

REAUTHORIZATION OF FIFTH SUPPLEMENTAL
RESOLUTION AUTHORIZING THE ISSUANCE, SALE
AND DELIVERY OF BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM REVENUE
FINANCING SYSTEM TAXABLE COMMERCIAL
PAPER NOTES, SERIES B AND APPROVING AND
AUTHORIZING INSTRUMENTS AND PROCEDURES
RELATING THERETO

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

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

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

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

WHEREAS, in 1996 the Board adopted the Fifth Supplemental Resolution (the "Original Resolution") authorizing the issuance of Parity Debt in the form of taxable commercial paper notes but no notes were ever authorized under the Original Resolution; and

WHEREAS, the Board has determined to reauthorize the issuance of Parity Debt in the form of taxable commercial paper notes to provide interim financing for capital improvements and to finance equipment purchases when such improvements and equipment cannot be financed on a tax-exempt basis pursuant to the Board's Revenue Financing System Commercial Paper Program, Series A authorized by the First Supplemental Resolution to the Master Resolution; and

WHEREAS, the Board hereby determines and deems it necessary to authorize the issuance of Parity Debt pursuant to this Fifth Supplemental Resolution (the or this "Fifth Supplement") to the Master Resolution for such purposes and to further provide that this Fifth Supplement supercedes and replaces the Original Resolution and that the Original Resolution is rescinded; and

WHEREAS, the notes (the "Notes") authorized to be issued by this Fifth Supplement are to be issued and delivered pursuant to Chapter 55, Texas Education Code, and the Board hereby finds that the purposes for which it may issue Notes hereunder constitute a "public utility", as contemplated by Chapter 1371, Texas Government Code, as amended; and

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

ARTICLE I DEFINITIONS AND CONSTRUCTION OF TERMS

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

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

ARTICLE II AUTHORIZATION OF NOTES

Section 2.01. General Authorization. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, Commercial Paper Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed Fifty Million Dollars (\$50,000,000) at any one time Outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Notes, Prior Encumbered Obligations, and Parity Debts, 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 with the Issuing and Paying Agent and from the available proceeds of Parity Debt or other obligations of the Board issued on the day of calculation shall not be considered Outstanding. The authority to issue Commercial Paper Notes from time to time under the provisions of this Fifth Supplement shall exist until the Maximum Maturity Date, regardless of whether at any time prior to the Maximum Maturity Date there are any Commercial Paper Notes Outstanding.

Section 2.02. Commercial Paper Notes. Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Commercial Paper Notes to be designated "Board of Regents of The University of Texas System Revenue Financing System Taxable Commercial Paper Notes, Series B" are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by a U.T. System Representative in

denominations of \$100,000 or in integral multiples of \$1,000 in excess thereof, numbered in ascending consecutive numerical order in the order of their issuance, and shall mature and become due and payable on such dates as a U.T. System Representative shall determine at the time of sale; provided, however, that no Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term in excess of 270 calendar days.

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

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

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

Section 2.03. Form of Commercial Paper Notes.

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

(b) If the Commercial Paper Notes are issued in book-entry only form pursuant to Section 2.05(b), they shall be issued in the form of a Master Note in substantially the form

attached hereto as Exhibit C to which there shall be attached the form of Commercial Paper Note set forth in Exhibit B and it is hereby declared that the provisions of Exhibit B are incorporated into and shall be a part of the Master Note. It is further provided that this Fifth Supplement, the Master Resolution, and the form of Commercial Paper Note set forth in Exhibit B shall constitute the "underlining records" referred to in the Master Note. Notwithstanding the provisions of Section 2.04, the 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 - 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 Counsel and Secretary 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 Fifth Supplement shall be deemed to be duly executed on behalf of the Board, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Notes authorized to be issued hereunder and with respect to Notes delivered in subsequent sales, exchanges, and transfers, all as authorized and provided in the Bond Procedures Act of 1981, Article 717k-6, Vernon's Texas Civil Statutes, as amended.

