

**A RESOLUTION**

**BY THE TEXAS HIGHER EDUCATION COORDINATING BOARD AUTHORIZING THE ISSUANCE OF STATE OF TEXAS COLLEGE STUDENT LOAN AND REFUNDING BONDS IN ONE OR MORE SERIES; DELEGATING THE APPROVAL OF ALL FINAL TERMS OF THE BONDS; APPROVING THE FORMS OF AN OFFICIAL STATEMENT, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT; AND RESOLVING OTHER MATTERS RELATED TO THE SUBJECT**

**DATE OF APPROVAL: OCTOBER 26, 2023**

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**A RESOLUTION**

**BY THE TEXAS HIGHER EDUCATION COORDINATING BOARD AUTHORIZING THE ISSUANCE OF STATE OF TEXAS COLLEGE STUDENT LOAN AND REFUNDING BONDS IN ONE OR MORE SERIES; DELEGATING THE APPROVAL OF ALL FINAL TERMS OF THE BONDS; APPROVING THE FORMS OF AN OFFICIAL STATEMENT, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT; AND RESOLVING OTHER MATTERS RELATED TO THE SUBJECT**

*WHEREAS*, at a state-wide election held on November 8, 2011, the voters of the State of Texas (the "State") approved an amendment to the Texas Constitution (known as Article III, Section 50b-7 of the Texas Constitution, "Section 50b-7"), which authorized the Texas Higher Education Coordinating Board (the "Board"), an agency of the State, to issue College Student Loan Bonds (as defined herein) in an aggregate principal amount of outstanding bonds that at all times must be equal to or less than the aggregate principal amount of College Student Loan Bonds previously authorized by any other provision or former provision of the Texas Constitution; and

*WHEREAS*, provisions other than Section 50b-7 and former provisions of the Texas Constitution have authorized \$1.86 billion in aggregate principal amount of College Student Loan Bonds; and

*WHEREAS*, the Board hereby finds it desirable to issue additional College Student Loan Bonds pursuant to such voted authorization under Section 50b-7, in order to provide the Board with the capability of making additional student loans; and

*WHEREAS*, the Board, pursuant to authority given by the voters of the State at a statewide election, has issued its State of Texas College Student Loan Bonds, Series 2013B (the "Series 2013B Bonds") and its State of Texas College Student Loan Bonds, Series 2014 (the "Series 2014 Bonds") for the purpose of providing funds to make loans to students for the purpose of financing the cost of post-secondary education at public and private educational institutions in the State; and

*WHEREAS*, the Board additionally desires to authorize the refunding of all or a portion of the outstanding Series 2013B Bonds in the aggregate principal amount of \$68,875,000, and/or all or a portion of the outstanding Series 2014 Bonds maturing on and after August 1, 2025, in the aggregate principal amount of \$39,700,000, provided any such refunding will produce a net present value savings calculated in the manner and satisfying the requirements of this Resolution; and

*WHEREAS*, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the Board to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Bonds (as defined herein), or with another trust company or commercial bank that does not act as a depository for the Board, in an amount sufficient to provide for the payment of the Refunded Bonds, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

**WHEREAS**, Chapter 1207 (specifically Section 1207.062 thereof) further authorizes the Board to enter into an escrow agreement with respect to the safekeeping, investment, administration and disposition of any such deposit; provided that such deposit may be invested and reinvested in the obligations specified in Chapter 1207; and

**WHEREAS**, the Escrow Agreement hereinafter authorized between the Board and the Escrow Agent constitutes an escrow agreement of the kind authorized and permitted by Chapter 1207; and

**WHEREAS**, the Board hereby finds and declares a public purpose and deems it advisable and in the best interests of the Board and the State to issue College Student Loan Bonds (defined in Section 1.02 hereof as the "Bonds") in one or more Series in an aggregate principal amount not to exceed \$308,575,000, to be used for the purposes of (i) making additional student loans, (ii) refunding the Refunded Bonds and/or (iii) paying all or a portion of the costs of issuing such Bonds; and

**WHEREAS**, the issuance of the maximum principal amount of Bonds authorized by this Resolution will not exceed the principal limits with respect to College Student Loan Bonds set forth in the Act (as defined herein) and in the Constitutional Provision (as defined herein); and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Resolution was passed 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.

**BE IT RESOLVED BY THE TEXAS HIGHER EDUCATION COORDINATING BOARD:**

**ARTICLE I  
DEFINITIONS AND OTHER PRELIMINARY MATTERS**

**Section 1.01 FINDINGS.** It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.

**Section 1.02 DEFINITIONS.** Unless otherwise expressly provided or unless the context clearly requires otherwise in this Resolution, the following terms shall have the meanings specified below:

"Act" means Chapter 52 of the Texas Education Code, as amended.

"Additional Bonds" means bonds issued after the Issuance Date by the Board payable from the same sources as the Bonds.

"Authorized Denomination" means \$5,000 and any integral multiple thereof.

"Authorized Representative" means one or more of the following officers of the Board: the Chair of the Board, the Vice Chair of the Board, the Chair of the Agency Operations Committee of the Board, the Commissioner, Chief Financial Officer and such other officer or employee of the Board authorized by the Board to act as an Authorized Representative.

"Bond Date" means the date designated as the date of each Series of Bonds and set forth in Exhibit A to this Resolution.

"Bond Purchase Contract" means the Board's agreement with Underwriters providing for the sale of a Series of Bonds; provided that two or more Series of Bonds may be sold to the same Underwriters pursuant to the terms of a single Bond Purchase Contract.

"Bond Year" means the period beginning on August 2 of any calendar year and continuing through August 1 of the following calendar year; provided that, the first and last bond years may be short periods.

"Bonds" means any one or more, as the case may be, of the College Student Loan Bonds of each Series authorized to be issued pursuant to Section 2.01 of this Resolution.

"Book-Entry System" means the system maintained by the Securities Depository described in Section 2.06(g).

"Business Day" means any day other than (i) a Saturday, Sunday, legal holiday or any other day on which banking institutions in New York, New York, or Austin, Texas are generally authorized or obligated by law or executive order to close, or (ii) a day on which the New York Stock Exchange is closed.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

"College Student Loan Bonds" means general obligation bonds issued pursuant to the Constitutional Provision, including any College Student Loan Refunding Bonds.

"College Student Loan Refunding Bonds" means general obligation bonds issued pursuant to the Constitutional Provision to refund any College Student Loan Bonds attributable thereto.

"Commissioner" means the Commissioner of Higher Education.

"Comptroller" means the Comptroller of Public Accounts of the State.

"Constitutional Provision" means, collectively, as applicable, (i) Sections 50b, 50b-1, 50b-2 and 50b-3 of Article III of the Texas Constitution (which Sections were repealed "to eliminate duplicative, executed, obsolete, archaic and ineffective constitutional provisions" pursuant to Section 55 of H.J.R. No. 62 approved by the voters of the State on November 2, 1999), (ii) Section 50b-4, as amended, Section 50b-5 and Section 50b-6 of Article III of the Texas Constitution, and (iii) Section 50b-7 of Article III of the Texas Constitution.

"Defeased Bonds" shall have the meaning specified in Section 10.01(a) of this Resolution.

"Defeasance Securities" shall have the meaning specified in Section 10.01(c) of this Resolution.

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

"DTC" means The Depository Trust Company of New York, New York, and its successors and assigns.

"Escrow Agent" means each entity serving in such capacity pursuant to Section 7.03 of this Resolution, or any successor thereto as provided in this Resolution.

"Escrow Agreement" means each Escrow Agreement by and between the Board and the Escrow Agent pertaining to any Refunded Bonds.

"Event of Default" means any event of default as defined in Section 9.01 of this Resolution.

"Financial Advisor" means such financial advisory firm(s) designated by the Board as its financial advisor or co-financial advisors with respect to the Board's student loan programs authorized pursuant to the Act.

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

"Fiscal Year" means the period of time beginning in each calendar year on September 1st and ending August 31st of the calendar year next following, or any other 12-month period of time adopted by the State as its "fiscal year."

"Future Escrow Agreement" shall have the meaning specified in Section 10.01(a) of this Resolution.

"Initial Bond" means the initial Bond of each Series authorized by Section 2.04(d) of this Resolution.

"Interest and Sinking Fund" means the interest and sinking fund described in Section 3.03 of this Resolution.

"Interest Payment Date" means each February 1 and August 1, commencing with the first such interest payment date set forth in Exhibit A to be attached hereto.

"Issuance Date" means the date of the initial delivery of and payment for each Series of Bonds.

"Maximum Rate" means the maximum per annum interest rate on the Bonds permitted by applicable law.



"Moody's" means Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, or such other address provided by Moody's to the Board, its successors and assigns.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statement" shall have the meaning specified in Section 7.01 of this Resolution.

"Outstanding" means, when used to modify Bonds, Bonds issued, authenticated and delivered under this Resolution, excluding: (i) Bonds which have been exchanged or replaced or otherwise surrendered for cancellation; (ii) Bonds which have been paid; (iii) Bonds which have become due and for the payment of which moneys have been duly provided; and (iv) Defeased Bonds.

"Owner" means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

"Paying Agent/Registrar" means the entity serving in such capacity pursuant to Section 5.01 of this Resolution, or any successor thereto as provided in this Resolution.

"Paying Agent/Registrar Agreement" means each Paying Agent/Registrar Agreement by and between the Board and the Paying Agent/Registrar, pertaining to the Bonds.

"Preliminary Official Statement" shall have the meaning specified in Section 7.01 of this Resolution.

"Previously Issued Bonds" means College Student Loan Bonds heretofore issued by the Board payable from the same sources as the Bonds and remaining unpaid.

"Record Date" means the close of business on the 15th calendar day of the month immediately preceding the Interest Payment Date.

"Refunded Bonds" means the Series 2013B Bonds and/or Series 2014 Bonds that the Commissioner or the Chief Financial Officer, acting pursuant to Section 2.01 hereof, determines to be refunded by the Bonds. The Refunded Bonds shall be specified in Exhibit A to this Resolution.

"Register" means the Register specified in Section 2.06(a) of this Resolution.

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

"S&P" means S&P Global Ratings, 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041, or such other address provided by S&P to the Board, its successors and assigns.

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

"Securities Depository" means a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, including DTC, or its nominee, and the successors and assigns of any such entity.

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

"State" means the State of Texas.

"Student Loan Auxiliary Fund" means the student loan auxiliary fund described in Section 3.02 of this Resolution.

"TOP Fund" means the Texas Opportunity Plan Fund administered by the Board created in the State Treasury by Article III, Section 50b of the Texas Constitution.

"Treasury Regulations" means regulations promulgated by the U. S. Department of the Treasury pursuant to the Code.

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of principal of, redemption premium, if any, or interest on the Bonds as the same come due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity, which moneys remain on deposit with the Paying Agent/Registrar following the date on which such payments are due.

"Underwriters" means the investment banking firm or firms that contract to purchase the Bonds of a Series pursuant to a Bond Purchase Contract in accordance with Section 2.01(c)(ii) of this Resolution; provided, that (i) the Underwriters shall be selected by the Commissioner or the Chief Financial Officer with the advice of the Financial Advisor, and (ii) the same Underwriters may contract to purchase two or more Series of such Bonds pursuant to a single Bond Purchase Contract.

