

THIRTEENTH SUPPLEMENTAL RESOLUTION TO THE
MASTER RESOLUTION AUTHORIZING THE ISSUANCE,
SALE, AND DELIVERY OF BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM REVENUE FINANCING
SYSTEM BONDS, AND APPROVING AND AUTHORIZING
INSTRUMENTS AND PROCEDURES RELATING THERETO

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TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE:	1
Section 1. DEFINITIONS.....	2
Section 2. AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS.....	2
Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.....	3
Section 4. INTEREST; TENDERS AND REMARKETING; AND CONVERSION.	6
Section 5. REDEMPTION OF AND REMARKETING OF BONDS; CREATION AND USE OF BOND PURCHASE FUND.	10
Section 6. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION; BOOK- ENTRY-ONLY SYSTEM.	13
Section 7. FORMS OF BONDS	18
Section 8. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY DEBT.....	18
Section 9. SECURITY AND PAYMENTS	18
Section 10. PAYMENTS	19
Section 11. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.	19
Section 12. AMENDMENT OF SUPPLEMENT.....	20
Section 13. COVENANTS REGARDING TAX-EXEMPTION.....	22
Section 14. THIRTEENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.....	24
Section 15. SEVERABILITY OF INVALID PROVISIONS.....	24
Section 16. PAYMENT AND PERFORMANCE ON BUSINESS DAYS	24
Section 17. LIMITATION OF BENEFITS WITH RESPECT TO THE THIRTEENTH SUPPLEMENT.....	24
Section 18. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE, AND INSURANCE.....	25
Section 19. REFUNDING OF REFUNDED OBLIGATIONS; ESCROW AGREEMENTS.....	25
Section 20. APPLICATION OF BOND PROCEEDS	26
Section 21. FURTHER PROCEDURES	27
Section 22. DTC LETTER OF REPRESENTATIONS.....	28
Section 23. ADDITIONAL DEFEASANCE PROVISIONS.....	28
Section 24. OFFICIAL STATEMENT.....	29

Section 25. CONTINUING DISCLOSURE	29
Section 26. REPEAL OF CONFLICTING RESOLUTIONS; RATIFICATION OF CONTINUANCE OF COMMERCIAL PAPER NOTE PROGRAM	31
Section 27. THE REMARKETING AGENT	31
Section 28. QUALIFICATIONS OF REMARKETING AGENT	32
Section 29. AUCTION AGREEMENT	32
Section 30. BROKER-DEALER AGREEMENT.....	32
Section 31. ADDITIONAL AGREEMENTS	33
Section 32. CREDIT AGREEMENT.....	33
Section 33. PUBLIC NOTICE.....	34

EXHIBIT A – DEFINITIONS

EXHIBIT B – FORMS OF BONDS

EXHIBIT C – CONTINUING DISCLOSURE OF INFORMATION

EXHIBIT D – PROVISIONS RELATING TO AUCTION RATE MODE

**THIRTEENTH SUPPLEMENTAL RESOLUTION TO THE
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THERE TO**

WHEREAS, on February 14, 1991, the Board adopted the First Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System and amended such resolution on October 8, 1993, and August 14, 1997 (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

WHEREAS, the Master Resolution establishes the Revenue Financing System comprised of the institutions now or hereafter constituting components of The University of Texas System that are designated "Members" of the Financing System by action of the Board and pledges the Pledged Revenues attributable to each Member of the Financing System to the payment of Parity Debt to be outstanding under the Master Resolution; and

WHEREAS, the Board, has previously adopted the First through Twelfth Supplemental Resolutions to the Master Resolution authorizing Parity Debt thereunder; and

WHEREAS, the Board has determined to authorize the issuance of Parity Debt in the form of variable-rate demand bonds, auction-rate demand bonds, or long-term fixed-rate bonds in one or more installments to (i) finance and refinance the cost of facilities and improvements for the Members of the Revenue Financing System; including those set forth in The University of Texas System Capital Improvement Program; (ii) provide permanent financing for facilities and improvements financed with the proceeds of a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A (the "Refunded Notes"); and (iii) to refund a portion of its Outstanding Parity Debt Obligations as described in the definition of Potential Refunded Bonds herein, and

WHEREAS, the Board hereby determines and deems it necessary to authorize the issuance of Parity Debt pursuant to this Thirteenth Supplement to the Master Resolution for such purposes; and

WHEREAS, the bonds (the "Bonds") authorized to be issued by this Thirteenth Supplement are to be issued and delivered pursuant to Chapter 55, Texas Education Code, Chapter 1371, Texas Government Code, and other applicable laws, including Chapter 1207, Texas Government Code, insofar as it may be required in connection with the refunding of any of the Potential Refunded Bonds.

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

Section 1. DEFINITIONS.

(a) Definitions. In addition to the definitions set forth in the preamble of this Thirteenth Supplement, the terms used in this Thirteenth Supplement (except in the Form of Bonds) and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit A to this Thirteenth Supplement attached hereto and made a part hereof.

(b) Construction of Terms. If appropriate in the context of this Thirteenth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

Section 2. AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS.

(a) The Board's "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES _____," are hereby authorized to be issued and delivered in the maximum principal amount of \$496,000,000, in one or more Series. Each Series of the Bonds shall be designated by the year in which it is awarded pursuant to Section 3 below and each Series within a year shall have a letter designation following the year. No Series of Bonds shall be issued under this Thirteenth Supplement after November 1, 2004. Bonds of a Series in an Auction Rate Mode shall include "Auction Rate" in the designation.

(b) The Bonds of each Series are to be issued for the purpose of financing and refinancing the costs of acquiring, purchasing, constructing, improving, enlarging, and equipping the property and facilities of the Members of the Revenue Financing System; refunding all or a portion of the Potential Refunded Bonds; refunding all or a portion of the Board's outstanding Revenue Financing System Commercial Paper Notes, Series A (the "Notes") to provide permanent financing for facilities and improvements financed with the proceeds of the Notes; and paying the costs of issuance related thereto.

(c) To the extent that it is economically reasonable, improvements or facilities to be financed or refinanced pursuant to Sections 55.1714, 55.1722, 55.1732, or 55.1742 of the Education Code shall be financed in separate Series of Bonds and the Award Certificate relating to each such Series of Bonds shall show the principal amount of Parity Debt, including the Bonds, issued for each Member pursuant to Sections 55.1714, 55.1722, 55.1732, or 55.1742 of the Education Code and the additional Parity Debt that may be issued pursuant to such sections. Bonds issued to refund portions of the Potential Refunded Bonds that were issued pursuant to those Sections of the Education Code or issued to refund Parity Debt issued pursuant to those Sections, or any similar Section, may also be included in that separate Series of Bonds.

(d) The Bonds herein authorized, unless otherwise indicated, are hereinafter referred to as the "Bonds," which may be in the form of Fixed Rate Bonds as either Current Interest Bonds or Capital Appreciation Bonds, and in the form of Weekly Rate Bonds and Auction Bonds, as provided herein.

Pursuant to Section 1207.008(b), Government Code, it is hereby found that it is not practicable or possible to make the determination required by Section 1207.008(a), Government Code, in

connection with the issuance of the Bonds to refund all or part of the Potential Refunded Bonds. The Bonds are being issued as variable-rate demand bonds, auction-rate demand bonds, or long-term fixed-rate bonds, and the Potential Refunded Bonds being refunded are outstanding in various rate modes, including long-term fixed rates and variable rates. Therefore, it is not possible to determine what the difference in debt service would be if all or a portion of the Potential Refunded Bonds were not refunded.

Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.

(a) Terms of Bonds. For each Series of Bonds, there shall initially be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, in the form of (i) Fixed Rate Bonds as Current Interest Bonds or Capital Appreciation Bonds, (ii) Bonds in the Weekly Rate Mode, or Bonds in the Auction Rate Mode, numbered consecutively for each Series of Bonds from R-1 upward (or CR-1 upward, in the case of Capital Appreciation Bonds) in the case of Bonds of a Series in the Fixed Rate Mode, WR-1 in the case of Bonds of a Series in the Weekly Rate Mode, and AR-1 in the case of Bonds of a Series in the Auction Rate Mode, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), in Authorized Denominations, maturing not later than November 1, 2034, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in the Award Certificate of the U.T. System Representative relating to the Series.

(b) Award Certificate. As authorized by Chapter 1371, Government Code, as amended, the U.T. System Representative is hereby authorized, appointed, and designated to act on behalf of the Board in selling and delivering the Bonds of each Series and carrying out the other procedures specified in this Resolution, including determining and fixing the initial Mode or Modes of each Series, the date of the Bonds of each Series, any additional or different designation or title by which the Bonds of each Series shall be known, the price at which the Bonds of each Series will be sold, the years in which the Bonds of each Series will mature, the principal amount to mature in each of such years, the aggregate principal amount of the Bonds of each Series, the aggregate principal amount of Current Interest Bonds and Capital Appreciation Bonds of each Series or portion of a Series to be issued in a Fixed Rate Mode, the initial Auction Period, Auction Period Rate, and Auction Date for Bonds of each Series or portion of a Series to be issued in an Auction Rate Mode, the rate of interest to be borne by each maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds of each Series shall be subject to redemption prior to maturity at the option of the Board, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds of each Series, and the refunding of the Refunded Obligations, all of which shall be specified in a certificate of the U.T. System Representative delivered to the Counsel and Secretary to the Board (the "Award Certificate"); provided that (i) the price to be paid for the Bonds of each Series shall not be less than 95% of the aggregate original principal amount thereof plus accrued interest thereon from its date to its delivery, (ii) none of the Bonds shall bear interest at a rate greater than the maximum rate allowed by law, and (iii) Bonds shall be issued to refund all or a portion of the Potential Refunded Bonds only if that refunding, assuming that each Series sold and delivered at the same time is one Series, results in a present value debt service savings of at least 3% of the actual and the net present value debt service on the Refunded Bonds.

In establishing the aggregate principal amount of a Series of Bonds to be issued to refund Refunded Bonds, the U.T. System Representative shall establish an amount, not to exceed the amount authorized in Section 2, sufficient to provide for the refunding of the maximum amount of the Potential Refunded Bonds that will result in a reduction in the aggregate amount of the principal and interest that otherwise would be payable from the Pledged Revenues with respect to the Refunded Bonds, both on an actual and a present value basis of at least 3%. The amount of the savings to be realized from the refunding shall be shown in the Award Certificate. The Award Certificate for each Series that is issued to refund Refunded Bonds shall also identify the Refunded Bonds being refunded by that Series.

It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds of a Series shall not be delivered unless prior to delivery (i) the Award Certificate relating to that Series of Bonds has been executed and delivered as required by this Thirteenth Supplement and (ii) the Bonds of such Series 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 Weekly Rate Mode or the Auction Rate Mode, as required by Chapter 1371, Texas Government Code, as amended.

The U.T. System Representative is authorized and directed to determine which facilities and improvements will be financed with the proceeds of each Series of Bonds taking into account (i) the scheduled completion dates of the improvements and facilities financed with the proceeds of the Bonds, (ii) the economic projections for each such facility and improvement and the Member on whose campus the facility or improvement is located, and (iii) which facilities and improvements are being undertaken pursuant to Sections 55.1714, 55.1722, 55.1732, or 55.1742 of the Education Code and the projected budget impact on the Financing System of such financing. The designation of which improvements or facilities are to be financed or refinanced with the proceeds of a Series of Bonds shall be set forth in the Award Certificate. Before the U.T. System Representative may determine that any improvement or facility is to be financed or refinanced with the proceeds of a Series of Bonds, (i) the improvement or facility must have been approved for construction and financing by the Board, (ii) the Board must have made the findings required by Section 5 of the Master Resolution with respect to the Parity Debt to be issued for such improvement or facility, and (iii) the project must have received the required approval or review of the Higher Education Coordinating Board to the extent and as required by the provisions of Section 61.058 of the Texas Education Code.

Each Award Certificate is hereby incorporated in and made a part of this Thirteenth Supplement and shall be filed in the minutes of the Board as a part of this Thirteenth Supplement.

(c) Sale of the Bonds. To achieve the lowest borrowing costs for the Members of the Financing System, each Series of Bonds shall be sold to the public on either a negotiated or competitive basis as determined by the U.T. System Representative in the Award Certificate for that Series of Bonds. In determining whether to sell a Series of Bonds by negotiated or competitive sale, the U.T. System Representative shall take into account the financial condition of the State, the System, and the Financing System, any material disclosure issues that might exist at the time, the market conditions expected at the time of the sale, the achievement of the HUB goals of the Board, and any other matters

that, in the judgment of the U.T. System Representative, might affect the net borrowing costs on the Series of Bonds to be sold.

If the U.T. System Representative determines that a Series of Bonds should be sold at a competitive sale, the U.T. System Representative shall prepare a notice of sale and official statement in such manner as the U.T. System Representative deems appropriate, to make the notice of sale and official statement available to those institutions and firms wishing to submit a bid for the Series of Bonds, to receive such bids, and to award the sale of the Series of Bonds to the bidder submitting the best bid in accordance with the provisions of the notice of sale.

If the U.T. System Representative determines that a Series of Bonds should be sold by a negotiated sale, the U.T. System Representative shall designate the senior managing underwriter for such Series of Bonds and such additional investment banking firms as he or she deems appropriate to assure that the Bonds are sold on the most advantageous terms to the Financing System. The U.T. System Representative, acting for and on behalf of the Board, is authorized to enter into and carry out a Bond Purchase Contract for each Series of the Bonds to be sold by negotiated sale, with the Underwriter at such price, with and subject to such terms as determined by the U.T. System Representative pursuant to part (b) above. Each Bond Purchase Contract shall be substantially in the form and substance previously approved by the Board in connection with the authorization of Parity Debt with such changes as are acceptable to the U.T. System Representative, including those covered by Section 24 or Section 25.

(d) Continuing Delegation to Board Representative. Pursuant to the provisions of Chapter 1371, Government Code, as amended, and subsection (b) of this Section, the Board delegates to the U.T. System Representative the continuing authority, under the terms of this Thirteenth Supplement and Exhibit D hereto, to establish, alter, or consent to changes in interest rates, interest rate Modes, and interest rate periods (particularly pursuant to the Auction Rate Mode provisions of Exhibit D) as contemplated in Exhibit D, and to execute and enter into on behalf of the Board an Auction Agreement, one or more Broker-Dealer Agreements, a Remarketing Agreement and a Tender Agency Agreement, and to enter into any other certificate, document, or other instrument, or to take any other action, including the making of any finding or determination, that the U.T. System Representative determines is necessary or appropriate to carry out the provisions of Exhibit D or to take all such action or perform such functions as contemplated by this Bond Resolution or any Broker-Dealer Agreement, Auction Agreement, Remarketing Agreement or Tender Agency Agreement; any such Remarketing Agreement or Tender Agency Agreement (or provisions relating to the tender agent included in a Paying Agent Agreement) shall be substantially in the form previously approved by the Board and as provided in Sections 5, 6, 27, and 28 and each Broker-Dealer Agreement and Auction Agreement shall be substantially in the form presented to the Board in connection with the consideration of this Thirteenth Supplement.

(e) In General. 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 B to this Thirteenth Supplement and as

determined by the U.T. System Representative as provided herein, with such changes and additions as are required to be consistent with the terms and provisions shown in the Award Certificate relating to the Bonds.

Section 4. INTEREST; TENDERS AND REMARKETING; AND CONVERSION.

(a) Interest. The interest rate on the Bonds, as provided in the Bonds, 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 determined by the Remarketing Agent for the Bonds initially issued in the Weekly Rate Mode, determined as provided in Exhibit D hereto for the Bonds initially issued in the Auction Rate Mode, and by the U.T. System Representative for Bonds initially issued in the Fixed Rate Mode in accordance with the Award Certificate. Interest on the Bonds in a 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. The interest on the Bonds in 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. Interest on the Bonds in an Auction Rate Mode shall be payable as provided in Exhibit D hereto. 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 Bondowner may ascertain the applicable interest rate and Rate Period at any time by contacting the Paying Agent/Registrar, the Remarketing Agent, or the Auction 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 Bondowners.

The Capital Appreciation Bonds in a Fixed Rate Mode shall bear interest from the Issuance Date for such Series of Bonds, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded semiannually on the dates set forth in the Award Certificate (the "Compounding Dates") commencing on the date set forth in the Award Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Award Certificate. Attached to the Award Certificate if Capital Appreciation Bonds are to be issued shall be an Exhibit (the "Compounded Amount Table") that will set forth the rounded original principal amounts at the Issuance Date for the Capital Appreciation Bonds and the Compounded Amounts and Maturity Amounts thereof (per \$5,000 Maturity Amount) as of each Compounding Date, commencing the date set forth in the Award Certificate, and continuing until the final maturity of such Capital Appreciation Bonds. The Compounded Amount with respect to any date other than a Compounding Date is the amount set forth on the Compounded Amount Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Compounded Amount Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is

being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date.

(A) **Weekly Rate Mode.**

(1) Determination of Weekly Rates. The 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, as defined below, but not in excess of the Maximum Rate. The Remarketing Agent shall determine the initial Weekly Rate on or before the Issue 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 Wednesday. 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 Bondowners. 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 may be converted to the Fixed Rate Mode or the Auction Rate Mode on any Interest Payment Date as provided in the Form of Bonds and upon the delivery of a certificate of the U.T. System 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 Thirteenth Supplement. The Conversion Certificate shall be given by the Board to the Paying Agent/Registrar, the Remarketing Agent, and the Rating Agencies not fewer than 30 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)(A)(4) of this Section and the Form of the Bonds. Conversions to the Fixed Rate Mode shall also be governed by part (a)(B) of this Section, and conversions to the Auction Rate Mode shall also be governed by part (a)(C) of this Section.

Notwithstanding the foregoing, if the preconditions to conversion from the Weekly Rate Mode established by the preceding paragraph and Section 3(c) 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 5(c)(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 Thirteenth Supplement, so long as the Purchase Price of all Bonds required to be purchased is made available as provided above.

(3) Bondowners' 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, for the prices, in the manner and subject to the limitations described in the Forms of Bonds. 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 Thirteenth Supplement.

The Paying Agent/Registrar shall accept all Tendered Bonds properly delivered to it for purchase as provided in the Form of Bonds 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 Thirteenth Supplement on the Purchase Date.

(4) Mandatory Tender of Weekly Bonds upon Change in Mode. In the event that Bonds in the Weekly Rate Mode are converted to the Fixed Rate Mode, such Bonds are subject to mandatory tender for purchase on the date of conversion or proposed conversion upon not less than 30 days' prior written notice from the Paying Agent/Registrar to the Bondowners as provided in the Form of Bonds, 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.

