Board Order 09-08  Approval of resolution authorizing the issuance of State of Texas Constitutional Appropriation Bonds (Stephen F. Austin State University), Series 2008, authorizing the Vice President of Finance and Administration to accept bids with respect to the sale of the bonds and resolving other matters related thereto.
A special teleconference meeting of the board of regents was called to order on Thursday, November 14, 2008, at 10:00 a.m. by Chair Joe Max Green.

Present in Austin Building, Room 307 were:

Board Chair: Mr. Joe Max Green
President: Dr. Baker Pattillo
Vice Presidents: Mr. Danny Gallant
Mr. Ric Berry
General Counsel: Ms. Yvette Clark

Others SFA administrators, staff, and visitors

Joining the meeting by telephone were:

Board Members: Mr. Richard Boyer
Mr. James Dickerson
Ms. Valerie Ertz
Mr. Bob Garrett
Mr. James Thompson
Mr. Melvin White

Absent were board members: Mr. Carlos Amaral, Mr. Paul Pond, Ms. Lacey Claver.

Danny Gallant introduced others joining by telephone: Mary Williams, Senior Vice President of First Southwest Company and Carol Polombo, Bond Counsel, representing McCall, Parkhurst, and Horton.

**BOARD ORDER 09-08**
Whereas, the following was considered by the board of regents:

The SFA Board approved a resolution to issue Tuition Revenue Bonds for the ECRC on February 7, 2008 in the amount of $20,178,000. The ECRC is on schedule to open July 9, 2009, the building is dried in, and the administration anticipates needing additional funds by early spring. The administration testified before the Bond Review Board on Monday, November 10, 2008 at their planning
session regarding the HEF issuance for the ECRC, the nursing project and the deferred maintenance project.

The university now requests board approval of the attached RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF TEXAS CONSTITUTIONAL APPROPRIATIONS BONDS (STEPHEN F. AUSTIN STATE UNIVERSITY), SERIES 2008, AUTHORIZING THE VICE PRESIDENT OF FINANCE AND ADMINISTRATION TO ACCEPT BIDS WITH RESPECT TO THE SALE OF THE BONDS AND RESOLVING OTHER MATTERS RELATED THERETO.

The resolution limits the bonds to be sold at no lower than a 5% discount, and the net effective interest cost cannot exceed 6%. The resolution is presented to the board in order that SFA might find the best market opportunity to sell the bonds. The university has a very attractive issue, with only a 10 year term and full credit support of the State of Texas.

The 2008 calendar year window for the sale extends from December 2\textsuperscript{nd} through December 19\textsuperscript{th}.

Therefore, upon motion by Regent Ertz seconded by Regent White, with all members voting aye, the attached resolution was passed authorizing the acceptance of bids for the sale of bonds in an amount not to exceed $10,600,000 for the purpose of providing funds to construct an Early Childhood Research Center.

The meeting was adjourned at 10:14 a.m.
CERTIFICATE FOR RESOLUTION

The undersigned officers of the Board of Regents of Stephen F. Austin State University (the "Issuer") hereby certify as follows:

1. The Board of Regents of the Issuer convened in a SPECIAL CALLED MEETING ON THE 14TH DAY OF NOVEMBER, 2008 via telephonic conference call, and the roll was called of the duly constituted members of said Board of Regents, to-wit:

   Joe Max Green, Chair
   James A. Thompson, Vice Chair
   Melvin R. White, Secretary
   Carlos Z. Amaral
   Richard B. Boyer
   James Hinton Dickerson
   Valerie E. Ertz
   John R. "Bob" Garrett
   Paul G. Pond

   and all of said persons were present, except the following absentees: Carlos Z. Amaral and Paul G. Pond, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

   RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF TEXAS
   CONSTITUTIONAL APPROPRIATION BONDS (STEPHEN F. AUSTIN STATE
   UNIVERSITY), SERIES 2008, AUTHORIZING THE VICE
   PRESIDENT FOR FINANCE AND ADMINISTRATION TO ACCEPT BIDS
   WITH RESPECT TO THE SALE OF THE BONDS
   AND RESOLVING OTHER MATTERS RELATED THERETO

was duly introduced for the consideration of said Board. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

   AYES: All Present Voted Aye

   NOES: None

2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing
paragraph are the duly chosen, qualified, and acting officers and members of the Issuer as indicated therein; that each of the officers and members of the Issuer was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting; that said Meeting was conducted in accordance with all applicable laws, and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]
SIGNED this 4th December 2003

Melvin White   Jim Map Brown
Secretary     Chair
RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF TEXAS CONSTITUTIONAL APPROPRIATION BONDS (STEPHEN F. AUSTIN STATE UNIVERSITY), SERIES 2008, AUTHORIZING THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION TO ACCEPT BIDS WITH RESPECT TO THE SALE OF THE BONDS AND RESOLVING OTHER MATTERS RELATED THERETO

ADOPTED NOVEMBER 14, 2008
RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF TEXAS CONSTITUTIONAL APPROPRIATION BONDS (STEPHEN F. AUSTIN STATE UNIVERSITY), SERIES 2008, AUTHORIZING THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION TO ACCEPT BIDS WITH RESPECT TO THE SALE OF THE BONDS AND RESOLVING OTHER MATTERS RELATED THERETO