**Section 1.03 OTHER DEFINITIONS.** Terms defined in the recitals to this Resolution shall have such assigned meanings unless otherwise expressly provided or unless the context clearly requires otherwise.

**Section 1.04 TABLE OF CONTENTS, TITLES AND HEADINGS.** The table of contents, titles and headings of the Articles and Sections 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 1.05 INTERPRETATION.**

(a) Unless the context requires otherwise, the provisions of this Resolution referring to a Bond or the Bonds shall be interpreted and construed as referring to a Bond or the Bonds of a particular Series issued pursuant to this Resolution.

(b) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(c) This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

**Section 1.06 RATIFICATION OF PRIOR ACTIONS.**

All prior actions taken for or on behalf of the Board in connection with the Bonds are hereby ratified, confirmed and approved.

**ARTICLE II  
AUTHORIZATION; GENERAL TERMS**

**Section 2.01 AUTHORIZATION; DELEGATION OF FINAL TERMS.**

(a) Authorization. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State, including particularly, as applicable, the Constitutional Provision, the Act, Chapter 1371 of the Texas Government Code, as amended, and Chapter 1207 with respect to any Bonds issued as College Student Loan Refunding Bonds, the Bonds are hereby authorized to be issued, in the maximum aggregate principal amount (calculated without regard to premium or discount affecting the sale price) of \$308,575,000 in one or more Series, for the purpose of (i) making additional student loans, (ii) refunding the Refunded Bonds and/or (iii) paying all or a portion of the costs of issuing such Bonds, all in accordance with and subject to the terms, conditions and limitations contained herein.

(b) Delegation of Final Terms. As authorized by Section 1371.053(c)(2), Texas Government Code, and Section 1207.007 Texas Government Code with respect to any Bonds issued as College Student Loan Refunding Bonds, the Commissioner and the Chief Financial Officer are each hereby authorized, appointed and designated as the officer of the Board authorized to act on behalf of the Board in the sale and delivery of the Bonds authorized by this Resolution and in carrying out the other procedures specified in this Resolution, including determining (i) the aggregate principal amount of the Bonds to be issued hereunder, subject to Section 2.01(a) hereof, (ii) the price at which the Bonds will be sold, (iii) the aggregate principal amount of each maturity of the Bonds, (iv) the rate or rates of interest to be borne by each maturity of the Bonds, (v) the due date of each maturity of the Bonds (provided that, the final maturity date thereof shall not occur later than 40 years after the Issuance Date), (vi) the Bond Date, (vii) the dates, prices and terms upon which the Bonds shall be subject to redemption prior to maturity at the option of the Board, as well as the dates, prices and principal amounts at which the Bonds shall be subject to mandatory sinking fund redemption, if any, (viii) which of the Series 2013B Bonds and/or the Series 2014 Bonds shall comprise the Refunded Bonds, if any Bonds are issued for such purpose (ix) all other matters relating to the issuance, sale and delivery of the Bonds. In addition, the Bonds issued to refund the Refunded Bonds must be sold on terms that produce a net present value savings. The Commissioner and the Chief Financial Officer, acting for and on behalf of the Board, are each further authorized to revise, complete and attach Exhibit A to this Resolution for each Series of Bonds issued under this Resolution, containing a description of the final terms of the Bonds of such Series approved pursuant to the authority granted herein and, if applicable, a list of any Refunded Bonds being refunded by the Bonds of such Series; provided, that each Series of Bonds must be sold on terms that produce (i) interest rates that do not exceed the Maximum Rate and (ii) a sales price for the Bonds of such Series to the initial purchaser(s) thereof at not less than 95% of the par amount thereof, plus accrued interest, if any. It is further provided, however, that notwithstanding the foregoing provisions, the Bonds shall not be delivered unless, prior to delivery, the Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Section 1371.001(5), Texas Government Code.

(c) Sale of Bonds.

(i) Manner of Sale. If prior to the time of anticipated sale of a Series of Bonds authorized to be issued pursuant to the terms of this Resolution the Financial Advisor advises the Commissioner or the Chief Financial Officer in writing to the effect that, based upon then current market conditions, a negotiated sale of such Bonds is anticipated to result in a lower true interest cost to the Board as compared to a sale by competitive bid, then the Board hereby determines that a negotiated sale is a more efficient and economical method of selling such Bonds, and therefore such Bonds shall be sold by negotiated sale. If, however, the Commissioner or the Chief Financial Officer does not receive such written advice from the Financial Advisor with respect to the anticipated sale of a Series of Bonds, then such Bonds shall be sold by competitive bid.

(ii) Negotiated Sales. For Bonds to be sold by negotiated sale, the Commissioner or the Chief Financial Officer, acting for and on behalf of the Board, (i) shall designate a senior managing Underwriter for the Bonds and shall select such additional Underwriters as deemed appropriate to assure that the Bonds are sold on advantageous terms, and (ii) is further authorized to approve, execute and deliver a Bond Purchase Contract, which is hereby approved in substantially the form presented herewith, with such changes as are acceptable to the Commissioner or the Chief Financial Officer. The approval of a Bond Purchase Contract by the Commissioner or the Chief Financial Officer shall be conclusively evidenced by his or her execution thereof.

(iii) Competitive Bid. For Bonds to be sold by competitive bid, (i) each Authorized Representative, acting for and on behalf of the Board, is hereby severally authorized and directed to prepare and distribute a Notice of Sale and Bidding Instructions for the sale of such Bonds (which shall be distributed electronically using i-Deal Prospectus or such other electronic dissemination service deemed acceptable by an Authorized Representative), and (ii) Commissioner and the Chief Financial Officer, acting for and on behalf of the Board, are each further authorized to approve and accept the winning bid from the bidder or bidders submitting the lowest true interest cost to the Board to evidence the Board's acceptance of the best bid or bids for such Bonds received as a result of competitive bidding.

(d) Payment of Costs of Issuance. Notwithstanding any other provision of this Resolution to the contrary, to the extent not otherwise provided for, the proceeds of the Bonds may be used to pay the costs of issuance thereof.

(e) Expiration of Delegation of Authority. The authority granted to the Commissioner and the Chief Financial Officer as set forth in Section 2.01(b) to approve the final terms of the Bonds by completing and executing Exhibit A attached to this Resolution for each Series of Bonds issued under this Resolution shall expire at 5:00 P.M. on October 26, 2024. Bonds priced on or before such date and time may be delivered to the initial purchaser after such date.

(f) Delegation in Best Interests of the Board. In satisfaction of Section 1201.022(a)(3), Texas Government Code, the Board hereby determines that the delegation of the authority to the Commissioner and the Chief Financial Officer to approve the method of sale and final terms and conditions of each Series of the Bonds as set forth in this Resolution is, and the decisions made by the Commissioner and/or the Chief Financial Officer pursuant to such

delegated authority and incorporated in Exhibit A to be attached hereto will be, in the Board's best interests and shall have the same force and effect as if such determinations were made by the Board, and the Commissioner and the Chief Financial Officer are each hereby authorized to make and include in Exhibit A to be attached hereto an appropriate finding to that effect.

**Section 2.02 DESIGNATION, DATE, DENOMINATION, MATURITIES AND INTEREST.**

(a) Each Series of Bonds shall be designated: "STATE OF TEXAS COLLEGE STUDENT LOAN BONDS"; provided that (i) any Series of Bonds issued for the purposes of making student loans and refunding Refunded Bonds shall also have the words "AND REFUNDING" included in the designation of such Bonds before the word "BONDS", and (ii) any Series of Bonds issued for the purpose of refunding Refunded Bonds, but not for the purpose of making student loans, shall also have the word "REFUNDING" included in the designation of such Bonds before the word "BONDS". The title of the Bonds shall be designated by the year in which each Series is awarded pursuant to Section 2.01 hereof and in the event that another Series of Bonds is issued by the Board within a calendar year each Series within that year shall have a letter designation following the year starting with the letter "A" and proceeding alphabetically thereafter unless otherwise determined by the Commissioner or the Chief Financial Officer. Each Series of Bonds issued pursuant to this Resolution shall be numbered separately from R-1 upward in order of their authentication, except for the Initial Bond of each Series, which shall be numbered T-1.

(b) The Bonds shall be dated as of the applicable Bond Date. The Bonds shall be issued hereunder in the principal amount and shall mature in each of the years and in the principal amounts, all as determined by the Commissioner or the Chief Financial Officer pursuant to Section 2.01 hereof and as set forth in Exhibit A to be attached hereto. The Bonds shall be in fully registered form, without coupons and in Authorized Denominations.

(c) Interest on the Bonds shall be payable on each Interest Payment Date and shall accrue and be paid on each Bond respectively until its maturity or prior redemption from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rate or rates per annum as specified in Exhibit A to be attached hereto. Unless otherwise determined by the Commissioner or the Chief Financial Officer, interest on the Bonds shall be calculated on the basis of a 360-day year composed of 12 months of 30 days each.

**Section 2.03 MEDIUM, METHOD AND PLACE OF PAYMENT.**

(a) The principal of, redemption premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners as shown in the Register at the close of business on the Record Date.

(c) Principal and interest shall be paid by check, dated as of the Interest Payment Date, and sent by first-class mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address shown in the Register, or by such other customary banking arrangement, such as by wire transfer, acceptable to the Paying Agent/Registrar at the request of and at the risk and expense of the Owner. Notwithstanding the foregoing, during any period in which ownership of

the Bonds is determined by a Book Entry System at a Securities Depository for the Bonds, payments made to the Securities Depository, or its nominee, shall be made in accordance with arrangements between the Board and the securities depository.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date, whether at the maturity date or the date of prior redemption, only upon presentation and surrender of such Bond at the designated office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 2.02 of this Resolution, and no interest shall accrue on such payments in the interim.

(f) Unclaimed Payments that remain unclaimed by the Owners for 90 days after the applicable payment or redemption date shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which the Unclaimed Payments pertain. Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law, including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

#### **Section 2.04 EXECUTION AND REGISTRATION OF BOND.**

(a) The Bonds shall be executed on behalf of the Board by the Chair or Vice Chair and by the Secretary of the Board, by their manual or facsimile signatures, and the official seal of the Board shall be impressed or placed in facsimile form thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Board had been manually impressed upon each of the Bonds.

(b) If any officer of the Board whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond of each Series delivered on the Issuance Date shall have attached or affixed thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his or her duly authorized agent, which Certificate shall be evidence that such Initial Bond has been duly approved by the Attorney General of the State of

Texas, and that it is a valid and binding obligation of the Board, and that it has been registered by the Comptroller.

