

**THIRTY-NINTH SUPPLEMENTAL RESOLUTION TO THE  
MASTER RESOLUTION ESTABLISHING THE  
REVENUE FINANCING SYSTEM  
COMMERCIAL PAPER PROGRAM, SERIES C**

Adopted February 22, 2024

**THIRTY-NINTH SUPPLEMENTAL RESOLUTION  
TO THE MASTER RESOLUTION ESTABLISHING  
THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM,  
SERIES C**

**WHEREAS**, on April 12, 1990, the Board adopted a Master Resolution Establishing The University of Texas System Revenue Financing System, as amended and restated on February 14, 1991 and further amended on October 8, 1993 (referred to herein as the "Master Resolution"); and

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

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

**WHEREAS**, the Board deems it necessary and desirable to authorize a series of Notes (as defined herein) to provide interim financing for capital improvements and to finance equipment purchases; and

**WHEREAS**, the Notes authorized to be issued pursuant to this Thirty-Ninth Supplemental Resolution (this "Thirty-Ninth Supplement") are and shall be issued pursuant to Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), and the Board hereby finds that the purposes for which it may issue Notes hereunder constitute a "eligible projects", as contemplated by Chapter 1371; and

**WHEREAS**, the Board intends to ultimately refinance Notes as applicable with refunding bonds issued as Parity Debt under Chapter 1207, Texas Government Code, as amended, and therefore, in accordance with Section 1371.057(c) of Chapter 1371, the Board will treat the Notes as having the intended term and payment schedule of such refunding bonds, as determined by a U.T. System Representative (as defined herein).

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

**ARTICLE I  
DEFINITIONS AND CONSTRUCTION OF TERMS**

**Section 1.01. Definitions.** In addition to the definitions set forth in the preamble of this Thirty-Ninth Supplement, the terms used in this Thirty-Ninth Supplement and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to this Thirty-Ninth Supplement attached hereto and made a part hereof.

**Section 1.02. Construction of Terms.** If appropriate in the context of this Thirty-Ninth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

## ARTICLE II AUTHORIZATION OF NOTES

**Section 2.01. General Authorization.** Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, Commercial Paper Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed Five Hundred Fifty Million Dollars (\$500,000,000) at any one time Outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Notes, Prior Encumbered Obligations, and Parity Debt, including interest thereon all in accordance with and subject to the terms, conditions, and limitations contained herein; provided that the maximum aggregate principal amount of Commercial Paper Notes that may be issued under this Thirty-Ninth Supplement shall be reduced by the aggregate principal amount of all then Outstanding Promissory Notes. For purposes of this Section 2.01, any portion of Outstanding Notes to be paid from money on deposit with the Issuing and Paying Agent and from the available proceeds of Parity Debt or other obligations of the Board issued on the day of calculation shall not be considered Outstanding. The authority to issue Commercial Paper Notes from time to time under the provisions of this Thirty-Ninth Supplement shall exist until the Maximum Maturity Date, regardless of whether at any time prior to the Maximum Maturity Date there are any Commercial Paper Notes Outstanding. As determined by a U.T. System Representative in accordance with Section 2.02 and Section 3.01(b) hereof for each issuance of Commercial Paper Notes, such Commercial Paper Notes shall be issued either as (i) Tax Exempt Notes or (ii) Tax Exempt 501(c)(3) Notes.

In connection with the refinancing or refunding of Notes, Prior Encumbered Obligations, and Parity Debt through the issuance of Commercial Paper Notes, such Notes, Prior Encumbered Obligations, and Parity Debt, shall qualify as "obligations", as such term is defined in the Acts at the time any such refinancing or refunding occurs. The Notes, Prior Encumbered Obligations, and Parity Debt to be so refinanced or refunded shall be selected by the Board or as determined by a U.T. System Representative. Further, any such refinancing or refunding, other than a simultaneous refunding, of Notes, Prior Encumbered Obligations, and Parity Debt, to the extent then required by applicable law, shall be by means of a gross defeasance established at the time of the issuance of the refunding Commercial Paper Notes.

**Section 2.02. Commercial Paper Notes.** Under and pursuant to the authority granted hereby and subject to the limitations contained herein, (i) Tax Exempt Notes, to be designated "Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series C-1" and (ii) Tax Exempt 501(c)(3) Notes, to be designated "Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series C-2" are hereby authorized to be issued, sold and delivered from time to time in such principal amounts as determined by a U.T. System Representative in denominations of \$100,000 or in integral multiples of \$1,000 in excess thereof, numbered in ascending consecutive numerical order in the order of their issuance, and shall mature and become due and payable on such dates as a U.T. System

Representative shall determine at the time of sale; provided, however, that no Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term in excess of 270 calendar days.

Subject to the limitations contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance (the "Note Date") and shall bear no interest or bear interest at such rate or rates per annum or computed pursuant to such formula and on such basis (but in no event to exceed the Maximum Interest Rate in effect on the date of issuance thereof), all as may be determined by a U.T. System Representative. Interest, if any, on Commercial Paper Notes shall be payable at maturity. Commercial Paper Notes may be payable to bearer, may be issued in registered form, without coupons, or may be issued in book-entry only form pursuant to Section 2.05(b) as determined by a U.T. System Representative. Both principal of and interest on the Commercial Paper Notes shall be payable in lawful money of the United States of America, without exchange or collection charges to the Holder thereof in the manner provided in the applicable Form of Commercial Paper Note set forth in Exhibit B hereto.

Commercial Paper Notes issued hereunder may contain terms and provisions for the redemption or prepayment thereof prior to maturity, subject to any applicable limitations contained herein, as provided herein or otherwise as shall be determined by a U.T. System Representative.

Subject to applicable terms, limitations, and procedures contained herein, the Commercial Paper Notes may be sold in such manner at public or private sale and at par or at such discount or premium (within the interest rate and yield restrictions provided herein) as a U.T. System Representative shall approve at the time of the sale thereof.

**Section 2.03. Form of Commercial Paper Notes.** (a) If not issued in book-entry only form, the Commercial Paper Notes and the Certificate of Authentication to appear on each of the Commercial Paper Notes shall be substantially in the form set forth in Exhibit B hereto with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Thirty-Ninth Supplement and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) ("CUSIP" numbers) and such legends and endorsements thereon as may, consistently herewith, be approved by a U.T. System Representative. Any portion of the text of any Commercial Paper Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Commercial Paper Notes and the Commercial Paper Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by a U.T. System Representative.

(b) If the Commercial Paper Notes are issued in book-entry only form pursuant to Section 2.05(b) hereof, they shall be issued in the form of a Master Note for Tax Exempt Notes and a Master Note for Tax Exempt 501(c)(3) Notes in substantially the forms attached as Exhibit C hereto, or such other forms as are required by DTC, to which there shall be attached the respective form of Commercial Paper Note set forth in Exhibit B hereto and it is hereby declared that the provisions of Exhibit B hereto are incorporated into and shall be a part of the applicable Master Note. It is further provided that this Thirty-Ninth Supplement, the Master Resolution, and the form of Commercial Paper Note set forth in Exhibit B hereto shall constitute the "underlying records" referred to in each

Master Note. In addition, whenever the beneficial ownership of the Commercial Paper Notes is determined by a book-entry at DTC, the Issuing and Paying Agent may, without further approval from the Board or a U.T. System Representative, place such letters, numbers, marks of identification, legends and endorsements on the Commercial Paper Notes and Master Notes as are necessary to satisfy the requirements of DTC. Notwithstanding the provisions of Section 2.04 hereof, each Master Note shall be executed on behalf of the Board by the manual signature of the Chairman or Vice-Chairman of the Board.

**Section 2.04. Execution and Authentication.** The Commercial Paper Notes shall be executed on behalf of the Board by the Chairman or Vice Chairman of the Board under its seal reproduced or impressed thereon and attested by the General Counsel to the Board. The signature of said officers on the Notes may be manual or facsimile. Notwithstanding the other provisions of this Section, each Master Note shall be executed on behalf of the Board by the manual signature of the Chairman or Vice-Chairman of the Board. Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board on the date of passage of this Thirty-Ninth Supplement shall be deemed to be duly executed on behalf of the Board, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Notes authorized to be issued hereunder and with respect to Notes delivered in subsequent sales, exchanges, and transfers, all as authorized and provided in Chapter 1201, Texas Government Code, as amended.

