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Committee for Fiscal Affairs

[John Hatchel (Chair), Linda McKenna, Ellis Skinner]

Committee Chair Comments

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Board Meeting Date: February 11, 2016

Proposed Minute Order #: 09-16(c)

Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Signature Authorizations

Background: The State Comptroller's Office maintains a list of authorized signatures for vouchers, checks, drafts, orders, and other instruments. Any changes to this list must be approved by the Board of Regents and submitted in writing to the State Comptroller's Office.

In connection with the Texas State Technical College (TSTC) statewide functional integration strategy, personnel within the Finance division have transitioned to new roles. In addition, certain employees with signature authority are retiring. These organizational changes necessitate the revision to the list of authorized signatories. Where names were added, the name(s) appears in **bold** font. Removed names are indicated by crossed-out text.

Justification: The State Comptroller's Office's list of authorized signatures must be updated as additions, deletions, and other changes are made.

Additional Information: The proposed Minute Order includes a column that lists the employees who are authorized to conduct electronic outgoing banking transactions, which are required for payroll and other purposes..

Fiscal Implications: Not applicable

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): None

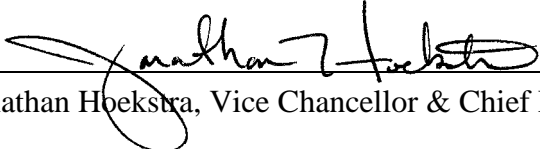
Recommended Minute Order: "The Board of Regents approves the following signature authorizations for all documents (checks, vouchers, drafts, orders, and other instruments); approves signature authorizations for vouchers only; and approves the following electronic outgoing banking transaction authorizations:

Authorizations for All Documents (Two Signatures)	Authorizations for Vouchers Only (One Signature)	Authorizations for Electronic Outgoing Banking Transactions
<i>(All Campuses)</i>	<i>(All Campuses)</i>	<i>(All Campuses)</i>
Michael L. Reeser	Carla Dodge	Carla Dodge
Jonathan Hoekstra	Karen Hykel	Karen Hykel
Albert Srubar	Susan Stone	Susan Stone
Jan Dudik	Charlotte Ables	Carolina Duran

Authorizations for All Documents (Two Signatures)	Authorizations for Vouchers Only (One Signature)	Authorizations for Electronic Outgoing Banking Transactions
<i>Waco</i>	<i>Peggy Wilkey</i>	
Rob Wolaver	Carolina Duran	
David Kofnovec	Elizabeth Medrano	
Lisa Frenette	<i>Alicia Gracia</i>	
Marjorie Vrbas	Stephanie Bennett	
<i>Marshall</i>	Regina Hernandez	
Bart Day	Angelica Holland	
<i>Deborah Sanders</i>		
Peggy Adams		
<i>Harlingen</i>		
Stella Garcia		
Gisela Figueroa		
Ruth Garcia		
<i>West Texas</i>		
Eliska Smith		
Karen Waller		
Kevin Shipp		
Jan Harvey		

In addition, the Board of Regents approves the use of facsimile signatures of both of the following employees for checks in the amount of \$25,000 or less: Michael L. Reeser and Jonathan Hoekstra. In the absence of either Michael L. Reeser or Jonathan Hoekstra, the Board of Regents approves the use of the facsimile signature of Albert Srubar.”

Recommended By:



 Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Board Meeting Date: February 11, 2016

Proposed Minute Order #: 10-16(c)

Proposed By: Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Allocation of Higher Education Assistance Funds for Fiscal Year 2016

Background: The Texas State Technical College System was included in the Higher Education Assistance Fund (HEAF) through a change in the Texas Constitution in 1995. The 84th Texas Legislature appropriated \$5,775,000 of HEAF funds for each year of the current biennium to the TSTC System. These funds may be used primarily for the purchase of capital equipment, construction and renovation of instructional and administrative buildings, and retirement of debt service. Up to 50 percent of the allocation may be pledged for debt service. HEAF may be used at each TSTC location that is designated as a campus.

Justification: The recommended change to the HEAF allocations for Fiscal Year 2016 are based on project prioritization after re-assessment. The following table provides a comparison of the requested change to the initial FY 2016 recommended allocation:

	<u>FY 2016 Amended Allocation</u>	<u>FY 2016 Original Allocation</u>
Central Admin	\$ 207,207	\$ 207,207
Fort Bend	178,800	3,800
Harlingen	1,592,291	1,942,291
Marshall	72,683	472,683
North Texas	359,177	209,177
Waco	2,511,798	2,161,798
West Texas	<u>853,044</u>	<u>778,044</u>
Totals	\$ 5,775,000	\$ 5,775,000

Additional Information: None

Fiscal Implications: Funds available as appropriated

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

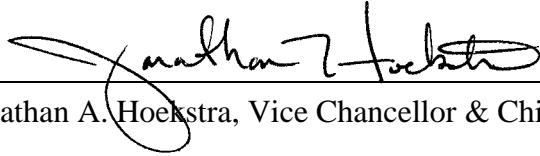
Attachment(s): None

Recommended Minute Order: "The Board of Regents approves the allocation of Higher Education Assistance Funds for Fiscal Year 2016 in the following manner:

TSTC Central Admin	\$ 207,207
TSTC Fort Bend	\$ 178,800

TSTC Harlingen	\$ 1,592,291
TSTC Marshall	\$ 72,683
TSTC North Texas	\$ 359,177
TSTC Waco	\$ 2,511,798
TSTC Sweetwater	\$ 853,044.”

Recommended By:



Jonathan A. Hoekstra, Vice Chancellor & Chief Financial Officer

Board Meeting Date: February 11, 2016

Proposed Minute Order #: 11-16(c)

Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Schedule of Tuition and Fees Effective Fall 2016 Semester

Background: The Texas State Technical College (TSTC) Board of Regents is authorized to set tuition and fees in accordance with statutory provisions. TSTC administration recommends the attached Schedule of Tuition and Fees Effective Fall 2016 Semester. The following objectives are incorporated into the proposed tuition and fee rates for the Fall 2016 semester:

- Continue the shift in pricing structure for semester credit-hour programs from a conventional, cost-recovery model to a market-driven model that supports a comprehensive enrollment management strategy.
- Increase tuition rates 3-7% across the three tuition tiers (including designated tuition). For example, the lowest tuition rate (including the \$46 per semester credit hour designated tuition rate) shifts from \$135 per semester credit hour to \$139 per semester credit hour. The mid-tier rate shifts from \$151 to \$161 per semester credit hour and the market-based tier increases from \$175 to \$183 per semester credit hour.
- Maintain competitiveness with other two-year public higher education institutions near TSTC's campuses. Combined in-state tuition and fees range from \$133 to \$287 per semester credit hour for these institutions.

Justification: These changes align TSTC's pricing with enrollment management strategies and enhance the College's financial ability to provide services and materials to students.

Additional Information: None

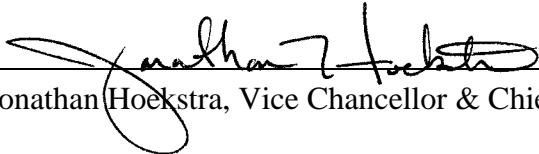
Fiscal Implications: TSTC anticipates tuition revenues will increase slightly as a result of the tuition rate increases.

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): Schedule of Tuition and Fees Effective Fall 2016 Semester

Recommended Minute Order: "The Board of Regents approves the Schedule of Tuition and Fees Effective Fall 2016 Semester."

