS set forth Exhibit A hereto.

Section 2.02 **Designation, Form, Numbers, Date, Denomination, Maturities and Terms of the Bonds.** Unless otherwise determined by the Authorized Representative in the Award Certificate, each Bond shall be designated: “BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND BOND, SERIES ____,” provided that, (i) each Series of Bonds issued to advance refund Refunded Bonds more than 90 days prior to their maturity or earlier redemption date shall also have the word “REFUNDING” included in the designation of such Bonds before the word “BOND”, and (ii) each Series of Bonds issued as Taxable Bonds shall also have the word “TAXABLE” included in the designation of such Bonds before the word “BONDS” (and before the word “REFUNDING”, as the case may be). Unless otherwise determined by the Authorized Representative in the Award Certificate, each Series of Bonds shall be designated by the year in which the respective Award Certificate is signed by an Authorized Representative and each Series within a year shall have a separate letter designation follow the year, starting with the letter “A” and, proceeding alphabetically thereafter.

For each Series of Bonds, there shall initially be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, (i) in the Fixed Rate Mode, the Daily Rate Mode, the Weekly Rate Mode or the Term Rate Mode, (ii) numbered consecutively for each Series of Bonds (except the Initial Bonds) from R-1 upward in the case of Bonds of a Series in the Fixed Rate Mode, DR-1 in the case of Bonds of a Series in the Daily Rate Mode, WR-1 in the case of Bonds of a Series in the Weekly Rate Mode and TR-1 in the case of Bonds of a Series in the Term Rate Mode, (iii) payable to the respective initial registered owners thereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof, (iv) in Authorized Denominations, maturing serially or otherwise on the dates, in the years and in the principal amounts, respectively, (v) as Tax-Exempt Bonds or Taxable Bonds, and (vi) dated, all as set forth in the Award Certificate.

The Bonds of each Series (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds of such Series, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal

of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORMS OF BONDS set forth in Exhibit A hereto and as determined by the Authorized Representative as provided herein, with such changes and additions as are required to be consistent with the terms and provisions set forth in the Award Certificate.

Section 2.03 Interest; Tenders and Remarketing; Conversion.

(a) Interest. The interest rate on the Bonds of each Series will be the lesser of (i) the Maximum Rate or (ii) the rate determined as provided in this Section. In no event shall the interest rate exceed the Maximum Rate. Initially, Bonds shall bear interest as determined (i) by the Remarketing Agent for the Bonds initially issued in the Daily Rate Mode or Weekly Rate Mode, and (ii) by the Authorized Representative for Bonds initially issued in the Term Rate Mode or the Fixed Rate Mode, all in accordance with the Award Certificate. Interest on the Bonds in a Daily Rate Mode, or Weekly Rate Mode shall be payable on the applicable Interest Payment Date as herein described, computed on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed based upon the calendar year in which the Rate Period for that Bond commences, or as otherwise determined by the Authorized Representative in the Award Certificate. The interest on the Bonds in a Term Rate Mode or a Fixed Rate Mode shall be payable on the applicable Interest Payment Date as herein described, computed on the basis of a 360-day year of twelve 30-day months. The amount of interest due on any Interest Payment Date shall be the amount of unpaid interest accrued on the Bonds through the day preceding such Interest Payment Date and if any payment, redemption, or maturity date is not a Business Day, then the payment may be made on the next succeeding Business Day with the same force and effect as if made on the specified payment date and no interest shall accrue for the period after the specified payment date. Any registered owner of the Bonds may ascertain the applicable interest rate and Rate Period at any time by contacting the Paying Agent/Registrar or the Remarketing Agent, as applicable. Each determination and redetermination of the applicable interest rate and Rate Period shall be conclusive and binding on the Paying Agent/Registrar, the Board, and the registered owners of the Bonds.

(A) Daily Rate Mode.

(1) Determination of Daily Rates. Bonds may be initially issued bearing interest at a Daily Rate as set forth in the Award Certificate. The Daily Rate shall be the rate of interest determined by the Remarketing Agent for each Interest Rate Period, to be the lowest rate that in its judgment, on the basis of prevailing financial market conditions, would permit the sale of the Bonds in the Daily Rate Mode at par plus accrued interest on and as of the Effective Date, but not in excess of the Maximum Rate. The Remarketing Agent shall determine the initial Daily Rate on or before the Issuance Date for Bonds initially issued in the Daily Rate Mode. Thereafter, the Remarketing Agent shall redetermine the Daily Rate for each subsequent Interest Rate Period. The Daily Rate in effect for each Interest Rate Period shall be determined not later than the Effective Date, and shall be effective from the Effective Date until the next succeeding Business Day. The Remarketing Agent shall notify the Paying Agent/Registrar and the Board of the Daily Rate by Electronic Notice not later than 10:00 a.m., New York City time, on the Effective Date. Each determination and redetermination of the Daily Rate shall be conclusive and binding on the Board, the Paying Agent/Registrar, and the registered owners of the Bonds.

If for any reason the Remarketing Agent fails to determine the Daily Rate or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Daily Rate to take effect on the Effective Date shall be the Daily Rate in effect on the day preceding such date.

(2) Conversion from the Daily Rate Mode. The Bonds in the Daily Rate Mode or any portion of such Bonds may be converted on any Business Day to the Weekly Rate Mode, and on any Interest Payment Date to the Term Rate Mode or the Fixed Rate Mode as provided in the FORMS OF BONDS set forth in Exhibit A hereto and upon the delivery of a certificate of an Authorized Representative electing such conversion (the “*Conversion Certificate*”) to the Paying Agent/Registrar and the Remarketing Agent. In addition to electing the conversion, the Conversion Certificate shall include a certification to the effect that the Board is not in default of any of the provisions of this Resolution. The Conversion Certificate shall be given by the Board to the Paying Agent/Registrar, the Remarketing Agent, and any bond rating agency then rating or requested to rate such Bonds not fewer than 15 days prior to the proposed Conversion Date, which date shall be specified in the Conversion Certificate. Notice of a conversion of Bonds from the Daily Rate Mode and the mandatory tender of Bonds for purchase on such Conversion Date shall be given to the owners of such Bonds as provided in part (a)(A)(4) of this Section and the FORMS OF BONDS set forth in Exhibit A hereto. Conversions (i) to the Weekly Rate Mode shall also be governed by part (a)(B) of this Section, (ii) to the Term Rate Mode shall also be governed by part (a)(C) of this Section, and (iii) to the Fixed Rate Mode shall also be governed by part (a)(D) of this Section.

Notwithstanding the foregoing, if the preconditions to conversion from the Daily Rate Mode established by the preceding paragraph and Section 2.03(c) hereof are not met by 10:30 a.m., New York City time, on the Conversion Date, the Paying Agent/Registrar shall deem the proposed conversion to have failed and shall immediately notify the Board and the Remarketing Agent, and the Bonds to have been converted shall be subject to mandatory tender as provided in part (a)(A)(4) of this Section. In such event, the Board shall comply with the requirements of Section 2.04(d)(A) as necessary to provide for the payment of the Purchase Price on such date. In no event shall the failure of Bonds to be converted for any reason be deemed to be, in and of itself, a default under this Resolution, so long as the Purchase Price of all Bonds required to be purchased is made available as provided above.

(3) Owners’ Option to Tender Bonds in Daily Rate Mode. Bonds in the Daily Rate Mode are subject to tender, at the election of the owner thereof, on the dates, at the prices, in the manner and subject to the limitations described in the FORMS OF BONDS set forth in Exhibit A hereto. The owners of Tendered Bonds shall receive on the Delivery Date 100% of the principal amount of the Tendered Bonds plus accrued interest to the Purchase Date, provided that if the Purchase Date is an Interest Payment Date, accrued interest shall be paid separately, and not as part of the Purchase Price on such date. The purchase of Tendered Bonds shall not extinguish the debt represented by such Bonds that shall remain outstanding and unpaid under this Resolution.

The Paying Agent/Registrar shall accept all Tendered Bonds properly delivered to it for purchase as provided in the FORMS OF BONDS set forth in Exhibit A hereto and in this subsection (3).

As soon as practicable after receiving notice of a tender of Bonds under this Section, the Paying Agent/Registrar shall notify the Remarketing Agent, the Board, and the Paying Agent/Registrar by telephone promptly confirmed in writing of the amount of Tendered Bonds and the specified Purchase Date. Bonds not delivered to the Paying Agent shall constitute Undelivered Bonds and shall not be considered outstanding under the Resolution on the Purchase Date.

(4) Mandatory Tender of Daily Rate Bonds upon Change in Mode. In the event that Bonds in the Daily Rate Mode are converted to another Mode (other than to the Weekly Mode), such Bonds are subject to mandatory tender for purchase on the date of conversion or proposed conversion upon not less than 15 days' prior written notice from the Paying Agent/Registrar to the registered owners of the Bonds as provided in the FORMS OF BONDS set forth in Exhibit A hereto, which notice shall state that the Bonds are subject to mandatory tender for purchase; provided that if such Purchase Date is an Interest Payment Date, accrued interest shall be paid separately and not as a part of the Purchase Price on such date. From and after the Effective Date of the new Mode, no further interest shall be payable to the registered owner for the preceding Interest Rate Period, provided that there are sufficient funds available on the Effective Date to pay the Purchase Price. Bonds not delivered to the Paying Agent/Registrar shall constitute Undelivered Bonds and shall not be considered outstanding on the Purchase Date.

(5) The provisions of this subsection (A) may be modified in the Award Certificate.

(B) Weekly Rate Mode.

(1) Determination of Weekly Rates. Bonds may be initially issued bearing interest at a Weekly Rate as set forth in the Award Certificate. The Weekly Rate shall be the rate of interest determined by the Remarketing Agent for each Interest Rate Period, to be the lowest rate that in its judgment, on the basis of prevailing financial market conditions, would permit the sale of the Bonds in the Weekly Rate Mode at par plus accrued interest on and as of the Effective Date, but not in excess of the Maximum Rate. The Remarketing Agent shall determine the initial Weekly Rate on or before the Issuance Date for Bonds initially issued in the Weekly Rate Mode. Thereafter, the Remarketing Agent shall redetermine the Weekly Rate for each subsequent Interest Rate Period. The Weekly Rate in effect for each Interest Rate Period shall be determined not later than the Effective Date, which shall be a Thursday. The Remarketing Agent shall notify the Paying Agent/Registrar and the Board of the Weekly Rate by Electronic Notice not later than 10:00 a.m., New York City time, on the Effective Date. Each determination and redetermination of the Weekly Rate shall be conclusive and binding on the Board, the Paying Agent/Registrar, and the registered owners of the Bonds. If for any reason the Remarketing Agent fails to determine the Weekly Rate or if for any reason such manner of determination

shall be determined to be invalid or unenforceable, the Weekly Rate to take effect on the Effective Date shall be the Weekly Rate in effect on the day preceding such date.

(2) Conversion from the Weekly Rate Mode. The Bonds in the Weekly Rate Mode or any portion of such Bonds may be converted to the Daily Rate Mode on any Business Day and to the Term Rate Mode or the Fixed Rate Mode on any Interest Payment Date as provided in the FORMS OF BONDS set forth in Exhibit A hereto and upon the delivery of a Conversion Certificate of an Authorized Representative electing such conversion to the Paying Agent/Registrar and the Remarketing Agent. In addition to electing the conversion, the Conversion Certificate shall include a certification to the effect that the Board is not in default of any of the provisions of this Resolution. The Conversion Certificate shall be given by the Board to the Paying Agent/Registrar, the Remarketing Agent, and any bond rating agency then rating or requested to rate such Bonds not fewer than 15 days prior to the proposed Conversion Date, which date shall be specified in the Conversion Certificate. Notice of a conversion of Bonds from the Weekly Rate Mode and the mandatory tender of Bonds for purchase on such Conversion Date shall be given to the owners of such Bonds as provided in part (a)(B)(4) of this Section and the FORMS OF BONDS set forth in Exhibit A hereto. Conversions (i) to the Daily Rate Mode shall also be governed by part (a)(A) of this Section, (ii) to the Term Rate Mode shall also be governed by part (a)(C) of this Section, and (iii) to the Fixed Rate Mode shall also be governed by part (a)(D) of this Section.

Notwithstanding the foregoing, if the preconditions to conversion from the Weekly Rate Mode established by the preceding paragraph and Section 2.03(c) hereof, are not met by 10:30 a.m., New York City time, on the Conversion Date, the Paying Agent/Registrar shall deem the proposed conversion to have failed and shall immediately notify the Board and the Remarketing Agent, and the Bonds to have been converted shall be subject to mandatory tender as provided in part (a)(B)(4) of this Section. In such event, the Board shall comply with the requirements of Section 2.04(d)(A) as necessary to provide for the payment of the Purchase Price on such date. In no event shall the failure of Bonds to be converted for any reason be deemed to be, in and of itself, a default under this Resolution, so long as the Purchase Price of all Bonds required to be purchased is made available as provided above.

(3) Owners' Option to Tender Bonds in Weekly Rate Mode. Bonds in the Weekly Rate Mode are subject to tender, at the election of the owner thereof, on the dates, at the prices, in the manner and subject to the limitations described in the FORMS OF BONDS set forth in Exhibit A hereto. The owners of Tendered Bonds shall receive on the Delivery Date 100% of the principal amount of the Tendered Bonds plus accrued interest to the Purchase Date, provided that if the Purchase Date is an Interest Payment Date, accrued interest shall be paid separately, and not as part of the Purchase Price on such date. The purchase of Tendered Bonds shall not extinguish the debt represented by such Bonds that shall remain outstanding and unpaid under this Resolution.

The Paying Agent/Registrar shall accept all Tendered Bonds properly delivered to it for purchase as provided in the FORMS OF BONDS set forth in Exhibit A hereto and in this subsection (3).

As soon as practicable after receiving notice of a tender of Bonds under this Section, the Paying Agent/Registrar shall notify the Remarketing Agent, the Board, and the Paying Agent/Registrar by telephone promptly confirmed in writing of the amount of Tendered Bonds and the specified Purchase Date. Bonds not delivered to the Paying Agent shall constitute Undelivered Bonds and shall not be considered outstanding under the Resolution on the Purchase Date.

(4) Mandatory Tender of Weekly Rate Bonds upon Change in Mode. In the event that Bonds in the Weekly Rate Mode are converted to another Mode (other than to the Daily Rate Mode), such Bonds are subject to mandatory tender for purchase on the date of conversion or proposed conversion upon not less than 15 days' prior written notice from the Paying Agent/Registrar to the registered owners of the Bonds as provided in the FORMS OF BONDS set forth in Exhibit A hereto, which notice shall state that the Bonds are subject to mandatory tender for purchase; provided that if such Purchase Date is an Interest Payment Date, accrued interest shall be paid separately and not as a part of the Purchase Price on such date. From and after the Effective Date of the new Mode, no further interest shall be payable to the registered owner for the preceding Interest Rate Period, provided that there are sufficient funds available on the Effective Date to pay the Purchase Price. Bonds not delivered to the Paying Agent/Registrar shall constitute Undelivered Bonds and shall not be considered outstanding on the Purchase Date.

(5) The provisions of this subsection (B) may be modified in the Award Certificate.

(C) Term Rate Mode.

(1) Determination of Term Rates and Duration of Term Rate Modes. Bonds may be initially issued bearing interest at a Term Rate as set forth in the Award Certificate. The Term Rate for each Term Rate Mode subsequent to the initial Term Rate Mode shall be the rate of interest determined by the Remarketing Agent, to be the lowest rate that in its judgment, on the basis of prevailing financial market conditions, would permit the sale of the Bonds in the Term Rate Mode at par plus accrued interest on and as of the Effective Date, but not in excess of the Maximum Rate. The Term Rate in effect for each such Term Rate Mode shall be determined not later than the Effective Date. The Remarketing Agent shall notify the Paying Agent/Registrar and the Board of the Term Rate by Electronic Notice not later than 10:00 a.m., New York City time, on the Effective Date. Each determination of the Term Rate shall be conclusive and binding on the Board, the Paying Agent/Registrar, and the registered owners of the Bonds. The Authorized Representative shall determine the duration of each Term Rate Mode as provided herein. The duration of the Interest Rate Period for any Term Rate Bond shall be the duration of the Term Rate Mode for such Bonds determined by the Authorized Representative as provided herein.

Term Rate Modes shall be periods of at least nine months in duration and shall (i) commence initially on the Issuance Date and thereafter on each Conversion Date to a new Term Rate Mode (of the same or a different duration as the then-expiring Term Rate Mode), and (ii) end on the date established by the Authorized Representative in the Award Certificate as the last day for each such Term Rate Mode; provided, that in the event any

Term Rate Bonds are successfully converted from a Term Rate Mode to a new Mode (including to a new Term Rate Mode of the same or a different duration as the then-expiring Term Rate Mode) on a date that such Bonds are subject to redemption at the option of the Board, the then-expiring Term Rate Mode for such Bonds so converted shall end on the day that immediately precedes the Conversion Date therefor; and provided further, that the last day of a Term Rate Mode shall be a day that immediately precedes a Business Day.