Other than pursuant to Section 2.03(b) hereof, no Commercial Paper Note shall be entitled to any right or benefit under this Thirty-Ninth Supplement, or be valid or obligatory for any purpose, unless there appears on such Commercial Paper Note a certificate of authentication substantially in the form provided in Exhibit B hereto, executed by the Issuing and Paying Agent by manual signature, and such certificate upon any Commercial Paper Note shall be conclusive evidence, and the only evidence, that such Commercial Paper Note has been duly certified or registered and delivered.

**Section 2.05. Issuing and Paying Agent and Book-Entry Only System.**

(a) **Issuing and Paying Agent.** The Board covenants to maintain and provide an Issuing and Paying Agent at all times while the Commercial Paper Notes are Outstanding, which, if it is not acting in such capacity, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state and authorized under such laws to exercise trust powers. The initial Issuing and Paying Agent for the Commercial Paper Notes shall be U.S. Bank Trust Company, National Association. The Issuing and Paying Agent for the Commercial Paper Notes may be the Board, if authorized by law, or the institution determined by the U.T. System Representative. The Board covenants and agrees to keep and maintain the Registration Books at the office of the Issuing and Paying Agent, all as provided herein and pursuant to such reasonable rules and regulations as the Issuing and Paying Agent may prescribe. Should a change in the Issuing and Paying Agent for the Commercial Paper Notes occur, the Board agrees to promptly cause a written notice thereof to be (i) sent to each Registered Owner, if any, of the Commercial Paper Notes then Outstanding by United States mail, first class, postage prepaid and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York or the State of Texas, once during each calendar week for at least two calendar weeks;

provided, however, that the publication of such notice shall not be required if notice is given to each Registered Owner in accordance with clause (i) above. Such notice shall give the address of the successor Issuing and Paying Agent. A successor Issuing and Paying Agent may be appointed without the consent of the Holders. Should the Issuing and Paying Agent resign or be removed, such resignation or removal shall not be effective until a successor Issuer and Paying Agent has been appointed by the Board and such appointment has been accepted.

Subject to the provisions of subsection (b) hereof, the Board and the Issuing and Paying Agent may treat the bearer (in the case of Commercial Paper Notes so registered) or the Registered Owner of any Commercial Paper Note as the absolute owner thereof for the purpose of receiving payment thereof and for all purposes, and, to the extent permitted by law, the Board and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.

A copy of the Registration Books and any change thereto shall be provided to the Board by the Issuing and Paying Agent, by means of telecommunications equipment or such other means as may be mutually agreeable thereto, within two Business Days of the opening thereof or any change therein, as the case may be.

(b) Book-Entry Only System. If a U.T. System Representative determines that it is possible and desirable to provide for a book-entry only system of Commercial Paper Note registration with DTC, such U.T. System Representative, acting for and on behalf of the Board, is hereby authorized to approve, execute, and deliver a Letter of Representations to DTC and to enter into such other agreements and execute such instruments as are necessary to implement such book-entry only system, such approval to be conclusively evidenced by the execution thereof by said U.T. System Representative. Under the initial Book Entry System with DTC, (i) no physical Note certificates will be delivered to DTC and (ii) the Board will execute and deliver to the Issuing and Paying Agent, as custodian for DTC, a master note relating to the Tax Exempt Notes and to the Tax Exempt 501(c)(3) Notes (each a "Master Note") in substantially the form set forth in Exhibit C hereto, or such other forms as are required by DTC.. Except as provided herein, the ownership of the Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will serve as the initial securities depository for the Notes. Ownership of beneficial interests in the Notes shall be shown by book entry on the system maintained and operated by DTC and DTC participants, and transfers of ownership of beneficial interests shall be made only by DTC and the DTC participants by book entry, and the Board and the Issuing and Paying Agent shall have no responsibility therefor. DTC will be required to maintain records of the positions of the DTC participants in the Notes, and the DTC participants and persons acting through the DTC participants will be required to maintain records of the purchasers of beneficial interests in the Notes. Except as provided in this subsection (b), the Notes shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

With respect to Commercial Paper Notes registered in the name of DTC or its nominee, neither the Board nor the Issuing and Paying Agent shall have any responsibility or obligation to any DTC Participant or to any person on whose behalf a DTC Participant holds an interest in the Commercial Paper Notes. Without limiting the immediately preceding sentence, neither the Board nor the Issuing and Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the

Commercial Paper Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown on the Registration Books, of any notice with respect to the Commercial Paper Notes, including any notice of redemption, and (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown in the Registration Books, of any amount with respect to principal of and premium, if any, or interest on the Commercial Paper Notes.

Whenever, during the term of the Commercial Paper Notes, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Thirty-Ninth Supplement of holding, registering, delivering, exchanging, or transferring the Commercial Paper Notes shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to holding, registering, delivering, exchanging, or transferring the book entry to produce the same effect.

Either the Board or DTC may determine to discontinue the book-entry only system, and in such case, unless a new book-entry only system is put in place, physical certificates in the form set forth in Exhibit B hereto shall be provided to the Beneficial Holders.

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

Whenever the beneficial ownership of the Commercial Paper Notes is determined by a book entry at DTC, delivery of Commercial Paper Notes for payment at maturity shall be made pursuant to DTC's payment procedures as are in effect from time to time and the DTC Participants shall transmit payment to beneficial owners whose Commercial Paper Notes have matured. The Board and each Issuing and Paying Agent, Bank, and Dealer are not responsible for transfer of payment to the DTC Participants or beneficial owners.

**Section 2.06. Negotiability, Registration, and Exchangeability.** The Commercial Paper Notes shall be, and shall have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas, and each successive Holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

Registration Books relating to the registration, payment, and transfer or exchange of the Commercial Paper Notes shall at all times be kept and maintained by the Board at the office of the Issuing and Paying Agent, and the Issuing and Paying Agent shall obtain, record, and maintain in the Registration Books the name, and to the extent provided by or on behalf of the Holder, the address of each Holder of the Commercial Paper Notes, except for Commercial Paper Notes registered to bearer. A copy of the Registration Books shall be provided to and held by the Board in the manner provided in Section 2.05 hereof. Any Commercial Paper Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Commercial Paper Notes of like tenor and character and of other authorized denominations upon the Registration Books by the Holder in person or by his duly authorized agent, upon surrender of such Commercial Paper Note to the Issuing and Paying Agent for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Issuing and Paying Agent.

Upon surrender for transfer of any Commercial Paper Note at the designated office of the Issuing and Paying Agent, the Issuing and Paying Agent shall register and deliver, in the name of the designated transferee or transferees, one or more new Commercial Paper Notes executed on behalf of, and furnished by, the Board of like tenor and character and of authorized denominations and having the same maturity, bearing interest at the same rate and of a like aggregate principal amount as the Commercial Paper Note or Commercial Paper Notes surrendered for transfer.

Furthermore, Commercial Paper Notes may be exchanged for other Commercial Paper Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest and of like aggregate principal amount as the Commercial Paper Notes surrendered for exchange, upon surrender of the Commercial Paper Notes to be exchanged at the designated office of the Issuing and Paying Agent. Whenever any Commercial Paper Notes are so surrendered for exchange, the Issuing and Paying Agent shall register and deliver new Commercial Paper Notes of like tenor and character as the Commercial Paper Notes exchanged, executed on behalf of and furnished by, the Board to the Holder requesting the exchange.

The Board and the Issuing and Paying Agent may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Issuing and Paying Agent or the Board may also require payment from the Holder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Commercial Paper Note shall be delivered.

The Board and the Issuing and Paying Agent shall not be required to transfer or exchange any Commercial Paper Note selected, called, or being called for redemption in whole or in part.

New Commercial Paper Notes delivered upon any transfer or exchange shall be valid special obligations of the Board, evidencing the same debt as the Commercial Paper Notes surrendered, shall be secured by this Thirty-Ninth Supplement and shall be entitled to all of the security and benefits hereof to the same extent as the Commercial Paper Notes surrendered.

The Board reserves the right to change the above registration and transferability provisions of the Commercial Paper Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof. In addition, to the extent that the provisions of this Section conflict with or are inconsistent with the provisions of the Form of Commercial Paper Note set forth in Exhibit B hereto, such other provisions shall control.