(B) **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. The Fixed Rate shall be the rate of interest determined by the Remarketing Agent for the Fixed 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 Fixed Rate Mode at par plus accrued interest, but not in excess of the Maximum Rate. 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 Form of Bonds and part (a) of this Section. Written notice of conversion to the Fixed Rate Mode shall be given by the U.T. System representative to the Paying Agent/Registrar, the Remarketing Agent, and the Rating Agencies not fewer than 30 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, one (1) Business Day before 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 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/Registrar by Electronic Notice of the Fixed Rate. The Paying Agent/Registrar shall promptly notify the Board in writing of the Fixed Rate. The determination of the Fixed Rate shall be conclusive and binding on the Board, the Paying Agent/Registrar, the Paying Agent, and the Bondowners. The first Interest Payment Date of Bonds converted to the Fixed Rate shall be the next February 15 or August 15 after the Conversion Date. The Fixed Rate shall become effective on the Conversion Date and shall remain in effect for the remaining term of the Bonds so converted.

Notwithstanding the foregoing, if the preconditions to conversion to the Fixed Rate Mode established by this subsection and part (a) of this Section 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)(2) of this Section.

(C) Auction Rate Mode.

Bonds may be initially issued bearing interest at an Auction Rate as set forth in the Award Certificate. Procedures governing the Auction Rate Mode are provided in Exhibit D hereto.

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

- (1) that the Mode will be changed to the new Mode,
- (2) the Effective Date of the new rate, as defined in Exhibit D, and
- (3) that a mandatory tender will result on the Effective Date of the change as provided in the Thirteenth Supplement.

(c) Change In Interest Rate Mode – Opinion of Counsel. No conversion to the Fixed Rate Mode shall be effective unless on or prior to the Conversion Date the Board shall provide the Paying Agent/Registrar with a Favorable Opinion, as defined in Exhibit D.

Section 5. REDEMPTION OF AND REMARKETING OF BONDS; CREATION AND USE OF BOND PURCHASE FUND.

(a) Redemption of Bonds. Subject to the notice provisions set forth below and in the Form of Bonds, the Bonds shall be subject to optional redemption by the Board prior to maturity as follows:

(A) During the 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 on any Business Day 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.

(B) 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 45 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:

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 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 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 as described above in the Form of Bonds. 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.

(C) During the Auction Rate Mode the Bonds shall be subject to redemption as provided in Exhibit D.

(b) Notices of Redemption.

(i) In addition to the Notice of Redemption set forth in the Form of Bonds, 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 Weekly Rate Mode or the Auction Rate Mode and at least forty five (45) days prior to a redemption date in the case of a redemption of Bonds in the Fixed Rate Mode and the Paying Agent/Registrar shall give notice of redemption of Bonds by 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 Weekly Rate Mode or the Auction Rate Mode and at least thirty (30) days prior to a redemption date in the case of a redemption of Bonds in the Fixed Rate Mode to each registered securities depository and to any national information service that disseminates such notices. 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 persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

(ii) Each Notice of Redemption, whether required in the Form of Bonds or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the Mode, the interest rate in the case of Bonds in the Fixed Rate Mode, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed or paid, including a contact person and telephone number.

(iii) 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.

(c) Remarketing of Bonds.

(A) Upon the tender of Bonds in the Weekly Rate Mode in accordance with Section 4(a)(A)(3) 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. If the Bonds are not remarketed, the Board shall provide immediately available funds to purchase the Bonds, by 2:00 p.m. New York City time on the Purchase Date, and such Bonds shall constitute Board-Held Bonds. 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 Thirteenth Supplement. 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 Thirteenth Supplement.

(C) The Remarketing Agent shall give notice to the Paying Agent/Registrar and the Board by Electronic Notice (i) at or before 11:00 a.m., New York City time, on the Business Day immediately preceding each Purchase Date for Tendered Bonds that are to be in the Weekly 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 1:00 p.m., New York City time, on each Purchase Date for Tendered Bonds that are to be in the Weekly Rate Mode immediately after the Purchase Date, 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. In addition, the Remarketing Agent shall give notice to the Paying Agent/Registrar and the Board by Electronic Notice on 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. 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 (i) 2:00 p.m., New York City time, on the Purchase Date for Tendered Bonds that are to be in the Weekly Rate Mode immediately after the Purchase Date, or (ii) 2:00 p.m., New York City time, on the Purchase Date for Tendered Bonds that are to be in the Fixed Rate 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 Section 5(b)(D) above. The Purchase Price shall be paid in the manner specified in the Form of Bond. 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 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 6 hereof, Bonds will not be delivered as set forth in Section 5(c)(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.

(d) Creation and Use of Bond Purchase Fund for Bonds in the Weekly Rate Mode. There is hereby created by the Board and established a "Board of Regents of The University of Texas System Revenue Financing System Refunding Bonds, Thirteenth Supplement, Bond Purchase Fund" (the "Bond Purchase Fund") with respect to the Bonds in a Weekly 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. All moneys deposited in the Bond Purchase Fund shall be used solely for the purposes set forth herein.

With respect to Bonds in the Weekly 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) funds paid by the Board pursuant to Section 10. 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 6. REGISTRATION, TRANSFER, AND EXCHANGE;
AUTHENTICATION; BOOK-ENTRY-ONLY SYSTEM.**

(a) Paying Agent/Registrar. The U.T. System Representative is authorized to solicit bids for and to select a Paying Agent/Registrar for each Series of Bonds. The U.T. System Representative is also authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to each Series of Bonds in substantially the form previously approved by the Board.

(b) Registration Books. The Board shall keep books or records for the registration of the transfer, exchange, and replacement of each Series of Bonds (the "Registration Books"), and the Board hereby designates the Paying Agent/Registrar as the initial registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Board may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. 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; but it shall be the duty 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, if not the Paying Agent/Registrar, 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.

(c) 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 Thirteenth Supplement, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and 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 sum or sums so paid.

(d) Payment of Bonds and Interest. The Board hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Thirteenth Supplement. The Paying Agent/Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds.

(e) Authentication. The Bonds of each Series initially issued and delivered pursuant to this Thirteenth Supplement shall be authenticated by the Paying Agent by execution of the Paying Agent's Authentication Certificate unless they have been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Thirteenth Supplement the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE. The Authentication Certificate shall be in the form set forth in the Form of Bonds.

(f) Transfer, Exchange, or Replacement. Each Bond issued and delivered pursuant to this Thirteenth Supplement, to the extent of the unpaid or unredeemed principal amount or Maturity Amount thereof, may, upon surrender of such Bond at the corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered bonds, without interest coupons, in the appropriate form prescribed in the Form of Bonds set forth in this Thirteenth Supplement, in the denomination of any Authorized Denominations (subject to the requirement hereinafter stated that each substitute Bond shall be of the same Series and have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount or Maturity Amount, of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same Series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the

registered owner, and in aggregate principal amount or Maturity Amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same Series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond of each Series shall bear a letter and/or number to distinguish it from each other Bond of such Series. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Thirteenth Supplement shall constitute one of the Bonds for all purposes of this Thirteenth Supplement, and may again be exchanged or replaced. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Thirteenth Supplement there shall be printed an Authentication Certificate, in the form set forth in Exhibit B to this Thirteenth Supplement. An authorized representative of the Paying Agent shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by the U.T. System Representative. Pursuant to, Chapter 1201, Texas Government Code, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds that were originally issued pursuant to this Thirteenth Supplement. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer 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. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof after it is selected for redemption prior to maturity. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be cancelled and the written request as described above.

(g) 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 Thirteenth Supplement. 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 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 promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Thirteenth Supplement. 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 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 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 Thirteenth Supplement, and a certified copy of this Thirteenth Supplement shall be delivered to each Paying Agent/Registrar.

(h) Book-Entry-Only System. The Bonds of each Series issued in exchange for the Bonds of that Series initially issued shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (i) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on 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 Bondholder, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Thirteenth Supplement to the contrary but to the extent permitted by law, the Board and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Thirteenth Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Board to make payments of principal, premium, if any, and interest pursuant to this Thirteenth Supplement. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions

in this Thirteenth Supplement with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Thirteenth Supplement shall refer to such new nominee of DTC.

(i) Successor Securities Depository; Transfers Outside Book-Entry-Only System. In the event that the Board determines to discontinue the use of the Book-Entry-Only System through DTC or DTC determines to discontinue providing its services with respect to the Bonds, the Board shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds of such Series credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Thirteenth Supplement.

(j) Payments to Cede & Co. Notwithstanding any other provision of this Thirteenth Supplement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Board to DTC.

(k) Duties as Tender Agent.

(i) The Paying Agent/Registrar shall also be the tender agent with respect to the tender and purchase of the Bonds in the Weekly Rate Mode pursuant to Sections 4 and 5 or in the Auction Rate Mode pursuant to Exhibit D of this Thirteenth Supplement. In such capacity, the Paying Agent/Registrar shall perform the duties and obligations set forth in this Thirteenth Supplement and in particular shall:

(A) 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;

(B) 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;

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

(ii) 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 the Thirteenth Supplement.

(iii) The Paying Agent/Registrar shall promptly return any Tender Notice (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.

(iv) The Paying Agent/Registrar's determination of whether a Tender Notice is properly completed or delivered on a timely basis shall be binding on the Board and the Owner of the Bonds submitted therewith.

(v) The Paying Agent/Registrar shall comply fully with the notice and other requirements described in Sections 4 and 5 hereof.

Section 7. FORMS OF BONDS. The forms of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, if needed with respect to the Bonds of each Series initially issued and delivered pursuant to this Thirteenth Supplement, shall be, respectively, substantially as set forth in Exhibit B, with such appropriate variations, omissions, or insertions as are permitted or required by this Thirteenth Supplement and any Award Certificate, including specifically information relating to Capital Appreciation Bonds and Current Interest Bonds, redemption provisions, and the information to be included in the purpose clause of each Series.

Section 8. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY DEBT. By adoption of the Master Resolution, the Board has established The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of components of The University of Texas System that are from time to time included as Members of the Financing System. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System can be incurred. This Thirteenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds as Parity Debt. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the Bonds are hereby declared to be Parity Debt under the Master Resolution. As required by Section 5(a) of the Master Resolution, the Board hereby determines that upon the issuance of the Bonds it will have sufficient funds to meet the financial obligations of The University of Texas System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System and that the Members on whose behalf the Bonds are to be issued possess the financial capacity to satisfy their Direct Obligations after taking the Bonds into account.

Section 9. SECURITY AND PAYMENTS. The Bonds are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Thirteenth Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the

Bonds as the same shall become due and payable. The Board agrees to pay the principal of, premium, if any, and the interest on the Bonds when due, whether by reason of maturity or redemption.

Section 10. PAYMENTS.

(a) Immediately after the delivery of the Bonds the Board shall deposit all accrued interest received from the sale and delivery of each Series of Bonds to the credit of a special account to be held to pay interest on such Series of Bonds on the first interest payment date.

(b) Semiannually on or before each principal or interest payment date while any of the Bonds are outstanding and unpaid, commencing on the first interest payment date for each respective Series of Bonds as provided in the Award Certificate, the Board shall make available to the Paying Agent/Registrar, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Board with an appropriate certificate of cancellation.

(c) In addition, to the extent that Remarketing Proceeds in the Bond Purchase Fund are insufficient to pay the Purchase Price on any Purchase Date, the Board shall transfer to the Bond Purchase Fund such amounts in immediately available funds from lawfully available Pledged Revenues.

Section 11. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. 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, principal amount, maturity, and interest rate, and in the same form, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. 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.

(c) Payment in Lieu of Replacement. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, 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 above provided in this Section.

(d) Charge for Issuing Replacement Bonds. 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 Thirteenth Supplement equally and proportionately with any and all other Bonds duly issued under this Thirteenth Supplement.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1203, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement bond without the 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, as provided in Section 6(f) of this Thirteenth Supplement for Bonds issued in exchange and replacement for other Bonds.

Section 12. AMENDMENT OF SUPPLEMENT.

(a) Amendments Without Consent. This Thirteenth Supplement and the rights and obligations of the Board and of the owners of the Bonds may be modified or amended at any time without notice to or the consent of any owner of the Bonds or any other Parity Debt, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Thirteenth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Thirteenth Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Thirteenth Supplement, 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 Thirteenth Supplement;

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and that shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds; or

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds.

(b) Amendments With Consent. Subject to the other provisions of this Thirteenth Supplement, the owners of Outstanding Bonds aggregating 51 percent in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Thirteenth Supplement 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 Bonds, the amendment of the terms and conditions in this Thirteenth Supplement or in the Bonds so as to:

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

(c) Notice. If at any time the Board shall desire to amend this Thirteenth Supplement other than pursuant to (a) above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each owner of Bonds.

(d) Receipt of Consents. Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51 percent in Outstanding Principal Amount of Bonds, as appropriate, 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) Effect of Amendments. Upon the adoption by the Board of any resolution to amend this Thirteenth Supplement pursuant to the provisions of this Section, this Thirteenth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the Resolution and this Thirteenth Supplement, as amended.

(f) Consent Irrevocable. Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and the Board, but such revocation shall not be effective if the owners of 51 percent in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 13. COVENANTS REGARDING TAX-EXEMPTION.

(a) The Board covenants to refrain from any action that would adversely affect, or to take such action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Board covenants as follows:

(i) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Board, with respect to such private business use, do not, under the terms of this Thirteenth Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(ii) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(iii) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(iv) to refrain from taking any action that would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(v) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(vi) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with

(1) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(vii) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(viii) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

The Board understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the Refunded Obligations expended prior to the date of issuance of the Bonds. It is the understanding of the Board that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the Board will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements that are applicable to the Bonds, the Board agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Board hereby authorizes and directs the U.T. System Representative to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Board, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

In order to facilitate compliance with the above covenant (h), a "Rebate Fund" is hereby established by the Board for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(b) The Board covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Thirteenth Supplement on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the purposes for which the Bonds are issued have been accomplished. The foregoing notwithstanding, the Board shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the

date the Bonds are retired, unless the Board obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(c) The Board covenants that the property financed with the proceeds of the Refunded Obligations or the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 14. THIRTEENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Thirteenth Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Bonds and the pledge made in this Thirteenth Supplement by the Board and the covenants and agreements set forth in this Thirteenth Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Thirteenth Supplement.

Section 15. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

Section 16. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Except as provided to the contrary in the Form of Bonds, whenever under the terms of this Thirteenth Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 17. LIMITATION OF BENEFITS WITH RESPECT TO THE THIRTEENTH SUPPLEMENT. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Thirteenth

Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Holders, the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Thirteenth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Thirteenth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, the Paying Agent/Registrar as herein and therein provided.

Section 18. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE, AND INSURANCE. The U.T. System Representative is hereby authorized to have control of each Series of Bonds issued hereunder and all necessary records and proceedings pertaining to such Series of Bonds pending their delivery and approval by the Attorney General of the State of Texas and registration by the Comptroller of Public Accounts and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds of such Series and the substitute Bonds of such Series. The approving legal opinion of the Board's Bond Counsel and the assigned CUSIP numbers may, at the option of the U.T. System Representative, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to the Thirteenth Supplement is hereby adopted and made a part of this Thirteenth Supplement for all purposes. If insurance is obtained on any of the Bonds, the Bonds shall bear, as appropriate and applicable, a legend concerning insurance as provided by the Insurer.

Section 19. REFUNDING OF REFUNDED OBLIGATIONS; ESCROW AGREEMENTS.

(a) Concurrently with the delivery of each Series of Bonds issued to refund Refunded Notes, the U.T. System Representative shall cause to be deposited with the Issuing and Paying Agent for the Refunded Notes or with an Escrow Agent, from the proceeds from the sale of such Series of Bonds and other legally available funds, an amount sufficient to provide for the refunding and defeasance of such Refunded Notes. The U.T. System Representative is further authorized and directed to apply and there is hereby appropriated such moneys of the Board as are necessary to provide for the defeasance of such Refunded Notes on the date of delivery of the Series of Bonds. In the event that it is deemed necessary, the U.T. System Representative is authorized to enter into one or more Escrow Agreements in the standard form previously approved by the Board. In such event, the U.T. System Representative is authorized hereby to take such steps as may be necessary to purchase the Escrowed Securities, as defined in the Escrow Agreement, on behalf of the Board, and is authorized to create and fund the Escrow Fund contemplated by the Escrow Agreement through the use of the proceeds of the Series of Bonds, the monies and investments held in the fund securing the Refunded Notes, and other lawfully available monies of the Board.

(b) Concurrently with the delivery of each Series of Bonds issued to refund Refunded Bonds, the U.T. System Representative shall cause to be deposited with the Escrow Agent, from the proceeds from the sale of such Series of Bonds and other legally available funds, an amount sufficient to provide for the refunding and defeasance of such Refunded Bonds. The U.T. System Representative is further authorized to execute and deliver an Escrow Agreement with the Escrow Agent, in the standard

form previously approved by the Board. The U.T. System Representative is further authorized and directed to apply and there is hereby appropriated such moneys of the Board as are necessary to fund the Escrow Fund to be created pursuant to the Escrow Agreement with amounts sufficient to provide for the defeasance of the Refunded Bonds on the date of delivery of the Bonds. The U.T. System Representative is authorized hereby to take such steps as may be necessary to purchase the Escrowed Securities, as defined in the Escrow Agreement, on behalf of the Board and is authorized to create and fund the Escrow Fund contemplated by the Escrow Agreement through the use of the proceeds of the Bonds, the monies and investments held in the fund securing the Refunded Bonds, and other lawfully available monies of the Board.

(c) Subject to the execution of a Bond Purchase Contract by the U.T. System Representative, the Refunded Bonds are hereby called for redemption and shall be redeemed on the first optional redemption date following the delivery of the Bonds, for which all of the notice requirements for redemption can reasonably be met, at a redemption price equal to the principal amount of such bonds to be redeemed plus accrued interest to the date of redemption. The U.T. System Representative shall take such actions as are necessary to redeem the Refunded Bonds, including causing the required notices of redemption to be given.

(d) The U.T. System Representative is authorized to solicit bids for and to select one or more Escrow Agents with respect to each Series of Bonds issued to refund Refunded Obligations.

Section 20. APPLICATION OF BOND PROCEEDS.