(d) On the Issuance Date, one Initial Bond for each Series representing the entire principal amount of all Bonds of such Series, payable in stated installments to the respective initial purchaser, or its designee, executed by the manual or facsimile signature of the Chair or Vice Chair and of the Secretary of the Board, approved by the Attorney General, and registered by the Comptroller by Registration Certificate attached or affixed thereto, will be delivered to the Paying Agent/Registrar on behalf of the respective initial purchaser or its designee. Upon payment for the Initial Bond of such Series, the Paying Agent/Registrar shall cancel each such Initial Bond and deliver to DTC on behalf of the respective initial purchaser a single registered, definitive Bond for each maturity of the Bonds of such Series, in the respective aggregate principal amount thereof, registered in the name of Cede & Co., as nominee of DTC.

**Section 2.05 OWNERSHIP.**

(a) The Board, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Owner of such Bond for the purpose of making and receiving payment of the principal thereof and redemption premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (except interest shall be paid to the person in whose name the Bond is registered on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the Board nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the Board and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

**Section 2.06 REGISTRATION, TRANSFER AND EXCHANGE; BOOK-ENTRY SYSTEM.**

(a) So long as any Bonds remain Outstanding, the Board shall cause the Paying Agent/Registrar to keep at its designated office the Register, in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Resolution.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the designated office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the designated office of the Paying Agent/Registrar for a Bond or Bonds of the same Series, maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the Board nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following Interest Payment Date, or (ii) called for redemption prior to maturity, in whole or in part, within 30 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

(g) The Bonds may be issued or subsequently registered in the name of a Securities Depository or a nominee therefor, and held in the custody of the Securities Depository. In such event, a single Bond for each maturity will be issued and delivered to the Securities Depository for the Bonds, and neither the beneficial owners of such Bonds nor the Paying Agent/Registrar will receive physical delivery of Bonds except as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds will receive, hold or deliver any Bond certificate. The Board and the Paying Agent/Registrar will recognize the Securities Depository or its nominee as the Owner for all purposes, including notices and voting.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined through the books of the Securities Depository, (i) the Board covenants and agrees to meet the requirements of the Securities Depository with respect to required notices and other provisions of the letter of representations or agreement executed with respect to such Bonds and (ii) the requirements in this Resolution of holding, delivering or transferring such Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository with respect to such actions to produce the same effect. Any provisions hereof permitting or requiring delivery of such Bonds shall, while such Bonds are in a Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable State law.

The Board and the Paying Agent/Registrar may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Depository Participants in the Book-Entry System with respect to the Bonds and (ii) a certificate of any such Depository Participant as to the identity of, and the respective principal amount of Bonds owned by, the beneficial owners of the Bonds.

The Board may from time to time appoint a Securities Depository or a successor thereto and enter into a letter of representation or other agreement with such Securities Depository to establish procedures with respect to the Bonds.

Neither the Board nor the Paying Agent/Registrar will have any responsibility or obligation to any Securities Depository, any Depository Participant in the Book-Entry System or the beneficial owners of the Bonds with respect to (i) the accuracy of any records maintained by the Securities Depository or any Depository Participant; (ii) the payment by the Securities Depository or by any Depository Participant of any amount due to any beneficial owner of the



Bonds in respect of the principal amount or redemption or purchase price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Depository Participant; (iv) the selection of the beneficial owners of the Bonds to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Depository Participant.

Bond certificates are required to be delivered and registered in the name of the beneficial owner of the Bonds, under the following circumstances:

(i) a Securities Depository determines to discontinue providing its service with respect to the Bonds and no successor Securities Depository is appointed as described above; or

(ii) the Board determines not to continue the Book-Entry System through a Securities Depository.

If, at any time, the Securities Depository ceases to hold the Bonds, thereafter all references herein to the Securities Depository shall be of no further force or effect.

Neither the Board nor the Paying Agent/Registrar will have any responsibility or obligation to any Depository Participant for the Book-Entry System or to the beneficial owners of the Bonds with respect to the records delivered to the Board and the Paying Agent/Registrar in order to accomplish the delivery and registration in the names of the beneficial owners of the Bonds.

**Section 2.07 CANCELLATION.** All Bonds paid or redeemed before scheduled maturity in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Resolution, shall be canceled and proper records made regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall destroy such canceled Bonds and periodically furnish the Board with certificates of destruction of such Bonds.

**Section 2.08 REPLACEMENT BONDS.**

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange for such mutilated bond a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously Outstanding. The Board or the Paying Agent/Registrar, as applicable, may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) If any Bond is lost, apparently destroyed, or wrongfully taken, the Board, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize, and the Paying Agent/Registrar shall deliver, a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously Outstanding, provided that the Owner first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Board to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the Board or the Paying Agent/Registrar.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Board and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Board or the Paying Agent/Registrar in connection therewith.

(d) If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Board, in its discretion, instead of issuing a replacement Bond, may authorize the Paying Agent/Registrar to pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

### **ARTICLE III FUNDS AND INVESTMENTS**

**Section 3.01 FUNDS.** There have been created in the State Treasury two funds designated respectively:

(1) "Student Loan Auxiliary Fund"; and

(2) "State of Texas College Student Loan Bonds Interest and Sinking Fund" herein called "Interest and Sinking Fund". The Interest and Sinking Fund constitutes the Interest and Sinking Fund for the Bonds, Previously Issued Bonds and any Additional Bonds.

**Section 3.02 STUDENT LOAN AUXILIARY FUND.**

(a) There shall be deposited into the Student Loan Auxiliary Fund the following:

(1) Except as provided in Sections 2.01(d) and 3.10 hereof, all proceeds from the sale of the Bonds and Additional Bonds (other than any Bonds or Additional Bonds issued as College Student Loan Refunding Bonds), excluding any accrued interest on the Bonds and Additional Bonds which shall be deposited into the Interest and Sinking Fund pursuant to Section 3.03(a)(4) of this Resolution;

(2) Gifts or grants made to the Board for purposes of the Student Loan Auxiliary Fund; and

(3) All money received in any Fiscal Year from repayment of student loans granted under the Act which are made by the Board from funds on deposit in the Student Loan Auxiliary Fund, and interest thereon, which is in excess of the amount required to be deposited into the Interest and Sinking Fund pursuant to the provisions of Section 3.03(a) hereof.

(b) Money in the Student Loan Auxiliary Fund shall be used for the following purposes (provided, however, that (i) in no event may funds deposited in the Student Loan Auxiliary Fund pursuant to Section 3.02(a)(1) hereof be used for a purpose described in clause (2) below and (ii) funds deposited in the Student Loan Auxiliary Fund pursuant to Section 3.02(a)(2) hereof must be applied in accordance with the requirements of Section 52.53 of the Act):

(1) to make loans to students as now or hereafter provided by the Constitution and laws of the State, particularly the Act;

(2) to pay administration and operating expenses, and to fund any other lawful purpose, related to the Board's student loan program operated pursuant to the Act;

(3) to the extent permitted by law, including Subchapter F of Chapter 52, Texas Education Code, as amended, to transfer funds to the Interest and Sinking Fund in the event funds on deposit in the Interest and Sinking Fund are insufficient to pay principal and interest on any of the Bonds, Previously Issued Bonds and Additional Bonds; and

(4) to the extent permitted by law, including Subchapter F of Chapter 52, Texas Education Code, as amended, to transfer to other funds and accounts established by the Board to comply with covenants related to maintaining the tax-exempt status of the Bonds, the Previously Issued Bonds and any Additional Bonds.

**Section 3.03 INTEREST AND SINKING FUND.**

(a) There shall be deposited into the Interest and Sinking Fund the following:

(1) money received in each Fiscal Year as repayment of student loans granted under the Act and interest thereon sufficient to pay the interest on and principal of the Previously Issued Bonds, the Bonds and any Additional Bonds to become due during the ensuing Fiscal Year; provided, however, if permitted by law, the Board may reduce, in whole or in part, the amount required to be accumulated in the Interest and Sinking Fund to pay interest on and principal of the Previously Issued Bonds, the Bonds and any Additional Bonds to become due during the ensuing Fiscal Year; provided further that such action described above may not be exercised unless the Board has received written confirmation from each rating agency then maintaining a rating (at the request of the Board) on the Bonds, the Previously Issued Bonds and any Additional Bonds then outstanding that the exercise of such action will not cause a reduction or withdrawal of their respective ratings then applicable to any of the Bonds, Previously Issued Bonds or

Additional Bonds and unless the Board has provided written notice of any such reduction to the Texas Bond Review Board;

(2) money required by the Constitutional Provision and the Act to be transferred into the Interest and Sinking Fund by the Comptroller out of first moneys coming into the Treasury of the State in each Fiscal Year not otherwise appropriated by the State Constitution;

(3) money transferred by the Board from the Student Loan Auxiliary Fund pursuant to Section 3.02(b)(3) and (4) hereof; and

(4) accrued interest on the Bonds, if any.

(b) Money in the Interest and Sinking Fund is hereby pledged to secure payment of principal of and interest on the Bonds, the Previously Issued Bonds and any Additional Bonds, and shall be used only for the purpose of paying interest on and principal of the Bonds, the Previously Issued Bonds and any Additional Bonds, and for transferring to other funds and accounts established by the Board to comply with covenants related to maintaining the tax-exempt status of the Bonds, the Previously Issued Bonds and any Additional Bonds.

(c) The Board hereby authorizes the use of any surplus funds in the Interest and Sinking Fund, as determined by an Authorized Representative, to defease and/or redeem, from time to time, certain outstanding College Student Loan Bonds previously issued by the Board in accordance with the applicable defeasance and redemption provisions in the respective resolutions authorizing such College Student Loan Bonds. Each Authorized Representative is hereby severally authorized on behalf of the Board to determine and retire, from time to time, the various portions of such outstanding College Student Loan Bonds which are economically advantageous for the Board to retire by the defeasance and/or redemption of such debt. Each Authorized Representative is authorized to enter into one or more escrow agreements in substantially the form approved by the Board as necessary to accomplish such defeasances. In the event of such a defeasance, each Authorized Representative is authorized hereby to take such steps as may be necessary to purchase the escrowed securities identified in such escrow agreements on behalf of the Board and is authorized to create and fund the escrow funds contemplated by the escrow agreements through the use of such surplus funds in the Interest and Sinking Fund. Each Authorized Representative is authorized to call for redemption such College Student Loan Bonds to be redeemed pursuant to this section and is hereby authorized to provide and complete an appropriate notice of redemption to the paying agent(s) for such College Student Loan Bonds. For the avoidance of doubt, each Authorized Representative is authorized to utilize the authority in this subsection to defease and/or redeem any and all of the Series 2013B Bonds and/or the Series 2014 Bonds in lieu of issuing bonds under this Resolution to refund such bonds.

#### **Section 3.04 PROVISION FOR PAYMENT OF BONDS.**

(a) The Board recognizes the absolute and ultimate obligation of the State to provide during each Fiscal Year all money necessary for the payment of the principal of and interest on the Bonds, the Previously Issued Bonds and all Additional Bonds when such interest or principal and interest become due, out of the first moneys coming into the State Treasury in each Fiscal

Year not otherwise appropriated by the State Constitution, less any amount in the Interest and Sinking Fund at the end of the preceding Fiscal Year, as set forth in the Constitutional Provision.