Recommended By:



Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Texas State Technical College
Schedule of Tuition and Fees
Effective Fall 2016

State Tuition/semester credit hour		Fall 2015	Proposed Fall 2016	Remarks
Texas Resident - Tier 1	*	\$ 129	\$ 137	Courses are priced within tiers based on student demand for courses, industry demand for skills, available capacity to offer programs, among other factors.
Texas Resident - Tier 2	*	\$ 105	\$ 115	
Texas Resident - Tier 3	*	\$ 89	\$ 93	
Non-Resident - All Courses	*	\$ 276	\$ 290	
Benefits-Eligible TSTC Employees & Dependents	*	\$16/sem credit hour (\$50 min-no max)	No change	

*Does not apply to Continuing Education Courses

Designated Tuition/semester credit hour		Fall 2015	Proposed Fall 2016	Remarks
Texas Resident/Non-Resident	*	\$ 46	No change	
TSTC Employees & Dependents	*	\$ -	No change	

*Does not apply to Continuing Education Course

Corporate College/Continuing Ed(CE)		Fall 2015	Proposed Fall 2016	Remarks
Texas Resident	**	\$.50-\$16 per contact hour	No change	
Non-Resident & Out-of-State Worker	**	At least twice the CE tuition rate for the associated cross-listed course section	No change	
Continuing Education Surcharge		Varies by course or course section	No change	

*Pertains to non-credit courses that are eligible for state reporting according to Texas Higher Education Coordinating Board Rules and Regulations.

Tuition of \$0 per contact hour tuition may be charged for a course if at least 15% of the institution's direct costs of delivery including facility costs, instructor salaries, equipment costs and other expenses are provided directly or through in-kind contributions by industry or other local public or private clients.

Texas State Technical College
Schedule of Tuition and Fees
Effective Fall 2016

Student Fees (collected at registration)		Fall 2015	Proposed Fall 2016	Remarks
Required Vaccines		Cost	No change	
Allied Health Insurance		Cost of Insurance	No change	Required for certain Allied Health programs. Includes malpractice insurance and/or needlestick insurance
Audit Fee		Applicable tuition plus \$25 per semester credit hour	No change	
Background Security Check		Cost	No change	
Credit Award Evaluation Fee		\$25 per eval.	No change	
Dental Hygiene Clinical Fee		\$100 per clinical course	No change	Applies to Preclinical Dental Hygiene, Clinical Dental Hygiene I, Clinical Dental Hygiene II, and Clinical Dental Hygiene III
Non-Resident E-Learning Fee		\$300 per semester credit hour	No change	
CTE Award Path Fee		\$50 per student per year	No change	TSTC waives tuition in accordance with Texas Education Code 54.216 and approval of the TSTC Board of Regents, limited to 6 semester credit hours per semester and 12 semester credit hours per year. The annual fee covers a portion of career pathway program costs for high school students.
Digital Materials Fee		Varies. Cost plus admn fee	No change	
Student Medical Health and/or Accident Insurance		Cost of Insurance	No change	

Texas State Technical College
Schedule of Tuition and Fees
Effective Fall 2016

Other Student Charges		Fall 2015	Proposed Fall 2016	Remarks
Application Fee		Up to \$100 per application	No change	
Student ID Card Replacement Fee		\$10 per card	No change	
Installment Plan Fee		\$25 per semester	No change	
Installment Plan Late Fee		\$25 after 7 business days	No change	
Returned Check Charge		\$50 per check	No change	
Late Registration Fee		\$100 after close of registration	No change	Assessed to students who register after the registration cut-off date
Late Graduation Fee		\$100 after graduation application deadline	No change	Assessed to students applying to graduate after the deadline for the respective semester's graduation ceremony.
Testing Center Exam Fee		Cost of Exam & Admn fee	No change	
External Certification of Specialty		Cost or Market Price	No change	
Library Fines		Books & magazines - \$0.10/day, Videos/DVDs - \$1/day, Lost items - replacement cost + 10% processing fee	No change	
Locker Rental Fee		\$25/semester	No change	Voluntary fee to reserve a locker for a semester.
Fines		Handicap parking violation - \$100, Moving violation - \$40, Other offenses 1st Offense - \$25 2nd Offense - \$50 3rd Offense - \$100	No change	Other offenses include, but are not limited to, housing violations, code-of-conduct violations, smoking in a non-designated area, and other parking violations.

Board Meeting Date: February 11, 2016

Proposed Minute Order #: 12-16(c)

Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges, and Deposits, Effective Fall 2016 Semester

Background: TSTC administration proposes increasing student housing rates at Texas State Technical College (TSTC) in Waco. The proposed increases would support needed renovations and the purchase of furniture. In addition, the Waco campus seeks to modify its deposit rates and pet fee to simplify the administration of such fees.

Justification: The following factors support the proposal to raise student housing rates at TSTC in Waco:

- Rate increases are necessary to support funding for needed maintenance, repair, and renovations including beds, furniture, HVAC units, flooring, etc.
- The Waco rate structure provides flexibility for a phased renovation schedule, matching increased rates with renovated properties as they come online.
- While Waco proposed a rate increase for renovated housing in Fall 2014, occupancy levels have remained high and a waiting list presently exists for these units.
- Renovations to the single-student units are necessary to make units competitive with other housing providers and suitable for TSTC's students.
- Revising the pet fee simplifies the process and minimizes associated accounting activities; additional recourse for related damages will be maintained.
- The proposed rates for the Waco units remain affordable and competitive for pricing in the region.

Additional Information: None

Fiscal Implications: Maintains fiscal equilibrium of housing operations.

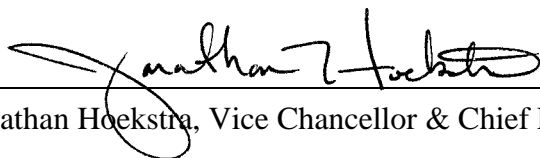
Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): Schedule of Student and Family Housing Rental Rates, Service Charges, and Deposits Effective Fall 2016 Semester

**Recommended
Minute Order:**

“The Board of Regents approves the Schedule of Student and Family Housing Rental Rates, Room and Board Rates, Service Charges, and Deposits Effective Fall 2016 Semester.”

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", is written over a horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Texas State Technical College
Schedule of Student and Family Housing Rental Rates, Service Charges, and Deposits
Effective Fall 2016 Semester

Campus	Description	Fall 2015	Fall 2016
Harlingen	Single Student Housing		
	A/C Block Brick (Bldg. A-D,G) 2 Bedroom Apartments Double Occupancy per Bedroom per Student	\$805 semester	No Change
	A/C Block Brick (Bldg. A-D, G) (Renovated FY 15 or Later) 2 Bedroom Apartments Double Occupancy per Bedroom per Student	\$955 semester	No Change
	A/C Brick Veneer (Renovated in FY 16 or later) Efficiency Dorms w/Microwave & Refrigerator or w/Kitchenette Double Occupancy per Student	\$1025 semester	No Change
	A/C Brick Veneer Efficiency Dorms w/Microwave & Refrigerator or w/Kitchenette Double Occupancy per Student	\$875 semester	No Change
	Family Housing		
	A/C Block Brick (Bldg. E,F) 2 Bedroom Apartments	\$755 monthly	No Change
	Deposit (All Except Staff Housing)	\$150	No Change
	Moving Charge* (All Except Staff Housing)	\$50	No Change
	<i>*The Housing Office retains the right to deny any move not considered to be in the best interest of TSTC.</i>		
	Lost Key Charge - Outside door Lost Key Charge - Closet door	\$30 \$3	No Change

Texas State Technical College
Schedule of Student and Family Housing Rental Rates, Service Charges, and Deposits
Effective Fall 2016 Semester