Other than pursuant to Section 2.03(b), no Commercial Paper Note shall be entitled to any right or benefit under this Fifth Supplement, or be valid or obligatory for any purpose, unless there appears on such Commercial Paper Note a certificate of authentication substantially in the form provided in Exhibit B to this Fifth Supplement, 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 Issuing and Paying Agent for the Commercial Paper Notes may be the Board, if authorized by law, or the institution determined by the U.T. System Representative, to have submitted the lowest responsible bid for such services in response to requests for proposals. 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 Commercial Paper Notes are outstanding, which, if it is not acting in such capacity, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any State and authorized under such laws to exercise trust powers. The issuing and paying agent for the Board's Revenue Financing System Commercial Paper Notes, Series A (the "Series A Notes") is hereby designated as the initial Issuing and Paying Agent. If, in the judgment of the U.T. System Representative, it would be in the best interest of the System to change the Issuing and Paying Agent or there becomes a vacancy in the Position of Issuing and Paying Agent the U.T. System Representative shall select a successor after soliciting bids from qualified institutions. Should a change in the Issuing and Paying Agent for the Commercial Paper Notes occur, the Board agrees to promptly cause a written notice

thereof to be (i) sent to each Holder of the Commercial Paper Notes then outstanding by United States mail, first class, postage prepaid and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York, 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.

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 U.T. System Representative, acting for and on behalf of the Board, is hereby authorized to approve, execute, and deliver a Letter of Representations to DTC and to enter into such other agreements and execute such instruments as are necessary to implement a book-entry-only system of Commercial Paper Note registration with DTC, such approval to be conclusively evidenced by the execution thereof by said U.T. System Representative. Under the initial Book-Entry-Only System with DTC, (i) no physical Note certificates will be delivered to DTC and (ii) the Board will execute and deliver to the Issuing and Paying Agent, as custodian for DTC, a master note relating to the Commercial Paper Notes (the "Master Note") in substantially the form set forth in Exhibit C. Except as provided herein, the ownership of the Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will serve as the initial securities depository for the Notes. Ownership of beneficial interests in the Notes shall be shown by book entry on the system maintained and operated by DTC and DTC participants, and transfers of ownership of beneficial interests shall be made only by DTC and the DTC participants by book entry, and the Board and the Issuing and Paying Agent shall have no responsibility therefor. DTC will be required to maintain records of the positions of the DTC participants in the Notes, and the DTC participants and persons acting through the DTC participants will be required to maintain records of the purchasers of beneficial interests in the Notes. Except as provided in subsection (b)(i) of this Section 2.05, the Notes shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

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

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

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

Either the Board or DTC may determine to discontinue the Book-Entry-Only System and in such case, unless a new Book-Entry-Only System is put in place, physical certificates in the form set forth in Exhibit B shall be provided to the Beneficial Holders.

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

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

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

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

a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the 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 Fifth Supplement, and shall be entitled to all of the security and benefits hereof to the same extent as the Commercial Paper Notes surrendered.

The Board reserves the right to change the above registration and transferability provisions of the Commercial Paper Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof. In addition, to the extent that the provisions of this Section conflict with or are inconsistent with the provisions of the Form of Commercial Paper Note set forth in Exhibit B, 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. Series B Credit Agreement. The Board reserves the right to enter into a Series B Credit Agreement to provide liquidity for a part or all of the Commercial Paper Notes to be outstanding under this Fifth Supplement. Whenever the term "Series B Credit Agreement" is used in the Fifth Supplement, it shall refer to the agreement referred to in this Section and the term "Advances" shall mean advances under such Agreement. The Board further reserves the right to enter into one agreement which would constitute both the Series B Credit Agreement and the "Series A Credit Agreement", as that term is defined in the First Supplemental Resolution, and which would provide liquidity for the Notes and the Board's Revenue Financing System Commercial Paper Notes, Series A. The U.T. System Representative is authorized to enter into such Series B Credit Agreement or Credit Agreements in substantially the form previously approved by the Board.

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

Section 2.10. Note Payment Fund. There is hereby created a fund at the Issuing and Paying Agent entitled the "Revenue Financing System Taxable Commercial Paper Note Payment Fund" (the "Note Payment Fund"). The proceeds from the sale of Parity Debt issued for the purpose of refunding and retiring Notes Outstanding under this Fifth Supplement shall be paid to the Issuing and Paying Agent for deposit to the credit of the Note Payment Fund and used for such purpose. In addition, all amounts required to be paid to the Issuing and Paying Agent for deposit by the Board pursuant to Section 2.11 shall be paid to the Issuing and Paying Agent for deposit to the Note Payment Fund and shall be used to pay principal of, premium, if any, and interest on Notes at the respective interest payment, maturity, or redemption of such Notes as provided herein, including the repayment of any amounts owed with respect to the Promissory Note in evidence of Advances under the Series B Credit Agreement.