**Section 2.07. Commercial Paper Notes Mutilated, Lost, Destroyed, or Stolen.** If any Commercial Paper Note shall become mutilated, the Board, at the expense of the Holder of said Commercial Paper Note, shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Commercial Paper Note so mutilated, but only upon surrender to the Issuing and Paying Agent of the Commercial Paper Note so mutilated. If any Commercial Paper Note shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Board and the Issuing and Paying Agent. If



such evidence be satisfactory to the Board and the Issuing and Paying Agent and indemnity satisfactory to them shall be given, the Board, at the expense of the Holder, shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Commercial Paper Note of like tenor in lieu of and in substitution for the Commercial Paper Note so lost, destroyed, or stolen. In the event any such Commercial Paper Note shall have matured, the Issuing and Paying Agent instead of issuing a duplicate Commercial Paper Note may pay the same without surrender thereof after making such requirement as it deems fit for its protection, including a lost instrument bond. Neither the Board nor the Issuing and Paying Agent shall be required to treat both the original Commercial Paper Note and any duplicate Commercial Paper Note as being Outstanding for the purpose of determining the principal amount of Commercial Paper Notes which may be issued hereunder, but both the original and the duplicate Commercial Paper Note shall be treated as one and the same. The Board and the Issuing and Paying Agent may charge the Holder of such Commercial Paper Note with their reasonable fees and expenses for such service.

**Section 2.08. CP Credit Agreement.** The Board reserves the right to enter into a CP Credit Agreement to provide liquidity for a part or all of the Commercial Paper Notes to be Outstanding under this Thirty-Ninth Supplement. Whenever the term "CP Credit Agreement" is used in the Thirty-Ninth Supplement, it shall refer to the agreement referred to in this Section and the term "Advances" shall mean advances under such a CP Credit Agreement.

**Section 2.09. Promissory Notes.** The Board reserves the right to authorize one or more Promissory Notes to evidence Advances under a CP Credit Agreement and such Promissory Notes shall be on a parity and of equal dignity with the Commercial Paper Notes.

**Section 2.10. Note Payment Fund.** There is hereby created a fund at the Issuing and Paying Agent entitled the "Revenue Financing System Commercial Paper Series C Note Payment Fund" (the "Note Payment Fund") and within such Fund there is hereby established separate accounts designated as the "Tax-Exempt Note Account" and the " Tax-Exempt 501(c)(3) Note Account". The proceeds from the sale of Parity Debt issued for the purpose of refunding and retiring Notes Outstanding under this Thirty-Ninth Supplement shall be paid to the Issuing and Paying Agent for deposit to the credit of the Note Payment Fund and used for such purpose. In addition, all amounts required to be paid to the Issuing and Paying Agent for deposit by the Board pursuant to Section 2.11 shall be paid to the Issuing and Paying Agent for deposit to the appropriate account within the Note Payment Fund and shall be used to pay principal of, premium, if any, and interest on Notes at the respective interest payment, maturity or redemption of such Notes as provided herein, including the repayment of any amounts owed with respect to the Promissory Note in evidence of Advances under a CP Credit Agreement.

Additionally, all Advances under a CP Credit Agreement shall be paid to the Issuing and Paying Agent for the account of the Board and deposited into the appropriate account within the Note Payment Fund and used to pay the principal of, premium, if any, and interest on the Commercial Paper Notes.

Pending the expenditure of moneys in the Note Payment Fund for authorized purposes, moneys deposited therein may be invested at the direction of an U.T. System Representative in the manner prescribed by law and in accordance with the written policies adopted by the Board. Any

income received from investments in the Note Payment Fund shall be retained in the Note Payment Fund.

**Section 2.11. Establishment of Financing System; Issuance of Parity Debt; Security and Pledge.**

(a) By adoption of the Master Resolution, the Board has established the Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the components of The University of Texas System which are from time to time included as Members of the Financing System. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System may be incurred. This Thirty-Ninth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Notes which are a series of Parity Debt. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the Notes are hereby declared to be Parity Debt under the Master Resolution.

(b) The Notes are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Thirty-Ninth Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Notes as the same shall become due and payable. The Board agrees to pay the principal of, premium, if any, and the interest on the Notes when due, whether by reason of maturity or redemption.

(c) A U.T. System Representative shall implement the procedures necessary to make an Advance under a CP Credit Agreement, if in effect, if there is not anticipated to be Pledged Revenues or other lawfully available funds in an amount sufficient and in ample time to pay the principal of and interest and any premium, if any, on the Commercial Paper Notes as such principal, interest and premium, respectively, come due, whether by reason of maturity or redemption. Amounts in the Note Payment Fund attributable to and derived either from Advances under and pursuant to a CP Credit Agreement or from amounts provided pursuant to Section 4.03(b) shall be used only to pay the principal of, premium, if any, and interest on the Commercial Paper Notes.

**Section 2.12. Cancellation.** All Commercial Paper Notes which at maturity are surrendered to the Issuing and Paying Agent for the collection of the principal and interest thereof or are surrendered for transfer or exchange pursuant to the provisions hereof or are refunded through an Advance shall, upon payment or issuance of new Commercial Paper Notes, be cancelled by the Issuing and Paying Agent and forthwith transmitted to the Board, and thereafter the Board shall have custody of such cancelled Commercial Paper Notes.

**Section 2.13. Fiscal and Other Agents.** In furtherance of the purposes of this Thirty-Ninth Supplement, the Board may from time to time appoint and provide for the payment of such additional fiscal, paying, or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

**ARTICLE III  
ISSUANCE AND SALE OF NOTES**

**Section 3.01. Issuance and Sale of Notes.**

(a) All Commercial Paper Notes shall be sold in the manner determined by the U.T. System Representative to be most economically advantageous to the Board.

(b) The terms of the Commercial Paper Notes shall be established and they shall be delivered by the Issuing and Paying Agent in accordance with telephonic, facsimile, computer, or written instructions of any U.T. System Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. To the extent such instructions are telephonic, they shall be confirmed in writing (which shall include electronic transmission) within 24 hours of the transmission or communication thereof. Any such instructions from a U.T. System Representative relating to the issuance of Commercial Paper Notes for the purpose of refinancing, renewing or refunding Notes may be in the form of standing instructions to the effect that the Issuing and Paying Agent may rely on instructions it receives from a Dealer for the issuance and sale of such Commercial Paper Notes unless otherwise notified in writing by a U.T. System Representative. Said instructions shall specify such principal amounts, dates of issue, maturities, rates of discount or interest, or the formula or method of calculating interest and the basis upon which it is to be computed, whether such Notes are Tax Exempt Notes or Tax Exempt 501(c)(3) Notes purchase price, and other terms and conditions which are hereby authorized and permitted to be fixed by any U.T. System Representative at the time of sale of the Commercial Paper Notes. Such instructions shall also contain provisions representing that (i) all action on the part of the Board necessary for the valid issuance of the Commercial Paper Notes then to be issued, or the incurring of Advances under the Promissory Note then to be incurred, has been taken, (ii) all provisions of Texas and federal law necessary for the valid issuance of such Commercial Paper Notes have been complied with, (iii) such Commercial Paper Notes will be valid and enforceable special obligations of the Board according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable or general principles of equity which permit the exercise of judicial discretion, and based upon the advice of Bond Counsel, earned original issue discount on Notes or stated interest on Notes, as the case may be, is, subject to the conditions set forth in the opinion of Bond Counsel delivered concurrently with the commencement of the issuance of the Notes, excludable from gross income of the owners thereof for federal income tax purposes. Such instructions shall also certify that, as of the date of such certificate:

(i) if the Commercial Paper Notes are being issued to pay Project Costs, (A) the Board has been advised by Bond Counsel that the Commercial Paper Notes are being issued to pay Project Costs for Eligible Projects, and (B) attached to such instructions is a written certificate signed by a U.T. System Representative listing the Eligible Projects expected to be financed, in whole or in part, by the Commercial Paper Notes and, if then required by state law, certifying that each of such Eligible Projects has been approved by the Texas Higher Education Coordinating Board; provided, however, that at some future date, the Board may substitute other Eligible Projects (the "Substituted Projects") to be financed, in

whole or in part, by the Commercial Paper Notes for the Eligible Projects listed on such certificate so long as (1) each of such Substituted Projects, if then required by state law, has been approved by the Texas Higher Education Coordinating, (2) such substitution does not cause the Board to be in violation of its covenants set forth in Sections 4.04 or 4.05 hereof, as applicable, and (3) the requirements of Section 5 of the Master Resolution have been complied with;