Campus	Description	Fall 2015	Fall 2016
Waco	Single Student Housing		
	Red River Apartments		
	Air Conditioned, 2 bedrooms Double Occupancy Single Occupancy	\$1260 semester \$1640 semester	\$1285 semester \$1670 semester
	Residence Hall (Lavaca)		
	Air Conditioned, Room Single Occupancy	\$1410 semester	\$1440 semester
	Application Fee	\$20	No Change
	Deposit	\$150	No Change
	Internet Charge (optional)	\$60 semester	No Change
	Moving Charge*	\$50	No Change
	<i>*The Housing Office retains the right to deny any move not considered to be in the best interest of TSTC.</i>		
	Lost Key Charge - Outside door	\$25	\$30
	Lost Key Charge - Mailbox	\$10	N/A
	Family Housing		
	Housing-Wood Frame		
	2 Bedroom Duplex		
	Student	\$405 monthly	No Change
	Education Related	\$485 monthly	No Change
	3 Bedroom Duplex		
	Student	\$445 monthly	No Change
	Education Related	\$525 monthly	No Change
	2 Bedroom Single		
	Student	\$460 monthly	No Change
	Education Related	\$540 monthly	No Change
	3 Bedroom Single		
	Student	\$480 monthly	No Change
	Education Related	\$560 monthly	No Change
	4 Bedroom Single		
	Student	\$515 monthly	No Change
	Education Related	\$595 monthly	No Change

Texas State Technical College
Schedule of Student and Family Housing Rental Rates, Service Charges, and Deposits
Effective Fall 2016 Semester

Campus	Description	Fall 2015	Fall 2016
Waco (cont.)	Housing-Brick Veneer		
	3 Bedroom Small Student Education Related	\$570 monthly \$650 monthly	No Change No Change
	4 Bedroom Small Student Education Related	\$595 monthly \$675 monthly	No Change No Change
	3 Bedroom Large Student Education Related	\$595 monthly \$675 monthly	No Change No Change
	4 Bedroom Large Student Education Related	\$630 monthly \$710 monthly	No Change No Change
	4 Bedroom Extra Large Education Related	\$730 monthly	No Change
	Family Housing (Renovated in FY 2010 or Later)		
	Housing-Wood Frame		
	2 Bedroom - Duplex Student Education Related		
		\$480 monthly \$560 monthly	\$500 monthly \$580 monthly
	3 Bedroom - Duplex Student Education Related	\$525 monthly \$605 monthly	\$545 monthly \$630 monthly
	3 Bedroom Single Student Education Related	\$560 monthly \$640 monthly	\$580 monthly \$665 monthly
	4 Bedroom Single Student Education Related	\$590 monthly \$670 monthly	\$615 monthly \$700 monthly

Texas State Technical College
Schedule of Student and Family Housing Rental Rates, Service Charges, and Deposits
Effective Fall 2016 Semester

Campus	Description	Fall 2015	Fall 2016
Waco (cont.)	Housing-Brick Veneer		
	3 Bedroom Small		
	Student	\$600 monthly	\$625 monthly
	Education Related	\$730 monthly	\$760 monthly
	3 Bedroom Large		
	Student	\$625 monthly	\$650 monthly
	Education Related	\$755 monthly	\$785 monthly
	4 Bedroom Small		
	Student	\$625 monthly	\$650 monthly
	Education Related	\$755 monthly	\$785 monthly
	4 Bedroom Large		
	Student	\$650 monthly	\$675 monthly
	Education Related	\$790 monthly	\$820 monthly
	4 Bedroom Extra Large		
	Education Related	\$810 monthly	\$840 monthly
	Application Fee		
	Per Person over 17 years old	\$20	No Change
	Deposit	One Month's Rent Rounded Down to the nearest \$100	Equal to One month's Rent
	Transfer Charge	\$250	No Change
	Pet Fee (non-refundable)	\$100 per pet (maximum 2)	\$300 per pet (maximum 2)
	Pet Deposit (refundable)	\$200 per pet (maximum 2)	N/A
	Lost Key Charge - Outside door	\$25	\$30
	Moving Charge*		
	Length of Residency		
	Less than 12 months	Not Allowed	No Change
	At least 12 months, but less than 24 months	\$250	No Change
	24 months or more	\$250	No Change
	<i>*The Housing Office retains the right to deny any move not considered to be in the best interest of TSTC.</i>		

Texas State Technical College
Schedule of Student and Family Housing Rental Rates, Service Charges, and Deposits
Effective Fall 2016 Semester

Campus	Description	Fall 2015	Fall 2016
Marshall	Single Student Housing		
	A/C Block Brick (Bldg. A-H) 2 Bedroom Apartments		
	Single Occupancy per Bedroom per Student, Furnished	\$1,399 per semester	No Change
	Single Occupancy per Bedroom per Student, Unfurnished	\$1,260 per semester	No Change
	4 Bedroom Apartments		
	Single Occupancy per Bedroom per Student, Furnished	\$1,205 per semester	No Change
	Single Occupancy per Bedroom per Student, Unfurnished	\$1,085 per semester	No Change
	Deposit	\$150	No Change
	Moving Charge*	\$50	No Change
	<i>*The Housing Office retains the right to deny any move not considered to be in the best interest of TSTC.</i>		
	Lost Key Charge - Outside door	\$10	\$30

Texas State Technical College
Schedule of Student and Family Housing Rental Rates, Service Charges, and Deposits
Effective Fall 2016 Semester

Campus	Description	Fall 2015	Fall 2016
Sweetwater	Single Student Housing		
	WASP, Rolling Pains and Avenger Apartments, 4 per suite, 2 per bedroom and weekday meal plan, 15 meals per week (Mon.-Fri.)	\$2,640 semester	No Change
	Cedar, Pecan, Oak and Mesquite Lodges, 2 per suite, 1 per bedroom and weekday meal plan, 15 meals per week (Mon.-Fri.)	\$2,765 semester	No Change
	Bluebonnet Hall, 2 per suite, 1 per bedroom and weekday meal plan, 15 meals per week (Mon.-Fri.)	\$2,765 semester	No Change
	Vocational or Associate Degree Nursing Studies - WASP, Rolling Plains and Avenger Apartments, 4 per suite, 2 per bedroom and weekday meal plan, 150 meals per semester (Mon.-Fri.)	\$2,365 semester	No Change
	Vocational or Associate Degree Nursing Studies - Cedar, Pecan, Oak and Mesquite Lodges, 2 per suite, 1 per bedroom and weekday meal plan, 150 meals per semester (Mon.-Fri.)	\$2,490 semester	No Change
	Vocational or Associate Degree Nursing Studies - Bluebonnet Hall, 2 per suite, 1 per bedroom and weekday meal plan, 150 meals per semester (Mon.-Fri.)	\$2,490 semester	No Change
	Application Fee Per person over 17 years old	\$20	No Change
	Deposit	\$150	No Change
	Cleaning Fee	\$75 per period rental	No Change
	Internet Charge (optional)		No Change
	Moving Charge*	\$50	No Change
	<i>*The Housing Office retains the right to deny any move not considered to be in the best interest of TSTC.</i>		
	Lost Key Charge - Outside Door	\$50	No Change

Board Meeting Date: February 11, 2016

Proposed Minute Order #: 13-16(c)

Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Concept to Renegotiate Governing Ground Lease with Village Oaks Apartments Located at Texas State Technical College in Waco

Background: Texas State Technical College (TSTC) is engaged with Campus Living Villages (CLV) to manage the 800-bed on-campus, student-living apartment facilities built in 1992 at TSTC in Waco. TSTC executed the governing ground lease in 1991 with Century Development Corporation (the company later acquired by CLV). The lease term expires in 2032. During 2015, CLV approached TSTC with a proposed letter of intent to renegotiate the lease term. TSTC has issued a Request for Qualification for a real estate expert to assist in facilitating such negotiations.

CLV occupancy dropped from 85% to 76% from Fall 2014 to Fall 2015, respectively, while other nearby apartment facilities revealed a market occupancy average during that same time near 90%. CLV expressed the need to renovate the facilities to prevent further occupancy decline and to protect their investment. CLV projects \$5.8 million in anticipated capital improvements, contingent on the extension the lease arrangement with TSTC.

