

A RESOLUTION establishing an interim financing program; approving and authorizing the issuance of obligations in an aggregate principal amount at any one time outstanding of not to exceed \$500,000,000 to provide interim financing to pay Project Costs for Eligible Projects; authorizing such obligations to be issued, sold and delivered as commercial paper notes, and prescribing the terms, features, and characteristics of such notes; approving and authorizing certain authorized officers and employees to act on behalf of the Board of Regents of The University of Texas System in the selling and delivery of such notes, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; resolving other matters incident and related to the issuance, sale, security, and delivery of such notes; and providing an effective date.

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A RESOLUTION establishing an interim financing program; approving and authorizing the issuance of obligations in an aggregate principal amount at any one time outstanding of not to exceed \$500,000,000 to provide interim financing to pay Project Costs for Eligible Projects; authorizing such obligations to be issued, sold and delivered as commercial paper notes, and prescribing the terms, features, and characteristics of such notes; approving and authorizing certain authorized officers and employees to act on behalf of the Board of Regents of The University of Texas System in the selling and delivery of such notes, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; resolving other matters incident and related to the issuance, sale, security, and delivery of such notes; and providing an effective date.

WHEREAS, the Board of Regents (the “Board”) of The University of Texas System (the “System”) hereby determines to issue obligations pursuant to the provisions of Section 18 of Article VII of the Constitution of the State of Texas, Chapter 1371, Texas Government Code, and Section 65.46, Texas Education Code; and

WHEREAS, Section 18 of Article VII of the Texas Constitution authorizes the Board to issue bonds and notes not to exceed a total amount of twenty percent (20%) of the cost value of investments and other assets of the Permanent University Fund (hereinafter defined) (exclusive of real estate) at the time of issuance thereof, and to pledge all or any part of its two-thirds interest in the Available University Fund (hereinafter defined) to secure the payment of the principal and interest of those bonds and notes, for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under such section or prior law, at or for the System administration and certain component institutions of the System; and

WHEREAS, the Board, by this resolution (this “Resolution”), has determined to authorize the issuance of its Commercial Paper Notes (hereinafter defined) authorized to be outstanding at any one time in an aggregate principal amount not to exceed \$500,000,000, in order to provide interim financing to pay Project Costs (hereinafter defined) for Eligible Projects (hereinafter defined) and to refinance, renew, or refund Commercial Paper Notes and Permanent University Fund Obligations (as hereinafter defined), all as herein provided; and

WHEREAS, the Commercial Paper Notes authorized hereby shall be secured in part by the Interest of the System in the Available University Fund (hereinafter defined), such lien and pledge thereof being of equal rank and dignity with the pledge thereof securing the payment of the Flexible Rate Notes but junior and subordinate to the lien and pledge thereof securing the payment of Fund Priority Obligations (hereinafter defined) outstanding on or after the date of issuance of the Commercial Paper Notes; and

WHEREAS, the Board hereby finds that the purposes for which the Board may issue such Commercial Paper Notes constitute “public works,” as contemplated by Chapter 1371, Texas Government Code; and

WHEREAS, arrangements relating to the interim financing program have been settled and the Board hereby finds and determines that the issuance of such Commercial Paper Notes, subject to the terms, conditions, and limitations hereinafter prescribed, should be approved and authorized at this time;

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. Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Resolution or any resolution amendatory or supplemental hereto, shall be construed, are used and are intended to have the following meanings, to-wit:

“Acts” shall mean, collectively, Chapter 1371, Texas Government Code, as amended, and Section 65.46, Texas Education Code, as amended.

“Advances” shall mean advances or loans under a Promissory Note pursuant to a Credit Agreement for purposes of refunding Commercial Paper Notes.

“Approved Swap Agreement” shall mean each agreement authorized by the Board constituting a “bond enhancement agreement” under Section 65.461, Texas Education Code, as amended, and/or a “credit agreement” under Chapter 1371, Texas Government Code, as amended, in relation to the payment or exchange of payments on Notes or Permanent University Fund Obligations.

“Authorized Representative” shall mean one or more of the following officers or employees of the System, to-wit: the Chancellor, any Executive Vice Chancellor, the Vice Chancellor and General Counsel, the Associate Vice Chancellor for Finance and the Director of Finance, or such other officer or employee of the System authorized by the Board to act as an Authorized Representative.

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

“Bank” shall mean any lender or other financial institution (other than the Board pursuant to the Board’s Liquidity Resolution) which becomes a party to or executes a Credit Agreement.

“Board” shall mean the Board of Regents of the System.

“Board’s Liquidity Resolution” shall mean that resolution adopted by the Board on August 23, 2007 pursuant to which the Board covenants to provide liquidity support for the

Commercial Paper Notes by using lawfully available funds to purchase Commercial Paper Notes that cannot be remarketed or reissued, which resolution recites that it constitutes a “Credit Agreement” for purposes of this Resolution, or any other similar resolution hereafter adopted by the Board.

“Bond Counsel” shall mean Vinson & Elkins L.L.P. or any other attorney or firm of attorneys nationally recognized as experienced in the field of bonds of governmental issuers and appointed by the Board.

“Bond Resolution” shall mean, collectively, the resolutions authorizing any Fund Priority Obligations.

“Business Day” shall mean 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” shall mean the Internal Revenue Code of 1986, as amended.

“Commercial Paper Note” shall mean a commercial paper note issued pursuant to the provisions of this Resolution, having the terms and characteristics specified in Section 2.02 and in the form described in Exhibit A to this Resolution.

“Commercial Paper Construction Fund” shall have the meaning given to such term in Section 2.13.

“Commercial Paper Note Payment Fund” shall have the meaning given to such term in Section 2.10.

“Comptroller” shall mean the Comptroller of Public Accounts of the State or any successor thereto.

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

“Credit Agreement” shall mean a Credit Agreement entered into with respect to Commercial Paper Notes as authorized by Section 2.08 of this Resolution. A Credit Agreement may be the Board’s Liquidity Resolution or any other standby bond purchase agreement, letter of credit, line of credit or similar agreement.

“Dealer” shall mean each dealer appointed by the Board pursuant to Section 3.04 and any successor thereto.

“Dealer Agreement” shall mean each dealer agreement executed and delivered by the Board and a Dealer pursuant to Section 3.04, as each such agreement may be amended from time to time pursuant to the terms thereof.

“Defeasance Obligations” shall mean (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a Rating Agency not less than AAA or its equivalent, and (c) 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 issuance of refunding bonds, are rated as to investment quality by a Rating Agency not less than AAA or its equivalent.

“DTC” shall mean The Depository Trust Company or any substitute securities depository appointed pursuant to this Resolution, or any nominee of either.

“DTC Letter of Representations” shall mean the Letter of Representations between the Board and DTC approved pursuant to Section 2.05(b) of this Resolution.

“DTC Participant” shall mean a member of, or the participant in, DTC that will act on behalf of a Holder.

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

“Fiscal Year” shall mean the twelve-month operational period of the System commencing on September 1 of each year and ending on the following August 31.