TABLE OF CONTENTS

PREAMBLE .................................................. 1
Section 1. DEFINITIONS ..................................... 1
Section 2. AMOUNT AND PURPOSE OF THE BONDS ............. 3
Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS ....................................... 4
Section 4. INTEREST .......................................... 5
Section 5. CHARACTERISTICS OF THE BONDS .................. 5
Section 6. FORM OF BONDS .................................... 8
Section 7. PLEDGE ............................................. 8
Section 8. CONSTITUTIONAL APPROPRIATION .................... 8
Section 9. PROCEDURE FOR REMITTING TO PAYING AGENT/REGISTRAR .................................................. 9
Section 10. BOARD’S PAYMENTS AND REDEMPTION ................ 10
Section 11. INTEREST AND SINKING FUND ....................... 10
Section 12. INVESTMENTS ...................................... 11
Section 13. ADDITIONAL BONDS ................................ 11
Section 14. SPECIAL COVENANTS ................................ 12
Section 15. PUBLIC FUNDS COLLATERAL ......................... 13
Section 16. DEFEASANCE OF BONDS .............................. 13
Section 17. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS .................................................. 14

Section 18. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS ............................... 15

Section 19. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT .................................. 17

Section 20. DISPOSITION OF PROJECT ................................................................. 17

Section 21. COMPLIANCE WITH RULE 15c2-12 ..................................................... 17

Section 22. CUSTODY, APPROVAL AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION ......................... 20

Section 23. OFFERING DOCUMENTS ........................................................................ 20

Section 24. DTC LETTER OF REPRESENTATION .................................................. 20

Section 25. FURTHER PROCEEDINGS ...................................................................... 20

Section 26. RULES OF CONSTRUCTION .................................................................. 20

Section 27. PUBLIC NOTICE ..................................................................................... 21

Section 28. PAYMENT OF ATTORNEY GENERAL FEE ........................................ 21

Section 29. NO PERSONAL LIABILITY ...................................................................... 21

SCHEDULE I

EXHIBIT A FORM OF BOND ........................................................................ A-1

EXHIBIT B DESCRIPTION OF ANNUAL FINANCIAL INFORMATION ........... B-1
RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF TEXAS CONSTITUTIONAL APPROPRIATION BONDS (STEPHEN F. AUSTIN STATE UNIVERSITY), SERIES 2008, AUTHORIZING THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION TO ACCEPT BIDS WITH RESPECT TO THE SALE OF THE BONDS AND RESOLVING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS §

BOARD OF REGENTS OF STEPHEN F. AUSTIN STATE UNIVERSITY §

WHEREAS, the Board of Regents (the "Board") of Stephen F. Austin State University (the "University") has authority under Article 7, Section 17, of the Texas Constitution (the "Constitutional Provision") and Chapter 62, Texas Education Code (the "Act") to issue bonds and pledge to their payment up to 50 percent of the money allocated to the University by the Constitutional Provision and the Act to secure payment of the principal and interest on bonds issued under authority of and for the purposes enumerated in the Constitutional Provision and the Act; and

WHEREAS, prior to the issuance of the bonds hereinafter authorized, the Board shall obtain the approval of the projects to be financed with the proceeds of the bonds hereinafter authorized from the Texas Higher Education Coordinating Board, and the approval of the issuance of such bonds from the Texas Bond Review Board, as required by law; and

WHEREAS, the bonds hereafter authorized are being issued and delivered pursuant to the Act.

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

Section 1. DEFINITIONS. Unless otherwise expressly provided, or unless the context otherwise requires, the terms defined in this Section shall have the respective meanings specified for all purposes of this Resolution except in the form of the Bonds:

Act: shall have the meaning set forth in the preamble hereto.

Additional Bonds: Bonds of any issue or series authorized and issued pursuant to Section 13 hereof.

Authorized Denomination: shall have the meaning set forth in Section 3(a) hereof.

Board: shall have the meaning set forth in the preamble hereto.
Bonds: the Constitutional Appropriation Bonds, Series 2008, authorized by this Resolution, in the aggregate principal amount of $10,200,000.


Comptroller: the Comptroller of Public Accounts of the State of Texas, and any successor to the duties thereof.

Constitutional Provision: shall have the meaning set forth in the preamble hereto.

Defeasance Securities: those investment securities described in Chapter 1207, Texas Government Code, which at the time of investment are legal investments under the laws of the State of Texas for the defeasance of obligations of the Board.

Designated Trust Office: shall have the meaning set forth in Section 5(a) hereof.

Fiscal Year: the University’s fiscal year beginning September 1 of each year and ending August 31 of the following year.

Interest and Sinking Fund: the Fund created and established in accordance with Section 11 of this Resolution.

Interest Payment Date: each October 15 and April 15 commencing April 15, 2009.

MSRB: the Municipal Securities Rulemaking Board.

Notice of Sale and Bidding Instructions: the document by that name prepared in connection with seeking competitive bids for the purchase and sale of the Bonds.

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

Official Bid Form: the document by that name prepared in connection with the purchase and sale of the Bonds submitted by bidders setting forth their proposed purchase price of, and, where rates to be borne by, the Bonds.

Outstanding: when used with reference to the Bonds, at any date as of which the amount of the Bonds Outstanding is to be determined, the aggregate of all Bonds, except:

(a) Bonds cancelled or delivered to the Paying Agent/Registrar for cancellation at or prior to such date;

(b) Bonds deemed to have been paid as provided in this Resolution, and
(c) Bonds in exchange for or in lieu of which other Bonds have been delivered under this Resolution.