Justification: Capital improvements, anticipated upon the extended ground lease, will provide greater curb appeal and better living accommodations for our students and create an opportunity to enhance TSTC's position and influence over the CLV management committee needed to increase the earnings potential for both the College and CLV.

Additional Information: TSTC evaluated the buy-out provisions contained within the current lease and determined it is cost-prohibitive to exercise the option.

CLV is a global student-housing provider headquartered in Australia that manages in excess of 35,000 beds across Australia, New Zealand, the United Kingdom, and the United States.

Fiscal Implications: CLV's proposal projects an increase in College distributions as well as the creation of a sinking fund to address any necessary maintenance issues.

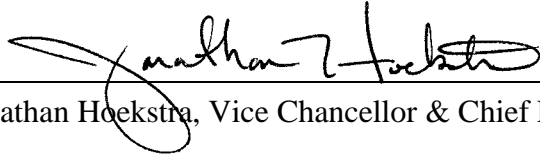
Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): Letter from General Counsel and Map of the Facilities

Recommended Minute Order: "The Board of Regents approves the concept to renegotiate the governing ground lease associated with Village Oaks Apartments located at Texas State

Technical College in Waco.”

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", is written over a horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer



General Counsel
254.867.3662
Fax: 254.867.3979

3801 Campus Dr. ☿ Waco, TX 76705
www.tstc.edu

January 13, 2016

Mr. Michael Reeser
Chancellor
Texas State Technical College System
3801 Campus Drive
Waco, Texas 76705

RE: Renegotiation of the Governing Ground Lease with Village Oaks Apartments at Texas State Technical College in Waco

Dear Chancellor Reeser:

As requested, I have considered the legal ramifications of the renegotiation of the lease associated with the Village Oaks Apartments located on the Waco campus. The original ground lease was executed with Century Development Corporation (CDC) in 1991, and will terminate in 2032. CDC was purchased in 2006 by Campus Living Villages (CLV), an Australian global student housing provider which manages in student housing for more than 35,000 across Australia, New Zealand, the United Kingdom and the United States. CLV has witnessed a drop in the occupancy of Village Oaks Apartments from 85% occupancy in the Fall of 2014 to 76% in the Fall of 2015.

While some of this drop can certainly be attributed to declining enrollment numbers, a competitive market survey for other nearby apartment facilities revealed a market occupancy average of right at 90%. CLV needs to renovate the facilities to prevent further occupancy decline and to protect their investment, but they have indicated that they won't commit the projected \$5.8 million in anticipated capital improvements without an opportunity to extend the lease arrangement.

Renegotiating the governing ground lease is necessary for the following reasons:

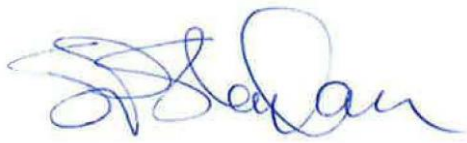
- to assist with marketing efforts as the resulting renovations will provide greater curb appeal and better living accommodations for our students;
- it is cost-prohibitive to exercise the buy-out option within the governing lease; and
- it will afford the opportunity to address several long-standing issues that, given the disproportionate control by CLV as a part of the governing Management Committee, have been points of contention for the College since inception; which should result in greater cooperation and enhance earnings potential for both parties.

A Request for Qualification (RFQ) has been issued for a real estate expert to assist in facilitating such negotiations. A pro-forma provided by CLV projects increased College distributions, with \$87 thousand in 2016 and increasing annually up to \$1.4 million by 2050, with a sinking fund being established to address any necessary maintenance issues.

Having considered TSTC management's assessment of the financial benefits of a renegotiation and the current plan to amend the ground lease in ways more favorable to TSTC, it is my opinion that there are no legal impediments to renegotiating the ground lease, and that doing so may be advantageous to the College.

If you have any questions or need additional information, please advise.

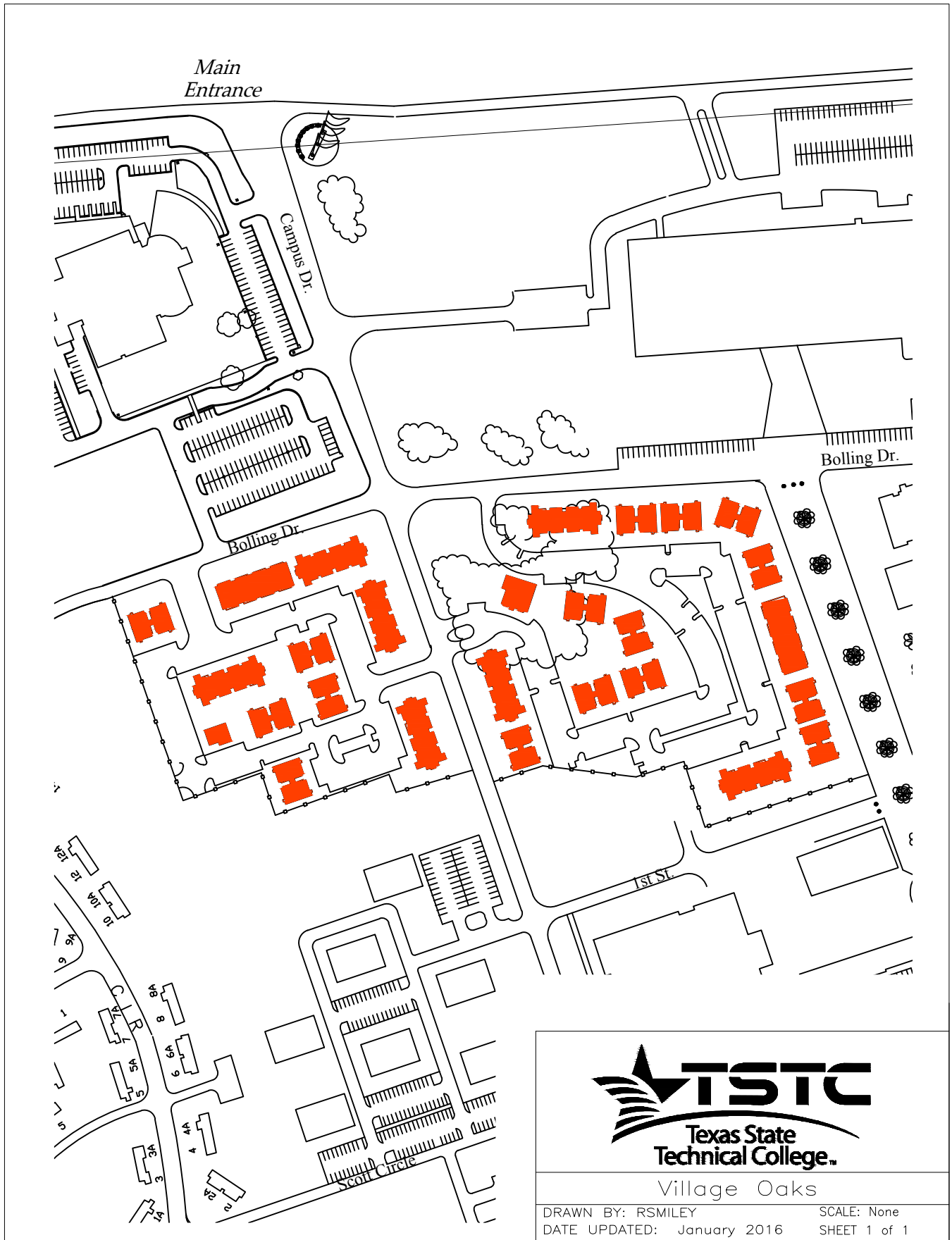
Respectfully submitted,



Susan Shafer
Associate General Counsel

cc: Ray Rushing
General Counsel of TSTC and Secretary, TSTC Board of Regents

Jonathan Hoekstra
Vice Chancellor & Chief Financial Officer, TSTC



Board Meeting Date: February 11, 2016

Proposed Minute Order #: 14-16(c)

Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Concept to Renegotiate Facility Lease with Harlingen Consolidated Independent School District at Texas State Technical College in Harlingen

Background: The Harlingen Consolidated Independent School District (HCISD) operates its Early College High School (ECHS) at Texas State Technical College (TSTC) in Harlingen under a lease agreement originally executed in August 2008.