“Flexible Rate Notes” shall mean The Board of Regents of The University of Texas System Permanent University Fund Flexible Rate Notes, Series A, authorized to be issued in the maximum aggregate principal amount of \$400,000,000 at any one time outstanding, pursuant to the Flexible Rate Notes Resolution.

“Flexible Rate Notes Resolution” shall mean the resolution adopted by the Board on November 13, 2002 authorizing the issuance of the Flexible Rate Notes, as such resolution may be amended from time to time.

“Fund Priority Obligations” shall mean the Series 2002A Bonds, the Series 2004A Bonds, the Series 2004B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2006A Bonds, the Series 2006B Bonds, the Series 2006C Bonds, and any other obligations issued by the Board pursuant to the Constitutional Provision which are secured by and payable from a lien on and pledge of the Interest of the System in the Available University Fund prior in rank and dignity to the lien and pledge securing the payment of the Notes.

“Holder” or “Noteholder” shall mean the Registered Owner or any person, firm, association, or corporation who is in possession of any Note issued to bearer or in blank.

“Interest of the System in the Available University Fund” shall mean the System’s two-thirds interest in the Available University Fund as apportioned and provided in the Constitutional Provision.

“Interest and Sinking Fund” shall mean the “Board of Regents of The University of Texas System Permanent University Fund Bonds Interest and Sinking Fund,” as further described in Section 2.12.

“Issuing and Paying Agent” and “Registrar” shall mean with respect to the Commercial Paper Notes the agent appointed pursuant to Section 2.05, or any successor to such agent.

“Issuing and Paying Agent Agreement” shall mean the issuing and paying agent agreement authorized to be entered into by Section 3.03, as from time to time amended or supplemented.

“Master Note” shall have the meaning given to such term in Section 2.05.

“Maximum Interest Rate” shall mean the lesser of (a) fifteen percent (15%) per annum and (b) 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, or any successor provision).

“Maximum Maturity Date” shall mean August 1, 2035.

“Note” or “Notes” shall mean the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to this Resolution and shall include Commercial Paper Notes (including the Master Notes) or Promissory Notes as appropriate.

“Note Date” shall have the meaning given to such term in Section 2.02.

“Permanent University Fund” shall mean the Permanent University Fund as created, established, implemented, and administered pursuant to Article VII, Sections 10, 11, 11a, 11b, 15, and 18 of the Constitution of the State, as currently or hereafter amended, and further implemented by the provisions of Chapter 66, Texas Education Code.

“Permanent University Fund Obligations” shall mean, collectively, all bonds or notes of the Board (other than the Notes) heretofore or hereafter issued and delivered pursuant to the provisions of the Constitutional Provision, payable from and secured by a lien on and pledge of the Available University Fund.

“Project Costs” shall mean all costs and expenses incurred in relation to Eligible Projects, including without limitation design, planning, engineering, and legal costs; acquisition costs of land, interests in land, right-of-way, and easements; construction costs, costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an Eligible Project; financing costs, including interest and payments on credit agreements during

construction and thereafter, underwriter's discount and/or fees, legal, financial, and other professional services; and reimbursement for any such Project Costs incurred prior to the issuance of any Commercial Paper Notes.

"Promissory Note" shall mean a promissory note described in Section 2.09 and issued pursuant to the provisions of this Resolution and a Credit Agreement in evidence of Advances made by a Bank to refund any Commercial Paper Note, or the interest thereon, having the terms and characteristics contained in such Credit Agreement and issued in accordance therewith, including any renewals or modifications thereof.

"Rating Agency" shall mean each nationally recognized securities rating agency which at the time has a credit rating assigned to the Commercial Paper Notes at the request of the Board.

"Registered Owner" shall mean the person or entity in whose name any Commercial Paper Note is registered in the Registration Books.

"Registration Books" shall mean the books or records relating to the registration, payment, and transfer or exchange of the Commercial Paper Notes maintained by the Issuing and Paying Agent pursuant to Section 2.10.

"Resolution" shall mean this resolution and any amendment, modification, or supplement hereto as permitted hereby.

"Series 2002A Bonds" shall mean The Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 2002A, dated April 2, 2002, and issued in the aggregate principal amount of \$105,290,000.

"Series 2004A Bonds" shall mean The Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 2004A, dated April 1, 2004, and issued in the aggregate principal amount of \$60,665,000.

"Series 2004B Bonds" shall mean The Board of Regents of The University of Texas System Permanent University Fund Bonds, Series 2004B, dated April 1, 2004, and issued in the aggregate principal amount of \$396,520,000.

"Series 2005A Bonds" shall mean The Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 2005A, dated April 1, 2005, and issued in the aggregate principal amount of \$100,345,000.

"Series 2005B Bonds" shall mean The Board of Regents of The University of Texas System Permanent University Fund Bonds, Series 2005B, dated April 1, 2005, and issued in the aggregate principal amount of \$124,625,000.

"Series 2006A Bonds" shall mean The Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 2006A, dated April 1, 2006, and issued in the aggregate principal amount of \$96,380,000.

“Series 2006B Bonds” shall mean The Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 2006B, dated January 1, 2007, and issued in the aggregate principal amount of \$284,065,000.

“Series 2006C Bonds” shall mean The Board of Regents of The University of Texas System Permanent University Fund Bonds, Series 2006C, dated January 1, 2007, and issued in the aggregate principal amount of \$97,755,000.

“Short Term Obligations” shall mean bonds or other evidences of indebtedness hereafter issued and incurred by the Board (other than the Notes) payable from the same sources, or any portion of such sources, securing the payment of the Notes and equally and ratably secured by a parity lien on and pledge of such sources securing the Notes, or any portion thereof.

“Special System Account” shall mean The State Comptroller - University of Texas System Special Account heretofore established by the Comptroller in the Treasury of the State of Texas pursuant to the Trust Agreement.

“State” shall mean the State of Texas.

“System” shall mean The University of Texas System.

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

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

“Trust Agreement” shall mean that certain Amended and Restated Trust Agreement, dated as of December 1, 2002, by and between the Board and the Comptroller, acting by and through the Texas Treasury Safekeeping Trust Company, pursuant to which the Comptroller has agreed to act as the Board’s trustee with respect to the Flexible Rate Notes for the purpose of investing and collateralizing funds in the Special System Account.

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

Section 1.03 Interpretation. Unless the context requires otherwise, words of the singular number used in this Resolution shall be construed to include correlative words of the plural number and vice versa, and words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa. References in this Resolution to numbered Articles,

Sections or portions thereof shall refer to the respective Articles and Sections of the Resolution, unless expressly specified otherwise. The terms “hereof,” “herein,” “hereunder,” and similar terms shall refer to this Resolution as a whole and not to any particular provision of this Resolution. This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the provisions set forth herein and to sustain the validity of this Resolution.

