

**AMENDED AND RESTATED
INDENTURE OF TRUST**

By and Between

CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION

and

WELLS FARGO BANK, NATIONAL ASSOCIATION, AS TRUSTEE

Securing

**CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION
HIGHER EDUCATION REVENUE REFUNDING BONDS
(TRINITY UNIVERSITY PROJECT)
SERIES 2011**

and

**CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION
HIGHER EDUCATION REVENUE IMPROVEMENT BONDS
(TRINITY UNIVERSITY PROJECT)
SERIES 2013**

DATED AS OF ~~NOVEMBER~~DECEMBER 1, 2013

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AMENDED AND RESTATED INDENTURE OF TRUST

THIS AMENDED AND RESTATED INDENTURE OF TRUST, dated as of ~~November~~December 1, 2013, by and between the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION** (together with any successor to its duties and functions, herein referred to as the "*Issuer*"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association duly organized, existing, and authorized to accept and execute trusts of the character herein set forth (together with any co-trustee or successor to its duties and functions, herein referred to as the "*Trustee*"),

WITNESSETH THAT:

WHEREAS, this Indenture completely amends and restates the *Indenture of Trust*, dated as of June 1, 2011 by and between the Issuer and the Trustee (the "*Original Indenture*") that was originally entered into in connection with the issuance of the "*Series 2011 Bonds*" defined below which were issued by the Issuer at the request and for the benefit of Trinity University, a nonprofit corporation organized and existing under the laws of the State of Texas, being a private institution of higher education (the "*University*"), for the purpose of providing, at the request of the University, for the issuance of a series of "*Additional Bonds*" permitted under Section 7.01 of the Original Indenture which are defined herein as the "*Series 2013 Bonds*"; and

WHEREAS, the **CITY OF SAN ANTONIO, TEXAS** (the "*City*") created the Issuer in 1983 pursuant to Chapter 53, Texas Education Code, as amended (the "*Original Act*"); and

WHEREAS, in 2005, during the Regular Session of the 79th Texas Legislature, the Texas Legislature amended the Original Act and re-codified the provisions therein relating to financings for private schools into a new "Chapter 53A" of the Texas Education Code (known as the "*Higher Education Facility Authority for Private Schools Act*"); and

WHEREAS, Chapter 53A, Texas Education Code, is referred to herein as the "*Act*", and the Issuer is deemed to be operating and existing pursuant to the Act, particularly Section 53A.35(b) thereof; and

WHEREAS, the Issuer is a constituted authority and instrumentality (within the meaning of those terms in the Regulations of the Department of the Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986); and

WHEREAS, Section 53A.34 of the Act authorizes the Issuer to issue and execute revenue bonds or other obligations to loan or otherwise provide funds to an institution of higher education to enable an institution of higher education to acquire, construct, enlarge, extend, repair, renovate, or otherwise improve an "educational facility" or "housing facility" (as such terms are defined in the Act) or any facility incidental, subordinate, or related to or appropriate in connection with an educational facility or housing facility, or for acquiring land to be used for those purposes, or to create operating and debt service reserves for and to pay issuance costs related to the bonds or other obligations; and

WHEREAS, Section 53A.331 of the Act further authorizes the Issuer to refinance any educational facility or housing facility acquired, constructed, or improved; and

WHEREAS, Section 53A.35 further provides that the Issuer has all powers granted under the Texas Non-Profit Corporation Act for the purpose of aiding institutions of higher education in providing educational facilities and housing facilities and facilities incidental, subordinate, or related thereto or appropriate in connection therewith; and

WHEREAS, in furtherance of the purposes of the Act, the University requested the Issuer, and in 2011 the Issuer issued bonds pursuant to the Original Indenture, which are designated **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION HIGHER EDUCATION REVENUE REFUNDING BONDS (TRINITY UNIVERSITY PROJECT), SERIES 2011** (the "**Series 2011 Bonds**"), the proceeds of which were loaned to the University pursuant to the terms of a Loan Agreement, dated as of June 1, 2011, by and between the Issuer and the University (the "**Original Agreement**") to enable the University (i) to refinance a portion of the costs of the projects originally financed or refinanced with proceeds of the Issuer's "*Higher Education Variable Rate Demand Revenue Refunding and Improvement Bonds (Trinity University Project) Series 2002*" which were issued in the original the aggregate principal amount of \$32,000,000 (the "**Series 2002 Bonds**"), by refunding \$20,000,000 in principal amount of the outstanding Series 2002 Bonds, and (ii) to pay certain of the costs of issuing the Series 2011 Bonds; and

WHEREAS, the Series 2011 Bonds were issued under and pursuant to and are secured by the Original Indenture; and

WHEREAS, in accordance with Section 7.01 of the Original Indenture, and so long as the Original Agreement is in effect and no Event of Default is then existing under the Original Agreement, one or more series of "Additional Bonds" may be delivered by the Issuer pursuant to the Original Indenture for the purposes provided in the Original Agreement and/or for the purpose of refunding any Outstanding Bonds, and such Additional Bonds shall be on a parity with respect to the Trust Estate and shall be payable by the Issuer solely from the revenues and other amounts derived pursuant to the Original Agreement (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Additional Bonds or to income from the temporary investment thereof); and

WHEREAS, pursuant to Section 6.3 of the Original Agreement, the University is permitted to incur additional "Long Term Indebtedness" (as defined therein and herein, which includes, but is not limited to, Additional Bonds as permitted by the Original Indenture) if, prior to incurring such additional Long Term Indebtedness, the chief financial officer of the University provides the Issuer and the Trustee with a certificate (i) stating that for the Fiscal Year immediately preceding the incurring or assumption of Long Term Indebtedness, the University was in compliance with the requirements of the Original Agreement, and (ii) demonstrating and concluding that, based on the University's most recent audited financial statements, the University's Expendable Financial Resources (as defined herein) are greater than 50% of all outstanding Long Term Indebtedness (including the Long Term Indebtedness proposed to be incurred); and

WHEREAS, on September 18, 2010, the Board of Trustees of the University approved a resolution expressing the University's intention to reimburse itself for costs related to certain capital improvements including renovating, replacing, and furnishing existing science facilities, and purchasing and installing equipment related thereto, including but not limited to fume hoods and special laboratory equipment (the "**Reimbursement Resolution**"); and

WHEREAS, as contemplated by the Reimbursement Resolution, the University is in the process of constructing and equipping certain science facilities generally known as the Center for Science and Innovation (CSI) complex, which is expected to be completed in 2014, and is further described in Exhibit A-2 attached to the "Agreement" defined below (the "**Series 2013 Project**"); and

WHEREAS, on September 28, 2013, the Board of Trustees of the University adopted a resolution in which it found that it was appropriate and beneficial for the University to request the Issuer to issue up to \$75,000,000 in principal amount of fixed rate revenue bonds, the interest on which would be excludable from federal income taxation, the proceeds of which would be loaned to the University to be used to (i) pay costs to construct and equip the Series 2013 Project and reimburse the University for expenditures related to the Series 2013 Project which previously have been paid by the University, and (ii) pay costs of issuing the Bonds, and such Board of Trustees delegated to its Finance and Property Committee the authority to review and approve the financing documents and approve other details related thereto; and

WHEREAS, on October 10, 2013, the Finance and Property Committee of the University's Board of Trustees adopted a resolution in which it found that it was appropriate and beneficial for the University to request the Issuer to issue up to \$50,000,000 in principal amount of fixed rate revenue bonds having a maximum maturity not greater than 30 years from the date of issuance thereof; and

WHEREAS, the Board of Directors of the Issuer now deems it appropriate for the Issuer to assist the University with the financing of the Series 2013 Project by issuing a series of Additional Bonds as permitted by the Original Agreement and the Original Indenture, which shall be known as the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION HIGHER EDUCATION REVENUE IMPROVEMENT BONDS (TRINITY UNIVERSITY PROJECT), SERIES 2013** (the "**Series 2013 Bonds**"); and

WHEREAS, the Vice President for Finance and Administration of the University, who is the chief financial officer of the University, has provided the Issuer and the Trustee with the certificate required by Section 6.3 of the Original Agreement in connection with incurring additional Long Term Indebtedness that is represented by the issuance of the Series 2013 Bonds; and

WHEREAS, pursuant to Section 11.03 of the Original Indenture, the Issuer and the Trustee may, without the consent of or notice to any of the Bond owners, consent to any amendment, change, or modification of the Original Agreement as may be required by the provisions of the Original Agreement and the Original Indenture in connection with the issuance of Additional Bonds, or for the purpose of complying with the provisions of the Original Agreement; and

WHEREAS, the Issuer and the University have entered into an *Amended and Restated Loan Agreement*, dated as of ~~November~~December 1, 2013, (the "**Agreement**") (which amends and restates the Original Agreement), in order to (i) continue to provide for the loan from the Issuer to the University of the proceeds of the Series 2011 Bonds, (ii) provide for the loan from the Issuer to the University of the proceeds of the Series 2013 Bonds, and (iii) provide for the repayment of such loans by the University pursuant to Section 5.2 of the Agreement; and

WHEREAS, pursuant to Section 11.01 of the Original Indenture, the Issuer and the Trustee may, without the consent of or notice to any of the Bond owners, enter into an indenture or indentures supplemental to the Original Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the purposes provided in such Section, including in connection with the issuance of Additional Bonds; and

WHEREAS, the Series 2013 Bonds are to be issued under and pursuant to, and are secured by this Indenture, which constitutes an indenture supplemental to the Original Indenture as permitted by Section 11.01 of the Original Indenture and, as noted above, completely amends and restates the Original Indenture and provides for the issuance of the Series 2013 Bonds; and

WHEREAS, in compliance with Section 11.05 of the Original Indenture, prior to entering into the Agreement and this Indenture, which as noted above will completely amend and restate the Original Agreement and the Original Indenture, respectively, the Trustee must receive an opinion of Bond Counsel to the effect that such amendment, change, or modification will not cause the interest on any of the Bonds to become subject to federal income taxation and an opinion of counsel that such amendment, change, or modification is authorized by the Original Indenture and all conditions or consents required for the Trustee to enter into such amendment, change, or modification have been met; and

WHEREAS, prior to the issuance and delivery of the Series 2013 Bonds and this Indenture, Bond Counsel related to the issuance of the Series 2013 Bonds has provided the Trustee with the opinion required by Section 11.05 of the Original Indenture; and

WHEREAS, the Issuer and the University are entering into this Indenture (which amends and restates the Original Indenture) in order to (i) continue to provide for the issuance of, and security related to, the Series 2011 Bonds, and (ii) provide for the issuance or, and security related to the Series 2013 Bonds and any Additional Bonds issued in accordance with the provisions hereof; and

WHEREAS, all things necessary to make the Series 2011 Bonds and the Series 2013 Bonds, when issued, the valid, binding, and legal limited obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment of the amounts pledged to the payment of the Debt Service (as defined in the Agreement) have been done and performed, and the execution and delivery of this Indenture, and execution and issuance of the Series 2011 Bonds and the Series 2013 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER CONTAINED, THE PARTIES HERETO AGREE EACH WITH THE OTHER, AS FOLLOWS:

GRANTING CLAUSES

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trust hereby created and of the purchase and acceptance of the Bonds (hereinafter defined) by the owners thereof, and of the sum of one dollar, in lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the Debt Service according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants and obligations expressed or implied herein and in the Bonds, does hereby grant, alienate, bargain, sell, convey, transfer, collaterally assign, grant a security interest in, and pledge unto the Trustee (to the extent of its legal capacity to hold the same for the purposes hereof) and its successors in trust and assigns forever:

GRANTING CLAUSE FIRST

All right, title, and interest of the Issuer in the Agreement (except the Issuer's rights under Sections 6.10, 7.6 and 8.11 thereof), including all extensions and renewals of the term thereof, if any, thereto, and thereunder including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for Loan Payments (as hereinafter defined) and other sums of money payable or receivable thereunder, whether payable as Loan Payments thereunder or otherwise, any and all security heretofore or hereafter granted or held for the payment of Loan Payments, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things which the Issuer or any lender is or may become entitled to do under the Agreement, provided that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the provisions of the Agreement;

GRANTING CLAUSE SECOND

All right, title, and interest of the Issuer in and to the Notes (as defined in the Agreement);
and

GRANTING CLAUSE THIRD

All right, title, and interest of the Issuer in all moneys and securities from time to time held by the Trustee under the terms of this Indenture (except moneys held in the Rebate Fund, as herein defined);

TO HAVE AND TO HOLD all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, alienated, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining, and all amounts drawn thereunder (said properties and any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such

cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "Trust Estate") unto the Trustee and its successors and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and ratable benefit, security, and protection of all present and future owners of the Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise (except as herein expressly provided) of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successor, or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Debt Service Fund as required under Article IV hereof or shall provide, as permitted by Article VIII hereof, for the payment thereof, and shall well and truly keep, perform, and observe all of the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Trustee and all Paying Agents all sums of money due or to become due in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease and determine; otherwise this Indenture is to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered, and all said property, rights, and interests, including, without limitation, the amounts hereby assigned, are to be dealt with and disposed of, under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed, and that the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective owners, from time to time, of said Bonds, or any part thereof, as follows:

END OF RECITALS AND GRANTING CLAUSES

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINITIONS OF TERMS. Capitalized terms set forth in Sections 4.06 and 5.02 shall have the meanings given such terms by the Internal Revenue Code of 1986, as amended. Capitalized terms otherwise used in this Indenture not defined below shall have the meanings assigned to them in Section 1.1 of the Agreement whenever they are used in this Indenture, unless the context clearly otherwise requires. The following terms shall have the meanings assigned to them in this Article I whenever they are used in this Indenture:

"Bond Registrar" or "Registrar" - The Paying Agent acting as such pursuant to Section 2.05 of this Indenture.

"Bond Registration Books" - The bond registration books of the Issuer, kept by the Paying Agent, as Bond Registrar, for the registration of Bonds and for the registration of transfers of Bonds as provided in this Indenture.

"Default" and "Event of Default" - Any occurrence or event specified in Section 9.01 of this Indenture.

"Determination of Taxability" - Final Determination by the Internal Revenue Service or by a court of competent jurisdiction in the United States that, as a result of failure by the University to observe or perform any covenant, condition or agreement on its part to be observed or performed under the Agreement, the interest payable on any Series 2011 Bonds or Series 2013 Bond is includable in the gross income of the Registered Owner of such Series 2013 Bond (other than a Registered Owner who is a substantial user or related person of the Series 2011 Project or the Series 2013 Project within the meaning of the Code).

"DTC" - The Depository Trust Company acting as securities depository as set forth in Section 2.10 hereof.

"Event of Bankruptcy" - The filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against the University as debtor (provided that, in the event of a filing of an involuntary case in bankruptcy under the United States Bankruptcy Code or the commencement of a proceeding under any other applicable law concerning bankruptcy, insolvency or reorganization against the University, such petition or proceeding shall remain undismissed or unstayed for a period of sixty (60) days).

"Favorable Opinion of Bond Counsel" - The opinion of Bond Counsel addressed to the Issuer, the University and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the laws of the State and this Indenture and will not, in and of itself, adversely affect any exclusion of interest on the Series 2011 Bonds or the Series 2013 Bonds from gross income of the owners thereof for federal income tax purposes.

"Final Determination" - With respect to a private letter ruling or a technical advice memorandum of the Internal Revenue Service, written notice thereof in a proceeding in which the University had an opportunity to participate and otherwise means written notice of a determination from which no further right of appeal exists or from which no appeal is timely filed with any court of competent jurisdiction in the United States in a proceeding to which the University was a party or in which the University had the opportunity to participate.