(2) Determination to Provide Credit Agreement for Term Rate Bonds. In the event the Authorized Representative determines to enter into one or more Credit Agreements in connection with any Term Rate Bonds as authorized by Section 7.11 hereof (which determination may be made in connection with the initial issuance of Term Rate Bonds and in connection with any Conversion of Bonds to a Term Rate Mode), such determination shall be set forth in each Award Certificate and Conversion Certificate with respect to such Bonds, as applicable.

(3) Conversions within or from a Term Rate Mode. The Board covenants that it will use its best efforts to take all actions required by the terms of this Resolution to be performed by the Board to cause any Term Rate Bonds to be converted to a new Mode (including to a new Term Rate Mode of the same or a different duration as the then-expiring Term Rate Mode) on each date that such Term Rate Bonds are subject to mandatory tender for purchase pursuant to Section 2.03(a)(C)(7), if such Bonds are to remain outstanding after such date.

At the direction of the Authorized Representative, Term Rate Bonds (i) shall be converted on the first Business Day immediately following the last day of the then-expiring Term Rate Mode, and (ii) subject to Section 2.03(a)(C)(8), may be converted on any Business Day on which such Bonds are subject to redemption at the option of the Board, in each case, to a new Mode (including to a new Term Rate Mode of the same or a different duration as the then-expiring Term Rate Mode) upon the delivery of a Conversion Certificate of an Authorized Representative electing such conversion to the Paying Agent/Registrar and the Remarketing Agent. In addition to electing the conversion, the Conversion Certificate shall include a certification to the effect that the Board is not in default of any of the provisions of this Resolution. If the Conversion is to a new Term Rate Mode, the Conversion Certificate shall specify the duration of the new Term Rate Mode. The Conversion Certificate shall be given by the Board to the Paying Agent/Registrar, the Remarketing Agent, and any bond rating agency then rating or requested to rate such Bonds not fewer than 15 days prior to the proposed Conversion Date, which date shall be specified in the Conversion Certificate. Notice of a conversion of Bonds in the Term Rate Mode and the mandatory tender of Bonds for purchase on such Conversion Date shall be given to the owners of such Bonds as provided in part (a)(C)(7) of this Section and the FORMS OF BONDS set forth in Exhibit A hereto. Conversions (i) to the Daily Rate Mode shall also be governed by part (a)(A) of this Section, (ii) to the Weekly Rate Mode shall also be governed by part (a)(B) of this Section, and (iii) to the Fixed Rate Mode shall also be governed by part (a)(C) of this Section.

(4) Effects of a Failed Conversion for Term Rate Bonds for which a Credit Agreement is in Effect. In the event the preconditions to conversion from the then-expiring

Term Rate Mode established by part (a)(C)(3) of this Section and Section 2.03(c) hereof are not met by 10:30 a.m., New York City time, on the Conversion Date for any Term Rate Bonds for which a Credit Agreement is then in effect, the Paying Agent/Registrar shall deem the proposed conversion to have failed and shall immediately notify the Board and the Remarketing Agent and, except as provided in and subject to the provisions of Section 2.03(a)(C)(8) hereof, (i) the Bonds to have been converted shall be subject to mandatory tender as provided in part (a)(C)(7) of this Section, (ii) the Board shall comply with the requirements of Section 2.04(d)(A) hereof as necessary to provide for the payment of the Purchase Price on such date, and (iii) in no event shall the failure of such Bonds to be converted for any reason be deemed to be, in and of itself, a default under this Resolution, so long as the Purchase Price of all such Bonds required to be purchased is made available as provided above.

(5) Effects of a Failed Conversion for Term Rate Bonds for which No Credit Agreement is in Effect. Notwithstanding the provisions of part (a)(C)(4) of this Section, and except as provided in and subject to the provisions of Section 2.03(a)(C)(8) hereof, if the preconditions to conversion from the then-expiring Term Rate Mode established by part (a)(C)(3) of this Section and Section 2.03(c) hereof are not met by 10:30 a.m., New York City time, on the Conversion Date for any Term Rate Bonds for which no Credit Agreement is then in effect, the Paying Agent/Registrar shall deem the proposed conversion to have failed and shall immediately notify the Board and the Remarketing Agent, the Board shall have no obligation to purchase such Bonds tendered on the mandatory tender date established for such conversion, the failed conversion shall not constitute a default under this Resolution, the mandatory tender on the Conversion Date will be deemed to have been rescinded for that date with respect to all of such Bonds, and all of such Bonds will (i) continue to be outstanding, (ii) be purchased upon the availability of funds to be received from the subsequent remarketing and conversion of such Bonds, (iii) bear interest at the Stepped Coupon Rate from such Conversion Date through and including the day prior to the date that (x) such Bonds are converted to a new Mode, or (y) such Bonds are redeemed (the “*Stepped Rate Period*”), (iv) be subject to mandatory tender for purchase at the Purchase Price on any date during the Stepped Rate Period upon which a conversion occurs (which shall occur at the Board’s discretion upon delivery of at least one day’s notice to the registered owners thereof), (v) be subject to redemption at the option of the Board on any date during the Stepped Rate Period (upon delivery of at least one day’s notice to the registered owners thereof), and (vi) be deemed to continue in the Term Rate Mode that was in effect prior to such failed conversion, though bearing interest at the Stepped Coupon Rate for the Stepped Rate Period. In the event of a failed conversion as described above for Term Rate Bonds for which no Credit Agreement is then in effect, the Authorized Representative will establish a new mandatory tender date on the earliest reasonably practical date on which such Bonds can be remarketed at par for the subsequent Mode as the Authorized Representative directs at a rate not exceeding the Maximum Rate; provided, however, the Bonds may be remarketed at such price as determined by an Authorized Representative if the Board delivers a Favorable Opinion to the Paying Agent/Registrar.

(6) No Option of Owners to Tender Bonds in Term Rate Mode. Bonds in a Term Rate Mode are not subject to tender for purchase at the election of the owners thereof.

(7) Mandatory Tender of Term Rate Bonds upon Change in Mode. In the event that Bonds in the Term Rate Mode are converted to another Mode (including to a new Term Rate Mode of the same or a different duration as the then-expiring Term Rate Mode), such Bonds are subject to mandatory tender for purchase on the date of conversion or proposed conversion upon not less than 15 days' prior written notice from the Paying Agent/Registrar to the registered owners of the Bonds as provided in the FORMS OF BONDS set forth in Exhibit A hereto, which notice shall state that such Bonds are subject to mandatory tender for purchase and shall provide the consequences for a failed conversion of such Bonds as set forth in this Resolution; provided, that if such Purchase Date is an Interest Payment Date, accrued interest shall be paid separately and not as a part of the Purchase Price on such date. From and after the Effective Date of the new Mode, no further interest shall be payable to the registered owner for the preceding Interest Rate Period, provided that there are sufficient funds available on the Effective Date to pay the Purchase Price. Bonds not delivered to the Paying Agent/Registrar shall constitute Undelivered Bonds and shall not be considered outstanding on the Purchase Date.

(8) Mandatory Tender of Term Rate Bonds at Direction of Board. Bonds accruing interest at a Term Rate will be, at the direction of the Board, subject to conversion and mandatory tender for purchase, in whole or in part, on any Business Day (i) on which such Bonds are subject to redemption at the option of the Board and (ii) that is on or before the thirty-fifth (35th) day preceding the last day of the then-expiring Term Rate Mode for such Bonds, upon not less than 15 day's prior written notice from the Paying Agent/Registrar to the registered owners of the Bonds, which notice shall contain the information set forth in Section 2.03(a)(C)(7) and shall state that the Bonds are subject to mandatory tender for purchase at a price equal to the principal amount thereof, plus accrued interest to the Purchase Date and shall provide the consequences for a failed conversion of such Bonds as set forth in this Resolution; provided, that if such Purchase Date is an Interest Payment Date, accrued interest shall be paid separately and not as a part of the Purchase Price on such date; and further provided that the Purchase Price shall include an amount equal to the redemption premium, if any, that would be payable if such Bonds were redeemed on such date. The Board will provide written notice to the Paying Agent/Registrar of any such conversion and mandatory tender in accordance with part (a)(C)(3) of this Section.

At any time prior to a mandatory tender date established by the Board pursuant to the preceding paragraph, the Board may rescind such mandatory tender for the effected Bonds by providing Electronic Notice of such rescission to the Paying Agent/Registrar prior to such mandatory tender date. In the event of any such rescission by the Board, the provisions of parts (a)(C)(4) and (a)(C)(5) of this Section shall not apply and (i) the conversion and mandatory tender shall be rescinded for that date with respect to such Bonds and such Bonds shall remain in the same Term Rate Mode, (ii) the rescission shall not constitute a default under this Resolution, (iii) any Bonds so tendered will be returned to the registered owners thereof, and (iv) in the event that notice of such mandatory tender has been provided by the Paying Agent/Registrar to the registered owners of such Bonds, the Paying Agent/Registrar shall give notice to the registered owners of such Bonds stating that the mandatory tender and conversion has been rescinded and cancelled by the Board.

Notwithstanding the provisions of parts (a)(C)(4) and (a)(C)(5) of this Section, in the event that all of the Bonds (of the same Series or subseries) subject to mandatory tender for purchase on a mandatory tender date established by the Board pursuant to this Section 2.03(a)(C)(8) are not successfully converted into one or more Modes and remarketed to new purchasers on such mandatory tender date, and the mandatory tender was not rescinded by the Board prior to such mandatory tender date pursuant to the provisions of the immediately preceding paragraph, the Board shall have no obligation to purchase such Bonds on such mandatory tender date and (i) the conversion shall not occur and such Bonds shall remain in the same Term Rate Mode, (ii) the failed conversion shall not constitute a default under this Resolution, (iii) the mandatory tender will be deemed to have been rescinded for that date with respect to such Bonds and any Bonds so tendered will be returned to the registered owners thereof, and (iv) the Paying Agent/Registrar shall give notice to the registered owners of such Bonds stating that the mandatory tender and conversion did not occur.

(9) The provisions of this subsection (C) may be modified in the Award Certificate.

(D) Fixed Rate Mode.

Determination of Fixed Rate and Conversion to Fixed Rate Mode. Bonds may be initially issued bearing interest at a Fixed Rate as set forth in the Award Certificate. If initially issued in a Mode other than the Fixed Rate Mode, the interest rate on such Bonds may be converted by the Board to the Fixed Rate as provided in the FORMS OF BONDS set forth in Exhibit A hereto and parts (a)(A), (a)(B) and (a)(C) of this Section. Written notice of conversion to the Fixed Rate Mode shall be given pursuant to a Conversion Certificate of an Authorized Representative delivered to the Paying Agent/Registrar, the Remarketing Agent, and any bond rating agency then rating or requested to rate such Bonds not fewer than 15 days prior to the proposed Conversion Date. Upon receipt of the Conversion Certificate giving notice of conversion to the Fixed Rate Mode, the Remarketing Agent shall determine the Fixed Rate not later than noon, New York City time on the Business Day immediately preceding the Conversion Date. The Fixed Rate shall be the lowest rate that in the judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, would permit the sale of the Bonds being so converted at par plus accrued interest on the Effective Date, but not in excess of the Maximum Rate. The Fixed Rate will be in effect until the final maturity date of the Bonds and no conversions to another Mode may be effected.

On the date of determination thereof, the Remarketing Agent shall notify the Board and the Paying Agent by Electronic Notice of the Fixed Rate. The determination of the Fixed Rate shall be conclusive and binding on the Board, the Paying Agent/Registrar and the registered owners of the Bonds. The first Interest Payment Date of Bonds converted to the Fixed Rate shall be the next January 1 or July 1 after the Conversion Date. The Fixed Rate shall become effective on the Conversion Date and shall remain in effect until the final maturity date of the Bonds so converted.

Notwithstanding the foregoing, if the preconditions to conversion to the Fixed Rate Mode established by this subsection and Section 2.03(c) hereof are not met by 10:30 a.m., New York City time, on the Conversion Date, the Remarketing Agent shall immediately notify the Paying Agent/Registrar by telephone promptly confirmed in writing. Upon such notice, the Paying Agent/Registrar shall deem the proposed conversion to have failed and shall proceed as such under part (a)(A), (B), or (C) of this Section, as applicable.

The provisions of this subsection (D) may be modified in the Award Certificate.

(b) Notice to Registered Owners of Change in Mode. When a Conversion is to be made, the Paying Agent/Registrar will notify the registered owners of Bonds at least 15 days before the Conversion Date. The notice will state

- (i) the Mode will be changed to the new Mode,
- (ii) the Conversion Date, and
- (iii) that (with the exception of a Conversion from the Daily Rate Mode to the Weekly Rate Mode or from the Weekly Rate Mode to the Daily Rate Mode) a mandatory tender will result on the Conversion Date as provided in this Resolution.

(c) Change In Interest Rate Mode – Opinion of Bond Counsel and Award Certificate. No Conversion of a Bond shall be effective unless on or prior to the Conversion Date the Board shall provide the Paying Agent/Registrar with a Favorable Opinion and an Award Certificate containing each election or determination to be made by the Authorized Representative in connection with such Conversion as set forth in this Resolution.

(d) Partial Conversions. A Series of Bonds in a Daily Rate Mode, Weekly Rate Mode or Term Rate Mode may be converted in whole or in part to one or more new Modes upon compliance with the provisions of this Resolution. In the event the Bonds of a Series are in (or are to be in) more than one Mode, the provisions herein relating to Bonds in a particular Mode (or to be converted to a particular Mode) shall apply only to the Bonds in (or to be converted to) such Mode and, where necessary or appropriate, any reference in this Resolution to the Bonds shall be construed to mean the Bonds in (or to be converted to) such Mode.

In the event of any partial conversion of a Series of Bonds to a new Mode, the Bonds to be converted shall be selected by the Paying Agent/Registrar or the securities depository, as the case may be, from the Bonds in the Mode designated by the Board. The particular Bonds (or portions thereof) to be converted shall be selected from all the Bonds in the same Mode from which Bonds are to be converted. The principal amount of Bonds to be converted shall be determined so that all of the Bonds shall be in Authorized Denominations. Bonds (or portions thereof) shall be selected by lot, or in accordance with arrangements between the Board and the securities depository in the event the Bonds are then registered pursuant to a book-entry-only system, and the selection of the Bonds to be converted shall occur prior to the date notice of mandatory tender is to be sent by the Paying Agent/Registrar to the registered owners of the Bonds pursuant to the applicable part of Section 2.03(a) hereof.

Section 2.04 **Maturity; Redemption Prior to Maturity; Remarketing; Bond Purchase Fund.** (a) The Bonds of each Series shall mature on the dates and in the amounts set forth in the Award Certificate; provided that, the final maturity of the Bonds of a Series shall not be later than 30 years from their dated date as set forth in the Award Certificate executed in connection with the initial issuance and delivery thereof.

(b) **Redemption of Bonds.** Subject to the notice provisions set forth below and in the FORMS OF BONDS set forth in Exhibit A hereto, the Bonds shall be subject to optional redemption by the Board prior to maturity as follows, which may be modified in the Award Certificate:

- (A) During the Daily Rate Mode or Weekly Rate Mode, the Bonds shall be subject to redemption prior to maturity at the option of the Board and upon written notice to the Paying Agent/Registrar by the Board at least 15 days prior to the redemption date, which notice shall specify the principal amount of Bonds to be redeemed and the redemption date, in whole or in part on any Business Day (and if in part in an Authorized Denomination), at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date.
- (B) During the Term Rate Mode, the Bonds shall be subject to redemption prior to maturity at the option of the Board and upon written notice to the Paying Agent/Registrar by the Board at least 35 days prior to the redemption date, which notice shall specify the principal amount of Bonds to be redeemed and the redemption date, in whole or in part (and if in part in an Authorized Denomination) on any Interest Payment Date, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date.
- (C) During the Fixed Rate Mode, the Bonds shall be subject to redemption prior to maturity at the option of the Board and upon written notice to the Paying Agent/Registrar by the Board at least 35 days prior to the redemption date, which notice shall specify the principal amount of Bonds to be redeemed and the redemption date, in whole or in part on any Business Day (and if in part in an Authorized Denomination) after the “Commencement of Redemption Period” described below, at the redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date of redemption:

| LENGTH OF TIME FROM CONVERSION DATE TO MATURITY DATE | COMMENCEMENT OF REDEMPTION PERIOD | REDEMPTION PRICES |
|---|--|-------------------|
| Greater than or equal to 10 years | 10 years from the commencement of Interest Rate Period | 100% |
| Less than 10 years | No call | N/A |

Notwithstanding the foregoing, for Bonds initially bearing interest at a Fixed Rate the redemption schedule, if any, shall be as set forth in the Award Certificate. In connection with a Conversion, the Remarketing Agent, upon the request of the Board and in order to achieve the lowest interest rate that, in the judgment of the Remarketing Agent, on the basis of current financial market conditions as to interest rates and redemption periods, would permit the sale of the Bonds so converted at par plus accrued interest, may deliver to the Board and the Paying Agent/Registrar an alternative redemption schedule to that shown above, provided that the Board delivers to the Remarketing Agent and the Paying Agent/Registrar a Favorable Opinion with respect to such alternative schedule of redemption. Prior to such Conversion, the Paying Agent/Registrar shall insert the appropriate optional redemption provisions as described above in the FORMS OF BONDS set forth in Exhibit A hereto. After the Conversion Date succeeding the delivery of such alternative schedule and Favorable Opinion, the Bonds shall be subject to redemption in accordance with the provisions of such alternative schedule which shall be set forth in an Award Certificate.