ARTICLE II AUTHORIZATION 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 Constitutional Provision and the Acts, Commercial Paper Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed Five Hundred Million Dollars (\$500,000,000) at any one time outstanding (as Tax-Exempt Notes, Taxable Notes, or any combination thereof) for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Notes and Permanent University Fund Obligations, including interest thereon all in accordance with and subject to the terms, conditions, and limitations contained herein. For purposes of this Section 2.01, any portion of outstanding Notes to be paid from money on deposit in the Commercial Paper Note Payment Fund or the Special System Account and from the available proceeds of Notes, Short Term Obligations, Fund Priority Obligations or other obligations of the Board issued pursuant to the Constitutional Provision on the day of calculation shall not be considered outstanding. The authority to issue Notes from time to time under the provisions of this Resolution 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. Commercial Paper Notes issued as Tax-Exempt Notes shall be designated “Board of Regents of The University of Texas System Permanent University Fund Commercial Paper Notes, Series A” and Commercial Paper Notes issued as Taxable Notes shall be designated as “Board of Regents of The University of Texas System Permanent University Fund Taxable Commercial Paper Notes, Series B”.

Section 2.02 Commercial Paper Notes. Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Commercial Paper Notes are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized 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 an Authorized 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), as may be determined by an Authorized 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 an Authorized Representative. Commercial Paper Notes may be issued as Tax-

Exempt Notes or as Taxable Notes as determined by an Authorized 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 Form of Commercial Paper Note set forth in Exhibit A to this Resolution.

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 an Authorized 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 applicable) as an Authorized Representative shall approve at the time of the sale thereof; provided, however, that if any Commercial Paper Notes are required to be sold through competitive bidding, such Commercial Paper Notes shall be sold in accordance with the procedures set forth in Section 3.01.

Section 2.03 Form of Commercial Paper Note. (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 A to this Resolution with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution 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 Banks Association) (“CUSIP” numbers) and such legends and endorsements thereon as may, consistently herewith, be approved by an Authorized 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 an Authorized Representative.

(b) If the Commercial Paper Notes are issued in book-entry only form pursuant to Section 2.05(b), they shall be issued in the form of one or more Master Notes, as appropriate (as provided in Section 2.05(b)), in substantially the form attached hereto as Exhibit B to which there shall be attached the form of Commercial Paper Note set forth in Exhibit A and it is hereby declared that the provisions of Exhibit A are incorporated into and shall be a part of each Master Note. It is further provided that this Resolution and the form of Commercial Paper Note set forth in Exhibit A shall constitute the “underlining 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 an Authorized 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, 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 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. 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 Resolution 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.

Other than pursuant to Section 2.03(b), no Commercial Paper Note shall be entitled to any right or benefit under this Resolution, 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 A to this Resolution, 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 selection and appointment of Deutsche Bank Trust Company Americas, New York, New York, to serve as the initial Issuing and Paying Agent for the Notes is hereby confirmed. 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. The Board covenants to maintain and provide an Issuing and Paying Agent at all times while the 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. Should a change in the Issuing and Paying Agent for the Notes occur, the Board agrees to promptly cause a written notice thereof to be (i) sent to each Holder of the 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, 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 Holder 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.

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. The Board has determined to issue the Commercial Paper Notes initially in book-entry form and has determined to appoint DTC to serve as the initial securities depository for the Commercial Paper Notes and to maintain a book-entry only system of recording the ownership and transfer of ownership of beneficial interests in the Commercial Paper Notes in accordance with this Section. Notwithstanding any other provision of this Resolution to the contrary, (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 Commercial Paper Notes issued as Tax-Exempt Notes and a separate master note relating to Commercial Paper Notes issued as Taxable Notes (each, a “Master Note”) in substantially the form set forth in Exhibit B. Except as provided herein, the ownership of the Commercial Paper Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will serve as the initial securities depository for the Commercial Paper Notes. Ownership of beneficial interests in the Commercial Paper 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 Commercial Paper 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 Commercial Paper Notes. Except as provided in subsection (b)(i) of this Section 2.05, the Commercial Paper 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 Resolution 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.

In the event that (i) DTC determines not to continue to act as securities depository for the Commercial Paper Notes (which determination shall become effective not less than 90 days after written notice to such effect is given to the Board and the Issuing and Paying Agent); (ii) the Board or the Issuing and Paying Agent determines (which determination is conclusive as to DTC, any DTC Participant, and the beneficial owners of the Notes) that DTC is incapable of discharging its

responsibilities described herein and in the DTC Letter of Representations; or (iii) the Board or the Issuing and Paying Agent determines (which determination is conclusive as to DTC, any DTC Participant and the beneficial owners of the Commercial Paper Notes) that it is in the best interests of the beneficial owners of the Commercial Paper Notes not to continue DTC's book-entry only system of transfer for the Commercial Paper Notes, then the Board shall use its best efforts to appoint a successor securities depository, qualified to act as such under Section 17A of the Securities Exchange Act of 1934, as amended. In the event of such an appointment, the Board shall notify (A) DTC of the appointment of such successor securities depository and transfer one or more separate Commercial Paper Notes to such successor securities depository or (B) DTC Participants of the availability through DTC of Commercial Paper Notes and transfer one or more separate Commercial Paper Notes to DTC Participants having Commercial Paper Notes credited to their DTC accounts. In such event, the Master Notes and Commercial Paper Notes shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Commercial Paper Notes shall designate, in accordance with the provisions of this Resolution. If at any time, DTC ceases to hold the Master Notes or the Commercial Paper Notes in book-entry only form, all references herein to DTC shall be of no further force or effect.

In the event that the Board fails to appoint a successor securities depository for the Commercial Paper Notes, the Board shall execute and cause to be authenticated and delivered physical certificates in the form set forth in Exhibit A shall be provided to the beneficial owners of the Commercial Paper Notes.

Notwithstanding any other provision of this Resolution to the contrary, as long as the Master Notes or the Commercial Paper Notes are registered in the name of Cede & Co., as nominee of DTC, (i) all payments with respect to the principal of and interest on the Commercial Paper Notes and all notices with respect to such Commercial Paper Notes shall be made and given, respectively, in the manner provided in the DTC Letter of Representations; (ii) the requirements of this Resolution 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; and (iii) delivery of the Master Notes and the Commercial Paper Notes will be in accordance with arrangements among the Board, the Issuing and Paying Agent, and DTC.

The terms and provisions of the DTC Letter of Representations and the Master Note are hereby approved.

Section 2.06 Negotiability, Registration, and Exchangeability. The 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.

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 Registrar.

Upon surrender for transfer of any Commercial Paper Note at the designated office of the Registrar, 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 Registrar. 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 Resolution 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 A, 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 them 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 Credit Agreements. The Board reserves the right to enter into one or more Credit Agreements to provide liquidity for all or a part of the Commercial Paper Notes to be outstanding under this Resolution.