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

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

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

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

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

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

Section 2.13. Fiscal and Other Agents. In furtherance of the purposes of this Fifth Supplement, the Board may from time to time appoint and provide for the payment of such

additional fiscal, paying, or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

ARTICLE III ISSUANCE AND SALE OF NOTES

Section 3.01. Issuance and Sale of Notes.

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

(b) The terms of the Commercial Paper Notes shall be established and they shall be delivered by the Issuing and Paying Agent in accordance with telephonic, computer, or written instructions of any U.T. System Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. To the extent such instructions are not written, they shall be confirmed in writing within 24 hours of the transmission or communication thereof. 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 any U.T. System Representative at the time of sale of the Commercial Paper Notes. 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, or the incurring of Advances under the Promissory Note then to be incurred, 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 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. Such instructions shall also certify that, as of the date of such certificate:

(i) the Board has been advised by Bond Counsel that the projects to be financed or refinanced by the Commercial Paper Notes will constitute Eligible Projects;

(ii) the requirements of Section 5 of the Master Resolution have been complied with and the Texas Higher Education Coordination Board approval of the Eligible Project, if required, has been obtained;

(iii) the principal amount of Commercial Paper Notes to be Outstanding after the proposed issuance;

(iv) after the proposed issuance, the total principal amount of Outstanding Commercial Paper Notes plus interest accrued or to

accrue thereon for the following ninety (90) days shall not exceed available funds of the Board to be maintained pursuant to Section 4.02 plus the "Available Bank Loan Commitment" under the Series B Credit Agreement, if then in effect;

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

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

(vii) that the sum of the interest payable on such Commercial Paper Note 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 Note in excess of the Maximum Interest Rate in effect on the date of issuance of such Commercial Paper Note.

(c) The Promissory Note shall be delivered to the Bank and thereafter Advances may be made thereunder in accordance with the terms of the Series B Credit Agreement.

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

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

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

Section 3.03. Issuing and Paying Agent Agreement. A U.T. System Representative is hereby authorized to enter into an amendment to the Issuing and Paying Agent Agreement relating to the Series A Notes to reflect the appointment of the Issuing and Paying Agent as may be necessary and proper to carry out the purpose and intent of the Board in authorizing this Fifth Supplement. A U.T. System 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 Agreement. The U.T. System Representative shall designate one of the current dealers of the Series A Notes as the Dealer (the "Dealer") for the Notes and a U.T. System Representative is hereby authorized to enter into an amendment to the Dealer Agreement relating to the Series A Notes to reflect the addition of the Notes to such agreement and is further authorized and directed to approve, execute, and deliver to the Dealer any instrument evidencing

such changes, additions, or amendments to the Dealer Agreement as may be necessary and proper to carry out the purpose and intent of the Board in authorizing this Fifth Supplement. A U.T. System Representative is hereby authorized to enter any supplemental agreements with the Dealer or with any successor Dealer.

ARTICLE IV COVENANTS OF THE BOARD

Section 4.01. Limitation on Issuance. Unless this Fifth Supplement is amended and modified by the Board in accordance with the provisions of Section 5.01, the Board covenants that there will not be issued and Outstanding at any time more than \$50,000,000 in principal amount of Commercial Paper Notes. The Board, however, does reserve the right to increase said amount by an amendment to this Fifth Supplement or to issue additional Parity Debt in excess of said amount, without limitation, by a Supplement duly adopted by the Board.

Section 4.02. Provisions For Liquidity. The Board covenants to maintain available funds plus the Available Bank Loan Commitment 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 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 funds or shall in good faith endeavor to sell a sufficient principal amount of Parity Debt or other obligations of the Board in order to have funds available, together with other moneys available therefor, to pay the Notes and the interest thereon, or any renewals thereof, as the same shall become due, and other amounts due under the Series B Credit Agreement.