Further, in addition to and notwithstanding any other provision of this Resolution to the contrary, the Board (i) reserves the right, with the consent of the holder of any Bond, to redeem such Bond at such time and on such terms as may be agreed to by an Authorized Representative of the Board and the holder of such Bond; and (ii) reserves the right to purchase Bonds for cancellation in the open market with lawfully available funds of the Board at a price to be determined by an Authorized Representative of the Board; provided, that upon purchase for either purpose described in clause (i) or (ii), such Bonds shall be treated as delivered to the Paying Agent/Registrar for cancellation and shall not constitute “*Board-Held Bonds*” for purposes of this Resolution. Bonds purchased for cancellation pursuant to clause (ii) of the preceding sentence that are subject to mandatory sinking fund redemption as provided in the Award Certificate may be credited as directed by an Authorized Representative against future mandatory sinking fund redemption payments for such Bonds.

(c) The Board shall give notice of redemption to the Paying Agent/Registrar at least fifteen (15) days prior to a redemption date in the case of a redemption of Bonds in the Daily Rate Mode or Weekly Rate Mode and at least thirty-five (35) days prior to a redemption date in the case of a redemption of Bonds in the Term Rate Mode or the Fixed Rate Mode. The Paying Agent/Registrar shall give notice of any redemption of Bonds (i) by United States mail, first-class postage prepaid at least ten (10) days prior to a redemption date in the case of a redemption of Bonds in the Daily Rate Mode or Weekly Rate Mode and at least thirty (30) days prior to a redemption date in the case of a redemption of Bonds in the Term Rate Mode or the Fixed Rate Mode to each registered securities depository and to any national information service that disseminates such notices, and (ii) to the registered owners of the Bonds to be redeemed as set forth in the FORMS OF BONDS set forth in Exhibit A hereto. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the registered owners of the Bonds to be redeemed at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. The Paying Agent/Registrar shall also send a notice of redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

Notwithstanding the foregoing, the failure to receive any notice otherwise required by this Section 2.04(c) hereof or any defect therein shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond.

Each notice of redemption, whether required in the FORMS OF BONDS set forth in Exhibit A hereto or in this Section, shall contain a description of the Bonds to be redeemed including the complete name and Series of such Bonds, the date of issue, the Mode (if other than the Fixed Rate Mode), the interest rate in the case of Bonds in the Fixed Rate Mode, the maturity dates, the CUSIP numbers, the amounts called of each maturity, the mailing dates for the notices, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which such Bonds may be redeemed, including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

(d) Remarketing of Bonds.

- (A) Upon the tender of Bonds in the Daily Rate Mode, Weekly Rate Mode or Term Rate Mode in accordance with Section 2.03(a) hereof, the Remarketing Agent shall, subject to the terms of the Remarketing Agreement, offer for sale and use its best efforts to sell such Bonds (or portions thereof) on any Purchase Date for such Bonds at the Purchase Price of 100% of the principal amount thereof, plus accrued interest, pursuant to the provisions hereof and of the Remarketing Agreement. The foregoing notwithstanding, the Bonds may be remarketed at such price as determined by the Authorized Representative if the Board delivers a Favorable Opinion to the Paying Agent/Registrar. If the Bonds are not remarketed, the Board shall provide, or shall cause to be provided, immediately available funds to purchase such Bonds, by 2:00 p.m. New York City time on the Purchase Date, and such Bonds shall constitute “*Board-Held Bonds*”; provided, however, the Board shall have no obligation to purchase any Term Rate Bonds for which the Authorized Representative has determined not to provide a Credit Agreement pursuant to Section 2.03(a)(C)(2) hereof. Such purchase of Bonds with moneys provided by the Board shall not extinguish the debt represented by such Bonds that shall remain outstanding and unpaid under this Resolution. Thereafter, the Remarketing Agent shall continue to use its best efforts to remarket the Bonds unless otherwise directed by the Board. If the Purchase Price of any Bond has been provided by the Board, the Remarketing Agent will solicit the purchase of such Board-Held Bond for a period of up to ninety (90) days. In the event that any such Board-Held Bond has not been remarketed at the end of such ninety-day period, the Remarketing Agent will further attempt to solicit the purchase of such Board-Held Bond upon request of the Board.
- (B) The Remarketing Agent shall not remarket any Bonds pursuant to this Section if the Board is in default of any of the provisions of this Resolution.

- (C) The Remarketing Agent shall give notice to the Paying Agent/Registrar and the Board by Electronic Notice (i) at or before 2:00 p.m., New York City time, on the second Business Day immediately preceding each Purchase Date for Tendered Bonds that are to be in the Fixed Rate Mode immediately after the Purchase Date specifying the principal amount of Tendered Bonds as to which the Remarketing Agent has found purchasers, and (ii) at or before 12:00 p.m., New York City time, on each Purchase Date for Tendered Bonds that are to be in the Daily Rate Mode, Weekly Rate Mode or Term Rate Mode immediately after the Purchase Date, the principal amount of the Tendered Bonds for which the Remarketing Agent has found purchasers, the amounts the Remarketing Agent has received for the purchase of Tendered Bonds and any deficiency in amounts available to pay the Purchase Price of Tendered Bonds. The Remarketing Agent shall give Electronic Notice or written notice to the Paying Agent/Registrar of the names, addresses, and taxpayer identification numbers of the purchasers and the number and denominations of Bonds to be delivered to each purchaser, at or before 2:00 p.m., New York City time, on each Purchase Date.
- (D) The Remarketing Agent shall deliver to the Paying Agent/Registrar all amounts received by the Remarketing Agent as proceeds of the remarketing of such Bonds at or before 2:00 p.m., New York City time, on the Purchase Date for Tendered Bonds that are to be converted to any Mode immediately after the Purchase Date.
- (E) Payment of Purchase Price to Owners; Delivery of Bonds. Any purchase of Tendered Bonds shall be made by payment of the Purchase Price by wire or bank transfer in immediately available funds by the Paying Agent/Registrar upon receipt of Remarketing Proceeds at the time specified in subsection (D) above. The Purchase Price shall be paid in the manner specified in the FORMS OF BONDS set forth in Exhibit A hereto. By 4:00 p.m., New York City time, Bonds remarketed under this section shall be made available by the Paying Agent/Registrar to the purchasers thereof and shall be registered in the manner directed by the recipient thereof, provided that such Bonds shall not be delivered unless and until the Paying Agent has received the Purchase Price therefor.
- (F) Remarketing of Bonds Between Notice and Redemption or Conversion Date. No Bonds scheduled to be redeemed or converted may be remarketed after receipt by the Remarketing Agent of notice of redemption or conversion of such Bonds to a new Mode from the Board unless the Remarketing Agent, on or before the Purchase Date, gives notice to the purchaser that the Bonds will be redeemed or converted, and such purchaser will be required to surrender its Bonds for payment on the applicable redemption date or to tender its Bonds for mandatory purchase on the applicable Conversion Date, as the case may be.

- (G) During Book-Entry System. Notwithstanding anything herein to the contrary, so long as the Bonds are held under the book-entry system in accordance with Section 2.10 hereof, Bonds will not be delivered as set forth in Section 2.04(d)(E) above; rather, transfers of beneficial ownership of the Bonds to the person indicated above will be effected on the books of DTC pursuant to its rules and procedures.
- (H) The provisions of this subsection (d) may be modified in the Award Certificate.

(e) Creation and Use of Bond Purchase Fund. There is hereby created by the Board and established a “Board of Regents of The University of Texas System Permanent University Fund Bonds, Series 20__, Bond Purchase Fund” (the “*Bond Purchase Fund*”) with respect to Bonds in a Daily Rate Mode, a Weekly Rate Mode or a Term Rate Mode to be held as a separate escrow fund, in trust and administered and distributed by the Paying Agent/Registrar as provided in this Section. The Paying Agent/Registrar shall include in the name of the Bond Purchase Fund the appropriate Series designation given to such Bonds pursuant to Section 2.02 hereof. All moneys deposited in the Bond Purchase Fund shall be used solely for the purposes set forth herein.

With respect to Bonds in a Daily Rate Mode, a Weekly Rate Mode or a Term Rate Mode, the Paying Agent/Registrar shall deposit into the Bond Purchase Fund (i) all Remarketing Proceeds received by the Paying Agent/Registrar from the Remarketing Agent and (ii) any funds paid by the Board pursuant to Section 3.02(c) hereof. The Paying Agent/Registrar shall apply moneys on deposit in the Bond Purchase Fund to pay the Purchase Price of Bonds purchased hereunder; provided, however, that any amounts received by the Paying Agent/Registrar from the Remarketing Agent that are not needed to pay the Purchase Price of Bonds because such Bonds have been called for redemption shall be returned to the Remarketing Agent.

Section 2.05 Medium and Place of Payment. The principal and redemption price of the Bonds shall be payable, without exchange or collection charges, in lawful money of the United States of America, to the respective registered owners thereof upon presentation and surrender thereof at maturity or upon the date fixed for redemption prior to maturity at the designated office for payment of the Paying Agent/Registrar. Interest on the Bonds shall be payable by the Paying Agent/Registrar on each Interest Payment Date, by check dated as of such Interest Payment Date, sent by United States mail, first-class postage prepaid, to the respective owners thereof, at the address of each such registered owner as it appears on the Record Date preceding each such Interest Payment Date. In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar requested by, at the risk and expense of, the respective registered owners of the Bonds. Any accrued interest due upon the redemption of any Bond prior to maturity as provided in this Resolution shall be payable to the registered owner thereof at the designated office for payment of the Paying Agent/Registrar upon presentation and surrender thereof for redemption and payment at such principal office for payment. Notwithstanding the foregoing, any payment to Cede & Co., as nominee of DTC, or its registered assigns, shall be made in accordance with existing arrangements between the Board and DTC.

Section 2.06 Forms of Bonds. (a) The form of all Bonds (including each Initial Bond) issued under this Resolution shall be substantially as set forth in the FORMS OF BONDS set forth

in Exhibit A hereto, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution and the Award Certificate.

(b) The registration certificate of the Comptroller shall be affixed or attached to each Initial Bond and shall be in substantially the following form:

REGISTRATION CERTIFICATE OF THE COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

REGISTER NO.____

THE STATE OF TEXAS

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has this day been duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY HAND AND SEAL OF OFFICE at Austin, Texas this _____.

(COMPTROLLER’S SEAL)

Comptroller of Public Accounts of the
State of Texas

(c) A Paying Agent/Registrar’s Authentication Certificate shall be printed on each Bond (other than the Initial Bonds), in substantially the following form:

PAYING AGENT/REGISTRAR’S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that the initial Bonds of the series of Bonds of which this Bond is a part were approved by the Attorney General of the State of Texas.

Paying Agent/Registrar

Dated: _____

Authorized Signature

(d) Assignment provisions shall be printed on each Bond, in substantially the following form:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

/_____/ (Assignee's Social Security or Taxpayer Identification Number)

(print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints

attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Registered Owner
NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond.

(e) The Board may secure identification numbers from CUSIP Global Services, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect in regard to the legality thereof and neither the Board nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

(f) The approving legal opinion of Bracewell LLP, Bond Counsel, with respect to each Series of Bonds may be attached to each Bond of such Series.

(g) For each Series of Bonds, there shall be one Initial Bond (or multiple Initial Bonds, as applicable) numbered, as set forth in the FORMS OF BONDS in Exhibit A hereto, consecutively in the order of their maturity. Each such Initial Bond shall be registered in the name, or at the direction, of the respective initial purchaser. The Initial Bonds shall be submitted to the Attorney General for approval and shall be registered by the Comptroller.

Section 2.07 **Execution of Bonds**. The Bonds shall be executed on behalf of the Board by the Chairman and the General Counsel to the Board, by their manual or facsimile signatures, and the official seal of the Board shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by said officers of the Board, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Board had been manually impressed upon each of the Bonds. In the event that any officer of the Board whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

Section 2.08 **Authentication of Bonds**. Except for the Initial Bonds, which shall not be authenticated by the Paying Agent/Registrar, all other Bonds shall bear an authentication certificate, substantially in the form provided in Section 2.06(c) of this Resolution. No Bonds, except for the Initial Bonds, shall be deemed to be issued or outstanding, or be valid or obligatory for any purpose, or be entitled to any security or benefit of this Resolution unless and until such Bond has been duly authenticated by the Paying Agent/Registrar by the execution of the authentication certificate appearing on such Bond. The authentication certificate appearing on any Bond shall be deemed to have been duly executed by the Paying Agent/Registrar if dated and manually signed by an authorized signatory of the Paying Agent/Registrar. It shall not be required that the same signatory of the Paying Agent/Registrar sign the authentication certificate on all the Bonds.

The Paying Agent/Registrar shall authenticate any Bonds issued in exchange, substitution or replacement of other Bonds by executing the authentication certificate appearing thereon, upon satisfaction of the conditions set forth in Section 2.09 hereof.

Section 2.09 **Registration, Transfer, Exchange and Replacement of Bonds**. (a) The Board shall keep or cause to be kept at the designated transfer office of the Paying Agent/Registrar books or records of the registration and transfer of the Bonds, and the Board hereby appoints the Paying Agent/Registrar as agent to keep such Registration Books and make such transfers and registrations under such reasonable regulations as the Board and Paying Agent/Registrar may prescribe. The Paying Agent/Registrar shall make such transfers and registrations as provided herein.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided. It shall be the duty, however, of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Board shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal balance thereof, may, upon surrender of such Bond at the designated transfer office of the Paying Agent/Registrar, together with a written request therefor

duly executed by the registered owner or its assignee, or its duly authorized attorney or representative, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee, as appropriate, be converted into and exchanged for fully registered Bonds of the same Series, without interest coupons, in an aggregate principal amount equal to the unpaid or unredeemed principal balance of any Bond so surrendered, and payable to the appropriate registered owner or assignee, as the case may be.

Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing (i) the assignment of the Bond, or any portion thereof in any Authorized Denomination, to the assignee thereof, and (ii) the right of such assignee to have the Bond or any such portion thereof registered in the name of such assignee. A form of assignment shall be printed or endorsed on each Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon the assignment and surrender of any Bond or portion thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new, fully registered substitute Bond of the same Series, having the characteristics herein described, payable to such assignee (which then will be the registered owner of such new Bond), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or any portion thereof.

Bonds issued and delivered in conversion of and exchange for any other Bonds of the same Series assigned and transferred or converted shall be in any Authorized Denomination requested in writing by the registered owner or assignee thereof, shall have all the characteristics and shall be in the form prescribed in the FORMS OF BONDS set forth in Exhibit A hereto, shall be in the same outstanding aggregate principal amount and shall have the same principal maturity date and bear interest at the same rate as the Bonds for which they are exchanged. The Board shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer or conversion and delivery of a substitute Bond, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any transfer of registration, conversion and exchange, or replacement (i) of any Bond or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal payment date or Interest Payment Date or (ii), with respect to any Bond or any portion thereof called for redemption prior to maturity, within 35 days prior to its redemption date.

(c) If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds of the same Series, having the same maturity date, bearing interest at the same rate, in any Authorized Denomination requested by the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation, at the expense of the Board.

(d) In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered a new Bond of the

same Series, of the same principal amount, maturity, and interest rate as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the Board and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the Board and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Bond, the Board may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as provided above in this subsection.

Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Board whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered Bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. No additional ordinances, orders, or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof. For purposes of Subchapter D of Chapter 1201, Texas Government Code, as amended, this Section of this Resolution shall constitute authority for the issuance of any substitute, exchange or replacement Bond hereunder without necessity of further action by the Board or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect provided in this Resolution. Upon the execution of the Paying Agent/Registrar's authentication certificate appearing on any converted and exchanged or replaced Bond, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bonds originally issued pursuant to this Resolution, approved by the Attorney General.