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

Section 2.10 Commercial Paper Note Payment Fund. There is hereby established with the Issuing and Paying Agent a separate and special fund designated as the “Board of Regents of The University of Texas System Permanent University Fund, Commercial Paper Note Payment Fund” (the “Commercial Paper Note Payment Fund”), and within such Fund there is hereby established separate accounts designated as the “Tax-Exempt Note Account” and the “Taxable Note Account.” The proceeds from the sale of Commercial Paper Notes and Permanent University Fund Obligations issued for the purpose of refunding and retiring Notes shall be paid to the Issuing and Paying Agent for deposit to the credit of the appropriate account within the Commercial Paper Note Payment Fund and used for such purpose. In addition, all amounts required to be deposited 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 Commercial Paper 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 Notes in evidence of Advances under Credit Agreements. In the event no Notes are outstanding, any

amounts remaining in the Commercial Paper Note Payment Fund not then necessary for the purposes thereof shall be transferred to the Interest and Sinking Fund at the written direction of an Authorized Representative.

Additionally, all Advances under a 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 Commercial Paper 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 Commercial Paper Note Payment Fund for authorized purposes, moneys deposited therein may be invested at the direction of an Authorized Representative in the manner prescribed by law and in accordance with the written policies adopted by the Board. Any income received from investments in the Commercial Paper Note Payment Fund shall be retained in the Commercial Paper Note Payment Fund.

Section 2.11 Pledge of Revenues; Payment.

(a) The Notes are special obligations of the Board payable from and secured solely by the funds pledged therefor pursuant to this Resolution. The Board agrees to make payments into the Commercial Paper Note Payment Fund at such times and in such amounts as are necessary to provide for the full payment of the principal of, premium, if any, and interest on the Notes as the same shall become due and payable. Payments from the Commercial Paper Note Payment Fund shall be made from the first moneys deposited therein. Unless paid from the proceeds from the sale of Fund Priority Obligations, Short Term Obligations, Notes, or other obligations of the Board issued pursuant to the Constitutional Provision, such payments are to be made from the amounts required to be deposited in the Commercial Paper Note Payment Fund. Notwithstanding any other provision of this Resolution to the contrary, the Board reserves the right to pay the principal of, premium if any, and interest on the Notes from any lawfully available source.

(b) To provide security for the payment of the principal of, premium, if any, and interest on the Notes as the same shall come due and payable, there is hereby pledged, subject only to the provisions of this Resolution permitting the application thereof for purposes and on the terms and conditions set forth herein, (i) the proceeds from (A) the sale of the Fund Priority Obligations, Short Term Obligations or other obligations of the Board under the Constitutional Provision issued for such purpose and (B) the sale of Commercial Paper Notes issued pursuant to this Resolution for such purpose; (ii) the amounts held in the Commercial Paper Note Payment Fund and the Special System Account, such pledge of amounts held in the Special System Account being of equal rank and dignity with the pledge thereof securing the Flexible Rate Notes; and (iii) the Interest of the System in the Available University Fund, such pledge of the Interest of the System in the Available University Fund being of equal rank and dignity with the pledge thereof securing the payment of the Flexible Rate Notes but subordinate to the pledge thereof securing the payment of Fund Priority Obligations as described in Section 2.12, and it is hereby resolved and declared that the principal of, premium, if any, and interest on the Notes shall be, and hereby are, equally and ratably secured by and payable from a lien on and pledge of the sources hereinabove identified in clauses (i), (ii), and (iii) subject and subordinate only to the exceptions noted therein.

(c) An Authorized Representative shall implement the procedures necessary to make an Advance under a Credit Agreement, if in effect, if there is not anticipated to be lawfully available funds in an amount sufficient and in ample time to pay the principal of, premium, if any, and interest on the Commercial Paper Notes as such principal, premium, if any, and interest, respectively, come due, whether by reason of maturity or redemption. Amounts in the Commercial Paper Note Payment Fund attributable to and derived either from Advances under and pursuant to a 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 Application of Prior Covenants. The covenants and agreements (to the extent the same are not inconsistent herewith) contained in the Bond Resolution are hereby incorporated herein and shall be deemed to be for the benefit and protection of the Notes and the Holders thereof in like manner as applicable to the Fund Priority Obligations.

In accordance with the provisions of the Bond Resolution, the Notes represent obligations which are subordinate to the Fund Priority Obligations. There heretofore has been established in the Treasury of the State of Texas a fund designated as the “Board of Regents of The University of Texas System Permanent University Fund Bonds Interest and Sinking Fund” (hereinafter called the “Interest and Sinking Fund”). The Fund Priority Obligations are payable from moneys required to be transferred to the Interest and Sinking Fund. After provision has been made for the payment of the principal of and interest on the Fund Priority Obligations, based upon the projection of monies to be deposited into the Interest and Sinking Fund from the Interest of the System in the Available University Fund which demonstrates that the deposits to the Commercial Paper Note Payment Fund and any payment account(s) established for the payment of the Flexible Rate Notes and Short Term Obligations will not impair the obligation of the Board to pay the principal of and interest on the Fund Priority Obligations as the same mature and come due, the balance of the Interest of the System in the Available University Fund shall be made available to the Board to deposit into the Commercial Paper Note Payment Fund and any payment account(s) established for the payment of the Flexible Rate Notes and Short Term Obligations such amounts as are necessary to pay the interest on and/or the principal of the Notes, the Flexible Rate Notes and any Short Term Obligations as the same come due and mature or are required to be purchased to the extent not paid from the proceeds of Notes, Flexible Rate Notes, Short Term Obligations, Fund Priority Obligations, or other obligations of the Board issued pursuant to the Constitutional Provision, or with respect to Commercial Paper Notes, from the proceeds of Advances under a Credit Agreement; provided that, if such balance of the Interest of the System in the Available University Fund shall not be sufficient to pay such amounts due on the Notes, the Flexible Rate Notes and any Short Term Obligations, the Board shall deposit such balance of the Interest of the System in the Available University Fund into the Commercial Paper Note Payment Fund and any payment account(s) established for the payment of the Flexible Rate Notes and any Short Term Obligations on a ratable basis according to such amounts due on the Notes, the Flexible Rate Notes and any Short Term Obligations without any discrimination or privilege. After provision has been made for the payment of the interest on and any principal of the Notes, the Flexible Rate Notes and any Short Term Obligations, the balance of the Interest of the System in the Available University Fund each year shall be made available to the Board in the manner provided by law and by regulations of the Board to be used by the Board as it may lawfully direct.

An Authorized Representative, acting for and on behalf of the Board, is hereby authorized and directed to establish such procedures and take such other actions as may be necessary and proper as determined by such Authorized Representative to ensure that monies from the Interest of the System in the Available University Fund will be paid to the Issuing and Paying Agent for deposit in the Commercial Paper Note Payment Fund at the times and in the amounts such Authorized Representative estimates will be necessary from the Interest of the System in the Available University Fund to pay the interest on and/or principal of the Notes when due. An Authorized Representative is hereby further authorized and directed to execute and deliver an amendment or supplement to the Trust Agreement or to enter into a new trust agreement or similar agreement with the Comptroller, together with any documents called for thereunder, pursuant to which the Comptroller agrees to act as the Board's trustee with respect to the Notes for the purpose of investing and collateralizing funds in the Special System Account.

