



REPORT TO THE BOARD OF REGENTS

September 11, 2020

Meeting 338

**STEPHEN F. AUSTIN
STATE UNIVERSITY**

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BOARD OF REGENTS MEETING 338

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AGENDA

SFA Board of Regents

Teleconference via Zoom

Meeting 338

September 11, 2020

Board members

Alton Frailey, Chair | Karen Gantt, Vice Chair | Tom Mason, Secretary

David Alders | Scott Coleman | Robert Flores | Brigette Henderson | Judy Olson | Jenn Winston | Ireland Bramhall

Estimated Time	Item	Presenter
	FRIDAY, September 11, 2020	
1:30 p.m.	Call to Order in Open Session	A. Frailey
	Roll Call	A. Frailey
	COMMITTEE OF THE WHOLE	
	Report: Enrollment Update	S. Gordon
	Action Item 1: Voluntary Separation Incentive Plan Increase	J. Kruwell
	Action Item 2: Bond Refunding – Series 2010	D. Gallant
	Action Item 3: Dual Credit Web-based Distance Education Fee Exemption	D. Gallant
	RECESS TO EXECUTIVE SESSION	
	Consideration of Individual Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of an Officer or Employee, including but not limited to the vice presidents and the president. (Texas Government Code, Section 551.074)	D. Derrick
4:30 p.m.	RETURN TO OPEN SESSION	
	Adjourn Meeting of the Board of Regents	A. Frailey



Stephen F. Austin State University
Board of Regents
Meeting 338
September 11, 2020

**Stephen F. Austin State University
Board of Regents
Videoconference Meeting via Zoom
September 11, 2020**

ROLL CALL

Regents:

Alton Frailey, Chair

Karen Gantt, Vice Chair

Tom Mason, Secretary

David Alders

Scott Coleman

Robert Flores

Brigettee Henderson

Judy Olson

Jenn Winston

Ireland Bramhall, Student Member

Administrators

Scott Gordon

Anthony Espinoza

Damon Derrick

Danny Gallant

Gina Oglesbee

Ryan Ivey

Erma Brecht

Jill Still

Steve Bullard

Charlotte Sullivan

Michara Delaney-Fields

Steve Westbrook

STEPHEN F. AUSTIN STATE UNIVERSITY
NACOGDOCHES, TEXAS

Enrollment Update

FALL 2020



sfasu.edu

VOLUNTARY SEPARATION INCENTIVE PLAN INCREASE

Explanation:

On July 21, 2020 the board of regents approved a voluntary separation incentive plan (VSIP) as a retirement incentive for university employees. Based on estimated employee participation, the university projected a \$2.5 million need to fund the program. However, employee responses exceeded projections, and 109 eligible employees requested to participate in the program. Consequently, the retirement payout incentive exceeded the \$2.5 million approved program funding by approximately \$1.5 million. The total amount of funds needed to fully fund the plan is not to exceed \$4.0 million.

Recommendation:

The administration recommends the Voluntary Separation Incentive Plan be funded at a total payout level of \$4 million, a \$1.5 million dollar increase, from institutional fund balance.

BOND REFUNDING - SERIES 2010

Explanation:

The university has an opportunity to refund for debt service savings its Series 2010 bonds. This particular bond issue funded the construction of the Lumberjack Landing Residence Hall and Wilson Parking Garage. The bonds are callable on October 15, 2020, or any date thereafter, with current outstanding amounts: principal, \$20,840,000, interest, \$4,971,112.51, for a total outstanding obligation of \$25,811,112.51. The university is working with its financial advisor, Hilltop Securities, and bond counsel, McCall, Parkhurst, and Horton, LLP to prepare all documents necessary to accomplish the refunding if the Board wishes to proceed.

In that regard, administration presents the following Bond Resolution for consideration that provides for a one year period whereby the university is authorized to price and issue one or more series of refunding bonds, in an aggregate principal amount not to exceed \$19,920,000, to refund the Series 2010 Bonds. The Bond Resolution requires a minimum 3% net present value savings threshold, a maximum maturity date on the refunding bonds not to exceed October 15, 2029 (which is consistent with the maturity date of the Series 2010 bonds) and delegates finalizing pricing of the refunding bonds and issuance responsibility to a designated financial officer. The Bond Resolution also authorizes the refunding bonds to be issued as tax-exempt and/or taxable in accordance with federal tax law and authorizes such bonds to be sold in the public market using competitive or negotiated method of sale or sold in a private placement.

Recommendation:

The administration recommends approval of the Bond Resolution to refund for debt service savings the Series 2010 Bonds as presented. The administration further recommends that the vice president for finance and administration is authorized to finalize pricing terms of the refunding bonds and serve as the designated financial officer for the functions described in the Bond Resolution.

RESOLUTION

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF BOARD OF REGENTS OF STEPHEN F. AUSTIN STATE UNIVERSITY REVENUE FINANCING SYSTEM REVENUE REFUNDING BONDS; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF THE BONDS; ESTABLISHING PROCEDURES FOR SELLING AND DELIVERING THE BONDS; AND APPROVING AND AUTHORIZING OTHER MATTERS RELATING THERETO

ADOPTED SEPTEMBER 11, 2020

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF BOARD OF REGENTS OF STEPHEN F. AUSTIN STATE UNIVERSITY REVENUE FINANCING SYSTEM REVENUE REFUNDING BONDS; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF THE BONDS; ESTABLISHING PROCEDURES FOR SELLING AND DELIVERING THE BONDS; AND APPROVING OTHER MATTERS RELATING THERETO

WHEREAS, in order to reduce costs, increase borrowing capacity, provide additional security to the credit markets, and provide the Board of Regents (the "Board") of Stephen F. Austin State University (the "University") with greater financial flexibility, the Board deemed it necessary and desirable to establish a revenue financing program for revenue supported indebtedness to provide funds to acquire, purchase, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities, roads, or related infrastructure at the University, as well as any institution, branch or entity hereafter placed under the control and governance of the Board, to the extent permitted by Chapter 55, Texas Education Code, including specifically, but not by way of limitation, Section 55.02 thereof; and

WHEREAS, pursuant to the terms of resolutions adopted by the Board (the "Prior Resolutions"), the Board has outstanding certain Previously Issued Parity Obligations (as defined herein) that are secured by a lien on and pledge of the "Pledged Revenues" (as defined herein), which lien and pledge is subject to the lien on and pledge of the "Prior Encumbered Revenues" (as defined herein); and

WHEREAS, the Prior Resolutions established and confirmed the Stephen F. Austin State University Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness at the University; and

WHEREAS, the Prior Resolutions permit the Board, to issue "Parity Obligations" secured by a lien on and pledge of the Pledged Revenues on a parity with the Previously Issued Parity Obligations; and

WHEREAS, the Board has determined that it is in the best interest of the University to authorize the issuance of bonds in one or more series to refund all or a portion of the Potential Refunded Bonds (as defined herein); and

WHEREAS, the bonds authorized to be issued in one or more series by this Resolution are to be issued and delivered pursuant to laws of the State of Texas, including Chapters 54 and 55 of the Texas Education Code, Chapter 1371, Texas Government Code, as amended, and other applicable laws, including Chapter 1207, Texas Government Code, as amended, insofar as it may be required in connection with the objectives of this Resolution and the refunding of any of the Potential Refunded Bonds, and constitute Parity Obligations in accordance with the Prior Resolutions; and

WHEREAS, the Board finds it necessary and advisable to adopt this Resolution, and further acknowledges that by adopting this Resolution it will be bound by and agrees to follow the covenants set forth in this Resolution; and

WHEREAS, the terms used in this Resolution and not otherwise defined shall have the meaning given in Exhibit "A" to this Resolution attached hereto and made a part hereof;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF STEPHEN F. AUSTIN STATE UNIVERSITY:

Section 1. REVENUE FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS. In the Prior Resolutions, the Stephen F. Austin State University Revenue Financing System (the "Financing System") has been established and confirmed, for the purpose of providing a financing structure for revenue supported indebtedness to provide funds to refund outstanding indebtedness and to acquire, purchase, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities, roads or related infrastructure at the University, as well as at any institution, branch or entity hereafter placed under the control and governance of the Board, under authority of the pertinent provisions of the Texas Education Code.

Section 2. SECURITY AND PLEDGE. (a) *Pledge.* Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, Parity Obligations shall be secured by and payable from a lien on the Pledged Revenues, and the Board hereby assigns and pledges the Pledged Revenues to the payment of the principal of, premium, if any, and interest on Parity Obligations, and the Pledged Revenues are further pledged to the establishment and maintenance of any funds which may be provided to secure the repayment of Parity Obligations in accordance with this Resolution. The Board may execute and deliver one or more Credit Agreements to additionally secure Parity Obligations. Credit Agreements may also be secured by a pledge of Pledged Revenues on a parity with or subordinate to Parity Obligations.