(f) Notwithstanding the foregoing, the Paying Agent/Registrar shall not be required to make any transfer of registration of any Bond (or portion thereof), or any conversion or exchange

of any Bond (or portion thereof) (i) with respect to any Bond (or portion thereof) called for redemption prior to maturity, within 35 days prior to the applicable redemption date, or (ii) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal payment date or Interest Payment Date.

Section 2.10 **Book-Entry Only System**. As provided in Section 7.04 of this Resolution, the Initial Bond or Bonds of each Series shall be delivered against payment to the respective initial purchaser(s). Such initial purchasers shall be required to promptly surrender the Initial Bonds to the Paying Agent/Registrar for exchange. Bonds issued in exchange shall be registered in the name of Cede & Co., as nominee of DTC, as registered owner of such Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Bonds of each Series. Beneficial owners of Bonds will not receive physical delivery of Bond certificates except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond certificate.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Board, the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on whose behalf a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the Registration Books, of any notice with respect to the Bonds including any notice of redemption, and (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown in the Registration Books, of any amount with respect to principal of or premium, if any, or interest on the Bonds.

Replacement Bonds may be issued directly to beneficial owners of Bonds other than DTC, or its nominee, but only in the event that (i) DTC determines not to continue to act as securities depository for such Bonds (which determination shall become effective no less than 90 days after written notice to such effect to the Board and the Paying Agent/Registrar); or (ii) the Board has advised DTC of its determination (which determination is conclusive as to DTC and beneficial owners of the Bonds) that DTC is incapable of discharging its duties as securities depository for the Bonds; or (iii) the Board has determined (which determination is conclusive as to DTC and the beneficial owners of the Bonds) that the interests of the beneficial owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Board shall use its best efforts to attempt to locate another qualified securities depository. If the Board fails to locate another qualified securities depository to replace DTC, the Board shall cause to be authenticated and delivered replacement Bonds of the same Series, in certificate form, to the beneficial owners of such Bonds. In the event that the Board makes the determination noted in (ii) or (iii) above (provided that the Board undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Board to make any such determination), and has made provisions to notify the beneficial owners of Bonds of such determination by mailing an appropriate notice to DTC, it shall cause to

be issued replacement Bonds of the same Series in certificate form to beneficial owners of the Bonds as shown on the records of DTC provided to the Board.

Whenever, during the term of the Bonds of a Series, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Resolution of holding, delivering or transferring such Bonds shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time, DTC ceases to hold the Bonds, all references herein to DTC shall be of no further force or effect.

Section 2.11 **Cancellation**. All Bonds paid or redeemed in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Resolution shall be cancelled and destroyed by the Paying Agent/Registrar.

Section 2.12 **Temporary Bonds**. Pending the preparation of definitive Bonds of a Series, the Board may execute and, upon the Board's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds of the same Series that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any Authorized Denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered with provision for registration and with such appropriate insertions, omissions, substitutions and other variations as the authorized officers of the Board executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Resolution. The Board, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar, and thereupon, upon the presentation and surrender of the Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor Bonds of the same Series, maturity and interest rate, in definitive form, in Authorized Denominations, and in the same aggregate principal amount, as the Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any holder of Bonds.

Section 2.13 **Ownership of Bonds**. The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary. Payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sums so paid.

Section 2.14 **Paying Agent/Registrar**. The Authorized Representative, acting for and on behalf of the Board, is hereby authorized to solicit bids for and to select an initial Paying Agent/Registrar for the Bonds and to approve, execute and deliver for and on behalf of the Board a Paying Agent/Registrar Agreement to reflect the appointment, responsibilities and compensation

of the Paying Agent/Registrar, such approval to be conclusively evidenced by the Authorized Representative's execution thereof. The Paying Agent/Registrar shall be responsible for paying the principal of and interest on the Bonds and shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds as provided in this Resolution. Pursuant to Chapter 1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange or replacement of Bonds as set forth in Section 2.09 hereof hereby is imposed upon the Paying Agent/Registrar. The Board hereby covenants with the registered owners of the Bonds that it will pay the fees and charges, if any, of the Paying Agent/Registrar for its services with respect to the Bonds.

Section 2.15 Substitute Paying Agent/Registrar. The Board covenants with the registered owners of the Bonds that, at all times while the Bonds are outstanding, the Board will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal payment date or Interest Payment Date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that it will promptly appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the respective Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the respective Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

Section 2.16 Duties as Tender Agent.

(a) The Paying Agent/Registrar shall also serve in the capacity as tender agent hereunder with respect to the tender and purchase of Bonds in the Daily Rate Mode, Weekly Rate Mode or Term Rate Mode pursuant to Sections 2.03 and 2.04 hereof. In such capacity, the Paying Agent/Registrar shall perform the duties and obligations set forth in this Resolution and in particular shall:

(i) hold all Bonds delivered to it for purchase hereunder in trust as bailee of, and for the benefit of, the respective owners that have so delivered such Bonds, until moneys representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such owners;

(ii) hold all moneys (other than moneys delivered to it by the Board for the purchase of Bonds) in trust as bailee of, and for the benefit of, the person or entity that shall have

delivered such moneys, until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(iii) hold all Board-Held Bonds on behalf of the Board and transfer such Board-Held Bonds as directed by the Board.

(b) The Paying Agent/Registrar shall cooperate with the Remarketing Agent to the extent necessary to permit the preparation, execution, issuance and authentication of replacement Bonds in connection with the tender and remarketing of Bonds under this Resolution.

(c) The Paying Agent/Registrar shall promptly return any notice of tender (together with any Bonds submitted in connection therewith) that is incomplete or improperly completed or not delivered in a timely fashion to the owner submitting the notice upon surrender of the receipt, if any, issued therefor.

(d) The Paying Agent/Registrar's determination of whether a notice of tender is properly completed or delivered on a timely basis shall be binding on the Board and the owner of the Bonds submitted therewith.

(e) The Paying Agent/Registrar shall comply fully with the notice and other requirements described in Sections 2.03 and 2.04 hereof.

Section 2.17 **PUF Bonds Construction Fund**. The Board has previously established and hereby reaffirms and reestablishes a separate account designated as the "Board of Regents of The University of Texas System PUF Bonds Construction Fund" (the "PUF Bonds Construction Fund"). The PUF Bonds Construction Fund is and shall be maintained by the Board in an official depository of the System. Moneys on deposit or to be deposited in the PUF Bonds Construction Fund shall remain therein until from time to time expended for the Project Costs, and shall not be used for any other purposes whatsoever, except as otherwise provided below. Pending the expenditure of moneys in the PUF Bonds Construction Fund, moneys deposited therein or credited thereto may be invested at the direction of an Authorized Representative in the manner prescribed by law and in accordance with the written policies adopted by the Board. Any income received from investments in the PUF Bonds Construction Fund shall be retained in the PUF Bonds Construction Fund. Any amounts remaining in the PUF Bonds Construction Fund and not necessary for the payment of Project Costs shall be paid into the Interest and Sinking Fund. The Authorized Representative shall establish separate accounting within the PUF Bonds Construction Fund for moneys relating to Tax-Exempt Bonds and moneys relating to Taxable Bonds.

ARTICLE III

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS; ADDITIONAL PARITY BONDS AND NOTES

Section 3.01 **Security and Pledge**. Pursuant to the provisions of the Constitutional Provision, all the Bonds and any Additional Parity Bonds and Notes hereafter issued, and the interest thereon, shall be and are hereby equally and ratably secured, together with the Outstanding Parity Bonds, by and payable from a first lien on and pledge of the Interest of the System in the Available University Fund.

Section 3.02 **Payment of Bonds and Additional Parity Bonds and Notes.** (a) The Comptroller previously has established and shall maintain in the State Treasury a fund to be known as “Board of Regents of The University of Texas System Permanent University Fund Bonds Interest and Sinking Fund.” The Board and the officers of the System shall cause the Comptroller, in addition to taking the actions required by the Series 2006B Resolution to pay the Series 2006B Bonds, by the Series 2008A Resolution to pay the Series 2008A Bonds, by the Series 2009A Resolution to pay the Series 2009A Bonds, by the Series 2014A&B Resolution to pay the Series 2014A Bonds and the Series 2014B Bonds, by the Series 2015A&B Resolution to pay the Series 2015A Bonds and the Series 2015B Bonds and by the Series 2016 Resolution to pay the Series 2015C Bonds, the Series 2016A Bonds and the Series 2016B Bonds, (i) to transfer to the Interest and Sinking Fund, out of The University of Texas System Available University Fund (the fund in the State Treasury to which is deposited the Interest of the System in the Available University Fund), on or before each date upon which principal of, premium, if any, or interest on the Bonds and the Additional Parity Bonds and Notes, when issued, is due and payable, whether by reason of maturity or optional or mandatory redemption prior to maturity, and (ii) to withdraw from the Interest and Sinking Fund, and deposit with the Paying Agent/Registrar on or before each such date, the amounts of interest or principal, premium and interest which will come due on the Bonds and Additional Parity Bonds and Notes on each such date, and in such manner that such amounts, in immediately available funds, will be on deposit with the Paying Agent/Registrar on or before each such date.

(b) When Additional Parity Bonds or Notes are issued pursuant to the provisions of this Resolution, the Series 2006B Resolution, the Series 2008A Resolution, the Series 2009A Resolution, the Series 2014A&B Resolution, the Series 2015A&B Resolution or the Series 2016 Resolution, substantially the same procedures as provided above shall be followed in connection with paying the principal of and interest on such Additional Parity Bonds or Notes when due; provided, however, that other and different banks or places of payment and paying agents and registrars and dates and methods of payment and other procedures not in conflict with this Resolution may be named and provided for in connection with each issue of Additional Parity Bonds or Notes. In the event that any such Additional Parity Bonds or Notes are made redeemable prior to maturity, the resolution or resolutions authorizing the issuance of such Additional Parity Bonds or Notes shall prescribe the appropriate procedures for redeeming same.

(c) In addition, to the extent that Remarketing Proceeds in the Bond Purchase Fund are insufficient to pay the Purchase Price of any Bonds in a Daily Rate Mode, a Weekly Rate Mode or a Term Rate Mode on any Purchase Date, the Board shall transfer, or cause to be transferred, to the Bond Purchase Fund immediately available funds in an amount necessary to satisfy any such deficiency from any lawfully available source; provided, however, the Board shall have no obligation to satisfy any such deficiency for any Term Rate Bonds for which the Authorized Representative has determined not to provide a Credit Agreement pursuant to Section 2.03(a)(C)(2) hereof. Notwithstanding any other provision of this Resolution to the contrary, the Board reserves the right, subject to any required state appropriation, to pay the principal of, premium, if any, and interest on the Bonds from any lawfully available source.

Section 3.03 **Disposition of Funds.** After provision has been made for the payment of the principal of and interest on the PUF Bonds, the balance of the Interest of the System in the

Available University Fund each year shall be made available to the Board in the manner provided by law and by regulations of the Board to be used by the Board as it lawfully may direct.

Section 3.04 **Additional Parity Bonds and Notes**. The Board reserves the right and shall have full power at any time and from time to time, to authorize, issue, and deliver additional bonds and notes on a parity with the Bonds and the Outstanding Parity Bonds in as many separate installments or series as deemed advisable by the Board, but only for the purposes and to the extent provided in the Constitutional Provision, or for refunding purposes as provided by law. Such Additional Parity Bonds and Notes, when issued, and the interest thereon, shall be equally and ratably secured by and payable from a first lien on and pledge of the Interest of the System in the Available University Fund, in the same manner and to the same extent as are the Outstanding Parity Bonds and the Bonds issued pursuant to this Resolution, and the Bonds and the Additional Parity Bonds and Notes, when issued, and the interest thereon, shall be on a parity and in all respects of equal dignity with each other and with the Bonds and the Outstanding Parity Bonds.

It is further covenanted that no installment or series of Additional Parity Bonds or Notes shall be issued and delivered unless the Authorized Representative, or some other officer of the System designated by the Board, executes a certificate to the effect that the total principal amount of (i) all PUF Bonds and (ii) all other obligations of the Board that are secured by and payable from a lien on and pledge of the Interest of the System in the Available University Fund that will be outstanding after the issuance and delivery of the installment or series of Additional Parity Bonds or Notes then proposed to be issued will not exceed 20% of the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) at the time the proposed series or installment of Additional Parity Bonds or Notes is issued.

For purposes of this Section 3.04 and all other provisions of this Resolution, but excluding Section 7.12(c) hereof, any obligation of the Board that is payable from amounts appropriated, pursuant to the Constitutional Provision, including any amendment hereafter made to said Constitutional Provision, for the support and maintenance of The University of Texas at Austin or System administration (including, without limitation, any amounts payable by the Board under an Approved Swap Agreement), does not and shall not constitute an obligation secured by and payable from a lien on and pledge of the Interest of the System in the Available University Fund.

ARTICLE IV

REMEDIES

Section 4.01 **Remedies**. Any owner or holder of any of the Bonds or Additional Parity Bonds or Notes, when issued, in the event of default in connection with any covenant contained herein, or default in the payment of said obligations, or of any interest due thereon, shall have the right to institute mandamus proceedings against the Board or any other necessary or appropriate party for the purpose of enforcing payment from the moneys herein pledged or for enforcing any covenant herein contained.

ARTICLE V

GENERAL COVENANTS OF THE BOARD

Section 5.01 **General Covenants of the Board**. The Board covenants and agrees, in addition to the other covenants of the Board hereunder, as follows:

(a) That while any PUF Bonds are outstanding and unpaid the Board will maintain and invest and keep invested the Permanent University Fund in accordance with the standards established by Section 11b of Article VII of the State Constitution;

(b) That the Board will restrict expenditures for administering the Permanent University Fund to a minimum consistent with prudent business judgment;

(c) That the Board duly and punctually will pay or cause to be paid the principal of every PUF Bond, when issued, and the interest thereon, from the sources, on the days, at the places, and in the manner mentioned and provided in such obligations, according to the true intent and meaning thereof, and that it will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all PUF Bonds, when issued, that by their terms are required to be redeemed mandatorily prior to maturity, when and as so required, and that it faithfully will do and perform and at all times will observe fully all covenants, undertakings and provisions contained in this Resolution and in the aforesaid obligations; and

(d) That, except for the PUF Bonds, and the interest thereon, the Board will not at any time create or allow to accrue or exist any lien or charge upon the Permanent University Fund or the Interest of the System in the Available University Fund, unless such lien or charge is made junior and subordinate in all respects to the liens, pledges, and covenants in connection with the PUF Bonds, but the right to issue junior and subordinate lien obligations payable from the Interest of the System in the Available University Fund is specifically reserved by the Board; and that the lien created by this Resolution will not be impaired in any manner as a result of any action or non-action on the part of the Board or officers of the System, and the Board will, subject to the provisions hereof, continuously administer the Permanent University Fund and each and every part thereof in accordance with the Constitutional Provision.

ARTICLE VI

PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION

Section 6.01 **General Tax Covenant**. As used in this Article VI, the term "Bonds" shall mean only Bonds issued as Tax-Exempt Bonds. The Board intends that the interest on the Bonds be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150, inclusive, of the Code. The Board covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of section 103 and 141 through 150, inclusive, of the Code. In particular, the Board

covenants and agrees to comply with each requirement of this Article VI; provided, however, that the Board will not be required to comply with any particular requirement of this Article VI if the Board has received an opinion of Bond Counsel that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement will constitute compliance with the corresponding requirement specified in this Article VI. The covenants of the Board set forth in this Article VI are intended to apply only to Bonds when, as and if issued.

Section 6.02 **No Private Use or Payment and No Private Loan Financing.** The Board covenants and agrees that it has made use of proceeds of the Refunded Bonds and the Refunded Commercial Paper Notes (if issued on a tax-exempt basis) and will make such use of the proceeds of the Bonds, including interest or other investment income derived from such proceeds; regulate the use of property financed, directly or indirectly, with such proceeds; and take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Moreover, the Board will certify, through an authorized officer, employee or agent, that based upon all facts and estimates known or reasonably expected to be in existence on the date each Series of Bonds is delivered, the proceeds of the Refunded Bonds and the Refunded Commercial Paper Notes (if issued on a tax-exempt basis) have not been used, and the proceeds of the Bonds will not be used, in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code.