(ii) such proposed issuance will not cause the Board to be in violation of its covenants set forth in Sections 4.04 and 4.05 hereof, as applicable;

(iii) the requirements of Section 5 of the Master Resolution have been complied with;

(iv) after the proposed issuance, the total principal amount of Outstanding Commercial Paper Notes plus interest accrued or to accrue thereon for the following ninety (90) days shall not exceed available funds of the Board to be maintained pursuant to Section 4.02 plus the "Available Bank Loan Commitment" under a CP Credit Agreement, if then in effect;

(v) if a CP Credit Agreement is then in effect, no "Event of Default" thereunder has occurred and is continuing;

(vi) the Board is in compliance, in all material respects, with the applicable covenants set forth in Article IV as of the date of such instructions, including the limitation in Section 4.01 hereof on the aggregate principal amount of Commercial Paper Notes to be Outstanding after the proposed issuance; and

(vii) that the sum of the interest payable on such Commercial Paper Notes issued and Outstanding or in the process of issuance and any discount established for such Commercial Paper Notes will not exceed a yield to the maturity date of such Commercial Paper Notes in excess of the Maximum Interest Rate in effect on the date of issuance of such Commercial Paper Notes.

The representations and certifications made in such instructions shall be made for the benefit of and may be relied upon by the Issuing and Paying Agent, the Dealers, the Holders of the Commercial Paper Notes and all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid on the Commercial Paper Notes. Notwithstanding any other provision of this Section 3.01(b) to the contrary, the instructions required to be given by a U.T. System Representative to the Issuing and Paying Agent in connection with the issuance of Commercial Paper Notes for the payment of Project Costs may include a provision to the effect that each sale of Commercial Paper Notes thereafter made by the Board for the purpose of refinancing, renewing or refunding the Commercial Paper Notes that are the subject of such instructions shall be deemed a representation and certification by the Board as of the date of each such sale that any one or more of the representations and certifications contained in such instructions are true and correct as if made on each such date.

(c) Upon the execution and delivery of a CP Credit Agreement, Promissory Notes shall be delivered to the Bank and thereafter Advances may be made thereunder in accordance with the terms of the CP Credit Agreement.

**Section 3.02. Proceeds of Sale of Commercial Paper Notes.** The proceeds of the sale of any Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall be applied for any or all of the following purposes as directed by a U.T. System Representative:

(i) used for the payment and redemption or purchase of Outstanding Commercial Paper Notes, Parity Debt or Prior Encumbered Obligations at or before maturity and the refunding of any Advances (evidenced by the Promissory Note) under a CP Credit Agreement; or

(ii) used for the purpose of financing Project Costs of Eligible Projects.

**Section 3.03. Issuing and Paying Agent Agreement.** The Board hereby approves the appointment of the Issuing and Paying Agent designated in Section 2.05(a) to serve as Paying Agent and Registrar. A U.T. System Representative is hereby authorized to execute and deliver, on behalf of the Board, to the Issuing and Paying Agent the Issuing and Paying Agent Agreement in substantially the form previously approved by the Board in connection with its existing commercial paper note programs with such changes and modifications as deemed necessary by a U.T. System Representative. A U.T. System Representative is hereby authorized to enter into any supplemental agreements to the Issuing and Paying Agent Agreement with the Issuing and Paying Agent or with any successor Issuing and Paying Agent as may be necessary and proper to carry out the purpose and intent of the Board in authorizing this Thirty-Ninth Supplement.

**Section 3.04. Dealer Agreement.** The Board hereby authorizes a U.T. System Representative as necessary to implement the Commercial Paper Note program authorized hereby to enter into Dealer Agreements with one or more qualified financial institutions acting as dealers for the Commercial Paper Notes (each a “Dealer”) in substantially the form previously approved by the Board in connection with its existing commercial paper note programs with such changes and modifications as deemed necessary by a U.T. System Representative. The U.T. System Representative is further authorized and directed from time to time to review the performance of each Dealer and of the Commercial Paper Note program authorized hereby and to periodically solicit and review the qualifications of each Dealer and of any additional investment banking firms interested in serving as Dealer. Based upon such review, the number of Dealers selected, which Dealers are selected and the amount of Commercial Paper Notes for which each Dealer is responsible may be changed and additional or different Dealers may be selected and new Dealer Agreements entered into based upon a determination that such changes are expected to result in the lowest overall cost of the commercial paper program authorized hereby after taking into account not only the fees to be paid to the Dealers but the expectations as to the performance of each Dealer in providing broad distribution of the Commercial Paper Notes and creating competitive pricing without adversely affecting investor liquidity.

A U.T. System Representative is hereby authorized and directed to approve, execute, and deliver to the Dealers any instrument evidencing such changes, additions, or amendments to the Dealer Agreements as may be necessary and proper to carry out the purpose and intent of the Board

in authorizing this Thirty-Ninth Supplement. A U.T. System Representative is hereby authorized to enter any supplemental agreements with the Dealer or with any successor Dealer.

In connection with each issuance and sale of Commercial Paper Notes for the purpose of refinancing, renewing or refunding Notes, a U.T. System Representative is hereby authorized to provide standing instructions to any Dealer to determine the interest rates and maturity dates for any such sale of Commercial Paper Notes; provided that, no such Commercial Paper Note shall (i) bear interest at a rate that exceeds the Maximum Interest Rate or (ii) mature after the Maximum Maturity Date or have a term in excess of 270 calendar days; and provided further that, the interest rates shall be the minimum interest rates which, in the opinion of such Dealer under then-existing market conditions, would result in the sale of such Commercial Paper Notes at a price equal to the principal amount thereof.

#### **ARTICLE IV COVENANTS OF THE BOARD**

**Section 4.01. Limitation on Issuance.** Unless this Thirty-Ninth Supplement is amended and modified by the Board in accordance with the provisions of Section 5.01, the Board covenants that there will not be issued and Outstanding at any time more than \$500,000,000 in aggregate principal amount of Notes. The Board, however, does reserve the right to increase said amount by an amendment to this Thirty-Ninth Supplement or to issue additional Parity Debt in excess of said amount, without limitation, by a Supplement duly adopted by the Board. For purposes of this Section any portion of outstanding Commercial Paper Notes to be paid on the day of calculation from moneys on deposit in the Commercial Paper Note Payment Fund, the proceeds of Commercial Paper Notes or other Parity Debt or any combination thereof shall not be considered outstanding.

**Section 4.02. Provisions For Liquidity.** The Board covenants to maintain available funds plus the Available Bank Loan Commitment under a CP Credit Agreement, if then in effect, in an amount equal to the total principal amount of Outstanding Commercial Paper Notes plus interest to accrue thereon for the following ninety (90) days.

**Section 4.03. Available Funds.** (a) To the extent Commercial Paper Notes cannot be issued to renew or refund Outstanding Notes and Advances cannot be drawn on the Promissory Notes, if any, the Board shall provide lawfully available funds or shall in good faith endeavor to sell a sufficient principal amount of Parity Debt or other obligations of the Board in order to have funds available, together with other moneys available therefor, to pay the Notes and the interest thereon, or any renewals thereof, as the same shall become due, and other amounts due under a CP Credit Agreement.

(b) Notwithstanding anything to the contrary contained herein, to the extent that a Dealer cannot sell Commercial Paper Notes to renew or refund Outstanding Commercial Paper Notes on their maturity date, the Board covenants to make Advances under the Promissory Notes, if any, or to use lawfully available funds to purchase Commercial Paper Notes issued in order to renew and refund such maturing Commercial Paper Notes and such payment, issuance, and purchase are not intended to constitute an extinguishment of the obligation represented by such maturing Commercial Paper Notes and the Board may issue Commercial Paper Notes to renew and refund the Commercial

Paper Notes held by it when a Dealer is again able to sell Commercial Paper Notes. While such Commercial Paper Notes are held by the Board they shall bear interest at the prevailing market rate for alternative taxable investments of similar maturity and credit rating.