"Financing Documents" - This Indenture, the Agreement and the Bonds.

"Interest Payment Date" - Any date on which an interest installment is due on the Bonds; specifically, with respect to the Series 2011 Bonds and the Series 2013 Bonds, the dates set forth in Section 2.01(a) and Section 2.01(b), respectively, of this Indenture.

"Maturity" - When used with respect to any Bond, the date on which the principal thereof becomes due and payable as therein and herein provided, whether at Stated Maturity, by optional redemption, mandatory redemption, declaration of acceleration or otherwise.

"Original Principal Amount" - The principal amount of a series of Bonds authorized to be issued by the Issuer pursuant to this Indenture.

"Permitted Investments" - The investments authorized to be made with amounts on deposit in the Construction Fund, Rebate Fund or Debt Service Fund pursuant to Section 5.01 hereof.

"Person" - Any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

"Trust Estate" - Has the meaning stated in the habendum to the Granting Clauses.

SECTION 1.02. CONSTRUCTION OF TERMS UTILIZED IN THIS INDENTURE. If appropriate in the context of this Indenture, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders. Any reference to a Section or provision of the Constitution of the State or the Act, or to a Section, provision or chapter of State law or to any statute of the United States of America, includes that Section, provision, chapter or statute as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding Section, provision, chapter or statute shall be applicable solely by reason of this provision if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Bondholders, the Trustee, or the University under this Indenture. References to FORM OF SERIES 2011 BOND shall refer to the form set forth in Exhibit A-1 hereto, and references to FORM OF SERIES 2013 BOND shall refer to the form set forth in Exhibit A-2 hereto. Unless otherwise specified herein, all references to specific times shall be deemed to refer to New York City time.

SECTION 1.03. INCORPORATION OF PREAMBLES INTO THIS INDENTURE. The preambles hereto are hereby incorporated into, and made a part of this Indenture for all purposes.

END OF ARTICLE I

ARTICLE II

AUTHORIZATION AND ISSUANCE OF THE BONDS

SECTION 2.01. AUTHORIZATION AND ISSUANCE OF THE SERIES 2011 BONDS AND THE SERIES 2013 BONDS.

(a) *Authorization and Issuance of the Series 2011 Bonds.* The Series 2011 Bonds are hereby authorized to be issued in the aggregate principal amount of **\$20,035,000** for the purpose of providing funds to be loaned by the Issuer to the University to provide funds to refund \$20,000,000 in principal amount of the Outstanding Series 2002 Bonds and to pay costs of issuance of the Series 2011 Bonds. The Series 2011 Bonds shall bear interest calculated on the basis of a 360-day year of twelve 30-day months from the date of initial delivery of the Series 2011 Bonds until payment of the principal amount thereof at maturity or prior redemption at the rate or rates shown below.

The Series 2011 Bonds shall be dated as of June 1, 2011. Interest on the Series 2011 Bonds shall be paid on December 1, 2011, and on each June 1 and December 1 thereafter until maturity or prior redemption.

Principal of the Series 2011 Bonds shall be payable on **June 1** of each of the years (subject to the provisions of prepayment or redemption hereinafter set forth), in the principal amounts and bearing interest at the rates per annum as follows:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>
2013	625,000	3.000	2022	885,000	4.000
2014	645,000	3.500	2023	920,000	4.000
2015	670,000	4.000	2024	960,000	4.000
2016	695,000	3.000	2025	1,000,000	4.000
2017	720,000	5.000	2026	1,040,000	4.000
2018	750,000	3.000	2027	1,085,000	4.125
2019	780,000	4.000	2028	1,130,000	4.250
2020	815,000	5.000	***	***	***
2021	850,000	4.000	2033	6,465,000	4.500

If any Series 2011 Bond is not paid upon the surrender thereof at the maturity or redemption date thereof because sufficient moneys (or Defeasance Obligations, the principal of and interest on which will provide sufficient moneys at the times required) are not then held by the Trustee for payment of such Series 2011 Bonds, such Series 2011 Bond shall continue to bear interest until paid at the interest rate borne thereby.

Each Series 2011 Bond shall bear interest from the latest Interest Payment Date preceding the date of authentication to which interest on such Series 2011 Bond has been paid or duly provided for, unless such date of authentication shall be an Interest Payment Date on which interest on such Series 2011 Bonds is being paid, in which case it shall bear interest from such date of authentication, provided that Series 2011 Bonds authenticated prior to the first Interest Payment Date shall bear interest from the date of such Series 2011 Bonds.

(b) Authorization and Issuance of the Series 2013 Bonds. The Series 2013 Bonds are hereby authorized to be issued in the aggregate principal amount of \$_____ for the purpose of providing funds to be loaned by the Issuer to the University to provide funds to finance the cost of certain educational and housing facilities and facilities incidental, subordinate, or related thereto or appropriate in connection therewith for the University on its campus located in the City and to pay costs of issuance of the Series 2013 Bonds. The Series 2013 Bonds shall bear interest calculated on the basis of a 360-day year of twelve 30-day months from the date of initial delivery of the Series 2013 Bonds until payment of the principal amount thereof at maturity or prior redemption at the rate or rates shown below.

The Series 2013 Bonds shall be dated as of ~~November~~December 1, 2013. Interest on the Series 2013 Bonds shall be paid on June 1, 2014, and on each June 1 and December 1 thereafter until maturity or prior redemption.

Principal of the Series 2013 Bonds shall be payable on **June 1** of each of the years (subject to the provisions of prepayment or redemption hereinafter set forth), in the principal amounts and bearing interest at the rates per annum as follows:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>
2014			2024		
2015			2025		
2016			2026		
2017			2027		
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023			2033		

If any Series 2013 Bond is not paid upon the surrender thereof at the maturity or redemption date thereof because sufficient moneys (or Defeasance Obligations, the principal of and interest on

which will provide sufficient moneys at the times required) are not then held by the Trustee for payment of such Series 2013 Bonds, such Series 2013 Bond shall continue to bear interest until paid at the interest rate borne thereby.

Each Series 2013 Bond shall bear interest from the latest Interest Payment Date preceding the date of authentication to which interest on such Series 2013 Bond has been paid or duly provided for, unless such date of authentication shall be an Interest Payment Date on which interest on such Series 2013 Bonds is being paid, in which case it shall bear interest from such date of authentication, provided that Series 2013 Bonds authenticated prior to the first Interest Payment Date shall bear interest from the date of such Series 2013 Bonds.

SECTION 2.02. FORM AND DENOMINATIONS OF SERIES 2011 BONDS AND SERIES 2013 BONDS; EXECUTION. (a) *Forms of Series 2011 Bonds and Series 2013 Bonds.* The Series 2011 Bonds and Series 2013 Bonds are issuable as fully registered bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. All Series 2011 Bonds and Series 2013 Bonds shall be issued as fully registered bonds, in substantially the form set forth in the FORM OF SERIES 2011 BONDS and FORM OF SERIES 2013 BOND set forth in *Exhibit A-1* and *Exhibit A-2* hereof, respectively, with such appropriate variations, omissions, and insertions as are permitted or required by this Indenture, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. Series 2011 Bonds and Series 2013 Bonds shall be numbered consecutively upward from R-1.

(b) *Execution.* The Series 2011 Bonds and Series 2013 Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of the President or Vice President of the Issuer, and shall have impressed or imprinted thereon the official corporate seal of the Issuer or a facsimile thereof and shall be attested with the manual or facsimile signature of the Secretary or Assistant Secretary of the Issuer. All authorized facsimile signatures shall have the same force and effect as manual signatures. In case any officer of the Issuer whose signature or a facsimile of whose signature shall appear on the Series 2011 Bonds and Series 2013 Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, as if such officer had remained in office until delivery.

SECTION 2.03. BONDS AS LIMITED OBLIGATIONS OF ISSUER. The Bonds are not and shall never in any event become general obligations of the Issuer but are special and limited obligations payable by the Issuer solely from the Loan Payments (except to the extent paid out of moneys attributable to the proceeds derived from the sale of a series of Bonds or income from the temporary investment thereof), which amounts, together with any other security provided herein, are hereby specifically assigned and pledged to such purposes in the manner and to the extent provided herein. The Bonds and the interest thereon shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, or any political corporation, subdivision, or agency of the State.

Loan Payments made pursuant to the Agreement by the University are to be made directly to the Trustee for the account of the Issuer and deposited in the Debt Service Fund. Such payments shall be made at such times and in such amounts so as to insure, and are assigned to secure, the prompt payment, when due, of the Debt Service. In addition, in the Agreement the University covenants to make payments at such times and in such amounts so as to insure the prompt payment, when due, on Bonds tendered for purchase.

All covenants, promises, agreements, duties and obligations of the Issuer set forth in the Financing Documents shall be solely the covenants, promises, agreements, duties and obligations of the Issuer and shall not be deemed to be, or be, the covenants, promises, agreements, duties or obligations of any member, officer, employee or agent of the Issuer or the State in his or her individual capacity, and no recourse shall be had for the payment of the principal of, or interest on the Bonds or any other amount payable hereunder or in connection herewith, or for any claim based hereon or on the Bonds or the Agreement, against any such member, officer, employee or agent in his or her individual capacity.

SECTION 2.04. CONDITIONS PRECEDENT TO THE DELIVERY OF SERIES 2011 BONDS AND SERIES 2013 BONDS; AUTHENTICATION BY THE TRUSTEE. The Issuer shall execute and deliver to the Trustee and the Trustee shall authenticate the Series 2011 Bonds and Series 2013 Bonds as provided hereinafter in this Section.

Prior to and as a condition precedent to the delivery of the Series 2011 Bonds and Series 2013 Bonds, there shall be filed with the Trustee:

- (a) A copy, duly certified by the Secretary of the Issuer, of the respective Resolution authorizing the execution and delivery of the Agreement, this Indenture, and the issuance of the such series of Bonds.
- (b) A copy, duly certified by an authorized officer or official of the University, of the resolution of the Board of Trustees of the University authorizing the execution and delivery of the Agreement and the Note related to such series of Bonds.
- (c) An original executed counterpart of the Agreement, this Indenture and the sole original counterpart of the Note related to such series of Bonds, endorsed to the order of the Trustee.
- (d) A written authorization to the Trustee on behalf of the Issuer to authenticate, if necessary, and deliver such series of Bonds to the purchasers therein identified upon payment to the Trustee for the account of the Issuer of the sum specified in such written authorization; and such written authorization shall direct the Trustee as to the disposition of the proceeds of such series of Bonds.
- (e) Such opinions of counsel and officer's certificates as are reasonably requested by counsel to the Trustee regarding the existence and good standing of the Issuer and the University, the authorization, validity, and enforceability of such series of Bonds, the

Indenture, the Agreement and the Note, and other matters regarding the issuance and sale of such series of Bonds.

No Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until either (i) with respect to the initial Bonds which are delivered to the purchaser thereof, such initial Bonds are registered by the Comptroller of Public Accounts of the State or (ii) with respect to the Bonds other than the initial Bonds which are delivered to the purchaser thereof, a certificate of authentication on such Bonds substantially in the set forth in form of Bond attached to this Indenture related to such series of Bonds shall have been fully executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee need not execute the certificate of authentication appearing on the Bonds if the Comptroller's Registration Certificate is executed by the Comptroller of Public Accounts of the State or a designated agent thereof. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if manually signed by an authorized officer or signatory of the Trustee (which shall permit the Trustee to appoint one or more authenticating agents from time to time), but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued.

SECTION 2.05. REGISTRATION, TRANSFER AND EXCHANGE.

(a) The ownership of each Bond shall be recorded in the registration books of the Issuer, which books shall be kept by the Paying Agent, acting as Bond Registrar, at its designated corporate trust office, and shall contain such information as is necessary for the proper discharge of the duties of the Trustee and the Paying Agent hereunder. A copy of the registration books shall be kept at the offices of the Issuer.

(b) Bonds may be transferred or exchanged as follows:

(i) Any Bond may be transferred if endorsed for such transfer by the Registered Owner thereof and surrendered by such Registered Owner or his duly appointed attorney to the Paying Agent, whereupon the Paying Agent shall authenticate and deliver to the transferee a new Bond or Bonds and in the same denominations as the Bond surrendered for transfer or in different authorized denominations equal in the aggregate to the principal amount of the surrendered Bond.

(ii) Any Bond or Bonds may be exchanged for one or more Bonds and in the same principal amount, but in a different authorized denomination or denominations. Each Bond so to be exchanged shall be surrendered by the Registered Owner or the duly appointed attorney thereof to the Paying Agent, whereupon a new Bond or Bonds shall be authenticated and delivered to the Registered Owner.

(iii) In the case of any Bond properly surrendered for partial redemption, the Paying Agent shall authenticate and deliver a new Bond in exchange therefor, such new Bond to be in a denomination equal to the unredeemed principal amount of the surrendered

Bond without cost to the Owner; provided that, at its option, the Paying Agent may certify the amount and date of partial redemption upon the partial redemption certificate, if any, printed on the surrendered Bond and return such surrendered Bond to the Registered Owner in lieu of an exchange.

(iv) No additional resolutions need be adopted by the Board or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent shall provide for the completion, authentication, and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent, and, upon the execution of said certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Indenture.

Except as provided in subparagraph (iii) above, the Paying Agent shall not be required to effect any transfer or exchange during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or at any time following the mailing of any such notice in the case of Bonds selected for such redemption. No charge shall be imposed upon Registered Owners in connection with any transfer or exchange, except for taxes or governmental charges related thereto. No transfers or exchanges shall be valid for any purposes hereunder except as provided above.

SECTION 2.06. MUTILATED, DESTROYED, LOST OR STOLEN BONDS.

(a) If any Bond is mutilated, lost, stolen or destroyed, the Registered Owner thereof shall be entitled to the issuance of a substitute Bond provided that:

(i) in all cases, the Registered Owner must provide indemnity to the Issuer, the University, the Trustee and the Paying Agent satisfactory to each such party to be indemnified against any and all claims arising out of or otherwise related to the issuance of substitute Bonds pursuant to this Section;

(ii) in the case of a mutilated Bond the Registered Owner shall surrender the Bond to the Paying Agent for cancellation; and

(iii) in the case of a lost, stolen or destroyed Bond, the Registered Owner shall provide evidence, satisfactory to the Paying Agent, of the ownership and the loss, theft or destruction of the affected Bond.

Upon compliance with the foregoing, a new Bond of like tenor and denomination, executed by the Issuer, shall be authenticated by the Paying Agent and delivered to the Registered Owner, all at the expense of the Registered Owner to whom the substitute Bond is delivered. Notwithstanding the foregoing, the Paying Agent shall not be required to authenticate and deliver any substitute for a Bond which has been called for redemption or which has matured or is about to mature and, in any

such case, the principal or Redemption Price then due or becoming due shall be paid by the Paying Agent in accordance with the terms of the mutilated, lost, stolen or destroyed Bond without substitution therefor.