Section 6.03 **No Federal Guarantee.** The Board covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 6.04 **No Hedge Bonds.** The Board covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code. Moreover, the Board will certify, through an authorized officer, employee or agent, that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Bonds and the Refunded Commercial Paper Notes (if issued on a tax-exempt basis) have not been used in a manner that would cause the Refunded Bonds, the Refunded Commercial Paper Notes (if issued on a tax-exempt basis) or the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

Section 6.05 **No Arbitrage.** The Board covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds; regulate investments of proceeds of the Bonds; and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code. Moreover, the Board will certify, through an authorized officer, employee or agent, that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Bonds and the Refunded Commercial Paper Notes (if issued on a tax-exempt basis) have not been used and proceeds of the

Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 6.06 **Arbitrage Rebate**. If the Board does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, the Board will take all necessary steps to comply with the requirement that certain amounts earned by the Board on the investment of the “gross proceeds” of the Bonds of each Series (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Board will (i) maintain records regarding the investment of the gross proceeds of the Bonds of each Series as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds of such Series separately from records of amounts on deposit in the funds and accounts of the System allocable to other bond issues of the Board or moneys that do not represent gross proceeds of any bonds of the Board, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds of such Series that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds of such Series or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the Board will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds of a Series that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

Section 6.07 **Information Reporting**. The Board covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds of such Series are issued, an information statement concerning the Bonds of such Series, all under and in accordance with section 149(e) of the Code.

Section 6.08 **Record Retention**. The Board will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Refunded Bonds, the Refunded Commercial Paper Notes (if issued on a tax-exempt basis) and the Bonds until three years after the last Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Board to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

Section 6.09 **Deliberate Actions**. The Board will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to fail to meet any requirement of section 141 of the Code after the issue date of the Bonds unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations, the Board takes such remedial action and an

opinion of Bond Counsel is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

Section 6.10 **Continuing Obligation**. Notwithstanding any other provision of this Resolution, the Board's obligations under the covenants and provisions of this Article VI will survive the defeasance and discharge of the Bonds for so long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01 **Individuals Not Liable**. All covenants, stipulations, obligations, and agreements of the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations, and agreements of the System and the Board to the full extent authorized or permitted by the Constitution and laws of the State. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in such person's individual capacity and neither the members of the Board nor any officer thereof shall be liable personally on the Bonds or Additional Parity Bonds or Notes when issued, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 7.02 **Defeasance of Bonds**. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of this Resolution, except to the extent provided in subsection (c) of this Section, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Board with the Paying Agent/Registrar for the payment of their services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Interest of the System in the Available University Fund, and such principal and interest shall be payable solely from such money or Government Obligations, and shall not be regarded as outstanding for the purposes of Section 3.04 hereof or any other purpose.

(b) Any moneys so deposited with or made available to the Paying Agent/Registrar also may be invested at the written direction of the Board in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar that is not required for the payment of the Bonds and

interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board, or deposited as directed in writing by the Board.

(c) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform its services as Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Notwithstanding the provisions of this Section 7.02 to the contrary, (i) any Taxable Bonds issued under this Resolution may be designated by the Authorized Representative in the Award Certificate as not being subject to defeasance if such Authorized Representative determines that such treatment is in the best economic interest of the Board, (ii) the Board may provide for the irrevocable deposit required by this Section 7.02 to be made with the Paying Agent/Registrar or with any other eligible bank or trust company then authorized by State law, and (iii) the Board may reserve the right to call any Defeased Bonds for redemption to the extent permitted and in the manner required by law.

Section 7.03 **Amendment of Resolution**. (a) The owners of PUF Bonds aggregating 51% in principal amount of the aggregate principal amount of then-outstanding PUF Bonds shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of PUF Bonds that may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the outstanding PUF Bonds, the amendment of the terms and conditions in said resolutions or in any PUF Bond so as to:

- (1) Make any change in the maturity of the outstanding PUF Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding PUF Bonds;
- (3) Reduce the amount of the principal payable on the outstanding PUF Bonds;
- (4) Modify the terms of payment of principal of or interest on the outstanding PUF Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the PUF Bonds then outstanding;
or
- (6) Change the minimum percentage of the principal amount of PUF Bonds necessary for consent to such amendment.

(b) Notwithstanding the provisions of Subsection (a) of this Section and subject to the requirements of the resolutions authorizing the outstanding PUF Bonds, this Resolution and the rights and obligations of the Board and of the owners of the Bonds may, to the extent permitted by law, be modified or amended at any time, without notice to or the consent of any owners of the Bonds, (i) to cure any ambiguity or to cure or correct any defective provision contained in this Resolution, upon receipt by the Board of an approving opinion of Bond Counsel that the same is needed for such purpose and will more clearly express the intent of this Resolution and (ii) effective on any Conversion Date, to make any changes to this Resolution affecting only the Bonds

being converted on such Conversion Date, which changes may be contained in a supplemental resolution or an Award Certificate executed in connection with any such Conversion.

(c) If at any time the Board shall desire to amend a resolution under Subsection (a) of this Section, the Board shall cause written notice of the proposed amendment to be sent by United States mail, first-class postage prepaid, to each registered owner of the PUF Bonds then outstanding. Such notice shall set forth briefly the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each paying agent/registrars for the PUF Bonds for inspection by all owners of PUF Bonds.

(d) Whenever at any time not less than thirty days, and within one year, from the date of service of written notice of a proposed amendment under Subsection (a) of this Section, the Board shall receive an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of all PUF Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) Upon the adoption of any amendment pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the instrument evidencing such amendment, and the respective rights, duties, and obligations of the Board and all the owners of then outstanding PUF Bonds and all future PUF Bonds thereafter shall be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(f) Any consent given by the owner of a PUF Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same PUF Bond during such period. Such consent may be revoked at any time after six months from the date of the first service of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the paying agent/registrars for such PUF Bonds and the Board, but such revocation shall not be effective if the owners of 51% in aggregate principal amount of the then-outstanding PUF Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purpose of this Section the ownership and other matters relating to all PUF Bonds shall be determined from the registration books kept for such bonds by the respective paying agent/registrars therefor.

Section 7.04 **Issuance and Sale of Bonds**. (a) The Authorized Representative is hereby authorized to act for and on behalf of the Board in connection with the issuance and sale of the Bonds. In that capacity, the Authorized Representative, acting for and on behalf of the Board, shall determine: the date of such Bonds and the Issuance Date thereof; the principal amount of Bonds of such Series to be issued and sold; the initial Mode or Modes of each Series of Bonds; for Bonds initially issued in a Term Rate Mode, whether such Bonds shall be benefitted by a Credit Agreement to provide liquidity support for such Bonds; whether the Bonds shall be issued as Tax-Exempt Bonds or Taxable Bonds; the Series designation for such Bonds and any additional or different designation or title by which the Bonds of each Series shall be known; the Authorized

Denominations; the price at which the Bonds of such Series shall be sold; the principal amortization schedule for such Bonds; the redemption features of such Bonds; the rate or rates of interest to be borne by each maturity of such Bonds; the Interest Payment Dates for such Bonds; the Refunded Bonds or Refunded Commercial Paper Notes, as appropriate, to be refunded by any series of Bonds and the redemption date(s) thereof, as appropriate, the Eligible Projects to be financed by any Series of Bonds; and all other matters relating to the issuance, sale and delivery of the Bonds of each Series and the refunding of the Refunded Bonds or Refunded Commercial Paper Notes, as appropriate; all of which shall be specified in each Award Certificate; provided, that each Series of Bonds must be sold on terms that produce (i) interest rates that do not exceed the Maximum Rate and (ii) a sales price for the Bonds of such Series to the initial purchaser(s) thereof at not less than 95 percent of the par amount thereof (plus accrued interest from the date of such Bonds to the date of delivery thereof against payment therefor). In addition, each Series of Bonds issued to refund the Refunded Bonds must be sold on terms that produce a present value savings when the scheduled debt service payable on such Bonds during each Bond Year is subtracted from the scheduled debt service payable on the Refunded Bonds during the same Bond Year and the remainder is discounted to the scheduled date of delivery of the Bonds of such Series set forth in the Award Certificate at a discount factor equal to the yield on such Bonds determined in accordance with section 148 of the Code; provided, that in the case of Refunded Bonds being advance refunded more than 90 days prior to their maturity or earlier redemption date, the present value savings must not be less than an amount equal to 0.03 times the principal amount of the Refunded Bonds being refunded by the Bonds of such Series; and provided further, that if the Refunded Bonds or Bonds constitute Variable Rate PUF Bonds, then, for purposes of performing the foregoing present value savings calculations, such Refunded Bonds and Bonds shall be deemed to bear interest at all times to their maturity or due date at the Assumed Rate. Notwithstanding the foregoing and any other provision of this Resolution to the contrary, a series of Bonds issued to refund the Refunded Bonds may be sold on terms that do not satisfy the present value savings requirement set forth in the immediately preceding sentence if the Authorized Representative determines that such refunding of the Refunded Bonds is in the best interest of the System.

All Bonds issued to provide funds to pay Project Costs of Eligible Projects shall be sold through competitive bidding as required by the Constitutional Provision. All Bonds sold to refund or refinance Refunded Bonds or Refunded Commercial Paper Notes are hereby deemed to be “refunding bonds” within the meaning of the Constitutional Provision and therefore may be sold in the manner deemed by an Authorized Representative to be most economically advantageous to the Board. For any Series of Bonds required, or determined by an Authorized Representative, to be sold through competitive bidding pursuant to the terms hereof, an Authorized Representative shall prepare a notice of sale and bidding instructions (including an official bid form) with respect thereto. If an Authorized Representative determines that any Series of Bonds issued for the purpose of refunding or refinancing the Refunded Bonds or Refunded Commercial Paper Notes shall be sold on a negotiated basis, such Authorized Representative is authorized to approve, execute and deliver a Bond Purchase Contract with the Underwriters of each such Series of Bonds. Notwithstanding the foregoing, the Authorized Representative may determine to sell two or more Series of such Bonds to the same Underwriters pursuant to the terms of a single Bond Purchase Contract. The Authorized Representative’s approval of a Bond Purchase Contract shall be conclusively evidenced by said Authorized Representative’s execution thereof. The Authorized Representative, acting for and on behalf of the Board, shall designate a senior managing Underwriter for each such Series of Bonds to be sold on a negotiated basis and shall select such

additional Underwriters as deemed appropriate to assure that the Bonds of such Series are sold on advantageous terms. It is further provided, however, that notwithstanding the foregoing provisions, the Bonds of any Series shall not be delivered unless prior to delivery, such Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations for Bonds initially issued in the Fixed Rate Mode, or one of the three highest rating categories of short term obligations for Bonds initially issued in the Daily Rate Mode, the Weekly Rate Mode or the Term Rate Mode, as applicable, as required by Chapter 1371 of the Texas Government Code, as amended.

(b) The Authorized Representative, acting for and on behalf of the Board, is authorized and directed to provide for and oversee the preparation of a preliminary official statement to be prepared for distribution (which may be made electronically) and to be used in the offering and sale of the Bonds. The Authorized Representative, acting for and on behalf of the Board, is hereby authorized to approve the form of the preliminary official statement and to deem the preliminary official statement to be final as of its date, except for such omissions as are permitted by Rule 15c2-12. The Authorized Representative, acting for and on behalf of the Board, shall cause a final official statement to be prepared and provided in compliance with Rule 15c2-12. Notwithstanding the foregoing, the Authorized Representative may prepare one preliminary official statement and one final official statement with respect to multiple Series of such Bonds so sold.

(c) Following the execution of each Award Certificate in connection with the initial issuance and delivery of a Series of Bonds, the Authorized Representative shall notify the Paying Agent/Registrar in writing of the identity of the respective initial purchasers and of the following terms for the related Series of Bonds: Series designation; dated date and Issuance Date; principal amount; maturities; redemption provisions; initial rate or rates of interest; initial Mode or Modes; and the Interest Payment Dates. The Authorized Representative shall deliver the Initial Bonds of such Series to the respective initial purchasers against payment therefor. Incident to the initial delivery of each Series of Bonds, the Authorized Representative shall execute:

- (1) a certificate meeting the requirements of section 3.04 of the resolutions of the Board authorizing the issuance of the Outstanding Parity Bonds (with respect to the issuance of the Bonds as additional parity bonds and additional parity notes within the meaning of such resolutions) to the extent such requirements apply;
- (2) a certificate to the effect that the total principal amount of (a) all PUF Bonds and (b) all other obligations of the Board that are secured by and payable from a lien on and pledge of the Interest of the System in the Available University Fund that will be outstanding after the issuance and delivery of the Bonds of such Series will not exceed 20% of the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) at the time the Bonds of such Series are issued; provided that any obligation of the Board that is payable from amounts appropriated, pursuant to the Constitutional Provision, including any amendment hereafter made to said Constitutional Provision, for the support and maintenance of The University of Texas at Austin or System administration (including, without limitation, any amounts payable by the Board under an

Approved Swap Agreement) does not and shall not constitute an obligation secured by and payable from a lien on and pledge of the Interest of the System in the Available University Fund;

- (3) a certificate to the effect that all action on the part of the Board necessary for the valid issuance of the Bonds of such Series issued has been taken, that such Bonds have been issued in compliance with the terms of this Resolution;
- (4) a certificate to the effect that the Board is in compliance with the covenants set forth in Articles V and VI of this Resolution as of the date of such certificate; and
- (5) if a Series of Bonds are being issued to pay Project Costs, a certificate to the effect that (a) the bidding requirements set forth in this Resolution have been satisfied, and (b) such Bonds are being issued to pay Project Costs for Eligible Projects and, attached to such certificate is a listing of the Eligible Projects expected to be financed, in whole or in part, by such Bonds; provided, however, that at some future date, the Board may substitute other Eligible Projects (the “*Substituted Projects*”) to be financed, in whole or in part, by such Bonds for the Eligible Projects listed on such certificate.

Section 7.05 **Refunding of Refunded Bonds and Refunded Commercial Paper Notes; Escrow Agreements.** (a) As provided in Section 7.04 above, the Authorized Representative shall determine the particular Outstanding Parity Bonds and Commercial Paper Notes to be refunded by a Series of Bonds subject, in the case of the Refunded Bonds, to the requirements of said Section 7.04.

(b) In determining all or part of the particular Outstanding Parity Bonds to be designated as Refunded Bonds and refunded by a series of Bonds, the Authorized Representative may utilize a tender program pursuant to which the holders of all or part of such Outstanding Parity Bonds (the “*Potential Tender Offer Obligations*”) are given the opportunity to tender such obligations for purchase for cancellation or redemption, as appropriate. The Authorized Representative is hereby authorized to determine which Potential Tender Offer Obligations are to be included in any offer under such tender program and to enter into any necessary tender agreement with a tender agent selected by the Authorized Representative to accomplish the refunding of any Potential Tender Offer Obligations pursuant to such tender program. The Authorized Representative is authorized to determine the price at which offers will be made under the tender program or to determine the method for establishing such price, such as through the use of a Dutch auction, provided that the savings requirement set forth in Section 7.04 hereof is satisfied, if applicable. Such refunding may be accomplished through the purchase and cancellation of, or redemption of (as applicable), the Potential Tender Offer Obligations actually selected for tender and tendered by the holders thereof and purchased (the “*Tender Offer Obligations*”). A refunding of Tender Offer Obligations also may be accomplished, as determined by the Authorized Representative, through the issuance of the Bonds as exchange refunding bonds to be exchanged for Tender Offer Obligations pursuant to Subchapter D of Chapter 1207, Texas Government Code. The Authorized Representative is authorized to provide for and oversee the

preparation of a disclosure statement and any related materials in connection with any tender program contemplated by this Resolution, and to approve such disclosure statement and related materials, deem them final and provide them to holders of Potential Tender Offer Obligations anticipated to be participants in any tender program contemplated by this Resolution.

Notwithstanding any provision of this Resolution to the contrary, the purchase for cancellation or redemption, as applicable, of Refunded Bonds that constitute Tender Offer Obligations shall be accomplished in accordance with the terms established pursuant to a tender program under this Section 7.05(b) and the provisions of Sections 7.05(c) and (d) shall not apply to such Refunded Bonds unless otherwise determined by an Authorized Representative.

(c) Subject to the execution of an Award Certificate and the determination by the Authorized Representative of the Refunded Bonds to be refunded by a Series of Bonds, the Board irrevocably calls the particular Outstanding Parity Bonds constituting Refunded Bonds for redemption prior to maturity on the first optional redemption date following delivery of the Bonds of such Series, for which all of the notice requirements for redemption can reasonably be met, at a redemption price of par (plus accrued interest to the date fixed for redemption).

Upon execution of the respective Award Certificate, the Authorized Representative, acting for and on behalf of the Board, shall provide for notice of such redemption to be given in accordance with the resolution(s) of the Board authorizing the Refunded Bonds.