(a) Proceeds from the sale of each Series of Bonds shall, promptly upon receipt thereof, be applied by the U.T. System Representative as follows:

(i) accrued interest for the Series of Bonds shall be deposited as provided in Section 10;

(ii) an amount sufficient to accomplish the purposes of Section 19 shall be so applied;

(iii) an amount sufficient to pay the cost of acquiring, purchasing, constructing, improving, enlarging, and equipping the improvements being financed with the proceeds of the Series of Bonds shall be deposited in the Board's accounts to be used for such purposes;

(iv) the amount of any premium received as a portion of the purchase price of a Series of Bonds issued to finance, or refinance through the refunding of the Refunded Notes, improvements or facilities to be acquired or constructed pursuant to Sections 55.1714, 55.1722, 55.1732, or 55.1742 of the Education Code, that is not to be counted against the authorized amount of bonds that can be issued pursuant to such Sections of the Education Code, shall be credited to a special account to be held to pay interest on such Series of Bonds on the first interest payment date; and

(v) any proceeds from the sale of the Series of Bonds remaining after the deposits provided for in clauses (i) through (iv) above, shall be applied to pay expenses arising in connection with the issuance of the Series of Bonds and the refunding of the Refunded Obligations.

Any sale proceeds of the Series of Bonds remaining after making all deposits and payments provided for above shall be applied to the payment of principal of and interest on the Series of Bonds.

(b) Additional projects may be added to the list of projects included in an Award Certificate pursuant to Section 3 and the amount of the proceeds of a Series of Bonds allocated to each project may be reallocated to other projects in the list, and therefore be financed or refinanced with the proceeds of a Series of Bonds upon satisfaction of the following conditions:

(i) the project has received the required approval or review of the Higher Education Coordinating Board to the extent and as required by the provisions of Section 61.058 of the Texas Education Code;

(ii) the Board shall have approved the construction of the project and made the findings required by Section 5 of the Master Resolution relating to the issuance of Parity Debt to finance the cost of the project;

(iii) the Board shall have received an opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Board with respect to the Revenue Financing System, to the effect that the amendment of the exhibit, or the financing or refinancing of the project, and the expenditure of the proceeds of the respective Series of Bonds to pay the cost of project will not adversely affect the treatment of interest on the Series of Bonds for federal income tax purposes; and

(iv) the U.T. System Representative shall execute and deliver a certificate to the Counsel and Secretary to the Board certifying (a) that the requirements of subsection (b)(i), (ii), and (iii) of this Section have been satisfied and having attached to such certificate copies of the documents referred to in those subsections and (b) that, to the extent that the list of projects set forth in the Award Certificate or the allocation of proceeds set forth in the Award Certificate relating to a Series of Bonds issued to finance or refinance improvements and facilities pursuant to Sections 55.1714, 55.1722, 55.1732, or 55.1742 of the Education Code have been changed, the Board is in compliance with the requirements and limitations of such Sections of the Education Code. A copy of the certificate shall be filed in the minutes of the Board with the Award Certificate relating to the Series of Bonds whose proceeds are to be used to finance the projects listed in the Certificate.

Section 21. FURTHER PROCEDURES. The Executive Committee, each member of the Executive Committee, each U.T. System 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 corporate seal and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Thirteenth Supplement, the Escrow Agreement, the Bonds, the sale and delivery of each Series of Bonds and fixing all details in connection therewith, and the Paying Agent/Registrar Agreement, to approve an official statement, or supplements thereto, in connection with each Series of Bonds, and to affect the amendment of the Swap Agreement and the execution and

delivery of confirmations thereunder. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry-Only System and to the extent permitted by law, the Blanket Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Thirteenth Supplement in the event of conflict. The U.T. System Representative is authorized to submit an application to the Texas Bond Review Board requesting the approval of the issuance of each Series of Bonds, as required. In addition, the U.T. System Representative, General Counsel, and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Thirteenth Supplement, any amendments to the above named documents, and any technical amendments to this Thirteenth Supplement as may be required by Fitch Ratings, Moody's Investors Service, or Standard & Poor's Ratings Services, as a condition to the granting of a rating on the Bonds or as required by the office of the Texas Attorney General as a condition to the approval of the Bonds.

Section 22. DTC LETTER OF REPRESENTATIONS. The U.T. System 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 U.T. System 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 23. ADDITIONAL DEFEASANCE PROVISIONS.

(a) In addition to the defeasance provisions set forth in Section 12 of the Master Resolution, it is hereby provided that, to the extent that the Bonds are treated as Defeased Debt for purposes of Section 12 of the Master Resolution, any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in Section 12(a)(i) or (ii) of the Master Resolution shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the Board expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at or prior to the time of the redemption, satisfies the conditions of subsection (a) of Section 12 of the Master Resolution with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

(b) Notwithstanding the provisions of Section 12(c) of the Master Resolution, in connection with the defeasance of the Bonds pursuant to Section 12 of the Master Resolution, the term Government Obligations shall mean (i) direct, noncallable obligations of the United States of America, including obligations that 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 of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (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

governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

Section 24. OFFICIAL STATEMENT. The U.T. System Representative is authorized and directed to provide for and oversee the preparation of a preliminary and final official statement in connection with the issuance of each Series of Bonds, and to approve such official statement and deem it final in compliance with the Rule and to provide it to the purchasers of such Series of Bonds in compliance with the Rule.

Section 25. CONTINUING DISCLOSURE.

(a) Annual Reports. The Board shall provide annually to each NRMSIR and any SID, within six months after the end of each Fiscal Year, financial information and operating data with respect to The University of Texas System, including the Financial Statements of The University of Texas System, as determined by the U.T. System Representative at the time the Bonds are sold. The Award Certificate shall specify such financial information and operating data. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit C hereto 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 are not so provided within the required period, then the Board shall provide unaudited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, and shall file audited financial statements when and if audited financial statements become available. If audited financial statements are not prepared for any Fiscal Year and audited financial statements are prepared with respect to the State of Texas for such Fiscal Year, the Board shall provide, or cause to be provided, the audited financial statements of the State of Texas for the applicable Fiscal Year to each NRMSIR and any SID 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 of the State of Texas. Any such audited financial statements of the State of Texas 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 Board changes the Fiscal Year, the Board will notify each NRMSIR and any SID 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 Section.

The financial information and operating data to be provided pursuant to this Section 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 from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

(b) Material Event Notices. The Board shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;

- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) Rating changes.

The Board shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with this Section of this Thirteenth Supplement by the time required.

(c) Limitations, Disclaimers, and Amendments. The Board shall be obligated to observe and perform the covenants specified in this Section 3(d) for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give the notice required by this Thirteenth Supplement of any Bond calls and defeasance that cause the Bonds to be no longer outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express 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 that 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 Board's financial results, condition, or prospects relating to the Financing System 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 Thirteenth Supplement for purposes of any other provision of this Thirteenth Supplement.

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.

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, but only if (i) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Thirteenth Supplement that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Board (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 amended financial information or operating data next provided in accordance with 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 the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule 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 the Bonds in the primary offering of the Bonds.

Section 26. REPEAL OF CONFLICTING RESOLUTIONS; RATIFICATION OF CONTINUANCE OF COMMERCIAL PAPER NOTE PROGRAM. All resolutions and all parts of any resolutions that are in conflict or are inconsistent with this Thirteenth Supplement are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency. The Amended and Restated First Supplemental Resolution to the Master Resolution, authorizing the Revenue Financing System Commercial Paper Notes, Series A (the "First Supplement") is hereby ratified and reaffirmed and it is recognized that notes will be issued thereunder in the future pursuant to, in accordance with, and subject to the conditions contained in the First Supplement.

Section 27. THE REMARKETING AGENT. The U.T. System Representative shall appoint a Remarketing Agent for the Bonds after receiving bids and evaluating the ability of each respondent to perform the duties of Remarketing Agent hereunder. The Remarketing Agent shall act as Remarketing Agent as provided in this Thirteenth Supplement, and, in accordance with a Remarketing Agreement between the Remarketing Agent and the Board, shall use its best efforts to remarket Bonds required to be purchased pursuant to Sections 4 and 5 hereof. The U.T. System Representative is hereby authorized to enter into a Remarketing Agreement with the Remarketing Agent. The U.T. System Representative shall appoint any successor Remarketing Agent for the Bonds, subject to the conditions set forth in Section 28 hereof. 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:

(a) determine the Weekly Rates and the Fixed Rates and give notice of such rates in accordance with Section 4 and the Form of Bonds;

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

(c) remarket Bonds in accordance with this Thirteenth Supplement and the Remarketing Agreement; and

(d) perform such actions as provided by Exhibit D hereto with respect to Bonds in an Auction Rate Mode.

Section 28. QUALIFICATIONS OF REMARKETING AGENT. 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 Thirteenth Supplement. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Thirteenth Supplement by giving at least ten (10) days' 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 Thirteenth Supplement 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 4 hereof.

Section 29. AUCTION AGREEMENT. In the event Bonds are issued in or converted to the Auction Rate Mode, the U.T. System Representative, acting for and on behalf of the Board, is authorized to select an Auction Agent and enter into an Auction Agreement as required by Exhibit D. Unless otherwise provided, the U.T. System Representative, acting on behalf of the Board, is authorized to exercise any rights reserved by or granted to, or take any action permitted to be taken by the Board under the Auction Agreement or described in this Thirteenth Supplement relating to the Auction Agreement.

Section 30. BROKER-DEALER AGREEMENT.

(a) The U.T. System Representative, acting for and on behalf of the Board, is authorized to select a Broker-Dealer and enter into such Broker-Dealer Agreement as required by Exhibit D. Unless otherwise provided, the U.T. System Representative, acting on behalf of the Board, is authorized to exercise any rights reserved by or granted to, or take any action permitted to be taken by the Board under the Auction Agreement or described in this Thirteenth Supplement relating to the Broker-Dealer Agreement.

(b) The U.T. System Representative is hereby authorized, if appropriate, to execute and deliver on behalf of the Board multiple broker-dealer agreements.

Section 31. ADDITIONAL AGREEMENTS. The U.T. System Representative is hereby authorized and directed to execute any supplemental document with the Paying Agent or DTC as may be necessary to consummate the transactions contemplated by this Thirteenth Supplement, any such document to be subject to the approval of each of the foregoing parties.

In addition, in the event that the U.T. System Representative determines that it would be beneficial to the System to enter into one or more Credit Agreements in connection with the any of the Bonds in a Weekly Rate Mode to provide liquidity for the remarketing of the Bonds, the U.T. System Representative is authorized to enter into such Credit Agreement or Credit Agreements in substantially the form previously approved by the Board.

Section 32. CREDIT AGREEMENT. (a) Pursuant to the Interest Rate Swap Agreement dated as of April 1, 1994, between the Board and Goldman Sachs Capital Markets, L.P. (the "1994 Goldman Swap Agreement"), the Interest Rate Swap Agreement dated as of June 1, 1999, between the Board and Goldman Sachs Mitsui Marine Derivative Products, L.P. (the "1999 Goldman Swap Agreement"), the ISDA MASTER AGREEMENT dated as of May 27, 1999, between the Board and Morgan Guaranty Trust Company of New York (the "1999 Morgan Swap Agreement"), and the ISDA MASTER AGREEMENT dated as of May 14, 1999 between the Board and Lehman Brothers Financial Products, Inc. (the "1999 Lehman Swap Agreement" and, collectively, with the 1994 Goldman Swap Agreement, the 1999 Goldman Swap Agreement, the 1999 Morgan Swap Agreement and the Master Interest Rate Swap Agreements authorized by a resolution of the Board adopted concurrently with the adoption of this Thirteenth Supplement, the "Swap Agreements") the U.T. System Representative may accept and execute confirmations under and as defined in one or more of the Swap Agreements when, in his or her judgment, the execution of such confirmation is consistent with the U.T. System Interest Rate Swap Policy and (i) would reduce the net interest to be paid by the Board with respect to the Bonds or any other Parity Debt over the term of the confirmation or (ii) given the market conditions at the time, is in the best interest of the Board. When such confirmations are executed on behalf of the Board, the costs thereof and the amounts payable thereunder shall be paid out of Pledged Revenues. The Swap Agreements each constitute a "Credit Agreement" as defined in the Master Resolution and Chapter 1371, Government Code, as amended, and constitute Parity Debt under the Master Resolution.

(b) The U.T. System Representative is hereby authorized to enter into amendments to the Swap Agreements to allow confirmations thereunder to be issued and entered into with respect to the Bonds or to any other Parity Debt and to make such other amendments as in the judgment of the U.T. System Representative and Bond Counsel are necessary to allow the Board to achieve the benefits of the Swap Agreements.

Section 33. PUBLIC NOTICE. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Thirteenth Supplement was adopted; that this Thirteenth Supplement would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

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EXHIBIT A
DEFINITIONS

As used in this Thirteenth Supplement the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Acts" means, collectively, Chapters 1207 and 1371 of the Government Code, as amended, and Chapter 55, Texas Education Code, as amended.

"Auction Rate Mode" and "Auction Rate" have the meanings assigned to them in Exhibit D hereof.

"Authorized Denominations" means (i) for Bonds in the Weekly Rate Mode, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000, (ii) for Bonds in the Auction Rate Mode, \$25,000 or any integral multiple of \$5,000 in excess of \$25,000, and (iii) for Bonds in the Fixed Rate Mode, \$5,000 or any integral multiple thereof.

"Award Certificate" means the certificate executed by the U.T. System Representative in connection with each Series of Bonds that establishes the terms of the Series of Bonds pursuant to Section 3 of this Thirteenth Supplement.

"Bank" means any financial institution executing a Liquidity Agreement.

"Board" and "Issuer" mean the Board of Regents of The University of Texas System or any successor thereto.

"Bond Purchase Fund" means the Fund by that name established by Section 5(d) of this Thirteenth Supplement.

"Bonds" means collectively each Series of Bonds issued pursuant to this Thirteenth Supplement, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Thirteenth Supplement; and the term "Bond" means any of the Bonds.

"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 Weekly Rate Mode or the Auction Rate Mode, the Remarketing Agent or the Auction Agent, respectively) are authorized by law or executive order to close.

"Capital Appreciation Bonds" means the Bonds of each Series of Bonds in the Fixed Rate Mode on which no interest is paid prior to maturity, maturing variously in each of the years and in the aggregate principal amount as set forth in the Award Certificate.

"Code" means the Internal Revenue Code of 1986, as amended.

"Compounded Amount" means, with respect to a Capital Appreciation Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with Section 4 of this Thirteenth Supplement and the Compounded Amount Table relating to such Bonds.

"Compounded Amount Table" means, with respect to the Capital Appreciation Bonds of a Series of Bonds, the table attached as an Exhibit to the Award Certificate relating to such Series of Bonds that shows the Compounded Amounts per \$5,000 Maturity Amount on the Compounding Dates for each maturity to its Stated Maturity.

"Compounding Dates" means Compounding Dates as defined in Section 4 of this Thirteenth Supplement.

"Conversion" or "conversion" means a change from one Rate Mode to another Rate Mode with respect to the Bonds.

"Conversion Certificate" means the certificate of the U.T. System Representative given pursuant to Section 4(a)(A)(2) evidencing the exercise by the Board of the option to convert the Bonds from the Weekly Rate Mode to another Rate Mode.

"Conversion Date" means the date on which the conversion to the Fixed Rate Mode becomes effective.

"Current Interest Bonds" means the Bonds of each Series of Bonds in the Fixed Rate Mode that pay current interest and mature in each of the years and in the aggregate principal amounts set forth in the Award Certificate.

"DTC" means The Depository Trust Company, New York, New York, or any successor securities depository.

"DTC Participant" means 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.

"Escrow Agent" means each Escrow Agent selected pursuant to Section 18.

"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.

"Interest Rate Period," "Rate Period," or "Period" mean, 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.

"Issuance Date" means the date of delivery of each Series of Bonds to the initial purchaser or purchasers thereof against payment therefor.

"MSRB" means the Municipal Securities Rulemaking Board.

"Master Resolution" means the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991, as amended on October 8, 1993, and August 14, 1997.

"Maturity" means the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption, declaration of acceleration, or otherwise.

"Maturity Amount" means the Compounded Amount of a Capital Appreciation Bond due on its Stated Maturity.

"Mode" means the period for and the manner in which the interest rates on the Bonds are set and includes the Weekly Rate Mode, the Auction Rate Mode, and the Fixed Rate Mode.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally-recognized municipal securities information repository within the meaning of the Rule from time to time.

"Paying Agent/Registrar" means the paying agent and registrar appointed pursuant to Section 5 of this Thirteenth Supplement, or any successor to such agent.

"Potential Refunded Bonds" means the following:

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1995A, maturing in the years 2008 through 2017 in the aggregate principal amount of \$42,895,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1996A, maturing in the years 2007 through 2016 in the aggregate principal amount of \$45,950,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1996B, maturing in the years 2007 through 2016 in the aggregate principal amount of \$133,460,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1998A, maturing in the years 2008 through 2018 in the aggregate principal amount of \$7,010,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1998B, maturing in the years 2008 through 2018 in the aggregate principal amount of \$73,660,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1998C, maturing in the years 2009 through 2019 in the aggregate principal amount of \$29,520,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1998D, maturing in the years 2009 through 2019 in the aggregate principal amount of \$66,400,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1999A, maturing in the years 2017 through 2018 in the aggregate principal amount of \$14,130,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1999B, maturing in 2018 in the aggregate principal amount of \$12,895,000;

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 2001B, maturing in the years 2012 through 2022 in the aggregate principal amount of \$119,955,000; and

Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 2001C, maturing in the years 2012 through 2022 in the aggregate principal amount of \$56,680,000.

"Purchase Date" means, while the Bonds are in a Weekly Rate Mode, the date upon which the Bonds are required to be purchased pursuant to a mandatory or optional tender.

"Purchase Price" means the purchase price of the Bonds pursuant to mandatory or optional tender as set forth in Section 3 hereof and the forms of the Bonds.

"Record Date" means, with respect to the Bonds, the last calendar day of each month preceding an interest payment date.

"Refunded Bonds" means the Potential Refunded Bonds refunded by a Series of Bonds.

"Refunded Notes" means the Revenue Financing System Commercial Paper Notes, Series A refunded by a Series of Bonds.

"Refunded Obligations" means, collectively, the Refunded Notes, if any, and the Refunded Bonds, if any, refunded by each Series.

"Registration Books" means the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Thirteenth Supplement.

"Remarketing Agent" means the initial and any successor remarketing agent appointed in accordance with Section 27 hereof. Principal Office of the Remarketing Agent shall mean the office thereof designated in writing to the Paying Agent/Registrar.

"Remarketing Agreement" means any remarketing agreement executed by the Board and the Remarketing Agent pursuant to Section 27 hereof.

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

"SEC" means the United States Securities and Exchange Commission.

"Series" means any designated series of Bonds issued pursuant to this Thirteenth Supplement.

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

"Stated Maturity" means, when used with respect to a Series of Bonds, the scheduled maturity or mandatory sinking fund redemption of the Series of Bonds.

"Tendered Bond" means any Bond tendered or deemed tendered for purchase pursuant to the provisions hereof.