If there is on deposit in the Special System Account from the Interest of the System in the Available University Fund, monies sufficient to pay the interest on and/or principal of the Notes as the same come due and payable, an Authorized Representative or such other designated officer or employee shall transfer from the Special System Account to the Issuing and Paying Agent for deposit in the Commercial Paper Note Payment Fund moneys sufficient to pay such amounts, and thereafter shall coordinate with the Comptroller and take such actions as shall be necessary to restore the Special System Account to an amount equal to the amount such official estimates will be necessary from the Interest of the System in the Available University Fund to pay said interest on and/or principal of the Notes. The requirements of this paragraph are in addition to any other requirements relating to the Special System Account as may be set forth in the Flexible Rate Notes Resolution.

Section 2.13 Commercial Paper Construction Fund. The Board hereby establishes a separate account designated as the "Board of Regents of The University of Texas System Commercial Paper Note Construction Fund" (the "Commercial Paper Construction Fund") and within such Fund there is hereby established separate accounts designated as the "Tax-Exempt Note Account" and the "Taxable Note Account." The Commercial Paper Construction Fund shall be maintained by the Board in an official depository of the System. Moneys on deposit or to be deposited in the Commercial Paper Construction Fund shall remain therein until from time to time expended for Project Costs, and shall not be used for any other purposes whatsoever, except as otherwise provided below. Pending the expenditure of moneys in the Commercial Paper Construction Fund, moneys deposited therein or credited thereto may be invested at the direction of an Authorized Representative in the manner prescribed by law and in accordance with the written policies adopted by the Board. Any income received from investments in the Commercial Paper Construction Fund shall be retained in the Commercial Paper Construction Fund.

Any amounts remaining in the Commercial Paper Construction Fund and not necessary for the payment of Project Costs shall be paid into the appropriate account of the Commercial Paper Note Payment Fund from which the proceeds were derived and used either for the payment of interest during construction and thereafter on the Commercial Paper Notes, payment of such maturities of the Commercial Paper Notes coming due at such times as may be selected by the Authorized Representative or for the payment of Promissory Notes, as the case may be. In the event no Commercial Paper Notes are outstanding and there are no outstanding amounts under the

Promissory Notes, any amounts in the Commercial Paper Construction Fund not anticipated to be needed to pay Project Costs shall be transferred to the Interest and Sinking Fund.

Section 2.14 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 2.15 Approved Swap Agreements. The Board reserves the right to authorize and enter into one or more Approved Swap Agreements in relation to the payment or exchange of payments on the Notes; provided that, (i) this Resolution does not authorize the Board to enter into any Approved Swap Agreement, and (ii) the Board shall obtain the approval of the Attorney General of the State prior to using any proceeds of the Commercial Paper Notes to pay any amounts due under an Approved Swap Agreement constituting a “bond enhancement agreement” under Section 65.461, Texas Education Code.

Section 2.16 Fiscal and Other Agents. In furtherance of the purposes of this Resolution, 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) Except as provided in Section 3.01(b), all Commercial Paper Notes shall be sold through competitive bidding as required by the Constitutional Provision. In connection with sales of Commercial Paper Notes (specifically excluding Commercial Paper Notes described in Section 3.01(b)), an Authorized Representative shall prepare an Official Notice of Sale and Bidding Instructions with respect thereto.

(b) All Commercial Paper Notes sold to refund, renew or refinance Notes, including amounts outstanding under a Promissory Note which evidence Advances under a Credit Agreement and advances of lawfully available funds by the Board pursuant to Section 4.03, issued in a par amount that does not exceed (i) the par amount of the Commercial Paper Notes being refunded, renewed or refinanced or (ii) the amount of any such Promissory Note and advances of lawfully available funds by the Board pursuant to Section 4.03 being refunded, renewed or refinanced that is attributable to the prior refunding or refinancing of the principal of Commercial Paper Notes, as applicable, are hereby deemed to be “refunding bonds” within the meaning of the Constitutional Provision and therefore may be sold in the manner deemed by an Authorized Representative to be most economically advantageous to the Board.

(c) 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 an Authorized 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 an Authorized 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 an Authorized 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, purchase price, and other terms and conditions which are hereby authorized and permitted to be fixed by an Authorized Representative at the time of sale of the Commercial Paper Notes. Such instructions shall also specify the amounts of the proceeds of such issue of Commercial Paper Notes which are to be deposited to the Commercial Paper Note Payment Fund and to be transferred to the Commercial Paper Construction Fund; provided, however, that to the extent proceeds of Commercial Paper Notes are to be used to refund or refinance Permanent University Fund Obligations as determined by an Authorized Representative, such instructions shall so specify and shall identify the particular Permanent University Fund Obligations to be refunded. Such instructions shall also contain provisions representing that all action on the part of the Board necessary for the valid issuance of the Commercial Paper Notes then to be issued has been taken, that all provisions of Texas and federal law necessary for the valid issuance of such Commercial Paper Notes with provision for original issue discount and, in the event such Commercial Paper Notes are issued as Tax-Exempt Notes, interest exclusion from federal income taxation have been complied with, and that 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 and that, in the event such Commercial Paper Notes are issued as Tax-Exempt Notes (based upon the advice of Bond Counsel), the earned original issue discount on the Commercial Paper Notes or stated interest on the Commercial Paper 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 Commercial Paper Notes, excludable from gross income 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 listing of the Eligible Projects expected to be financed, in whole or in part, by the Commercial Paper Notes and each of such Eligible Projects has been approved by the Texas Higher Education Coordinating Board (or is otherwise exempt from the requirement of such approval); 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 the attachment to such instructions so long as each of such Substituted Projects has been approved by the Texas Higher Education Coordinating Board (or is otherwise exempt from the requirement of such approval);

(ii) except for Notes issued as refunding bonds under Section 3.01(b), the competitive bidding requirements set forth in this Resolution have been satisfied;

(iii) no Event of Default under Section 5.01 has occurred and is continuing as of the date of such instructions;

(iv) the Board is in compliance with the covenants set forth in Section 2.12 and Article IV as of the date of such instructions;

(v) that the total principal amount of Fund Priority Obligations, Notes, Short Term Obligations and other obligations of the Board that are secured by and payable from a lien and pledge of the Interest of the System in the Available University Fund that will be outstanding after the issuance and delivery of the Commercial Paper Notes will not exceed twenty percent (20%) of the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) as of the time the Commercial Paper Notes are issued; provided that any obligation of the Board that is payable from amounts appropriated, pursuant to the Constitutional Provision, including any amendment hereafter made to said Constitutional Provision, for the support and maintenance of The University of Texas at Austin or System administration (including, without limitation, any amounts payable by the Board under an Approved Swap Agreement) does not and shall not constitute an obligation secured by and payable from a lien on and pledge of the Interest of the System in the Available University Fund;

(vi) that, based upon the projected monies to be deposited into the Interest and Sinking Fund from the Interest of the System in the Available University Fund, the payment of the interest on and/or principal of any Note from monies on deposit in the Interest and Sinking Fund by the Board will not impair the obligation of the Board to pay the principal of and/or interest on any Fund Priority Obligation as the same matures and comes due;

(vii) 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 Credit Agreement, if then in effect; and

(viii) 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, in the event such Commercial Paper Notes are issued as Tax-Exempt Notes, 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(c) to the contrary, the instructions required to be given by an Authorized 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 and as of each such date.