**Section 4.04. Covenants applicable to Tax Exempt Notes.** (a) In order to maintain the exclusion from gross income of the interest on the Tax Exempt Notes for federal income tax purposes, the Board will make all calculations required by section 148 of the Code, including, but not limited to, the calculation of rebate, in a reasonable and prudent fashion and to segregate and set aside the lawfully available amounts that such calculations indicate may be required to be paid to the United States of America. The Board further covenants to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of section 103 and sections 141 through 150 of the Code. The Board agrees to periodically execute or cause to be executed a Federal Tax Certificate as may be required by the Code, in the opinion of Bond Counsel, and the Form 8038-G, or any other forms designated by the Internal Revenue Service in substitution thereof. In furtherance of the foregoing, the Board will execute annually, or at any other time necessary in the opinion of Bond Counsel, a Federal Tax Certificate and Form 8038-G necessary to assure the tax-exempt status of the Tax Exempt Notes.

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

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

(ii) to take any action to assure that in the event that the "private business use" described in subsection (i) hereof exceeds 5 percent of the proceeds of the Tax Exempt Notes 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;

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

(iv) to take any action to assure that no more than 5 percent of the proceeds of the Tax Exempt Notes are used to provide any output facility (other than a facility for furnishing

water) with respect to which there is any "private business use" as more fully set forth in section 141(b)(3) of the Code;

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

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

(vii) to refrain from using any portion of the proceeds of the Tax Exempt Notes, 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 Tax Exempt Notes, other than investment property acquired with -

(A) proceeds of the Tax Exempt Notes invested for a reasonable temporary period of 3 years or less until such proceeds are needed for the purpose for which the Tax Exempt Notes are issued; and

(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 stated principal amount (or, in the case of a discount, the issue price) of the Tax Exempt Notes; and

(viii) to otherwise restrict the use of the proceeds of the Tax Exempt Notes or amounts treated as proceeds of the Tax Exempt Notes as may be necessary, so that the Tax Exempt Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and section 149(g) of the Code (relating to hedge bonds);

(ix) to refrain from using the proceeds of the Tax Exempt Notes or proceeds of any prior notes to pay debt service on another issue more than 90 days after the date of issue of the Tax Exempt Notes in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(ix) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax Exempt Notes issued to pay Project Costs) 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 Tax Exempt Notes have been paid in full, 100 percent of the amount then required to be paid as a result of the Excess Earnings under section 148(f) of the Code.

In order to facilitate compliance with the above covenants (viii) and (ix), a "Rebate Fund" is hereby established by the Board for the sole benefit of the United States of America, and such



Rebate Fund shall not be subject to the claim of any other person, including, without limitation, the Registered Owners. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The Board covenants to account for the expenditure of Tax Exempt Note sale proceeds and investment earnings to be used for Eligible Projects 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 being financed with the proceeds of the Tax Exempt Notes 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 Tax Exempt Notes, or (2) the date the Tax Exempt Notes are retired. The Board agrees to obtain the advice of 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 Tax Exempt Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(d) The Board covenants that the property constituting Eligible Projects financed with the proceeds of the Tax Exempt Notes 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 Bond Counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Tax Exempt Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The Board shall not, expend, or permit to be expended, the proceeds of the Tax Exempt Notes in any manner inconsistent with its reasonable expectations as certified in the Federal Tax Certificates to be executed from time to time with respect to the Tax Exempt Notes; provided, however, that the Board may expend proceeds of the Tax Exempt Notes in any manner if the Board first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exemption from federal income taxation of interest paid on the Tax Exempt Notes.

**Section 4.05. Covenants applicable to Tax Exempt 501(c)(3) Notes.** (a) The Board hereby acknowledges and recognizes that it may issue Tax Exempt 501(c)(3) Notes to finance certain projects (each a “Project”) for and on behalf of Members of the Financing System which may be used in conjunction with a non-profit tax-exempt organization described in Section 501(c)(3) of the Code (each a “Non-Profit Organization”) to accomplish the public purpose of the applicable Member.

In order to maintain the exclusion from gross income of the interest on the Tax Exempt 501(c)(3) Notes for federal income tax purposes, the Board will make all calculations required by

section 148 of the Code, including, but not limited to, the calculation of rebate, in a reasonable and prudent fashion and to segregate and set aside the lawfully available amounts that such calculations indicate may be required to be paid to the United States of America. The Board further covenants to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of section 103 and sections 141 through 150 of the Code. The Board agrees to periodically execute or cause to be executed a Federal Tax Certificate as may be required by the Code, in the opinion of Bond Counsel, and the Form 8038, or any other forms designated by the Internal Revenue Service in substitution thereof. In furtherance of the foregoing, the Board will execute annually, or at any other time necessary in the opinion of Bond Counsel, a Federal Tax Certificate and Form 8038 necessary to assure the tax-exempt status of the Tax Exempt 501(c)(3) Notes.

(b) The Board covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Tax Exempt 501(c)(3) Notes as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Board covenants to take any action to assure as follows:

(i) Non-Profit Organization Exempt Status-

(1) the Non-Profit Organization is an organization exempt from federal income taxation under Section 501(a) of the Code by virtue of being described in Section 501(c)(3) of the Code;

(2) the purposes, character, activities and methods of operation of the Non-Profit Organization have not changed materially since its organization and are not materially different from the purposes, character, activities and methods of operation at the time of its receipt of a determination by the Internal Revenue Service that it was an organization described in Section 501(c)(3) of the Code (the "Determination");

(3) the Non-Profit Organization has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated and disclosed to the Internal Revenue Service in connection with the Determination;

(4) the Non-Profit Organization has not operated since its organization in a manner that would result in it being classified as an "action" organization within the meaning of section 1.501(c)(3)-(1)(c)(3) of the Regulations including, but not limited to, by promoting or attempting to influence legislation by means of propaganda or otherwise;

(5) with the exception of the payment of compensation (and the payment or reimbursement of expenses) that is not excessive and is for personal services that are reasonable and necessary to carrying out the purposes of the Non-Profit Organization, no person controlled by any such individual or individuals nor any person having a personal or private interest in the activities of the Non-Profit Organization has acquired or received, directly or indirectly, any income or assets, regardless of form, of the Non-Profit Organization during the current fiscal year and the period, if any, preceding the current fiscal

year for which no report has been filed to the Internal Revenue Service, other than as reported to the Internal Revenue Service by the Non-Profit Organization;

(6) the Non-Profit Organization is not a "private foundation" within the meaning of Section 509(a) of the Code;

(7) the Non-Profit Organization has not received any indication or notice whatsoever to the effect that its exemption under Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(8) the Non-Profit Organization has filed with the Internal Revenue Service all requests for determination, reports and returns required to be filed by it and such requests for determination, reports and returns have not omitted or misstated any material fact and has notified the Internal Revenue Service of any changes in its organization and operation since the date of the application for the Determination;

(9) the Non-Profit Organization has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code; and

(10) the Non-Profit Organization has not taken any action, nor does it know of any action that any other person has taken, nor does it know of the existence of any condition that would cause the Non-Profit Organization to lose its exemption from taxation under Section 501(a) of the Code or cause the interest on any obligation that financed or refinanced the Project to become taxable to the recipient thereof because such interest is not excludable from the gross income of such recipient for federal income tax purposes under Section 103(a) of the Code;

(ii) Use of Project-

(1) no more than five percent of the Project will be used, directly or indirectly, in the trade or business of any person other than a governmental unit or an organization described in Section 501(c)(3) of the Code (hereinafter referred to as "exempt persons") or in "unrelated trade or business". For purposes of the foregoing, any use of such proceeds or Project in any manner contrary to the guidelines set forth in Revenue Procedures 2017-13, 2017-6 I.R.B. 787, or any amendments, revisions or supplements thereto, shall constitute the use of such proceeds or facilities in the trade or business of a person other than an exempt person;

(2) the Non-Profit Organization will take such action or will refrain from any action that would adversely affect the exclusion from gross income under Section 103(a) of the Code of the interest paid on any Tax-exempt Obligation that financed (or refinanced) the Project;

(3) no part of the Project shall be used for sectarian instruction or as a place of religious worship or in connection with any part of the program of a school or department of divinity or any religious denomination; and

(4) the Non-Profit Organization will not use any portion of the Project to provide the following: an airplane, a skybox or other private luxury box, a facility primarily used for gambling or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(iii) Arbitrage and Miscellaneous –