"Thirteenth Supplement" means this Thirteenth Supplemental Resolution to the Master Resolution authorizing the Bonds.

"U.T. System Representative" means one or more of the following officers or employees of The University of Texas System, to wit: the Chancellor, the Vice Chancellor for Business Affairs, the Associate Vice Chancellor for Finance, and the Director of Finance or such other officer or employee of The University of Texas System authorized by the Board to act as a U.T. System Representative.

"Undelivered Bonds" means Bonds that are deemed to have been tendered as provided in the form of the Bonds.

"Weekly Rate Mode" means the Mode in which the interest rate on the Bonds is set at the Weekly Rate.

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

EXHIBIT B

FORMS OF BONDS

FORM OF BONDS IN FIXED RATE MODE

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
REVENUE FINANCING SYSTEM BONDS
SERIES 200__

[FORM OF FIRST TWO PARAGRAPHS OF CURRENT INTEREST BONDS]

NO. R-____ PRINCIPAL
AMOUNT
\$

INTEREST RATE MATURITY DATE BOND DATE CUSIP NO.
_____% _____ _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Issuer"), being an agency and political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount specified above and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Bond Date specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable on _____, 200_, and semi-annually on each _____ and _____ thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), 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 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, solely from funds of the Issuer required by the resolution authorizing the issuance of the Bonds to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided. 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, at the corporate trust office of _____, in _____, _____, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, 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 last day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, that upon the written request of any owner of not less than \$1,000,000 in principal amount of Bonds provided to the Paying Agent/Registrar not later than the Record Date immediately preceding an interest payment date, interest due on such interest payment date shall be made by wire transfer to any designated account within the United States of America. 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 principal office of the Paying Agent/Registrar. The Issuer 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, 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 Issuer and the securities depository. Terms used herein and not otherwise defined have the meaning given in the Bond Resolution.

[FORM OF FIRST TWO PARAGRAPHS OF CAPITAL APPRECIATION BONDS]

NO. CR-____ MATURITY AMOUNT \$
INTEREST RATE MATURITY DATE ISSUANCE DATE CUSIP NO.
_____ % _____ _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Issuer"), being an agency and political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or the registered assignee hereof (either being hereinafter called the "registered owner") the Maturity Amount specified above representing the original principal amount specified above and accrued and compounded interest thereon. Interest shall accrue on the original principal amount hereof from the Issuance Date at the interest rate per annum specified above (subject to rounding to the Compounded Amounts as provided in the Bond Resolution), compounded semi-annually on _____ and _____ of each year, commencing _____, 200_. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table.

THE MATURITY AMOUNT OF this Bond is payable in lawful money of the United States of America, without exchange or collection charges, solely from funds of the Issuer required by the Bond Resolution to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided. The Maturity Amount or Compounded Amount 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, as the case may be, at the corporate trust office of _____ in _____, Texas, which is the "Paying Agent/Registrar" for this Bond. The Issuer covenants with the registered owner of this Bond that on or before the Maturity Date for this Bond it will make available to the Paying Agent/Registrar, the amount required to provide for the payment, in immediately available funds, of the Maturity Amount 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 Issuer and the securities depository. Terms used herein and not otherwise defined have the meaning given in the Bond Resolution.

**[FORM OF REMAINDER OF CURRENT INTEREST BONDS
AND CAPITAL APPRECIATION BONDS]**

*This Bond is one of a Series of bonds authorized in the aggregate principal amount of \$ _____ pursuant to a Thirteenth Supplemental Resolution to the Master Resolution adopted _____, 2003, and pursuant to the Master Resolution referred TO therein (collectively, the "Bond Resolution") for the purpose of **[(i) purchasing, constructing, improving, enlarging, and equipping the property and facilities of the Members of the Revenue Financing System pursuant to Sections 55.1714, 55.1722, 55.1732, or 55.1742 of the Texas Education Code, (ii) refunding \$ _____, in aggregate principal amount of the Refunded Bonds, (iii) refunding \$ _____ in aggregate principal amount of the Refunded Notes, and (iv) paying the costs related thereto], ***[and comprised of (i) Bonds in the aggregate principal amount of \$ _____ that pay interest only at maturity (the "Capital Appreciation Bonds") and (ii) Bonds in the aggregate principal amount of \$ _____ that pay interest semiannually until maturity (the "Current Interest Bonds").]

****This Bond is one of a Series of bonds authorized in the aggregate principal amount of \$ _____ pursuant to a Thirteenth Supplemental Resolution to the Master Resolution adopted _____, 2003, and pursuant to the Master Resolution referred therein (collectively, the "Bond Resolution") for the purpose of (i) **[(i) purchasing, constructing, improving, enlarging, and equipping the property and facilities of the Members of the Revenue Financing System, (ii) refunding \$ _____, in aggregate principal amount of the Refunded Bonds, (iii) refunding \$ _____ in aggregate principal amount of the Refunded Notes, and (iv) paying the costs related thereto, ***[and comprised of (i) Bonds in the aggregate principal amount of \$ _____ that pay interest only at maturity (the "Capital Appreciation Bonds") and (ii) Bonds in the aggregate principal amount of \$ _____ that pay interest semiannually until maturity (the "Current Interest Bonds").]

ON _____, _____, or on any date thereafter, the Bonds of this Series scheduled to mature on _____ in each of the years _____ through _____ and on _____, _____, may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portion thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to _____ and accrued interest to the date fixed for redemption; provided that during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

The Bonds of this issue scheduled to mature on _____, _____, are subject to mandatory sinking fund redemption prior to their scheduled maturity and shall be redeemed by the Issuer, in part, prior to their scheduled maturity, with the particular Bonds or portions thereof to be redeemed to be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the par or principal amount thereof and

accrued interest to the date of redemption, on the dates, and in the principal amounts, respectively, as set forth in the following schedule:

<u>Redemption Date</u>	<u>Bonds Maturing</u> Principal <u>Amount</u>
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The principal amount of the Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Issuer, by the principal amount of any Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and cancelled by the Paying Agent/Registrar at the direction of the Issuer, in either case of (1) or (2) at a price not exceeding the par or principal amount of such Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory sinking fund redemption. During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be published once in a financial publication, journal, or report of general circulation among securities dealers in The City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Such notice also 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 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. 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 which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which 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 the redemption price from the Paying Agent/Registrar 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, payable in the same manner, 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 Issuer, all as provided 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 of New York, New York, or in the city where the principal office 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 which is not such a Saturday, Sunday, legal holiday, or day on which 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 OR ANY PORTION OR PORTIONS HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the Registration Books of the Issuer 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 or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are 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 exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the exchange of other Bonds. The Issuer 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 Paying Agent/Registrar shall not be required to make transfers of registration or exchange of this Bond or any portion hereof (i) [with respect to Current Interest Bonds,] 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, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer 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 Issuer 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, [with respect to Current Interest Bonds,] in the denomination of any integral multiple of \$5,000, [and with respect to Capital Appreciation Bonds, in the denomination of \$5,000 Maturity Amounts or any integral multiple thereof.] 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 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, in the same form, and bearing interest at the same rate, in any authorized denomination as requested in writing by the appropriate registered owner, assignee, or assignees, 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.

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 Issuer, resigns, or otherwise ceases to act as such, the Issuer 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; that the Series of Bonds of which this Bond is one constitute Parity Debt under the Master Resolution; and that the interest on and principal of this Bond, together with the other Bonds of this Series and the other outstanding Parity Debt are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues, subject only to the provisions of the Prior Encumbered Obligations.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional Parity Debt which also may be secured by and made payable from a lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

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 Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer 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 Counsel and Secretary to the Board, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

Counsel and Secretary to the Board of
Regents of The University of Texas System

Chairman, Board of Regents
of The University of Texas System

(BOARD SEAL)

* For inclusion in the each Series of Bonds issued pursuant to Sections 551714, 55.1722, 55.1732, or 55.1742 of the Texas Education Code.

** To be completed and modified as provided in each Award Certificate to reflect the purposes for which the particular Series of Bonds is being issued.

*** For inclusion in each Series of Bonds where a portion of the Bonds is issued as Capital Appreciation Bonds.

**** For inclusion in each Series of Bonds to which * does not apply.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

Please insert Social Security or Taxpayer Identification Number of Transferee

(Please print or typewrite name and address,
including zip code, of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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 this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Paying Agent/Registrar

Authorized Representative

Dated:

**[FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS TO BE USED IF
THE BONDS ARE TO BE SO REGISTERED]**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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 been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Provisions of Bonds related to redemption are to be deleted if the Series of Bonds is not subject to redemption. Bracketed information relates to Capital Appreciation Bonds and its use will depend on whether any Bonds of a Series are Capital Appreciation Bonds.

FORM OF BONDS IN WEEKLY 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.

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
REVENUE FINANCING SYSTEM BONDS
SERIES 200_

Maturity Date: _____

CUSIP _____

Dated Date: _____

Issue Date: _____

Registered Owner:

Principal Amount: \$_____

Mode: Weekly

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 an agency and political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount specified above 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 Issue 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 funds upon

presentation and surrender hereof at the Principal Office of the Paying Agent/Registrar or its successor, as paying agent, under the Thirteenth Supplemental Resolution to the Master Resolution adopted by Board on _____, 2003, authorizing the issuance of the Bonds (the "Thirteenth Supplement"). The Thirteenth Supplement and the Master Resolution Establishing The University of Texas System Revenue Financing System are hereinafter collectively referred to as the "Bond Resolution." All payments of interest on Bonds accruing interest at Weekly Rates shall be paid to the Registered Owner hereof whose name appears in the Registration Books kept by the Paying Agent/Registrar as of the close of business on the applicable Record Date or Special Record Date in immediately available funds by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Paying Agent as directed by the Registered Owner in writing or as otherwise directed in writing by the Registered Owner prior to the time of payment with respect to Bonds accruing interest at a Weekly Rate. The Record Date for any Interest Payment Date shall be the close of business on the Business Day immediately preceding the Interest Payment Date. Any interest on any Bond which is payable, but is not punctually paid or provided for, on any Interest Payment Date and within any applicable grace period (herein called "Defaulted Interest") shall forthwith cease to be payable to the Registered Owner hereof on the relevant Record Date by virtue of having been such Registered Owner, and such Defaulted Interest shall be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date to be fixed by the Paying Agent/Registrar, such date (the "Special Record Date") to be no more than 15 nor fewer than 10 days prior to the date of proposed payment. This Bond shall bear interest on any overdue principal amount and, to the extent permitted by law, on overdue interest at the applicable interest rate in effect on the date which such principal and interest became due and payable. This Bond is registered as to both principal and interest in the Bond Register 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 office 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, Interest Payment Date, and Purchase Date for this Bond it will make available to the Paying Agent/Registrar, the amounts required to provide for the payment, in immediately available funds, of all principal of, interest on, and Purchase Price of 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.

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, AS BOND 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 & CO. AS BONDOWNER 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 Thirteenth Supplement. 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 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 commences for Bonds in the Weekly Rate Mode.

At the option of the Board and subject to certain conditions provided for in the Thirteenth Supplement, all of the Bonds may be converted from the Weekly Rate Mode to the Fixed Rate Mode or the Auction Rate Mode. If the conditions to conversion are not met as provided in the Thirteenth Supplement, the Bonds to have been converted shall become subject to mandatory tender as described herein and in the Thirteenth Supplement and the Mode for such Bonds shall remain in the Weekly Rate Mode.

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 Bondowners. In the event of the failure by the Remarketing Agent to determine an interest rate, or any such determination is void or unenforceable, the rate borne by the Bonds shall be the interest rate in effect on the immediately preceding day. Any Bondowner may ascertain the rate of interest on its Bond or Bonds, at any time by contacting the Paying Agent/Registrar or the Remarketing Agent.

The following terms are defined as follows:

"Business Day" means any day on which commercial banks located in Austin, Texas and in all of the cities in which the Principal Offices of the Paying Agent/Registrar and, while the Bonds are in the Weekly Rate Mode, the Remarketing Agent are located are not required or authorized by law or regulation to remain closed and on which the New York Stock Exchange is not closed.

"Conversion Date" means the date on which the conversion from the Weekly Rate to another Rate Mode becomes effective.

"Effective Date" means, with respect to a Bond in the Weekly Rate Mode, the date on which a new Interest Rate Period for that Bond takes effect.

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

"Interest Payment Date" means the first Business day of each calendar month following a month in which interest at such rate has accrued.

"Interest Rate Period," "Rate Period," or *"Period"* means the period during which such rate of interest determined for such Bond will remain in effect as described herein.

"Mode" means the period for and the manner in which the interest rates on the Bonds are set and includes the Weekly Rate Mode, the Auction Rate Mode, and the Fixed Rate Mode.

"Premium" means, with respect to any amount payable on the Bonds, the amount, if any, by which the redemption price thereof (exclusive of interest) exceeds the principal amount thereof at the time such amount is payable.

"Principal Office" means the business address designated as a principal office pursuant to the Thirteenth Supplement. In the case of the initial Paying Agent/Registrar, "Principal Office" refers to its principal corporate trust office in The City of New York, New York.

"Purchase Date" means the date on which this Bond shall be required to be purchased pursuant to a mandatory or optional tender in accordance with the provisions hereof.

"Purchase Price" means the purchase price of the Bonds pursuant to mandatory or optional tender as set forth herein.

"Record Date" means the *close* of business on the Business Day preceding an Interest Payment Date.

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 Thirteenth Supplement to be effective for a seven-day period commencing on Wednesday 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.)

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 Thirteenth Supplement.

Auction Rate

Upon conversion to an Auction Rate, this Bond shall bear interest in accordance with the Auction Rate provisions of the Thirteenth Supplement.

Authorized Denominations

Bonds which accrue interest a Weekly Rate will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

Optional Tenders

While this Bond accrues interest at 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.

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 Principal Office.

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 Thirteenth Supplement 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 Principal Office 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 Principal Office.

Mandatory Tenders

This Bond is subject to mandatory tender on the effective date of a change from the Weekly Rate Mode to another 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 Rate 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 Thirteenth Supplement is _____. The Remarketing Agent may be changed at any time in accordance with the Thirteenth Supplement.

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 the Weekly Rate Mode to another Rate Mode, at least Fifteen (15) days, before the proposed Conversion Date.

Interest Payment Dates

While this Bond accrues interest at a Weekly Rate, interest is payable on the first Business Day of each calendar month following a month in which interest at such rate has accrued.

Optional Redemption

The Bonds are subject to optional redemption prior to maturity at the option of the Board upon written notice to the Paying Agent/Registrar at least fifteen (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 on any Business Day 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 thereof plus accrued interest thereon to the redemption date.

AT LEAST ten (10) days prior to the date fixed for the redemption of Bonds or portions thereof in the Weekly Rate Mode, a written notice of such redemption shall be published once in a financial publication, journal, or report of general circulation among securities dealers in The City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Such notice also 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 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. 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 which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which 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 the redemption price from the Paying Agent/Registrar 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, payable in the same manner, 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.

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 is one of a Series of bonds authorized in the aggregate principal amount of \$_____ pursuant to a Thirteenth Supplemental Resolution to the Master Resolution adopted _____, 2003, and pursuant to the Master Resolution referred TO therein (collectively, the "Bond Resolution") for the purpose of *(i) purchasing, constructing, improving, enlarging, and equipping the property and facilities of the Members of the Revenue Financing System pursuant to Sections 55.1714, 55.1722, 55.1732, or 55.1742 of the Texas Education Code, (ii) refunding \$_____ in aggregate principal amount of the Refunded Bonds, (iii) refunding \$_____ in aggregate principal amount of the Refunded Notes, and (iv) paying the costs related thereto), ***[and comprised of (i) Bonds in the aggregate principal amount of \$_____ that pay interest only at maturity (the "Capital Appreciation Bonds") and (ii) Bonds in the aggregate principal amount of \$_____ that pay interest semiannually until maturity (the "Current Interest Bonds").]

****This Bond is one of a Series of bonds authorized in the aggregate principal amount of \$_____ pursuant to a Thirteenth Supplemental Resolution to the Master Resolution adopted _____, 2003, and pursuant to the Master Resolution referred therein (collectively, the "Bond Resolution") for the purpose of (i) *(i) purchasing, constructing, improving, enlarging, and equipping

the property and facilities of the Members of the Revenue Financing System, (ii) refunding \$ _____, in aggregate principal amount of the Refunded Bonds, (iii) refunding \$ _____ in aggregate principal amount of the Refunded Notes, and (iv) paying the costs related thereto, ***[and comprised of (i) Bonds in the aggregate principal amount of \$ _____ that pay interest only at maturity (the "Capital Appreciation Bonds") and (ii) Bonds in the aggregate principal amount of \$ _____ that pay interest semiannually until maturity (the "Current Interest Bonds").]

THIS BOND OR ANY PORTION OR PORTIONS 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 or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are 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 exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the 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 the denomination of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 with respect to bonds in the Weekly Rate Mode. 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 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, in the same form, and bearing interest at the same rate, in any authorized denomination as requested in writing by the appropriate registered owner, assignee, or assignees, 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.

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; that the Series of Bonds of which this Bond is one constitute Parity Debt under the Master Resolution; and that the interest on, principal of, and Purchase Price of this Bond, together with the other Bonds of this Series and the other outstanding Parity Debt are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues, subject only to the provisions of the Prior Encumbered Obligations.

THE Board has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional Parity Debt which also may be secured by and made payable from a lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

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 Counsel and Secretary to the Board, and has caused the official seal of the Board to be duly impressed, or placed in facsimile, on this Bond.

Counsel and Secretary, Board of Regents
of The University of Texas System

Chairman, Board of Regents
of The University of Texas System

(BOARD SEAL)

* For inclusion in the each Series of Bonds issued pursuant to Sections 551714, 55.1722, 55.1732, or 55.1742 of the Texas Education Code.

** To be completed and modified as provided in each Award Certificate to reflect the purposes for which the particular Series of Bonds is being issued.

*** For inclusion in each Series of Bonds to which * does not apply.

(FORM OF BONDOWNER'S ELECTION NOTICE FOR 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
 Revenue Financing System Bonds,
 Series 200__

Principal Amount	Purchase Date	CUSIP	Principal Amount Tendered for Purchase	Bond Numbers
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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 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 Thirteenth Supplemental 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 Bond Register. 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 Revenue Financing System Refunding Bonds, Series 200__.