Recently, Building L became vacant due to program moves driven by the renovations and program relocations within the Facilities Master Plan. Building L was built in 1974, consists of 13,529 square feet, and is positioned to support expansion of the ECHS Career and Technology Education (CTE) and additional dual credit pathways.

Justification: Under the plans, Building L would become the dual credit hub for both technical and high school credit courses. The amended lease would add Building L to the inventory of facilities leased to HCISD under the ECHS program.

Additional Information: None

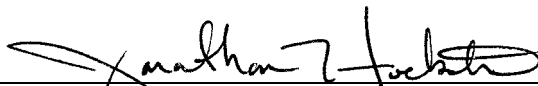
Fiscal Implications: TSTC administration proposes negotiating a mutually beneficial lease that aligns ECHS efforts with TSTC's CTE pathways. Lessee will cover any necessary renovation costs, future maintenance, utility costs, and is responsible to insure their contents as well as general liability for their operations. The amended lease will potentially retain the original termination date of August 27, 2033, with multiple two-year extensions available on the same terms and conditions originally stipulated. Maintenance and upkeep costs will be covered by the Lessee.

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): Letter from General Counsel and Campus Map

Recommended Minute Order: "The Board of Regents approves the Concept to Renegotiate the Lease of Building L at Texas State Technical College in Harlingen to the Harlingen Consolidated Independent School District and authorizes the Chancellor, or his designee, to execute the related Lease Agreement."

Recommended By:

A handwritten signature in black ink, appearing to read "Jonathan Hoekstra", written over a horizontal line.

Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer



General Counsel
254.867.3662
Fax: 254.867.3979

3801 Campus Dr. ☿ Waco, TX 76705
www.tstc.edu

January 21, 2016

Mr. Michael Reeser
Chancellor
Texas State Technical College System
3801 Campus Drive
Waco, Texas 76705

RE: Renegotiation of the Facility Lease with Harlingen Independent School District at the TSTC Harlingen location.

Dear Chancellor Reeser:

As requested, I have considered the legal ramifications of the renegotiation of the facility lease between TSTC and Harlingen Independent School District (ISD). The original lease was executed in August 2008, and supplies the space currently used by Harling ISD for the Early College High School (ECHS).

Building L on the Harlingen campus recently became vacant due to program moves driven by the renovations and program relocations within the Facilities Master Plan. Building L was built in 1974, consists of 13,529 square feet, and is positioned to support expansion of the ECHS Career and Technology Education (CTE) and additional dual credit pathways. If this renegotiation is approved, Building L will become the dual credit hub for both technical and high school credit courses. The amended lease would add Building L to the inventory of facilities leased to HCISD under the ECHS program.

Management desires to negotiate a mutually beneficial lease that aligns ECHS efforts with TSTC's CTE pathways. Under the plan, Harlingen ISD will cover any necessary renovation costs, future maintenance, utility costs, and will be responsible to insure their contents as well as providing general liability for their operations. The amended lease will potentially retain the original termination date of August 27, 2033, with multiple two-year extensions available on the same terms and conditions originally stipulated. Maintenance and upkeep costs will be the responsibility of Harling ISD.

Having considered TSTC management's assessment of the benefits of a renegotiation, it is my opinion that there are no legal impediments to renegotiating the facility lease with Harlingen ISD, and that doing so may be advantageous to the College.

If you have any questions or need additional information, please advise.

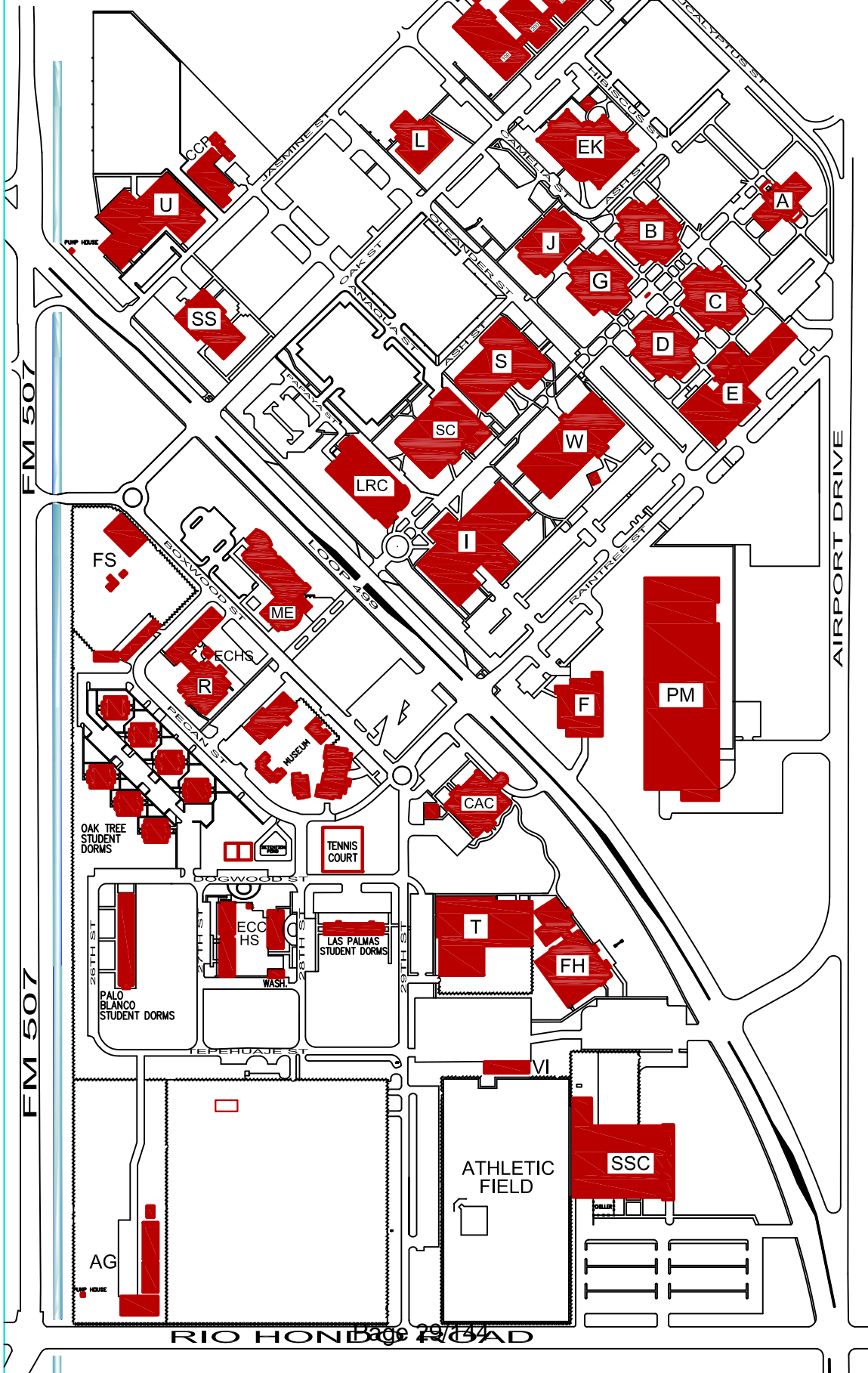
Respectfully submitted,



Susan Shafer
Associate General Counsel

cc: Ray Rushing
General Counsel of TSTC and Secretary, TSTC Board of Regents

Jonathan Hoekstra
Vice Chancellor & Chief Financial Officer, TSTC



Board Meeting Date: February 11, 2016

Proposed Minute Order #: 15-16(c)

Proposed By: Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer

Subject: Purchase of Industrial Technology Center at Texas State Technical College in North Texas

Background: During its 83rd Regular session, the Texas Legislature authorized the creation of an extension center in Red Oak in connection with a partnership with the Red Oak Independent School District (ROISD). While the center was authorized and transition funding was appropriated to support start-up efforts, anticipated funding for facilities did not materialize when tuition revenue bonds (TRBs) were not authorized.