(b) All money received by the Board as principal and interest repayments of loans granted under the Act shall be deposited with the Comptroller in the Interest and Sinking Fund as received until the amount contained in said fund shall be sufficient to pay the principal and interest to become due on the Bonds, the Previously Issued Bonds and any Additional Bonds during the ensuing Fiscal Year; provided, however, if permitted by law, the Board may reduce, in whole or in part, the amount required to be accumulated in the Interest and Sinking Fund to pay interest on and principal of the Previously Issued Bonds, the Bonds and any Additional Bonds to become due during the ensuing Fiscal Year; and provided further that such action described above may not be exercised unless the Board has received written confirmation from each rating agency then maintaining a rating (at the request of the Board) on the Bonds, the Previously Issued Bonds and any Additional Bonds then outstanding that the exercise of such action will not cause a reduction or withdrawal of their respective ratings then applicable to any of the Bonds, Previously Issued Bonds or Additional Bonds and unless the Board has provided written notice of any such reduction to the Texas Bond Review Board.

(c) As early as possible in each Fiscal Year the Board shall cause to be furnished to the Comptroller a statement showing:

(1) the amount of money and investments in the Interest and Sinking Fund at the close of the preceding Fiscal Year;

(2) the amount of interest or principal and interest which will become due during that Fiscal Year on the Bonds, the Previously Issued Bonds and the Additional Bonds; and

(3) the amount of money, if any, which should be transferred to the Interest and Sinking Fund from the first money coming into the Treasury of the State in that Fiscal Year not otherwise appropriated by the State Constitution.

**Section 3.05 TRANSFERS TO INTEREST AND SINKING FUND.** If the statement required by the foregoing Section shows that the amount of money and the value of investments contained in the Interest and Sinking Fund is less than the amount of interest or interest and principal scheduled to become due on the Bonds, the Previously Issued Bonds and the Additional Bonds during that Fiscal Year, the Comptroller shall (i) first, allocate available funds then on deposit in the Interest and Sinking Fund to pay the principal and interest on the Bonds, the Previously Issued Bonds and any Additional Bonds which will become due during that Fiscal Year, and (ii) second, transfer into the Interest and Sinking Fund out of the first money coming into the Treasury of the State in that Fiscal Year, not otherwise appropriated by the State Constitution, such additional amount as shall be required to pay the interest or interest and principal of the Bonds, the Previously Issued Bonds and Additional Bonds maturing and coming due during that Fiscal Year.

**Section 3.06 PREPARATION OF VOUCHERS AND ISSUANCE OF WARRANTS FOR DEBT SERVICE.**

(a) Prior to each interest payment date and/or maturity date while any of the Bonds, the Previously Issued Bonds or Additional Bonds remain outstanding or interest is due thereon, it shall be the duty of the officers and employees of the Board to prepare or cause to be prepared and to file with the Comptroller a voucher (or other instrument required by the Comptroller) showing the amount of money required to pay the principal of and interest on all such bonds then to become due. Such voucher shall specify the paying agent to which remittance is to be made, and shall direct that a warrant or warrants for such amount or amounts be issued, payable to the order of such paying agent.

(b) Based on each such voucher it shall be the duty of the Comptroller after the filing with his or her of such voucher, to draw on the State Treasury a proper warrant in the amount shown in such voucher, payable to the order of the paying agent specified in the voucher. Such warrant shall be drawn against the Interest and Sinking Fund. The Comptroller shall forward the warrant to the principal office of the paying agent specified in the voucher. Such warrant shall be forwarded, so as to allow ample time for conversion of the warrant into current funds by the paying agent specified in the voucher by such principal and interest payment date. The Comptroller may utilize any other means of payment permitted under State law for purposes of this section.

**Section 3.07 INVESTMENT OF FUNDS.**

(a) Any moneys in the Student Loan Auxiliary Fund in excess of the amount necessary for student loans shall be invested by the Comptroller in any investments authorized pursuant to (1) Chapter 2256, Texas Government Code, as amended, (2) Section 404.024, Texas Government Code, as amended, or (3) any other statute which describes the types of investments in which the Comptroller, the Board or any other agency of the State can invest its funds. The foregoing notwithstanding, no proceeds of the Bonds (or repayments of student loans) deposited to such fund for a period longer than six months (or, in the case of repayments, three months) will be invested in obligations with a yield materially higher than the yield on the Bonds.

(b) The Comptroller, at the direction of the Board (or the Commissioner or the Chief Financial Officer, as hereinafter authorized), may sell any investments owned in the Interest and Sinking Fund or in the Student Loan Auxiliary Fund at the prevailing market price. Except as may otherwise be required by Section 8.03 with respect to compliance with the rebate covenant therein described, income from such investments shall be deposited into the Interest and Sinking Fund.

(c) Notwithstanding any other provision of this Section 3.07 to the contrary (other than the last sentence of Section 3.07(a)), all moneys in the Interest and Sinking Fund and in the Student Loan Auxiliary Fund in excess of the amount necessary for student loans shall be invested by the Comptroller in any investments authorized pursuant to (1) Chapter 2256, Texas Government Code, as amended, (2) Section 404.024 of the Texas Government Code, as amended, or (3) any other statute which describes the types of investments in which the Comptroller, the Board or any other agency of the State may invest its funds; provided, all such investments shall be scheduled to mature prior to the date such moneys must be available for use for its intended purpose. Each Authorized Representative is hereby expressly severally

authorized, empowered and directed from time to time and at any time to take any action necessary to comply with the provisions of this Section 3.07 (and any other provision of this Resolution or of any Board resolution governing any Previously Issued Bonds with respect to the investment of moneys in the Interest and Sinking Fund, the Student Loan Auxiliary Fund and the Texas Opportunity Plan Fund (created in the State Treasury by the Constitutional Provision)), including, but not limited to, to direct the Comptroller or the Comptroller's designee, pursuant to an agreement therewith or otherwise, to invest such moneys in the investments authorized herein and in any Board resolution governing any Previously Issued Bonds.

**Section 3.08 COOPERATION WITH STATE OFFICERS.** It is the duty of the Board, its officers, employees and agents (who are hereby so authorized and directed) to cooperate with and aid the Comptroller in calculating the amounts to be deposited in, or transferred to, the appropriate funds, and in ascertaining the amounts to be remitted to the Paying Agent/Registrar to meet the requirements for the due and punctual payment of the principal and interest on the Previously Issued Bonds and the Bonds as such interest and principal become due and payable.

**Section 3.09 DEPOSIT AND TRANSFER OF FUNDS; DUTIES OF COMPTROLLER.** The Comptroller is hereby authorized and directed to make the deposits and transfers required under all provisions of this Resolution and the Board's resolutions authorizing Previously Issued Bonds and Additional Bonds. The Comptroller is further hereby authorized and directed to do all things necessary or convenient to make current funds available at the Paying Agent/Registrar to pay principal of and interest on all Bonds and Previously Issued Bonds as they mature, all in accordance with the respective authorizing resolutions.

**Section 3.10 ADDITIONAL BONDS.**

The Board reserves the right to issue Additional Bonds from time to time, provided that the provisions for the issuance of such Additional Bonds will preserve the primary sources for the payment thereof and for the security thereof as set forth in the Constitutional Provision. Notwithstanding any other provision of this Resolution to the contrary, the proceeds of any Additional Bonds may be used to pay the costs of issuance thereof and to fund any reserves required by the Board resolution authorizing the issuance of such bonds to the extent not otherwise provided for.

**Section 3.11 INTEREST RATE SWAP AGREEMENT.**

(a) To the extent permitted by applicable law and subject to the condition in subsection (d) set forth below, the Board expressly reserves the right to enter into one or more interest rate swap agreements in connection with its interest obligation on any Previously Issued Bonds, Bonds or Additional Bonds. In which event, (i) the net amounts payable by the Board under such interest rate swap agreement(s) shall be deemed to be interest on the Previously Issued Bonds, Bonds or Additional Bonds subject to such agreement for all purposes of the Board's resolutions authorizing such bonds and (ii) the net amounts received by the Board under such interest rate swap agreement(s) shall be deposited and applied in the same manner as repayments of student loans granted under the Act for all purposes of such resolutions.

(b) Notwithstanding the provisions of subsection (a) set forth above, (i) money transferred to the Interest and Sinking Fund from the first money coming into the Treasury of the State pursuant to Section 3.05 of this Resolution (and similar provisions of the Board's

resolutions authorizing Previously Issued Bonds and Additional Bonds), shall not be used to pay any amounts owed by the Board under an interest rate swap agreement and (ii) the Board shall separately account for such transferred money to the extent necessary to ensure that such money is not used to pay such amounts. To the extent that there are not sufficient funds in the Interest and Sinking Fund to pay the amounts owed by the Board under an interest rate swap agreement (as a result of the immediately preceding sentence or otherwise), the Board shall pay the deficiency from the Student Loan Auxiliary Fund.

(c) Notwithstanding the provisions of subsection (b) set forth above, the Board may pay the net amounts payable by the Board under an interest rate swap agreement from any lawfully available source, including from moneys transferred to the Interest and Sinking Fund from the first money coming into the Treasury of the State (as described above in subsection (b)(i)).

(d) As a condition to the Board's entering into an interest rate swap agreement pursuant to this Section 3.11, the Board must receive an opinion of its bond counsel to the effect that such action is permitted by law and is authorized pursuant to this Resolution and the Board's resolutions authorizing Previously Issued Bonds and Additional Bonds.

#### **ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY**

##### **Section 4.01 LIMITATION ON REDEMPTION.**

The Bonds shall be subject to redemption prior to scheduled maturity only as provided in this Article IV and Exhibit A hereto.

##### **Section 4.02 OPTIONAL REDEMPTION.**

(a) On the date or dates, if any, specified in Exhibit A hereto (after completion and execution by the Commissioner or the Chief Financial Officer, as authorized by Section 2.01 hereof), the Bonds may be redeemed prior to their scheduled maturities, at the option of the Board, with funds derived from any lawfully available source, as a whole or in part (provided that a portion of a Bond may be redeemed only in an Authorized Denomination), at the redemption prices specified in Exhibit A hereto. The Board shall determine the maturity or maturities of the Bonds, and the principal amount of Bonds within each maturity, to be redeemed. If less than all the Bonds of a maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method for redemption. The Board shall deliver notice to the Paying Agent/Registrar of its intention to redeem Bonds at least 35 days prior to the redemption date.

(b) The Board shall deposit an amount sufficient to pay the redemption price of the Bonds to be redeemed with the Paying Agent/Registrar. Such moneys shall be invested in obligations, having maturities which coincide with the redemption date, and bearing the highest rating of Moody's if such entity is then providing a rating with respect to the Bonds, and S&P, if such entity is then providing a rating with respect to the Bonds.