(1) not by way of limitation, to permit any portion of the Tax Exempt 501(c)(3) Notes to be treated as "private activity bonds" within the meaning of Section 141 of the Code other than "qualified 501(c)(3) bonds" or "qualified hospital bonds" as described in Section 145 of the Code, or to refrain from taking any action that would result in the Tax Exempt 501(c)(3) Notes being "federally guaranteed" within the meaning of section 149(b) of the Code;

(2) to refrain from using any portion of the proceeds of the Tax Exempt 501(c)(3) Notes, 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 Tax Exempt 501(c)(3) Notes, other than investment property acquired with -

(A) proceeds of the Tax Exempt 501(c)(3) Notes invested for a reasonable temporary period of 3 years or less until such proceeds are needed for the purpose for which the Tax Exempt 501(c)(3) Notes are issued; and

(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 stated principal amount (or, in the case of a discount, the issue price) of the Bonds;

(3) to otherwise restrict the use of the proceeds of the Tax Exempt 501(c)(3) Notes or amounts treated as proceeds of the Tax Exempt 501(c)(3) Notes as may be necessary, so that the Tax Exempt 501(c)(3) Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage), section 149(g) of the Code (relating to hedge bonds);

(4) to refrain from using the proceeds of the Tax Exempt 501(c)(3) Notes or proceeds of any prior notes to pay debt service on another issue more than 90 days after the date of issue of the Tax Exempt 501(c)(3) Notes in contravention of the requirements of section 149(d) of the Code (relating to advance refundings).

(5) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax Exempt 501(c)(3) Notes issued to pay Project Costs) 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 Tax Exempt 501(c)(3) Notes have been paid in full, 100 percent of the amount then required to be paid as a result of the Excess Earnings under section 148(f) of the Code.

(6) the proceeds of the Tax Exempt 501(c)(3) Notes will be expended for the purposes set forth herein and no portion thereof in excess of two percent of the proceeds thereof, within the meaning of section 147(g) of the Code, will be expended to pay costs of issuance;

(7) to ensure that, after taking into account the "issue price" of the stated maturity of the Tax Exempt 501(c)(3) Notes, the average term of Tax Exempt 501(c)(3) Notes does not exceed 120% of the average reasonably expected economic life of the Project to be financed or refinanced thereby, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the net proceeds thereof. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the closing date for the Tax Exempt 501(c)(3) Notes or (ii) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property, except that, in the event 25% or more of the collective net proceeds of the Tax Exempt 501(c)(3) Notes, directly or indirectly, have been expended for land, such land shall be treated as having an economic life of 20 years and shall be taken into account for purposes of determining the reasonably expected economic life of such property; and

(8) to obtain timely public approval prior to the issuance of the Tax Exempt 501(c)(3) Notes for new construction costs of the Project, in accordance with section 147(f) of the Code.

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

(c) The Board covenants to account for the expenditure of Tax Exempt 501(c)(3) Notes sale proceeds and investment earnings to be used for Eligible Projects 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 being financed with the proceeds of the Tax Exempt 501(c)(3) Notes 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 Tax Exempt 501(c)(3) Notes, or (2) the date the Tax Exempt 501(c)(3) Notes are retired. The Board agrees to obtain the advice of 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 Tax Exempt 501(c)(3) Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(d) The Board covenants that the property constituting Eligible Projects financed with the proceeds of the Tax Exempt 501(c)(3) Notes 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 Bond Counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Tax Exempt 501(c)(3) Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The Board shall not, expend, or permit to be expended, the proceeds of the Tax Exempt 501(c)(3) Notes in any manner inconsistent with its reasonable expectations as certified in the Federal Tax Certificates to be executed from time to time with respect to the Tax Exempt 501(c)(3) Notes; provided, however, that the Board may expend proceeds of the Tax Exempt 501(c)(3) Notes in any manner if the Board first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exemption from federal income taxation of interest paid on the Tax Exempt 501(c)(3) Notes.

(f) Written Procedures. Prior to the issuance of Tax Exempt 501(c)(3) Notes for a Project, the Board shall have received a certificate from the applicable Non-Profit Organization designating the person within such Non-Profit Organization who will contact the Board in the event of any change of use of any portion of such Project ("change of use") within 15 days of such change in use event. The Board hereby designates the Associate Vice Chancellor for Finance as the person who will receive any such notice described in the sentence regarding any change of use for a Project.

**Section 4.06. Opinion of Bond Counsel.** The Board shall cause the legal opinion of Bond Counsel as to the validity of the Commercial Paper Notes and as to the exclusion of interest on such Commercial Paper Notes from gross income of the owners thereof for federal income tax purposes to be furnished to any Holder without cost. In addition, a copy of said opinion may be printed on or accompany each of the Commercial Paper Notes issued in physical format. In addition, in connection with the updating of the Offering Memorandum (as provided in accordance with Section 6.08 hereof) as required by the Dealer Agreement, there shall be provided an annual updated opinion of Bond Counsel for Commercial Paper Notes, at the cost of the Board or the Dealer as agreed to in the Dealer Agreement.

## ARTICLE V AMENDMENTS

### **Section 5.01. Amendment of Supplement.**

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

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

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

(iii) To supplement the security for the Outstanding Commercial Paper Notes issued hereunder, replace or provide additional credit facilities, or make changes in the provisions thereof, or change the form of the Outstanding Commercial Paper Notes or make such other changes in the provisions hereof, including extending the Maximum Maturity Date, as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Commercial Paper Notes;

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

(v) To increase the amount of Commercial Paper Notes which may be Outstanding pursuant to Section 2.01 and Section 4.01 hereof.

(b) Amendments With Consent. Subject to the other provisions of this Thirty-Ninth Supplement, the owners of Outstanding Commercial Paper Notes aggregating at least 51 percent in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Thirty-Ninth Supplement which may be deemed necessary or desirable by the Board, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Commercial Paper Notes, the amendment of the terms and conditions in this Thirty-Ninth Supplement or in the Commercial Paper Notes so as to:

(i) Make any change in the maturity of the Outstanding Commercial Paper Notes;

(ii) Reduce the rate of interest borne by Outstanding Commercial Paper Notes;

(iii) Reduce the amount of the principal payable on Outstanding Commercial Paper Notes;

(iv) Modify the terms of payment of principal of or interest on the Outstanding Commercial Paper Notes, or impose any conditions with respect to such payment;

(v) Affect the rights of the owners of less than all Commercial Paper Notes then Outstanding; or

(vi) Change the minimum percentage of the Outstanding Principal Amount of Commercial Paper Notes necessary for consent to such amendment.

(c) Notice. If at any time the Board shall desire to amend this Thirty-Ninth Supplement pursuant to Subsection (b), the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Issuing and Paying Agent for inspection by all owners of Commercial Paper Notes issued hereunder. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each owner of Commercial Paper Notes. A copy of such Notice shall be provided in writing to (i) the Bank, if any, at the address shown in a CP Credit Agreement as the address to which notices to the Bank are to be sent and (ii) to each national rating agency maintaining a rating on the Commercial Paper Notes.

(d) Receipt of Consents. Whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51 percent in Outstanding Principal Amount of the Commercial Paper Notes, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) Effect of Amendments. Upon the adoption by the Board of any resolution to amend this Thirty-Ninth Supplement pursuant to the provisions of this Section, this Thirty-Ninth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Commercial Paper Notes and all future Commercial Paper Notes shall thereafter be determined, exercised, and enforced under the Master Resolution and this Thirty-Ninth Supplement, as amended.

(f) Consent Irrevocable. Any consent given by any owner of Commercial Paper Notes pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section and shall be conclusive and binding upon all future owners of the same Commercial Paper Notes during such period. Such consent may be revoked at any time after six months from the date of the first



publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Issuing and Paying Agent and the Board, but such revocation shall not be effective if the owners of at least 51 percent in Outstanding Principal Amount of Commercial Paper Notes prior to the attempted revocation consented to and approved the amendment.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Commercial Paper Notes registered as to ownership shall be determined from the registration books kept by the Issuing and Paying Agent therefor. The fact of the owning of Commercial Paper Notes issued hereunder not registered as to ownership by any Holder and the amount and the numbers of such Commercial Paper Notes and the date of the holding of the same may be proved by the affidavit of the person claiming to be such Holder if such affidavit shall be deemed by the Issuing and Paying Agent to be satisfactory, or by a certificate executed by any trust company, bank, banker or any other depository, wherever situated, if such certificate shall be deemed by the Issuing and Paying Agent to be satisfactory, showing that at that date therein mentioned such person had on deposit with such trust company, bank, banker or other depository the Commercial Paper Notes described in such certificate. The Issuing and Paying Agent may conclusively assume that such ownership continues until written notice to the contrary is served upon the Issuing and Paying Agent.