To honor the 83rd Legislature's intent to operate in North Texas, Texas State Technical College (TSTC) entered into an arrangement with The TSTC Foundation (Foundation) to establish a technical education facility (the Facility) on land donated to TSTC by ROISD. The TSTC Foundation financed and constructed a new educational building through two loans: 1) financing of the initial building construction and 2) finish out and renovation of the initial building (in time for Fall 2016). Two separate operating leases between TSTC and the Foundation allowed TSTC to operate the facility and the Foundation to secure the financing.

The Texas 84th Legislative Session authorized the issuance of tuition revenue bonds (TRBs) to fund certain capital projects at specified public institutions of higher education, including \$11,040,000 for the purchase and finish out of the Facility.

Justification: The financing and subsequent lease transaction provided a bridge to permanent financing and ownership of the Facility by TSTC. Purchase of the Facility will complete the bridge transaction.

Additional Information: TSTC owns the land on which the building was constructed. TSTC ground leased the land to The Foundation. The Foundation leased the Facility to TSTC through two separate operating leases. In connection with the purchase of the building, the ground lease between the Foundation and TSTC, and the two operating leases will be terminated.

As part of the proposed sale, the Foundation authorized the assignment of the construction contract for the finish-out of the Facility, requiring that TSTC assume the owner's responsibility for completion of such construction as well as remaining payments due to the general contractor or others regarding the finish-out.

Action Schedule:	Approve Concept to Purchase and Complete Build Out Facility	August 2014	MO 48-14
	Approve Bond Concept	November 2015	MO 65-15
	Approve Purchase of Facility	February 2016	MO 15-16

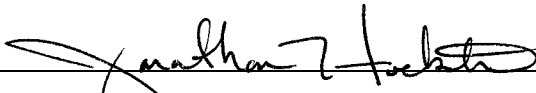
Fiscal Implications: The agreed upon purchase price of the North Texas Technology Center will be the lesser of the outstanding Foundation loan balances plus an additional \$100,000 and will not exceed the Fair Market Value of the building. Debt service for the related tuition revenue bonds will be appropriated to TSTC beginning in Fiscal Year 2017. Elimination of the operating leases will reduce annual rent expense by \$601,200 per year.

Attachment(s): Letter from General Counsel

Attestation: This Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Recommended Minute Order: “The Board of Regents approves the purchase of Industrial Technology Center at Texas State Technical College in North Texas from The TSTC Foundation and authorize the Chancellor, or his designee, to execute the related transaction documents and agreements.”

Recommended By:



Jonathan Hoekstra, Vice Chancellor & Chief Financial Officer



General Counsel
254.867.3662
Fax: 254.867.3979

3801 Campus Dr. § Waco, TX 76705
www.tstc.edu

January 14, 2016

Mike Reeser
Chancellor, TSTC System
3801 Campus Drive
Waco, Texas 76705

Re: The Purchase of the North Texas Technology Center located at Red Oak, Texas

Dear Chancellor Reeser:

As requested, I have reviewed the documents related to the purchase of the North Texas Technology Center located at Red Oak, Texas by TSTC from the TSTC Foundation.

The TSTC Foundation financed a new educational building at the TSTC in North Texas campus. The financing for the construction was accomplished by two loans through American Bank. The first loan paid for the construction of the building and the second loan is for the finish out and renovation of the building.

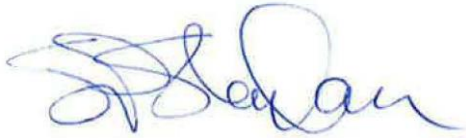
TSTC owns the land on which the building is being constructed. TSTC ground leases the land to The TSTC Foundation. The TSTC Foundation leases the Technology Center to TSTC through two separate operating leases. In connection with the purchase of the building, the Ground Lease between the Foundation and TSTC, and the two Operating Leases (there being a separate Operating Lease for each bank Loan between the Foundation and TSTC) will be terminated.

The Foundation authorized the assignment of the construction contract for the finish-out of the North Texas Technology Building to TSTC in a meeting of its Board of Directors on January 13, 2016, it being understood that such transaction shall require that TSTC assume the owner's responsibility for completion of such construction and make all further payments due to the general contractor or others regarding such finish-out.

The agreed upon purchase price of the North Texas Technology Center will be the outstanding loan balances at American Bank (principal and interest) plus an additional \$100,000, which will not exceed the Fair Market Value of the building.

If you have any questions or need additional information, please advise.

Sincerely,

A handwritten signature in blue ink, appearing to read "Susan Shafer". The signature is fluid and cursive, with the first name "Susan" being more prominent than the last name "Shafer".

Susan Shafer
Associate General Counsel

cc: Jonathan Hoekstra; Ray Rushing; Ray Fried; Dr. Gary Hendricks; Karen Waller

DRAFT DATE: JANUARY 21, 2016

SEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$64,740,000 IN PRINCIPAL AMOUNT OF *TEXAS STATE TECHNICAL COLLEGE SYSTEM REVENUE FINANCING SYSTEM BONDS*, IN ONE OR MORE SERIES, FOR THE PURPOSE OF FINANCING CERTAIN IMPROVEMENTS AT VARIOUS CAMPUSES AND REFUNDING CERTAIN OUTSTANDING OBLIGATIONS; AUTHORIZING THE SALE THEREOF PURSUANT TO A NEGOTIATED UNDERWRITING; APPROVING AND AUTHORIZING THE EXECUTION OF INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN SYSTEM OFFICIALS TO SELECT UNDERWRITERS, APPROVE ALL FINAL TERMS WITH RESPECT TO THE SALE OF THE BONDS, AND APPROVE A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW AGREEMENT AND A PURCHASE CONTRACT; AND APPROVING OTHER MATTERS RELATED THERETO

Date of Approval: February 11, 2016

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SEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$64,740,000 IN PRINCIPAL AMOUNT OF TEXAS STATE TECHNICAL COLLEGE SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES, FOR THE PURPOSE OF FINANCING CERTAIN IMPROVEMENTS AT VARIOUS CAMPUSES AND REFUNDING CERTAIN OUTSTANDING OBLIGATIONS; AUTHORIZING THE SALE THEREOF PURSUANT TO A NEGOTIATED UNDERWRITING; APPROVING AND AUTHORIZING THE EXECUTION OF INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN SYSTEM OFFICIALS TO SELECT UNDERWRITERS, APPROVE ALL FINAL TERMS WITH RESPECT TO THE SALE OF THE BONDS, AND APPROVE A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW AGREEMENT AND A PURCHASE CONTRACT; AND APPROVING OTHER MATTERS RELATED THERETO

WHEREAS, the TEXAS STATE TECHNICAL COLLEGE SYSTEM (the "*System*" or "*TSTC*") is an "institution of higher education" within the meaning of Sections 55.01 and 61.003(8), Texas Education Code; and

WHEREAS, pursuant to the provisions of Chapter 135, Texas Education Code, the organization and control of the System is vested in the Board of Regents of the System (the "*Board*"); and

WHEREAS, the System currently operates (i) campuses located in the Cities of Harlingen, Marshall, Waco, and Red Oak; (ii) a campus serving West Texas operating in the Cities of Sweetwater, Abilene, Brownwood, and Breckenridge, (iii) a campus located in Fort Bend County; and (iv) a higher education center in East Williamson County; and