(b) Every Bond issued pursuant to this Section shall constitute an additional contractual obligation of the Issuer, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

(c) All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, unless expressly inconsistent with any law or statute existing or hereafter enacted with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

SECTION 2.07. PAYMENTS OF PRINCIPAL, REDEMPTION PRICE AND INTEREST; PERSONS ENTITLED THERETO; REPORTING REPORTABLE PAYMENTS. The principal or Redemption Price of each Bond shall be payable in lawful money of the United States of America upon surrender of such Bond to the Paying Agent. The principal or Redemption Price of the Bonds shall be payable in immediately available funds. Such payments shall be made to the Registered Owner of the Bond so surrendered, as shown on the registration books maintained by the Paying Agent on the date of payment. To the extent required by the Internal Revenue Code of 1986 and the regulations promulgated thereunder, the Trustee shall report to the Registered Owners of the Bonds and the Internal Revenue Service (i) the amount of "reportable payments", if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Bonds, and (ii) the amount of interest or amount treated as interest on the Bonds and required to be included in gross income of the Registered Owner thereof.

SECTION 2.08. CANCELLATION AND DESTRUCTION OF SURRENDERED BONDS. The Paying Agent shall cancel and destroy (a) all Bonds surrendered for transfer or exchange, for payment at maturity or for redemption (unless the surrendered Bond is to be partially redeemed and the Paying Agent elects to return the Bond, certified as to the partial redemption, to the Registered Owner thereof pursuant to subsection 2.05(b)(iii)), and (b) all Bonds purchased at the direction of the University and surrendered to the Paying Agent for cancellation.

SECTION 2.09. ACTS OF REGISTERED OWNERS; EVIDENCE OF OWNERSHIP. Any action to be taken by Registered Owners may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Registered Owners in person or by an agent appointed in writing. The fact and date of the execution by any Person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution. Any action by the Registered Owner of any Bond shall bind all future Registered Owners of the same Bond in respect of anything done or suffered by the Issuer, the Trustee or the Paying Agent in pursuance thereof.

SECTION 2.10. BOOK ENTRY ONLY SYSTEM. The Series 2011 Bonds were initially issued in the name of and delivered to *Merrill Lynch, Pierce, Fenner & Smith Incorporated*, and the Series 2013 Bonds shall be initially issued in the name of and delivered to *J.P. Morgan Securities LLC, as representative of the underwriters of the Series 2013 Bonds.* Upon cancellation of the Series 2011 Bonds and Series 2013 Bonds initially issued hereunder, definitive Series 2011 Bonds were issued, and definitive Series 2013 Bonds shall be issued, in the name of Cede & Co., as nominee for DTC, as registered owner of the Series 2011 Bonds and Series 2013 Bonds, and held in the custody of DTC. The Issuer acknowledges that it has executed and delivered a Blanket Letter of Representations with DTC, and that the terms and provisions of said Blanket Letter of Representations shall govern in the event of any inconsistency between the provisions of this Indenture and said Blanket Letter of Representations. A single Series 2011 Bond certificate was issued and delivered to DTC, and a single Series 2013 Bond certificate shall be issued and delivered to DTC. The owners of beneficial interest in the Series 2011 Bonds and Series 2013 Bonds, as appropriate (the "**Beneficial Owners**") will not receive physical delivery of Bond certificates except as provided herein. For so long as DTC shall continue to serve as securities depository for the Series 2011 Bonds and Series 2013 Bonds as provided herein, all transfers of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2011 Bonds or Series 2013 Bonds is to receive, hold or deliver any Series 2011 Bond certificate or Series 2013 Bond certificate. The Issuer, the Trustee, the University, and the Paying Agent shall have no responsibility or liability for transfers of beneficial ownership interest in the Series 2011 Bonds or Series 2013 Bonds.

For every transfer and exchange of the Series 2011 Bonds and Series 2013 Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee or other governmental charge that may be imposed in relation thereto.

Series 2011 Bond certificates and Series 2013 Bond certificates are required to be delivered to and registered in the name of the Beneficial Owner, under the following circumstances:

(a) DTC determines to discontinue providing its service with respect to the Series 2011 Bonds or Series 2013 Bonds. Such a determination may be made at any time by giving 30 days' notice to the Issuer, the University, the Paying Agent and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(b) The University determines that continuation of the system of book-entry transfer through DTC (or a successor securities depository) is not in the best interest of the University.

In the event that Series 2011 Bond certificates or Series 2013 Bond certificates are required to be issued to Beneficial Owners, the Trustee, the Paying Agent, the University, and the Issuer shall be fully protected in relying upon a certificate of DTC or any DTC participant as to the identity of and the principal amount of Series 2011 Bonds or Series 2013 Bonds held by such Beneficial Owners. In the event that Series 2011 Bond certificates or Series 2013 Bond certificates are required to be issued to Beneficial Owners, the University shall pay for printing such certificates,

and for the Paying Agent's increased fees relating to its increased duties as Paying Agent and as registrar.

The Issuer, the University, the Paying Agent and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting.

With respect to Series 2011 Bonds or Series 2013 Bonds registered in the name of DTC or its nominee, the Issuer, the Paying Agent and the Trustee shall be entitled to treat the person in whose name any Series 2011 Bond or Series 2013 Bond is registered in the registration books as the absolute owner of such Bond for all purposes of this Indenture, and neither the Issuer, the University, the Paying Agent nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of DTC, its nominee, or any other person with respect to any ownership interest in such Bonds, (b) the delivery to any person, other than an Owner as shown on the registration books, of any notice with respect to the Series 2011 Bonds or Series 2013 Bonds, including any notice of redemption or refunding, (c) the selection of the particular Bonds or portions thereof to be redeemed in the event of a partial redemption or refunding of part of such Bonds outstanding or (d) the payment to any person, other than an owner as shown in the Register, of any amount with respect to the principal of, redemption premium, if any, or interest on such Bonds.

Notwithstanding any other provision of this Indenture to the contrary, so long as DTC is acting in such capacity with respect to the Series 2011 Bonds or Series 2013 Bonds, interest on the Series 2011 Bonds and Series 2013 Bonds and all notice with respect to such Bonds, including any notices of redemption or refunding of all or part of such Bonds, shall be made and given, respectively, at the times, in the manner and in accordance with the DTC Letter of Representations.

Whenever during the term of the Series 2011 Bonds and Series 2013 Bonds the beneficial ownership thereof is determined by a book entry at DTC, the requirements of this Indenture of holding, delivering or transferring Series 2011 Bonds and Series 2013 Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time DTC ceases to hold the Series 2011 Bonds and Series 2013 Bonds, all references hereto to DTC shall be of no further force or effect.

END OF ARTICLE II

ARTICLE III

GENERAL PROVISIONS

SECTION 3.01. AUTHORIZATION FOR THIS INDENTURE; THIS INDENTURE TO CONSTITUTE A CONTRACT. This Indenture is entered into pursuant to the Act. In consideration of the purchase and acceptance of a series of Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the Issuer with the owners of such Bonds, and shall be deemed to be and shall constitute a contract between the Issuer, the Trustee, and the owners from time to time of the Bonds, and such provisions are covenants and agreements with such owners which the Issuer hereby determines to be necessary and desirable for the security and payment thereof.

SECTION 3.02. PAYMENT OF DEBT SERVICE. The Issuer covenants that it will duly and punctually pay or cause to be paid the Debt Service on every Bond issued under this Indenture at the place, on the dates, and in the manner provided herein and in the Bonds according to the tenor thereof, but solely and only from the payments, revenues, and receipts specifically assigned herein for such purposes.

SECTION 3.03. PERFORMANCE OF COVENANTS; THE ISSUER. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions required to be performed by it and contained in this Indenture, in any and every Bond executed and delivered hereunder, and in all of its proceedings pertaining hereto. The Issuer covenants that it is duly authorized under the laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to collaterally assign its rights under the Agreement, and to collaterally assign the Loan Payments and other amounts, rights, titles and interests under the Agreement hereby assigned in the manner and to the extent herein set forth; that all actions on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof and hereof.

SECTION 3.04. INSTRUMENTS OF FURTHER ASSURANCE. The Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the more effectual assignment unto the Trustee of all the Loan Payments, and all other payments, revenues, and other amounts payable under the Agreement and included in the Trust Estate, and any other income and other moneys assigned hereby to the payment of the Debt Service. The Issuer further covenants that it will not create or suffer to be created any lien, encumbrance, or charge upon the Trust Estate (or any portion thereof) or any other income therefrom except the lien and charge secured hereby.

SECTION 3.05. RECORDATION. The Issuer covenants that it will take and perform all necessary action to the end that the Agreement, this Indenture, or any financing statements and all supplements thereto, and other instruments as may be required from time to time to be kept, will be

recorded and filed in such manner and in such places as may from time to time be required by law in order fully to preserve and protect the security of the owners of the Bonds and the rights of the Trustee hereunder.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate granted hereunder, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while any Bonds are outstanding and unpaid such that the pledge of the Trust Estate granted hereunder is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur. This Indenture constitutes a "security agreement", as such term is defined in Chapter 1208, Texas Government Code.

SECTION 3.06. RIGHTS UNDER THE AGREEMENT. The Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Issuer and the University. Reference is hereby made to the Agreement for a detailed statement of said covenants and obligations. The Issuer agrees that the Trustee in its name or, to the extent permitted by law, in the name of the Issuer, may enforce all rights of the Issuer and all obligations of the University under and pursuant to the Agreement, with the exception of Sections 6.10, 7.6 and 8.11 thereof, for and on behalf of the Bond owners, whether or not the Issuer is in default hereunder.

SECTION 3.07. GENERAL COMPLIANCE WITH ALL DUTIES. The Issuer shall faithfully and punctually perform all duties with reference to the issuance of the Bonds required by the laws of the State, and by the terms and provisions of this Indenture.

SECTION 3.08. DESIGNATION OF ANY ADDITIONAL PAYING AGENTS. The Issuer may cause, with the consent of the University, the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of additional Paying Agents satisfactory to the Issuer and the Trustee and for providing for the payment of such of the Bonds as shall be presented when due at the principal office of the Trustee, or its successor in trust hereunder, or at the office of said additional Paying Agents, as further provided for in Article X hereof. All such funds held by said additional Paying Agents shall be held by each of them in trust and shall constitute a part of the Trust Estate and shall be subject to the security interest created hereby.

SECTION 3.09. CORPORATE EXISTENCE OF THE ISSUER. The Issuer covenants that so long as any Bonds are Outstanding it will at all times maintain its corporate existence and will duly procure any necessary renewals and extensions thereof; will use its best efforts to maintain, preserve, and renew all the rights, powers, privileges, and franchises owned by it; and will comply with all valid acts, rules, regulations, and orders of any legislative, executive, judicial, or administrative body applicable to the Issuer in connection with the Projects and the Bonds.

END OF ARTICLE III

ARTICLE IV

FUNDS AND ACCOUNTS

SECTION 4.01. ESTABLISHMENT OF FUNDS. The Issuer hereby establishes with the Trustee the Construction Fund, the Debt Service Fund and the Rebate Fund. Within the Construction Fund there shall be established the Series 2011 Account and the Series 2013 Account. The Debt Service Fund shall be in the custody of and held in trust by the Trustee but shall be held in the name of the Issuer. The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Fund to pay the Debt Service as the same becomes due and payable and to make said funds so withdrawn available to any Paying Agent for the purpose of paying said Debt Service, which authorization and direction the Trustee hereby accepts.

SECTION 4.02. SOURCE OF PAYMENT OF THE BONDS. The Bonds herein authorized and all payments by the Issuer hereunder are not and shall never become general obligations of the Issuer, but are special and limited obligations payable solely from revenues, receipts and interests in property, if any, pledged by the University as security for its obligation to make Loan Payments under the Agreement and as authorized by the Act and provided herein.

Loan Payments made pursuant to the Agreement by the University are to be made directly to the Trustee for the account of the Issuer and deposited in the Debt Service Fund. Such payments shall be made at such times and in such amounts so as to insure, and are assigned to secure, the prompt payment, when due, of the Debt Service.

No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any officer, director, agent or employee of the Issuer in his or her individual capacity and neither the members of the Board of Directors of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability, by reason of the issuance thereof.

SECTION 4.03. DISPOSITION OF PROCEEDS OF SALE OF BONDS.

(a) *Series 2011 Bonds.* The proceeds of the sale of the Series 2011 Bonds (i.e. **\$20,243,576.41**, which amount was equal to the principal amount of the Series 2011 Bonds, plus net original issue premium of \$281,444.40, and less Underwriter's discount of \$72,867.99) was applied by the Trustee as follows:

(a) all accrued interest on the Series 2011 Bonds, if any, was deposited into the Debt Service Fund;

(b) **\$20,000,000** (which amount was equal to the principal amount of the Series 2002 Refunded Bonds described in the Original Indenture) was transferred to the Trustee for the Series 2002 Bonds (for further deposit to the Redemption Fund established by the Series 2002 Indenture as described in the Original Indenture), which amount, together with funds contributed by the University to pay accrued interest from June 1, 2011 to the date of

redemption of the Series 2002 Refunded Bonds, was used to defease and refund the Series 2002 Refunded Bonds; and

(c) the remainder was deposited into the Series 2011 Account of the Construction Fund and used to pay costs of issuance of the Series 2011 Bonds.

(b) Series 2013 Bonds. The proceeds of the sale of the Series 2013 Bonds (i.e. \$_____, which amount is equal to the principal amount of the Series 2013 Bonds, plus/less net original issue premium/discount of \$_____, and less Underwriter's underwriters' discount of \$_____) shall be applied by the Trustee as follows:

(a) all accrued interest on the Series 2013 Bonds, if any, shall be deposited into the Debt Service Fund;

(b) the remainder shall be deposited into the Series 2013 Account of the Construction Fund and used to pay Project Costs, including costs of issuance of the Series 2013 Bonds.

SECTION 4.04. DEBT SERVICE FUND. Except as otherwise expressly provided in this Indenture, moneys in the Debt Service Fund shall be used solely for the purposes and in the order of priority as follows:

- (a) first, for payment of Debt Service;
- (b) second, for payment of the Redemption Price in connection with mandatory sinking fund redemption;
- (c) third, to transfer to the Rebate Fund amounts required by Section 4.07;
- (d) fourth, for payment of the reasonable and necessary fees and expenses to which the Trustee, Registrar, any Paying Agent, or the Issuer is entitled pursuant to this Indenture or the Agreement;
- (e) fifth, for payment of the Redemption Price upon an optional call for redemption pursuant to this Indenture; and
- (f) sixth, for the purchase of Outstanding Bonds.

If the University shall have deposited moneys or Defeasance Obligations in the Debt Service Fund in an amount sufficient, or which together with other moneys available therefor under any terms of the Indenture are sufficient, to redeem all or part of the principal amount of the Bonds, the Issuer, at the written request of the University, shall forthwith take all steps necessary under the applicable redemption provisions to effect the redemption of not less than the principal amount of the Bonds requested by the University, and for which sufficient moneys or Defeasance Obligations shall have been so deposited or made available, on a redemption date selected by the University. Any moneys

in the Debt Service Fund may be used, on the written direction of the University, to redeem a part of the Bonds outstanding and then redeemable or, at the written direction of the University, to make purchases of the Bonds for purposes of cancellation, so long as the University is not in default with respect to any payments to be made under Section 5.2 of the Agreement and to the extent said moneys are in excess of the amount required for payment of the Bonds theretofore matured or called for redemption and interest accrued and payable in respect of Outstanding Bonds.