(h) Consent of Bank. For so long as a Bank is not in default under a CP Credit Agreement, no amendment to this Thirty-Ninth Supplement shall become effective without the prior written consent of such Bank, which consent shall not be unreasonably withheld.

## ARTICLE VI MISCELLANEOUS

**Section 6.01. Thirty-Ninth Supplement to Constitute a Contract; Equal Security.** In consideration of the acceptance of the Notes by those who shall hold the same from time to time, this Thirty-Ninth Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Notes and the pledge made in this Thirty-Ninth Supplement by the Board and the covenants and agreements set forth in this Thirty-Ninth Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders of the Notes, without preference, priority, or distinction as to security or otherwise of any of the Notes over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Thirty-Ninth Supplement or, with respect to a Promissory Note, the respective CP Credit Agreement.

**Section 6.02. Individuals Not Liable.** All covenants, stipulations, obligations, and agreements of the Board contained in this Thirty-Ninth Supplement shall be deemed to be covenants, stipulations, obligations, and agreements of The University of Texas System and the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in his individual capacity and neither the members of the Board nor any officer thereof shall be liable

personally on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 6.03. Additional Actions.**

(a) The Chairman of the Board, the Vice Chairman of the Board, the General Counsel to the Board, the U.T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Notes and otherwise to effectuate the purposes of this Thirty-Ninth Supplement, a CP Credit Agreement, the Dealer Agreement, and the Issuing and Paying Agent Agreement. In addition, the Chairman of the Board, Vice Chairman of the Board, a U.T. System Representative and Bond Counsel are hereby authorized to approve, subsequent to the date of this adoption of this Thirty-Ninth Supplement, any amendments to the above named documents, and any technical amendments to this Thirty-Ninth Supplement as may be required by Fitch, Moody's, Standard & Poor's or any other nationally recognized rating agency as a condition to the granting or maintaining of a rating on the Commercial Paper Notes acceptable to a U.T. System Representative, or as may be required by the Attorney General's office in connection with the approval of this Thirty-Ninth Supplement or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Thirty-Ninth Supplement. In addition, the statements, findings, representations, and determinations set forth in the recitals to this Thirty-Ninth Supplement are hereby incorporated into and made a part of this Thirty-Ninth Supplement for all purposes.

(b) A U.T. System Representative shall promptly give written notice to Fitch, Moody's, Standard & Poor's, and any other nationally recognized rating agency then ratings the Commercial Paper Notes, as appropriate, of any changes or amendments to this Thirty-Ninth Supplement, a CP Credit Agreement (including the expiration or termination of a CP Credit Agreement), or any other operative document used in connection with the issuance from time to time of the Notes.

**Section 6.04. Severability of Invalid Provisions.** If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Notes issued hereunder.

**Section 6.05. Payment and Performance on Business Days.** Whenever under the terms of this Thirty-Ninth Supplement or the Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Notes, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment is scheduled.

**Section 6.06. Limitation of Benefits With Respect to the Thirty-Ninth Supplement.**

With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Thirty-Ninth Supplement or the Notes is intended or should be construed to confer upon or give to any person other than the Board, the Holders, the Issuing and Paying Agent, the Bank, and the Dealer any legal or equitable right, remedy, or claim under or by reason of or in respect to this Thirty-Ninth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Thirty-Ninth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, the Issuing and Paying Agent, the Bank, and the Dealer as herein and in the Issuing and Paying Agent Agreement, a CP Credit Agreement, and the Dealer Agreement provided.

**Section 6.07. Approval of Attorney General.** No Notes herein authorized to be issued shall be sold or delivered by a U.T. System Representative until the Attorney General of the State of Texas shall have approved this Thirty-Ninth Supplement, and other agreements and proceedings as may be required in connection therewith, all as is required by the Acts.

**Section 6.08. Approval of Offering Memorandum.** A U.T. System Representative is hereby authorized to approve the form of Offering Memorandum, to be used by the Dealer in the offering of the Commercial Paper Notes, and the use thereof by the Dealer in connection therewith and to cooperate with the Dealer in periodically updating and approving the Offering Memorandum.

**Section 6.09. Reserved.**

**Section 6.10. Notice to Rating Agencies.** Notice shall be given to each national rating agency which maintains a rating on the Commercial Paper Notes of the execution and delivery of a CP Credit Agreement and any amendment, substitution or termination of such agreement and of any amendment or substitution of the Dealer Agreement or the Issuing and Paying Agent Agreement.

**Section 6.11. Additional Defeasance Provisions.** (a) Notwithstanding the provisions of Section 12(c) of the Master Resolution, in connection with the defeasance of Notes issued after the effective date of this Thirty-Ninth Supplement pursuant to Section 12 of the Master Resolution, the term Government Obligations shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(b) Notwithstanding the provisions of Section 12 of the Master Resolution, the Board may provide for the irrevocable deposit contemplated by Section 12 of the Master Resolution to be

made with the Issuing and Paying Agent or with any other eligible bank or trust company as then authorized by state law.

**Section 6.12. 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 Thirty-Ninth Supplement was adopted, and that this Thirty-Ninth Supplement would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

**[The Remainder of This Page is Intentionally Left Blank]**

## EXHIBIT A

### DEFINITIONS

As used in this Thirty-Ninth Supplement, the terms below defined shall be construed, are used and are intended to have the following meanings, unless the text hereof specifically indicates otherwise:

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

"Advances" means Advances or loans under the Promissory Note to refund Commercial Paper Notes pursuant to a CP Credit Agreement.

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

"Bank" means any lender which becomes a party to a CP Credit Agreement, or any other financial institution executing a Credit Agreement.

"Board of Regents", "Board", or "Issuer" means the Board of Regents of The University of Texas System, or any successor thereto.

"Business Day" means any day (a) when banks are open for business in Austin, Texas, and (b) when banks are not authorized to be closed in New York, New York.

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

"Commercial Paper Note" means a Note issued pursuant to the provisions of this Thirty-Ninth Supplement, having the terms and characteristics specified in Section 2.02 and in the form described in Exhibit B hereto.

"Costs" or "Project Costs" means all costs and expenses defined as "project costs" under the Acts incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Commercial Paper Notes, including without limitation design, planning, engineering, and legal costs; acquisition costs of land, interests in land, right of way, and easements; construction costs; costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of the Eligible Projects; and financing costs, including interest during construction and thereafter, underwriter's discount, and/or legal, financial, and other professional services fees and expenses, and shall include reimbursement for Costs attributable to Eligible Projects incurred prior to the issuance of any Commercial Paper Notes and any other costs permitted by applicable law.

"CP Credit Agreement" means a Credit Agreement entered into with respect to Commercial Paper Notes as authorized by Section 2.08 of this Thirty-Ninth Supplement.

"Dealer" means each dealer appointed by the Board pursuant to Section 3.04 hereof and any successor thereto.

"Dealer Agreement" means each dealer agreement executed and delivered by the Board and a Dealer pursuant to Section 3.04 hereof, as each such agreement may be amended from time to time pursuant to the terms thereof.

"DTC" means The Depository Trust Company or any substitute securities depository appointed pursuant to this Thirty-Ninth Supplement, or any nominee of either.

"DTC Participant" means a member of, or the participant in, DTC that will act on behalf of a Holder.

"Eligible Project" means the acquisition, purchase, construction, improvement, enlargement, and/or equipping of any property, buildings, structures, activities, services, operations, or other facilities, or any other project, program or improvement authorized by the Acts and any other laws of the State of Texas for and on behalf of the Financing System or any Member thereof.

"Fiscal Year" means the 12-month operational period of The University of Texas System commencing on September 1 of each year and ending on the following August 31.

"Fitch" means Fitch Investors Service or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities ratings services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"Holder" or "Noteholder" means the Registered Owner or any person, firm, association, or corporation who is in possession of any Commercial Paper Note issued to bearer or in blank.

"Issuing and Paying Agent" and "Registrar" means with respect to the Commercial Paper Notes the agent appointed pursuant to Section 2.05 hereof and Section 3.03 hereof, or any successor to such agent.