Principal Amount

CUSIP

Maturity Date

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

Notary Public

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

Please insert Social Security or Taxpayer Identification Number of Transferee

(Please print or typewrite name and address,
including zip code, of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

(FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE)

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 this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Paying Agent/Registrar

Authorized Representative

Dated:

**(FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS TO BE USED IF
THE BONDS ARE TO BE SO REGISTERED)**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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 been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

FORM OF BONDS IN AUCTION RATE MODE

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
REVENUE FINANCING SYSTEM BONDS
SERIES 200_

Maturity Date: _____

CUSIP _____

Dated Date: _____

Issue Date: _____

Registered Owner:

Principal Amount: \$ _____

Mode: Auction

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Board"), being an agency and political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount specified above, unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof at the rate or rates of interest and at the times provided herein. Interest on the Bonds shall accrue from the date of delivery.

Capitalized terms appearing herein that are defined terms in the Thirteenth Supplemental Resolution to the Master Resolution adopted by Board on November 13, 2003, authorizing the issuance of the Bonds (the "Thirteenth Supplement") or the Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution") have the meanings assigned to them therein. The Thirteenth Supplement and the Master Resolution are hereinafter collectively referred to as the "Bond Resolution." Reference is made to the Bond Resolution for such definitions and for all other purposes.

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 at the Principal Office of the Paying Agent/Registrar or its successor, as paying agent, under the Thirteenth Supplement. While this Bond is in the Auction Rate Mode, accrued and unpaid interest on this Bond shall be due on the Interest Payment Dates and payable by wire transfer of immediately available funds to the account specified by the registered owner in a written direction received by the Paying Agent/Registrar on or prior to a

Record Date or, if no such account number is furnished, by check mailed by the Paying Agent/Registrar to the registered owner at the address appearing on the books required to be kept by the Paying Agent/Registrar pursuant to the Thirteenth Supplement. The payment of the Purchase Price of this Bond on any Mandatory Purchase Date shall be made by wire transfer in immediately available funds by the Tender Agent to the account specified by the registered owner in a written direction received by the Tender Agent or, if no such account number is furnished, by check mailed by the Tender Agent to the registered owner at the address appearing on the books required to be kept by the Paying Agent/Registrar pursuant to the Thirteenth Supplement. Any such direction shall remain in effect until revoked or revised by such registered owner by an instrument in writing delivered to the Paying Agent/Registrar or the Tender Agent, as the case may be. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which while this Bond is in the Auction Rate Mode shall be the opening of business on the Business Day next preceding an Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the Cities or in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

The Board has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional Parity Debt which also may be secured by and made payable from a lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

Interest on the Bonds

Auction Rate

This Bond is issued in the Auction Rate Mode. The Mode applicable to this Bond may at any time be changed to a Fixed Rate Mode or a Weekly Rate Mode, all as provided in the Thirteenth Supplement. From the Original Issue Date set forth above to the initial Auction Date specified by the U.T. System Representative in accordance with the Thirteenth Supplement, this Bond shall bear interest at a rate per annum specified in accordance with the Thirteenth Supplement. During any other Interest Period or Auction Period, as the case may be, in any Mode, the interest rate applicable to this Bond will be determined at the times and in the manner provided in the Thirteenth Supplement.

While this Bond is in an Auction Rate Mode, interest hereon shall be computed on the basis of a 360-day year for the actual number of days elapsed to the Interest Payment Date.

Weekly Rate

Upon conversion to a Weekly Rate, the rate of interest on the Bonds will be determined weekly by the Remarketing Agent in accordance with the Thirteenth Supplement to be effective for a seven-day period commencing on Wednesday 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.)

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 Thirteenth Supplement.

Mandatory Tenders

This Bond is subject to mandatory purchase at a price equal to the Purchase Price thereof on the Mandatory Purchase Date.

Notice of any proposed Mandatory Purchase Date shall be given to registered owners of Bonds by the Paying Agent/Registrar as provided in the Thirteenth Supplement. The registered owner of this Bond does not have the right to retain it after any Mandatory 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 Remarketing Agent under the Thirteenth Supplement is _____. The Remarketing Agent may be changed at any time in accordance with the Thirteenth Supplement.

Optional Redemption

The Bonds are subject to optional redemption prior to maturity at the option of the Board upon written notice to the Paying Agent/Registrar at least fifteen (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 on any Business Day 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 thereof plus accrued interest thereon to the redemption date.

At least ten (10) days prior to the date fixed for the redemption of Bonds or portions thereof in the Auction Rate Mode, a written notice of such redemption shall be published once in a financial publication, journal, or report of general circulation among securities dealers in The City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Such notice also 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 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. 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 which are to be so redeemed. If such written notice of redemption is published and if due provision for

such payment is made, all as provided above, the Bonds or portions thereof which 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 the redemption price from the Paying Agent/Registrar 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, payable in the same manner, 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.

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 is one of a Series of bonds authorized in the aggregate principal amount of \$_____ pursuant to a Thirteenth Supplemental Resolution to the Master Resolution adopted _____, 2003, and pursuant to the Master Resolution referred TO therein (collectively, the "Bond Resolution") for the purpose of **[(i) purchasing, constructing, improving, enlarging, and equipping the property and facilities of the Members of the Revenue Financing System pursuant to Sections 55.1714, 55.1722, 55.1732, or 55.1742 of the Texas Education Code, (ii) refunding \$_____, in aggregate principal amount of the Refunded Bonds, (iii) refunding \$_____ in aggregate principal amount of the Refunded Notes, and (iv) paying the costs related thereto], ***[and comprised of (i) Bonds in the aggregate principal amount of \$_____ that pay interest only at maturity (the "Capital Appreciation Bonds") and (ii) Bonds in the aggregate principal amount of \$_____ that pay interest semiannually until maturity (the "Current Interest Bonds").]

***This Bond is one of a Series of bonds authorized in the aggregate principal amount of \$_____ pursuant to a Thirteenth Supplemental Resolution to the Master Resolution adopted _____, 2003, and pursuant to the Master Resolution referred therein (collectively, the "Bond Resolution") for the purpose of (i) **[(i) purchasing, constructing, improving, enlarging, and equipping the property and facilities of the Members of the Revenue Financing System, (ii) refunding \$_____, in aggregate principal amount of the Refunded Bonds, (iii) refunding \$_____ in aggregate principal amount of the Refunded Notes, and (iv) paying the costs related thereto, ***[and comprised of (i) Bonds in the aggregate principal amount of \$_____ that pay interest only at maturity (the "Capital Appreciation Bonds") and (ii) Bonds in the aggregate principal amount of \$_____ that pay interest semiannually until maturity (the "Current Interest Bonds").]

THIS BOND OR ANY PORTION OR PORTIONS 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 or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are 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 exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the 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 the denomination of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 with respect to bonds in the Auction Rate Mode. 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 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, in the same form, and bearing interest at the same rate, in any authorized denomination as requested in writing by the appropriate registered owner, assignee, or assignees, 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.

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; that the Series of Bonds of which

this Bond is one constitute Parity Debt under the Master Resolution; and that the interest on, principal of, and Purchase Price of this Bond, together with the other Bonds of this Series and the other outstanding Parity Debt are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues, subject only to the provisions of the Prior Encumbered Obligations.

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.

* For inclusion in the each Series of Bonds issued pursuant to Sections 551714, 55.1722, 55.1732, or 55.1742 of the Texas Education Code.

** To be completed and modified as provided in each Award Certificate to reflect the purposes for which the particular Series of Bonds is being issued.

*** For inclusion in each Series of Bonds to which * does not apply.

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 Counsel and Secretary to the Board, and has caused the official seal of the Board to be duly impressed, or placed in facsimile, on this Bond.

Counsel and Secretary to the Board of
Regents of The University of Texas System

Chairman, Board of Regents
of The University of Texas System

(BOARD SEAL)

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

Please insert Social Security or Taxpayer Identification Number of Transferee

(Please print or typewrite name and address,
including zip code, of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

(FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE)

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 this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Paying Agent/Registrar

Authorized Representative

Dated:

**(FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS TO BE USED IF
THE BONDS ARE TO BE SO REGISTERED)**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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 been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

EXHIBIT C

CONTINUING DISCLOSURE OF INFORMATION

Accounting Principles

The financial statements of The University of Texas System will be prepared in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation. Historically, these requirements followed, as near as practicable, the American Institute of Certified Public Accounts ("AICPA") Industry Audit Guide, Audits of Colleges and Universities, 1996 Edition, as amended by AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities, and as modified by applicable Financial Accounting Standards Board pronouncements issued through November 30, 1989, and as modified by all applicable Governmental Accounting Standards Board pronouncements cited in Codification Section Co5, Colleges and Universities. The requirements were also in substantial conformity with the Financial Accounting Reporting Manual for Higher Education published by the National Association of College and University Business Officers.

EXHIBIT D

PROVISIONS RELATING TO AUCTION RATE MODE

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE A-I	
DEFINITIONS	
SECTION A-101. DEFINITIONS	1
SECTION A-102. RULES OF CONSTRUCTION.....	3
ARTICLE A-II	
INTEREST RATE MODES, INTEREST RATES AND PAYMENT	
SECTION A-201. DENOMINATIONS; MEDIUM, METHOD AND PLACE OF PAYMENT OF PRINCIPAL AND INTEREST.....	4
SECTION A-202. DETERMINATION OF FIXED RATE	5
SECTION A-203. DETERMINATION OF INTEREST RATE AND AUCTION PERIOD DURING AUCTION RATE MODE.....	5
SECTION A-204. CHANGES IN MODE	6
ARTICLE A-III	
REDEMPTION OF BONDS	
SECTION A-301. OPTIONAL REDEMPTION.....	8
SECTION A-302. REDEMPTION FROM SINKING FUND INSTALLMENTS.....	8
SECTION A-303. NOTICE OF REDEMPTION OF BONDS IN AUCTION RATE MODE...	8
ARTICLE A-IV	
PURCHASE OF BONDS	
SECTION A-401. MANDATORY PURCHASE ON ANY MODE CHANGE DATE.....	9
SECTION A-402. NOTICE OF MANDATORY TENDER FOR PURCHASE.....	9
SECTION A-403. PURCHASE FUND.....	9
SECTION A-404. REMARKETING OF BONDS OF A SERIES; NOTICES	10
SECTION A-405. SOURCE OF FUNDS FOR PURCHASE OF BONDS OF A SERIES	11
SECTION A-406. DELIVERY OF BONDS	11
SECTION A-407. DELIVERY AND PAYMENT FOR PURCHASED BONDS OF A SERIES: UNDELIVERED BONDS	11
ARTICLE A-V	
AGENTS	
SECTION A-501. REMARKETING AGENT.....	12
SECTION A-502. TENDER AGENT.....	13
SECTION A-503. AUCTION AGENT.....	13
SECTION A-504. BROKER-DEALERS	13
ARTICLE A-VI	

MISCELLANEOUS	
SECTION A-601. MODIFICATIONS OR AMENDMENTS TO THE SUPPLEMENTAL RESOLUTION	14
SECTION A-602. NOTICES	14
APPENDIX I TO EXHIBIT D	
ARTICLE I	
Definitions	
Section 1.01. Definitions.....	1
Section 1.02. Rules of Construction.....	8
ARTICLE II	
Auction Procedures	
Section 2.01. Orders by Existing Registered Owners and Potential Registered Owners.....	9
Section 2.02. Submission of Orders by Broker-Dealers to Auction Agent	11
Section 2.03. Determination of Auction Period Rate.....	13
Section 2.04. Allocation of Bonds of a Series	14
Section 2.05. Notice of Auction Period Rate	16
Section 2.06. Index.....	17
Section 2.07. Miscellaneous Provisions Regarding Auctions	18
Section 2.08. Changes in Auction Period or Auction Date.....	19
ARTICLE III	
Auction Agent	
Section 3.01. Auction Agent.....	20
Section 3.02. Qualifications of Auction Agent; Resignation; Removal.....	20

Appendix I – Auction Rate Procedures

EXHIBIT D

PROVISIONS RELATING TO AUCTION RATE MODE

ARTICLE A-I

DEFINITIONS

SECTION A-101. DEFINITIONS

Capitalized terms used but not otherwise defined in this Exhibit D shall have the meanings set forth in the Supplemental Resolution to which this Exhibit D is attached. The following terms shall, for all purposes herein and (except as the context may otherwise require) in the Supplemental Resolution, have the following meanings:

Alternate Rate means, on any Rate Determination Date, the BMA Index or if the BMA Index is no longer published, an index or a rate selected or determined by the Board.

Auction Agent shall have the meaning set forth in Appendix I hereto.

Auction Agreement shall have the meaning set forth in Appendix I hereto.

Auction Date shall have the meaning set forth in Appendix I hereto.

Auction Period shall have the meaning set forth in Appendix I hereto.

Auction Period Rate shall have the meaning set forth in Appendix I hereto.

Auction Procedures shall have the meaning set forth in Appendix I hereto.

Auction Rate Mode means the mode during which the duration of the Auction Period and the interest rate is determined in accordance with Section A-203 hereof and Appendix I hereto.

BMA Index means The Bond Market Association Municipal Swap Index released by Municipal Market Data to its subscribers.

Bonds or **Bonds of a Series** and words of like import shall mean any Bonds authorized pursuant to the Supplemental Resolution and issued in accordance with the Supplemental Resolution, or all such Bonds collectively, as the context may require.

Broker-Dealer shall have the meaning set forth in Appendix I hereto.

Broker-Dealer Agreement shall have the meaning set forth in Appendix I hereto.

Business Day means a day other than (i) a Saturday, Sunday or legal holiday, (ii) a day on which the Paying Agent, the Tender Agent, the Auction Agent (if the Bonds of a Series are in an

Auction Rate Mode), the Broker-Dealers (if the Bonds of a Series are in an Auction Rate Mode), the Remarketing Agent or banks and trust companies in New York, New York are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

Electronic Means means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

Favorable Opinion of Bond Counsel means, with respect to any action the occurrence of which requires such an opinion, an opinion of nationally recognized bond counsel to the effect that such action is permitted under the Acts, the Supplemental Resolution and the Trust Agreement, and that such action will not impair the exclusion of interest on such Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

Interest Payment Date means, with respect to the Auction Rate Mode, the Stated Maturity Date or any Mode Change Date and each date that is specified as an "Interest Payment Date" in Appendix I hereto.

Interest Period means the period of time that any interest rate remains in effect, which period, with respect to Bonds of a Series in the Fixed Rate Mode, shall be the period from and including the Mode Change Date that they began to bear interest at the Fixed Rate to and including the Stated Maturity Date or date of redemption prior to the Stated Maturity Date.

Mandatory Purchase Date means any Mode Change Date.

Maximum Auction Rate shall have the meaning set forth in Appendix I hereto.

Maximum Rate means fifteen percent (15%) per annum or such higher rate as determined by an Authorized Officer; provided, however, that in no event shall the Maximum Rate exceed the maximum rate permitted by applicable law.

Mode means the Auction Rate Mode, the Weekly Mode, or the Fixed Rate Mode.

Mode Change Date means, with respect to Bonds of a Series, the date the Auction Rate Mode terminates and a new Mode begins.

Mode Change Notice shall have the meaning specified in Section A-204(b) hereof.

Notice Parties means the Board, the Paying Agent, the Remarketing Agent (if any), the Tender Agent (if any), the Auction Agent (if any), and all Broker-Dealers (if any).

Registered Owner means, with respect to any Bond, the Holder of such Bond pursuant to the Supplemental Resolution.

Purchase Fund means the fund created in Section A-403 hereof.

Purchase Price means an amount equal to the principal amount of any Bond of a Series purchased on any Mandatory Purchase Date.

Rate Determination Date means any date on which the interest rate on any Bonds of a Series is required to be determined, being in the case of any Bonds of a Series to be in the Fixed Rate Mode, a Business Day prior to the first day of an Interest Period.

Rating Agencies means Fitch, Moody's, and S&P or such other nationally recognized securities rating agencies selected by the Board.

Redemption Date means the date fixed for redemption of Bonds of a Series subject to redemption in any notice of redemption given in accordance with the terms hereof.

Remarketing Agent means the remarketing agent, if any, appointed pursuant to Section A-501 of this Exhibit D.

Remarketing Agreement means the remarketing agreement entered into between the Board and the Remarketing Agent with respect to the Bonds of a Series pursuant to which the Remarketing Agent has agreed to remarket the Bonds of such Series on the Mandatory Purchase Date at a price of not less than 100% of the principal amount thereof.

Remarketing Proceeds Account means the account by that name created in Section A-403 hereof.

Securities Depository has the meaning set forth in Appendix I.

[**Series** means the series, or subseries, as the case may be, designation assigned to the Bonds.]

Sinking Fund Installments mean the sinking fund installments for the Bonds as specified in the Award Certificate.

Tender Agent means the tender agent, if any, appointed pursuant to Section A-502 hereof.

Tender Agency Agreement means the tender agency agreement entered into between the Board and the Tender Agent with respect to the Bonds of a Series.

SECTION A-102. RULES OF CONSTRUCTION

(a) This Exhibit D constitutes an integral part of the Supplemental Resolution and, except to the extent provided in the next sentence, has the same force and effect as if set forth in the forepart of the Supplemental Resolution. In the event of any conflict between this Exhibit D and the forepart of the Supplemental Resolution, the forepart of the Supplemental Resolution shall control.

(b) References in the Supplemental Resolution and in this Exhibit D to Articles or Sections with "A-" preceding the number of an Article or Section are to such Article or Section of this Exhibit D.

(c) To the extent that the Bonds of any Series are issued in or re-designated into two or more subseries, references in the Supplemental Resolution and in this Exhibit D to the Bonds of a Series shall be deemed to refer to Bonds of such subseries.

(d) Unless otherwise provided in the Supplemental Resolution and this Exhibit D, references in the Supplemental Resolution and in this Exhibit D to "time" shall be deemed to refer to New York, New York time.

ARTICLE A-II

INTEREST RATE MODES, INTEREST RATES AND PAYMENT

SECTION A-201. DENOMINATIONS; MEDIUM, METHOD AND PLACE OF PAYMENT OF PRINCIPAL AND INTEREST.

The Bonds of each Series shall be issued in Authorized Denominations. While Bonds are in the Auction Rate Mode, accrued and unpaid interest on the Bonds of a Series shall be due on the Interest Payment Dates and payable by wire transfer of immediately available funds to the account specified by the Registered Owner in a written direction received by the Paying Agent on or prior to a Record Date or, if no such account number is furnished, by check mailed by the Paying Agent to the Registered Owner at the address appearing on the books required to be kept by the Paying Agent pursuant to the Supplemental Resolution. The payment of the Purchase Price of Bonds of a Series on any Mandatory Purchase Date shall be made by wire transfer in immediately available funds by the Tender Agent to the account specified by the Registered Owner in a written direction received by the Tender Agent or, if no such account number is furnished, by check mailed by the Tender Agent to the Registered Owner at the address appearing on the books required to be kept by the Paying Agent pursuant to the Supplemental Resolution. Any such direction shall remain in effect until revoked or revised by such Registered Owner by an instrument in writing delivered to the Paying Agent or the Tender Agent, as the case may be.