(d) If a Credit Agreement is in effect, a Promissory Note shall be delivered to the Bank and thereafter Advances may be made thereunder in accordance with the terms thereof.

Section 3.02 Proceeds of Sale of Commercial Paper Notes.

(a) Except as provided in Section 3.02(b) below, the proceeds of the sale of any Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall be deposited in the appropriate account of the Commercial Paper Note Payment Fund and shall be applied for any or all of the following purposes as directed by an Authorized Representative:

(i) for the payment and redemption or purchase of outstanding Commercial Paper Notes at or before maturity, the refunding of any Advances (evidenced by a Promissory Note) under a Credit Agreement, the refunding of any advances of lawfully available funds by the Board pursuant to Section 4.03; or

(ii) proceeds not to be retained in the Commercial Paper Note Payment Fund as provided in clause (i) of this Section shall be transferred to the appropriate account of the Commercial Paper Construction Fund and used and applied in accordance with the provisions of Section 2.13.

(b) To the extent that the Commercial Paper Notes are being issued to refund or refinance Permanent University Fund Obligations as determined by an Authorized Representative, the proceeds of the sale of such Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall, to the extent required, be paid to the paying agent(s) for such Permanent University Fund Obligations in an amount sufficient, together with the moneys and investments held in the fund(s) securing such Permanent University Fund Obligations and any other lawfully available moneys of the Board, to accomplish the discharge and final payment of such Permanent University Fund Obligations. An Authorized Representative is hereby authorized and directed for and on behalf of the Board to determine and refund, from time to time, the various portions of such Permanent University Fund Obligations which are economically advantageous for the Board to refund by the issuance of Commercial Paper Notes and to determine the redemption date(s) of such Permanent University Fund Obligations. An Authorized Representative and all other appropriate officers and agents of the Board are hereby severally authorized and directed for and on behalf of the Board to take all other actions that are reasonably necessary to provide for the refunding or refinancing of such Permanent University Fund Obligations, including, without limitation, executing and delivering for and on behalf of the Board all agreements, notices, instructions, certificates, instruments, consents, receipts, requests and other documents as may be necessary or convenient to accomplish the refunding or refinancing of such Permanent University Fund Obligations as set forth above and in accordance with their terms and to direct the transfer and application of funds of the Board consistent with the provisions of this Resolution and the resolution(s) of the Board authorizing the issuance of

the Permanent University Fund Obligations to be so refunded. Further, any refunding or refinancing, other than a simultaneous refunding, of Commercial Paper Notes and Permanent University Fund Obligations, 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.

Subject to the determination by an Authorized Representative of the Permanent University Fund Obligations to be refunded by the issuance of Commercial Paper Notes, the Board irrevocably calls such Permanent University Fund Obligations to be so refunded for redemption prior to maturity on the date(s) determined by an Authorized Representative at a redemption price of par plus accrued interest to the date(s) fixed for redemption. It is hereby found and determined that the refunding or refinancing of such Permanent University Fund Obligations is advisable and necessary in order to restructure the debt service requirements of the Board.

Section 3.03 Issuing and Paying Agent Agreement. An Authorized Representative, acting for and on behalf of the Board, is hereby authorized and directed to execute and deliver an Issuing and Paying Agent Agreement with Deutsche Bank Trust Company Americas, as the initial Issuing and Paying Agent, together with any other documents called for thereunder. An Authorized Representative is hereby authorized and directed to approve, execute, and deliver to the Issuing and Paying Agent any such changes, additions, or amendments thereto as may be necessary and proper to carry out the purpose and intent of the Board in authorizing this Resolution. An Authorized Representative is hereby authorized to enter into any supplemental agreements with the Issuing and Paying Agent or with any successor Issuing and Paying Agent.

Section 3.04 Dealer Agreements. An Authorized Representative, acting for and on behalf of the Board, is hereby authorized and directed to execute and deliver a Dealer Agreement with Goldman, Sachs & Co., as the initial Dealer for the Commercial Paper Notes, together with any other documents called for thereunder. An Authorized Representative, acting for and on behalf of the Board, is hereby authorized to select and appoint one or more additional investment banking firms to serve as a Dealer for the Commercial Paper Notes and to execute and deliver a Dealer Agreement with each such additional Dealer, together with any other documents called for thereunder. Each Dealer Agreement shall be substantially in the form and substance of the dealer agreements approved by the Board in connection with its Revenue Financing System Commercial Paper Notes, Series A with such changes as are acceptable to the Authorized Representative. An Authorized Representative is hereby authorized and directed to approve, execute, and deliver to any Dealer any instrument evidencing such changes, additions, or amendments to any Dealer Agreement as may be necessary and proper to carry out the purpose and intent of the Board in authorizing this Resolution. An Authorized Representative is hereby authorized to enter any supplemental agreements with any 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, an Authorized 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 Resolution is amended and modified by the Board in accordance with the provisions of Section 6.01, the Board covenants that there will not be issued and outstanding at any time more than \$500,000,000 in aggregate principal amount of Commercial Paper Notes. In compliance with applicable laws, the Board, however, does reserve the right to issue additional commercial paper notes in excess of said amount by resolution (which may be in the form of an amendment to this Resolution) duly adopted by the Board and approved by the Attorney General of the State of Texas. 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 or the Special System Account and the available proceeds of Notes, Short Term Obligations, Fund Priority Obligations or other obligations of the Board issued pursuant to the Constitutional Provision shall not be considered outstanding.

Section 4.02 Provisions For Liquidity. The Board covenants to maintain available funds plus, if a Credit Agreement executed by a Bank is in effect, the “Available Bank Loan Commitment” (as defined in such Credit Agreement) in an amount equal to the total principal amount of outstanding Commercial Paper Notes plus interest to accrue thereon at the rate of 15% per annum 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 Fund Priority Obligations, Short Term Obligations or other obligations of the Board under the Constitutional Provision 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 Credit Agreement.

(b) Notwithstanding anything to the contrary contained herein, to the extent 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 Commercial Paper Notes Issued as Tax-Exempt Notes to Remain Tax Exempt.

(a) General. As used in this Section 4.04, the term “Commercial Paper Notes” shall mean only Commercial Paper Notes issued as Tax-Exempt Notes. The Board intends that the interest on the Commercial Paper Notes shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Income Tax Regulations (the “Regulations”). The Board covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Commercial Paper Notes to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the Board covenants and agrees to comply with each requirement of this Section 4.04; provided, however, that the Board shall not be required to comply with any particular requirement of this Section 4.04 if the Board has received an opinion of Bond Counsel (“Counsel’s Opinion”) that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Commercial Paper Notes or if the Board has received a Counsel’s Opinion to the effect that compliance with some other requirement set forth in this Section 4.04 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel’s Opinion shall constitute compliance with the corresponding requirement specified in this Section 4.04.