SECTION 4.05. RETURN OF MONEYS FROM NON-PRESENTMENT OF BONDS. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, at the date fixed for redemption thereof, or otherwise is not thereafter presented for payment, or is not delivered for purchase on the purchase date, any funds which shall be held for such purchase by the Trustee or the Paying Agent and which remain unclaimed by the Owner of the Bond not presented for payment for a period of two (2) years after such due date thereof, shall, upon request in writing by the University, and subject to applicable unclaimed property or similar law of the State, including Title 6, Texas Property Code, be paid to the University as an overpayment of the Loan Payments under the Agreement free of any trust or lien and thereafter the Registered Owner of such Bond shall look only to the University for payment without any interest thereon, and neither the Trustee nor the Paying Agent shall have any further responsibility with respect to such moneys. In the event any funds are paid to the University under the preceding sentence, the Trustee or the Paying Agent shall at the time of payment to the University of such funds also notify the University of the numbers of the Bonds that have not been presented for payment and the names of the Owners thereof. In addition, if at any time after there are no longer any Bonds Outstanding the Trustee determines that the amounts on deposit in the Funds and accounts created under this Indenture are in excess of the amounts necessary to pay any obligations hereunder, the Trustee shall pay such excess to the University as an overpayment of Loan Payments under the Agreement free of any trust or lien.

SECTION 4.06. CONSTRUCTION FUND.

(a) Series 2011 Bonds. The proceeds of the sale of the Series 2011 Bonds in the amount directed by an Issuer Representative in Section 3.3 of the Original Agreement (and substantially restated in Section 3.4 of the Agreement) were deposited by the Trustee in the Series 2011 Account of the Construction Fund and used to pay costs of issuance of the Series 2011 Bonds. Any amounts remaining in the Construction Fund 90 days after the issuance and delivery of the Series 2011 Bonds shall be used by the Trustee as provided in Section 3.3 of the Original Agreement (and substantially restated in Section 3.4 of the Agreement).

(b) Series 2013 Bonds. The proceeds of the sale of the Series 2013 Bonds, except accrued interest thereon, if any, shall be deposited by the Trustee in the Series 2013 Account of the Construction Fund and shall be used to pay Project Costs as provided in Section 3.5 of the Agreement. Any amounts remaining in the Construction Fund after the University delivers to the Trustee a certificate declaring that the Project has been completed shall be used by the Trustee as provided in Section 3.5(b) of the Agreement.

SECTION 4.07. COVENANTS REGARDING REBATE.

(a) A special Rebate Fund is hereby established by the Issuer. The Rebate Fund shall be for the sole benefit of the United States and shall not be subject to the claim of any other person, including without limitation the Bondholders. The Rebate Fund is established for the purpose of complying with Section 148 of the Code and the Treasury Regulations promulgated pursuant thereto. The money deposited in the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this section. The Trustee has no obligation to review, require or make inquiries to the completion of the calculations regarding any monies payable under the Rebate Fund, and any rebates due to the United States are the sole responsibility of the University. The Rebate Fund is not a portion of the Trust Estate and is not subject to the lien of this Indenture. Notwithstanding the foregoing, the Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

(b) Within ten days after the close of each "Bond Year", the Trustee shall receive from the University a computation in the form of a certificate of a University Representative of the amount of "Excess Earnings", if any, for the period beginning on the date of delivery of the Series 2011 Bonds and the Series 2013 Bonds, respectively, and ending at the close of such Bond Year and the University shall pay to the Trustee for deposit into the Rebate Fund an amount equal to the difference, if any, between the amount then in the Rebate Fund and the Excess Earnings so computed. The term "Bond Year" means with respect to the Series 2011 Bonds and the Series 2013 Bonds each one-year period ending on the anniversary of the respective Closing Date for such series of Bonds or such other period as may be elected by the Issuer in accordance with the Regulations and notice of which election has been given to the Trustee. If, at the close of any Bond Year, the University certifies to the Trustee that the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States under paragraph (d) below if the Series 2011 Bonds or Series 2013 Bonds had been paid in full, such excess shall be transferred from the Rebate Fund and paid to the University upon the University's written request, and the University shall use for such purposes for which, or to be redeposited to such fund from which, such amounts were originally derived.

(c) In general, "Excess Earnings" for any period of time means the sum of

(i) the excess of --

(A) the aggregate amount earned during such period of time on all "Nonpurpose Investments" (including gains on the disposition of such obligations) in which "Gross Proceeds" of the issue are invested (other than amounts attributable to an excess described in this subparagraph (c)(i)), over

(B) the amount that would have been earned during such period of time if the "Yield" on such Nonpurpose Investments (other than amounts attributable to an excess described in this subparagraph (c)(i)) had been equal to the yield on the issue, plus

(ii) any income during such period of time attributable to the excess described in subparagraph (c)(i) above.

The terms Nonpurpose Investments, Gross Proceeds, and Yield shall have the meanings given to such terms in Section 148 of the Code and the Regulations promulgated pursuant to such section.

(d) The Trustee shall pay to the United States at least once every five years, to the extent that funds are available in the Rebate Fund or otherwise provided by the University, an amount that ensures that at least 90 percent of the Excess Earnings from the date of delivery of the Series 2011 Bonds and the Series 2013 Bonds, respectively, to the close of the period for which the payment is being made will have been paid. The Trustee shall pay to the United States not later than sixty (60) days after the Series 2011 Bonds or the Series 2013 Bonds have been paid in full to the extent that funds are available in the Rebate Fund or otherwise provided by the University, 100 percent of the amount then required to be paid under Section 148(f) of the Code as a result of Excess Earnings, unless the Series 2011 Bonds or the Series 2013 Bonds qualify for the exception to rebate set forth in Section 148(f)(4)(B) of the Code or the Regulations thereunder.

(e) The amounts to be computed, paid, deposited or disbursed under this section shall be determined by the University acting on behalf of the Issuer within ten (10) days after each Bond Year after the date of issuance of the Series 2011 Bonds and Series 2013 Bonds, respectively, unless the Trustee shall have been provided a Favorable Opinion of Bond Counsel with respect to the noncompliance with such requirements. By such date, the University shall also notify, in writing, the Trustee and the Issuer of the determinations the University has made and the payment to be made pursuant to the provisions of this section. The Trustee shall have no responsibility for obtaining any such calculations or the accuracy of such calculations, but the Trustee may retain an outside certified public accounting firm to perform Rebate Fund calculations in the event that the Issuer fails to notify the Trustee that such calculations have been performed, or in the event that the Issuer fails to give the Trustee written instructions as to any actions required. The University shall promptly, and in any event within ten (10) days of the Trustee's request, pay the Trustee's costs and expenses in having such calculations performed. Upon written request of any registered owner of Series 2011 Bonds or Series 2013 Bonds, the University shall furnish to such registered owner of Series 2011 Bonds or Series 2013 Bonds a certificate (supported by reasonable documentation, which may include calculation by Bond Counsel or by some other service organization) showing compliance with this section and other applicable provisions of Section 148 of the Code.

(f) The Trustee shall maintain a record of the periodic determinations by the University of the Excess Earnings for a period beginning on the first anniversary date of the issuance of the Series 2011 Bonds and the Series 2013 Bonds, respectively, and ending on the date of the final retirement of the Series 2011 Bonds and Series 2013 Bonds, respectively. Such records shall state each such anniversary date and summarize the manner in which the Excess Earnings, if any, was determined.

(g) Notwithstanding the foregoing, if the Gross Proceeds of the Series 2011 Bonds or Series 2013 Bonds are invested at all times solely in obligations described in Section 103(a) of the Code, or if the net proceeds of the Series 2011 Bonds or Series 2013 Bonds are expended in compliance with Section 148(f)(4)(C) of the Code, the provisions of this Section 4.07 relating to reporting, computation and payment of Excess Earnings shall not apply with respect to such series of Bonds.

(h) If the Trustee shall declare the principal of the Series 2011 Bonds and Series 2013 Bonds and the interest accrued thereon immediately due and payable as the result of an Event of Default specified in the Indenture, or if the Series 2011 Bonds or Series 2013 Bonds are optionally or mandatorily prepaid or redeemed prior to maturity as a whole in accordance with their terms, any amount remaining in any of the funds shall be transferred to the Rebate Fund to the extent that the amount therein is less than the Excess Earnings computed by the University as of the date of such acceleration or redemption, and the balance of such amount shall be used immediately by the Trustee for the purpose of paying principal of, redemption premium, if any, and interest on the Series 2011 Bonds and/or Series 2013 Bonds when due. In furtherance of such intention, the Issuer hereby authorizes and directs its President to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2011 Bonds and Series 2013 Bonds.

SECTION 4.08. MONEYS TO BE HELD FOR ALL REGISTERED OWNERS, WITH CERTAIN EXCEPTIONS. Until applied as herein provided, moneys and investments held in all Funds (except the Rebate Fund) and accounts established hereunder shall be held in trust for the benefit of the Registered Owners of all Outstanding Bonds, except that on and after the date on which the interest on or principal or Redemption Price of any particular Bond or Bonds is due and payable from the Debt Service Fund, the unexpended balance of the amount deposited or reserved in either or both of such Funds for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Registered Owner or Registered Owners entitled thereto.

SECTION 4.09. ADDITIONAL ACCOUNTS AND SUBACCOUNTS. At the written request of the University, the Trustee shall establish and maintain additional accounts within the Funds or subaccounts within the accounts established hereunder as the University may reasonably request; provided that (a) in each case, the written request of the University shall set forth in reasonable detail the sources of deposits into and disbursements from the account or subaccount to be established, (b) in each case, the sources of deposits into and disbursements from the account or subaccount to be established shall be limited to the sources of deposits permitted or required to be made into and the disbursements permitted or required to be made from the fund or account within which it is to be established, (c) each additional account or subaccount established hereunder shall be held in trust for the benefit of any Registered Owner of the Outstanding Bonds, except as provided in Section 4.08 hereof, and (d) the University shall pay to the Trustee the additional cost for opening and maintaining such additional accounts.

SECTION 4.10. SECURITY FOR FUNDS. All uninvested money in all funds established pursuant to this Indenture (including the Construction Fund, the Debt Service Fund and the Rebate Fund), shall be secured by the Trustee in the manner required by State law for the security of public funds.

END OF ARTICLE IV

ARTICLE V

INVESTMENTS, ARBITRAGE BOND COVENANT

SECTION 5.01. INVESTMENT OF FUNDS. Pending disbursement of the amounts on deposit in any Fund, such amounts shall be invested or reinvested by the Trustee, at the written direction of the University, in any of the authorized investments permitted for the investment of public funds under the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, which shall be "Permitted Investments" for the purposes of this Indenture. The Trustee shall not be responsible for determining whether a particular investment is a Permitted Investment and shall incur no liability for complying with the instructions of the University. If not otherwise directed, the Trustee shall invest cash balances in its Wells Fargo Advantage 100% Treasury Fund, or a comparable cash management fund if its Wells Fargo Advantage 100% Treasury Fund shall become unavailable for any reason. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments. The Trustee may make any and all such investments through its own investment or securities department or the investment or securities department of any affiliate of the Trustee. Any obligations acquired by the Trustee as a result of such investment or reinvestment shall be held by or under the control of the Trustee. All such investments shall be credited to the Fund from which the money used to acquire such investments shall have come, and all income and profits on such investments shall be credited to, and all losses thereon shall be charged against, such Fund. As amounts invested are needed for disbursement from any Fund, the Trustee shall cause a sufficient amount of the investments credited to that Fund to be redeemed or sold and converted into cash to the credit of that Fund. The Trustee shall not be liable or responsible for any loss resulting from any such investment or reinvestment as herein authorized; except that the Trustee shall be liable for any loss resulting from its willful or negligent failure, within a reasonable time after receiving the direction from the University to make any investment or reinvestment in the manner provided for herein at the University's direction. If the Trustee is unable, after reasonable effort and within a reasonable time, to make any such investment or reinvestment, it shall so notify in writing to the University and thereafter the Trustee shall be relieved of all responsibility with respect thereto. Unless otherwise confirmed in writing, an account statement delivered periodically by the Trustee to the University shall be deemed written confirmation by the University that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by the University unless the University notifies the Trustee in writing to the contrary within thirty (30) days of the date of such statement.

The University by its execution of the Agreement covenants to restrict the investment of money in the Funds created under this Indenture in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time Bonds are delivered to the original purchaser thereof, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the Regulations, and the Trustee hereby agrees to comply with the University's instructions with respect to the investment of money in the Funds created under this Indenture.

SECTION 5.02. ARBITRAGE BOND COVENANT. With respect to the authority to invest funds granted in this Indenture, the Issuer and the Trustee hereby covenant with the Bondholders that, subject to the University's direction of the investment of funds, they will make no use of the proceeds of the

Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, which would cause the Bonds to be "arbitrage bonds" within the meaning of such Section.

The Trustee shall provide such information as the University may request to enable the University to calculate the amount of gross earnings on the Construction Fund and the Debt Service Fund.

END OF ARTICLE V

ARTICLE VI

REDEMPTION OF BONDS

SECTION 6.01. BONDS SUBJECT TO REDEMPTION. The Series 2011 Bonds shall be subject to optional and mandatory redemption prior to maturity as provided in the FORM OF SERIES 2011 BOND attached hereto as *Exhibit A-1*, and the Series 2013 Bonds shall be subject to optional and mandatory redemption prior to maturity as provided in the FORM OF SERIES 2013 BOND attached hereto as *Exhibit A-2*.

SECTION 6.02. SELECTION OF BONDS FOR REDEMPTION. In the event that fewer than all Bonds of a series subject to redemption are to be redeemed, the maturities to be redeemed shall be selected by the University. In the event fewer than all Bonds of a maturity are to be redeemed, the Bonds of such maturity shall be selected for redemption by the Paying Agent (i) first, by lot, from Bonds subject to such redemption (other than Bonds owned by the University), and (ii) second, at random from Bonds subject to such redemption owned by the University.

SECTION 6.03. NOTICE OF REDEMPTION. The University shall deliver notice to the Issuer, the Trustee and the Paying Agent of its intention to prepay the amounts due under the Agreement and cause the Bonds to be called for redemption at least forty-five (45) days prior to the proposed redemption date, except that no prior notice from the University shall be necessary in connection with a special mandatory redemption of Bonds due to the occurrence of a Determination of Taxability. The Paying Agent shall cause notice of any redemption of Bonds hereunder, which notice shall be prepared by the University, to be mailed by United States mail, first class postage prepaid, to the Registered Owners of all Bonds to be redeemed at the registered addresses appearing in the registration books kept for such purpose pursuant to Article II hereof. Each such notice shall (i) be mailed at least thirty (30) days prior to the redemption date, (ii) identify the Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the Bonds), (iii) specify the redemption date and the Redemption Price, and (iv) state that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent, that from that date interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. No defect affecting any Bond, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds. In addition, the Paying Agent shall give notice of redemption of Bonds by United States mail, first class postage prepaid, at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. Any notice sent to registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent shall also send a notice of prepayment or redemption to the Registered Owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

SECTION 6.04. EFFECT OF REDEMPTION. If payment of the Redemption Price of the Bonds has been duly provided for on the redemption date, then interest will cease to accrue, and the Registered Owners will have no rights with respect to such Bonds nor will they be entitled to the

benefits of the Indenture except to receive payment of the Redemption Price thereof to the date fixed for redemption. If at the time of mailing of notice of any optional redemption in connection with a refunding of Bonds the University shall not have deposited with the Trustee or any Paying Agent on behalf of the Trustee moneys sufficient to redeem all of such Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the proceeds of refunding bonds with the Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited. If the Trustee gives such conditional notice of redemption in connection with any such refunding and, upon such redemption date, the Trustee or any Paying Agent on behalf of the Trustee shall not have funds on hand for the proposed redemption, the Bonds shall not be called for redemption and shall remain Outstanding under this Indenture.