**Section 4.03 MANDATORY SINKING FUND REDEMPTION.**

The Bonds, if any, identified on Exhibit A hereto (after completion and execution by the Commissioner or the Chief Financial Officer, as authorized by Section 2.01 hereof) shall be subject to mandatory sinking fund redemption prior to their scheduled maturities at the redemption prices, at the times and in the principal amounts shown on Exhibit A hereto. The principal amount of such Bonds required to be redeemed pursuant to the operation of such mandatory sinking fund redemption requirements may be reduced, at the option of the Board, by the principal amount of any such Bonds which, prior to the date of the mailing of notice of such mandatory redemption, shall have been (i) acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, (ii) purchased and canceled by the Paying Agent/Registrar at the request of the Board, or (iii) redeemed pursuant to the optional redemption provisions described in Section 4.02(a) hereof and not theretofore credited against a mandatory sinking fund redemption requirement.

**Section 4.04 PARTIAL REDEMPTION.**

(a) A portion of a single Bond of a denomination greater than an Authorized Denomination may be redeemed but only in a principal amount equal to an Authorized Denomination which will allow for the unredeemed portion thereof to remain in an Authorized Denomination. The Paying Agent/Registrar shall treat each minimum Authorized Denomination of such Bond as though it were a single Bond for purposes of selection for redemption.

(b) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

**Section 4.05 NOTICE OF REDEMPTION.**

(a) The Paying Agent/Registrar shall cause notice of redemption of any Bond to be redeemed in whole or in part to be mailed by first-class mail to S&P and Moody's and to the Owner thereof at the address of the Owner appearing in the Register at least 30 days prior to the redemption date.

(b) The notice of redemption shall identify the Bonds to be redeemed, and shall specify the numbers thereof, the redemption date and the redemption price. The notice shall state that (i) on the redemption date the Bonds called for redemption will be payable at the designated office of the Paying Agent/Registrar, and (ii) on and after the redemption date interest will cease to accrue.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

**Section 4.06 PAYMENT UPON REDEMPTION.** Upon presentation and surrender of any Bond called for redemption at the designated office of the Paying Agent/ Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of and accrued interest on such Bond to the date of redemption from the money provided for that purpose.

**Section 4.07 EFFECT OF REDEMPTION.**

(a) Notice of redemption having been given, and due provision having been made for payment, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption; thereafter, such Bonds or portions thereof shall cease to bear interest from the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If the Board shall fail to make provision for the payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest until due provision is made with the Paying Agent/Registrar for the payment of same by the Board.

**ARTICLE V  
PAYING AGENT/REGISTRAR**

**Section 5.01 APPOINTMENT OF INITIAL PAYING AGENT/REGISTRAR.**

An Authorized Representative is hereby authorized to select an eligible entity to serve as Paying Agent/Registrar for the Bonds. The Paying Agent/Registrar shall signify its acceptance of the duties and obligations imposed on it hereunder by its execution of a Paying Agent/Registrar Agreement, which is hereby approved in substantially the form presented herewith. Each Authorized Representative is hereby severally authorized to approve any changes in the Paying Agent/Registrar Agreement and to execute and deliver the Paying Agent/Registrar Agreement in final form. The signature of any Authorized Representative may be attested by the Secretary of the Board. An Authorized Representative may determine to approve, execute and deliver a separate Paying Agent/Registrar Agreement with respect to each Series of Bonds issued under this Resolution.

**Section 5.02 QUALIFICATION.** Each Paying Agent/Registrar shall be a commercial bank, trust company organized under a law of the State, or other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

**Section 5.03 MAINTAINING PAYING AGENT/REGISTRAR.**

(a) At all times while any Bonds are Outstanding, the Board shall maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Resolution.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Board will promptly appoint a replacement.

**Section 5.04 TERMINATION.** The Board, upon not less than 30 days' notice to the Paying Agent/Registrar, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering written notice of such termination.

**Section 5.05 NOTICE OF CHANGE TO OWNERS.** Promptly upon each change in the entity serving as Paying Agent/Registrar, the Board will cause notice of the change to be sent to each Owner by first-class United States mail, postage prepaid, at the address shown in the

Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

**Section 5.06 AGREEMENT TO PERFORM DUTIES AND FUNCTIONS.** By accepting the appointment as Paying Agent/Registrar and executing a Paying Agent/Registrar Agreement with the Board in substantially the form presented herewith, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Resolution and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

**Section 5.07 DELIVERY OF RECORDS TO SUCCESSOR.**

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereon) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

**ARTICLE VI  
FORM OF THE BONDS**

**Section 6.01 FORM GENERALLY.**

(a) The Bonds, including the Registration Certificate of the Comptroller, the Certificate of the Paying Agent/Registrar and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit B hereto, with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Resolution, and (ii) may have such letters, numbers or other marks of identification and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the Board or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) The definitive Bonds shall be typewritten, photocopied or printed, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(c) The Initial Bond of each Series submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

(d) The Initial Bond of each Series shall be in the form set forth in paragraph (a) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the reference to "CUSIP NO." shall be deleted; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on each of the maturity dates, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

Maturity Date                      Principal Amount                      Interest Rate"  
(August 1)

(Information to be inserted from Exhibit A to be completed and attached hereto by the Commissioner or the Chief Financial Officer as described in, and as authorized by, Section 2.01(b) of this Resolution.)

**Section 6.02 CUSIP REGISTRATION.**

The Board may secure identification numbers through the CUSIP Service Bureau Division of S&P, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the Board nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

**Section 6.03 LEGAL OPINION.**

The approving legal opinion of McCall, Parkhurst & Horton L.L.P., bond counsel, may accompany the Bonds, which may be executed in facsimile.

**Section 6.04 STATEMENT OF INSURANCE.**

A statement relating to the issuance of a municipal bond insurance policy issued for the Bonds, if any, may be printed on or attached to each Bond.

**ARTICLE VII  
APPROVAL OF OFFICIAL STATEMENT AND ESCROW AGREEMENT;  
AUTHORITY TO REFUND REFUNDED BONDS AND EXECUTE OTHER  
DOCUMENTS**

**Section 7.01 APPROVAL OF OFFICIAL STATEMENT.** The Preliminary Official Statement (the "Preliminary Official Statement"), substantially in the form presented to and considered at this meeting, with such changes as the Authorized Representatives may hereafter approve (including, but not limited to, any changes necessary to conform the Preliminary Official Statement and any related sale documents to the actual method of sale selected pursuant to Section 2.02(c) of this Resolution), is hereby in all respects approved, and each Authorized Representative is hereby severally authorized and directed to determine the date of sale of the Bonds, to deem the Preliminary Official Statement "final" for purposes of the Rule, to make or approve such changes in the Preliminary Official Statement as may be required to provide a final Official Statement (the "Official Statement"), and to execute the Official Statement and deliver appropriate numbers of executed copies thereof to the initial purchaser(s) of the Bonds to use in connection with the sale of the Bonds. An Authorized Representative may determine to prepare, approve, execute and deliver a separate Preliminary Official Statement and Official Statement with respect to separate Series of Bonds.

**Section 7.02 CONTROL AND DELIVERY OF BONDS; AUTHORITY TO EXECUTE ALL OTHER DOCUMENTS; APPROPRIATION OF FUNDS.**

(a) Each Authorized Representative is hereby severally authorized to have control of the Initial Bond of each Series and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State, registration by the Comptroller, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar. After registration by the Comptroller, delivery of the Bonds shall be made to the respective initial purchaser against receipt by the Board of all amounts due to the Board under the terms of sale.

(b) Each Authorized Representative shall be and is hereby expressly severally authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things, including publishing any required notices of public hearings and conducting any required public hearings, and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, the sale of the Bonds and the Preliminary Official Statement. Any such signature of an Authorized Representative may be attested by the Secretary of the Board.

(c) Each Authorized Representative is further authorized and directed, and there is hereby appropriated such moneys of the Board as are necessary, to (i) pay the costs of issuance of the Bonds to the extent not paid from Bond proceeds and (ii) make the deposits described in Section 7.03 hereof in amounts sufficient, together with Bond proceeds, to provide for the refunding of all or a portion of any Refunded Bonds.

**Section 7.03 REDEMPTION OF CERTAIN REFUNDED BONDS; APPROVAL OF ESCROW AGREEMENT.**

(a) Subject to the determination by the Commissioner or the Chief Financial Officer of the particular bonds that shall constitute the Refunded Bonds, the Board irrevocably calls the Refunded Bonds for redemption prior to maturity on the first optional redemption date following delivery of the Series of Bonds issued to refund such Refunded Bonds, for which all of the notice requirements for redemption can reasonably be met, at a redemption price of par (plus accrued interest to the date fixed for redemption). Each Authorized Representative is hereby severally authorized to provide for notice of such redemption to be given in accordance with the resolution(s) of the Board authorizing such Refunded Bonds.

(b) Concurrently with the initial delivery of each Series of Bonds issued to refund any Refunded Bonds, the Board shall deposit all or a portion of the proceeds from the sale of any such Series of Bonds, in the amount set forth in the Escrow Agreement for such Refunded Bonds, together with other available funds of the Board, if required, with the Escrow Agent aggregating an amount together with investment earnings thereon, if any, sufficient to provide for the refunding of the respective Refunded Bonds identified in such Escrow Agreement, all in accordance with Chapter 1207. The Escrow Agreement is hereby approved in substantially the form presented herewith. Each Authorized Representative is hereby severally authorized, to approve any changes in the Escrow Agreement and to execute and deliver the Escrow Agreement in final form. An Authorized Representative is hereby authorized to select an eligible entity to

serve as Escrow Agent and may approve, execute and deliver one or more Escrow Agreement(s) with any such Escrow Agent.

(c) To assure the purchase of the "Escrowed Securities" referred to in the Escrow Agreement for the Refunded Bonds, each Authorized Representative is hereby severally authorized to subscribe for, agree to purchase and purchase eligible defeasance securities authorized in the resolution(s) of the Board authorizing the Refunded Bonds, in such amounts and maturities and bearing interest at such rates as may be provided for in such Escrow Agreement, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and is authorized to create and fund the "Escrow Fund" contemplated by such Escrow Agreement through the use of the proceeds of the Series of Bonds issued to refund the Refunded Bonds, the moneys and investments held in the fund securing the Refunded Bonds, and other lawfully available moneys of the Board.

(d) To satisfy in a timely manner all of the Board's obligations under this Resolution and the Escrow Agreement(s), each Authorized Representative is 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 of the Refunded Bonds including, without limitation, executing and delivering for and on behalf of the Board all certificates, consents, receipts, requests and other documents as may be reasonably necessary to satisfy the Board's obligations under the Escrow Agreement(s) and this Resolution and to direct the transfer and application of funds of the Board consistent with the provisions of the Escrow Agreement(s) and this Resolution.

## **ARTICLE VIII PARTICULAR REPRESENTATIONS AND COVENANTS**

**Section 8.01 PAYMENT OF THE BONDS.** On or before each Interest Payment Date for the Bonds, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such principal of, redemption premium, if any, and interest on the Bonds as will accrue or mature on the applicable Interest Payment Date or date of prior redemption.

### **Section 8.02 OTHER REPRESENTATIONS AND COVENANTS.**

(a) The Board will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution and in each Bond; the Board will promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the Board will, at the times and in the manner prescribed by this Resolution, deposit or cause to be deposited the amounts of money specified by this Resolution.

(b) The Board is duly authorized under the laws of the State to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Board in accordance with their terms.