**Paying Agent/Registrar:** Wells Fargo Bank, N.A. and its successors and assigns.

**Pledged Revenues:** up to 50% of the money appropriated annually by the Constitutional Provision and allocated by the Act to the Board to the extent necessary to pay debt service on the Bonds and any Additional Bonds.

**Purchasers:** the bidder or syndicate of bidders determined to have submitted the best bid for the Bonds, identified in Section 3(b) of this Resolution.

**Registered Owner:** shall have the meaning set forth in Section 3(a) hereof.

**Resolution:** this Resolution authorizing the issuance of the Bonds.

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

**SEC:** the United States Securities and Exchange Commission.

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

**Special Record Date:** shall have the meaning set forth in Section 5(b) hereof.

**University:** Stephen F. Austin State University.

**Section 2. AMOUNT AND PURPOSE OF THE BONDS.** The Bonds of the Board are hereby authorized to be issued and delivered in the aggregate principal amount not to exceed $10,200,000 FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, TO CONSTRUCT AND EQUIP BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, AND FOR MAJOR REPAIR AND REHABILITATION OF BUILDINGS OR OTHER PERMANENT IMPROVEMENTS. The proceeds of the Bonds are to be used to construct an Early Childhood Research Center. The title of the Bonds shall be designated by the year in which it is awarded pursuant to Section 3 below. The authority of the Vice President for Finance and Administration to execute and deliver an Pricing Certificate, as hereinafter defined, for the Bonds shall expire at the close of business on November 1, 2009.

**Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.** (a) **Terms of Bonds.** Initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, dated as set forth in the Pricing Certificate, hereinafter defined, numbered consecutively from R-1 upward, 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”), maturing not later than October 15, 2019 serially or otherwise on the dates, in the years and in the principal amounts, respectively, as provided in the Pricing Certificate of the Vice President for Finance and Administration.

(b) Pricing Certificate. As authorized by Chapter 1371, Government Code, as amended, the Vice President for Finance and Administration is hereby authorized, appointed, and designated to act on behalf of the Board in selling and delivering the Bonds and carrying out the other procedures specified in this Resolution, including determining and fixing the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of the 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 the Bonds 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 Vice President for Finance and Administration delivered to the Secretary to the Board (the "Pricing Certificate"), provided that (i) the price to be paid for the Bonds shall not be less than 95% of the aggregate original principal amount thereof plus accrued interest, if any, thereon from its date to its delivery and (ii) the net effective interest rate for the Bonds shall not be in excess of 6%.

It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless prior to delivery of (i) the Pricing Certificate has been executed and delivered as required by this Resolution and (ii) the Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371, Government Code, as amended.

The Pricing Certificate will be incorporated in and made a part of this Resolution and will be filed in the minutes of the Board as a part of this Resolution once the Bonds are issued.

(c) Sale of Bonds. The Bonds should be sold at a competitive sale and the Vice President for Finance and Administration shall cause to be prepared a notice of sale and official statement in such manner as the Vice President for Finance and Administration 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.

Section 4. INTEREST. The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the Pricing Certificate to their respective dates of maturity at the rates per annum specified in the Pricing Certificate.
Section 5. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange: Authentication. The Board shall keep or cause to be kept at the designated corporate trust office in Dallas, Texas (the "Designated Trust Office") of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Board and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges 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 during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND. Each substitute Bond shall bear a letter and/or number to distinguish it from other Bonds.

Except as provided in Section 5(c) of this Resolution, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing conversion and exchange 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. Pursuant to Chapter 1206, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Bonds, the converted and exchanged Bonds shall be valid, incontestable and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Board hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds.
(c) **In General.** The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Board shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND and the Pricing Certificate. The Bonds initially issued and delivered pursuant to this Resolution (upon which shall appear the Registration Certificate of the Comptroller) are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) **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 national or state banking institution 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 60 days written notice to the Paying Agent/Registrar. 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 national or state banking institution with a capital and surplus of at least $10,000,000 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.

(e) **Book-Entry Only System.** The Bonds issued in exchange for the Bonds initially issued and delivered to the Underwriter shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (i) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.
With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, 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 registered owner of Bonds, 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 purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this 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 provision 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.

(f) 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 described in Section 24 of this Resolution) 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 the holders of the Bonds

TPFAUFA HEAPOR Res
transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(g) 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.

Section 6. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller to be attached to the Bonds initially issued and delivered to the Purchasers pursuant to this Resolution, shall be, respectively, substantially in the form attached hereto as Exhibit "A", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

Should a municipal bond insurance policy be obtained by the Purchasers for the benefit of the Bonds, the Board hereby authorizes a statement of insurance provided by the issuer of such policy to be printed on the Bonds.

Section 7. PLEDGE. (a) Pledged Revenues. The principal of, premium, if any, and interest on the Bonds and any Additional Bonds are and shall be payable solely from the Pledged Revenues and from such other amounts, if any, as may be deposited to the Interest and Sinking Fund at the direction of the Board from time to time, in the manner described below. The Board hereby sets over, assigns and pledges to the Registered Owners any and all rights to the Pledged Revenues.