SECTION 6.05. PARTIAL REDEMPTION. In case part, but not all, of an Outstanding Bond of a series of Bonds shall be selected for redemption, the owner thereof or the attorney or legal representative thereof shall present and surrender such Bond to the Trustee for payment of the Redemption Price, and delivery of a new Bond, if applicable, for the principal amount of the unredeemed portion of the Bond submitted for redemption.

END OF ARTICLE VI

ARTICLE VII

ADDITIONAL BONDS

SECTION 7.01. ADDITIONAL BONDS. So long as the Agreement is in effect and no Event of Default is then existing under the Agreement, one or more series of Additional Bonds may be delivered by the Issuer pursuant to this Indenture for the purposes provided in the Agreement and/or for the purpose of refunding any Outstanding Bonds. Such Additional Bonds shall be on a parity with respect to the Trust Estate and shall be payable by the Issuer solely from the revenues and other amounts derived pursuant to the Agreement (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Additional Bonds or to income from the temporary investment thereof). The Additional Bonds of each such series shall be authenticated by the Trustee and/or registered by the Comptroller of Public Accounts of the State and, upon payment to the Trustee of the proceeds of said sale of Additional Bonds, they shall be delivered by the Trustee to the purchasers thereof, but only upon there being filed with the Trustee the following items:

(a) A copy, duly certified by the Secretary of the Issuer, of the Resolution authorizing the execution and delivery of an indenture supplemental to this Indenture providing for the payment by the University of Loan Payments sufficient to pay the Debt Service on the Additional Bonds, any amendment to the Agreement, the issuance of the Additional Bonds and, if the purpose of the Additional Bonds includes refunding, the payment and redemption of the Bonds to be refunded.

(b) A copy, duly certified by an authorized officer or official of the University, of the resolution of the Board of Trustees of the University authorizing the execution and delivery of any amendment to the Agreement and the Note.

(c) If the purpose of the Additional Bonds includes refunding, certification by the Issuer that (i) notice of redemption of the Bonds to be refunded has been duly given or that provision has been made therefor, and (ii) the proceeds of the issue plus any other amounts stated to be available for the purpose will be sufficient to pay the principal or Redemption Price of such Bonds at maturity or on the redemption date plus interest accrued to such date or dates together with all other costs and expenses related to the refunding.

(d) Originally executed counterparts of (i) an indenture supplemental to this Indenture setting forth the date or dates of the Additional Bonds, the rate or rates of interest on the Additional Bonds, the time or times of payment of the interest thereon and the principal thereof, the redemption provisions with respect thereto, and other details with respect to the Bonds, all shall be as provided in the supplemental indenture, and (ii) any amendment to the Agreement. Any supplemental indenture shall comply with Article XI of this Indenture, and any amendment to the Agreement shall comply with the provisions of Section 8.6 of the Agreement and Article XI of this Indenture.

(e) An opinion of counsel addressed to the Trustee stating that the supplemental indenture complies with Article XI of this Indenture, and the amendments to the Agreement

comply with the provisions of Section 8.6 of the Agreement and Article XI of this Indenture and that all conditions precedent to the execution and delivery of such documents have been met.

(f) Such other opinions of counsel and officer's certificates as are reasonably requested by counsel to the Trustee regarding the existence and good standing of the Issuer and the University, the authorization, validity, and enforceability of such supplemental indenture, the Additional Bonds, and any amendment to the Agreement and the Note, and other matters regarding the execution and delivery of such documents.

(g) A written order to the Trustee by the Issuer to authenticate, if necessary, and deliver the Additional Bonds to the purchasers therein identified, upon payment to the Trustee for the account of the Issuer of the sum specified in such written order. Such written order shall direct the Trustee to deposit such payment in the Debt Service Fund or the "construction fund" as shall be therein specified.

(h) A written certificate by the chief financial officer of the University which contains the certifications required to be made in accordance with Section 6.3 of the Loan Agreement.

Each series of Additional Bonds issued pursuant to this Section shall be equally and ratably secured under this Indenture with respect to the Trust Estate and any Additional Security with the Series 2011 Bonds, the Series 2013 Bonds and any series of Additional Bonds, if any, issued pursuant to this Section, without preference, priority, or distinction of any Bonds over any other Bonds; provided, however, that except as provided below, no series of Additional Bonds shall be additionally secured by a mortgage on any of the facilities of the University unless such Additional Security is made a part of the Trust Estate for all Bonds, but provided further, that any series of Additional Bonds may be secured by a mortgage or security interest on the Project financed or refinanced with such series of Additional Bonds if the Project is a new addition to the University, separate and distinct from other University facilities.

Notwithstanding the requirements of clauses (a) through (g) above, and subject to the provisions of Section 6.3 of the Agreement, the Issuer may issue from time to time, one or more series of bonds upon the written request of the University which are secured on a junior lien basis with respect to the pledge of all or any part of the Trust Estate. No bonds or additional indebtedness shall be issued by the Issuer which are secured by a pledge or lien on the Trust Estate which is superior to that which secures the Bonds.

END OF ARTICLE VII

ARTICLE VIII

DISCHARGE OF THIS INDENTURE

SECTION 8.01. DEFEASANCE. When interest on, and principal or Redemption Price (as the case may be) of, all Bonds issued hereunder have been paid, or there shall have been deposited with the Trustee an amount, evidenced by moneys or Defeasance Obligations the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Bonds at the maturity date or date fixed for redemption thereof, as well as the purchase price of tendered Bonds on any optional or mandatory purchase date and all other sums payable hereunder by the Issuer, the right, title and interest of the Trustee shall thereupon cease and the Trustee, on demand of the Issuer, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the Issuer and, after paying any remaining amounts owed to the Issuer, Trustee and Paying Agent, shall turn over to the University or to the Issuer or such person or body as may be entitled to receive the same all balances remaining in any funds hereunder.

SECTION 8.02. DEPOSIT OF FUNDS FOR PAYMENT OF BONDS.

(a) If the Issuer deposits with the Trustee money or Defeasance Obligations, the principal of and interest on which are sufficient (without reinvestment) to pay the principal or Redemption Price or purchase price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or optional or mandatory purchase or otherwise, together with all interest accruing thereon to the due date, interest on the Bond or Bonds shall cease to accrue on the due date and all liability of the Issuer with respect to such Bond or Bonds shall likewise cease, except as provided in subsection (b) below, provided, that with respect to any Bonds which are to be called for redemption, notice of redemption of such Bonds shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice for the redemption of such Bonds on the specified redemption date. Thereafter, such Bond or Bonds shall be deemed not to be Outstanding hereunder and the Registered Owner or Registered Owners of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bond or Bonds, and the Trustee shall hold such funds in trust for such Registered Owner or Registered Owners.

(b) Moneys deposited with the Trustee pursuant to Section 8.01 or 8.02(a) hereof shall after the maturity or specified redemption date be held as set forth in Section 4.05 hereof, and any such moneys which remain unclaimed two (2) years after the date payment thereof becomes due shall, upon written request of the University, if the University is not at the time to the knowledge of the Trustee in default with respect to any covenant in the Financing Documents contained, and subject to applicable unclaimed property or similar law of the State, including Title 6, Texas Property Code, be paid to the University; and the Registered Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the University; provided, however, that the Trustee, before making payment to the University, may, at the expense of the University, cause a notice to be published stating that the moneys remaining unclaimed will be returned to the University after a specified date, such notice to be published in a newspaper or newspapers

published at least once a day, five days a week, and generally circulated in The City of New York, New York.

SECTION 8.03. EFFECT OF DEFEASANCE. Notwithstanding anything stated to the contrary in this Article, no defeasance hereunder shall relieve the Trustee or any Paying Agent of any duty with respect to, or discharge or terminate the provisions hereof with respect to, the payment, transfer, purchase, exchange, registration, tender or redemption of Bonds.

END OF ARTICLE VIII

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01. EVENTS OF DEFAULT DEFINED.

(a) Each of the following shall be an Event of Default hereunder:

(i) payment of any installment of interest, principal, Redemption Price or purchase price on the Bonds is not made within one Business Day of the date it becomes due and payable; or

(ii) an Event of Bankruptcy shall occur; or

(iii) Failure by the University to observe or perform any covenant, condition or agreement on its part to be observed or performed under the Indenture or the Agreement, other than as referred to in (i) above, for a period of 180 days after written notice, specifying such failure and requesting that it be remedied, and stating that such notice is a "Notice of Default", is given to the University by the Issuer or the Trustee or by the holders of 25% of the principal amount of the Bonds, provided, however, that if the default is such that it cannot be remedied within such period, it shall not constitute an Event of Default if the default, in the judgment of the Trustee in reliance upon advice of counsel, is correctable without material adverse effect on the Bonds and if corrective action is instituted by the University within such period and is being diligently pursued until the default is remedied; or

(iv) Failure by the Issuer to observe or perform any covenant, condition or agreement on its part to be observed or performed under the Indenture, other than as referred to in (i) above, for a period of 180 days after written notice, specifying such failure and requesting that it be remedied, and stating that such notice is a "Notice of Default", is given by the Trustee or by the holders of 25% of the principal amount of the Bonds, provided, however, that if the default is such that it cannot be remedied within such period, it shall not constitute an Event of Default if the default, in the judgment of the Trustee in reliance upon advice of counsel, is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Issuer within such period and is being diligently pursued until the default is remedied.

(b) The Trustee shall immediately notify the Issuer and the University of the occurrence of any Event of Default.

(c) The provisions of Section 9.01(a)(iii) and (iv) hereof are subject to Force Majeure. The University shall make reasonable efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the University, and the University shall not be required to make settlement of strikes, lockouts and other

disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the University unfavorable to the University.

SECTION 9.02. ACCELERATION AND ANNULMENT THEREOF.

(a) If any Event of Default has occurred and is continuing the Trustee may and, at the written direction of the Registered Owners of 25% or more in principal amount of the Bonds then Outstanding, or with respect to a default in subsection 9.01(a)(ii) hereof, shall, by notice in writing to the Issuer and the University, declare the principal of all Bonds then Outstanding to be immediately due and payable, and upon such declaration, the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding; provided, however, that no such declaration shall be made if the University cures such Event of Default prior to the date of the declaration.

(b) If after the principal then due of the Bonds has been so declared to be due and payable, and the Redemption Price and purchase price then due and all arrears of interest upon the Bonds are paid or caused to be paid by the Issuer, and the Issuer also performs or causes to be performed all other things in respect to which it may have been in default hereunder and pays or causes to be paid the reasonable charges of the Trustee and the Registered Owners, plus reasonable attorney's fees, or any such default is waived as provided in Section 9.13, then, and in every such case, the Trustee may or, upon the direction in writing of the Registered Owners of a majority in principal amount of the Bonds then Outstanding, shall annul such declaration and its consequences and such annulment shall be binding upon the Trustee and upon all Registered Owners of Bonds issued hereunder. No such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

SECTION 9.03. LEGAL PROCEEDINGS BY TRUSTEE. If any Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Registered Owners of 25% or more in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction shall, in its own name;

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Registered Owners, including the right to require the Issuer or the University to carry out any other agreements with, or for the benefit of, the Registered Owners;

(b) Bring suit upon the Bonds;

(c) By action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners; and

(d) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners.

SECTION 9.04. DISCONTINUANCE OF PROCEEDINGS BY TRUSTEE. If any proceeding taken by the Trustee on account of any default is discontinued or is determined adversely to the Trustee, then the Issuer, the Trustee, the University and the Registered Owners shall be restored to their former positions and rights hereunder as though no such proceeding had been taken.

SECTION 9.05. REGISTERED OWNERS MAY DIRECT PROCEEDINGS. The Registered Owners of a majority in principal amount of the Bonds then Outstanding hereunder shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided such directions shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Registered Owners not parties to such direction or which in the Trustee's reasonable opinion would subject the Trustee to liability.

SECTION 9.06. LIMITATIONS ON ACTIONS BY REGISTERED OWNERS. No Registered Owners shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Registered Owners of at least 25% in principal amount of the Bonds then Outstanding shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, (d) the Trustee shall have failed to comply with such request within sixty (60) days of such request, and (e) the Trustee shall not have received, within such sixty (60) day period, a direction by the holders of a majority in principal amount of Bonds then outstanding, which direction to the Trustee is inconsistent with such request.

SECTION 9.07. TRUSTEE MAY ENFORCE RIGHTS WITHOUT POSSESSION OF BONDS. All rights under this Indenture and the Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Registered Owners of the Bonds.

SECTION 9.08. REMEDIES NOT EXCLUSIVE. Except as limited under Section 12.01 of this Indenture no remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 9.09. DELAYS AND OMISSIONS NOT TO IMPAIR RIGHTS. No delay or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by this Article may be exercised from time to time and as often as may be deemed expedient.

SECTION 9.10. APPLICATION OF MONEYS. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances reasonably incurred or made by the Trustee or the Paying Agent,

be deposited in the Debt Service Fund and all moneys in the Debt Service Fund shall be applied, as follows:

(a) Unless the principal of all of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First - to the payment to the Persons entitled thereto of all interest then due on the Bonds (other than Bonds owned by the University) and if the amount available shall not be sufficient for such purpose, then to the payment ratably, to the persons entitled thereto (other than Bonds owned by the University) without any discrimination or privilege; and

Second - to the payment to the Persons entitled thereto (other than Bonds owned by the University) of the unpaid principal or principal component of the purchase price of any of the Bonds which shall have become due or are required to be purchased (other than Bonds matured, or called for redemption for the payment of which moneys and/or Defeasance Obligations are held pursuant to this Indenture), in the order of their due or purchase dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due or required to be purchased on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due or required to be purchased on such date, to the persons entitled (other than Bonds owned by the University) thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and the interest then due and unpaid upon the Bonds (other than installments of interest, and amounts of principal of Bonds matured or called for redemption, for the payment of which moneys and/or Defeasance Obligations are held pursuant to this Indenture) without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied as soon as practicable as the Trustee shall in good faith determine having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be the date of acceleration of the Bonds or if there shall not have been an acceleration, such date as shall be determined by the Trustee) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall

cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee. Any moneys remaining after all other payments required by this Section shall be paid to the University.

SECTION 9.11. TRUSTEE'S RIGHT TO RECEIVER. The Trustee shall be entitled as of right to the appointment of a receiver; and the Trustee, the Registered Owners and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are permitted by law.

SECTION 9.12. TRUSTEE AND REGISTERED OWNERS ENTITLED TO ALL REMEDIES. It is the purpose of this Article to make available to the Trustee and Registered Owners all lawful remedies; but should any remedy herein granted be held unlawful, the Trustee and the Registered Owners shall nevertheless be entitled to every other remedy provided by law. It is further intended that, insofar as lawfully possible, the provisions of this Article shall apply to and be binding upon any trustee or receiver who may be appointed hereunder.

SECTION 9.13. WAIVER OF PAST DEFAULTS. The Registered Owners of not less than a majority in principal amount of the Outstanding Bonds may on behalf of the Registered Owners of all the Bonds waive any past default hereunder and its consequences, except a default

(1) in the payment of the principal of, redemption premium, if any, or interest on, or the purchase price of, any Bond, or

(2) in respect of a covenant or provision hereof which under Article XI cannot be modified or amended without the consent of the Registered Owner of each Outstanding Bond.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 9.14. OWNER REMEDY - ONGOING DISCLOSURE UNDER RULE 15C2-12. In addition to the foregoing, an Owner or a beneficial owner of a Bond demonstrating ownership for the purpose of this Section in accordance with Section 6.11 of the Agreement may institute any suit, action or proceeding at law or in equity for the enforcement of any covenant contained in such Section 6.11 or for any remedy for breach thereof, as specified in and subject to the limitations of Section 6.11 of the Agreement, with respect to compliance with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended. Neither the Issuer nor the Trustee has assumed or will assume any responsibility with respect to any covenant contained in Section 6.11 of the Agreement or such Rule.