WHEREAS, pursuant to Sections 55.02 and 55.13, Texas Education Code, the System is authorized to issue its revenue bonds from time to time, payable from and secured by liens on and pledges of all or any part of any of the revenue funds of the System, or any branch or branches of the System, for the purpose of providing funds to acquire, purchase, construct, improve, enlarge, and/or equip any property, building, structures, activities, services, operations or other facilities, for and on behalf of the System; and

WHEREAS, pursuant to Section 55.17892, Texas Education Code, the Board is further specifically authorized to issue bonds in accordance with a systemwide revenue financing program adopted by the Board, for the following institutions operated by the System not to exceed the aggregate principal amounts for the following projects (except that Section 55.17392(d) will permit the System to use any unexpended proceeds for a specified project to renovate existing structures and facilities at the respective campus):

- (1) Texas State Technical College - West Texas¹, \$12,000,000 for construction of an industrial technology center;
- (2) Texas State Technical College - Harlingen, \$3,750,000 for Phase II of the Engineering Technology Center renovation;
- (3) Texas State Technical College - Waco², \$14,950,000 for construction of the Fort Bend Campus Building #2; and
- (4) Texas State Technical College - Marshall³, \$11,040,000 for purchase and renovation of the North Texas Technology Center; and

WHEREAS, such bonds authorized pursuant to Section 55.17892, Texas Education Code, may be secured with all or any part of the revenue funds of an institution, branch or entity of the System, including student tuition charges; and

WHEREAS, on October 18, 2002, the Board adopted the "*Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of the Board of Regents of the Texas State Technical College System*" (referred to herein as the "**Master Resolution**"); and

WHEREAS, unless otherwise defined herein (including Exhibit A attached hereto), terms used herein shall have the meaning given in the Master Resolution; and

WHEREAS, the Master Resolution establishes the Revenue Financing System and pledges the Pledged Revenues to the payment of Parity Obligations to be outstanding under the Master Resolution; and

WHEREAS, the Board has previously determined to implement the Revenue Financing System in order to establish a system of financing improvements at the various colleges and locations it operates; and

WHEREAS, on October 18, 2002, the Board authorized the issuance of the first series of Parity Obligations pursuant to the *First Supplemental Resolution to the Master Resolution*

¹In 2015, the Texas Legislature amended Section 135.02 of the Texas Education to authorize the creation of a "campus" serving West Texas that operates as a collective unit of strategically positioned permanent locations in the city of Sweetwater in Nolan County, the city of Abilene in Taylor County, the city of Brownwood in Brown County, and the city of Breckenridge in Stephens County. This project will be located at TSTC in Abilene.

²In 2015, the Texas Legislature amended Section 135.02 of the Texas Education to authorize the creation of a "campus" located in Fort Bend County. This project will be located at TSTC in Fort Bend County.

³In 2015, the Texas Legislature amended Section 135.02 of the Texas Education to authorize the creation of a "campus" located in the City of Red Oak in Ellis County, which TSTC generally refers to as "TSTC in North Texas." This project will be located at TSTC in North Texas.

Authorizing the Issuance and Delivery of \$10,880,000 in Principal Amount of Texas State Technical College System Revenue Financing System Bonds, Series 2002; Authorizing the Sale Thereof Pursuant to a Competitive Sale and Authorizing the Chancellor to Approve All Final Terms Following Receipt of Competitive Bids; and Approving and Authorizing Instruments and Procedures Relating Thereto; and

WHEREAS, on May 2, 2008, the Board authorized the issuance of the second series of Parity Obligations pursuant to the *Second Supplemental Resolution to the Master Resolution Authorizing the Issuance and Delivery of \$3,125,000 in Principal Amount of Texas State Technical College System Revenue Financing System Bonds, Series 2008; Authorizing the Sale Thereof Pursuant to a Competitive or Private Placement Sale and Authorizing the Chancellor to Approve All Final Terms Following Receipt of Bids; and Approving and Authorizing Instruments and Procedures Relating Thereto; and*

WHEREAS, on November 17, 2008, the Board authorized the issuance of the third series of Parity Obligations pursuant to the *Third Supplemental Resolution to the Master Resolution Authorizing the Issuance and Delivery of \$1,000,000 in Principal Amount of Texas State Technical College System Revenue Financing System Bonds, Taxable Series 2008A; Authorizing the Sale Thereof Pursuant to a Competitive Sale; Approving All Final Terms Thereof; and Approving and Authorizing Instruments and Procedures Relating Thereto; and*

WHEREAS, on November 13, 2009, the Board authorized the issuance of the fourth series of Parity Obligations pursuant to the *Fourth Supplemental Resolution to the Master Resolution Authorizing the Issuance and Delivery of Texas State Technical College System Revenue Financing System Bonds, Series 2009 in an Amount Not to Exceed \$31,555,000; Authorizing the Sale Thereof Pursuant to a Competitive Sale and Authorizing the Chancellor and the Vice Chancellor for Financial & Administrative Services to Individually or Jointly Approve All Final Terms Following Receipt of Bids; and Approving and Authorizing Instruments and Procedures Relating Thereto; and*

WHEREAS, on August 5, 2011, the Board authorized the issuance of the fifth series of Parity Obligations pursuant to the *Fifth Supplemental Resolution to the Master Resolution Authorizing the Issuance and Delivery of Texas State Technical College System Revenue Financing System Bonds, Series 2011 in an Amount Not to Exceed \$28,500,000; Authorizing the Sale Thereof Pursuant to a Negotiated Underwriting and Authorizing the Chancellor and the Vice Chancellor for Financial & Administrative Services to Individually or Jointly Approve All Final Terms Following Receipt of Bids; and Approving and Authorizing Instruments and Procedures Relating Thereto; and*

WHEREAS, on August 5, 2011, the Board authorized the issuance of the sixth series of Parity Obligations pursuant to the *Sixth Supplemental Resolution to the Master Resolution Authorizing the Issuance and Delivery of Texas State Technical College System Revenue Financing System Bonds, Series 2011A in an Amount Not to Exceed \$5,200,000; Authorizing the Sale Thereof Pursuant to a Negotiated Underwriting, a Competitive Sale or a Private Placement and Authorizing the Chancellor and the Vice Chancellor for Financial & Administrative Services to Individually or*

Jointly Approve All Final Terms of the Bonds; and Approving and Authorizing All Instruments and Procedures Relating Thereto; and

WHEREAS, the North Texas Technology Center that will be purchased by the System and renovated with a portion of the proceeds of the bonds being issued pursuant to this Seventh Supplement currently is owned by *The TSTC Foundation* (the "**Foundation**"); and

WHEREAS, the Foundation financed the acquisition, construction and equipping of the North Texas Technology Center with proceeds of certain outstanding loans obtained by the Foundation (the "**Foundation Loans**"), which will be paid off upon the acquisition of the North Texas Technology Center by the System; and

WHEREAS, the outstanding principal amount of the Foundation Loans is less than the cost to acquire the North Texas Technology Center from the Foundation in part because a portion of the original principal amount of the Foundation Loans has been paid by the Foundation; and

WHEREAS, for purposes of federal tax law the purchase of the North Texas Technology Center by the System from the Foundation is considered a "refunding" of an outstanding debt of a related party of the System, which means that proceeds of tax-exempt obligations cannot be used to provide funds to pay any portion of such debt that is no longer outstanding; accordingly, in order to provide sufficient funds to purchase the North Texas Technology Center for an amount that exceeds the outstanding principal of the Foundation Loans, as well as make further renovations to the facility, the System will use other available funds (not proceeds of Bonds authorized pursuant to this Resolution) to pay a portion of the acquisition price of the North Texas Technology Center; and