(b) Chapter 1208, Government Code. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Board under Section 7(a) 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 granted by the Board under Section 7(a) of this Resolution is to be subject to the filing requirements of Chapter 9, Texas 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, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 8. CONSTITUTIONAL APPROPRIATION. (a) Allocation of State Funds. The State Legislature has allocated funds as described in the Act, appropriated under authority of the Constitutional Provision, for use by the respective institutions, including the University, for the purposes specified in the Constitutional Provision and the Act.
(b) **State Funds Available for Debt Service.** As received in the State Treasury, up to 50% of the amount so allocated to the University by the Act, and held in accordance with the pledge contained in Section 7 hereof and paid out in accordance with the Section 10 hereof, will be deposited and credited to a separate account established for the benefit of the University. Such amount so deposited will be used by the University in such amounts as are necessary to pay debt service for the Fiscal Year on the Bonds and Additional Bonds then Outstanding.

(c) **Use of Surplus Funds.** After all payments required herein for the payment of principal and interest on the Bonds and Additional Bonds in any Fiscal Year have been made, any money allocated to the University and not required for making such payments during such Fiscal Year may be used by the Board for any purposes permitted by the Constitutional Provision and the Act, and the Board reserves the right to use money in excess thereof for such purposes.

**Section 9. PROCEDURE FOR REMITTING TO PAYING AGENT/REGISTRAR.**

(a) **Transfer of Funds.** As used in this Section, the term “warrant” shall include the use of the electronic funds transfer system established and operated by the Comptroller in accordance with the provisions of applicable law, including, without limitation, the provisions of Section 403.016, Texas Government Code.

(b) **University Submission for Payment.** The Act requires the Comptroller to distribute funds allocated under the Act upon presentation of claims to the Comptroller and the issuance of warrants in accordance with the provisions of the Texas Government Code and the Act. Not less than 24 hours prior to an Interest Payment Date, the University shall submit a purchase voucher, or other claim in the manner required by and in such form acceptable to the Comptroller, for money necessary to pay the principal of and interest on the Bonds as the same shall mature or become due on each such Interest Payment Date. While any of the Bonds is outstanding and unpaid, upon receipt of such purchase voucher or claim, the Comptroller will draw all necessary and proper warrants against moneys held for the University for such purpose, in order to carry out the purpose of this Resolution, to the end that money will be available at the Paying Agent/Registrar in ample time to pay the principal of and interest on the Bonds, as such principal and interest, respectively, matures or becomes due.

(c) **Delivery of Funds by Comptroller.** The Comptroller will promptly deliver prior to any Interest Payment Date the funds so requested by the University to the Paying Agent/Registrar, either (i) by means of electronic funds transfer, or (ii) if the University reasonably determines that the receipt of such funds by the Paying Agent/Registrar by means of electronic funds transfer would be impractical, by written warrant to be made payable to the order of the Paying Agent/Registrar, and delivered to the Paying Agent/Registrar by first-class mail, postage prepaid. Upon receipt of such warrant by the Paying Agent/Registrar, the Paying Agent/Registrar shall give telephonic notice to the Board (thereafter confirmed in writing by first-class mail, postage prepaid) that such warrant has been received.

(d) **Notice to Comptroller.** If the Board fails to receive such notice prior to any Interest Payment Date, it shall notify the Comptroller of such failure to receive such notice, and take such
measures as may be necessary to direct the Comptroller to make the required payments described in subsection (a) of this Section to the Paying Agent/Registrar.

(e) Limitation on Transfer of Funds. Anything to the contrary herein notwithstanding, in no event shall the Board submit or cause to be submitted to the Comptroller purchase vouchers in amounts in excess of the amounts permitted by law to be made available for the payment of debt service on the Bonds and any Additional Bonds secured by Pledged Revenues.

Section 10. BOARD'S PAYMENTS AND REDEMPTION. The Board obligates itself and agrees, in accordance with the procedures described in Section 9 hereof, to pay to the Paying Agent/Registrar, subject to the receipt by the University of the annual appropriations of money coming into the State Treasury not otherwise appropriated, as mandated by the Constitutional Provision and the Act, the Pledged Revenues with respect to the Bonds in immediately available funds on the dates and in the amounts set forth below:

(i) To the extent necessary, the Board shall cause the Paying Agent/Registrar to deposit from the Pledged Revenues into the Interest and Sinking Fund, an amount which is sufficient to pay on any Interest Payment Date the principal, premium, if any, and interest due on all Outstanding Bonds for the then current Fiscal Year;

(ii) On or before the date fixed for redemption of any Bond in accordance with this Resolution, an amount which, together with any other amounts then on deposit therein and available for such purpose will be sufficient to pay the applicable redemption prices, together with accrued interest; and

(iii) On or before the maturity date for any Bond, an amount which, together with any other amounts then on deposit therein and available for such purpose, will be sufficient to finally pay the principal of such Bonds, together with accrued interest thereon.

Section 11. INTEREST AND SINKING FUND. (a) Establishment. A separate and special fund called the "Stephen F. Austin State University Constitutional Appropriation Bonds - Interest and Sinking Fund" is hereby created and shall be established by the Board with the Paying Agent/Registrar, and the same shall be maintained and used only as provided in this Resolution as long as any Bond or Additional Bond is Outstanding.

(b) Deposits to Interest and Sinking Fund. The following amounts shall be deposited into the Interest and Sinking Fund:

(i) immediately after delivery of any series of Bonds or Additional Bonds, all accrued interest, if any, and premium, received from sale of such Bonds;

(ii) immediately upon receipt by the Paying Agent/Registrar, the payments made to the Board pursuant to subsection (a) of Section 10 hereof, and
(iii) immediately upon receipt by the Paying Agent/Registrar, all money and Governmental Obligations deposited in accordance with subsection (b) of Section 10 hereof.