(b) *Additional Participants.* As provided in Section 7 of this Resolution, institutions which may hereafter come under the control and governance of the Board may become Participants in the Financing System and such institutions may, at such time, have outstanding obligations secured by the Prior Encumbered Revenues and that, therefore, the lien on and pledge of the Pledged Revenues established pursuant to this Resolution and effective when such institutions become Participants in the Financing System will be subject and subordinate only to such institutions' outstanding Prior Encumbered Obligations.

(c) *Restriction on Issuance of Additional Debt on a Parity with Prior Encumbered Obligations.* Except as provided in Section 4(g) and for so long as any Parity Obligations are Outstanding, no additional bonds, notes, or other obligations may be issued or incurred by the Board on a parity with any Prior Encumbered Obligations.

(d) *Parity Obligations are Special Obligations.* All Parity Obligations and the premium, if any, and the interest thereon shall constitute special obligations of the Board payable from the Pledged Revenues, and the owners thereof shall never have the right to demand payment

out of funds raised or to be raised by taxation, or from any source other than the source specified in this Resolution. The obligation of the Board to pay or cause to be paid the amounts payable under this Resolution out of the Pledged Revenues shall be absolute, irrevocable, complete, and unconditional, and the amount, manner, and time of payment of such amounts shall not be decreased, abated, rebated, set-off, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever, regardless of any right of setoff, recoupment, or counterclaim that the Board might otherwise have against any owner or any other party and regardless of any contingency, *force majeure*, event, or cause whatsoever and notwithstanding any circumstance or occurrence that may arise or take place before, during, or after the issuance of Parity Obligations while any Parity Obligations are Outstanding.

Section 3. COVENANTS RELATING TO PLEDGED REVENUES. (a) ***Rate Covenant.*** In each Fiscal Year, the Board shall establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board for such Fiscal Year relating to the Financing System including all deposits or payments due on or with respect to (i) the Prior Encumbered Obligations, if any, and (ii) all Outstanding Parity Obligations.

(b) ***Tuition.*** Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations and to the other provisions of this Resolution, the Board covenants and agrees to fix, levy, charge and collect at each Participant student tuition charges required or authorized by law to be imposed on students enrolled at each Participant (excepting, with respect to each series or issue of Parity Obligations, any student in a category which, at the time of adoption of a resolution relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition charges). Each student (excluding those exempt from payment as provided above), enrolled at each Participant, respectively, at each regular fall and spring semester and at each term of each summer session, shall pay tuition charges in such amounts, without any limitation whatsoever, as will be sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to Outstanding Parity Obligations when and as required. All changes in the tuition charged students at each Participant shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this Resolution, but merely the carrying out of the provisions and requirements hereof.

(c) ***Student Center Fees.*** Subject to the provisions of the resolution authorizing the Series 2004 Bonds, the Board covenants and agrees to fix, levy, charge and collect student center fees required or authorized by law to be imposed on students pursuant to Section 54.520 of the Texas Education Code for the purpose of paying debt service on the Series 2004 Bonds; provided however, that such student center fees shall be used only for the purpose of acquiring, constructing, renovating, operating, maintaining, improving, equipping and financing a university center or additions to the center. All references to Series 2004 Bonds in this subsection shall include any applicable Parity Obligations issued to refund such Series 2004 Bonds (i.e., the Board's Revenue Financing System Revenue Refunding Bonds, Series 2013 which mature October 15, 2024).

(d) ***Student Recreational Sport Fees.*** Subject to the provisions of the resolution authorizing the Series 2005A Bonds, the Board covenants and agrees to fix, levy, charge and collect student recreational sport fees required or authorized by law to be imposed on students pursuant to Section 54.5201 of the Texas Education Code for the purpose of paying debt service on the Series 2005A Bonds; provided however, that such student recreational sport fees shall be used only to purchase equipment for and to construct, operate and maintain recreational sports facilities and programs. All references to Series 2005A Bonds in this subsection shall include any applicable Parity Obligations issued to refund such Series 2005A Bonds (i.e., the Board's Revenue Financing System Revenue Refunding Bonds, Series 2015 which mature October 15, 2025).

(e) ***Anticipated Deficit.*** If the Board determines, for any reason whatsoever, that there are not anticipated to be legally available funds, including Pledged Revenues, sufficient to meet all financial obligations of the Board relating to the Financing System including the deposits and payments due on or with respect to Outstanding Parity Obligations as the same mature or come due, or that any Participant in the Financing System will be unable to pay its Annual Direct Obligation in full, then the Board shall fix, levy, charge, and collect such rentals, rates, fees, tuition, or other charges at each Participant in the Financing System with enrolled students, effective at the next succeeding regular semester or semesters or summer term or terms, in such amounts, without any limitation whatsoever (other than as provided in subsection (f) below), as will be at least sufficient to provide, together with other legally available funds, including Pledged Revenues, the money for making when due all financial obligations of the Board relating to the Financing System including all payments and deposits due on or with respect to Outstanding Parity Obligations when and as required by this Resolution.

(f) ***Economic Effect of Adjustments.*** Any adjustments in the rate or manner of charging for any rentals, rates, fees, tuition, or other charges included in Pledged Revenues at any Participant in the Financing System resulting from an event described in subsection (e) above will be based upon a certificate and recommendation of the Designated Financial Officer, delivered to the Board, as to the rates and anticipated collection of the Pledged Revenues at each Participant in the Financing System (after taking into account the anticipated effect the proposed adjustments in such rentals, rates, fees, tuition, or other charges would have on enrollment and the receipt of Pledged Revenues and other funds at each Participant in the Financing System) which will be anticipated to result in (i) Pledged Revenues attributable to each Participant being sufficient (to the extent possible) to satisfy the Annual Obligation of such Participant and (ii) Pledged Revenues being sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Financing System including all deposits and payments due on or with respect to (A) the Prior Encumbered Obligations, if any, and (B) all Outstanding Parity Obligations, when and as required by this Resolution.

(g) ***Annual Obligation.*** If, in the judgment of the Board, any Participant in the Financing System has been or will be unable to satisfy its Annual Obligation, the Board shall fix, levy, charge, and collect rentals, rates, fees, and charges for goods and services furnished by such Participant and, with respect to Participants with enrolled students, tuition, effective at the next succeeding regular semester or semesters or summer term or terms, in amounts sufficient, without limit (subject to the provisions of (c) and (d) above, respectively), together with other legally

available funds, including other Pledged Revenues attributable thereto, to enable it to make its Annual Obligation payments.

(h) **Additional Participants.** The Board hereby agrees to apply the covenants hereinabove made to any institution, branch or entity hereinafter placed under the control and governance of the Board and added as a Participant in the Financing System in accordance with the provisions of Section 7 hereof.

Section 4. GENERAL COVENANTS. The Board further represents, covenants, and agrees that while any Parity Obligations or interest thereon is Outstanding:

(a) **Payment of Parity Obligations.** On or before each payment date it shall make available to the Paying Agent for such Parity Obligations or to such other party as required by the resolution authorizing the sale of such Parity Obligations, money sufficient to pay the interest on, principal of, and premium, if any, on the Parity Obligations as will accrue or otherwise come due or mature, or be subject to mandatory redemption prior to maturity, on such date and the fees and expenses related to the Parity Obligations, including the fees and expenses of the Paying Agent and any Registrar, trustee, remarketing agent, tender agent, or Credit Provider.

(b) **Performance.** It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution, and in each and every Parity Obligation or evidence thereof.

(c) **Redemption.** It will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all Parity Obligations which by their terms are mandatorily required to be redeemed prior to maturity, when and as so required.

(d) **Lawful Title.** It lawfully owns, has title to, or is lawfully possessed of the lands, buildings, and facilities now constituting the University, and it will defend said title and title to any lands, buildings, and facilities which may hereafter become part of the Financing System, for the benefit of the owners of Parity Obligations against the claims and demands of all persons whomsoever.

(e) **Lawful Authority.** It is lawfully qualified to pledge the Pledged Revenues herein pledged in the manner prescribed herein and has lawfully exercised such right.

(f) **Preservation of Lien.** Subject to the conditions set forth in Sections 5, 6, and 7 of this Resolution, it will not do or suffer any act or thing whereby the Financing System might or could be impaired, and that it will at all times maintain, preserve, and keep the real and tangible property of the Financing System and every part thereof in good condition, repair, and working order and operate, maintain, preserve, and keep the facilities, buildings, structures, and equipment pertaining thereto in good condition, repair, and working order.