END OF ARTICLE IX

ARTICLE X

TRUSTEE AND PAYING AGENTS

SECTION 10.01. ACCEPTANCE OF THE TRUSTS. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee and the Trustee shall not be liable to any Person for any action or non-action by it in performing such duties except for its own negligence, bad faith, or willful misconduct except that: (1) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Bonds outstanding relating to the time, method, or place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and (3) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial or personal liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. In case an Event of Default has occurred (which has not been cured or waived) and after the Trustee takes notice thereof as provided herein the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(c) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees but shall not be answerable for the conduct of the same provided that the Trustee uses reasonable care in selecting such representatives, and shall be entitled to advice of counsel concerning all matters of trust hereof and the duties hereunder, and in all cases may pay such reasonable compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed or retained in connection with the trust hereof. The Trustee may act upon the opinion or advice of any attorneys employed or retained by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action exercised in good faith in reliance upon such opinion or advice.

(d) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to any certificate of the Trustee endorsed on the Bonds); the recording or rerecording, or filing or refiling of this Indenture, or any other instrument required by this Indenture to secure the Bonds; insuring the Project or collecting any insurance moneys; or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance; or the validity, perfection, priority, continuation, value, or sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or otherwise as to the maintenance of the security hereof.

(e) The Trustee shall not be accountable to any Person for the use or application by the Issuer of any Bonds authenticated or delivered hereunder or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with this Indenture. The Trustee may in good faith buy, sell, and own any of the Bonds and may join in any action which any Bond owners may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Issuer or the University, provided that if the Trustee determines that any such relation is in conflict with its duties under this Indenture, it shall eliminate the conflict or resign as Trustee. To the extent permitted by law, the Trustee may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate, or subsidiary, with like effect as if it were not the Trustee.

(f) The Trustee may conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, statement, report, direction, requisition, notice, request, consent, certificate, opinion, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and believed to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon bonds issued in exchange therefor or in place thereof. In making disbursements as may be provided by the Agreement, the Trustee shall be entitled to rely solely upon the disbursement request provided for therein, and shall not be required to independently verify any such disbursement request.

(g) As to the existence or nonexistence of any fact or as to the sufficiency, authenticity, or validity of any instrument, paper, or proceeding, the Trustee shall be entitled to rely upon a certificate signed by the Issuer Representative or the University Representative as sufficient evidence of the facts therein contained; or except during the continuance of an Event of Default of which the Trustee has notice as provided in subsection (i) of this Section, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of any officer of the Issuer to the effect that a resolution and order in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(h) The right of the Trustee to perform any discretionary acts enumerated in this Indenture shall not be construed as a duty and it shall not be answerable to any Person for other than its negligence or willful misconduct in the performance of or omission to perform such acts.

(i) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except for the failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article II hereof unless the Trustee shall be specifically notified in writing of such default by the Issuer or the owners of at least 25% in aggregate principal amount of Bonds then outstanding; and all notices or other instruments required by this Indenture to be delivered to the Trustee shall be delivered at the corporate trust office of the Trustee designated under Section 12.05 hereof and shall be effective only upon actual receipt thereof by the Trustee and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. If moneys sufficient to pay maturing principal and interest on the Bonds are not timely received by the Trustee, the Trustee covenants to give written notice of such fact to the University and the Issuer.

(j) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, at any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right to inspect fully all books, papers, and records of the Issuer and the University pertaining to the Project and the Bonds, and to take such memoranda therefrom and in regard thereto as may be desired.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the Project or any other matter in connection with the Bonds or the Project.

(l) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any action whatsoever within the purview of this Indenture, to demand any showings, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof as a condition of such action by the Trustee, as deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action referred to in Sections 9.02, 9.05, 9.06, 9.12, or 9.14 hereof, the Trustee may require that satisfactory indemnity be furnished to it for the

reimbursement of all expenses which it may incur and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken or omitted to be taken.

(n) All moneys received by the Trustee or any Paying Agent shall, until used, applied, or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law or as specified herein. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed to by them in writing.

(o) Notwithstanding anything contained herein to the contrary, the Trustee shall not be liable for any failure of the Issuer, the University, or any other person to perform any duty either required herein or authorized to be performed by any such person in accordance with the Indenture.

(p) Whether therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article X.

SECTION 10.02. FEES, CHARGES, AND EXPENSES OF THE TRUSTEE, REGISTRAR, AND ANY PAYING AGENTS. Pursuant to the Agreement, the Trustee, Bond Registrar, and any Paying Agent shall be entitled to payment or reimbursement from the University for reasonable fees for their services rendered hereunder and all advances, legal fees, accounting fees, and other fees, charges, and expenses reasonably made or incurred by any of them, the Trustee, or any Paying Agent in connection with such services. The Trustee and any Paying Agent shall have a first lien upon the Trust Estate with right of payment for the foregoing fees, charges, and expenses incurred by them respectively prior to payment on account of the Debt Service on any Bonds. **THE TRUSTEE, REGISTRAR, AND PAYING AGENT SHALL ALSO BE INDEMNIFIED AND HELD HARMLESS BY THE UNIVERSITY AGAINST ANY LIABILITY, DAMAGES, FEES, AND EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED, PAID, OR SUFFERED BY ANY OF THEM AS A RESULT OF ITS SERVING AS TRUSTEE, REGISTRAR, OR PAYING AGENT HEREUNDER, EXCEPT FOR LIABILITIES, DAMAGES, FEES, AND EXPENSES CAUSED BY ITS OWN GROSS NEGLIGENCE, BAD FAITH, OR WILLFUL MISCONDUCT. IT IS THE INTENTION OF THE UNIVERSITY TO INDEMNIFY SUCH PARTIES FROM THEIR OWN ORDINARY NEGLIGENCE.**

SECTION 10.03. NOTICE TO THE BOND OWNERS. If an Event of Default occurs of which the Trustee is required by Section 10.01(i) hereof to take notice or if notice of default is given to the Trustee as provided in Section 10.01(i), then the Trustee shall within thirty (30) days of the Trustee's actual notice of such default promptly give written notice thereof by United States mail, first class postage prepaid, to each owner of Bonds then outstanding, provided, however, that the Trustee shall be protected in withholding notice to the owners of the Bonds if and so long as the board of directors, the executive committee, or a trust committee of the Trustee in good faith determines that the withholding of such notice is in the interest of the Bond owners.

SECTION 10.04. INTERVENTION BY THE TRUSTEE. In any judicial proceeding to which the Issuer or the University is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Outstanding Bonds, the Trustee may intervene on behalf of the Bond owners and shall do so if requested in writing by the owners of at least a majority of the aggregate principal amount of Bonds then outstanding, provided the Trustee receives indemnity satisfactory to it from such Bond owners to cover its expenses and attorneys fees. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction in the premises.

SECTION 10.05. SUCCESSOR TRUSTEE BY MERGER OR OTHERWISE. Any corporation or association into which the Trustee or any Paying Agent may be converted or merged, with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, *ipso facto*, shall be and become the successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges, responsibilities, obligations, and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 10.06. RESIGNATION BY THE TRUSTEE. The Trustee may at any time resign from the trusts hereby created and be discharged from the duties and obligations created hereby by giving thirty (30) days' written notice to the Issuer and the University, and by United States mail, first class postage prepaid, to each owner of any Bonds then outstanding. Such notice to the Issuer and the University may be served personally or sent by registered or certified mail. Such resignation shall take effect either at the end of such thirty (30) days, or upon the earlier appointment of a successor Trustee by the Bond owners or by the Issuer, which appointment shall be satisfactory to the University, but in any event no such resignation shall take effect until the appointment of and acceptance by a successor trustee. If an instrument of acceptance by a successor trustee shall not have been delivered to the resigning Trustee within ninety (90) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor.

SECTION 10.07. REMOVAL OF THE TRUSTEE. The Trustee may be removed at any time by an instrument or substantially concurrent instruments in writing delivered to the Trustee, the Issuer, and the University and executed by the owners of a majority in aggregate principal amount of Bonds then Outstanding; provided, however, the Trustee's right to indemnity, amounts then due and payable, and any expenses incurred in the transfer of the trusts to a successor trustee shall survive any such removal.

SECTION 10.08. APPOINTMENT OF A SUCCESSOR TRUSTEE BY THE BOND OWNERS; TEMPORARY TRUSTEE. In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers or of a receiver

appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or substantially concurrent instruments in writing executed by such owners, or by their duly authorized attorneys-in-fact; provided, however, that the Issuer, by an instrument executed and signed on its behalf by its President and attested by its Secretary under its seal, may appoint a temporary Trustee satisfactory to the University to fill such vacancy until a successor Trustee shall be provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by a successor Trustee so appointed by such Bond owners. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or commercial bank organized and doing business in the United States, in good standing and having a reported capital and surplus of not less than \$10,000,000, if there is such an institution willing, qualified, and able to accept the trust upon reasonable or customary terms.

SECTION 10.09. SUCCESSOR TRUSTEE. Every successor appointed hereunder shall execute, acknowledge, and deliver to its predecessor and to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties, and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor Trustee. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers, and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged, and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded.

SECTION 10.10. DESIGNATION AND SUCCESSION OF PAYING AGENTS. The Trustee and any other banks or trust companies, if any, hereinafter designated as Paying Agent or Paying Agents in this Indenture or in any supplemental indenture providing for the issuance of Additional Bonds as provided in Section 7.01 hereof, shall be the Paying Agent or Paying Agents for the applicable series of Bonds.

Any bank or trust company with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Indenture. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within thirty (30) days thereafter, appoint such bank or trust company as shall be specified by the University and located in the same city as such Paying Agent to fill such vacancy; provided, however, that if the Issuer shall fail to appoint a successor Paying Agent within said period, the Trustee shall make such appointment. Notice of the designation of a successor Paying Agent shall be sent by the Trustee by United States mail, first class postage prepaid, to each owner of any Bond then Outstanding.

The Paying Agents shall enjoy the same protective provisions in respect of the performance of their duties hereunder as are specified in Section 10.01 hereof with respect to the Trustee insofar as such provisions may be applicable.

SECTION 10.11. APPOINTMENT OF A SUCCESSOR PAYING AGENT. If the Paying Agent herein designated fails or refuses to act as such, the Issuer shall designate a successor Paying Agent with the consent of the University.

SECTION 10.12. THE SUCCESSOR TRUSTEE AS BOND REGISTRAR, CUSTODIAN OF FUNDS AND PAYING AGENT. In the event of a change in the office of the Trustee, the Trustee which has resigned or been removed shall cease to be Bond Registrar and custodian of the Debt Service Fund and the Rebate Fund, and Paying Agent for service charges on the Bonds, and the successor Trustee shall become such Bond Registrar, custodian, and Paying Agent.

SECTION 10.13. TRUSTEE AND ISSUER REQUIRED TO ACCEPT DIRECTIONS AND ACTIONS OF UNIVERSITY. Whenever after a reasonable request by the University the Issuer shall fail, refuse, or neglect to give any direction to the Trustee or to require the Trustee to take any action which the Issuer is required to have the Trustee take pursuant to the provisions of the Agreement or this Indenture, the University may give any such direction to the Trustee or require the Trustee to take any such action, and the Trustee is hereby irrevocably empowered and directed to accept such direction from the University as sufficient for all purposes of the Indenture. The University shall have the right to cause the Trustee to comply with any of the Trustee's obligations under the Indenture to the same extent that the Issuer is so empowered.

Certain actions or failures to act by the Issuer under the Indenture may create or result in an Event of Default under the Indenture; therefore, the University may, to the extent permitted by law, perform any and all acts or take such action as may be necessary for and on behalf of the Issuer to prevent or correct said Event of Default, and in such event the Trustee shall take or accept such performance by the University as performance by the Issuer.

SECTION 10.14. CO-TRUSTEE. In the event of any litigation under this Indenture or the Agreement (in particular in the case of enforcement under an Event of Default), or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, the Trustee may appoint an additional individual or institution to serve as a separate or co-Trustee. In the event that the Trustee appoints a separate or co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest, and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee shall be exercisable by and vest in such separate or co-Trustee, but only to the extent necessary to enable such separate or co-Trustee to exercise such powers, rights, and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee shall run to and be enforceable by either of them. Should the Issuer be required to furnish to the separate or co-Trustee any instrument in writing for more fully and certainly vesting in it such properties, rights, powers,

trusts, duties, and obligations, the Issuer shall, on request, execute, acknowledge, and deliver such instrument. In case any separate or co-Trustee, or a successor to either, shall die, become incapable of acting, resign, or be removed, all of the estates, properties, rights, powers, trusts, duties, and obligations of such separate or co-Trustee, insofar as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or co-Trustee. The Trustee shall not have liability with respect to the acts or omissions of any co-Trustee reasonably selected by the Trustee.

END OF ARTICLE X

ARTICLE XI

SUPPLEMENTAL INDENTURES AND AMENDMENT OF THE AGREEMENT

SECTION 11.01. SUPPLEMENTAL INDENTURES NOT REQUIRING THE CONSENT OF THE BOND OWNERS. The Issuer and the Trustee may, without the consent of or notice to any of the Bond owners, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity or defect or omissions in this Indenture.
- (b) To grant to or confer upon the Trustee for the benefit of the Bond owners any additional rights, remedies, powers, or authorities that may lawfully be granted to or conferred upon the Bond owners or the Trustee.
- (c) To subject to this Indenture Additional Security securing all Bonds.
- (d) To modify, amend, or supplement this Indenture, or any indenture supplemental hereto, in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States, and, if the Issuer and the Trustee so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions, and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.
- (e) In connection with the issuance of Additional Bonds.
- (f) To add to the covenants and agreements of the Issuer contained in this Indenture other covenants and agreements thereafter to be observed for the protection of the Bond owners, or to surrender or limit any right, power, or authority herein reserved to or conferred upon the Issuer.
- (g) To further restrict investments to be made by the Trustee.
- (h) To provide for the terms under which a Credit Support Instrument or Qualified Swap Agreement may be entered into by the University in connection with any Bonds hereunder, including the relation of payments made under a Credit Support Instrument or Qualified Swap Receipts and Qualified Swap Payments by the University to the flow of funds set forth in the Indenture applicable to such Bonds, and all other necessary or appropriate terms and conditions of such a Credit Support Instrument or Qualified Swap consistent with the Indenture; provided, however, that such a Credit Support Instrument or Swap Agreement shall not have an adverse effect on any rating of the Bonds by any nationally recognized rating agency currently rating such Bonds, without regard to any other factors which may affect such rating.

(i) To modify, alter, amend or supplement this Indenture in any other respect if an opinion is provided to the Trustee by Bond Counsel that any such change hereto is not materially adverse to the rights of the Bond owners.