(b) Notwithstanding anything to the contrary contained herein, to the extent that the Dealer cannot sell Commercial Paper Notes to renew or refund Outstanding Notes on their maturity, the Board covenants to make Advances under the Promissory Notes, if any, or to use lawfully available funds to purchase Notes issued to renew and refund such maturing Notes and such payment, issuance, and purchase are not intended to constitute an extinguishment of the obligation represented by such maturing Notes and the Board may issue Notes to renew and refund the Notes held by it when the Dealer is again able to sell Notes. While such 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. Opinion of Bond Counsel. The Board shall cause the legal opinion of Bond Counsel as to the validity of the Notes to be furnished to any Holder without cost and a copy of said opinion may be printed on or accompany each of the Commercial Paper Notes issued in physical format. In addition, in connection with the annual updating of the Offering Memorandum (as provided in accordance with Section 6.08 hereof) as required by the Dealer

Agreement, there shall be provided an annual updated opinion of Bond Counsel, at the cost of the Board or the Dealer as agreed to in the Dealer Agreement.

ARTICLE V AMENDMENTS

Section 5.01. Amendment of Supplement.

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

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

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

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

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

(v) To increase the amount of Commercial Paper Notes that may be Outstanding pursuant to Section 4.01.

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

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

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

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

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

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

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

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

(d) Receipt of Consents. Whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51 percent in Outstanding Principal Amount of the

Commercial Paper Notes, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

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

(f) Consent Irrevocable. Any consent given by any owner of Commercial Paper Notes pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the Fifth Supplement 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 the Bank is not in default under the Series B Credit Agreement, if any, no amendment to this Fifth Supplement shall become effective without the prior written consent of the Bank, which consent shall not be unreasonably withheld.

ARTICLE VI MISCELLANEOUS

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

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

Section 6.03. Additional Actions.

(a) The Chairman of the Board, the Vice Chairman of the Board, the Counsel and Secretary to the Board, the U.T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Notes and otherwise to effectuate the purposes of this Fifth Supplement, the Series B Credit Agreement, the Dealer Agreement, and the Issuing and Paying Agent Agreement. In addition, the Chairman of the Board, the Vice Chairman of the Board, the U.T. System Representative, and Bond Counsel are hereby authorized to approve, subsequent to the date of this adoption of this Fifth Supplement, any amendments to the above named documents, and any technical amendments to this Fifth Supplement as may be required by Fitch, Moody's, or Standard & Poor's as a condition to the granting or maintenance of a rating on the Commercial Paper Notes acceptable to a U.T. System Representative, or as may be required by the Attorney General's office in connection with the approval of this Fifth Supplement.

(b) A U.T. System Representative shall promptly give written notice to Fitch, Moody's, and Standard & Poor's, as appropriate, of any changes or amendments to this Fifth Supplement, the Series B Credit Agreement (including the expiration or termination of the Series B Credit Agreement), or any other operative document used in connection with the issuance from time to time of the Notes.

(c) The findings and recitals set forth in the preamble to this Fifth Supplement are hereby incorporated in and made a part of this Fifth Supplement.

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

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

Section 6.06. Limitation of Benefits With Respect to the Fifth Supplement. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Fifth Supplement or the Notes is intended or should be construed to confer upon or give to any person other than the Board, the Holders, the Issuing and Paying Agent, the Bank, and the Dealer any legal or equitable right, remedy, or claim under or by reason of or in respect to this Fifth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Fifth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, the Issuing and Paying Agent, the Bank, and the Dealer as herein and in the Issuing and Paying Agent Agreement, the Series B Credit Agreement, and the Dealer Agreement provided.

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

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

Section 6.09. Notice to Rating Agencies. Notice shall be given to each national rating agency that maintains a rating on the Commercial Paper Notes of the execution and delivery of the Series B Credit Agreement and any amendment, substitution, or termination of such

agreement and of any amendment or substitution of the Dealer Agreement or the Issuing and Paying Agent Agreement.

Section 6.10. Public Notice. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Fifth Supplement was adopted, and that this Fifth Supplement would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

- Exhibit A - Definitions
- Exhibit B - Form of Commercial Paper Notes
- Exhibit C - Form of Master Note

EXHIBIT A DEFINITIONS

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

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

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

"Bank" means any lender that becomes a party to the Series B Credit Agreement, or any other financial institution executing a Credit Agreement.

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

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

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

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

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

"Dealer" means the Dealer as defined in Section 3.04.

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

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

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

"Fifth Supplement" means this Fifth Supplemental Resolution to the Master Resolution.