**Section 8.03 COVENANTS REGARDING TAX EXEMPTION.** The Board intends that the interest on the Bonds will be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Code. The Board covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds 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 8.03; provided, however, that the Board will not be required to comply with any particular requirement of this Section 8.03 if the Board has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement set forth in this Section 8.03 will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel's Opinion will constitute compliance with the corresponding requirement specified in this Section 8.03 for federal income tax purposes. In particular, but not by way of limitation thereon, the Board covenants as follows:

(a) to use the proceeds of the Bonds in a manner such that the Bonds constitute "qualified student loan bonds" within the meaning of section 144(b) of the Code. To that end, the Board hereby covenants that the student loans made from the Student Loan Auxiliary Fund constitute a program or programs described in section 144(b)(1) of the Code because such program or programs either (i) meet the requirements of section 144(b)(1)(A) of the Code, or (ii) meet the requirements of section 144(b)(1)(B) of the Code in that such program is of general application, approved by the State, and no loan under such program exceeds the difference between the total cost of attendance and other forms of assistance (with certain statutory exceptions) for which the student borrower may be eligible;

(b) to take such action to assure that at least 95 percent of the net proceeds (as defined in section 150 of the Code) of the Bonds, and any Refunded Bonds, are used (or have been used) to make loans to students who either are -

- (1) residents of the State; or
- (2) enrolled at an educational institution located in the State.

Except to the extent of the foregoing, the Board shall not permit any discrimination in the making of the loans described in section 144(b)(1)(A) of the Code based on geographic location or educational institution;

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

(d) to refrain from taking any action that would cause the Bonds to be "advance refunding" bonds within the meaning of section 149(d) of the Code or "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations thereunder;

(e) to make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code. Moreover, the Board will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code;

(f) to take such action including, but not limited to, making yield reduction payments in accordance with Section 1.148-5 of the Treasury Regulations, as is necessary to ensure that the yield on the loans to students financed with the proceeds of the Bonds will not exceed the yield on the Bonds by more than two percentage points, as more fully set forth in section 1.148-2 of the Treasury Regulations;

(g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, to satisfy the requirements of section 148 of the Code (relating to arbitrage);

(h) to rebate to the United States of America, as required by section 148(f) of the Code, (1) at least once every five-year period (beginning on the date of delivery of the Bonds) 90% of, and (2) within 60 days of the date on which the Bonds have been paid in full 100% of, the earnings received by the Board from the investment of the gross proceeds in obligations or securities, other than loans made to students, which have a yield in excess of the yield on the Bonds;

(i) to use no more than two percent of the proceeds of the Bonds within the meaning of section 147(g) of the Code for the payment of costs of issuance;

(j) to use no portion of the proceeds of the Bonds to provide any airplane, sky-box or other private luxury box, health club facility, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(k) no person or any related person, as defined in section 147(a)(2) of the Code, from whom the Board may acquire student loans shall, pursuant to any arrangement, formal or informal, purchase the Bonds in an amount related to the amount of the student loans to be acquired under the Program from such person by the Board; and

(l) to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in this Resolution on its books and records in accordance with the requirements of the Internal Revenue Code. The Board recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the date that the expenditure is made. The foregoing notwithstanding, the Board recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Board agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Board shall



not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest; and

(m) to retain all pertinent and material records relating to the use and expenditure of the proceeds of the Bonds until six years after the last Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Board to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

Prior to the issuance of future tax-exempt College Student Loan Bonds, including any Bonds issued for the purpose of making additional student loans, the Board expects to fund student loans made under the Act from lawfully available sources other than from proceeds of College Student Loan Bonds. The Board finds, considers, and declares that the reimbursement of the Board for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the Board and, as such, hereby chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues tax-exempt College Student Loan Bonds, including any Bonds issued for the purpose of making additional student loans. The Board reasonably expects to issue Bonds under this Resolution, in one or more series, with an aggregate maximum principal amount not to exceed the amount set forth in Section 2.01(a) of this Resolution for the purpose of making additional student loans and paying all or a portion of the costs of issuing the Bonds. All costs to be reimbursed as contemplated by this subsection will be used to fund student loans made by the Board under the Act. No tax-exempt College Student Loan Bonds, including the Bonds, will be issued to reimburse the Board for the funding of a student loan made under the Act as contemplated by this subsection after a date which is later than 18 months after the date such loan is made. No proceeds of tax-exempt College Student Loan Bonds, including the Bonds, will be used as contemplated by this subsection to reimburse costs previously paid with the proceeds of other College Student Loan Bonds issued by the Board.

It is the understanding of the Board that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. The Board acknowledges its execution and receipt of the "Federal Tax Certificate," which the Board understands is in furtherance of the covenants contained in this section. The Board agrees, subject to any changes made pursuant to this paragraph, to comply with the Federal Tax Certificate as if such instructions were included herein. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Board will not be required to comply with any covenants contained herein to the extent that such modification or expansion, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Board agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the

exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Board hereby authorizes and directs any Authorized Representative to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Board, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

In order to facilitate compliance with the covenants set forth above and with the requirements of Section 148 of the Code, an Excess Earnings Account and a Rebate Account may be established in the Student Loan Auxiliary Fund by the Board for the sole benefit of the United States of America, and such accounts shall not be subject to the claim of any other person, including without limitation, the Owners. Funds may be deposited into, and withdrawn from, the Excess Earnings Account and the Rebate Account as set forth in the Federal Tax Certificate.

Notwithstanding any other provision of this Resolution to the contrary, the Board's obligations under the covenants and provisions of this Section 8.03 will survive the defeasance and discharge of the Bonds.

**Section 8.04 NOTICES TO S&P AND MOODY'S.**

The Board covenants that it will give prior written notice to S&P and Moody's of (i) any amendment to this Resolution, or (ii) the redemption of all of the Outstanding Bonds of any Series. Unless notified by S&P or Moody's otherwise, such notices shall be sent to the following addresses:

S&P Global Ratings  
55 Water Street  
38th Floor  
New York, NY 10041

Attn: Municipal Structured Surveillance

Moody's Investors Service  
7 World Trade Center  
250 Greenwich Street  
New York, NY 10007

Attn: Public Finance

**ARTICLE IX  
DEFAULT AND REMEDIES**

**Section 9.01 EVENTS OF DEFAULT.**

Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement, or obligation of the Board, which default materially and adversely affects the rights of the Owners, including but not limited to their prospect or ability to be repaid in accordance with this Resolution, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the Board.

**Section 9.02 REMEDIES FOR DEFAULT.**

(a) Upon the happening of any Event of Default, any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the Board for the purpose of protecting and enforcing the rights of the Owners under this Resolution by mandamus or other suit, action or special proceeding in equity or at law in any court of competent jurisdiction for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) All such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then Outstanding.

**Section 9.03 REMEDIES NOT EXCLUSIVE.**

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

**ARTICLE X  
DISCHARGE**

**Section 10.01 DEFEASANCE OF BONDS.**(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer Outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities (hereinafter defined) that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Board with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the funds on deposit in the Interest and Sinking Fund provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment

arrangements, the Board expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable State law in existence on the date the Board adopts or approves any proceedings authorizing the financial arrangements that may be used to defease obligations such as the Bonds. The foregoing notwithstanding, the Commissioner or the Chief Financial Officer may elect when establishing the terms of the Bonds pursuant to Exhibit A hereto to modify the definition of "Defeasance Securities" by eliminating any securities or obligations set forth in the preceding sentence upon determining that it is in the best interests of the Board to do so.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services as required by this Resolution.

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

(f) Notwithstanding the provisions of this Section 10.01 to the contrary, (i) the Board may provide for the irrevocable deposit required by this Section 10.01 to be made with the

Paying Agent/Registrar or with any other eligible bank or trust company then authorized by State law, and (ii) the Board may reserve the right to call any Defeased Bonds for redemption to the extent permitted and in the manner required by law.

## **ARTICLE XI CONTINUING DISCLOSURE UNDERTAKING**

**Section 11.01 ANNUAL REPORTS.** The Board shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of each Fiscal Year, financial information and operating data with respect to the Board of the general type included in the final Official Statement authorized by this Resolution being the information described in Exhibit C hereto, together with audited financial statements of the Board for such Fiscal Year if the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided; provided, however, if the Board commissions an audit of such statements and the audit is not completed within the period during which they must be provided, such audited financial statements shall be delivered to the MSRB, in an electronic format as prescribed by the MSRB, when and if they become available. Any financial information or audited financial statements so to be provided shall be prepared in accordance with generally accepted accounting principles for governmental entities or such other accounting principles as the Board may be required to employ from time to time pursuant to State law or regulations.

If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this section.

The financial information and operating data to be provided pursuant to this section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet web site or filed with the SEC.

### **Section 11.02 EVENT NOTICES.**

As used in this Section 11.02, the term "obligated person" shall mean any person, including the Board, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The Board shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this Section 11.02, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. incurrence of a Financial Obligation of the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board, any of which affect security holders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board, any of which reflect financial difficulties.

Notes to paragraphs 15 and 16: For the purposes of the events identified in paragraphs 15 and 16 of this Section 11.02, the Board intends the words used in such paragraphs and the definition of Financial Obligation in this Resolution to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

In addition, the Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with Section 11.01 hereof by the time required by such Section.

**Section 11.03 LIMITATIONS, DISCLAIMERS AND AMENDMENTS.** The Board shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice required by paragraphs 8 and 9 of Section 11.02 above of any Bond calls and defeasances that cause the Board to be no longer such an "obligated person".

The provisions of this Article are for the sole benefit of the Owners and Beneficial Owners of the Bonds, and nothing in this Article, expressed or implied, shall give any benefit or any legal or equitable right, remedy or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE XI, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

The provisions of this Article may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status, or type of operations of the Board, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by another provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Board (such as nationally recognized bond counsel) determined that such

amendment will not materially impair the interest of the Owners and Beneficial Owners of the Bonds. If the Board so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Article an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

## **ARTICLE XII AMENDMENTS OF AND SUPPLEMENTS TO RESOLUTION**

### **Section 12.01 WITHOUT CONSENT OF OWNERS.**

Without notice to or the consent of any Owner, the Board may, at any time, amend this Resolution to cure any ambiguity or cure, correct or supplement any defective or inconsistent provision contained in this Resolution or make any other change that does not in the opinion of bond counsel for the Board, in any respect, materially and adversely affect the interests of the Owners. Without limiting the foregoing, the Board may amend or supplement this Resolution without notice to or the consent of any Owner:

(a) to modify this Resolution or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(b) to authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to this Resolution regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;

(c) to increase or decrease the number of days specified for the giving of notices in Article IV and to make corresponding changes to the period for notice of redemption of the Bonds provided that no decreases in any such number of days shall become effective until 30 days after the Paying Agent/Registrar has given notice to the Owners of the Bonds; or

(d) to provide for an uncertificated system of registering the Bonds or to provide for the change to or from a Book-Entry System for the Bonds.