(c) Payment of Debt Service. Except as otherwise specifically provided below, the Interest and Sinking Fund shall be used solely to pay the principal of, premium, if any, and interest on the Bonds and Additional Bonds when due, and the Paying Agent/Registrar shall make available to itself out of the Interest and Sinking Fund the amounts required to pay or redeem the principal of, premium, if any, and interest on the Bonds and Additional Bonds when due; provided, however, that any money and Defeasance Securities deposited by the Board with the Paying Agent/Registrar for the purpose of defeasing and terminating the Board’s obligation to pay Pledged Revenues with respect to any Bonds or Additional Bonds pursuant to Section 16 hereof shall be used by the Paying Agent/Registrar, without investment of such money or reinvestment of such Defeasance Securities, solely to pay or redeem the principal of, premium, if any, and interest on such Bonds or Additional Bonds when due.

(d) Transfer of Excess Funds. Except for amounts deposited in accordance with Section 16 hereof and amounts retained to pay the principal of or premium, if any, on any Bonds or Additional Bonds, when no Bonds or Additional Bonds shall remain outstanding and the Paying Agent/Registrar’s expenses shall have been paid, any amounts remaining in the Interest and Sinking Fund shall be paid to the Board.

Section 12. INVESTMENTS. Money in any Fund maintained pursuant to this Resolution may, at the option of the Board, be invested in accordance with the provisions of Section 51.0031, Texas Education Code and Chapter 2256, Texas Government Code, and in accordance with the written policies adopted by the Board. Such investments shall be valued in terms of current market value as of the last day of February and August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 13. ADDITIONAL BONDS. (a) Right to Issue. The Board reserves the right to issue additional parity bonds in such amounts as are required for the purpose of financing any project permitted by the Constitutional Provision or refunding any Outstanding Bonds or Additional Bonds. Such Additional Bonds, when issued and delivered, shall be payable from, and secured by an assignment and pledge of the Board’s rights to, the Pledged Revenues and secured by the Resolution, in the same manner and to the same extent as any of the Outstanding Bonds and Additional Bonds, and all of the Bonds shall in all respects be on a parity and of equal dignity;

(b) Conditions. No installment or series of Additional Bonds shall be issued unless:

(i) A certificate is executed by the Chair of the Board of Regents or the Vice President for Finance and Administration to the effect that no default exists in connection with any of the covenants or requirements of the resolution or resolutions authorizing the issuance of all then Outstanding Bonds and Additional Bonds;
(ii) A certificate of the Comptroller that money appropriated pursuant to the Constitutional Provision and the Act, or any amendment thereto, will provide sufficient money to pay the principal of and interest on the Additional Bonds;

(iii) The provisions for the issuance of such Additional Bonds will preserve the primary sources for the payment thereof and for the security thereof as set forth in the Constitutional Provision; and

(iv) Additional Bonds shall not be issued in principal amounts or bear interest at rates that shall cause the aggregate payments of the principal and interest on the Bonds in any Fiscal Year to exceed 50% of the money appropriated to the University by the Act.

Section 14. SPECIAL COVENANTS. The Board further covenants as follows:

(a) Other than the pledge of the Pledged Revenues for the payment of the Bonds, the Pledged Revenues have not in any manner been pledged or assigned for the payment of any debt or obligation of the Board;

(b) This Resolution shall constitute a contractual obligation of the Board and the Board may be required by, to the extent permitted by the Resolution, the Registered Owners to carry out its covenants and obligations hereunder by all legal and equitable means, including, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Board, and its officials and employees;

(c) The Board shall authorize and do all things possible to assure that Pledged Revenues are paid to the Paying Agent/Registrar on behalf of the University in accordance with the requirements of Section 8 hereof; and

(d) It is the duty and obligation of the Board, its officers, employees and agents (who are hereby so authorized and directed) to cooperate with and aid the Comptroller in calculating the amounts to be deposited in, or transferred to the University and to ascertain the amounts to be remitted to the Paying Agent/Registrar to meet the requirements for the due and punctual payment of each installment of interest and each installment of principal as such interest and principal respectively mature on any Interest Payment Date.

Section 15. PUBLIC FUNDS COLLATERAL. That all money in all Funds created by the resolutions authorizing the Bonds, to the extent not invested, shall be secured in the manner prescribed by law, for securing funds of the University, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 16. DEFEASANCE OF BONDS. (a) Defeased Bonds. That 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 subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether
such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, 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 in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues herein pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section 16 shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements, and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) **Investment in Defeasance Securities.** Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section 16. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) **Paying Agent/Registrar Services.** 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 Issuer shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) **Selection of Bonds for Defeasance.** In the event that the Issuer 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 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 principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section 17, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on such 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 17.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the registered 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 17 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 17 shall constitute authority for the issuance of any such replacement bond without necessity of further action by the Board or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(a) of this Resolution for Bonds issued in conversion and exchange of other Bonds.

Section 18. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (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 Bonds as obligations
described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Board covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed 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 Code or, if more than 10 percent of the proceeds or the projects financed 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 Bonds, in contravention of section 141(b)(2) of the 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 Bonds or the projects financed 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 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 Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

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

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

(6) to refrain from using any portion of the proceeds of the 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 Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

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

(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 Bonds;

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

(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 Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. 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 Code.