The interest rates for Bonds of a Series contained in the records of the Paying Agent shall be conclusive and binding upon the Board, the Remarketing Agent, the Tender Agent, the Auction Agent, all Broker-Dealers and the Registered Owners.

The Registered Owner of a Bond of a Series shall be paid (and shall be obligated to pay as part of the price paid by such Registered Owner in connection with the remarketing to it of such Bonds) interest thereon for an Interest Period or Auction Period only in the amount that would have accrued thereon at the rate or rates established pursuant to this Exhibit D, as applicable.

No Bond of a Series may bear interest at an interest rate higher than the Maximum Rate.

SECTION A-202. DETERMINATION OF FIXED RATE

Fixed Rate. The Fixed Rate to be effective for the Interest Period commencing on any Mode Change Date after which Bonds of a Series will bear interest at a Fixed Rate, shall be determined by the Remarketing Agent. No later than 4:00 p.m. on the Business Day next preceding the Mode Change Date, the Remarketing Agent shall determine the Fixed Rate and shall make the Fixed Rate available by Electronic Means to each other Notice Party. The Fixed Rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the Bonds of the Series at a price equal to the principal amount thereof on the Rate Determination Date taking into consideration the duration of the Interest Period.

Failure to Establish Fixed Rate. If, for any reason, a Rate cannot be established on a Mode Change Date, the Bonds of the Series affected shall remain in the Auction Rate Mode for an Auction Period and bearing an Auction Period Rate as provided in Section A-204(c)(5).

SECTION A-203. DETERMINATION OF INTEREST RATE AND AUCTION PERIOD DURING AUCTION RATE MODE

(a) During any Auction Rate Mode, the Bonds of a Series shall bear interest at the Auction Period Rate for each Auction Period determined as set forth in this Section and Appendix I hereto. The provisions of such Appendix I constitute an integral part of this Exhibit D and the Supplemental Resolution and have the same force and effect as if set forth in the forepart of this Exhibit D or the Supplemental Resolution. To the extent that the Bonds of any Series are initially issued in an Auction Rate Mode, (i) the initial Auction Period for the Bonds of such Series shall commence from and include the Closing Date and shall expire on and include the initial Auction Date, (ii) the initial Auction Date for the Bonds of such Series (which will be the day of the week on which Auctions will generally be conducted) shall be the date set forth in the Award Certificate and (iii) the Auction Period Rate for the initial Auction Period for such Bonds of a Series shall be the interest rate set forth in the Award Certificate. After the initial Auction Period, each Auction Period shall be an Auction Period set forth in the Award Certificate unless such Auction Period is adjusted or changed to a daily, 7-day, 28-day or 35-day Auction Period in accordance with Appendix I hereto. For any other Auction Period that is not an initial Auction Period, the Auction Period Rate shall be the rate of interest determined in accordance with Appendix I.

(b) During any Auction Rate Mode, upon the occurrence of a default of the Board in the payment of principal, Sinking Fund Installment, interest or premium on any Bond of a Series in the Auction Rate Mode after the same shall have become due, whether at maturity, upon call for redemption or on an Interest Payment Date, the Paying Agent shall immediately give notice of the occurrence of such events to the Auction Agent.

(c) (1) Less than all of the Bonds of a Series then subject to a particular Auction Period may be converted to another Auction Period in accordance with Appendix I; provided, however, that in such event such Series shall be re-designated into two or more subseries for each separate Auction Period with a new CUSIP number for each subseries.

(2) If less than all of the Bonds of a Series then subject to a particular Auction Period are converted to another Auction Period in accordance with Appendix I, the particular Bonds of a Series or portions thereof which are to be converted to a new Auction Period shall be selected by the Auction Agent in its discretion subject to the provisions hereof regarding Authorized Denominations of Bonds of a Series subject to such Mode.

(3) All Bonds of any Series shall be in the same Auction Period, except to the extent that the Bonds of any Series are issued in or re-designated into two or more subseries. If the Bonds of any Series are issued in or re-designated into two or more subseries, then all Bonds within any subseries shall be in the same Auction Period.

SECTION A-204. CHANGES IN MODE

(a) Changes. The Auction Rate Mode may be changed to another Mode at the times and in the manner hereinafter provided.

(b) Notice of Intention to Change Mode. The Board shall give written notice (the "Mode Change Notice") to the Notice Parties of its intention to effect a change in the Mode from the Auction Rate Mode then prevailing to another Mode, together with the proposed Mode Change Date. Such notice shall be given at least twenty (20) days prior to the Mode Change Date.

(c) General Provisions Applying to Changes from One Mode to Another.

(1) The Mode Change Date must be a Business Day that is the Interest Payment Date following the last day of an Auction Period.

(2) On or prior to the date the Board provides the notice to the Notice Parties pursuant to Section A-204(b) hereof, the Board shall have received a letter from counsel acceptable to the Board and addressed to the Board (with a copy to all other Notice Parties) to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Change Date.

(3) No change to another Mode will become effective unless all conditions precedent thereto have been met and the following items shall have been delivered to the Remarketing Agent by 11:00 a.m., or such later time as is acceptable to the Board and the Remarketing Agent, on the Mode Change Date:

(a) a Favorable Opinion of Bond Counsel dated the Mode Change Date;

(b) if required, unless a Tender Agency Agreement and Remarketing Agreement is effective, an executed copy of such Tender Agency Agreement and Remarketing Agreement;

(c) a certificate of an authorized officer of the Tender Agent to the effect that all of the Bonds of a Series tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the Purchase Price thereof; and

(d) evidence that each of the Board has approved the change to the Fixed Rate Mode.

(4) If all conditions to the Mode change are met, the Interest Period(s) for the new Mode shall commence on the Mode Change Date and the Interest Rate(s) shall be determined by the Remarketing Agent in the manner provided in Section A-202.

(5) In the event the foregoing conditions have not been satisfied, the Bonds of a Series that are subject to the Mode Change Notice will not be subject to mandatory tender for purchase, will continue to bear interest in the Auction Rate Mode and the Auction Period Rate for the Auction Period commencing on the failed Mode Change Date shall be equal to the Maximum Auction Rate as determined on the Auction Date for such Auction Period and the Auction Period commencing on the failed Mode Change Date shall be a seven-day Auction Period. Thereafter, the Auction Period Rate for each succeeding Auction Period shall be determined in accordance with Appendix I and each Auction Period shall be a seven-day Auction Period until the length of the Auction Period is changed in accordance with Appendix I.

(d) Serial and Term Bonds. The Board may, in the notice given pursuant to Section A-204(b) hereof in connection with any change of Bonds of a Series to the another Mode, provide that all or some of such Bonds shall be serial or term Bonds. The total aggregate principal amount of Bonds due on any date, whether in a Fixed Rate Mode, a Weekly Mode, or an Auction Rate Mode, shall be equal to the Sinking Fund Installment specified for such date, and the remaining Sinking Fund Installments shall continue to be sinking fund installments for the Bonds of the Series due on the Stated Maturity Date, unless the Board specifies otherwise in the notice. The interest rate for serial or term Bonds maturing on a particular date may be different from the interest rate or rates established for other Bonds.

(e) Partial Mode Changes and Subseries Designations. (1) Less than all of the Bonds of a Series then subject to the Auction Rate Mode may be converted to another Mode pursuant to this Section; provided, however, that in such event such Series shall be re-designated into two or more subseries for each separate Mode with a new CUSIP number for each subseries.

(2) If less than all of the Bonds of a Series then subject to the Auction Rate Mode are converted to another Mode pursuant to this Section, the particular Bonds of a Series or portions thereof which are to be converted to the other Mode shall be selected by the Board in its discretion subject to the provisions hereof regarding Authorized Denominations of Bonds of a Series subject to such Mode.

ARTICLE A-III

REDEMPTION OF BONDS

SECTION A-301. OPTIONAL REDEMPTION

Bonds of a Series in the Auction Rate Mode shall be subject to redemption at the option of the Board, in whole or in part, on any Interest Payment Date immediately following an Auction Period, at the Redemption Price equal to the principal amount thereof, plus accrued interest to the Redemption Date; provided, however, that in the event of a partial redemption of Bonds of a Series in an Auction Rate Mode, the aggregate principal amount of Bonds of a Series in an Auction Rate Mode which will remain outstanding shall be equal to or more than \$10,000,000 unless otherwise consented to by each Broker-Dealer. To the extent the Bonds that are in the Auction Rate Mode are subject to optional redemption, the Board, at least 20 days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent, shall notify the Paying Agent, the Auction Agent and any Broker-Dealers of such redemption date and of the principal amount of Bonds to be redeemed.

SECTION A-302. REDEMPTION FROM SINKING FUND INSTALLMENTS

To the extent that the Award Certificate provides that Bonds of a Series are subject to redemption from Sinking Fund Installments, the date on which a Sinking Fund Installment shall be due when the Bonds of such Series are in an Auction Rate Mode shall be the dates set forth in the Award Certificate, or if any such date is not an Interest Payment Date, the Interest Payment Date immediately succeeding such date.

SECTION A-303. NOTICE OF REDEMPTION OF BONDS IN AUCTION RATE MODE

(a) The Paying Agent shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 15 days before the date fixed for redemption, to the Registered Owner of each Bond (or part hereof) to be redeemed, at the address shown on the Obligation Register.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice.

ARTICLE A-IV

PURCHASE OF BONDS

SECTION A-401. MANDATORY PURCHASE ON ANY MODE CHANGE DATE

The Bonds of a Series to be changed to another Mode from the Auction Rate Mode are subject to mandatory tender for purchase on the Mode Change Date at the Purchase Price.

SECTION A-402. NOTICE OF MANDATORY TENDER FOR PURCHASE

(a) The Paying Agent shall, at least fifteen (15) days prior to any Mode Change Date, give notice of the mandatory tender for purchase of such Bonds that is to occur on such date.

(b) Notice of any mandatory tender of Bonds of a Series shall state that such Bonds are to be purchased pursuant to Section A-401, and shall be provided by the Paying Agent or caused to be provided by the Paying Agent by mailing a copy of the notice of mandatory tender by first-class mail to each Registered Owner of Bonds of the Series at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase, and specify the Mandatory Purchase Date, the Purchase Price, the place and manner of payment, that the Registered Owner has no right to retain such Bonds and that no further interest will accrue from and after the Mandatory Purchase Date to such Registered Owner. Each notice of mandatory tender for purchase caused by a change in the Mode applicable to the Bonds of a Series shall in addition specify the conditions that have to be satisfied pursuant to Section A-204 hereof in order for the Fixed Rate Mode to become effective and the consequences that the failure to satisfy any of such conditions would have. The Paying Agent shall give a copy of any notice of mandatory tender given by it to the other Notice Parties. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner of any Bond receives the notice, and the failure of such Registered Owner to receive any such notice shall not affect the validity of the action described in such notice. Failure by the Paying Agent to give a notice as provided in this Section shall not affect the obligation of the Tender Agent to purchase the Bonds of a Series subject to mandatory tender for purchase on the Mandatory Purchase Date.

SECTION A-403. PURCHASE FUND

(a) Funds and Accounts. There is hereby established, and there shall be maintained with the Tender Agent for the Bonds of each Series, a separate fund to be known as the "Purchase Fund." The Tender Agent shall further establish a separate account within such Purchase Fund to be known as the "Remarketing Proceeds Account." To the extent that the Bonds of a Series are re-designated into two or more subseries, the Tender Agent shall establish and maintain a separate Purchase Fund with separate accounts therein for the Bonds of each such subseries.

(b) Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of Bonds of a Series on a Mandatory Purchase Date, the Tender Agent shall deposit such proceeds in the

related Remarketing Proceeds Account for application to the payment of the Purchase Price of such Bonds.

(c) No Investment; Amounts Applied Solely to Related Series. Amounts held by the Tender Agent in the Remarketing Proceeds Account relating to the Bonds of a Series shall not be deemed as Pledged Funds or Pledged Revenues under the Supplemental Resolution and shall be held uninvested and separate and apart from all other funds and accounts.

(d) Payment of Purchase Price by Tender Agent. The Tender Agent shall pay the Purchase Price of Bonds of a Series to their Registered Owners from the moneys in the Remarketing Proceeds Account in accordance with this Exhibit D by 3:00 p.m. on any Mandatory Purchase Date.

SECTION A-404. REMARKETING OF BONDS OF A SERIES; NOTICES

(a) Remarketing of Bonds of a Series. The Remarketing Agent for Bonds of a Series shall offer for sale and use its best efforts to find purchasers for all Bonds required to be tendered for purchase.

(b) Notice of Remarketing; Registration Instructions; New Bonds.

(i) The Remarketing Agent shall notify the Tender Agent by Electronic Means not later than 11:45 a.m. on the Mandatory Purchase Date of the registration instructions as may be necessary to re-register Bonds; and

(ii) Unless otherwise permitted by the Securities Depository and the book-entry-only system applicable to a Series of Bonds, the Tender Agent shall authenticate and have available for delivery to the Remarketing Agent prior to 12:30 p.m. on the Mandatory Tender Date new Bonds of the Series for the respective purchasers thereof.

(c) Transfer of Funds. The Remarketing Agent shall at or before 11:45 a.m. on the Mandatory Purchase Date (x) notify the Board and the Tender Agent by Electronic Means of the amount of tendered Bonds of the Series that were not successfully remarketed, and (y) confirm to the Board and the Tender Agent the transfer of the Purchase Price of remarketed Bonds of the Series to the Tender Agent in immediately available funds at or before 12:00 noon, such confirmation to include the pertinent Fed Wire reference number.

SECTION A-405. SOURCE OF FUNDS FOR PURCHASE OF BONDS OF A SERIES

On or before the close of business on the Mandatory Purchase Date with respect to Bonds of a Series, the Tender Agent shall purchase such Bonds from the Registered Owners at the Purchase Price. Unless otherwise provided in a certificate of an Authorized Officer delivered to the Paying Agent, the Tender Agent and the Remarketing Agent on a Mandatory Purchase Date, funds for the payment of such Purchase Price shall be derived solely from the immediately available funds on deposit in the Remarketing Proceeds Account with respect to Bonds of such Series.

Notwithstanding the foregoing, unless otherwise provided in a certificate of an Authorized Officer delivered to the Tender Agent and the Remarketing Agent on a Mandatory Purchase Date, the Board shall have the option, but shall not be obligated, to transfer immediately available funds to the Tender Agent for the payment of the Purchase Price of any Bond that is tendered or deemed tendered for purchase in accordance with this Exhibit D and the Purchase Price of which is not paid on the Mandatory Purchase Date from the source identified above. None of the Board, the Tender Agent nor the Remarketing Agent shall have any liability or obligation to pay or, except from the source identified above, make available such Purchase Price. Unless otherwise provided in a certificate of an Authorized Officer delivered to the Paying Agent and Tender Agent on a Mandatory Purchase Date, the failure to pay any such Purchase Price for Bonds of a Series that have been tendered or deemed tendered for purchase from the source identified above shall not constitute an Event of Default under the Supplemental Resolution and in the case of such failure no such Bonds shall be purchased and the entire Series shall remain in the Auction Rate Mode for an Auction Period and bearing an Auction Period Rate as provided in Section A-204(c)(5).

SECTION A-406. DELIVERY OF BONDS Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, the Bonds of a Series sold by the Remarketing Agent pursuant to Section A-404 shall be delivered by the Remarketing Agent to the purchasers of those Bonds by 3:00 p.m. on the Mandatory Purchase Date.

SECTION A-407. DELIVERY AND PAYMENT FOR PURCHASED BONDS OF A SERIES: UNDELIVERED BONDS

Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, the Bonds of a Series purchased pursuant to this Article shall be delivered by the Registered Owners thereof (with all necessary endorsements) at or before 12:00 noon on the Mandatory Purchase Date, at the office of the Tender Agent in New York, New York. Payment of the Purchase Price shall

be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Mandatory Purchase Date, or, if the Registered Owner has not provided or caused to be provided wire transfer instructions, by check mailed to the Registered Owner at the address appearing in the books required to be kept by the Paying Agent pursuant to the Supplemental Resolution. If Bonds of a Series to be purchased are not delivered by the Registered Owners to the Tender Agent by 12:00 noon on the Mandatory Purchase Date, the Tender Agent shall hold any funds received for the purchase of those Bonds in trust in a separate account and shall pay such funds to the former Registered Owners upon presentation of the Bonds subject to tender. Any such amounts shall be held uninvested. Such undelivered Bonds shall be deemed tendered and cease to accrue interest as to the former Registered Owners on the Mandatory Purchase Date, and moneys representing the Purchase Price shall be available against delivery of those Bonds at the Principal Office of the Tender Agent; provided, however, that any funds which shall be so held by the Tender Agent and which remain unclaimed by the former Registered Owner of any such Bond not presented for purchase for a period of two years after delivery of such funds to the Tender Agent, shall, to the extent permitted by law, upon request in writing by the Board and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to the Board free of any trust or lien and thereafter the former Registered Owner of such Bond shall look only to the Board and then only to the extent of the amounts so received by the Board without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such Bonds. The Tender Agent shall authenticate a replacement Bond of a Series for any undelivered Bond of such Series which may then be remarketed by the Remarketing Agent.

ARTICLE A-V

AGENTS

SECTION A-501. REMARKETING AGENT

The Board shall appoint and employ the services of a Remarketing Agent prior to any Mode Change Date while the Bonds of any Series are in the Auction Rate Mode.

Any Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Supplemental Resolution and the Remarketing Agreement by giving notice to the Board and the Tender Agent in accordance with the Remarketing Agreement. Any Remarketing Agent may be removed at any time, at the direction of the Board, by an instrument filed with the related Remarketing Agent and the related Tender Agent in accordance with the Remarketing Agreement.

Any Remarketing Agent shall be selected by the Board and shall be a member of the National Association of Securities Dealers, Inc., shall have a capitalization of at least fifteen million dollars (\$15,000,000), and shall be authorized by law to perform all the duties set forth herein. the Board's execution of a Certificate setting forth the effective date of the appointment of a Remarketing Agent and the name, address and telephone number of such Remarketing Agent shall be conclusive evidence that (i) such Remarketing Agent has been appointed and is qualified to act as Remarketing Agent under the terms of the Supplemental Resolution and (ii) if applicable, the predecessor Remarketing Agent has

been removed in accordance with the provisions of the Supplemental Resolution and the Remarketing Agreement.

Each Remarketing Agent shall keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Board at all reasonable times.

SECTION A-502. TENDER AGENT

The Board shall appoint and employ the services of the Tender Agent prior to any Mode Change Date while the Bonds of any Series are in the Auction Rate Mode.