**Section 12.02 WITH CONSENT OF OWNERS.** If an amendment of or supplement to this Resolution or the Bonds without any consent of Owners is not permitted by the preceding Section, the Board may enter into such amendment or supplement without prior notice to any Owners but with the consent of the Owners of at least a majority in principal amount of all the Bonds then Outstanding under this Resolution. However, nothing herein contained shall permit or be construed to permit the amendment of, without the consent of each Owner affected thereby, or supplement to the terms and conditions in this Resolution, so as to:



- (a) change the sinking fund requirements, if any, Interest Payment Dates or the maturity or maturities of the Outstanding Bonds;
- (b) reduce the rate of interest borne by any of the Outstanding Bonds;
- (c) reduce the amount of the principal or purchase price of or premium, if any, payable on the Outstanding Bonds;
- (d) modify the terms of payment of principal or purchase price of, premium, if any, or interest on the Outstanding Bonds, or impose any conditions with respect to such payments;
- (e) affect the rights of the Owners of fewer than all of the Outstanding Bonds; or
- (f) decrease the minimum percentage of the principal amount of Outstanding Bonds necessary for consent to any such amendment.

In addition, if moneys or investments have been deposited or set aside with the Paying Agent/Registrar pursuant to Article X for the payment of Bonds and those Bonds shall not have in fact been actually paid in full, no amendment to the provisions of that Article shall be made without the consent of the Owner of each of those Bonds affected.

**Section 12.03 EFFECT OF CONSENTS.** Any consent received pursuant to Section 12.02 will bind each Owner delivering such consent and each subsequent Owner of a Bond or portion of a Bond evidencing the same debt as the consenting Owner's Bond.

**Section 12.04 NOTATION ON OR EXCHANGE OF BONDS.** If an amendment or supplement changes the terms of a Bond, the Paying Agent/Registrar may require the Owner to deliver it to the Paying Agent/Registrar. The Paying Agent/Registrar may place an appropriate notation on the Bond about the changed terms and return it to the Owner. Alternatively, if the Paying Agent/Registrar and the Board determine, the Board in exchange for the Bond will issue and the Paying Agent/Registrar will authenticate a new Bond that reflects the changed terms.

**Section 12.05 NOTICE TO OWNERS.** The Paying Agent/Registrar shall cause notice of the execution of each supplement or amendment to this Resolution to be mailed to the Owners. The notice will at the option of the Paying Agent/Registrar, either (i) briefly state the nature of the amendment or supplement and that copies of it are on file with the Paying Agent/Registrar for inspection by Owners or (ii) enclose a copy of such amendment or supplement.

**Section 12.06 TECHNICAL AMENDMENTS.** Each Authorized Representative, the General Counsel to the Board and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by any bond rating agency as a condition to the granting of a rating on the Bonds, as may be required by the office of the Texas Attorney General as a condition to the approval of the Bonds and as may be required to assist the initial purchaser(s) of the Bonds in complying with the Rule.

**ARTICLE XIII  
MISCELLANEOUS**

**Section 13.01 AUTHORIZATION FOR PRIVATE ACTIVITY BOND ALLOCATION AND ASSIGNMENT OF UNENCUMBERED STATE CEILING.**

(a) In order to assure that sufficient amounts will be available under the State ceiling for allocation of private activity bonds for the Bonds, to the extent necessary, the Board hereby authorizes and delegates to each Authorized Representative the authority to submit one or more appropriate applications or requests to the Texas Bond Review Board for the purpose of obtaining one or more certificates of reservation for a portion of the State's allocation for private activity bonds for one or more eligible program years in any eligible category and amount pursuant to the terms of Chapter 1372, Texas Government Code, as amended, and the rules and regulations of the Texas Bond Review Board.

(b) Each Authorized Representative is hereby further authorized to prepare, execute and submit one or more appropriate applications, or applications for carryforward, to the Texas Bond Review Board for the purpose of preserving any such allocation determined by such Authorized Representative to be necessary to issue the Bonds. The Board further authorizes each Authorized Representative to re-submit an application for obtaining a portion of the State's allocation for private activity bonds that was withdrawn so long as such application is re-submitted within the current or following program year.

(c) Each Authorized Representative is further authorized to prepare, execute and submit one or more requests to the Texas Bond Review Board for assignment as carryforward to the Board in an aggregate amount not to exceed \$350,000,000 of any unencumbered state ceiling for the year 2023 pursuant to the terms of Chapter 1372, Texas Government Code, as amended, including Section 1372.03 thereof, and the rules and regulations of the Texas Bond Review Board.

**Section 13.02 AUTHORIZED TRANSFERS OF FUNDS.**

(a) The Board hereby expressly authorizes the Commissioner, acting for and on behalf of the Board, to approve from time to time and at any time the transfer of moneys (i) between the TOP Fund and the Student Loan Auxiliary Fund, (ii) among the separate accounts established within the TOP Fund and (iii) among the separate accounts established within the Student Loan Auxiliary Fund, if the Commissioner determines that any such transfer will enable the Board to loan such moneys to students or otherwise utilize such moneys in a more efficient and economical manner; provided that, for any such transfer among the separate accounts within the Student Loan Auxiliary Fund or out of the Student Loan Auxiliary Fund to the TOP Fund, the Commissioner shall obtain advice from the Board's bond counsel to the effect that such transfer will not adversely effect the exclusion from gross income of interest on any outstanding College Student Loan Bonds for federal income tax purposes under existing law.

(b) The Board hereby finds and determines that each such transfer authorized by subsection (a) hereof is necessary to administer the TOP Fund or the Student Loan Auxiliary Fund, as applicable. Upon making any such transfer, an Authorized Representative shall document the reason for the transfer in the accounting of the applicable fund.

**Section 13.03 PAYMENT OF ATTORNEY GENERAL FEE.**

The Board hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of each Series of the Bonds or (ii) \$9,500 per Series, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code; provided that the Board also authorizes the disbursement of such other amounts as may be necessary to comply with any future amendments to Section 1202.004 of the Texas Government Code, or other similar statutory provision, applicable to a Series of the Bonds. Each Authorized Representative is hereby instructed to take the necessary measures to make such payments. The Board is also authorized to reimburse the appropriate funds for such payment from proceeds of the Bonds.

[Remainder of this page intentionally left blank.]

**ADOPTED AND APPROVED THIS 26TH DAY OF OCTOBER, 2023.**

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Secretary,  
Texas Higher Education Coordinating Board

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Chair,  
Texas Higher Education Coordinating Board

(Seal)

\* \* \* \* \*

[SIGNATURE PAGE TO BOND RESOLUTION]

**EXHIBIT A**

**FINAL TERMS OF THE BONDS**

[Note: All capitalized terms used in this Exhibit A which are not otherwise defined herein shall have the same meanings as set forth in the resolution approved on October 26, 2023 (the "Bond Resolution") by the Texas Higher Education Coordinating Board which authorized the issuance of the Bonds.]

- (A) As provided in Section 2.01(b) of the Bond Resolution, the State of Texas College Student Loan [Refunding][and Refunding]<sup>1</sup> Bonds, Series 20[ ]<sup>2</sup> (the "Bonds") which are authorized to be issued pursuant to the Bond Resolution, shall be dated \_\_\_\_\_, 202\_\_ and shall be issued in the aggregate principal amount of \$\_\_\_\_\_,000, to be used to \_\_\_\_\_.<sup>3</sup>
  
- (B) The Bonds shall (i) mature on each of the dates and in the respective principal amounts, and (ii) bear interest from the Issuance Date to their respective date of maturity or prior redemption at the respective interest rates, all as set forth below:

| <b>MATURITY DATE<br/>(AUGUST 1)</b> | <b>PRINCIPAL AMOUNT</b> | <b>INTEREST RATE</b> | <b>MATURITY DATE<br/>(AUGUST 1)</b> | <b>PRINCIPAL AMOUNT</b> | <b>INTEREST RATE</b> |
|-------------------------------------|-------------------------|----------------------|-------------------------------------|-------------------------|----------------------|
|                                     |                         |                      |                                     |                         |                      |

<sup>1</sup> Select and include appropriate bracketed language, if necessary, depending on whether the Series of Bonds is being issued to make student loans *and* refund the Refunded Bonds, or solely to refund the Refunded Bonds.

<sup>2</sup> Unless otherwise determined by an Authorized Representative, use the year in which the Bonds are issued and include Series letter designation if two or more Series of Bonds are issued.

<sup>3</sup> Complete depending upon whether the Series of Bonds is being issued to make student loans, to make student loans and refund Refunded Bonds or to refund Refunded Bonds.

(C) As provided in Section 2.02(b) of the Bond Resolution, interest on the Bonds shall be payable on each Interest Payment Date, commencing \_\_\_\_\_, 20\_\_, until its maturity or prior redemption.

(D) [\_\_\_\_\_ ("\_\_\_\_\_") has been designated as the senior managing Underwriter for the Bonds. \_\_\_\_\_ and the other Underwriters listed in the Bond Purchase Contract are included in the listing of investment banking firms that was previously approved by the Board. The Bonds shall be sold to the Underwriters pursuant to the Bond Purchase Contract at the prices specified therein. The aggregate price to be paid by the Underwriters for the Bonds is in excess of 95% of the aggregate principal amount thereof and none of the Bonds bear interest at a rate in excess of the Maximum Rate.]<sup>4</sup>

[As a result of competitive sale held on \_\_\_\_\_, 202\_, the firm of \_\_\_\_\_ (the "Purchaser") submitted the bid having the lowest true interest cost on the Bonds. Therefore, the Bonds shall be sold to and purchased by the Purchaser at a price equal to \$ \_\_\_\_\_, with no accrued interest. The aggregate price to be paid by the Purchaser for the Bonds is in excess of 95% of the aggregate principal amount thereof and none of the Bonds bear interest at a rate in excess of the Maximum Rate.]<sup>5</sup>

(E) [Optional Redemption. On \_\_\_\_\_, or on any date thereafter, the Bonds maturing on and after August 1, 20\_\_ may be redeemed prior to their scheduled maturities, at the option of the Board, with funds derived from any lawfully available source, as a whole or in part (provided that a portion of a Bond may be redeemed only in an Authorized Denomination), at a redemption price of \_\_\_% of the principal amount thereof called for redemption, plus accrued interest thereon to the date fixed for redemption. The Board shall determine the maturity or maturities, and the principal amount of Bonds within each maturity, to be redeemed. If less than all Bonds of a maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method for redemption.]

[Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20\_\_ and on August 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity at a price equal to \_\_\_% of the principal amount thereof plus accrued interest to the date fixed for redemption, on August 1 in the years and in the principal amounts shown below:

| <b>BONDS MATURING<br/>AUGUST 1, 20__</b> |                             | <b>BONDS MATURING<br/>AUGUST 1, 20__</b> |                             |
|--|-----------------------------|--|-----------------------------|
| <u>REDEMPTION<br/>DATE</u>               | <u>PRINCIPAL<br/>AMOUNT</u> | <u>REDEMPTION<br/>DATE</u>               | <u>PRINCIPAL<br/>AMOUNT</u> |
| August 1, 20__                           | \$ _____                    | August 1, 20__                           | \$ _____                    |
| August 1, 20__                           | _____                       | August 1, 20__                           | _____                       |

<sup>4</sup> Complete for Bonds sold by negotiated sale.  
<sup>5</sup> Complete for Bonds sold by competitive bid.