SECTION 11.02. SUPPLEMENTAL INDENTURES REQUIRING THE CONSENT OF THE BOND OWNERS AND THE UNIVERSITY. Exclusive of supplemental indentures covered by Section 11.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purposes of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing contained in this Section or Section 11.01 shall permit, or be construed as permitting, without the consent and approval of the owners of all the Bonds then Outstanding: (a) an extension of the maturity of the principal of or the payment of interest on any Bond issued hereunder, or a reduction in the principal amount of any Bond or the rate of interest or redemption premium, if any, thereon, or a reduction in the amount, or extension of the time of any payment required by any mandatory sinking fund requirements herein; (b) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; (c) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture; (d) the deprivation of the owner of any Bond then Outstanding of the lien created by this Indenture; or (e) an alteration of the University's obligation to pay, when due, Loan Payments. If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given in the name of the Issuer in the manner provided in Section 6.03 hereof. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bond owners. If within 60 days, or such longer period as shall be prescribed by the Issuer following the giving of such notice, the owners of the requisite percentage in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as therein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof; in any manner question the priority of the execution thereof; or enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article shall not become effective unless and until the University shall have consented in writing to the execution and delivery of such supplemental indenture as provided in Section 4.2 and 4.3 of the Agreement.

SECTION 11.03. AMENDMENTS TO THE AGREEMENT NOT REQUIRING THE CONSENT OF THE BOND OWNERS. The Issuer and the Trustee may, without the consent of or notice to any of the Bond owners, consent to any amendment, change, or modification of the Agreement: (a) as may be required (i) by the provisions of the Agreement and this Indenture in connection with the issuance of Additional Bonds, or for the purpose of complying with the provisions of the Agreement, (ii) for the purpose of curing any ambiguity, formal defect, or omission, (iii) so as to add additional rights acquired in accordance with the provisions of the Agreement, or (iv) so as to more precisely identify a Project, or substitute or add thereto other property; or (b) which is not prejudicial to the Trustee and would not in an adverse way affect the rights of the owners of any Bonds.

SECTION 11.04. AMENDMENTS TO THE AGREEMENT REQUIRING THE CONSENT OF THE BOND OWNERS. Except for amendments, changes or modifications permitted by Section 11.03 hereof, neither the Issuer nor the Trustee shall consent to any amendment, change, or modification of the Agreement, or waive any obligation or duty of the University under the Agreement, without the prior written approval or consent of the owners of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such waiver, amendment, change, or modification shall, without the consent of the owners of all of the Bonds then Outstanding, (a) permit termination or cancellation of the Agreement, (b) permit any reduction of the amounts payable under the Agreement, or change the dates when such payments are due or the provisions therein relating to prepayment, or permit any change to Section 5.2 thereof, or (c) reduce the aggregate principal amount of Bonds required for consent to amendment of the Agreement. The Issuer, the Trustee and the University may rely upon an opinion of nationally recognized bond counsel to the effect that any such amendment is not to the prejudice of the Trustee or the owners of the Bonds. If at any time the Issuer and University shall request the consent of the Trustee to any such proposed amendment, change, or modification of the Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be mailed in the same manner as provided by Section 11.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification, and shall state that copies of the instrument embodying the same are on file with the Trustee at its designated corporate trust office for inspection by all Bond owners.

SECTION 11.05. OPINION OF COUNSEL. Prior to entering into any amendment, change, or modification which is permitted by this Indenture and pursuant to this Article XI, the Trustee shall receive an opinion of Bond Counsel to the effect that such amendment, change, or modification will not cause the interest on any of the Bonds to become subject to federal income taxation and an opinion of counsel that such amendment, change, or modification is authorized by this Indenture and all conditions or consents required for the Trustee to enter into such amendment, change, or modification have been met.

END OF ARTICLE XI

ARTICLE XII

MISCELLANEOUS PROVISIONS

SECTION 12.01. LIMITATIONS ON RECOURSE; IMMUNITY OF CERTAIN PERSONS. No recourse shall be had for any claim based on this Indenture or the Bonds against any past, present or future Indemnified Parties, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability and all such claims being hereby expressly waived and released as a condition of, and as consideration for, the execution of this Indenture and the issuance of the Bonds. The Bonds are payable solely from the revenues pledged hereunder and other monies held by the Trustee hereunder for such purpose. The Issuer shall be conclusively deemed to have complied with all of its covenants and other obligations hereunder, including but not limited to those set forth in Articles III, IV and VIII hereof, upon requiring the University in the Agreement to agree to perform such Issuer covenants and other obligations (excepting only any approvals or consents permitted or required to be given by the Issuer hereunder, and any exceptions to the performance by the University of the Issuer's covenants and other obligations hereunder, as may be contained in such agreement in the Agreement). However, nothing contained in any such agreement in the Agreement shall prevent the Issuer from time to time, in its discretion, from performing any such covenants or other obligations. The Issuer shall have no liability for any failure to fulfill, or breach by the University of, the University's obligations under the Bonds, this Indenture, the Agreement, or otherwise, including without limitation the University's obligation to fulfill the Issuer's covenants and other obligations under this Indenture.

SECTION 12.02. CONSENTS OF BOND OWNERS. Any consent, request, direction, approval, objection, or other instrument required by this Indenture to be executed by the Bond owners may be in any number of concurrent writings of similar tenor and may be executed by such Bond owners in person or by an agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection, or other instrument or of the appointing any such agent and of the ownership of Bonds shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument if the fact and date of the execution by any person of any such writing is proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person executing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such person shall be deemed to continue to be the owner of such Bond until a new owner of such Bond is registered on the registration books.

SECTION 12.03. LIMITATION OF RIGHTS. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the University and the owners of the Bonds any legal or equitable right, remedy, or claim under or in respect of this Indenture or any covenants, conditions, or provisions herein contained, this Indenture and all of the

covenants, conditions, and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the University and the owners of the Bonds as herein provided.

SECTION 12.04. SEVERABILITY. In the event that any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 12.05. NOTICES. All notices, certificates, or other communications hereunder required to be in writing shall be sufficiently given and shall be deemed given when delivered, or one day after being mailed by a nationally recognized overnight delivery service, or three days after being mailed by registered or certified mail, postage prepaid, or on the day sent by telegram, addressed as follows:

If to the Issuer, at: City of San Antonio, Texas Education Facilities Corporation
c/o City of San Antonio International and Economic
Development Department
100 W. Houston, 19th Floor
San Antonio, Texas 78205
Attention: President

If to the University, at: Trinity University
One Trinity Place
Northrup Hall, Suite 410
San Antonio, Texas 78212-7200
Attention: Associate Vice President for Fiscal Affairs

If to the Trustee, at: Wells Fargo Bank, National Association
1445 Ross Avenue, 2nd Floor
MAC: T5303-022
Dallas, Texas 75202-2812
Attention: Corporate, Municipal & Escrow Services

except that a notice to the Trustee shall be effective only upon actual receipt thereof by the Trustee.

A duplicate copy of each notice, certificate, or other communication required to be given hereunder by either the Issuer or the Trustee shall also be given to the University and a duplicate copy of each notice required to be given hereunder by the Trustee to either the Issuer or the University shall also be given to the other. The Issuer, the University, and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

SECTION 12.06. PAYMENTS DUE ON HOLIDAYS. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture shall be a Saturday, Sunday, or legal holiday or a day on which banking institutions in the city in which

the principal office of the Trustee or any Paying Agent, as the case may be, is located are authorized or required by law or executive order to close, such payment may be made or act performed or right exercised on the next succeeding day which is not a Saturday, Sunday, or legal holiday or day on which such banking institutions are authorized or required by law or executive order to close with the same force and effect as if done on the nominal date provided in this Indenture, and if done on such succeeding day no interest shall accrue for the period after such nominal date.

SECTION 12.07. EXECUTION OF COUNTERPARTS. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 12.08. APPLICABLE LAW. This Indenture shall be governed by and construed in accordance with the laws of the State.

SECTION 12.09. CAPTIONS. The captions or headings in this Indenture are for convenience only and in no way define, limit, or describe the scope or intent of any provisions, articles, or sections of this Indenture.

END OF ARTICLE XII

IN WITNESS WHEREOF, the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION** has caused these presents to be executed, attested, and sealed in its name and behalf by its duly authorized officers, and to evidence its acceptance of the trust hereby created Wells Fargo Bank, National Association, as Trustee, has caused these presents to be executed, attested, and sealed in its name and behalf by its duly authorized officers, all as of the date first above written.

**CITY OF SAN ANTONIO, TEXAS
EDUCATION FACILITIES CORPORATION**

By: _____
President

ATTEST:

Secretary

(SEAL)

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Title: _____

ATTEST:

Title: _____

Signature Page to Indenture Relating to
City of San Antonio, Texas Education Facilities Corporation

Higher Education Revenue Refunding Bonds
(Trinity University Project), Series 2011
and
Higher Education Revenue Improvement Bonds
(Trinity University Project), Series 2013

APPROVAL OF INDENTURE

The University, acting by and through the undersigned officers, hereby approves this Indenture. This approval is given pursuant to Section 4.23 of the Agreement and constitutes the acknowledgment and agreement of the University that the Bonds issued pursuant to this Indenture are issued in accordance and compliance with the Agreement, notwithstanding any other provision of the Agreement or any other agreement between the Issuer and the University, and any owner of the Bonds issued pursuant to this Indenture is entitled to rely fully and unconditionally on this approval. This written approval of the Indenture shall upon delivery of the Bonds authorized by the Indenture, be absolute, unconditional, valid, and binding with respect to covenants and obligations in this Indenture affecting the University so long as the Bonds are outstanding and unpaid, and particularly the obligation of the University to pay Loan Payments specified in the Indenture, shall be absolute, unconditional, valid, and binding and said obligations may be enforced as provided in the Agreement or any other agreement or contract to the contrary.

This written approval constitutes a valid and binding approval by the University of this Indenture, and the provisions of such instrument affecting the University shall constitute the unconditional obligations of and be binding upon the University with the effect described above.

EXECUTED this _____.

TRINITY UNIVERSITY

By: _____
Title: President

By: _____
Title: Vice President for Finance and Administration

Signature Page to Trinity University's Approval of the Indenture Relating to
City of San Antonio, Texas Education Facilities Corporation

Higher Education Revenue Refunding Bonds
(Trinity University Project), Series 2011
and
Higher Education Revenue Improvement Bonds
(Trinity University Project), Series 2013

EXHIBIT A-1

FORM OF SERIES 2011 BONDS

[The following legend shall appear so long as the Book-Entry System described in Section 2.10 of the Indenture has not been discontinued, but shall not appear on the Bond initially delivered under the Indenture.]

THE ISSUER HAS ESTABLISHED A BOOK ENTRY SYSTEM OF REGISTRATION FOR THIS BOND. EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE IN THE INDENTURE, CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), WILL BE THE REGISTERED OWNER AND WILL HOLD THIS BOND ON BEHALF OF THE BENEFICIAL OWNER HEREOF. BY ACCEPTANCE OF A CONFIRMATION OF PURCHASE, DELIVERY OR TRANSFER, THE BENEFICIAL OWNER OF THIS BOND SHALL BE DEEMED TO HAVE AGREED TO SUCH ARRANGEMENT. CEDE & CO., AS REGISTERED OWNER OF THIS BOND, MAY BE TREATED AS THE OWNER OF IT FOR ALL PURPOSES.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

1. Form of Series Bonds.

NO. R- **REGISTERED**
\$

**UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION
HIGHER EDUCATION REVENUE REFUNDING BOND
(TRINITY UNIVERSITY PROJECT)
SERIES 2011**

Maturity Date: June 1, 20__

Registered Owner:

Original Issue Date: June 29, 2011

Principal Amount:

Interest Rate: _____

THE CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION (the "**Issuer**"), a nonstock, nonprofit higher education facilities corporation organized and existing pursuant to the laws of the State of Texas (the "**State**"), including Chapter 53A of the Texas Education Code, as amended (the "**Act**"), and particularly Section 53A.35(b) thereof, hereby promises to pay (but solely from the sources hereinafter referred to), to the Registered Owner named above or registered assigns, on the Maturity Date specified above (unless this Bond shall have been previously called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for) the Principal Amount shown above upon surrender of this Bond at the designated corporate trust office of the Paying Agent (hereinafter defined) and to pay interest thereon at the Interest Rate specified above. The principal of and interest on this Bond shall be payable in the lawful currency of the United States of America, in immediately available funds. The principal of and interest on this Bond (or of a portion of this Bond in the case of a partial redemption) is payable to the registered owner hereof at the designated corporate trust office of **WELLS FARGO BANK, NATIONAL ASSOCIATION**, in Dallas, Texas, or its successor as paying agent (the "**Paying Agent**"). Interest shall be paid to the registered owner hereof whose name appears on the registration books kept by the Paying Agent as of the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date in immediately available funds. Interest accrued and payable at the maturity of the Bonds shall be paid only upon presentation and surrender of Bonds. This Bond is registered as to both principal and interest on the registration books kept by the Paying Agent and may be transferred or exchanged subject to the further conditions specified in the Indenture herein mentioned, only upon surrender hereof at the designated corporate trust office of the Paying Agent. This Bond is payable solely from the sources hereinafter mentioned. All computations of interest shall be computed on the basis of 360 day years of twelve 30 day months. The Bonds will be issued in the denomination of \$5,000 and any integral multiple thereof.

EACH BOND SHALL BEAR INTEREST from the latest Interest Payment Date preceding the date of authentication to which interest on such Bond has been paid or duly provided for, unless such date of authentication shall be an Interest Payment Date on which interest on such Bond is being paid, in which case it shall bear interest from such date of authentication, provided that if this Bond is authenticated prior to the first Interest Payment Date, it shall bear interest from the original issue date of such Bond specified above.

THIS BOND IS ONE OF A SERIES of bonds (the "**Bonds**") dated June 1, 2011, authorized and issued in the aggregate principal amount of \$_____ FOR THE PURPOSE OF REFINANCING THE COST OF CERTAIN EDUCATIONAL AND HOUSING FACILITIES AND FACILITIES INCIDENTAL, SUBORDINATE, OR RELATED THERETO OR APPROPRIATE IN CONNECTION THEREWITH (THE "PROJECT") FOR TRINITY UNIVERSITY (THE "UNIVERSITY") ON ITS CAMPUS LOCATED IN THE CITY OF SAN ANTONIO, TEXAS, under and pursuant to authority conferred by the Act, a resolution adopted by the Board of Directors of the Issuer, and an Indenture of Trust, dated as of June 1, 2011 (the "Indenture"), by and between the Issuer and the Trustee.

THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT to demand payment of this obligation out of any funds raised or to be raised by taxation or from any source whatsoever except the payments and amounts described in the Indenture, the Note, the Agreement, and this Bond. The Bonds are special and limited obligations payable solely as provided herein. **NEITHER THE STATE, THE CITY OF SAN ANTONIO, TEXAS (THE "CITY"), NOR ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.**

REFERENCE IS MADE TO THE INDENTURE for provisions concerning the rights of the registered owners and the rights and obligations of the Issuer, the University, the Paying Agent and the Trustee. The acceptance of the terms and conditions of the foregoing documents, including amplifications and qualifications of the provisions hereof each of which is on file at the designated corporate trust office of the Trustee, is an explicit and material part of the consideration of the Issuer's issuance hereof and each registered owner hereof by acceptance of this Bond accepts and assents to all such terms and conditions as if fully set forth herein.