(d) Concurrently with the delivery of each Series of Bonds issued for the purpose of refunding the Refunded Bonds or the Refunded Commercial Paper Notes, the Authorized Representative shall cause to be deposited from the proceeds from the sale of the Bonds of such Series, together with the other legally available funds as provided in Section 7.08, with the appropriate Escrow Agent, in an amount sufficient to provide for the refunding of the Refunded Bonds or the Refunded Commercial Paper Notes, as appropriate, in accordance with Chapter 1207, Texas Government Code, as amended. The discharge and defeasance of the Refunded Bonds and the Refunded Commercial Paper Notes, as appropriate, shall be effected pursuant to the terms and provisions of the respective Escrow Agreement with the respective Escrow Agent. The Authorized Representative, acting for and on behalf of the Board, is hereby authorized to solicit bids for and to select one or more Escrow Agent(s) with respect to the Refunded Bonds and the Refunded Commercial Paper Notes and to approve, execute and deliver for and on behalf of the Board one or more Escrow Agreement(s) to reflect the appointment, responsibilities and compensation of the Escrow Agent(s), such approval to be conclusively evidenced by the Authorized Representative's execution thereof. Notwithstanding anything to the contrary contained in this Section 7.05, the Authorized Representative, acting for and on behalf of the Board, may (i) determine to approve, execute and deliver for and on behalf of the Board a single Escrow Agreement with the same Escrow Agent for Refunded Bonds and Refunded Commercial Paper Notes, and (ii) accomplish the refunding thereof without executing an Escrow Agreement by making a deposit directly with the paying agent therefor.

(e) If the Authorized Representative determines to execute an Escrow Agreement relating to the Refunded Bonds, to assure the purchase of the "Escrowed Securities" referred to in the Escrow Agreement for the Refunded Bonds, the Authorized Representative, acting for and on behalf of the Board, is hereby authorized to subscribe for, agree to purchase and purchase

“Government Obligations,” as defined in the resolution(s) of the Board authorizing the Refunding Bonds, in such amounts and maturities and bearing interest at such rates as may be provided for in such Escrow Agreement, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and is authorized to create and fund the “Escrow Fund” contemplated by such Escrow Agreement through the use of the proceeds of the Series of Bonds issued to refund the Refunded Bonds, the moneys and investments held in the fund securing the Refunded Bonds, and other lawfully available moneys of the Board.

(f) If the Authorized Representative determines to execute an Escrow Agreement relating to the Refunded Commercial Paper Notes, to assure the purchase of the “Escrowed Securities” referred to in the Escrow Agreement for the Refunded Commercial Paper Notes, the Authorized Representative, acting for and on behalf of the Board, is hereby authorized to subscribe for, agree to purchase and purchase “Defeasance Obligations,” as defined in the Commercial Paper Notes Resolution, in such amounts and maturities and bearing interest at such rates as may be provided for in such Escrow Agreement, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and is authorized to create and fund the “Escrow Fund” contemplated by such Escrow Agreement through the use of the proceeds of the Series of Bonds issued to refund the Refunded Commercial Paper Notes, the moneys and investments held in the fund securing the Refunded Commercial Paper Notes, and other lawfully available moneys of the Board.

(g) To satisfy in a timely manner all of the Board’s obligations under this Resolution and the Escrow Agreement(s), the Authorized Representative and all other appropriate officers and agents of the Board are hereby severally authorized and directed for and on behalf of the Board to take all other actions that are reasonably necessary to provide for the refunding of the Refunded Bonds and the Refunded Commercial Paper Notes, including, without limitation, executing and delivering for and on behalf of the Board all certificates, consents, receipts, requests and other documents as may be reasonably necessary to satisfy the Board’s obligations under the Escrow Agreement(s) and this Resolution and to direct the transfer and application of funds of the Board consistent with the provisions of such Escrow Agreement(s) and this Resolution.

(h) It is hereby found and determined that (i) the refunding of the Refunded Bonds and the Refunded Commercial Paper Notes is advisable and necessary in order to restructure the debt service requirements of the Board and (ii) the manner in which the refunding of the Refunded Bonds and the Refunded Commercial Paper Notes is being executed does not make it practicable to make the determination required by Section 1207.008(a)(2) of the Government Code.

Section 7.06 **Application of Bond Proceeds**. Proceeds from the sale of the Bonds of each Series shall, promptly upon receipt thereof, be applied by the Authorized Representative as follows:

- (i) accrued interest, if any, shall be deposited into the Interest and Sinking Fund;
- (ii) the remaining proceeds from the sale of each Series of Bonds issued for the purpose of refunding the Refunded Bonds or the Refunded Commercial Paper Notes shall, (A) to the extent required, be applied in accordance with the respective Escrow Agreement to establish an escrow

fund (or be applied in accordance with the paying agent agreement therefor) in an amount, together with investment earnings thereon, sufficient to accomplish the discharge and final payment of the related Refunded Bonds or the Refunded Commercial Paper Notes, as appropriate, (B) to the extent required, be applied to redeem or purchase for cancellation Refunded Bonds that constitute Tender Offer Obligations in accordance with Section 7.05(b), (C) to the extent not otherwise provided for, be used to pay all expenses arising in connection with the issuance of the Bonds of such Series, the establishment of such escrow fund and the refunding of the Refunded Bonds (including the redemption or purchase for cancellation of Refunded Bonds that constitute Tender Offer Obligations pursuant to Section 7.05(b)) or the Refunded Commercial Paper Notes, as appropriate, and, if applicable, the payment of any amounts due and payable under an Approved Swap Agreement, and (D) to the extent not otherwise applied pursuant to the foregoing clauses (A), (B) and (C), be deposited into the Interest and Sinking Fund; and

(iii) the remaining proceeds from the sale of each Series of Bonds issued for the purpose of financing Project Costs of Eligible Projects shall be (A) used, to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds of such Series and, if applicable, payment of any amounts due and payable under an Approved Swap Agreement entered into by the Board with respect such Series of Bonds, and (B) after making the foregoing payments, deposited into the PUF Bonds Construction Fund and used and applied in accordance with the provisions of Section 2.17 hereof.

Section 7.07 **DTC Letter of Representation.** The Authorized Representative is authorized to implement the Book-Entry-Only System of Bond registration with respect to the Bonds pursuant to the Blanket Letter of Representation with DTC. The Authorized Representative is authorized and directed to enter into any amendments to the Blanket Letter of Representation with DTC necessary to implement the Book-Entry-Only System.

Section 7.08 **Appropriation of Funds.** The Authorized Representative is further authorized and directed to apply and there is hereby appropriated such moneys of the Board as are necessary (i) to pay the costs of issuance of the Bonds incurred in connection with the issuance of the Bonds and the refunding of the Refunded Bonds (including the redemption or purchase for cancellation of Refunded Bonds that constitute Tender Offer Obligations pursuant to Section 7.05(b)) and the Refunded Commercial Paper Notes, as appropriate, to the extent not paid from Bond proceeds; (ii) to make the deposits described in Sections 7.05 and 7.06 in amounts sufficient, together with the proceeds of the Bonds, to provide for the defeasance of the Refunded Bonds and the Refunded Commercial Paper Notes, as appropriate, on the date of delivery of the Bonds; and (iii) to redeem or purchase for cancellation the Refunded Bonds that constitute Tender Offer Obligations in accordance with Section 7.05(b).

Section 7.09 **Continuing Disclosure Undertaking.** (a) **Annual Reports.** The Board shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of each Fiscal Year ending after the issuance and sale of each Series of Bonds pursuant to Section 7.04 of this Resolution, financial information and operating data with respect to the Permanent University Fund and the Interest of the System in the Available University Fund as determined by the Authorized Representative in the Award Certificate executed and delivered in connection with the initial issuance and delivery of such Bonds. Any financial statements with respect to the Permanent University Fund so to be provided shall be (1) prepared

on an accrual basis, or such other basis as the Board may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements with respect to the Permanent University Fund are not so provided within the required period, then the Board shall provide unaudited financial statements with respect to the Permanent University Fund for the applicable Fiscal Year to the MSRB, in an electronic format as prescribed by the MSRB, and shall file audited financial statements with respect to the Permanent University Fund when and if audited financial statements become available. If audited financial statements are not prepared with respect to the Permanent University Fund for any Fiscal Year and audited financial statements are prepared with respect to the State for such Fiscal Year, the Board shall provide, or cause to be provided, the audited financial statements of the State for the applicable Fiscal Year to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of said Fiscal Year or as soon thereafter as such audited financial statements become available from the State Auditor. Any such audited financial statements of the State so provided shall be prepared in accordance with generally accepted accounting principles for state governments, as such principles may be changed from time to time to comply with state law.

If the State changes the Fiscal Year, the Board will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Subsection.

The financial information and operating data to be provided pursuant to this Subsection may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) if it is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Subsection shall be accompanied by identifying information as prescribed by the MSRB.

(b) Event Notices. As used in this Section 7.09(b), the term "obligated person" shall mean any person, including the Board, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The Board shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this Section 7.09(b), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of successor or additional trustee or the change of name of a trustee, if material.

In addition, the Board shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with Section 7.09(a) hereof by the time required by such Section. All documents provided to the MSRB pursuant to this Subsection shall be accompanied by identifying information as prescribed by the MSRB.

(c) Limitations, Disclaimers, and Amendments. The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board, the Permanent University Fund or the Interest of the System in the Available University Fund remains an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-

12, except that the Board in any event will give the notice otherwise required under this Resolution of any Bond calls and defeasance that cause the Board, the Permanent University Fund or the Interest of the System in the Available University Fund to be no longer “obligated persons.”

The provisions of this Section 7.09 are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, expressed or implied, shall give any benefit or any legal or equitable right, remedy or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the financial results, condition, or prospects of the Permanent University Fund or the Interest of the System in the Available University Fund or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Board in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution. Should the Rule be amended to obligate the Board to make filings with or provide notices to entities other than the MSRB, the Board hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Nothing in this Section is intended or shall act to disclaim, waive or otherwise limit the duties of the Board under federal and state securities laws.

Except as otherwise authorized by Section 7.13 hereof, the provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board or the Permanent University Fund, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (A) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the Board and the Permanent University Fund (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the Board so amends the provisions of this Section,

it shall include with any amendment financial information or operating data next provided in accordance with Subsection (a) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure requirement if the SEC amends or repeals the applicable provisions of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(d) Definitions. As used in this Section 7.09, the following terms have the meanings ascribed to such terms below:

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*SEC*” means the United States Securities and Exchange Commission.

Section 7.10 **Remarketing Agents; Qualifications; Remarketing Agreements.**

(a) The Authorized Representative, acting for and on behalf of the Board, is hereby authorized to solicit bids for and to select one or more Remarketing Agents with respect to Bonds initially issued in the Daily Rate Mode, the Weekly Rate Mode or the Term Rate Mode and to approve, execute and deliver for and on behalf of the Board one or more Remarketing Agreements to reflect the appointment, responsibilities and compensation of the Remarketing Agent(s), such approval to be conclusively evidenced by the Authorized Representative’s execution thereof; provided, that the Remarketing Agent for a Series of Term Rate Bonds may be appointed after the Issuance Date thereof but must be appointed prior to the 30th day preceding the first Conversion Date following the Issuance Date thereof. The Remarketing Agent shall act as Remarketing Agent as provided in this Resolution, and, in accordance with the Remarketing Agreement, shall use its best efforts to remarket Bonds required to be purchased pursuant to Sections 2.03 and 2.04 hereof. The Authorized Representative shall appoint any successor Remarketing Agent for the Bonds, subject to the conditions set forth in Subsection (b) below. The Remarketing Agent shall designate its principal office to the Paying Agent/Registrar and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Board under which the Remarketing Agent will agree, particularly, to:

(i) determine the Daily Rates, the Weekly Rates, the Term Rates and the Fixed Rates and give notice of such rates in accordance with Section 2.03 hereof and the FORMS OF BONDS set forth in Exhibit A hereto;

(ii) keep such books and records with respect to its duties as Remarketing Agent as shall be consistent with prudent industry practice; and

(iii) remarket Bonds in accordance with this Resolution and the Remarketing Agreement.

(b) The Remarketing Agent shall have a capitalization of at least \$100,000,000 and be authorized by law to perform all the duties imposed upon it by this Resolution and the Remarketing Agreement. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least thirty (30) days’ prior written notice to the

Board and the Paying Agent/Registrar. The Remarketing Agent may be removed at any time by the Board, upon seven (7) days' notice by an instrument filed with the Remarketing Agent and the Board.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor or, if there is no successor, to the Paying Agent/Registrar.

In the event that the Board fails to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency or for any other reason, and the Board shall not have appointed its successor as Remarketing Agent, the Paying Agent/Registrar, notwithstanding the provisions of the first paragraph of this Section shall *ipso facto* be deemed to be the Remarketing Agent for all purposes of this Resolution until the appointment by the Board of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Paying Agent/Registrar, in its capacity as Remarketing Agent, shall not be required to sell Bonds or determine the interest rates on the Bonds or to perform the duties set forth in Section 2.03 hereof.

Section 7.11 **Additional Agreements**. The Authorized Representative is hereby authorized and directed to execute any supplemental document with the Paying Agent/Registrar or DTC as may be necessary to consummate the transactions contemplated by this Resolution, any such document to be subject to the approval of each of the foregoing parties.

In addition, in the event that the Authorized Representative determines that it would be beneficial to the System to enter into one or more Credit Agreements in connection with any Bonds in a Daily Rate Mode, Weekly Rate Mode or Term Rate Mode to provide liquidity support for the payment of the Purchase Price of such Bonds, the Authorized Representative, acting for and on behalf of the Board, is hereby authorized to approve, execute and deliver for and on behalf of the Board one or more such Credit Agreements, such approval to be conclusively evidenced by the Authorized Representative's execution thereof; provided that, any such Credit Agreement or proceedings of the Board related thereto shall be submitted to the Attorney General of the State of Texas for its approval to the extent such Credit Agreement is a "credit agreement" under Section 65.46, Texas Education Code or Chapter 1371, Texas Government Code, both as amended. Any such Credit Agreement may be a Board Liquidity Resolution.

In addition, the Board hereby expressly reserves the right to authorize and enter into one or more Approved Swap Agreements in relation to the payment or exchange of payments on the Bonds.

Section 7.12 **Defeasance of Outstanding Parity Bonds**. (a) The Board desires to authorize the use of certain lawfully available funds of the Board, including but not limited to Available University Fund moneys, as determined by the Authorized Representative, to defease, from time to time, certain Outstanding Parity Bonds previously issued by the Board in accordance with the applicable defeasance provisions in the respective resolutions authorizing their issuance. The Authorized Representative is hereby authorized to determine and retire, from time to time, the various portions of such Outstanding Parity Bonds which are economically advantageous for the

Board to retire by the defeasance of such Bonds. The Authorized Representative is authorized to enter into one or more escrow agreements in substantially the standard form previously approved by the Board to accomplish such defeasances. In the event of such a defeasance, the Authorized Representative is authorized hereby to take such steps as may be necessary to purchase the escrowed securities identified in such escrow agreements on behalf of the Board and is authorized to create and fund the escrow funds contemplated by such escrow agreements through the use of the lawfully available funds of the Board. The Authorized Representative is authorized to call for redemption such Outstanding Parity Bonds defeased pursuant to this Section and is hereby authorized to provide and complete an appropriate notice of redemption to the paying agent(s) and/or registrar(s) for such Outstanding Parity Bonds upon the deposit with the escrow agent of such available funds and compliance with the conditions set forth in the escrow agreements.

(b) Except as provided in the following sentence, the Board hereby (i) expressly reserves the right to call for redemption any Outstanding Parity Bonds defeased pursuant to this Section in accordance with the applicable redemption provisions contained in the respective resolution authorizing their issuance, (ii) directs the Authorized Representative to give notice of the reservation of such right to the owners of such Outstanding Parity Bonds immediately following the making of the firm banking and financial arrangements for such defeasance, and (iii) directs the Authorized Representative to include notice of such reservation in any notice of redemption authorized pursuant to this Section. Notwithstanding the immediately preceding sentence, the Authorized Representative, upon determining that doing so is in the best interest of the Board, may elect on behalf of the Board not to retain the right to call such Outstanding Parity Bonds for redemption by choosing not to give the notices required in clauses (ii) and (iii) of the immediately preceding sentence.

(c) The Board hereby expressly authorizes the expenditure of, and appropriates for such purpose, moneys in the Available University Fund in the amount determined by the Authorized Representative for the purpose of defeasing Outstanding Parity Bonds in accordance with the terms of this Section 7.12; provided that, the remaining balance of the Interest of the System in the Available University Fund after giving effect to any such expenditure shall not be less than the sum of (i) the amount necessary for the Board to be able to fully observe and comply with its covenants and obligations, as appropriate, under (A) the Constitutional Provision, (B) all resolutions authorizing the issuance of PUF Bonds and Commercial Paper Notes that are then outstanding, and (C) all other resolutions or agreements (including but not limited to, Approved Swap Agreements) then outstanding pursuant to which the obligations of the Board thereunder are payable from the Interest of the System in the Available University Fund, plus (ii) to the extent not included in clause (i) of this sentence, any unexpended amounts previously appropriated by the Board for the support and maintenance of The University of Texas at Austin and System administration.