August 1, 20\_\_  
(maturity) \_\_\_\_\_

August 1, 20\_\_  
(maturity) \_\_\_\_\_

The principal amount of such Bonds required to be redeemed pursuant to the operation of such mandatory sinking fund redemption requirements may be reduced, at the option of the Board, by the principal amount of any such Bonds which, prior to the date of the mailing of notice of such mandatory redemption, shall have been (i) acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, (ii) purchased and canceled by the Paying Agent/Registrar at the request of the Board, or (iii) redeemed pursuant to the optional redemption provisions described above and not theretofore credited against a mandatory sinking fund redemption requirement.]

[The Bonds are not subject to redemption prior to their scheduled maturities.]<sup>6</sup>

- (F) All other terms of the Bonds shall be as set forth in the Bond Resolution.
- (G) [The Refunded Bonds are identified on Schedule I hereto, and the present value savings requirement of Section 2.01(b) of the Bond Resolution (which present value savings, as calculated by the Board's financial advisor, is approximately equal to \_\_\_\_\_%) has been satisfied. \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ is hereby appointed to serve as Escrow Agent for the Refunded Bonds.]<sup>7</sup>
- (H) In consultation with, and reliance upon the advice of the Board's Financial Advisor, I hereby find that the terms and sale are the most advantageous reasonably available on the date and time of the pricing of the Bonds given the then existing market conditions and the stated terms of sale on such date and time.
- (I) \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ is hereby appointed to serve as Paying Agent/Registrar for the Bonds.

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<sup>6</sup> Redemption provisions to be updated to match the applicable redemption terms of the Bonds as established by an Authorized Representative

<sup>7</sup> Include and complete only if the Series of Bonds is being issued to refund Refunded Bonds.

**SCHEDULE I<sup>8</sup>**  
**REFUNDED BONDS**

STATE OF TEXAS  
COLLEGE STUDENT LOAN BONDS, SERIES 2013B

Maturity Date    Principal Amount    Redemption Date

STATE OF TEXAS  
COLLEGE STUDENT LOAN BONDS, SERIES 2014

Maturity Date    Principal Amount    Redemption Date

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<sup>8</sup> Include and complete only if the Series of Bonds is being issued to refund Refunded Bonds.



**APPROVED BY THE TEXAS HIGHER EDUCATION COORDINATING BOARD ON THE \_\_\_\_ DAY OF \_\_\_\_\_, 202\_ IN ACCORDANCE WITH SECTION 2.01(b) OF THE BOND RESOLUTION.**

\_\_\_\_\_  
TEXAS HIGHER EDUCATION COORDINATING BOARD

TITLE: \_\_\_\_\_

**EXHIBIT B**

**I. FORM OF BOND**

No. \_\_\_\_\_

\$ \_\_\_\_\_

CUSIP NO. \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
COLLEGE STUDENT LOAN [AND REFUNDING] [REFUNDING]<sup>1</sup> BOND,  
SERIES 201[\_\_\_]<sup>2</sup>**

**INTEREST  
RATE**

**MATURITY  
DATE**

**DATED  
DATE**

\_\_\_\_\_%

August 1, 20\_\_

\_\_\_\_\_, 202\_\_

The **STATE OF TEXAS**, acting through the **TEXAS HIGHER EDUCATION COORDINATING BOARD** (the "Board"), for value received, hereby promises to pay to

\_\_\_\_\_

or registered assigns, on the Maturity Date specified above, the sum of

\_\_\_\_\_ **DOLLARS**

and to pay interest on such principal amount on each Interest Payment Date (as defined herein) from the later of the Issuance Date (as defined in the hereinafter defined Resolution) or the most recent Interest Payment Date to which interest has been paid or provided for. The Dated Date of this Bond is \_\_\_\_\_, 202\_\_, but interest shall accrue from the Issuance Date.

Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the resolution of the Board adopted on October 26, 2023, pursuant to which the Bonds (as defined herein) are issued (the "Resolution"). In the event of a conflict between the provisions of this Bond and the Resolution, the Resolution shall control.

Interest on this Bond is payable to the registered owner hereof by check, dated as of the Interest Payment Date, and sent by first-class mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address shown on the Register or by such other customary banking arrangement, such as by wire transfer, acceptable to the Paying Agent/Registrar at the request of and at the risk and expense of the Owner. The principal hereof is payable upon

<sup>1</sup> Select and include appropriate bracketed language, if necessary, depending on whether the Series of Bonds is being issued to make student loans *and* refund the Refunded Bonds, or solely to refund the Refunded Bonds.

<sup>2</sup> Include Series letter designation if two or more Series of Bonds are issued pursuant to the Resolution.

presentation and surrender of this Bond at the designated office of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as Paying Agent/Registrar, or any successor Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered on the "Record Date," which shall be the close of business on the 15th calendar day of the month immediately preceding such Interest Payment Date. As used herein, "Interest Payment Date" means each February 1 and August 1, commencing \_\_\_\_\_ **[insert the first interest payment date set forth in Exhibit A to the Resolution, as appropriate]**. The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a Book Entry System at a Securities Depository for the Bonds, payments made to the Securities Depository, or its nominee, shall be made in accordance with arrangements between the Board and the securities depository.

Any payments required to be made hereunder on any day which is not a Business Day (as defined below) shall be made instead on the next succeeding Business Day and no interest shall accrue on such payments in the interim. A "Business Day" means any day other than a Saturday, Sunday, legal holiday or any other day on which banking institutions in New York, New York or Austin, Texas are authorized or obligated by law or executive order to close or a day on which the New York Stock Exchange is closed.

This Bond is one of series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$ \_\_\_\_\_,000 (herein referred to as the "Bonds"). The Bonds are being issued pursuant to the Resolution which authorized the issuance of bonds in one or more series, in an aggregate principal amount not to exceed \$308,575,000, for the purpose of [making additional student loans] [refunding the Refunded Bonds].<sup>3</sup>

This Bond shall not be valid or obligatory for any purpose unless it is registered by the Comptroller of Public Accounts of Texas by certificate affixed or attached hereto or authenticated by the Paying Agent/Registrar by due execution of the Authentication Certificate provided herein.

Reference is hereby made to the Resolution and the Paying Agent/Registrar Agreement, copies of which are on file with the Board and available upon request, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the Board, the Paying Agent/Registrar and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Resolution and the Paying Agent/Registrar Agreement.

### REDEMPTION PROVISIONS

[Insert redemption provisions from Exhibit A to the Resolution.]

**[PARTIAL REDEMPTION]**. If less than all of the Bonds are to be redeemed, the Board shall direct the Paying Agent/Registrar to call Bonds or portions thereof by lot or other random

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<sup>3</sup> Select and include appropriate bracketed language depending on whether the Series of Bonds is being issued to make student loans and/or refund the Refunded Bonds.

method for redemption. A portion of a single Bond of a denomination greater than an Authorized Denomination may be redeemed but only in a principal amount equal to an Authorized Denomination which will allow for the unredeemed portion thereof to remain in an Authorized Denomination. The Paying Agent/Registrar shall treat each minimum Authorized Denomination of such Bond as though it were a single Bond for purposes of selection for redemption.

**NOTICE OF REDEMPTION.** A written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. By the date fixed for any such redemption, due provision shall be made by the Board with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being Outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination or Denominations, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Board, all as provided in the Resolution.]<sup>4</sup>

## **GENERAL PROVISIONS**

As provided in the Resolution, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the designated office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity and of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The series of Bonds of which this is one shall be and is hereby made a general obligation of the State, pursuant to the Constitutional Provision and the Act, and for the faithful performance of all covenants, recitals and stipulations herein contained, and for the faithful performance in proper time and manner of each official or other act required and necessary to provide for the prompt payment of principal of and interest on this Bond when due, the funds on deposit in the Interest and Sinking Fund and the full faith and credit of the State are hereby pledged.

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<sup>4</sup> Include bracketed language only if Exhibit A to the Resolution provides for redemption of Bonds prior to maturity.

A continuing appropriation has been made by the Constitutional Provision, effective so long as any of the Bonds, and other bonds issued under the Constitutional Provision, or interest thereon, are outstanding and unpaid, from the first moneys coming into the State Treasury in each Fiscal Year, not otherwise appropriated by the Constitution, in an amount sufficient to pay the principal of and interest on the Bonds, and all other bonds issued under the Constitutional Provision, and due to be paid in such Fiscal Year. The principal of and interest on the Bonds are payable from such appropriated moneys and from such other moneys as are available to the Board for such purpose.

Subject to limitations now or hereafter contained in the Constitution and laws of the State, the Board reserves the right to issue Additional Bonds which will in all things be on a parity with the Bonds and other outstanding bonds heretofore issued pursuant to the Act and Article III, Sections 50b, 50b-1, 50b-2, 50b-3 (which Sections were repealed "to eliminate duplicative, executed, obsolete, archaic and ineffective constitutional provisions" pursuant to Section 55 of H.J.R. No. 62 approved by the voters of the State on November 2, 1999), and Article III, Sections 50b-4, 50b-5, 50b-6 and 50b-7 of the Texas Constitution.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond and the series of which it forms a part have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State and the Resolution, and that the series of Bonds of which this is a part does not exceed any constitutional or statutory limitation, and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part as such principal and interest become due by a continuing appropriation heretofore made by the Constitutional Provision and by a pledge of the credit of the State.

IN WITNESS WHEREOF, this Bond is executed with the lithographed or printed facsimile or manual signature of the [Chair][Vice Chair] of the Board, the lithographed or printed facsimile or manual signature of the Secretary of the Board, and the seal of the Board is lithographed, printed, manually impressed or placed in facsimile form hereon.

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Secretary,  
Texas Higher Education Coordinating Board

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[Chair][Vice Chair]  
Texas Higher Education Coordinating Board

[SEAL]

II.

Form of Comptroller's Registration Certificate

OFFICE OF THE COMPTROLLER §  
OF PUBLIC ACCOUNTS § REGISTER NO. \_\_\_\_\_  
OF THE STATE OF TEXAS §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the Texas Higher Education Coordinating Board and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

III.

Form of Authentication Certificate

[The following Authentication Certification may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.]

**CERTIFICATE OF PAYING AGENT/REGISTRAR**

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Resolution.

\_\_\_\_\_,  
\_\_\_\_\_, \_\_\_\_\_,  
as Paying Agent/Registrar

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

IV.

Assignment

**FOR VALUE RECEIVED**, the undersigned Registered Owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

\_\_\_\_\_  
/ \_\_\_\_\_ / \_\_\_\_\_  
(Assignee's Social Security or Taxpayer Identification Number) (print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature guarantee (pursuant to the Securities Transfer Association signature guarantee program).

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



## **EXHIBIT C**

### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Article XI of this Resolution.

#### **Annual Financial Statements and Operating Data**

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

1. All quantitative financial information and operating data with respect to the Board of the general type included in the Official Statement under Tables 2 through 5.