CAPITALIZED TERMS USED IN THIS BOND which are not defined herein but which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

THE BONDS MATURING ON AND AFTER JUNE 1, 2022 are subject to optional redemption by the Issuer at the direction of the University in whole or in part on June 1, 2021 and on any date thereafter at the redemption price of par plus accrued interest to the date fixed for redemption; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

THE BONDS MATURING IN THE YEAR 2033 are also subject to mandatory sinking fund redemption in part by lot, on June 1 in the following years and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

**TERM BONDS MATURING
JUNE 1, 2033**

Mandatory Redemption Date	Redemption Amount (\$)
June 1, 2029	1,180,000
June 1, 2030	1,235,000
June 1, 2031	1,290,000
June 1, 2032	1,350,000
June 1, 2033 (maturity)	1,410,000

To the extent, however, that Bonds subject to sinking fund redemption have been previously purchased or called for redemption in part and otherwise than from a sinking fund redemption payment, each annual sinking fund payment for such Bond shall be reduced by the amount obtained by multiplying the principal amount of Bonds so purchased or redeemed by the ratio which each remaining annual sinking fund redemption payment for such Bonds bears to the total remaining sinking fund payments, and by rounding each such payment to the nearest \$5,000 integral; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, the particular Bonds to be called for mandatory redemption shall be selected in accordance with the arrangements between the Issuer and the securities depository.

THIS BOND IS ALSO SUBJECT TO SPECIAL MANDATORY REDEMPTION prior to maturity not later than 180 days after the occurrence of a Determination of Taxability at a redemption price of 100% of the principal amount hereof, plus accrued interest to the redemption date. The manner of redeeming Bonds is described in detail in the Indenture.

IN CASE AN EVENT OF DEFAULT as defined in the Indenture shall have occurred, the principal of all Bonds then outstanding under the Indenture may become due and payable prior to their scheduled maturity date.

THE BONDS ARE AND WILL BE EQUALLY AND RATABLY SECURED to the extent provided by the Indenture by the Loan Payments to be received by the Trustee from the University under the Agreement and other amounts payable by the University under the Agreement. The Issuer has also pledged and assigned to the Trustee as security for the Bonds all other rights and interest of the Issuer under the Agreement (other than its rights to indemnification and payment of certain administrative expenses and certain other rights).

NO REGISTERED OWNER SHALL HAVE ANY RIGHT to pursue any remedy under the Indenture unless (a) the Trustee shall have first been given written notice of an Event of Default; (b) the registered owners of at least 25% in principal amount of the Bonds then outstanding shall have requested the Trustee in writing to exercise the powers granted in the Indenture or to pursue such remedy in its or their name or names; (c) the Trustee shall have been offered indemnity satisfactory

to it against costs, expenses and liabilities; and (d) the Trustee shall have failed to comply with such request within a reasonable time.

THE TRANSFER OF THIS BOND SHALL BE REGISTERED upon the registration books kept at the designated corporate trust office of the Paying Agent, at the written request of the Registered Owner hereof or his attorney duly authorized in writing, upon surrender of this Bond at said office, together with the attached instrument of transfer duly executed by the Registered Owner or his duly authorized attorney. Except in the case of a partial redemption of Bonds, the Paying Agent shall not be obligated to make any such exchange or transfer of Bonds during the 15 days preceding the date of the first mailing of notice of any proposed redemption of Bonds, nor shall the Paying Agent be required to make any registration or registration of transfer of Bonds called for redemption.

THE INDENTURE AND THE AGREEMENT MAY BE MODIFIED or amended only with the consent, with certain exceptions, of the Registered Owners of not less than 66 2/3% in aggregate principal amount of all Bonds Outstanding under the Indenture.

REFERENCE IS HEREBY MADE TO THE INDENTURE AND THE AGREEMENT, copies of which are on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the University, the Trustee, and the Paying Agent appointed pursuant to the Indenture, and the Registered Owners of the Bonds. The Registered Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture and the Agreement.

THE ISSUER, THE TRUSTEE, AND THE PAYING AGENT MAY DEEM and treat the person in whose name this Bond is registered on the registration books of the Issuer maintained by the Registrar as the absolute Registered Owner hereof for all purposes, whether or not this Bond is overdue, and neither the Issuer, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

THIS BOND SHALL NOT BE ENTITLED TO ANY RIGHT OR BENEFIT under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been registered by the Comptroller of Public Accounts of the State of Texas or authenticated by execution by the Trustee or the Paying Agent of the certificate of authentication inscribed hereon, in accordance with the terms of the Indenture.

IN WITNESS WHEREOF, the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION** has caused this Bond to be executed with the facsimile signatures of its duly authorized officers, and has caused its official seal to be printed hereon, all as of the Original Issue Date of the Bonds.

**CITY OF SAN ANTONIO, TEXAS
EDUCATION FACILITIES CORPORATION**

By: _____
President

ATTEST:

Secretary

(SEAL)

2. Form of Trustee's Certificate of Authentication.

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of the within-mentioned Indenture which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signature

Registered this date: _____

3. Form of Assignment.

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification number of Transferee

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

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____,
attorney, to register the transfer of the within Bonds on the books kept for registration thereof, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by
a securities transfer association ("STA")
signature guarantee program.

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

4. Form of Comptroller's Registration Certificate to appear on Initial Series 2011 Bonds only.

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF COMPTROLLER §

REGISTER NO. _____

STATE OF TEXAS §

I HEREBY CERTIFY that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas; and that this Bond is one of a series of Bonds issued under authority of the Indenture, as such term is defined in the text of this Bond.

WITNESS my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

EXHIBIT A-2

FORM OF SERIES 2013 BONDS

[The following legend shall appear so long as the Book-Entry System described in Section 2.10 of the Indenture has not been discontinued, but shall not appear on the Bond initially delivered under the Indenture.]

THE ISSUER HAS ESTABLISHED A BOOK ENTRY SYSTEM OF REGISTRATION FOR THIS BOND. EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE IN THE INDENTURE, CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), WILL BE THE REGISTERED OWNER AND WILL HOLD THIS BOND ON BEHALF OF THE BENEFICIAL OWNER HEREOF. BY ACCEPTANCE OF A CONFIRMATION OF PURCHASE, DELIVERY OR TRANSFER, THE BENEFICIAL OWNER OF THIS BOND SHALL BE DEEMED TO HAVE AGREED TO SUCH ARRANGEMENT. CEDE & CO., AS REGISTERED OWNER OF THIS BOND, MAY BE TREATED AS THE OWNER OF IT FOR ALL PURPOSES.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

1. Form of Series Bonds.

NO. R- **REGISTERED**
\$

**UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION
HIGHER EDUCATION REVENUE IMPROVEMENT BOND
(TRINITY UNIVERSITY PROJECT), SERIES 2013**

Maturity Date: June 1, 20__

Registered Owner:

Original Issue Date: ~~November~~December __, 2013

Principal Amount:

Interest Rate: _____

THE CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION
(the "*Issuer*"), a nonstock, nonprofit higher education facilities corporation organized and existing

pursuant to the laws of the State of Texas (the "*State*"), including Chapter 53A of the Texas Education Code, as amended (the "*Act*"), and particularly Section 53A.35(b) thereof, hereby promises to pay (but solely from the sources hereinafter referred to), to the Registered Owner named above or registered assigns, on the Maturity Date specified above (unless this Bond shall have been previously called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for) the Principal Amount shown above upon surrender of this Bond at the designated corporate trust office of the Paying Agent (hereinafter defined) and to pay interest thereon at the Interest Rate specified above. The principal of and interest on this Bond shall be payable in the lawful currency of the United States of America, in immediately available funds. The principal of and interest on this Bond (or of a portion of this Bond in the case of a partial redemption) is payable to the registered owner hereof at the designated corporate trust office of **WELLS FARGO BANK, NATIONAL ASSOCIATION**, in Dallas, Texas, or its successor as paying agent (the "*Paying Agent*"). Interest shall be paid to the registered owner hereof whose name appears on the registration books kept by the Paying Agent as of the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date in immediately available funds. Interest accrued and payable at the maturity of the Bonds shall be paid only upon presentation and surrender of Bonds. This Bond is registered as to both principal and interest on the registration books kept by the Paying Agent and may be transferred or exchanged subject to the further conditions specified in the Indenture herein mentioned, only upon surrender hereof at the designated corporate trust office of the Paying Agent. This Bond is payable solely from the sources hereinafter mentioned. All computations of interest shall be computed on the basis of 360 day years of twelve 30 day months. The Bonds will be issued in the denomination of \$5,000 and any integral multiple thereof.

EACH BOND SHALL BEAR INTEREST from the latest Interest Payment Date preceding the date of authentication to which interest on such Bond has been paid or duly provided for, unless such date of authentication shall be an Interest Payment Date on which interest on such Bond is being paid, in which case it shall bear interest from such date of authentication, provided that if this Bond is authenticated prior to the first Interest Payment Date, it shall bear interest from the original issue date of such Bond specified above.

THIS BOND IS ONE OF A SERIES of bonds (the "*Bonds*") dated ~~November~~December 1, 2013, authorized and issued in the aggregate principal amount of \$ _____ FOR THE PURPOSE OF FINANCING THE COST OF CERTAIN EDUCATIONAL AND HOUSING FACILITIES AND FACILITIES INCIDENTAL, SUBORDINATE, OR RELATED THERETO OR APPROPRIATE IN CONNECTION THEREWITH (THE "*PROJECT*") FOR **TRINITY UNIVERSITY** (THE "*UNIVERSITY*") ON ITS CAMPUS LOCATED IN THE CITY OF SAN ANTONIO, TEXAS, under and pursuant to authority conferred by the Act, a resolution adopted by the Board of Directors of the Issuer, and an Amended and Restated Indenture of Trust, dated as of ~~November~~December 1, 2013 (the "*Indenture*"), by and between the Issuer and the Trustee.

THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT to demand payment of this obligation out of any funds raised or to be raised by taxation or from any source whatsoever except the payments and amounts described in the Indenture, the Note, the Agreement, and this Bond. The Bonds are special and limited obligations payable solely as provided herein. **NEITHER THE STATE, THE CITY OF SAN ANTONIO, TEXAS (THE "*CITY*"), NOR ANY POLITICAL**

CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

REFERENCE IS MADE TO THE INDENTURE for provisions concerning the rights of the registered owners and the rights and obligations of the Issuer, the University, the Paying Agent and the Trustee. The acceptance of the terms and conditions of the foregoing documents, including amplifications and qualifications of the provisions hereof each of which is on file at the designated corporate trust office of the Trustee, is an explicit and material part of the consideration of the Issuer's issuance hereof and each registered owner hereof by acceptance of this Bond accepts and assents to all such terms and conditions as if fully set forth herein.

CAPITALIZED TERMS USED IN THIS BOND which are not defined herein but which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

THE BONDS MATURING ON AND AFTER JUNE 1, 20__ are subject to optional redemption by the Issuer at the direction of the University in whole or in part on June 1, 20__ and on any date thereafter at the redemption price of par plus accrued interest to the date fixed for redemption; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

THE BONDS MATURING IN THE YEAR 20__ are also subject to mandatory sinking fund redemption in part by lot, on June 1 in the following years and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

TERM BONDS MATURING JUNE 1, 20__	
Mandatory Redemption Date	Redemption Amount (\$)
June 1, 20__	
June 1, 20__	
June 1, 20__	
June 1, 20__	
June 1, 20__ (maturity)	

To the extent, however, that Bonds subject to sinking fund redemption have been previously purchased or called for redemption in part and otherwise than from a sinking fund redemption payment, each annual sinking fund payment for such Bond shall be reduced by the amount obtained by multiplying the principal amount of Bonds so purchased or redeemed by the ratio which each remaining annual sinking fund redemption payment for such Bonds bears to the total remaining sinking fund payments, and by rounding each such payment to the nearest \$5,000 integral; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, the particular Bonds to be called for mandatory redemption shall be selected in accordance with the arrangements between the Issuer and the securities depository.

THIS BOND IS ALSO SUBJECT TO SPECIAL MANDATORY REDEMPTION prior to maturity not later than 180 days after the occurrence of a Determination of Taxability at a redemption price of 100% of the principal amount hereof, plus accrued interest to the redemption date. The manner of redeeming Bonds is described in detail in the Indenture.

IN CASE AN EVENT OF DEFAULT as defined in the Indenture shall have occurred, the principal of all Bonds then outstanding under the Indenture may become due and payable prior to their scheduled maturity date.

THE BONDS ARE AND WILL BE EQUALLY AND RATABLY SECURED to the extent provided by the Indenture by the Loan Payments to be received by the Trustee from the University under the Agreement and other amounts payable by the University under the Agreement. The Issuer has also pledged and assigned to the Trustee as security for the Bonds all other rights and interest of the Issuer under the Agreement (other than its rights to indemnification and payment of certain administrative expenses and certain other rights).

NO REGISTERED OWNER SHALL HAVE ANY RIGHT to pursue any remedy under the Indenture unless (a) the Trustee shall have first been given written notice of an Event of Default; (b) the registered owners of at least 25% in principal amount of the Bonds then outstanding shall have requested the Trustee in writing to exercise the powers granted in the Indenture or to pursue such remedy in its or their name or names; (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities; and (d) the Trustee shall have failed to comply with such request within a reasonable time.

THE TRANSFER OF THIS BOND SHALL BE REGISTERED upon the registration books kept at the designated corporate trust office of the Paying Agent, at the written request of the Registered Owner hereof or his attorney duly authorized in writing, upon surrender of this Bond at said office, together with the attached instrument of transfer duly executed by the Registered Owner or his duly authorized attorney. Except in the case of a partial redemption of Bonds, the Paying Agent shall not be obligated to make any such exchange or transfer of Bonds during the 15 days preceding the date of the first mailing of notice of any proposed redemption of Bonds, nor shall the Paying Agent be required to make any registration or registration of transfer of Bonds called for redemption.

THE INDENTURE AND THE AGREEMENT MAY BE MODIFIED or amended only with the consent, with certain exceptions, of the Registered Owners of not less than 66 2/3% in aggregate principal amount of all Bonds Outstanding under the Indenture.

REFERENCE IS HEREBY MADE TO THE INDENTURE AND THE AGREEMENT, copies of which are on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the University, the Trustee, and the Paying Agent appointed pursuant to the Indenture, and the Registered Owners of the Bonds. The Registered Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture and the Agreement.

THE ISSUER, THE TRUSTEE, AND THE PAYING AGENT MAY DEEM and treat the person in whose name this Bond is registered on the registration books of the Issuer maintained by the Registrar as the absolute Registered Owner hereof for all purposes, whether or not this Bond is overdue, and neither the Issuer, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

THIS BOND SHALL NOT BE ENTITLED TO ANY RIGHT OR BENEFIT under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been registered by the Comptroller of Public Accounts of the State of Texas or authenticated by execution by the Trustee or the Paying Agent of the certificate of authentication inscribed hereon, in accordance with the terms of the Indenture.

IN WITNESS WHEREOF, the **CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION** has caused this Bond to be executed with the facsimile signatures of its duly authorized officers, and has caused its official seal to be printed hereon, all as of the Original Issue Date of the Bonds.

**CITY OF SAN ANTONIO, TEXAS
EDUCATION FACILITIES CORPORATION**

By: _____
President

ATTEST:

Secretary

(SEAL)

2. Form of Trustee's Certificate of Authentication.

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of the within-mentioned Indenture which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signature

Registered this date: _____

3. Form of Assignment.

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification number of Transferee

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

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____,
attorney, to register the transfer of the within Bonds on the books kept for registration thereof, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by
a securities transfer association ("STA")
signature guarantee program.

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

4. Form of Comptroller's Registration Certificate to appear on Initial Series 2013 Bonds only.

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF COMPTROLLER §

REGISTER NO. _____

STATE OF TEXAS §

I HEREBY CERTIFY that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas; and that this Bond is one of a series of Bonds issued under authority of the Indenture, as such term is defined in the text of this Bond.

WITNESS my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)