Section 7.13 **Further Procedures.** The Chairman of the Board, the General Counsel to the Board, each Authorized Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver, in the name and under the seal and on behalf of the Board, all such agreements, documents and instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, the

preliminary official statement and the official statement for the Bonds, each Escrow Agreement, any Bond Purchase Contract, the Paying Agent/Registrar Agreement and the DTC Blanket Letter of Representations.

Each Authorized Representative is hereby further expressly authorized and empowered to establish, alter, or consent to changes in interest rates, Modes, and Interest Rate Periods and to execute and enter into, on behalf of the Board and as appropriate for the respective Mode, one or more Remarketing Agreements, and to enter into any other agreement, document, certificate or other instrument, or to take any other action, including the making of any finding or determination, that the Authorized Representative determines is necessary or appropriate to carry out the provisions of this Resolution or to take all such action or perform such functions as contemplated by this Resolution or any Remarketing Agreement.

In addition, the Authorized Representative, the General Counsel to the Board and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by any bond rating agency as a condition to the granting of a rating on the Bonds, as may be required by the office of the Texas Attorney General as a condition to the approval of the Bonds and as may be required to assist the Underwriters in complying with Rule 15c2-12.

In case any officer whose signature appears on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery.

Section 7.14 **Repeal of Conflicting Resolutions.** All resolutions and all parts of any resolutions which are in conflict or are inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

[Execution page follows]

ADOPTED AND APPROVED this the 24th day of August, 2017.

Chairman
Board of Regents of
The University of Texas System

Attest:

General Counsel to the
Board of Regents of
The University of Texas System

[SEAL]

EXHIBIT A

FORMS OF BONDS

FORM FOR BONDS IN FIXED RATE MODE

NO. R-__

PRINCIPAL
AMOUNT
\$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND [**TAXABLE**]¹ [**REFUNDING**]² BONDS,
SERIES 20__

| | | | |
|--------------------------------|-------------------------------|--|---------------------------|
| <u>INTEREST RATE</u> _____% | <u>MATURITY DATE</u> _____ | <u>ISSUANCE DATE</u> ³ _____ | <u>CUSIP NO.</u> _____ |
|--------------------------------|-------------------------------|--|---------------------------|

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the “Board”), being the governing body of The University of Texas System, an agency of the State of Texas, hereby promises to pay to _____ or the registered assignee hereof (either being hereinafter called the “registered owner”) the principal amount of _____ and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Issuance Date specified above to the Maturity Date specified above, [**or the date of redemption prior to maturity**],⁴ at the interest rate per annum specified above; with interest being payable on January 1 and July 1 of each year, commencing with _____, until maturity [**or prior redemption**],⁵ except that if the date of authentication of this Bond is later than the first interest payment date on this Bond, such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity [**or upon the date fixed for its redemption prior to maturity**],⁶ at the designated office for payment of _____, in _____, _____, which is the initial “Paying Agent/Registrar” for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check,

¹ Include bracketed language only if Bonds are being issued as Taxable Bonds.
² Include bracketed language only if Series of Bonds are being issued to advance refund Refunded Bonds more than 90 days prior to their maturity or earlier redemption date.
³ Issuance Date will be the dated date unless the Award Certificate provides otherwise.
⁴ Include bracketed language only if the Award Certificate provides for redemption of Bonds prior to maturity.
⁵ Include bracketed language only if the Award Certificate provides for redemption of Bonds prior to maturity.
⁶ Include bracketed language only if the Award Certificate provides for redemption of Bonds prior to maturity.

dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Board required by the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the close of business on the Business Day immediately preceding each such date (the “Record Date”) on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner hereof. **[Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the designated office for payment of the Paying Agent/Registrar.]**⁷ The Board covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date **[and redemption date]**⁸ for this Bond it will make available to the Paying Agent/Registrar, from the “Interest and Sinking Fund” maintained under the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Board and the securities depository. Terms used herein and not otherwise defined have the meaning given in the Bond Resolution.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated office for payment of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of an issue of Bonds dated _____, 20___, and issued in the original aggregate principal amount of \$_____,⁹ for the purpose of providing funds to _____.¹⁰

[Insert Redemption Provisions from Award Certificate.]

[WRITTEN NOTICE of redemption of any Bonds or portions thereof to be redeemed shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, not less than 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 35th day prior to such redemption date on the Registration Books kept by the Paying Agent/Registrar; provided, however, that the failure to receive such notice or any defect therein shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed

⁷ Include bracketed language only if the Award Certificate provides for redemption of Bonds prior to maturity.

⁸ Include bracketed language only if the Award Certificate provides for redemption of Bonds prior to maturity.

⁹ As set forth in respective Award Certificate.

¹⁰ As set forth in respective Award Certificate.

for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive from the Paying Agent/Registrar the redemption price plus accrued interest, out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 principal amount, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Board, all as provided in the Bond Resolution.]¹¹

[IF AT THE TIME of mailing of notice of any optional redemption in connection with a refunding of the Bonds, the Board shall not have deposited with the Paying Agent/Registrar moneys sufficient to redeem all of the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the proceeds of refunding bonds with the Paying Agent/Registrar not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.]¹²

THIS BOND OR ANY PORTION HEREOF IN ANY INTEGRAL MULTIPLE OF \$_____ principal amount may be assigned and shall be transferred only in the Registration Books of the Board kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion hereof in any integral multiple of \$_____ principal amount to the assignee or assignees in whose name or names this Bond or any such portion hereof is to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Board shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of this Bond shall be deemed and treated by the Board

¹¹ Include bracketed language only if the respective Award Certificate provides for redemption of Bonds prior to maturity.

¹² Include bracketed language only if the respective Award Certificate provides for redemption of Bonds prior to maturity.

and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of \$5,000 principal amount or any integral multiple thereof. As provided in the Bond Resolution, this Bond, **[or any unredeemed portion hereof,]**¹³ may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 principal amount as requested in writing by the appropriate registered owner or assignee, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges for converting and exchanging any Bond or any portion thereof, but the one requesting such conversion and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange.

THE PAYING AGENT/REGISTRAR shall not be required to make any transfer of registration of this Bond, or any portion hereof, or any conversion and exchange hereof **[(i) with respect to any Bond or portion thereof called for redemption prior to maturity, within 35 days prior to its redemption date or (ii)]**¹⁴ during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Board, resigns, or otherwise ceases to act as such, the Board has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond, and the other Bonds of this Series, are equally and ratably secured by and payable from a first lien on and pledge of the two-thirds interest of The University of Texas

¹³ Include bracketed language only if the respective Award Certificate provides for redemption of Bonds prior to maturity.

¹⁴ Include bracketed language only if the Award Certificate provides for redemption of Bonds prior to maturity.

System in the Available University Fund (consisting of distributions from the total return on all investment assets of the Permanent University Fund, including the net income attributable to the surface of Permanent University Fund land) that is created and administered under the Texas Constitution, as described more fully in the Bond Resolution, all in accordance with Section 18 of Article VII of the Constitution of the State of Texas, and other applicable laws.

THE BOARD heretofore has issued its Permanent University Fund Refunding Bonds, Series 2006B, its Permanent University Fund Bonds, Series 2008A, its Permanent University Fund Taxable Bonds, Series 2009A, its Permanent University Fund Bonds, Series 2014A, its Permanent University Fund Bonds, Series 2014B, its Permanent University Fund Refunding Bonds, Series 2015A, its Permanent University Fund Bonds, Series 2015B, its Permanent University Fund Bonds, Taxable Series 2015C, its Permanent University Fund Bonds, Series 2016A and its Permanent University Fund Bonds, Series 2016B.¹⁵ The Bond Resolution that authorized the Bonds also authorized the issuance of other series of bonds during the period ending August 31, 2018; provided that the principal amount of the Bonds plus the principal amount of all other series of bonds issued under the Bond Resolution may not exceed \$600,000,000. All of the aforesaid bonds also are secured by a first lien on and pledge of the interest of The University of Texas System in the Available University Fund, and are on a parity with and of equal dignity in all respects with the Bonds. The Board has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue Additional Parity Bonds and Notes that also may be secured by and made payable from a first lien on and pledge of the aforesaid interest of The University of Texas System in the Available University Fund, in the same manner and to the same extent as this Bond and other obligations of the Board on a parity therewith, and (ii) to make certain amendments to the Bond Resolution with the approval of the owners of 51% in principal amount of all outstanding bonds and notes that are secured by and payable from a first lien on and pledge of the aforesaid interest of The University of Texas System in the Available University Fund.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Board, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Board.

¹⁵ List only the series of Outstanding Parity Bonds that remain outstanding on the date each respective Series of Bonds is issued.

IN WITNESS WHEREOF, the Board has caused this Bond to be signed with the manual or facsimile signature of the Chairman of the Board and countersigned with the manual or facsimile signature of the General Counsel to the Board, and has caused the official seal of the Board to be duly impressed, or placed in facsimile, on this Bond.

—
General Counsel to the Board of Regents
of The University of Texas System

—
Chairman, Board of Regents
of The University of Texas System

(BOARD SEAL)

FORM FOR BONDS IN DAILY, WEEKLY OR TERM RATE MODE

THIS BOND IS SUBJECT TO MANDATORY TENDER FOR PURCHASE AT THE TIME AND IN THE MANNER HEREINAFTER DESCRIBED AND MUST BE SO TENDERED OR WILL BE DEEMED TO HAVE BEEN SO TENDERED UNDER CERTAIN CIRCUMSTANCES AS DESCRIBED HEREIN.

NO. **[DR][WR][TR]**¹⁶-__ PRINCIPAL
AMOUNT
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND **[TAXABLE]**¹⁷ **[REFUNDING]**¹⁸ BONDS,
SERIES 20__

| <u>MODE</u> | <u>MATURITY DATE</u> | <u>ISSUANCE DATE</u> ¹⁹ | <u>CUSIP NO.</u> |
|-------------|----------------------|------------------------------------|------------------|
| _____ | _____ | _____ | _____ |

ANY BONDHOLDER WHO FAILS TO DELIVER A BOND FOR PURCHASE AT THE TIMES AND AT THE PLACE REQUIRED HEREIN SHALL HAVE NO FURTHER RIGHTS HEREUNDER EXCEPT THE RIGHT TO RECEIVE THE PURCHASE PRICE HEREOF UPON DELIVERY FOR THIS BOND TO THE PAYING AGENT/REGISTRAR, AND SHALL HOLD THIS BOND AS AGENT FOR THE PAYING AGENT/REGISTRAR.

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Board"), being the governing body of The University of Texas System, an agency of the State of Texas, hereby promises to pay to _____ or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of \$_____ and to pay interest thereon at the rate determined as herein provided from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid or duly provided for, from the Issuance Date, such payments of interest to be made on each Interest Payment Date until the principal or redemption price hereof has been paid or duly provided for as aforesaid. The principal of, premium, if any, and interest on, and Purchase Price of, this Bond are payable in lawful money of the United States of America.

THE PRINCIPAL OR REDEMPTION price of this Bond (or of a portion of this Bond, in the case of a partial redemption) is payable to the registered owner hereof in immediately available

¹⁶ Include appropriate bracketed language depending on Mode of Bond set forth in Award Certificate.
¹⁷ Include bracketed language only if Bonds are being issued as Taxable Bonds.
¹⁸ Include bracketed language only if Series of Bonds are being issued to advance refund Refunded Bonds more than 90 days prior to their maturity or earlier redemption date.
¹⁹ Issuance Date will be the dated date unless the Award Certificate provides otherwise.

funds upon presentation and surrender hereof at the designated office for payment of _____, in _____, _____, which is the initial “Paying Agent/Registrar” for this Bond. All payments of interest on Bonds shall be paid to the registered owner hereof whose name appears in the Registration Books (as defined in the hereinafter defined Bond Resolution) kept by the Paying Agent/Registrar as of the close of business on the applicable Record Date (as defined below) by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Board required by the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) to be on deposit with the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each Interest Payment Date (as defined in the Bond Resolution). In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner hereof. The “Record Date” for any Interest Payment Date shall be the close of business on the Business Day immediately preceding the Interest Payment Date. This Bond is registered as to both principal and interest in the Registration Books kept by the Paying Agent/Registrar and may be transferred or exchanged, subject to the further conditions specified in the Bond Resolution, only upon surrender hereof at the designated office for payment of the Paying Agent/Registrar. This Bond is payable solely from the sources hereinafter mentioned.

THE BOARD COVENANTS with the registered owner of this Bond that on or before each principal payment date and Interest Payment Date for this Bond it will make available to the Paying Agent/Registrar, from the “Interest and Sinking Fund” maintained under the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. **[In addition, pursuant to the Bond Resolution, to the extent that Remarketing Proceeds in the Bond Purchase Fund are insufficient to pay the Purchase Price on any Purchase Date, the Board will transfer, or cause to be transferred, to the Bond Purchase Fund immediately available funds in an amount necessary to satisfy any such deficiency from any lawfully available source.]**²⁰ Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Board and the securities depository.

CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS SPECIFIED THEREFOR IN THE BOND RESOLUTION.

FOR SO LONG AS THIS BOND IS HELD IN BOOK-ENTRY FORM REGISTERED IN THE NAME OF CEDE & CO. ON THE REGISTRATION BOOKS OF THE BOARD KEPT BY THE PAYING AGENT/REGISTRAR, THIS BOND, IF CALLED FOR PARTIAL REDEMPTION IN ACCORDANCE WITH THE BOND RESOLUTION, SHALL BECOME DUE AND PAYABLE ON THE REDEMPTION DATE DESIGNATED IN THE NOTICE OF REDEMPTION GIVEN IN ACCORDANCE WITH THE BOND RESOLUTION AT, AND ONLY TO THE EXTENT OF, THE REDEMPTION PRICE, PLUS ACCRUED INTEREST TO THE SPECIFIED REDEMPTION DATE; AND THIS BOND SHALL BE PAID, TO THE EXTENT SO REDEEMED, (i) UPON PRESENTATION AND SURRENDER THEREOF AT THE OFFICE SPECIFIED IN SUCH NOTICE OR (ii) AT THE WRITTEN REQUEST OF CEDE & CO., BY CHECK OR DRAFT MAILED TO CEDE & CO. BY THE PAYING AGENT/REGISTRAR OR BY WIRE TRANSFER TO CEDE & CO. BY THE PAYING AGENT/REGISTRAR IF CEDE &

²⁰ Revise bracketed language if so provided in the Award Certificate.

CO. AS THE REGISTERED OWNER SO ELECTS. IF, ON THE REDEMPTION DATE, MONEYS FOR THE REDEMPTION OF BONDS TO BE REDEEMED, TOGETHER WITH INTEREST TO THE REDEMPTION DATE, SHALL BE HELD BY THE PAYING AGENT/REGISTRAR SO AS TO BE AVAILABLE THEREFOR ON SUCH DATE, AND AFTER NOTICE OF REDEMPTION SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE BOND RESOLUTION, THEN, FROM AND AFTER THE REDEMPTION DATE, THE AGGREGATE PRINCIPAL AMOUNT OF THIS BOND SHALL BE IMMEDIATELY REDUCED BY AN AMOUNT EQUAL TO THE AGGREGATE PRINCIPAL AMOUNT THEREOF SO REDEEMED, NOTWITHSTANDING WHETHER THIS BOND HAS BEEN SURRENDERED TO THE PAYING AGENT/REGISTRAR FOR CANCELLATION.

Interest on the Bonds

The Bonds shall accrue interest at interest rates and for Interest Rate Periods as determined in accordance with the applicable provisions of the Bond Resolution. The Bonds will be subject to conversion as herein provided. The amount of interest so payable on any Interest Payment Date shall be computed on the basis set forth in the Bond Resolution.

At the option of the Board and subject to certain conditions provided for in the Bond Resolution, all of the Bonds may be converted from the Daily Rate Mode, the Weekly Rate Mode or the Term Rate Mode to any other Mode. **[If the conditions to conversion are not met as provided in the Bond Resolution, the Bonds to have been converted shall become subject to mandatory tender as described herein and in the Bond Resolution and the Mode for such Bonds shall remain unchanged with the interest rate thereof determined in the Bond Resolution.]**²¹

Each determination and redetermination of interest rates and Interest Rate Periods shall be conclusive and binding on the Board, the Paying Agent/Registrar, and the registered owners of the Bonds. In the event of the failure by the Remarketing Agent to determine an interest rate or Interest Rate Period, or any such determination is void or unenforceable, the rate borne by the Bonds shall be the interest rate to be determined for Bonds in such Mode as provided in the Bond Resolution. Any registered owner may ascertain the rate of interest on its Bond or Bonds, at any time by contacting the Paying Agent/Registrar or the Remarketing Agent.