(c) Proceeds. 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 expended prior to the date of issuance of the Bonds. It is the understanding of the Board that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Board will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Board agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Board hereby authorizes and directs the Vice President for Finance and Administration to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Board, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

Section 19. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Board covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Resolution (the
"Project") on its books and records in accordance with the requirements of the Code. The Board recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Board recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Board agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. 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 20. DISPOSITION OF PROJECT. The Board covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of 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 21. COMPLIANCE WITH RULE 15c2-12. (a) Annual Reports. (i) The Board shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year ending in or after 2008, financial information and operating data with respect to the Board of the general type included in the final Official Statement authorized by Section 23 of this Resolution, being the information described in Exhibit "B" hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "B" hereto, or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Board shall provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID, when and if the audit report on such statements become available.

(ii) If the Board changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any
document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
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 or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds; and
11. Rating changes.

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

(c) Limitations, Disclaimers, and Amendments. (i) 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 this Resolution or applicable law that causes the Bonds no longer to be Outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners 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 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.

(iii) UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE REGISTERED OWNER 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.

(iv) No default by the Board in observing or performing its obligations under this Section shall comprise a breach of or default under the Resolution for purposes of any other provision of this Resolution. 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.

(v) 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 registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Board (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners 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 subsection (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.

The filing of such continuing disclosure information with a central post office approved for such purposes by the SEC, such as Disclosure USA, for submission to the NRMSIRs and SID (without also separately submitting such filings to the NRMSIRs and SID by some other means) will satisfy the Board's obligation to file such information with the NRMSIRs and SID so long as such filing is acceptable to the SEC.

Section 22. CUSTODY, APPROVAL AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION. The Chair of the Board or the designee thereof is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller. Upon registration of the Bonds the Comptroller shall manually sign the Comptroller's Registration
Certificate attached to such Bonds, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Board's Bond Counsel may be printed on the Bonds issued and delivered under this Resolution, but it shall have no legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Section 23. OFFERING DOCUMENTS. On behalf of the Board, the Vice President for Finance and Administration is hereby authorized and directed to provide for and oversee the preparation of the Notice of Sale, the Official Bid Form and 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 the Rule.

Section 24. DTC LETTER OF REPRESENTATION. The previous execution and delivery of the DTC Blanket Letter of Representations with respect to obligations of the Board is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

Section 25. FURTHER PROCEEDINGS. That the Chair and Secretary, the Vice President of Administration and Finance, and all other officers, employees and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Board all such instruments, whether herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution and the Bonds, including, but not limited to, the printing of any statement relating to the insuring of the Bonds by a municipal bond insurance company.

Section 26. RULES OF CONSTRUCTION. For all purposes of this Resolution, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Resolution. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Resolution to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Resolution is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Resolution shall be deemed to include the payment of mandatory sinking fund redemption payments, if any. Any reference to FORM OF BOND shall refer to the form attached to this Resolution as Exhibit "A". The Board hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct.

Section 27. PUBLIC NOTICE. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the meeting at which this Resolution was adopted, and
that this Resolution would be introduced and considered for adoption at said meeting; and that said
meeting was open to the public, and public notice of the time, place, and purpose of said meeting
was given, all as required by Chapter 551, Texas Government Code.

Section 28. 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 System Representative 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 29. NO PERSONAL LIABILITY. No covenant or agreement contained in the
Bonds, this Resolution or any corollary instrument shall be deemed to be the covenant or agreement
of any member of the Board or any officer, agent, employee or representative of the Board in his
individual capacity, and neither the directors, officers, agents, employees or representatives of the
Board nor any person executing the Bonds shall be personally liable thereon or be subject to any
personal liability for damages or otherwise or accountability by reason of the issuance thereof, or
any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law,
or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly
released and waived as a condition of and in consideration for the issuance of the Bonds.
EXHIBIT A

FORM OF BOND

NO. R--

PRINCIPAL AMOUNT

UNITED STATES OF AMERICA
STATE OF TEXAS
STATE OF TEXAS
CONSTITUTIONAL APPROPRIATION BOND
(STEPHEN F. AUSTIN STATE UNIVERSITY)
SERIES 2008

DATE OF BOND
MATUREY DATE*
INTEREST RATE*
ORIGINAL ISSUE DATE*
CUSIP

ON THE MATURITY DATE SPECIFIED ABOVE, THE BOARD OF REGENTS
OF STEPHEN F. AUSTIN STATE UNIVERSITY (the "Board"), hereby promises to pay to
________________________, or to the registered assignee hereof (either being hereinafter called
the "registered owner") the principal amount of

________________________ DOLLARS

and to pay interest thereon, from the original issue date of this Bond specified above, to the date
of its scheduled maturity, at the rate of interest per annum specified above, with said interest being
payable on ____________*, and semiannually on each April 15 and October 15 thereafter, except
that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond
is dated later than ____________*, such interest is payable semiannually on each
__________* and __________* following such date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of
the United States of America, without exchange or collection charges. The principal of this Bond
shall be paid to the registered owner hereof upon presentation and surrender of this Bond at
maturity, at the designated corporate trust office in Dallas, Texas (the "Designated Trust Office")

* As provided in the Pricing Certificate. To the extent that the Pricing 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 Pricing Certificate shall be used in the executed
Bonds.
of Wells Fargo Bank, N.A., which is the "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 as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the fifteenth day of the month next preceding such interest payment date, by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Board required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, postage prepaid, on each such interest payment date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The Board covenants with the registered owner of this Bond that no later than each principal payment and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar from the Interest and Sinking Fund as defined by the resolution authorizing the Bonds (the "Bond Resolution") the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Board and the securities depository.