The Tender Agent may at any time resign and be discharged of the duties and obligations created by the Supplemental Resolution and the Tender Agency Agreement by giving notice to the Board in accordance with the Tender Agency Agreement, provided that a successor Tender Agent shall be appointed and acting hereunder on or prior to the effective date of such resignation or discharge. The Tender Agent may be removed at any time, at the direction of the Board, by an instrument filed with the related Remarketing Agent and the Tender Agent in accordance with the Tender Agency Agreement, provided that a successor Tender Agent shall be appointed and acting hereunder on or prior to the effective date of such removal.

The Tender Agent shall be selected by the Board and shall be a bank or other financial institution that satisfies the qualifications determined by the Board and set forth in any applicable provisions of law. the Board's execution of a Certificate setting forth the effective date of the appointment of a Tender Agent and the name, address and telephone number of such Tender Agent shall be conclusive evidence that (i) such Tender Agent has been appointed and is qualified to act as Tender Agent under the terms hereof and (ii) if applicable, the predecessor Tender Agent has been removed in accordance with the provisions hereof.

The Tender Agent shall keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Board, at all reasonable times.

SECTION A-503. AUCTION AGENT

The Board shall appoint and employ the services of an Auction Agent while the Bonds of any Series are in the Auction Rate Mode. the Board shall have the right to remove the Auction Agent as provided in the Auction Agreement.

SECTION A-504. BROKER-DEALERS

The Board shall appoint and employ the services of one or more Broker-Dealers for the Bonds of each Series that are in the Auction Rate Mode. the Board shall have the right to remove any Broker-Dealer as provided in the applicable Broker-Dealer Agreement.

ARTICLE A-VI

MISCELLANEOUS

SECTION A-601. MODIFICATIONS OR AMENDMENTS TO THE SUPPLEMENTAL RESOLUTION

The provisions of the Supplemental Resolution, including, without limitation, the provisions of the Award Certificate and this Exhibit D, may be modified or amended by obtaining the consent or deemed consent of the Registered Owners of all Outstanding Bonds of such Series during an Auction Rate Mode, in accordance with Section 2.07(b) of Appendix I hereto.

SECTION A-602. NOTICES(a) Notices to Registered Owners. All notices required to be given to Registered Owners of Bonds of a Series, unless otherwise expressly provided, shall be given by first class mail, postage prepaid.

(b) Notices to Rating Agencies. the Board shall give written notice to the Rating Agencies of any of the following events:

- (1) any material changes to the Supplemental Resolution that affect the Bonds;
- (2) a conversion to the Fixed Rate Mode; and
- (3) any redemption, defeasance or mandatory tender of all the Outstanding Bonds.

(c) Demands; Requests. All notices, demands and requests to be given to or made hereunder by the Board, the Tender Agent, the Remarketing Agents, the Auction Agent, the Broker-Dealers or the Rating Agencies shall, unless otherwise expressly provided herein, be given or made in writing and shall be deemed to be properly given or made if by United States registered or certified mail, return receipt requested, postage prepaid, addressed as set forth below. Notices, demands and requests that may be given by Electronic Means may be sent to the telephone or fax numbers, as applicable, set forth below:

- | | |
|---------------------------------------|--|
| (i) As to the Board: | The address, phone number and fax number specified in the Award Certificate. |
| (ii) As to the Tender Agent: | The address, phone number and fax number specified in the Tender Agency Agreement. |
| (iii) As to the Remarketing Agent(s): | The address, phone number and fax number specified in the related Remarketing Agreement. |
| (iv) As to the Auction Agent: | The address, phone number and fax number specified in the Auction Agreement. |

(v) As to the Broker-Dealer(s): The address, phone number and fax number specified in the related Broker-Dealer Agreement.

or to such other address as is provided by the entity.

APPENDIX I

TO

EXHIBIT D

PROVISIONS FOR BI-MODAL OBLIGATIONS

AUCTION RATE MODE PROVISIONS

APPENDIX I TO EXHIBIT D
AUCTION RATE PROCEDURES

ARTICLE I
Definitions

Section 1.01. DefinitionsIn addition to the words and terms elsewhere defined, or whose defined meanings are incorporated by reference, in the Provisions for Bi-Modal Obligations (hereinafter referred to as "Exhibit D") to which this Appendix I is attached, the following words and terms as used in this Appendix I and elsewhere in Exhibit D have the following meanings with respect to Bonds of a Series in an Auction Rate Mode unless the context or use indicates another or different meaning or intent:

Agent Member means a member of, or participant in, the Securities Depository who shall act on behalf of a Bidder.

All Hold Rate means, as of any Auction Date, 45% of the Index in effect on such Auction Date.

Auction means each periodic implementation of the Auction Procedures.

Auction Agent means initially, _____, and thereafter the auctioneer, or any successor, appointed in accordance with Section 3.01 or 3.02 of this Appendix I.

Auction Agreement means an agreement among the Board, the Paying Agent and the Auction Agent pursuant to which the Auction Agent agrees to follow the procedures specified in this Appendix I, with respect to the Bonds of a Series in an Auction Rate Mode, as such agreement may from time to time be amended or supplemented.

Auction Date means during any period in which the Auction Procedures are not suspended in accordance with the provisions hereof:

- (a) if the Bonds of a Series are in a daily Auction Period, each Business Day; and
- (b) if the Bonds of a Series are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such Bonds of a Series (whether or not an Auction shall be conducted on such date); provided, however, that the last Auction Date with respect to the Bonds of any Series in an Auction Period other than a daily Auction Period shall be the earlier of (i) the Business Day next preceding the Interest Payment Date next preceding the Mode Change Date for such Bonds of a Series, and (ii) the Business Day next preceding the Interest Payment Date next preceding the Stated Maturity Date for such Bonds; and provided, further, that if the Bonds of a Series are in a daily Auction Period, the last Auction Date shall be the earlier of (x) the Business Day next preceding the Mode Change Date for such Bonds, and (y) the Business Day next preceding the Stated Maturity Date for the Bonds of a Series.

On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there shall be two Auctions, one for the last daily Auction Period and one for the first Auction Period following the conversion.

Auction Multiple means, as of any Auction Date, the percentage of Index (in effect on such Auction Date) determined as set forth below, based on the Prevailing Rating of the Bonds of such Series in effect at the close of business on the Business Day immediately preceding such Auction Date:

<u>Prevailing Rating</u>	<u>Percentage of Index</u>
AAA/AAA/Aaa	150%
AA/AA/Aa	175%
A/A/A	200%

If the Prevailing Ratings of the Bonds are below A/A/A or the Bonds are not then rated, then no Auction Multiple shall apply and the Maximum Auction Rate shall be 15%.

Auction Period means:

(a) with respect to Bonds of a Series in a daily Auction Period, a period beginning on each Business Day and extending to but not including the next succeeding Business Day;

(b) with respect to Bonds of a Series in a seven day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally seven days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally seven days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally seven days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally seven days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally seven days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

(c) with respect to Bonds of a Series in a 28-day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally 28 days beginning on a Monday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the fourth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally 28 days beginning on a Tuesday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the fourth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally 28 days beginning on a Wednesday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fourth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally 28 days beginning on a Thursday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the fourth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally 28 days beginning on a Friday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the fourth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day); and

(d) with respect to Bonds of a Series in a 35-day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally 35 days beginning on a Monday (or the last day of the prior Auction Period if the prior Auction Period does not end on Sunday) and ending on the fifth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally 35 days beginning on a Tuesday (or the last day of the prior Auction Period if the prior Auction Period does not end on Monday) and ending on the fifth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally 35 days beginning on a Wednesday (or the last day of the prior Auction Period if the prior Auction Period does not end on Tuesday) and ending on the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally 35 days beginning on a Thursday (or the last day of the prior Auction Period if the prior Auction Period does not end on Wednesday) and ending on the fifth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally 35 days beginning on a Friday (or the last day of the prior Auction Period if the prior Auction Period does not end on Thursday) and ending on the fifth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

provided, however, that

(a) if there is a conversion of Bonds of a Series with Auctions generally conducted on Fridays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(b) if there is a conversion of Bonds of a Series with Auctions generally conducted on Mondays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(c) if there is a conversion of Bonds of a Series with Auctions generally conducted on Tuesdays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on

the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(d) if there is a conversion of Bonds of a Series with Auctions generally conducted on Wednesdays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion; and

(e) if there is a conversion of Bonds of a Series with Auctions generally conducted on Thursdays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion.

Auction Period Rate means with respect to Bonds of each Series, the rate of interest to be borne by the Bonds of such Series during each Auction Period determined in accordance with Section 2.03 of this Appendix I; provided, however, in no event may the Auction Period Rate or the Auction Rate exceed the Maximum Rate.

Auction Procedures means the procedures for conducting Auctions for Bonds of a Series in an Auction Rate Mode set forth in this Appendix I.

Auction Rate means for each series of Bonds for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, provided, however, if all of such Bonds of a Series are the subject of

Submitted Hold Orders, the All Hold Rate with respect to such Bonds and (ii) if Sufficient Clearing Bids do not exist, the Maximum Auction Rate with respect to such Bonds.

Available Bonds means for each series of Bonds on each Auction Date, the aggregate principal amount of such Bonds that are not the subject of Submitted Hold Orders.

Bid has the meaning specified in subsection (a) of Section 2.01 of this Appendix I.

Bidder means each Existing Registered Owner and Potential Registered Owner who places an Order.

Broker-Dealer means, initially, _____, and thereafter any entity that is permitted by law to perform the function required of a Broker-Dealer described in this Exhibit that is a member of, or a direct participant in, the Securities Depository, that has been selected by the Board, and that is a party to a Broker-Dealer Agreement with the Auction Agent.

Broker-Dealer Agreement means an agreement among the Auction Agent, the Board, and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in this Appendix I, as such agreement may from time to time be amended or supplemented.

Default Rate means, in respect of any Auction Period other than a daily Auction Period, a per annum rate equal to three hundred percent (400%) of the Index determined on the Auction Date next preceding the first day of such Auction Period or in the case of Bonds of a Series in a daily Auction Period, three hundred percent (400%) of the Index determined on the Auction Date which was the first day of such Auction Period, provided, however, the Default Rate shall not exceed the Maximum Rate.

Existing Registered Owner means a Person who is listed as the beneficial owner of Bonds of a Series in the records of the Auction Agent.

Fitch means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency, other than Moody's or S&P, designated by an Authorized Officer.

Hold Order has the meaning specified in subsection (a) of Section 2.01 of this Appendix I.

Index shall have the meaning specified in Section 2.06 of this Appendix I.

Interest Payment Date means:

(a) when used with respect to any Auction Period (including the initial Auction Period commencing on and including the Closing Date, and expiring on and including the initial Auction Date specified in the Award Certificate) other than a daily Auction Period, the Business Day immediately following such Auction Period; and

(b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding such Auction Period.

Maximum Auction Rate means as of any Auction Date, the product of the Index multiplied by the Auction Multiple; provided, however, that in no event shall the Maximum Auction Rate exceed the Maximum Rate, anything herein to the contrary notwithstanding.

Moody's means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency, other than Fitch or S&P, designated by an Authorized Officer.

Order means a Hold Order, Bid or Sell Order.

Potential Registered Owner means any Person, including any Existing Registered Owner, who may be interested in acquiring a beneficial interest in the Bonds of a Series in addition to the Bonds currently owned by such Person, if any.

Prevailing Rating means (a) AAA/AAA/Aaa, if the Bonds of a Series shall have a rating of AAA or better by S&P and Fitch and a rating of Aaa or better by Moody's, (b) if not AAA/AAA/Aaa, AA/AA/Aa if the Bonds of a Series shall have a rating of AA- or better by S&P and Fitch and a rating of Aa3 or better by Moody's, (c) if not AAA/AAA/Aaa or AA/AA/Aa, A/A/A if the Bonds of a Series shall have a rating of A- or better by S&P and Fitch and a rating of A3 or better by Moody's, (d) if not AAA/AAA/Aaa, AA/AA/Aa or A/A/A, BBB/BBB/Baa if the Bonds of a Series shall have a rating of BBB- or better by S&P and Fitch and a rating of Baa3 or better by Moody's, and (e) if not AAA/AAA/Aaa, AA/AA/Aa, A/A/A or BBB/BBB/Baa, then below BBB/BBB/Baa, whether or not the Bonds of a Series are rated by any Rating Agency. For purposes of this definition, S&P's and Fitch's rating categories of "AAA," "AA-," "A-" and "BBB-" and Moody's rating categories of "Aaa," "Aa3," "A3" and "Baa3" shall be deemed to refer to and include the respective rating categories correlative thereto in the event that any such Rating Agencies shall have changed or modified their generic rating categories or if any successor thereto appointed in accordance with the definitions thereof shall use different rating categories. If the Bonds of Series are not rated by a Rating Agency, the requirement of a rating by such Rating Agency shall be disregarded. If the ratings for the Bonds of a Series are split between the foregoing categories, the lowest rating shall determine the Prevailing Rating. If there is no rating, then the Auction Period Rate shall be the Maximum Auction Rate.

Principal Office means, with respect to the Auction Agent, the office thereof designated in the Auction Agreement as the office of the Auction Agent to which notices, requests or communications should be sent.

Securities Depository means The Depository Trust Company and its successors and assigns or any other securities depository selected by the Board which agrees to follow the procedures required to be followed by such securities depository in connection with the Bonds of a Series.

Sell Order has the meaning specified in subsection (a) of Section 2.01 of this Appendix I.

S&P means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency, other than Fitch or Moody's, designated by an Authorized Officer.

Submission Deadline means 1:00 p.m., New York City time, on each Auction Date for Bonds of a Series not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date for Bonds of a Series in a daily Auction Period, or such other time on such date as shall be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent.

Submitted Bid has the meaning specified in subsection (b) of Section 2.03 of this Appendix I.

Submitted Hold Order has the meaning specified in subsection (b) of Section 2.03 of this Appendix I.

Submitted Order has the meaning specified in subsection (b) of Section 2.03 of this Appendix I.

Submitted Sell Order has the meaning specified in subsection (b) of Section 2.03 of this Appendix I.

Sufficient Clearing Bids means with respect to Bonds of a Series, an Auction for which the aggregate principal amount of Bonds of such Series that are the subject of Submitted Bids by Potential Registered Owners specifying one or more rates not higher than the Maximum Auction Rate is not less than the aggregate principal amount of Bonds of such Series that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Registered Owners specifying rates higher than the Maximum Auction Rate.

Winning Bid Rate means with respect to Bonds of a Series the lowest rate specified in any Submitted Bid for such Series which if selected by the Auction Agent as the Auction Period Rate would cause the aggregate principal amount of Bonds of such Series that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the aggregate principal amount of Available Bonds of such series.

Section 1.02. Rules of Construction. This Appendix I constitutes an integral part of the Exhibit D and, except to the extent provided in the next sentence, has the same force and effect as if set forth in Exhibit D. In the event of any conflict between this Appendix I and Exhibit D, Exhibit D shall control.

(a) References in this Appendix I to Articles or Sections are to such Article or Section of this Appendix I.

ARTICLE II
Auction Procedures

Section 2.01. Orders by Existing Registered Owners and Potential Registered OwnersPrior to the Submission Deadline on each Auction Date:

(1) each Existing Registered Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, information as to:

(a) the principal amount of Bonds of a Series, if any, held by such Existing Registered Owner which such Existing Registered Owner irrevocably commits to continue to hold for the next succeeding Auction Period without regard to the rate determined by the Auction Procedures for such Auction Period,

(b) the principal amount of Bonds of a Series, if any, held by such Existing Registered Owner which such Existing Registered Owner irrevocably commits to continue to hold for the next succeeding Auction Period if the rate determined by the Auction Procedures for such Auction Period shall not be less than the rate per annum then specified by such Existing Registered Owner (and which such Existing Registered Owner irrevocably offers to sell on the next succeeding Interest Payment Date (or the same day in the case of a daily Auction Period) if the rate determined by the Auction Procedures for the next succeeding Auction Period shall be less than the rate per annum then specified by such Existing Registered Owner), and/or

(c) the principal amount of Bonds of a Series, if any, held by such existing Registered Owner which such Existing Registered Owner irrevocably offers to sell on the next succeeding Interest Payment Date (or on the same day in the case of a daily Auction Period) without regard to the rate determined by the Auction Procedures for the next succeeding Auction Period; and

(2) for the purpose of implementing the Auctions and thereby to achieve the lowest possible interest rate on the Bonds of a Series, the Broker-Dealers shall contact Potential Registered Owners, including Persons that are Existing Registered Owners, to determine the principal amount of Bonds of a Series, if any, which each such Potential Registered Owner irrevocably offers to purchase if the rate determined by the Auction Procedures for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Registered Owner.

For the purposes hereof, an Order containing the information referred to in clause (1)(a) above is herein referred to as a "Hold Order," an Order containing the information referred to in clause (1)(b) or (2) above is herein referred to as a "Bid," and an Order containing the information referred to in clause (1)(c) above is herein referred to as a "Sell Order."

(c) (i) A Bid by an Existing Registered Owner shall constitute an irrevocable offer to sell:

(a) the principal amount of Bonds of a Series specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be less than the rate specified therein; or

(b) such principal amount or a lesser principal amount of Bonds of a Series to be determined as described in subsection (a)(5) of Section 2.04 hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate; or

(c) a lesser principal amount of Bonds of a Series to be determined as described in subsection (b)(4) of Section 2.04 hereof if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(2) A Sell Order by an Existing Registered Owner shall constitute an irrevocable offer to sell:

(a) the principal amount of Bonds of a Series specified in such Sell Order; or

(b) such principal amount or a lesser principal amount of Bonds of a Series as described in subsection (b)(4) of Section 2.04 hereof if Sufficient Clearing Bids do not exist.

(3) A Bid by a Potential Registered Owner shall constitute an irrevocable offer to purchase:

(a) the principal amount of Bonds of a Series specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be higher than the rate specified therein; or

(b) such principal amount or a lesser principal amount of Bonds of a Series as described in subsection (a)(6) of Section 2.04 hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate.