(g) **No Additional Encumbrance.** It shall not incur additional Debt secured by the Pledged Revenues in any manner, except as permitted by this Resolution in connection with Parity

Obligations, unless said Debt is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution. Notwithstanding anything to the contrary contained herein, and in addition to the right hereunder to refund any Prior Encumbered Obligations with Parity Obligations, the Board reserves the right to issue obligations to refund any Prior Encumbered Obligations and to secure the refunding obligations with the same source or sources securing the Prior Encumbered Obligations being refunded. Upon the defeasance of the refunded Prior Encumbered Obligations, the refunding obligations will be Prior Encumbered Obligations (unless the refunding obligations are made Parity Obligations in accordance with the terms of this Resolution and the resolution authorizing their issuance) under this Resolution for all purposes.

(h) ***Investments and Security.*** It will invest and secure money in all accounts and funds established pursuant to this Resolution in the manner prescribed by law for such funds, including, but not by way of limitation, the Public Funds Investment Act (Chapter 2256, Texas Government Code), Chapter 163, Texas Property Code, and Section 51.0031, Texas Education Code, and in accordance with written policies adopted by the Board.

(i) ***Records.*** It will keep proper books of record and account in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the University. Each year while Parity Obligations are Outstanding, the Board will cause to be prepared from such books of record and account an annual financial report of the University and shall furnish such report to the principal municipal bond rating agencies and to any owner of Parity Obligations who shall request same. In addition, the Board shall submit such financial report and other information required by law for examination in connection with financial compliance and other audits required to be conducted by the office of the Auditor of the State of Texas.

(j) ***Inspection of Books.*** It will permit any owner or owners of twenty-five percent (25%) or more of the then Outstanding Principal Amount at all reasonable times to inspect all records, accounts, and data of the Board relating to the University and the Financing System.

(k) ***Annual and Direct Obligations.*** In establishing the annual budget for each Participant in the Financing System, it shall provide for the satisfaction by each Participant in the Financing System of its Annual Obligation. The Direct Obligation shall represent the financial responsibility of each Participant in the Financing System with respect to Outstanding Parity Obligations. Each such Participant's Direct Obligation and Annual Obligation shall be evidenced by a financing agreement between the Board and each Participant.

(l) ***Determination of Outstanding Parity Obligations.*** For all purposes of this Resolution, the judgment of the chief financial officer of the University, presently the Vice President for Finance and Administration, shall be deemed final in the determination of which obligations of the Board constitute Parity Obligations; provided, however, such judgment is subject to confirmation by the Auditor of the State of Texas in connection with the annual audit of the records of the University.

(m) ***Execution of Credit Agreements.*** (i) Should the Board determine that it is in the best interests of the University to obtain a Credit Agreement to enhance the security for or provide

for the payment, redemption or remarketing of Parity Obligations, the Board, upon approval of the Attorney General, may from time to time and at any time execute and deliver a Credit Agreement to which the Pledged Revenues are to be pledged. Prior to the Board adopting any resolution authorizing the execution and delivery of any such Credit Agreement, it shall receive from the University an Officer's Certificate to the effect that (i) the Board has determined that the Participant for whom the Credit Agreement is to be executed and delivered possesses the financial capability to satisfy its Direct Obligation after taking into account the payment obligations under the proposed Credit Agreement, and (ii) to the best of his or her knowledge, the Board is in compliance with all covenants contained in this Resolution and any resolution adopted authorizing the issuance of Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions, and conditions hereof or thereof.

(ii) The lien on and pledge of Pledged Revenues to pay the cost of any such credit agreement may be on a parity with, but not superior to, the lien on and pledge of the Pledged Revenues securing the Parity Obligations.

Section 5. ISSUANCE OF ADDITIONAL OBLIGATIONS. (a) *Parity Obligations.* The Board reserves and shall have the right and power to issue or incur, Parity Obligations for any purpose authorized by law pursuant to the provisions of this Resolution and the applicable laws of the State of Texas governing the issuance of bonds for the benefit of each Participant (currently the University) in the Financing System. The Board may incur, assume, guarantee, or otherwise become liable in respect of any Parity Obligations if the Board shall have determined that it will have sufficient funds to meet the financial obligations of each Participant (currently the University) in the Financing 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. In addition, the Board shall not issue or incur Parity Obligations unless (i) the Board shall determine that the Participant for whom the Parity Obligations are being issued or incurred possesses the financial capability to satisfy its Direct Obligation after taking into account the then proposed Parity Obligations, and (ii) a Designated Financial Officer shall deliver to the Board a certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in this Resolution and any resolution adopted authorizing the issuance of Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions, and conditions hereof or thereof.

(b) *Non-Recourse Debt and Subordinated Debt.* Non-Recourse Debt and Subordinated Debt may be incurred by the Board without limitation, subject to the applicable laws of the State of Texas.

Section 6. DISPOSITION OF ASSETS ATTRIBUTABLE TO FINANCING SYSTEM PARTICIPANTS. The Board may convey, sell, or otherwise dispose of any properties of each Participant (currently the University) in the Financing System provided:

(a) *Ordinary Course.* Such conveyance, sale, or disposition shall be in the ordinary course of business of such Participant which uses, operates, owns, or is otherwise responsible for such properties; or

(b) ***Disposition Upon Board Determination.*** The Board shall determine that after the conveyance, sale, or other disposition of such properties, the Board shall have sufficient funds during each Fiscal Year during which Parity Obligations are to be Outstanding to meet the financial obligations of each Participant in the Financing 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.

Section 7. COMBINATION, DIVISION, RELEASE AND ADMISSION OF NEW INSTITUTIONS UNDER THE FINANCING SYSTEM. (a) ***Combination and Division.*** Notwithstanding anything to the contrary contained herein, it is recognized that certain institutions which may become Participants in the Financing System may be combined or divided and that so long as such combined or divided institutions continue to be governed by the Board such action shall not be in violation of the provisions of this Resolution or require any amendments of the provisions hereof.

(b) ***Release.*** Subject to the conditions set forth below, any Participant in the Financing System or portion thereof may be closed and abandoned by law or may be removed from the Financing System (thus deleting the revenues, income, funds and balances attributable to said Participant or portion thereof from Pledged Revenues) without violating the terms of this Resolution provided:

(1) the Board approves and delivers an Officers' Certificate to the effect that, to the knowledge thereof, after the release of such Participant or portion thereof, the Board will have sufficient funds during each Fiscal Year in which Parity Obligations shall thereafter be Outstanding to meet the financial obligations of the Board, 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

(2) the Board receives an Opinion of Counsel which shall state that such release will not affect the status for federal income tax purposes of interest on any Outstanding Parity Obligations and that all conditions precedent provided in this Resolution or any resolution hereafter adopted governing the issuance of Parity Obligations relating to such release have been complied with; and

(3) (A) if the Participant or portion thereof to be released from the Financing System is to remain under the governance and control of the Board, the Board must either (i) provide, from lawfully available funds, including Pledged Revenues attributable to said withdrawing Participant, for the payment or discharge of said Participant's Direct Obligation or (ii) pledge to the payment of Parity Obligation, additional resources not then pledged in an amount sufficient to satisfy such withdrawing Participant's Direct Obligation; or

(B) if the Participant or portion thereof to be released from the Financing System is to no longer be under the governance and control of the Board and remains in operation independent of the Board, the Board must enter into a binding obligation with the new governing body of the withdrawing institution or the portion thereof being withdrawn, obligating said governing body to make payments to the Board at the times and in the amounts equal to said Participant's Annual Obligation or to pay or discharge said Participant's Direct Obligation, or, in the case of a portion of a Participant being withdrawn, the proportion of the Participant's Annual Obligation or Direct Obligation, as the case may be, attributable to the withdrawing portion of the Participant.

(c) If, after the date of the adoption of this Resolution, the Board desires for an institution or agency governed by the Board to become a Participant of the Financing System, or if the Board is required by law to assume the governance of an institution or agency, it may include said institution or agency in the Financing System with the effect set forth in this Resolution by the adoption of a resolution amending this Resolution.

Section 8. WAIVER OF CERTAIN COVENANTS. The Board may omit in any particular instance to comply with any covenant or condition set forth in Sections 3 through 7 hereof if before or after the time for such compliance the Owners of the same percentage in principal amount of all Parity Obligations then Outstanding, the consent of which would be required to amend the provisions hereof to permit such noncompliance, shall either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived and, until such waiver shall become effective, the obligations of the Board and the duties of the Board in respect to any such covenant or condition shall remain in full force and effect. For purposes of this Section, if a municipal bond insurance policy has been issued insuring the payment of any Outstanding Parity Obligations, the term Owner shall mean the company that has issued any such insurance policy or policies.