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

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

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

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

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

"Maximum Interest Rate" means the greater of the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (prescribed by Article 717k-2, Vernon's Texas Civil Statutes, as amended).

"Maximum Maturity Date" means April 1, 2025.

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

"Note" or "Notes" means the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to this Fifth Supplement and shall include Commercial Paper Notes (including the Master Note as defined in Section 2.05) or Promissory Notes as appropriate.

"Note Date" shall have the meaning given in Section 2.10.

"Note Payment Fund" means that fund created pursuant to Section 2.11.

"Paying Agent" see Issuing and Paying Agent.

"Promissory Note" shall mean the promissory note issued pursuant to the provisions of this Fifth Supplement and the Series B Credit Agreement in evidence of Advances made by the

Bank to refund any Commercial Paper Note, or the interest thereon, having the terms and characteristics contained in the Series B Credit Agreement and issued in accordance therewith, including any renewals or modifications thereof.

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

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

"Series B Credit Agreement" means a Credit Agreement entered into with respect to Commercial Paper Notes as authorized by Section 2.08 of this Fifth Supplement.

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

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

EXHIBIT B
FORM OF COMMERCIAL PAPER NOTES

United States of America
State of Texas
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
REVENUE FINANCING SYSTEM
TAXABLE COMMERCIAL PAPER NOTE, SERIES B

Note Number _____ Interest Rate* _____ Note Date _____ \$ _____

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 360-day year, unless otherwise set forth in an exhibit attached to this 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 Note (such Promissory Note and the Commercial Paper Notes being hereinafter collectively referred to as the "Notes"), has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and a fifth supplemental resolution thereto (the "Supplemental Resolution," the provisions of the Master Resolution are incorporated by reference in the Supplemental Resolution and the Master Resolution and the Supplemental Resolution shall hereinafter be referred to collectively as the "Supplemental Resolution") passed by the Board, an agency and political subdivision of the State of Texas, for the purpose of financing Costs of Eligible Projects (each as defined in the Supplemental Resolution) and to refinance, renew, and refund the Notes, other Parity Debt, and Prior Encumbered Obligations; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapter 1371, Texas Government Code, as amended, and Chapter 55, Texas Education Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Supplemental Resolution.

* Formula or alternate method of calculating interest may be attached as an exhibit to this Note.

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

Reference is hereby made to the Supplemental 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 Supplemental Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the Notes and the Pledged Revenues; the conditions upon which the Supplemental Resolution may be amended or supplemented with or without the consent of the Holders of the Notes; and the right to issue obligations payable from and secured by the Pledged Revenues.

It is hereby certified and recited that all acts, conditions, and things required by law and the Supplemental 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 Supplemental 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 Supplemental Resolution and upon surrender and cancellation of this Commercial Paper Note.

This Commercial Paper Note shall not be entitled to any benefit under the Supplemental 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 Counsel and Secretary 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:

Counsel and Secretary

(SEAL)

CERTIFICATE OF AUTHENTICATION

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

as Issuing and Paying Agent

By: _____
Countersignature



INSTITUTIONAL CERTIFICATE OF DEPOSIT MASTER NOTE

(Date of Issuance)

This certifies: (i) that there has been deposited with _____
_____ (“Issuer”) each sum of money (the “Sum Deposited”) that is identified on the records of Issuer (the “Underlying Records”) as being evidenced by this Master Note, which Underlying Records are maintained by _____
_____ (“Paying Agent”); (ii) that each Sum Deposited, and interest thereon, if any, is payable to the order of Cede & Co., as nominee of The Depository Trust Company, or any successor (“Depository”) (as custodian for institutions that have accounts with Depository (“Participants”), each for itself and as nominee or custodian for others, including trusts, pension and retirement plans and accounts, fiduciaries, custodians, and nominees), or to registered assigns; (iii) that each Sum Deposited is payable, together with unpaid accrued interest, if any, on the maturity date of the Sum Deposited, as specified on the Underlying Records; and (iv) that interest on each Sum Deposited that is payable in installments, if any, is payable 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 by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note. Each Sum Deposited is not payable before maturity and bears no interest after maturity except as may be specified on the Underlying Records.

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.

(Paying Agent)

Issuer

By: _____
(Authorized Countersignature)

By: _____
(Authorized Signature)

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each Sum Deposited evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the Sums Deposited 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.