(d) Anything herein to the contrary notwithstanding:

(1) for purposes of any Auction, any Order which specifies Bonds of a Series to be held, purchased or sold in a principal amount which is not equal to the Authorized Denomination for Bonds of such Series or an integral multiple thereof shall be rounded down to the nearest amount that is equal to the Authorized Denomination for Bonds of such Series, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such lower amount;

(2) for purposes of any Auction other than during a daily Auction Period, any portion of an Order of an Existing Registered Owner which relates to a Bond of a Series which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted;

(3) for purposes of any Auction other than during a daily Auction Period, no portion of a Bond of a Series which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction; and

(4) the Auction Procedures shall be suspended with respect to the Bonds of a Series during the period commencing on the date of the Auction Agent's receipt of notice from the owners of twenty five percent (25%) of the registered owners of the Bonds of a Series in the Auction Rate Mode or the Paying Agent of the occurrence of a default of the Board in the payment of principal, interest or premium on any Bond of such Series in the Auction Rate Mode after the same shall have become due, whether at maturity, upon call for redemption or on an Interest Payment Date but shall resume two Business Days after the date on which the Auction Agent receives notice from the Paying Agent that such default has been waived or cured, with the next Auction to occur on the next regularly scheduled Auction Date occurring thereafter.

Section 2.02. Submission of Orders by Broker-Dealers to Auction Agent Each Broker-Dealer shall submit to the Auction Agent in writing or by such other method as shall be reasonably acceptable to the Auction Agent, including such electronic communication acceptable to the parties, prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and, if requested, specifying with respect to each Order:

- (1) the name of the Bidder placing such Order;
- (2) the aggregate principal amount of Bonds of each Series, if any, that are the subject of such Order;
- (3) to the extent that such Bidder is an Existing Registered Owner:
 - (a) the principal amount of Bonds of each Series, if any, subject to any Hold Order placed by such Existing Registered Owner;
 - (b) the principal amount of Bonds of each Series, if any, subject to any Bid placed by such Existing Registered Owner and the rate specified in such Bid; and
 - (c) the principal amount of Bonds of each Series, if any, subject to any Sell Order placed by such Existing Registered Owner;
- (4) to the extent such Bidder is a Potential Registered Owner, the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If an Order or Orders covering all of the Bonds of a particular Series held by an Existing Registered Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Registered Owner covering the principal amount of Bonds of such Series held by such Existing Registered Owner and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a conversion from one Auction Period to another Auction Period or an amendment or modification to the Supplemental Resolution in accordance with Section 2.07(b) of this Appendix I and Orders have not been submitted to the Auction Agent prior to the Submission Deadline covering the aggregate principal amount of Bonds of the Series to be converted held by such Existing Registered Owner, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Registered Owner covering the principal amount of Bonds of such Series to be converted held by such Existing Registered Owner not subject to Orders submitted to the Auction Agent.

(d) If one or more Orders covering in the aggregate more than the principal amount of Outstanding Bonds of a Series held by any Existing Registered Owner are submitted to the Auction Agent, such Orders shall be considered valid as follows:

(1) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the principal amount of Bonds of such Series held by such Existing Registered Owner;

(2) (A) any Bid of an Existing Registered Owner shall be considered valid as a Bid of an Existing Registered Owner up to and including the excess of the principal amount of Bonds of such Series held by such Existing Registered Owner over the principal amount of the Bonds of such Series subject to Hold Orders referred to in paragraph (i) above;

(B) subject to clause (A) above, all Bids of an Existing Registered Owner with the same rate shall be aggregated and considered a single Bid of an Existing Registered Owner up to and including the excess of the principal amount of Bonds of such Series held by such Existing Registered Owner over the principal amount of Bonds of such Series held by such Existing Registered Owner subject to Hold Orders referred to in paragraph (1) above;

(C) subject to clause (A) above, if more than one Bid with different rates is submitted on behalf of such Existing Registered Owner, such Bids shall be considered Bids of an Existing Registered Owner in the ascending order of their respective rates up to the amount of the excess of the principal amount of Bonds of such Series held by such Existing Registered Owner over the principal amount of Bonds of such Series held by such Existing Registered Owner subject to Hold Orders referred to in paragraph (1) above; and

(D) the principal amount, if any, of such Bonds of such Series subject to Bids not considered to be Bids of an Existing Registered Owner under this paragraph (2) shall be treated as the subject of a Bid by a Potential Registered Owner; and

(3) all Sell Orders shall be considered Sell Orders, but only up to and including a principal amount of Bonds of such Series equal to the excess of the principal amount of Bonds of such Series held by such Existing Registered Owner over the sum of the principal amount of the Bonds considered to be subject to Hold Orders pursuant to paragraph (1) above and the principal amount of Bonds of such Series considered to be subject to Bids of such Existing Registered Owner pursuant to paragraph (2) above.

(e) If more than one Bid is submitted on behalf of any Potential Registered Owner, each Bid submitted with the same rate shall be aggregated and considered a single Bid and each Bid submitted with a different rate shall be considered a separate Bid with the rate and the principal amount of Bonds of such Series specified therein.

(f) Neither the Board nor the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Registered Owner or Potential Registered Owner.

Section 2.03. Determination of Auction Period Rate Not later than 9:30 a.m., New York City time, on each Auction Date for Bonds of each Series in an Auction Rate Mode, the Auction Agent shall advise the Broker-Dealers and the Authorized Officers by telephone or other electronic communication acceptable to the parties of the All Hold Rate, the Maximum Auction Rate and the Index for the Bonds of such Series.

(b) Promptly after the Submission Deadline on each Auction Date for Bonds of each Series in an Auction Rate Mode, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall determine (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) Promptly after the Auction Agent has made the determinations pursuant to subsection (b) above, the Auction Agent shall advise the Authorized Officers by telephone (promptly confirmed in writing), telex or facsimile transmission or other electronic communication acceptable to the parties of the Auction Rate for the next succeeding Auction Period and an Authorized Officer shall promptly notify the Securities Depository of such Auction Rate.

(d) In the event the Auction Agent fails to calculate or, for any reason, fails to timely provide the Auction Rate for any Auction Period, the new Auction Period shall be the same as the immediately preceding Auction Period and the Auction Period Rate for the new Auction Period shall be the same as the Auction Period Rate for the immediately preceding Auction Period.

(e) In the event that the Auction Procedures are suspended pursuant to paragraph (4) of subsection (c) of Section 2.01 of this Appendix I with respect to any Bond of Series, the Auction Period Rate for the next succeeding Auction Period shall be the Default Rate.

(f) In the event that all of the conditions for a change in the Mode applicable to the Bonds of a Series from an Auction Rate Mode to the Fixed Rate Mode pursuant to Section A-204 of Exhibit D have not been met or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Period Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(g) If the Bonds of a Series are no longer maintained in book-entry form by the Securities Depository, then the Auction Period Rate shall be the Maximum Auction Rate.

Section 2.04. Allocation of Bonds of a SeriesIn the event of Sufficient Clearing Bids for Bonds of a Series, subject to the further provisions of subsections (c) and (d) below, Submitted Orders for such Series shall be accepted or rejected as follows in the following order of priority:

(1) the Submitted Hold Order of each Existing Registered Owner shall be accepted, thus requiring each such Existing Registered Owner to continue to hold the Bonds of a Series that are the subject of such Submitted Hold Order;

(2) the Submitted Sell Order of each Existing Registered Owner shall be accepted and the Submitted Bid of each Existing Registered Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Registered Owner to sell the Bonds of a Series that are the subject of such Submitted Sell Order or Submitted Bid;

(3) the Submitted Bid of each Existing Registered Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Registered Owner to continue to hold the Bonds of a Series that are the subject of such Submitted Bid;

(4) the Submitted Bid of each Potential Registered Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Registered Owner to purchase the Bonds of a Series that are the subject of such Submitted Bid;

(5) the Submitted Bid of each Existing Registered Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Registered Owner to continue to hold the Bonds of a Series that are the subject of such Submitted Bid, but only up to and including the principal amount of Bonds of a Series obtained by multiplying (A) the aggregate principal amount of Outstanding Bonds of a Series which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii) or (iv) above by (B) a fraction the numerator of which shall be the principal amount of Outstanding Bonds of a Series held by such Existing Registered Owner subject to such Submitted Bid and the denominator of which shall be the aggregate principal amount of Outstanding Bonds of a Series subject to such Submitted Bids made by all such Existing Registered Owners that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Registered Owner to sell any excess amount of Bonds of a Series;

(6) the Submitted Bid of each Potential Registered Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Registered Owner to purchase the Bonds of a Series that are the subject of such Submitted Bid, but only in an amount equal to the principal amount of Bonds of a Series obtained by multiplying (A) the aggregate principal amount of Outstanding Bonds of a Series which are not the subject of Submitted Hold Orders described in paragraph (1) above or of Submitted Bids described in paragraphs (3), (4) or (5) above by (B) a fraction the numerator of which shall be the principal amount of Outstanding Bonds of a Series subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate principal amount of Outstanding Bonds of a Series subject to such Submitted Bids made by all such Potential Registered Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(7) the Submitted Bid of each Potential Registered Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids for Bonds of a Series, subject to the further provisions of subsections (c) and (d) below, Submitted Orders, for each Bonds of a Series shall be accepted or rejected as follows in the following order of priority:

(1) the Submitted Hold Order of each Existing Registered Owner shall be accepted, thus requiring each such Existing Registered Owner to continue to hold the Bonds of a Series that are the subject of such Submitted Hold Order;

(2) the Submitted Bid of each Existing Registered Owner specifying any rate that is not higher than the Maximum Auction Rate with respect to Bonds of a Series, shall be accepted, thus requiring each such Existing Registered Owner to continue to hold the Bonds of a Series that are the subject of such Submitted Bid;

(3) the Submitted Bid of each Potential Registered Owner specifying any rate that is not higher than the Maximum Auction Rate with respect to Bonds of a Series, shall be accepted, thus requiring each such Potential Registered Owner to purchase the Bonds of a Series that are the subject of such Submitted Bid;

(4) the Submitted Sell Orders of each Existing Registered Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Registered Owner specifying any rate that is higher than the Maximum Auction Rate with respect to Bonds of a Series, shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the principal amount of Bonds of a Series obtained by multiplying (A) the aggregate principal amount of Bonds of a Series subject to Submitted Bids described in paragraph (3) of this subsection (b) by (B) a fraction the numerator of which shall be the principal amount of Outstanding Bonds of a Series held by such Existing Registered Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the principal amount of Outstanding Bonds of a Series subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or

Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Registered Owner shall be required to continue to hold such excess amount of Bonds of a Series; and

(5) the Submitted Bid of each Potential Registered Owner specifying any rate that is higher than the Maximum Auction Rate with respect to the Bonds of a Series shall be rejected.

(c) If, as a result of the procedures described in subsection (a) or (b) above, any Existing Registered Owner or Potential Registered Owner would be required to purchase or sell an aggregate principal amount of Bonds of a Series which is not an integral multiple of the Authorized Denomination for Bonds of such Series on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, round up or down the principal amount of Bonds of a Series to be purchased or sold by any Existing Registered Owner or Potential Registered Owner on such Auction Date so that the aggregate principal amount of Bonds of a Series purchased or sold by each Existing Registered Owner or Potential Registered Owner on such Auction Date shall be an integral multiple of the Authorized Denomination for Bonds of such Series, even if such allocation results in one or more of such Existing Registered Owners or Potential Registered Owners not purchasing or selling any Bonds of a Series on such Auction Date.

(d) If, as a result of the procedures described in subsection (a) above, any Potential Registered Owner would be required to purchase a principal amount of Bonds of a Series that is less than the Authorized Denomination for Bonds of such Series on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate such Bonds for purchase among Potential Registered Owners so that the principal amount of Bonds of a Series purchased on such Auction Date by any Potential Registered Owner shall be an integral multiple of the Authorized Denomination for Bonds of such Series, even if such allocation results in one or more of such Potential Registered Owners not purchasing such Bonds on such Auction Date.

Section 2.05. Notice of Auction Period Rate On each Auction Date, the Auction Agent shall notify by telephone or other telecommunication device or other electronic communication acceptable to the parties or in writing each Broker-Dealer that participated in the Auction held on such Auction Date of the following with respect to Bonds of each Series for which an Auction was held on such Auction Date:

(1) the Auction Period Rate determined on such Auction Date for the succeeding Auction Period;

(2) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

(3) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Registered Owner, whether such Bid or Sell Order was accepted or rejected and the principal amount of Bonds of a Series, if any, to be sold by such Existing Registered Owner;

(4) if such Broker-Dealer submitted a Bid on behalf of a Potential Registered Owner, whether such Bid was accepted or rejected and the principal amount of Bonds of a Series, if any, to be purchased by such Potential Registered Owner;

(5) if the aggregate principal amount of the Bonds of a Series to be sold by all Existing Registered Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of Bonds of a Series to be purchased by all Potential Registered Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker Dealer) and the principal amount of Bonds of a Series to be (A) purchased from one or more Existing Registered Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Registered Owners on whose behalf such Broker-Dealer submitted Bids; and

(6) the immediately succeeding Auction Date.

(b) On each Auction Date, with respect to Bonds of each Series for which an Auction was held on such Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Registered Owner or Potential Registered Owner shall: (i) advise each Existing Registered Owner and Potential Registered Owner on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Period Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of each such Registered Owner was accepted or rejected, in whole or in part, and (C) the immediately succeeding Auction Date; (ii) instruct each Potential Registered Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Registered Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of such Bonds of a Series to be purchased pursuant to such Bid (including, with respect to such Bonds of a Series in a daily Auction Period, accrued interest if the purchase date is not an Interest Payment Date for such Bond) against receipt of such Bonds of a Series; and (iii) instruct each Existing Registered Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected, in whole or in part, to instruct such Existing Registered Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of such Bonds of a Series to be sold pursuant to such Bid or Sell Order against payment therefor.

Section 2.06. IndexThe Index on any Auction Date with respect to Bonds of a Series in any Auction Period shall be the One Month LIBOR Rate on such date. If such rate is unavailable, the Index for the Bonds of a Series shall be an index or rate agreed to by all Broker-Dealers and consented to by the Board.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

(b) If for any reason on any Auction Date the Index shall not be determined as hereinabove provided in this Section, the Index shall be the Index for the Auction Period ending on such Auction Date.

(c) The determination of the Index as provided herein shall be conclusive and binding upon the Board, the Broker-Dealers, the Auction Agent and the Registered Owners of the Bonds of a Series.

Section 2.07. Miscellaneous Provisions Regarding AuctionsIn this Appendix I, each reference to the purchase, sale or holding of "Bonds" shall refer to beneficial interests in such Bonds, unless the context clearly requires otherwise.

(b) During an Auction Rate Mode, with respect to the Bonds of a Series, the provisions of the Supplemental Resolution, including the Award Certificate, Exhibit D, this Appendix I and the definitions contained in this Appendix I, including, without limitation, the definitions of Maximum Rate, Maximum Auction Rate, All Hold Rate, Index, Default Rate, Auction Multiple and the Auction Period Rate, may be modified or amended pursuant to the Supplemental Resolution by obtaining, when required by the Supplemental Resolution, the consent of the Registered Owners of all Outstanding Bonds of such Series as follows; provided, however, that no such modification or amendment that adversely affect the rights, duties or obligations of the Auction Agent shall be made without the consent of the Auction Agent. If on the first Auction Date occurring at least 20 days after the date on which the Paying Agent mailed notice of such proposed modification or amendment to the Registered Owners of the Outstanding Bonds of a Series as and to the extent required by the Supplemental Resolution, (i) the Auction Period Rate which is determined on such date is the Winning Bid Rate and (ii) there is delivered to the Board a Favorable Opinion of Bond Counsel, the proposed modification or amendment shall be deemed to have been consented to by the owners of all affected Outstanding Bonds of such Series.

(c) If the Securities Depository notifies the Board that it is unwilling or unable to continue as Registered Owner of the Bonds of a Series or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Securities Depository is not appointed by the Board within 90 days after the Board receives notice or becomes aware of such condition, as the case may be, the Board shall execute and the Paying Agent shall authenticate and deliver certificates representing the Bonds of such Series. Such Bonds shall be authorized in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Board and the Paying Agent.

(d) During an Auction Rate Mode, so long as the ownership of the Bonds of a Series is maintained in book-entry form by the Securities Depository, an Existing Registered Owner or a beneficial owner may sell, transfer or otherwise dispose of a Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions such Existing Registered Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of Bonds of a Series from a customer of a Broker-Dealer who is listed on the records of that

Broker-Dealer as the holder of such Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Registered Owner of Bonds of a Series so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Section 2.08. Changes in Auction Period or Auction Date Changes in Auction Period. (1) During any Auction Rate Mode, the Board may from time to time on any Interest Payment Date, change the length of the Auction Period with respect to all of the Bonds of any Series among a daily, seven-day, 28-day, and 35-day Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by Bonds of such Series. the Board shall initiate the change in the length of the Auction Period by giving written notice to the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 Business Days prior to the Auction Date for such Auction Period.

(2) Any such changed Auction Period shall be for a period of one day, seven-days, 28-days or 35-days and shall be for all of the Bonds of a subseries in an Auction Rate Mode.

(3) The change in the length of the Auction Period for Bonds of any Series shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this subsection (a) and the Auction immediately preceding the proposed change.

(4) The change in length of the Auction Period for Bonds of any Series shall take effect only if (A) the Auction Agent receives, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the first such Auction Period, a certificate from an Authorized Officer consenting to the change in the length of the Auction Period specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Registered Owner shall be deemed to have submitted Sell Orders with respect to all of its Bonds of a Series for which there is to be a change in the length of the Auction Period except to the extent such Existing Registered Owner submits a Hold Order with respect to such Bonds. If the condition referred to in (A) above is not met, the Auction Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Auction Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(5) On the conversion date for Bonds of a Series from one Auction Period to another, any Bonds of such Series which are not the subject of a specific Hold Order or Bid shall be deemed to be subject to a Sell Order.

(b) Changes in Auction Date. During any Auction Rate Mode, the Auction Agent, with the written consent of the Board, may specify an earlier Auction Date for Bonds of any Series (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on such Bonds. The Auction Agent shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Board, the Broker-Dealers and the Securities Depository.

ARTICLE III **Auction Agent**

Section 3.01. Auction AgentThe Auction Agent shall be appointed by the Board to perform the functions specified herein. The Auction Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by an Auction Agreement delivered to the Board, the Paying Agent and each Broker-Dealer which shall set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to the Board.

(d) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in Bonds with the same rights as if such entity were not the Auction Agent.

Section 3.02. Qualifications of Auction Agent; Resignation; RemovalThe Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$30,000,000, or (b) a member of National Association of Securities Dealers having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the Supplemental Resolution and a member of or a participant in, the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Supplemental Resolution by giving at least ninety (90) days notice to each Broker-Dealer and the Board. The Auction Agent may be removed at any time by the Board by written notice, delivered to the Auction Agent and each Broker-Dealer. Upon any such resignation or removal, the Board shall appoint a successor Auction Agent meeting the requirements of this Section. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties hereunder until its successor has been appointed by the Board. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving thirty (30) days notice to the Board even if a successor Auction Agent has not been appointed.