**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 bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

**IN THE EVENT** of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Board. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid to the address of each registered owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

**IF THE DATE** for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, 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, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.
THIS BOND is one of a Series of Bonds of like tenor and effect except as to maturity and interest rate, dated as of the Original Issue Date stated above, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of $_______.

FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, TO CONSTRUCT AND EQUIP BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, AND FOR MAJOR REPAIR AND REHABILITATION OF BUILDINGS OR OTHER PERMANENT IMPROVEMENTS AND PAYING THE COSTS OF ISSUANCE OF THE BONDS, all as specifically described in the Bond Resolution. 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").

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, at the option of the Board, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Board (provided that a portion of a Bond may be redeemed only in an integral multiple of $5,000), at par and accrued interest to the date fixed for redemption; 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 bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

THE BONDS maturing on _________, 20___* (the "Term Bonds") 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.

<table>
<thead>
<tr>
<th>Bonds Maturing ______<em><strong>, 20</strong></em>*</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Redemption Date</strong></td>
<td><strong>Principal Amount</strong></td>
</tr>
<tr>
<td>______<em><strong>, 20</strong></em>*</td>
<td>$_______</td>
</tr>
<tr>
<td>______<em><strong>, 20</strong></em>†</td>
<td>$_______</td>
</tr>
</tbody>
</table>

†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

* As provided in the Pricing Certificate. To the extent that the Pricing 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 Pricing Certificate shall be used in the executed Bonds.
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 with monies in the debt service fund 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.

WITH RESPECT TO any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order 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 District 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.

THIS BOND OR ANY PORTION or portions hereof in any authorized denomination may be assigned and shall be transferred only in the Registration Books of the Board kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth herein and in the Bond Resolution. This Bond may only be assigned and transferred upon presentation and surrender to the Paying Agent/Registrar for transfer of registration and cancellation, 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 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, and shall conclusively evidence the assignment hereof. Upon surrender of this Bond or any portion or portions hereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new Bond or Bonds payable to such assignee or assignees, or to the registered owner hereof in the case of the assignment and transfer of only a portion of this Bond, in exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of Bonds. 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 the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

IN ACCORDANCE WITH the form and procedures set forth in the Bond Resolution, this Bond, or any unpaid portion hereof, may, at the written request of the registered owner or the
assignee or assignees hereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, be converted into and exchanged for a Bond or Bonds of like aggregate principal amount, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested, upon surrender of this Bond to the Paying Agent/Registrar at the Designated Trust Office for cancellation. The one requesting a transfer, conversion or exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of transfer, conversion or exchange.

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

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Board, resigns or otherwise ceases to act as such, the Board has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and 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 the law; that this Bond is a special obligation of the Board payable from up to 50% of the money appropriated pursuant to Article VII, Section 17, Texas Constitution, and allocated annually to Stephen F. Austin State University in accordance with the provisions of Chapter 62, Texas Education Code, as amended, which are the “Pledged Revenues” as defined in the Bond Resolution, and that the principal of and interest on this Bond are payable from and secured by a first lien on and pledge of the Pledged Revenues.

THE BOARD has reserved the right, subject to the restrictions stated in the Bond Resolution authorizing this Series of Bonds, to issue additional parity revenue bonds which also may be made payable from, and secured by a first lien on and pledge of, the Pledged Revenues.

THE REGISTERED OWNER shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

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

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

________________________  ________________________
Secretary, Board of Regents  Chair, Board of Regents

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE  
(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds or a portion of a bond or bonds of a Series 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.

Dated:

____________________________
Paying Agent/Registrar

By____________________________
Authorized Representative

FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER OF PUBLIC ACCOUNTS:

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)

NOTE TO PRINTER:

FORM OF ASSIGNMENT:

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification Number of Transferee

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

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ____________________

Signature Guaranteed:

__________________________

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

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

**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 a political subdivision, hereby promises to pay to ____________________________, 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:

<table>
<thead>
<tr>
<th>Principal Amount</th>
<th>Maturity (October 15)</th>
<th>Interest Rate</th>
<th>Initial Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Information from the Pricing Certificate of the System Representative 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 _____________ *

*As provided in the Pricing Certificate. To the extent that the Pricing 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 Pricing Certificate shall be used in the executed Bonds.
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."
EXHIBIT B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 21 of this Resolution.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Board to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

Appendix B and Appendix E of the Official Statement

Accounting Principles

The accounting principles referred to in the Resolution are the accounting principles described in the notes to the financial statements referred to above, which are generally accepted accounting principles of fund accounting for colleges and universities.
PRICING CERTIFICATE OF THE VICE PRESIDENT
FOR FINANCE AND ADMINISTRATION

STATE OF TEXAS §

STEPHEN F. AUSTIN STATE UNIVERSITY §

I, the undersigned, Vice President for Finance and Administration of Stephen F. Austin State University (the "University"), in connection with the Resolution Authorizing the Issuance of State of Texas Constitutional Appropriation Bonds (Stephen F. Austin State University), Series 2008, Authorizing the Vice President for Finance and Administration to Accept Bids With Respect to the Sale of the Bonds And Resolving Other Matters Related Thereto (the "Bond Resolution") adopted by the Board of Regents of the University (the "Board") on November 14, 2008, do hereby certify the following:

1. This certificate is executed for and on behalf of the Board and for the benefit of the Attorney General of the State of Texas and the Initial Purchaser (as hereinafter defined) of the bonds entitled "State of Texas Constitutional Appropriation Bonds (Stephen F. Austin State University), Series 2008," dated December 15, 2008, in the aggregate principal amount of $10,200,000 (the "Series 2008 Bonds") authorized by the Bond Resolution.