Daily Rate

While the Bonds accrue interest at a Daily Rate, the rate of interest on the Bonds will be determined daily by the Remarketing Agent in accordance with the Bond Resolution to be effective for a one day period commencing on the date of such determination. (The length of the period and the last day of the period may vary in the event of a conversion from a Daily Rate.)

Weekly Rate

While the Bonds accrue interest at a Weekly Rate, the rate of interest on the Bonds will be determined weekly by the Remarketing Agent in accordance with the Bond Resolution to be effective for a seven-day period commencing on Thursday of the week of such determination. (The length of the period and the last day of the period may vary in the event of a conversion from a Weekly Rate.)

²¹ Revise bracketed language if so provided in the Award Certificate.

Term Rate

While the Bonds accrue interest at a Term Rate, the interest rate on the Bonds will be determined at the time and in the manner set forth in the Bond Resolution.

Fixed Rate

Upon conversion to a Fixed Rate, this Bond shall bear interest to the Maturity Date set forth above at a fixed rate of interest determined by the Remarketing Agent in accordance with the Bond Resolution.

Authorized Denominations

For (i) Bonds in the Daily Rate Mode or the Weekly Rate Mode, \$100,000 or any integral multiple of \$1,000 in excess of \$100,000, and (ii) Bonds in the Term Rate Mode or the Fixed Rate Mode, \$5,000 or any integral multiple thereof.

Optional Tenders

While this Bond accrues interest at a Daily Rate or a Weekly Rate, the registered owner of this Bond has the right to tender this Bond for purchase at the principal amount hereof plus accrued interest on any Business Day upon written or Electronic Notice to the Paying Agent/Registrar on a Business Day not fewer than seven days prior to the Purchase Date. While this Bond accrues interest at a Term Rate, the registered owner of this Bond does not have the right to tender this Bond for purchase.

As long as the book-entry system is in effect, the beneficial owner of a Bond may demand purchase of the Bond (or portion thereof in Authorized Denominations) owned by it by providing notice as provided above through the beneficial owner's DTC Participant; provided such notice shall be given by 11:00 a.m., New York City time, on the date such notice is required to be given. If the book-entry system is not in effect, the registered owner of this Bond may demand purchase of this Bond (or portion thereof in Authorized Denominations) by providing notice to the Paying Agent/Registrar as provided above and delivering this Bond to the Paying Agent/Registrar at its designated office for payment.

If the registered owner of a Bond has elected to tender such Bond for purchase, such registered owner shall be deemed to have agreed irrevocably to sell such Bond to any purchaser determined in accordance with the provisions of the Bond Resolution on the date fixed for purchase at the Purchase Price and any Bond not delivered shall be deemed tendered (an "Undelivered Bond") and shall cease to be outstanding under the Bond Resolution and no further interest shall accrue as of the Purchase Date. Notice of tender of a Bond is irrevocable. All notices of tender of Bonds shall be made to the Paying Agent/Registrar in writing or by Electronic Notice at its designated office for payment in substantially the form as provided in the Form of Bondholder's Election Notice for Bonds Subject to Optional Tender attached hereto or such other form of notice satisfactory to the Paying Agent/Registrar which sets forth the principal amount of Bonds to be purchased, the purchase date on which such Bonds shall be purchased, the name, address, and taxpayer identification number of the registered owner and the payment instructions for the

Purchase Price. All deliveries of tendered Bonds, including deliveries of Bond subject to mandatory tender, shall be made to the Paying Agent/Registrar at its designated office for payment.

Mandatory Tenders

This Bond is subject to mandatory tender on the Effective Date of a change from one Mode to another Mode (including from a Term Rate Mode to a new Term Rate Mode of the same or a different duration as the then-expiring Term Rate Mode), except with respect to a conversion from the Daily Rate Mode to the Weekly Rate Mode or from the Weekly Rate Mode to the Daily Rate Mode, at a Purchase Price equal to the principal amount thereof plus accrued interest; provided that, if the Purchase Date pursuant to such tender is an Interest Payment Date, accrued interest shall be paid separately and not as part of the Purchase Price on such date. From and after the Effective Date of the new Mode, no further interest shall be payable to the registered owner hereof for the preceding Interest Rate Period, provided that there are sufficient funds available on the Effective Date to pay the Purchase Price. Any Bond not delivered to the Paying Agent/Registrar shall constitute an Undelivered Bond and shall not be considered outstanding under the Bond Resolution on the Purchase Date.

Payment of Purchase Price

The Purchase Price for Bonds is payable by wire or bank transfer within the continental United States in immediately available funds from the Paying Agent/Registrar to the registered owner. If on any date this Bond is subject to mandatory tender for purchase or is required to be purchased at the election of the registered owner, payment of the Purchase Price of this Bond to such registered owner shall be made on the Purchase Date if delivery of this Bond is made prior to 11:00 a.m., New York City time, on the Purchase Date or on such later Business Day upon which delivery of this Bond is made prior to 11:00 a.m., New York City time.

BY ACCEPTANCE OF THIS BOND, THE REGISTERED OWNER HEREOF AGREES THAT THIS BOND WILL BE PURCHASED, WHETHER OR NOT SURRENDERED, ON THE PURCHASE DATE AS DESCRIBED ABOVE. IN SUCH EVENT, THE REGISTERED OWNER OF THIS BOND SHALL NOT BE ENTITLED TO RECEIVE ANY FURTHER INTEREST HEREON, SHALL HAVE NO FURTHER RIGHTS UNDER THIS BOND OR THE BOND RESOLUTION EXCEPT TO RECEIVE PAYMENT OF THE PURCHASE PRICE HELD THEREFOR, AND SHALL THEREAFTER HOLD THIS BOND AS AGENT FOR THE PAYING AGENT/REGISTRAR.

The initial Remarketing Agent under the Bond Resolution is _____. The Remarketing Agent may be changed at any time in accordance with the Bond Resolution.

Written Notice of Mode or Interest Rate Period Change

The Paying Agent/Registrar shall give notice, by first class mail, to the registered owners of all Bonds of the proposed conversion from one Mode to another Mode, at least fifteen (15) days, before the proposed Conversion Date.

Interest Payment Dates

Interest on this Bond is payable on each Interest Payment Date.

Optional Redemption

The Bonds are subject to optional redemption as follows:

During any Daily Rate Mode or Weekly Rate Mode the Bonds shall be subject to redemption prior to maturity at the option of the Board, in whole or in part on any Business Day (and if in part in an Authorized Denomination), at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, upon written notice to the Paying Agent/Registrar at least 15 days prior to the redemption date, which notice shall specify the principal amount of Bonds to be redeemed and the redemption date.

[Insert optional redemption provisions for Term Rate Bonds, mandatory sinking fund redemption provisions and other redemption provisions if so provided in the Award Certificate.]

THIS BOND is one of an issue of Bonds dated _____, 20__, and issued in the original aggregate principal amount of \$ _____²², for the purpose of providing funds to _____²³.

WRITTEN NOTICE of redemption of any Bonds or portions thereof to be redeemed shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, not less than 10 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 15th day prior to such redemption date on the Registration Books kept by the Paying Agent/Registrar; provided, however, that the failure to receive such notice or any defect therein shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed, plus accrued interest to the date fixed for redemption. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive from the Paying Agent/Registrar the redemption price plus accrued interest, out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Board, all as provided in the Bond Resolution.

NOTWITHSTANDING THE PROVISIONS of the foregoing paragraph, no notice of redemption is required to be given to the owner of any Bond which is subject to mandatory tender on the date fixed for redemption.

²² As set forth in respective Award Certificate.

²³ As set forth in the respective Award Certificate.

IF AT THE TIME of mailing of notice of any optional redemption in connection with a refunding of the Bonds, the Board shall not have deposited with the Paying Agent/Registrar moneys sufficient to redeem all of the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the proceeds of refunding bonds with the Paying Agent/Registrar not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

THIS BOND OR ANY PORTION HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the Registration Books of the Board kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion hereof in any Authorized Denomination to the assignee or assignees in whose name or names this Bond or any such portion hereof is to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Board shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer or exchange as provided below, but the one requesting such transfer or exchange shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of this Bond shall be deemed and treated by the Board and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in an Authorized Denomination. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner or assignee, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges for converting and exchanging any Bond or any portion thereof, but the one requesting such conversion and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering, or transferring

this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Board, resigns, or otherwise ceases to act as such, the Board has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY CERTIFIED, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond, and the other Bonds of this Series, are equally and ratably secured by and payable from a first lien on and pledge of the two-thirds interest of The University of Texas System in the Available University Fund (consisting of distributions from the total return on all investment assets of the Permanent University Fund, including the net income attributable to the surface of Permanent University Fund land) that is created and administered under the Texas Constitution, as described more fully in the Bond Resolution, all in accordance with Section 18 of Article VII of the Constitution of the State of Texas, and other applicable laws.

THE BOARD heretofore has issued its Permanent University Fund Refunding Bonds, Series 2006B, its Permanent University Fund Bonds, Series 2008A, its Permanent University Fund Taxable Bonds, Series 2009A, its Permanent University Fund Bonds, Series 2014A, its Permanent University Fund Bonds, Series 2014B, its Permanent University Fund Refunding Bonds, Series 2015A, its Permanent University Fund Bonds, Series 2015B, its Permanent University Fund Bonds, Taxable Series 2015C, its Permanent University Fund Bonds, Series 2016A and its Permanent University Fund Bonds, Series 2016B.²⁴ The Bond Resolution that authorized the Bonds also authorized the issuance of other series of bonds during the period ending August 31, 2018; provided that the principal amount of the Bonds plus the principal amount of all other series of bonds issued under the Bond Resolution may not exceed \$600,000,000. All of the aforesaid bonds also are secured by a first lien on and pledge of the interest of The University of Texas System in the Available University Fund, and are on a parity with and of equal dignity in all respects with the Bonds. The Board has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue Additional Parity Bonds and Notes that also may be secured by and made payable from a first lien on and pledge of the aforesaid interest of The University of Texas System in the Available University Fund, in the same manner and to the same extent as this Bond and other obligations of the Board on a parity therewith, and (ii) to make certain amendments to the Bond Resolution with the approval of the owners of 51% in principal amount of all outstanding bonds and notes that are secured by and payable from a first lien on and pledge of the aforesaid interest of The University of Texas System in the Available University Fund.

²⁴ List only the series of Outstanding Parity Bonds that remain outstanding on the date each respective Series of Bonds is issued.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Board, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Board.

IN WITNESS WHEREOF, the Board has caused this Bond to be signed with the manual or facsimile signature of the Chairman of the Board and countersigned with the manual or facsimile signature of the General Counsel to the Board, and has caused the official seal of the Board to be duly impressed, or placed in facsimile, on this Bond.

General Counsel, Board of Regents
of The University of Texas System

Chairman, Board of Regents
of The University of Texas System

(BOARD SEAL)

(FORM OF BONDOWNER'S ELECTION NOTICE FOR DAILY RATE BONDS AND
WEEKLY RATE BONDS SUBJECT TO OPTIONAL TENDER)
(to be used only in connection with Bonds
subject to optional tender)

Board of Regents of The University of Texas System
Permanent University Fund [Taxable] [Refunding] Bonds,
Series 20__

| Principal Amount \$ _____ | Purchase Date _____ | CUSIP No. _____ | Principal Amount Tendered for Purchase \$ _____ | Bond Numbers _____ |
|---------------------------------|------------------------|--------------------|---|-----------------------|
|---------------------------------|------------------------|--------------------|---|-----------------------|

The undersigned hereby certifies that it is the registered owner or the beneficial owner (as described below) of the Bonds described above (the "Tendered Bonds"), all of which are in the Daily Rate Mode or the Weekly Rate Mode, and hereby agrees that the delivery of this instrument of transfer to the Paying Agent/Registrar constitutes an irrevocable offer to sell the Tendered Bonds to the Board or its designee on the Purchase Date, which shall be a Business Day at least _____ (____) calendar days following delivery of this instrument, at a purchase price equal to the unpaid principal balance thereof plus accrued and unpaid interest thereon to the Purchase Date (the "Purchase Price") provided that if the Purchase Date is an Interest Payment Date, it is recognized that accrued interest will be paid separately and not as part of the Purchase Price on such date. The undersigned acknowledges and agrees that this election notice is irrevocable and that the undersigned will have no further rights with respect to the Tendered Bonds, except payment, upon presentation and surrender, of the Purchase Price by wire or bank transfer within the continental United States from the Paying Agent/Registrar, at its address shown on the registration books of the Paying Agent/Registrar (i) on the Purchase Date if the Tendered Bonds shall have been delivered to the Paying Agent prior to 11:00 A.M., New York City time, or (ii) on any Delivery Date subsequent to the Purchase Date on which Tendered Bonds are delivered to the Paying Agent by 11:00 A.M., New York time.

Except as otherwise indicated herein and unless the context otherwise requires, the terms used herein shall have the meanings set forth in the Bond Resolution adopted by the Board of Regents of The University of Texas System (the "Board") authorizing the issuance of the Bonds and the Paying Agent/Registrar Agreement Between the Board and _____, as Paying Agent/Registrar, relating to the Bonds.

Date: _____

Signature(s)

(Street City State Zip)

IMPORTANT: The above signature(s) must correspond with the name(s) as set forth on the face of the Tendered Bond(s) with respect to which this Bondowner's Election Notice is being delivered without any change whatsoever. If this notice is signed by a person other than the registered owner of any Tendered Bond(s), the Tendered Bond(s) must be either endorsed on the Assignment appearing on each Bond or accompanied by appropriate Bond powers, in each case signed exactly as the name or names of the registered owner or owners appear on the Registration Books kept by the Paying Agent/Registrar. The method of presenting this notice to the Paying Agent/Registrar is the choice of the person making such presentation. If it is made by mail, it should be by registered mail with return receipt requested.

(FORM OF AFFIDAVIT)

AFFIDAVIT

State of _____
Parish/County of _____

Before Me, the undersigned authority, duly commissioned and qualified within and for the State and Parish/County aforesaid, personally came and appeared

who being by me first duly sworn, deposed and said that he/she is the owner of the following Board of Regents of The University of Texas System Permanent University Fund [Refunding] Bonds, Series 20__.

Principal Amount

CUSIP No.

Maturity Date

Sworn to and subscribed before me this _____ day of _____, _____.

Notary Public

[INSERTIONS FOR THE INITIAL BONDS]

The Initial Bond or Bonds of each Series shall be in the form set forth in this Exhibit A, except that:

- A. Immediately under the name of the Fixed Rate Bond, the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the words “As shown below”, and the heading “CUSIP NO.” shall be deleted. The first paragraph of the Fixed Rate Bond shall be deleted and the following will be inserted (with all blanks and bracketed items to be completed with information contained in the Award Certificate):

“THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the “Board”), being the governing body of The University of Texas System, an agency of the State of Texas, hereby promises to pay to _____ or the registered assignee hereof (either being hereinafter called the “registered owner”) on _____ in each of the years in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

| | | |
|---|----------------------|----------------------|
| <u>Principal Amount</u> | <u>Maturity Date</u> | <u>Interest Rate</u> |
| (Information from Award Certificate to be inserted) | | |

The Board promises to pay interest on the unpaid principal amount hereof from the Issuance Date specified above at the respective per annum rate of interest specified above, calculated on the basis of a 360-day year composed of twelve 30-day months, to the Maturity Date specified above[, or the date of redemption prior to maturity];²⁵ with interest being payable on January 1 and July 1 of each year, commencing with _____, except that if the date of authentication of this Bond is later than the first interest payment date on this Bond, such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.”

- B. The second paragraph of a Bond in a Daily Rate Mode, a Weekly Rate Mode or a Term Rate Mode shall be deleted and the following will be inserted (with all blanks and bracketed items to be completed with information contained in the Award Certificate):

“THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the “Board”), being the governing body of The University of Texas System, an agency of the State of Texas, hereby promises to pay to _____ or the registered assignee hereof (either being hereinafter called the “registered owner”) on _____ in each of the years in the principal installments set forth in the following schedule:

²⁵ Include bracketed language only if the Award Certificate provides for redemption of Bonds prior to maturity.

Principal Amount Maturity Date
(Information from Award Certificate to be inserted)

The Board promises to pay interest on the unpaid principal amount hereof at the rate determined as herein provided from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, or if no interest has been paid or duly provided for, from the Issuance Date, such payments of interest to be made on each Interest Payment Date until the principal or redemption price hereof has been paid or duly provided for as aforesaid. The principal of, premium, if any, and interest on, and Purchase Price of, this Bond are payable in lawful money of the United States of America.”

C. The Initial Bond for a Fixed Rate Bond shall be numbered “T-1”, the Initial Bond for a Bond in a Daily Rate Mode shall be numbered “TDR-1”, the Initial Bond for a Bond in a Weekly Rate Mode shall be numbered “TWR-1” and the Initial Bond for a Bond in a Term Rate Mode shall be numbered “TTR-1.”