"Issuing and Paying Agent Agreement" means the issuing and paying agent agreement authorized to be entered into by Section 3.03 hereof, as from time to time amended or supplemented.

"Master Note" shall have the meaning given to such term in Section 2.05(b) hereof.

"Master Resolution" means the Master Resolution establishing the Financing System adopted by the Board on April 12, 1990, and amended and restated on February 14, 1991, and further amended on October 8, 1993.

"Maximum Interest Rate" means the greater of the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (prescribed by Chapter 1204, Texas Government Code, as amended).

"Maximum Maturity Date" means August 31, 2073.

"Moody's" means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"Note" or "Notes" means the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to this Thirty-Ninth Supplement and shall include Commercial Paper Notes (including the Master Note) or Promissory Notes as appropriate.

"Note Date" shall have the meaning given in Section 2.02 hereof.

"Note Payment Fund" means that fund created pursuant to Section 2.10 hereof.

"Paying Agent" see Issuing and Paying Agent.

"Promissory Note" means the promissory note issued pursuant to the provisions of this Thirty-Ninth Supplement and a CP Credit Agreement in evidence of Advances made by the Bank to refund any Commercial Paper Note, or the interest thereon, having the terms and characteristics contained in a CP Credit Agreement and issued in accordance therewith, including any renewals or modifications thereof.

"Registered Owner" means the person or entity in whose name any Note is registered in the Registration Books.

"Registration Books" means the books or records relating to the registration, payment, and transfer or exchange of the Project Notes maintained by the Issuing and Paying Agent pursuant to Section 2.06 hereof.

"Standard & Poor's" means Standard & Poor's Corporation or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"Tax Exempt 501(c)(3) Notes" means means Commercial Paper Notes issued pursuant to the provisions of the Master Resolution and this Thirty-Ninth Supplement, the interest on which is exempt from federal income taxation under the Code and considered "qualified 501(c)(3) bonds" under the Code.

"Tax-Exempt Notes" means Commercial Paper Notes issued pursuant to the provisions of the Master Resolution and this Thirty-Ninth Supplement, the interest on which is exempt from federal income taxation under the Code.

"Thirty-Ninth Supplement" means this Thirty-Ninth Supplemental Resolution to the Master Resolution.



**EXHIBIT B**

**FORM OF COMMERCIAL PAPER NOTES**

UNITED STATES OF AMERICA  
STATE OF TEXAS  
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
REVENUE FINANCING SYSTEM  
COMMERCIAL PAPER NOTE,  
SERIES \_\_<sup>1</sup>

Note Number \_\_\_\_\_ Interest Rate<sup>2</sup> \_\_\_\_\_ Note Date \_\_\_\_\_ Principal Amount \$ \_\_\_\_\_

On \_\_\_\_\_ (the "Maturity Date") for value received, THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Board")

Promises To Pay To The Order of \_\_\_\_\_  
The Principal Amount of \_\_\_\_\_  
Payable At \_\_\_\_\_ (the "Issuing and Paying Agent")

and to pay interest, if any, on said principal amount, specified above, on said Maturity Date, from the above specified Note Date to said Maturity Date at the per annum Interest Rate specified above (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable, unless otherwise set forth in an exhibit attached to this Commercial Paper Note) solely from the sources hereinafter identified and as hereinafter stated; both principal and interest on this Commercial Paper Note being payable in immediately available lawful money of the United States of America at the designated corporate office of the Issuing and Paying Agent, specified above, or its successor. No interest will accrue on the principal amount hereof after said Maturity Date.

This Commercial Paper Note is one of an issue of commercial paper notes (the "Commercial Paper Notes") which, together with the below referenced Promissory Notes (such Promissory Notes and the Commercial Paper Notes being hereinafter collectively referred to as the "Notes"), has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and a Thirty-Ninth Supplemental resolution thereto (the "Thirty-Ninth Supplemental Resolution," the provisions of the Master Resolution are incorporated by reference in the Thirty-Ninth Supplemental Resolution, and the Master Resolution and the Thirty-Ninth Supplemental Resolution shall hereinafter be referred to collectively as the "Resolution") adopted by the Board, an agency and political subdivision of the State of Texas, for the purpose of financing Costs of Eligible Projects (each as defined in the Resolution) and to refinance, renew, and refund Notes, other Parity

<sup>1</sup> Insert the letter "C-1" for Commercial Paper Notes issued as Tax Exempt Notes and insert the letter "C-2" for Commercial Paper Notes issued as Tax Exempt 501(c)(3) Notes.

<sup>2</sup> Formula or alternative method of calculating interest may be attached as an exhibit hereto.

Debt and Prior Encumbered Obligations; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapter 1371, Texas Government Code, as amended, and Chapter 55, Texas Education Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Resolution.

This Commercial Paper Note, together with the other Notes and other Parity Debt, is payable from and equally secured by the Pledged Revenues; provided, however, that the lien on and pledge of the Pledged Revenues is junior and subordinate to the lien and pledge securing the payment of the Prior Encumbered Obligations, all as further defined and described in the Resolution. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues as described in the Resolution, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as described in the Resolution. THE NOTES DO NOT CONSTITUTE OR CREATE A DEBT OR LIABILITY OF THE STATE OF TEXAS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF TEXAS IS IN ANY MANNER PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE NOTES.

Reference is hereby made to the Resolution, copies of which may be obtained upon request to the Board, and by acceptance of this Commercial Paper Note the Holder hereof hereby assents to all of the terms and provisions of the Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the Notes and the Pledged Revenues; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders of the Notes; and the right to issue obligations payable from and secured by the Pledged Revenues.

It is hereby certified and recited that all acts, conditions, and things required by law and the Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Resolution.

This Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer, this Commercial Paper Note may be transferred only on the books of the Board maintained at the designated office of the Issuing and Paying Agent. Upon surrender hereof at the designated office of the Issuing and Paying Agent, this Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Commercial Paper Notes of authorized denominations of like interest rate and maturity, and in the same form as this Commercial Paper Note, but only in the manner, and subject to the limitations, and upon payment of

the charges provided in the Resolution and upon surrender and cancellation of this Commercial Paper Note.

This Commercial Paper Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

IN WITNESS WHEREOF, the Board has authorized and caused this Commercial Paper Note to be executed and attested on its behalf by the manual or facsimile signatures of the Chairman of the Board and the General Counsel to the Board and its official seal impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
General Counsel to the Board

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Resolution.

\_\_\_\_\_,'

\_\_\_\_\_,'

as Issuing and Paying Agent

By

\_\_\_\_\_

Countersignature

**EXHIBIT C**

**FORM OF MASTER NOTES**  
**The Depository Trust Company**  
A subsidiary of The Depository Trust & Clearing Corporation

**MUNICIPAL COMMERCIAL PAPER — TECP MASTER NOTE**

Tax Exempt

\_\_\_\_\_  
(Date of Issuance)

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM ("Issuer"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, ("Paying Agent"); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by Paying Agent.

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By: \_\_\_\_\_  
(Authorized Countersignature)

By: \_\_\_\_\_  
(Authorized Signature)



**The provisions of the Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Note, Series C-1, a form of which is attached hereto, are incorporated herein and made a part hereof for all purposes.**

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

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

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(Name, Address, and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ attorney to transfer said Master Note on the books of Issuer with full power of substitution in the premises.

Date:

Signature(s) Guaranteed:

\_\_\_\_\_  
(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

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Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Depository Trust Company  
A subsidiary of The Depository Trust & Clearing Corporation

**MUNICIPAL COMMERCIAL PAPER — TECP MASTER NOTE**

Tax Exempt 501(c)(3)

\_\_\_\_\_  
(Date of Issuance)

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM ("Issuer"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, ("Paying Agent"); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by Paying Agent.

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By: \_\_\_\_\_  
(Authorized Countersignature)

By: \_\_\_\_\_  
(Authorized Signature)



*The Depository Trust &  
Clearing Corporation*

**The provisions of the Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Note, Series C-2, a form of which is attached hereto, are incorporated herein and made a part hereof for all purposes.**

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

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

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(Name, Address, and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ attorney to transfer said Master Note on the books of Issuer with full power of substitution in the premises.

Date:

Signature(s) Guaranteed:

\_\_\_\_\_  
(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

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Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.