2. This certificate is the Pricing Certificate of the Vice President for Finance and Administration as required by Section 3(b) of the Bond Resolution.

3. Unless otherwise defined herein, capitalized terms used in this certificate have the same meanings as those used and defined in the Bond Resolution. The terms of the Series 2008 Bonds are further shown in Exhibit "A".

4. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable and the Initial Purchaser's bid produced the lowest net effective interest rate to the University. A true and correct copy of the winning bid form is attached hereto as Exhibit "B".

5. Based upon representations from the Board's financial advisor, I have determined that the price to be paid by the Initial Purchaser for the Series 2008 Bonds is in excess of 95% of the aggregate principal amount thereof plus accrued interest to the date of delivery of the Series 2008 Bonds, and that the Series 2008 Bonds have a true interest cost of 4.373119% which is not in excess of a 6% net effective interest rate. Based upon representations from the Board's financial advisor, I have also determined that the requirements of Sections 3(b) and (c) of the Bond Resolution have been met.

6. The Series 2008 Bonds shall (i) be sold to the Initial Purchaser pursuant to the Official Bid at the price specified therein, (ii) be in the aggregate principal amount set forth in Exhibit "A".
(iii) mature in the years and in the principal amounts as set forth in Exhibit "A", (iv) bear interest at the rates for each such maturity and such interest shall be payable on the dates set forth in Exhibit "A" and in the Bond Resolution, and (v) have the other terms and provisions, all as provided in Exhibit "A", the Bond Resolution, the winning bid, and the Official Statement. Each Series 2008 Bond shall reflect the terms set forth in Exhibit "A" and the provisions in the Form of Bond set forth in the Bond Resolution.

7. Pursuant to Section 23 of the Bond Resolution, for and on behalf of the Board, the Official Statement relating to the Series 2008 Bonds is hereby approved and said Official Statement is hereby deemed final in compliance with the Rule.

8. Pursuant to Section 21(a) of the Bond Resolution, the Board agrees to provide annually to the NRMSIRs and SIDs the updated financial information and operating data to the extent specified, by the times, subject to the exceptions noted, and as provided in the Bond Resolution and the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports." The Board further agrees that in connection with such undertaking that the Board will annually update financial information and operating data reported in conformity with GASB 35 for those years for which it is available and to present, including by incorporation, the financial information and operating data in the prior format to the extent necessary to give five years of historical data.

9. The $81,600 premium received on the Series 2008 Bonds shall be applied to pay costs of issuance.
EXECUTED this December 2, 2008.

Vice President for Finance and Administration
Stephen F. Austin State University
EXHIBIT A

TERMS OF THE BONDS

$10,200,000
STATE OF TEXAS
CONSTITUTIONAL APPROPRIATION BONDS
(STEPHEN F. AUSTIN STATE UNIVERSITY),
SERIES 2008

GENERAL DESCRIPTION OF SERIES 2008 BONDS

The Series 2008 Bonds in the aggregate original principal amount of $10,200,000 will be issued as serial bonds dated December 15, 2008, in the original principal amounts for each maturity, maturing on the dates, bearing interest at the rates, and at the yields as set forth in the following Maturity Schedule.

MATURITY SCHEDULE

Bond Date: December 15, 2008
Interest accrues from: December 18, 2008 which is the Date of Delivery
Interest payable: April 15, 2009 and each April 15 and October 15 thereafter until maturity

<table>
<thead>
<tr>
<th>Principal Amount</th>
<th>Maturity (October 15)</th>
<th>Interest Rate</th>
<th>Initial Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>$870,000</td>
<td>2009</td>
<td>4.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>900,000</td>
<td>2010</td>
<td>4.00</td>
<td>2.55</td>
</tr>
<tr>
<td>930,000</td>
<td>2011</td>
<td>4.00</td>
<td>2.80</td>
</tr>
<tr>
<td>960,000</td>
<td>2012</td>
<td>5.00</td>
<td>3.20</td>
</tr>
<tr>
<td>995,000</td>
<td>2013</td>
<td>5.00</td>
<td>3.45</td>
</tr>
<tr>
<td>1,030,000</td>
<td>2014</td>
<td>5.00</td>
<td>3.65</td>
</tr>
<tr>
<td>1,065,000</td>
<td>2015</td>
<td>5.00</td>
<td>3.88</td>
</tr>
<tr>
<td>1,105,000</td>
<td>2016</td>
<td>4.00</td>
<td>4.13</td>
</tr>
<tr>
<td>1,150,000</td>
<td>2017</td>
<td>4.30</td>
<td>4.40</td>
</tr>
<tr>
<td>1,195,000</td>
<td>2018</td>
<td>4.50</td>
<td>4.60</td>
</tr>
</tbody>
</table>

REDEMPTION PROVISIONS

Optional Redemption. The Bonds are not subject to redemption prior to maturity.