Section 9. AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS. (a) *Amount and Designation.* The Board's bonds each entitled "BOARD OF REGENTS OF STEPHEN F. AUSTIN STATE UNIVERSITY REVENUE FINANCING SYSTEM REVENUE REFUNDING BOND," are hereby authorized to be issued in one or more series and delivered in an aggregate maximum principal amount (determined without regard to premium or discount affecting the sale price) of \$19,920,000. The title of the Bonds shall be designated by the year in which each Series is awarded pursuant to Section 10 below and in the event that another series of bonds is issued by the Board within a calendar year each Series within that year shall have a letter designation following the year. Any Series of Bonds which is issued for the purpose of refunding all or a portion of the Potential Refunded Bonds may include the refunding designation in the title as set forth in the applicable Award Certificate. The authority of the Designated Financial Officer to execute and deliver an Award Certificate for each Series shall expire at 5:00 p.m. Central Time on September 10, 2021, such date being one year from the date of adoption of this Resolution. Bonds priced on or before September 10, 2021 may close after such date.

(b) **Purpose.** The Bonds of each Series are to be issued for the following purposes: (i) REFUNDING ALL OR A PORTION OF THE POTENTIAL REFUNDED BONDS and (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

Section 10. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS. (a) **Terms of Each Series of Bonds.** The Bonds of each Series shall initially be issued, sold, and delivered hereunder as fully registered bonds, without interest coupons, numbered consecutively from R-1 upward (except the initial Bond of each Series delivered to the Attorney General of the State of Texas which shall be numbered T-1), 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 the denomination of \$5,000 or any integral multiple thereof (an "Authorized Denomination"), each Series maturing not later than October 15, 2029, serially or otherwise on the dates, in the years and in the principal amounts, respectively, dated and be either Taxable Bonds or Tax-Exempt, all as set forth in each Award Certificate of the Designated Financial Officer.

(b) **Award Certificate.** As authorized by Chapters 1207 and 1371, Government Code, as amended, the Designated Financial Officer 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 date of each Series of the Bonds, any additional or different designation or title by which each Series of the Bonds shall be known, the price at which each Series of the Bonds will be sold, the years in which each Series of the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of each Series of the Bonds, whether the Bonds are designated as Tax-Exempt Bonds or Taxable Bonds, the rate or rates of interest to be borne by each maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Board, as well as any mandatory sinking fund redemption provisions, the amount of capitalized interest, if any, for each Series of Bonds, establishing a reserve fund for the Bonds, if any, and all other matters relating to the issuance, sale, and delivery of the Bonds, all of which shall be specified in a certificate of the Designated Financial Officer delivered to the Secretary of the Board (the "Award Certificate"); provided that (i) the price to be paid for each Series of the Bonds shall not be less than 90% of the aggregate original principal amount thereof plus accrued interest, if any, thereon from its date to its delivery, (ii) Bonds shall be issued to refund all or a portion of the Potential Refunded Bonds only if such refunding, assuming that each Series sold and delivered at the same time constitutes one Series, results in a present value savings on the Annual Debt Service Requirements not less than an amount equal to 3% of the principal amount of such Refunded Bonds being refunded, and (iii) each Series of the Bonds shall not bear interest at a rate in excess of the maximum rate allowed by law.

In establishing the aggregate principal amount of a Series of Bonds to be issued to refund Refunded Bonds, the Designated Financial Officer shall establish an amount, not to exceed the amount authorized in Section 9, sufficient to provide for the refunding of the Refunded Bonds that will result in a reduction in the Annual Debt Service Requirements that otherwise would be payable from the Pledged Revenues with respect to the Refunded Bonds, on a net present value basis of at least 3%. The amount of savings to be realized from the refunding shall be shown in each Award

Certificate. The Award Certificate of each Series shall also identify the Refunded Bonds being refunded by that Series.

It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless prior to delivery of each Series the Award Certificate has been executed and delivered as required by this Resolution.

Each Award Certificate is hereby incorporated in and made a part of this Resolution.

(c) ***Sale of Each Series of Bonds.*** To achieve advantageous borrowing costs for each Participant (currently the University) in the Financing System, each Series of the Bonds shall be sold on a negotiated, placement or competitive basis as determined by the Designated Financial Officer in the Award Certificate. In determining whether to sell each Series of the Bonds by negotiated, placement or competitive sale, the Designated Financial Officer shall take into account the financial condition of the State, the University and the Financing System, any material disclosure issues which 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 which, in the judgment of the Designated Financial Officer, might affect the net borrowing costs on each Series of the Bonds.

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

If the Designated Financial Officer determines that a Series of the Bonds should be sold by a negotiated sale or placement, the Designated Financial Officer shall designate the placement purchaser or the senior managing underwriter for the Bonds and such additional investment banking firms as the Designated Financial Officer deems appropriate to assure that the Bonds are sold on the most advantageous terms to the Financing System. The Designated Financial Officer, acting for and on behalf of the Board, is authorized to enter into and carry out a Bond Purchase Contract or other agreement for the Bonds to be sold by negotiated sale or placement, with the Underwriter or placement purchaser at such price, with and subject to such terms as determined by the Designated Financial Officer pursuant to Section 10(b) above. Each Bond Purchase Contract or other agreement shall be substantially in the form and substance previously approved by the Board in connection with the authorization of Previously Issued Parity Obligations with such changes as are acceptable to the Designated Financial Officer, including those covered by Section 24 or Section 33 and any provisions determined to be necessary by the Designated Financial Officer and Bond Counsel in the event that such Series of Bonds is being sold in a forward delivery transaction.

(d) ***In General.*** Each Series of the Bonds (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, (iv) shall have the characteristics, (v) shall be Tax-Exempt Bonds or Taxable Bonds and (vi) 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 FORM OF BOND set forth in Exhibit "B" to this Resolution and as determined by the Designated Financial Officer as provided herein, with such changes and additions as are required to be consistent with the terms and provisions shown in the Award Certificate.

Section 11. INTEREST. Each Series of the Bonds shall bear interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from their date, until maturity or redemption, at the rates set forth in the Award Certificate. Each Series of Bonds shall be designated as Tax-Exempt Bonds or Taxable Bonds as set forth in the Award Certificate. Interest shall be payable to the registered owner of any such Bond in the manner provided and on the dates stated in the FORM OF BOND set forth in this Resolution and the Award Certificate.

Section 12. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION; BOOK-ENTRY-ONLY SYSTEM. (a) *Paying Agent/Registrar.* The Designated Financial Officer is authorized to select a Paying Agent/Registrar for the Bonds. The Designated Financial Officer is also authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the form previously approved by the Board in connection with the authorization of Previously Issued Parity Obligations with such changes as are acceptable to the Designated Financial Officer.

(b) *Registration Books.* The Board shall keep or cause to be kept at a corporate trust office of the Paying Agent/Registrar designated in the Paying Agent/Registrar Agreement (the "Designated Trust Office") books or records for the registration of the transfer, exchange, and replacement of the Bonds (the "Registration Books"), and the Paying Agent/Registrar is hereby appointed to serve as 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 and Paying Agent/Registrar 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 shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, 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 Resolution, whether 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 Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the University and the Paying Agent/Registrar with respect to the Bonds.

(e) ***Authentication.*** The Bonds initially issued and delivered pursuant to this Resolution shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar'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 Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE (the "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 Resolution, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender of such Bond at the Designated 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 Resolution, in any Authorized Denomination (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 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 an aggregate principal 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 shall bear a letter and/or number to distinguish it from each other Bond. 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 Resolution shall constitute one of the Bonds for all purposes of this Resolution, 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 Resolution there shall be printed an Authentication Certificate, in the form set forth in the FORM OF BONDS set forth in Exhibit "B" to this Resolution. An authorized

representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in subsection (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication 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 Designated Financial Officer. Pursuant to Chapter 1206, 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 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 which were originally issued pursuant to this Resolution. 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 (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. 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 Resolution, and that the Paying Agent/Registrar will be one entity. 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 Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the 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 Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(h) ***Book-Entry-Only System.*** The Bonds issued in exchange for the Bonds initially issued and delivered to the Purchaser 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 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. The Designated Financial Officer is authorized to take all actions necessary to obtain, complete and execute a "DTC Blanket Letter of Representations" in connection with utilizing the DTC Book-Entry-Only System.

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 in the Bonds. Without limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a 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 Resolution 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 purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, 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 Resolution, 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 Resolution. 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 Resolution 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 Resolution shall refer to such new nominee of DTC.

(i) ***Successor Securities Depository; Transfers Outside Book-Entry-Only System.*** In the event that the Board or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Board to DTC (as referred in subsection (h) above) 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 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 Bonds shall designate, in accordance with the provisions of this Resolution.