(b) No Private Use or Payment and No Private Loan Financing. The Board shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Commercial Paper Notes are delivered, that the proceeds of the Commercial Paper Notes will not be used, in a manner that would cause the Commercial Paper Notes to be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the Board covenants and agrees that it will make such use of the proceeds of the Commercial Paper Notes including interest or other investment income derived from Commercial Paper Note proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Commercial Paper Notes will not be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

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

(d) Notes are not Hedge Bonds. The Board covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Commercial Paper Notes to be “hedge bonds” within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) No-Arbitrage. On or before the date of the Attorney General's approval of this Resolution, the Board shall certify through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on such date, the Board will reasonably expect that the proceeds of the Commercial Paper Notes will not be used in a manner that would cause the Commercial Paper Notes to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the Board covenants and agrees that it will make such use of the proceeds of the Commercial Paper Notes including interest or other investment income derived from Commercial Paper Note proceeds, regulate investments of proceeds of the Commercial Paper Notes, and take such other and further action as may be required so that the Commercial Paper Notes will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

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

(g) Information Reporting. The Board covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Commercial Paper Notes are issued, an information statement concerning the Commercial Paper Notes, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Continuing Obligation. Notwithstanding any other provision of this Resolution, the Board's obligations under the covenants and provisions of this Section 4.04 shall survive the defeasance and discharge of the Commercial Paper Notes.

Section 4.05 Opinion of Bond Counsel. The Board shall cause the legal opinion of Bond Counsel as to the validity of the Commercial Paper Notes and, with respect to Tax-Exempt Notes, as

to the exclusion of interest on the Commercial Paper Notes from gross income 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.

Section 4.06 General Covenant. The Board covenants and agrees that while any (i) Permanent University Fund Obligations or (ii) bonds or notes of the Board of Regents of The Texas A&M University System heretofore or hereafter issued and delivered pursuant to the provisions of the Constitutional Provision, payable from and secured by a lien on and pledge of the Available University Fund, are outstanding, the Board will maintain and invest and keep invested the Permanent University Fund in accordance with the standards established by Section 11b of Article VII of the State Constitution.

Section 4.07 Payment of Fund Priority Obligations and Commercial Paper Notes. The Board hereby covenants and reaffirms to the holders or owners of any Fund Priority Obligations that the payment from time to time of the interest on and/or principal of the Notes shall not impair the ability or the obligation of the Board to pay the principal of and/or interest on any Fund Priority Obligations, and that the Board further covenants (i) that it shall establish appropriate procedures with the Comptroller with respect to deposits into the Commercial Paper Note Payment Fund and the Special System Account, and (ii) that such procedures shall not impair the ability of the Board to pay the principal of and/or interest on the Fund Priority Obligations.

Section 4.08 Compliance With Bond Resolution and Other Documents. The Board will comply with the terms and provisions of the Bond Resolution, and any other resolution or contract to which the Board is a party, the non-compliance with which would materially adversely affect the ability of the Board to make payments on the Notes when due.

Section 4.09 Reservation of Right to Issue Obligations of Superior Lien, Obligations of Inferior Lien, and Short Term Obligations. The Board hereby expressly reserves the right to hereafter issue obligations payable from and secured by a lien on and pledge of the Interest of the System in the Available University Fund prior in right and claim to the lien on and pledge of the Interest of the System in the Available University Fund covering the payment of the Notes. Furthermore, the Board expressly reserves the right to hereafter issue additional Notes or Short Term Obligations when and as the Board shall determine and authorize without any limitation as to principal amount or otherwise, which additional Notes or Short Term Obligations may be equally and ratably payable from and secured by a lien on and pledge of the Interest of the System in the Available University Fund of equal rank and dignity with the lien and pledge securing the payment of the Notes and may or may not be secured by a Credit Agreement. The Board also retains the right to issue obligations or other evidences of indebtedness or to incur contractual obligations secured by a lien on and pledge of the Interest of the System in the Available University Fund junior and subordinate to the lien and pledge securing the Notes. Notwithstanding any of the above to the contrary, the Board covenants that (i) the lien created by this Resolution will not be impaired in any manner as a result of any action or non-action on the part of the Board or officers of the System, and (ii) the Board will, subject to the provisions hereof, continuously preserve the Permanent University Fund and each and every part thereof. For purposes of this Resolution, including but not limited to this Section 4.09, any obligation of the Board that is payable from amounts appropriated, pursuant to the Constitutional Provision, including any amendment hereafter made to said Constitutional

Provision, for the support and maintenance of The University of Texas at Austin or System administration (including, without limitation, any amounts payable by the Board under an Approved Swap Agreement), does not and shall not constitute an obligation secured by and payable from a lien on and pledge of the Interest of the System in the Available University Fund.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

Section 5.01 Events of Default. Any one or more of the following events shall constitute an “Event of Default” hereunder, to-wit:

- (i) if default shall be made in the due and punctual payment of any principal of any Commercial Paper Note when and as the same shall become due and payable, whether at stated maturity as therein expressed, by declaration or otherwise;
- (ii) if the Board shall fail to make due and punctual payment of any interest on any Commercial Paper Note when and as such interest shall become due and payable and such failure shall continue for five (5) Business Days;
- (iii) if an “event of default” under a Credit Agreement occurs; provided that the Board’s Liquidity Resolution does not specify any “events of default”; or
- (iv) if default shall be made by the Board in the performance or observance of any other of the covenants, agreements or conditions on its part in this Resolution or in the Commercial Paper Notes contained, and such default shall continue for a period of sixty (60) days after written notice thereof to the Board by the Holders of not less than ten percent (10%) in principal amounts of the Commercial Paper Notes then outstanding.

Section 5.02 Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case the Holder of any Note at the time outstanding shall be entitled to proceed to protect and enforce such Holder’s rights by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Resolution, or in aid of the exercise of any power granted in this Resolution, or to enforce any other legal or equitable right vested in the Holders by this Resolution or the Notes or by law. The provisions of this Resolution shall be a contract with each and every Holder and the duties of the Board shall be enforceable by any Holder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 5.03 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by any Holder.

ARTICLE VI AMENDMENTS

Section 6.01 Amendment of Resolution.

(a) Amendments Without Consent. This Resolution and the rights and obligations of the Board and of the Holders may be modified or amended at any time without notice to or the consent of any owner of any Holders, solely for any one or more of the following purposes:

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

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

(iii) to supplement the security for the outstanding Notes issued hereunder, replace or provide additional credit facilities, or change the form of the outstanding 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 Holders of the outstanding Notes;

(iv) to make any changes or amendments requested by any 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 hereunder.

(b) Amendments With Consent. Subject to the other provisions of this Resolution, the Holders 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 Resolution 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 Resolution 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 Holders of less than all Commercial Paper Notes then outstanding;

(vi) change the minimum percentage of the outstanding principal amount of Commercial Paper Notes necessary for consent to such amendment; or

(vii) reduce or restrict the pledge made herein (Section 2.11) for payment of the Commercial Paper Notes.