(j) **Payments to Cede & Co.** Notwithstanding any other provision of this Resolution 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) **Notice of Redemption.** In addition to the method of providing a notice of redemption set forth in the FORM OF BONDS, the Paying Agent/Registrar shall give notice of redemption of Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption 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.

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 interest rate, the maturity date, the CUSIP number, a reference to the principal amounts of each maturity called for redemption, 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, including a contact person and telephone number.

All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

Section 13. FORM OF BONDS. The forms of the Bonds, including the form of the Authentication Certificate, the form of Assignment, the form of any statement of insurance with respect to the Bonds provided by a Bond Insurer, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, with respect to the Bonds initially issued

and delivered to the Purchaser pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "B", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

Section 14. INDIVIDUALS NOT LIABLE. All covenants, stipulations, obligations, and agreements of the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations, and agreements of the Financing System and the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in the individual capacity thereof and neither the respective members of the Board, nor any officer thereof or of any participant shall be liable personally on Parity Obligations when issued, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 15. SECURITY FOR THE BONDS. The Bonds are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to this Resolution. The Pledged Revenues are hereby pledged, subject to the liens securing any 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 16. PAYMENTS. (a) *Accrued Interest.* Immediately after the delivery of the Bonds, the Board shall deposit any accrued interest received from the sale and delivery of the Bonds to the credit of a special account to be held to pay interest on such Bonds on the first interest payment date.

(b) *Debt Service Payments.* 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 the Bonds as specified 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.

Section 17. 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 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 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 which 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 Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) ***Authority for Issuing Replacement Bonds.*** In accordance with Chapter 1206, 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 12(f) of this Resolution for Bonds issued in exchange and replacement for other Bonds.

Section 18. REMEDIES. Any owner of Parity Obligations in the event of default in connection with any covenant contained herein or in any resolution adopted hereafter authorizing the issuance of Parity Obligations, or default in the payment of said obligations, or of any interest due thereon, or other costs and expenses related thereto, may require the Board, their respective officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction against the Board, their respective officials and employees, or any appropriate official of the State of Texas.

Section 19. DEFEASANCE OF OBLIGATIONS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer Outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either

(i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or any other eligible bank or trust company then authorized by State law for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Board with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues herein pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given, in accordance with this Resolution. Any money so deposited with the Paying Agent/Registrar or other eligible institution as provided in this Section may at the written discretion of the Board also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or other eligible institution pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Board.

(c) Notwithstanding any provision of any other Section of this Resolution which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Notwithstanding anything elsewhere in this Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or other eligible institution pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the Board retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of this Resolution, the Board may call such Defeased Bond for redemption upon

complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

(f) In the event that the Board elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 20. AMENDMENT OF RESOLUTION. (a) *Amendment Without Consent.* This Resolution and the rights and obligations of the Board and of the owners of the Outstanding Parity Obligations may be modified or amended at any time without notice to or the consent of any owner of the Outstanding Parity Obligations, solely for any one or more of the following purposes:

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

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by the Board of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To supplement the security for the Parity Obligations, including, but not by way of limitation, to provide for the addition of new institutions and agencies to the Financing System or to clarify the provisions regarding the University as a Participant in the Financing System; provided, however, if the definition of Pledged Revenues is amended in any manner which results in the pledge of additional resources, the terms of such amendment may limit the amount of such additional pledge and the manner, extent, and duration of such additional pledge all as set forth in such amendment;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Obligations, 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 Parity Obligations;

(v) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations;

(vi) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of Outstanding Parity Obligations; or

(vii) To make such changes or amendments as contemplated by Section 24(c) of this Resolution in order to comply with the Rule.

Notice of any such amendment may be published by the Board in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

(b) **Amendments With Consent.** Subject to the other provisions of this Resolution, the owners of Outstanding Parity Obligations aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment to this Resolution, other than amendments described in subsection (a) of this Section, which 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 Parity Obligations, the amendment of the terms and conditions in this Resolution so as to:

- (1) Grant to the owners of any Outstanding Parity Obligations a priority over the owners of any other Outstanding Parity Obligations;
- (2) Materially adversely affect the rights of the owners of less than all Parity Obligations then Outstanding;
- (3) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment;
- (4) Make any change in the maturity of the Outstanding Bonds;
- (5) Reduce the rate of interest borne by Outstanding Bonds;
- (6) Reduce the amount of the principal payable on Outstanding Bonds; or
- (7) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment; or
- (8) Adversely affect the tax exempt status of the interest on the Outstanding Bonds to the owners thereof.

(c) **Notice.** If at any time this Resolution is to be amended pursuant to the provisions of subsection (b) of this Section, 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 each Registrar for the Parity Obligations for inspection by all owners of Parity Obligations. Such publication is not required, however, if the Board gives or causes to be given such notice in writing, by certified mail, to each owner of Parity Obligations. Such publication is not required with respect to amendments to this Resolution effected pursuant to the provisions of subsection (a) of this Section.

(d) ***Receipt of Consents.*** Whenever at any time not less than thirty (30) 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 a majority in Outstanding Principal Amount, 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 of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution 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 Parity Obligations and all future Parity Obligations shall thereafter be determined, exercised, and enforced under this Resolution, as amended.

(f) ***Consent Irrevocable.*** Any consent given by any owner of Parity Obligations 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 Parity Obligations 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 Registrar for such Parity Obligations and the Board, but such revocation shall not be effective if the owners of a majority in Outstanding Principal Amount, 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 Parity Obligations shall be determined by the Registration Books maintained by the Registrar.

Section 21. COVENANTS REGARDING TAX-EXEMPTION. (a) ***Covenants.*** The Board covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Tax-Exempt Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "IRS 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:

- (1) to take any action to assure that no more than 10 percent of the proceeds of the Tax-Exempt Bonds or the projects financed or refinanced therewith (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 IRS Code or, if more than 10 percent of the proceeds of the Tax-Exempt Bonds or the projects financed or refinanced therewith are so used, such amounts, whether or not received by the Board, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Tax-Exempt Bonds, in contravention of section 141(b)(2) of the IRS Code;
- (2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Tax-Exempt Bonds or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the IRS Code, to the governmental use;
- (3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Tax-Exempt 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 IRS Code;
- (4) to refrain from taking any action which would otherwise result in the Tax-Exempt Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the IRS Code;
- (5) to refrain from taking any action that would result in the Tax-Exempt Bonds being "federally guaranteed" within the meaning of section 149(b) of the IRS Code;
- (6) to refrain from using any portion of the proceeds of the Tax-Exempt Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the IRS Code) which produces a materially higher yield over the term of the Tax-Exempt Bonds, other than investment property acquired with:
 - (A) proceeds of the Tax-Exempt 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 Tax-Exempt Bonds are issued,
 - (B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148 1(b) of the Treasury Regulations, and

- (C) 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 Tax-Exempt Bonds;
- (7) to otherwise restrict the use of the proceeds of the Tax-Exempt Bonds or amounts treated as proceeds of the Tax-Exempt Bonds, as may be necessary, so that the Tax-Exempt Bonds do not otherwise contravene the requirements of section 148 of the IRS Code (relating to arbitrage); and
- (8) 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 IRS Code and to pay to the United States of America, not later than 60 days after the Tax-Exempt 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 IRS Code.

(b) **Rebate Fund.** With respect to the Tax-Exempt Bonds, in order to facilitate compliance with the above covenant (8), 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 IRS Code.

(c) **Proceeds.** With respect to the Tax-Exempt Bonds, 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 bonds not expended prior to the date of issuance of the Tax-Exempt Bonds. It is the understanding of the Board that the covenants contained herein are intended to assure compliance with the IRS 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 which modify or expand provisions of the IRS Code, as applicable to the Tax-Exempt 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 Tax-Exempt Bonds under section 103 of the IRS Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Tax-Exempt 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 Tax-Exempt Bonds under section 103 of the IRS Code. In furtherance of such intention, the Board hereby authorizes and directs the Designated Financial Officer to execute any documents, certificates or reports required by the IRS Code and to make such elections, on behalf of the Board, which may be permitted by the IRS Code as are consistent with the purpose for the issuance of the Tax-Exempt Bonds.

(d) ***Disposition of Refunded Bonds Projects.*** If the Bonds are issued as Tax-Exempt Bonds, the Board covenants that the projects financed by any Refunded 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 Tax-Exempt Bonds. For purposes of this subsection, the portion of the property comprising personal property and disposed of in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this subsection, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 24. CONTINUING DISCLOSURE UNDERTAKING. (a) ***Definitions.*** As used in this Section, the following terms have the meanings ascribed to such terms below:

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

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

(b) ***Annual Reports.*** To the extent that such financial information and operating data is reasonably obtainable under generally acceptable accounting principles applicable to the Board, as modified by the laws of the State of Texas and the rules and regulations of the Comptroller of Public Accounts of the State of Texas, the Board shall provide annually to the MSRB in an electronic format as prescribed by the MSRB, within six months after the end of each Fiscal Year, financial information and operating data with respect to the Board, as determined by the Designated Financial Officer at the time one or more series of Bonds are sold. The Award Certificate shall specify the financial information and operating data to be provided pursuant to this Section. In the event that financial information and operating data to be provided of such general type is not reasonably available, financial information and operating data will be provided as prescribed by the applicable accounting principles and the governing laws, rules, and regulations applicable to the Board. The undertaking of the Board contained in the preceding sentence may be modified by the Designated Financial Officer in the Award Certificate upon advice of counsel. Any financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "C" hereto as modified in the Award Certificate, 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 12 months after any such Fiscal Year end, then the Board shall provide unaudited financial statements within such 12-month period, in an electronic format as prescribed by the MSRB, 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 the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of said Fiscal Year or as soon thereafter as such audited financial statements 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 its Fiscal Year, the Board will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this 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 that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) **Event Notices.** The Board shall file notice to notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Tax-Exempt Bonds, or other events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;

9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Board;
13. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board, any of which affect security holder, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Board in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Board in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board, and (b) the Board intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The Board shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection. All

documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(d) **Limitations, Disclaimers, and Amendments.** The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with Section 19 of this Resolution that causes the Bonds no longer to be 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 which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the 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 comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Should the Rule be amended to obligate the Board to make filings with or provide notices to entities other than the MSRB, the Board hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

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

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 (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments

or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consents 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 interest 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 paragraph (a) of this Section an explanation, in narrative form, of the reason 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 agreement if the SEC amends or repeals the applicable provision 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 Bonds in the primary offering of the Bonds.

(e) ***Format, Identifying Information, and Incorporation by Reference.*** All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

Financial information and operating data to be provided pursuant to Subsection (b) of 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) available to the public on the MSRB's Internet Web site or filed with the SEC.

Section 25. APPLICATION OF BOND PROCEEDS. (a) ***Proceeds.*** Proceeds from the sale of each Series of the Bonds shall, promptly upon receipt thereof, be applied by the Designated Financial Officer as follows:

- (i) accrued interest, if any, for each Series of the Bonds shall be deposited as provided in Section 16;
- (ii) an amount sufficient to accomplish the purposes of Section 9 shall be so applied; and
- (iii) any proceeds from the sale of each Series of the Bonds remaining after the deposits provided for in clauses (i) and (ii) above, shall be applied to pay expenses arising in connection with the issuance of the Bonds.

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

(b) ***Funds.*** The Designated Financial Officer is hereby authorized to establish such funds, accounts and/or sub-accounts as necessary to administer any remaining proceeds of the

Bonds after applying proceeds to the refunding of the refunded bonds, including for accrued interest and costs of issuance. Proceeds deposited into any such funds, accounts and/or sub-accounts shall remain therein until from time to time expended for the purposes described in this Resolution, and shall not be used for any other purposes whatsoever, except as otherwise provided below, and pending such expenditure, such moneys may be invested at the direction of the Designated Financial Officer or the designee thereof in eligible investments in accordance with the provisions of Section 4(h) of this Resolution. Interest earnings shall accrue to the respective funds, accounts and/or sub-accounts in which moneys are held and invested. The Board shall cause moneys on deposit in any such funds, accounts and/or sub-accounts representing accrued interest to be used to pay debt service on the Bonds as the same shall become due and payable.

Section 26. REFUNDING OF REFUNDED BONDS: ESCROW AGREEMENT; REDEMPTION OF REFUNDED BONDS. Concurrently with the delivery of a Series of Bonds issued to refund Refunded Bonds, the Designated Financial Officer shall cause to be deposited with the Escrow Agent an amount, from the proceeds from the sale of each Series of the Bonds, sufficient, together with other legally available funds of the Board, to provide for the payment and retirement of the Refunded Bonds. In the event that it is deemed necessary, the Designated Financial Officer is authorized to enter into one or more escrow agreements in the form and substance previously approved by the Board in connection with the refunding of Debt with such changes as are acceptable to the Designated Financial Officer. In such event, the Designated Financial Officer is authorized hereby to take such steps as may be necessary to purchase 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 each Series of the Bonds, the monies and investments held in the fund securing the Refunded Bonds and other lawfully available monies of the Board.

Subject to the execution of an Award Certificate by the Designated Financial Officer designating such Refunded Bonds, the Refunded Bonds are hereby called for redemption on the first optional redemption date following the delivery of each Series of the Bonds for which all of the notice requirements for redemption can be reasonably met, at a redemption price of par plus accrued interest, if any, to the date of redemption. The Designated Financial Officer shall take such actions as are necessary to cause the required notice of such redemption to be given. The Designated Financial Officer is authorized to select one or more escrow agents with respect to each Series of Bonds issued to refund the Refunded Bonds.

Section 27. RESOLUTION 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 Resolution shall be deemed to be and shall constitute a contract between the Board and the Owners from time to time of the Bonds and the pledge made in this Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Owners, 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 Resolution.

Section 28. 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 29. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Except as provided to the contrary in the FORM OF BONDS, whenever under the terms of this Resolution 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 30. LIMITATION OF BENEFITS WITH RESPECT TO THE RESOLUTION. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Resolution 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 Owners, and the Paying Agent/Registrar as herein and therein provided.

Section 31. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE AND INSURANCE. The Designated Financial Officer is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State of Texas. The Designated Financial Officer is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds as permitted by Chapter 1202, in which case the Designated Financial Officer also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The approving legal opinion of Bond Counsel and the assigned CUSIP numbers may 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 this Resolution is hereby adopted and made a part of this Resolution 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 municipal bond insurance company issuing any such insurance.

Section 32. OFFICIAL STATEMENT. The Designated Financial Officer is authorized and directed to provide for and oversee the preparation of a preliminary and final official statement in connection with the issuance of the Bonds, and to approve such official statement and deem it final in compliance with the Rule and to provide it to the purchasers of the Bonds in compliance with such Rule.

Section 33. RESERVE FUNDS. The Board may establish a reserve fund, and/or any other fund or funds pursuant to any resolution authorizing the issuance of Parity Obligations, including with respect to the Bonds in the Award Certificate, for the purpose of paying or securing a particular issue or series of Parity Obligations or any specific group of issues or series of Parity Obligations and the amounts once deposited in said funds shall no longer constitute Pledged Revenues but shall be held solely for the benefit of the owners of the particular issue or series or group of issues or series of Parity Obligations for which such fund was established. Each such fund shall be designated in such manner as is necessary to identify the Parity Obligations it secures and to distinguish such fund from any other funds created for the benefit of any other Parity Obligations.

Section 34. FURTHER PROCEDURES. The Chair of the Board, the Designated Financial Officer, and all other officers, employees, and agents of the University, 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 Resolution, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith, and to approve any Official Statement, or supplements thereto, in connection with the Bonds including any necessary filings with the Attorney General of Texas and any other necessary parties.

Section 35. PAYMENT OF ATTORNEY GENERAL FEE. The Board hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of each Series of the Bonds or (ii) \$9,500 per Series, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The Designated Financial Officer is hereby instructed to take the necessary measures to make this payment. The Board is also authorized to reimburse the appropriate funds for such payment from proceeds of the Bonds.

Section 36. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 37. PERFECTION OF PLEDGE. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted under Section 2 of this Resolution, and such pledge is therefore valid, effective and perfected. If Texas law is

amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues under Section 2 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 38. BOND INSURANCE. In connection with the sale of the Bonds, the Board may obtain municipal bond insurance policies from a municipal bond insurer (each a "Bond Insurer") to guarantee the full and complete payment required to be made by or on behalf of the Board on some or all of the Bonds as determined by the Designated Financial Officer. The Designated Financial Officer is hereby authorized to sign a commitment letter with the Insurer and to pay the premium for the bond insurance policies at the time of the delivery of the Bonds out of the proceeds of sale of the Bonds or from other available funds and to execute such other documents and certificates as necessary in connection with the bond insurance policies as he or she may deem appropriate. Printing on Bonds covered by the bond insurance policies a statement describing such insurance, in form and substance satisfactory to the Bond Insurer and the Designated Financial Officer, is hereby approved and authorized. The Award Certificate may contain provisions related to the bond insurance policies, including payment provisions thereunder, and the rights of the Bond Insurer(s), and any such provisions shall be read and interpreted as an integral part of this Resolution.