(c) Notice. If at any time the Board shall desire to amend this Resolution 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 the respective Credit Agreement as the address to which notices to such Bank are to be sent and (ii) to each 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 Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then outstanding Commercial Paper Notes and all future Commercial Paper Notes shall thereafter be determined, exercised, and enforced under this Resolution, 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 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 Credit Agreement, no amendment to this Resolution shall become effective without the prior written consent of such Bank, which consent shall not be unreasonably withheld.

ARTICLE VII MISCELLANEOUS

Section 7.01 Resolution 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 Resolution 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 Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all 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 Resolution or, with respect to a Promissory Note, the respective Credit Agreement. The findings and recitals set forth in the preamble to this Resolution are hereby incorporated in and made a part of this Resolution.

Section 7.02 Individuals Not Liable. All covenants, stipulations, obligations, and agreements of the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations, and agreements of the System and the Board to the full extent authorized or permitted by the Constitution and laws of the State. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in 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 7.03 Additional Actions. The Chairman of the Board, the Vice Chairman of the Board, the General Counsel to the Board, the Authorized 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 Resolution, any Credit Agreement, any Dealer Agreement, the Trust Agreement and the Issuing and Paying Agent Agreement. In addition, each Authorized Representative and Bond Counsel are hereby authorized to approve, subsequent to the date of this adoption of this Resolution, any technical amendments to this Resolution and the other above named documents, and any technical amendments to this Resolution as may be required by any Rating Agency as a condition to the granting or maintenance of a rating on the Commercial Paper Notes acceptable to an Authorized Representative, or as may be required by the Attorney General's office in connection with the approval of this Resolution.

Section 7.04 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 7.05 Payment and Performance on Business Days. Whenever under the terms of this Resolution 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 7.06 Limitation of Benefits With Respect to the Resolution. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the 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, any Bank, and any Dealer any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, the Issuing and Paying Agent, any Bank, and any Dealer as herein and in the Issuing and Paying Agent Agreement, any Credit Agreement, and any Dealer Agreement provided.

Section 7.07 Approval of Attorney General. No Notes herein authorized to be issued shall be sold or delivered by an Authorized Representative until the Attorney General of the State of Texas shall have approved this Resolution, and other agreements and proceedings as may be required in connection therewith, and therefor the Notes to be issued in accordance with such proceedings, all as is required by the Constitutional Provision and the Acts.

Section 7.08 Approval of Offering Memorandum. An Authorized Representative is hereby authorized to approve the form of Offering Memorandum, to be used by any Dealer in the offering of the Commercial Paper Notes, and the use thereof by any Dealer in connection therewith and to cooperate with any such Dealer in periodically updating and approving the Offering Memorandum.

Section 7.09 Notice to Rating Agencies. Notice shall be given to each Rating Agency which maintains a rating on the Commercial Paper Notes of the execution and delivery of a Credit Agreement and any amendment, substitution, expiration or termination of such agreement and of any changes or amendments to this Resolution, a Dealer Agreement or the Issuing and Paying Agent Agreement.

Section 7.10 Defeasance. If, when all or any portion of the Commercial Paper Notes shall have become due and payable in accordance with their terms or otherwise as provided in this Resolution, the entire principal and interest so due and payable upon said Commercial Paper Notes shall be paid, or if at or prior to the date said Commercial Paper Notes have become due and payable, (i) sufficient moneys or Defeasance Obligations the principal of and interest on which will provide sufficient moneys for such payment upon maturity, to the date upon which the Commercial Paper Notes have been called for redemption, shall be held by the Issuing and Paying Agent, and (ii) provision shall also be made for paying all other sums payable hereunder by the Board with respect to said Commercial Paper Notes, the rights, title, and interest of the Holders of the Commercial Paper Notes in the Interest of the System in the Available University Fund shall thereupon cease, terminate and become discharged and said Commercial Paper Notes shall no longer be deemed outstanding for purposes of this Resolution and all the provisions of this Resolution, including all covenants, agreements, liens, and pledges made herein, shall be deemed duly discharged, satisfied, and released.

PASSED AND ADOPTED, this the 14th day of August, 2008.

ATTEST:

General Counsel to the Board

Chairman of the Board

(Seal)

EXHIBIT A
FORM OF COMMERCIAL PAPER NOTE

United States of America
State of Texas
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND
[TAXABLE]¹ COMMERCIAL PAPER NOTE, SERIES ____²

Note Number_____	Interest Rate ³ _____	Note Date_____	\$_____
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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 Sum Of _____
Payable At _____
(the "Issuing and Paying Agent").

on the Maturity Date, specified above, 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]**⁴ **[360-day year]**,⁵ 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 principal 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 resolution (the "Resolution") passed by the Board for the purpose of providing interim financing to pay Project Costs for Eligible Projects (each as defined in the Resolution) and to refinance, renew, or refund Notes and Permanent University Fund Obligations; all in accordance and in strict conformity with the provisions of Section 18 of Article VII of the Constitution of the State of Texas, Chapter 1371, Texas Government

¹ Include bracketed language only if Commercial Paper Notes are being issued as Taxable Notes.

² Insert the letter "A" if the Commercial Paper Notes are being issued as Tax-Exempt Notes; insert the letter "B" if the Commercial Paper Notes are being issued as Taxable Notes.

³ Formula or alternate method of calculating interest may be attached as an exhibit hereto.

⁴ Include bracketed language only if Commercial Paper Notes are being issued as Tax-Exempt Notes.

⁵ Include bracketed language only if Commercial Paper Notes are being issued as Taxable Notes.

Code, and Section 65.46, Texas Education Code, all 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, is payable from and equally secured by (i) the proceeds from (a) the sale of Fund Priority Obligations, Short Term Obligations, or other obligations of the Board issued under the Constitutional Provision for such purpose and (b) the sale of Commercial Paper Notes issued pursuant to the Resolution for such purpose; (ii) the amounts held in the Commercial Paper Note Payment Fund and the Special System Account, such pledge of amounts held in the Special System Account being of equal rank and dignity with the pledge thereof securing the Flexible Rate Notes; and (iii) the Interest of the System in the Available University Fund, such pledge of the Interest of the System in the Available University Fund being of equal rank and dignity with the pledge thereof securing the payment of the Flexible Rate Notes but subordinate to the pledge thereof securing the payment of Fund Priority Obligations now outstanding and hereafter issued by the Board.

This Commercial Paper Note, together with the other Notes, is payable solely from the sources hereinabove identified securing the payment thereof. 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 Interest of the System in the Available University Fund, 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 identified above.

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; 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 Interest of the System in the Available University Fund.

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 Constitutional Provision or 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, 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 B
FORM OF MASTER NOTE
The Depository Trust Company
A subsidiary of The Depository Trust & Clearing Corporation

MUNICIPAL COMMERCIAL PAPER – TECP MASTER NOTE

(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 Deutsche Bank Trust Company Americas

(“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.

Deutsche Bank Trust Company Americas
(Paying Agent)

Board of Regents of
The University of Texas System
(Issuer)

By: _____
(Authorized Countersignature)

By: _____
(Authorized Signature)



(Reverse Side of Note)

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.

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

(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.

Dated:
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.

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.