Section 39. 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 their respective meetings at which this Resolution was adopted, and that this Resolution would be introduced and considered for adoption at said meetings; and that said meetings were open to the public, and public notice of the time, place, and purpose of said meetings was given, all as required by Chapter 551, Texas Government Code.

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EXECUTED this 11th day of September, 2020.

Chair, Board of Regents

Secretary, Board of Regents

[Signature Page]

EXHIBIT A

DEFINITIONS

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

"*Annual Debt Service Requirements*" means, for any Fiscal Year, the principal of and interest on all Parity Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the Board on such Debt, or be payable in respect of any required purchase of such Debt by the Board) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the Board:

(1) *Committed Take Out*. If the Board has entered into a Credit Agreement constituting a binding commitment within normal commercial practice to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) *Balloon Debt*. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the Board) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) *Consent Sinking Fund*. In the case of Balloon Debt (as defined in clause (2) above), if a Designated Financial Officer shall deliver to the Board an Officer's Certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt

according to a fixed schedule stated in such Officer's Certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the Board has elected to apply the rule set forth in clause (2) above;

(4) *Prepaid Debt.* Principal of and interest on Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) *Variable Rate.* As to any Parity Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the Board, either (1) an interest rate equal to the average rate borne by such Parity Obligations (or by comparable debt in the event that such Parity Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (2) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a newspaper or journal with national circulation may be used for this purpose. If two Series of Parity Obligations which bear interest at variable interest rates, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Parity Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Parity Obligations;

(6) *Guarantee.* In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the Board does not anticipate in its annual budget that it will make any payments on the guarantee. If, however, the Board is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Obligations and calculations of Annual Debt Service Requirements with respect to such guarantee shall be made assuming that the Board will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the Board no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the Board has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments for fees and expenses), for either the Board or the Credit Provider, shall be included in such calculation, except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the Board or the Credit Provider, shall be excluded from such calculation.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"*Annual Direct Obligation*" means the amount budgeted each Fiscal Year by the Board with respect to each Participant in the Financing System to satisfy said Participant's proportion of debt service (calculated based on said Participant's Direct Obligation) due by the Board in such Fiscal Year on Outstanding Parity Obligations.

"*Annual Obligation*" means, with respect to each Participant in the Financing System and for each Fiscal Year, said Participant's Annual Direct Obligation plus the amount budgeted by the Board for such Fiscal Year to allow said Participant to retire its obligation for advances made to it by the Board in the management of the Financing System to satisfy part or all of a previous Annual Direct Obligation payment.

"*Authorized Denomination*" shall have the meaning ascribed to said term in Section 10 of this Resolution.

"*Award Certificate*" means each certificate executed by the Designated Financial Officer in connection with each Series of Bonds that establishes the terms of the series of Bonds issued pursuant to Section 10 of this Resolution.

"*Board*" means the Board of Regents of Stephen F. Austin State University, acting as the governing body of the University, or any successor thereto.

"*Bond Counsel*" means McCall, Parkhurst & Horton L.L.P., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal revenue bonds selected by the Board.

"*Bond Insurer*" means the provider of a municipal bond insurance policy for all or a portion of a Series of Bonds in accordance with Section 37 of this Resolution.

"*Bondholder*" or "*Owner*" means the registered owner of any Parity Obligation registered as to ownership and the holder of any Parity Obligation payable to bearer.

"*Bonds*" means one or more Series of the Bonds designated in Section 9 of this Resolution, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Resolution; and the term "Bond" means any of the Bonds.

"*Business Day*" means any day which 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 Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

"*Credit Agreement*" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Obligations, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Obligations and on a parity therewith.

"*Credit Provider*" means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

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

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

"*Debt*" means all:

(1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any

manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of the Board, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the Board in prior Fiscal Years.

"*Defeasance Securities*" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable state law in existence at the time of such defeasance that may be used to defease obligations such as the Bonds.

"*Designated Financial Officer*" means the Vice President for Finance and Administration of the University, or such other official of the University appointed by the Board to carry out the functions of the Vice President for Finance and Administration specified herein.

"*Designated Trust Office*" shall have the meaning ascribed to said term in Section 12(b) of this Resolution.

"*Direct Obligation*" means the proportionate share of Outstanding Parity Obligations attributable to and the responsibility of each Participant in the Financing System.

"*Federal Securities*" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"*Fiscal Year*" means the fiscal year of the Board which currently ends on August 31 of each year.

"*Funded Debt*" means all Parity Obligations that mature by their terms (in the absence of the exercise of any earlier right of demand), or are renewable at the option of the Board to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the Board.

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

"*Maturity*", when used with respect to any Debt, means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Non-Recourse Debt*" means any Debt secured by a lien (other than a lien on Pledged Revenues), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property of the Board attributable to the Financing System; provided, however, that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such occurrence, owned by the Board and being used in the operations of a Participant.

"*Officer's Certificate*" means a certificate executed by the Designated Financial Officer.

"*Opinion of Counsel*" means a written opinion of counsel, which counsel shall be acceptable to the Board.

"*Outstanding*" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered under this Resolution and any resolution hereafter adopted authorizing the issuance of Parity Obligations, except:

- (1) Parity Obligations theretofore cancelled and delivered to the Board or delivered to the Paying Agent or the Registrar for cancellation;
- (2) Parity Obligations deemed paid pursuant to the provisions of Section 19 of this Resolution or any comparable section of any resolution hereafter adopted authorizing the issuance of Parity Obligations;

(3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to this Resolution; and

(4) Parity Obligations under which the obligations of the Board have been released, discharged, or extinguished in accordance with the terms thereof;

provided, however, that, unless the same is acquired for purposes of cancellation, Parity Obligations owned by the Board shall be deemed to be Outstanding as though it was owned by any other owner.

"Outstanding Principal Amount" means, with respect to all Parity Obligations or to a series of Parity Obligations, the outstanding and unpaid principal amount of such Parity Obligations paying interest on a current basis and the outstanding and unpaid principal and compounded interest on such Parity Obligations paying accrued, accreted, or compounded interest only at maturity as of any Record Date established by a Registrar in connection with a proposed amendment of this Resolution.

"Parity Obligations" means all Debt of the Board which may be issued or assumed in accordance with the terms of this Resolution and any resolution authorizing the issuance of Debt on a parity with the Bonds, secured by a pledge of the Pledged Revenues subject only to the liens securing Prior Encumbered Obligations. For purposes of this definition, the Previously Issued Parity Obligations and the Bonds constitute Parity Obligations.

"Participant in the Financing System" and *"Participant"* means each of the agencies, institutions and branches of the University and such agencies, institutions and branches hereafter designated by the Board to be a participant in the Financing System. Currently, the University is the only Participant in the Financing System.

"Paying Agent/Registrar", *"Paying Agent"* or *"Registrar"* means each of the agents (one or more) appointed pursuant to each Award Certificate, or any successor to any such agent.

"Pledged Revenues" means, subject to the provisions of the Prior Encumbered Obligations, the Revenue Funds, including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Financing System which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a resolution authorizing the issuance of Parity Obligations: (a) amounts received by the University under Article VII, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; and (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas.

"Potential Refunded Bonds" means the outstanding Previously Issued Parity Obligations previously issued by or on behalf of the Board.

"*Previously Issued Parity Obligations*" means the Parity Obligations previously issued by or on behalf of the Board payable from the same source as the Bonds that remain Outstanding.

"*Prior Encumbered Obligations*" means those outstanding bonds or other obligations of an institution which becomes a Participant of the Financing System after the date of adoption of this Resolution, which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at such institution or agency, and any other bonds or other obligations secured by revenues which are hereafter designated by the Board as a Pledged Revenue.

"*Prior Encumbered Revenues*" means (i) the revenues pledged to the payment of Prior Encumbered Obligations of the University and (ii) the revenues of any revenue producing system or facility of an institution or agency which hereafter becomes a Participant of the Financing System and which are pledged to the payment of bonds or other obligations outstanding on the date such institution or agency becomes a Participant of the Financing System.

"*Prior Resolutions*" means the resolutions adopted by the Board authorizing the issuance of the Previously Issued Parity Obligations.

"*Record Date*" means, with respect to each Series of the Bonds, the business day of each month as set forth in the Award Certificate.

"*Refunded Bonds*" means the Potential Refunded Bonds refunded by each Series of the Bonds as set forth in each Award Certificate.

"*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 12 of this Resolution.

"*Resolution*" means this Resolution authorizing the sale of the Bonds.

"*Revenue Financing System*" or "*Financing System*" means the "Stephen F. Austin State University Revenue Financing System", currently for the benefit of the University, and such other institutions and agencies now or hereafter under the control or governance of the Board, and made a Participant of the Revenue Financing System by specific action of the Board.

"*Revenue Funds*" means the "revenue funds" of the Board (as defined in Section 55.01 of the Texas Education Code to mean the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income from those funds) derived by the Board from the operations of each of the Participants. The term "Revenue Funds" does not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, rates, fees, or other charges attributable to any student in a category which, at the time of the adoption by the Board of a resolution relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition, rentals, rates, fees, or other charges.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

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

"*Series*" means any designated series or subseries of Bonds issued pursuant to this Resolution.

"*Series 2004 Bonds*" means the Board of Regents of Stephen F. Austin State University Revenue Financing System, Texas Public Finance Authority Revenue Bonds, Series 2004, issued in the original aggregate principal amount of \$26,030,000.

"*Series 2005A Bonds*" means the Board of Regents of Stephen F. Austin State University Revenue Financing System, Texas Public Finance Authority Revenue Bonds, Series 2005, issued in the aggregate principal amount of \$55,365,000.

"*Stated Maturity*" when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

"*Subordinated Debt*" means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Obligations then Outstanding or subsequently issued.

"*Taxable Bonds*" means each Series of Bonds bearing interest at a taxable rate.

"*Tax-Exempt Bonds*" means each Series of Bonds bearing interest which is excludable from gross income for federal taxation purposes pursuant to Section 103 of the IRS Code.

"*Term of Issue*" means with respect to any Balloon Debt, including, without limitation, commercial paper, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) twenty-five years.

"*University*" means Stephen F. Austin State University, together with every other agency or general academic institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board acting for and on behalf of Stephen F. Austin State University pursuant to law.

EXHIBIT B

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF STEPHEN F. AUSTIN STATE UNIVERSITY REVENUE
FINANCING SYSTEM REVENUE BONDS, SERIES 20__***

NO. R- _____ PRINCIPAL AMOUNT _____

INTEREST RATE*	MATURITY DATE	[BOND DATE] [ISSUANCE DATE]*	CUSIP
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REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF STEPHEN F. AUSTIN STATE UNIVERSITY (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, calculated on the basis of a 360-day year composed of twelve 30-day months, from the [Bond Date][Issuance Date], specified above, to the Maturity Date, specified above, at the interest rate per annum, specified above; with interest being payable on _____*, and semiannually 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 Board required by the resolution authorizing the issuance of the Bonds to be on deposit with the _____

* As provided in the Award Certificate. To the extent that the Award Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Award Certificate shall be used in the executed Bonds.

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 at the designated corporate trust office in _____*, Texas (the "Designated Trust Office") of _____*, which is the initial "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, 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 business 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 Bonds 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. The Bond Resolution (hereinafter defined) contains covenants for the benefit of the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond, the amounts required to provide for the payment, when due, in immediately available funds, of all principal of and interest on the Bonds will be made available to the Paying Agent/Registrar. 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. All Bonds of this Series are issuable solely as fully registered bonds, without interest coupons in the denomination of any integral multiple of \$5,000 (an "Authorized Denomination"). Terms used herein and not otherwise defined have the meaning given in the Bond Resolution (hereinafter defined).

THIS BOND is one of a Series of Bonds, dated as of _____, 202_*, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$_____* , issued pursuant to a resolution adopted by the Board on September __, 2020 (the "Bond Resolution"), FOR THE PURPOSE OF (i) REFUNDING ALL OR A PORTION OF THE POTENTIAL REFUNDED BONDS and (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

ON _____, 20__*, or on any date thereafter, the Bonds of this Series maturing on and after _____, 20__* may be redeemed prior to their scheduled maturities, by the Board, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Board, and if less than all of a maturity is to be redeemed

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the Registrar shall determine by lot the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 of principal amount); provided, that during any period in which ownership of the Bonds is determined only 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 such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

THE BONDS maturing on _____, 20__* are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date:

Bonds Maturing _____, 20__*	
<u>Redemption Date</u>	<u>Principal Amount</u>
_____, 20__	\$ _____
_____, 20__	_____*

* Final Maturity

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Board by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the Board, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Board at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

AT LEAST 30 calendar 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 sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to (i) the registered owner of each Bond to be redeemed at its address as it appeared on the Registration Books on the 45th calendar day prior to such redemption date and (ii) major securities depositories and bond information services. 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 for which such payment is made, all as provided above. If such written notice of redemption is effected 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

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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, in any authorized denomination or denominations in any integral multiple of \$5,000, 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.

WITH RESPECT TO any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Resolution have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Board, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Board shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

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 Designated Trust 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 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 Paying Agent/Registrar shall not be required to make transfers of registration or exchange of this Bond or any portion hereof 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. 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.

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 Obligations under the Bond Resolution; and that the interest on and principal of this Bond, together with the other Bonds of this Series and the other outstanding Parity Obligations are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues, subject only to the provisions of, and the lien on and pledge of certain Pledged Revenues to, 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 Obligations 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.

NEITHER THE State of Texas, the Board, nor any other agency, political corporation, or political subdivision of the State of Texas is obligated to pay the principal of or interest on the Bonds, other than as provided herein and in the Bond Resolution. Neither the faith and credit nor the taxing power of the State of Texas, nor any agency, political corporation or political subdivision of the State of Texas is pledged to the payment of the principal of or interest on the Bonds.

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, in accordance with the terms of the Bond Resolution, this Bond has been signed with the manual or facsimile signature of the Chair of the Board and countersigned with the manual or facsimile signature of the Secretary of the Board, and the official seal of Stephen F. Austin State University has been duly impressed, or placed in facsimile, on this Bond.

Secretary, Board of Regents of
Stephen F. Austin State University

Chair, Board of Regents of
Stephen F. Austin State University

(BOARD SEAL)

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

Dated:

Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

		UNIF GIFT MIN ACT--
TEN COM --	as tenants in common	_____Custodian_____
TEN ENT --	as tenants by the entireties	(Cust) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Please insert Social Security or
Other Identification Number of Assignee

/ _____ /

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitutes and appoints _____
to transfer said Bond on the books kept for registration thereof with full power of substitution in
the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by the Securities Transfer Association signature guarantee program.

**FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS TO ACCOMPANY
THE INITIAL BOND**

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)

INSERTIONS FOR THE INITIAL BOND

The initial Bond shall be in the form set forth in this Exhibit, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED ABOVE, the BOARD OF REGENTS OF STEPHEN F. AUSTIN STATE UNIVERSITY (the "Board"), being an agency and political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above,

or registered assigns (hereinafter called the "Registered Owner"), on _____* in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Principal Amount</u>	<u>Maturity ()</u>	<u>Interest Rate</u>
------------------------------------	--------------------------------	---------------------------------

(Information from the Award Certificate of the Designated Financial Officer to be inserted)

The Board promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from _____, 20__* at the respective Interest Rate per annum specified above. Interest is payable on _____, 20__* and semiannually on each _____* and _____* thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication 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; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The initial Bond shall be numbered "T-1"

*As provided in the Award Certificate. To the extent that the Award Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Award Certificate shall be used in the executed Bonds.

EXHIBIT C

DESCRIPTION OF ACCOUNTING PRINCIPLES

The financial statements of Stephen F. Austin University will be prepared in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements, and follow to the extent practical, the AICPA Industry Audit Guide Audits of Colleges and Universities, 1973, as amended by AICPA Statement of Position (SOP) 74 8, Financial Accounting and Reporting by Colleges and Universities, or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation.

DUAL CREDIT STUDENT WEB-BASED DISTANCE EDUCATION FEE EXEMPTION

Explanation:

At the July 23, 2019 meeting, the regents approved the exemption of the \$33 per semester credit hour distance education fee for dual credit students who take interactive video (ITV) courses. ITV course delivery is a two-way interactive video process involving a faculty instructor and students.

A second distance education delivery is a web-based process whereby a faculty member and students interact in an exclusive electronic environment. Dual credit students who took web-based distance education courses were not approved for the exemption.

For fall 2020, dual credit students who took distance education courses using a web-based modality were inadvertently not charged the \$33 per semester credit hour distance education fee.

Recommendation:

The administration recommends that dual credit students who took web-based distance education courses in the fall 2020 semester be exempted from paying the \$33 per semester credit hour charge. In addition, the administration recommends the dual credit distance education fee be exempted for the spring 2021 and summer 2021 semesters. Dual credit course delivery costs will be reevaluated, and fiscal year 2022 tuition and fee recommendations will be submitted to the regents at a later date.



Executive Session

EXECUTIVE SESSION

Consideration of Individual Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of an Officer or Employee, including but not limited to the vice presidents and the president. (Texas Government Code, Section 551.074)



Stephen F. Austin State University
Board of Regents
Meeting 338
September 11, 2020