WHEREAS, the Board hereby finds and declares a public purpose and deems it advisable and in the best interests of the System to issue a series of Parity Obligations pursuant to this Seventh Supplement to the Master Resolution, a portion of which, as allocated and approved, individually or jointly, by the Chancellor and/or to the Vice Chancellor and Chief Financial Officer of the System and set for in Exhibit B to be attached hereto, will be used to pay costs of issuance and to provide (i) \$12,000,000 for construction of an industrial technology center associated with the System's Abilene campus; (ii) \$3,750,000 for Phase II of the Engineering Technology Center renovation at the System's Harlingen campus; (iii) \$14,950,000 for construction of the Fort Bend Campus Building #2 at the System's Fort Bend County campus; and (iv) \$11,040,000 for purchase and renovation of the North Texas Technology Center at the System's North Texas campus (the "**Construction Bonds**"); and

WHEREAS, among numerous series of previously issued Revenue Financing Bonds described in certain recitals above, there are specifically outstanding the following series of Revenue Financing System Bonds:

Texas State Technical College System Revenue Financing System Bonds, Series 2008, dated June 1, 2008, maturing on August 1 in the years 2016 through 2023, inclusive, in the aggregate principal amount of \$1,870,000 (the "Series 2008 Bonds"); and

Texas State Technical College System Revenue Financing System Bonds, Series 2009, dated November 15, 2009, maturing on August 1 in the years 2016 through 2030, inclusive, in the aggregate principal amount of \$26,050,000 (the "Series 2009 Bonds"); and

WHEREAS, the Series 2008 Bonds maturing on and after August 1, 2019, are subject to optional redemption on August 1, 2018, or on any date thereafter, and the Series 2009 Bonds maturing on and after August 1, 2020, are subject to optional redemption on August 1, 2019, or on any date thereafter; and

WHEREAS, the System now desires to authorize the refunding of all or a portion of the Series 2008 Bonds maturing in the years 2019 through 2023, and all or a portion of the Series 2009 Bonds maturing in the years 2020 through 2030, which are more fully described as follows:

SERIES 2008 BONDS ELIGIBLE TO BE REFUNDED			
MATURITY (AUGUST 1)	PRINCIPAL AMOUNT MATURING IN YEAR (\$)	STATED INTEREST RATE (%)	CUSIP No. (88276R)
2019	225,000	4.250	BH4
2020	240,000	4.375	BJ0
2021	250,000	4.500	BK7
2022	260,000	4.500	BL5
2023	<u>275,000</u>	4.500	BM3
Total	<u>1,250,000</u>	***	***

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SERIES 2009 BONDS ELIGIBLE TO BE REFUNDED

MATURITY (AUGUST 1)	PRINCIPAL AMOUNT MATURING IN YEAR (\$)	STATED INTEREST RATE (%)	CUSIP No. (88276R)
2020	1,495,000	4.000	BX9
2021	1,560,000	4.000	BY7
2022	1,630,000	4.000	BZ4
2023	1,705,000	4.000	CA8
2024	1,785,000	4.125	CB6
2025	1,865,000	4.125	CC4
2026	1,945,000	4.250	CD2
2027	2,035,000	4.500	CE0
2028	2,125,000	5.000	CF7
2029	2,220,000	5.000	CG5
2030	<u>2,320,000</u>	5.000	CH3
Total	<u>20,685,000</u>	***	***

WHEREAS, pursuant to the provisions of Section 1207.007(a)(4), Texas Government Code, the System now desires to delegate to the Chancellor and to the Vice Chancellor and Chief Financial Officer of the System the authority to individually or in combination with another of such officers select the specific maturities and principal amounts of the Series 2008 Bonds and/or the Series 2009 Bonds described in the preceding recital to be refunded with proceeds of one or more series of bonds authorized pursuant to this Resolution and approve all final terms and effect the sale of such bonds; and

WHEREAS, the Series 2008 Bonds and/or the Series 2009 Bonds selected by the Chancellor and to the Vice Chancellor and Chief Financial Officer of the System to be refunded as authorized by Section 2(e) of this Resolution are hereafter referred to as the "**Refunded Bonds**"; and

WHEREAS, all of the Refunded Bonds mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

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

making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, Chapter 1207 (specifically Section 1207.062, Texas Government Code) further authorizes the System to enter into an escrow agreement with any paying agent for the Refunded Bonds, or with another trust company or commercial bank that does not act as a depository for the System, with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the System and such paying agent may agree; provided that such deposits may be invested and reinvested in:

(i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States,

(ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves this Resolution, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and

(iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves this Resolution, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent,

and all of which must mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or redemption of the Refunded Bonds; and

WHEREAS, **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** currently serves as the paying agent for the Series 2008 Bonds and the Series 2009 Bonds, and the Escrow Agreement hereinafter authorized between the System and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, constitutes an escrow agreement of the kind authorized and permitted by Chapter 1207; and

WHEREAS, as a state institution of higher education, the System is an "issuer" as defined in Section 371.001(4), Texas Government Code; accordingly, the System is authorized to exercise authority granted in Chapter 1371, Texas Government Code; and

WHEREAS, Section 1371.051, Texas Government Code, authorizes the System to "refund an obligation issued in connection with an eligible project," and the projects originally financed with the Refunded Bonds are "eligible projects" within the meaning of Section 1371.001(2), Texas Government Code; and

WHEREAS, the Board hereby finds and declares a public purpose and deems it advisable and in the best interests of the System to issue a series of bonds (sometimes referred to herein as the "**Refunding Bonds**"), the proceeds of which will be used to pay costs of issuance and refund the

Refunded Bonds in order to achieve a present value debt service savings for the benefit of the System; and

WHEREAS, pursuant to the provisions of Section 1371.053(c), Texas Government Code, the Board now desires to delegate to the Chancellor and to the Vice Chancellor and Chief Financial Officer of the System the authority to individually or jointly approve final terms of the Construction Bonds and the Refunding Bonds, in one or more series (herein referred to collectively as the "**Bonds**"), and affect the sale of the Bonds; and

WHEREAS, the Bonds authorized to be issued by this Seventh Supplement are to be issued and delivered pursuant to laws of the State of Texas, including particularly Chapter 55, Texas Education Code, and Sections 55.02 and 55.13 thereof, Chapter 1207, and Chapter 1371, Texas Government Code, as amended; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Seventh Supplement was adopted was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE TEXAS STATE TECHNICAL COLLEGE SYSTEM THAT:

SECTION 1. DEFINITIONS. In addition to the definitions set forth in the preamble of this Seventh Supplement, the terms used in this Seventh Supplement (except in the FORM OF BOND) and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit A to this Seventh Supplement attached hereto and made a part hereof.

SECTION 2. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS; DELEGATION OF FINAL TERMS.

(a) Amount and Purpose of the Construction Bonds. The Bonds of the System are hereby authorized to be issued and delivered in the aggregate principal amount as designated by the Chancellor and/or the Vice Chancellor and Chief Financial Officer of the System (each a "**Designated Officer**") pursuant to the provisions of Section 2(b) of this Seventh Supplement, but in no event to exceed \$41,740,000 in principal amount, for the purpose of paying costs of issuance to and provide (i) \$12,000,000 for construction of an industrial technology center associated with the System's Abilene campus; (ii) \$3,750,000 for Phase II of the Engineering Technology Center renovation at the System's Harlingen campus; (iii) \$14,950,000 for construction of the Fort Bend Campus Building #2 associated at the System's Fort Bend campus; and (iv) \$11,040,000 for purchase and renovation of the North Texas Technology Center at the System's North Texas campus (previously defined herein as the "**Construction Bonds**").

(b) Method of Sale of Construction Bonds; Delegation of Final Terms. The Construction Bonds shall be sold pursuant to a negotiated underwriting. As authorized by Section 1371.053(c)(2), Texas Government Code, each Designated Officer, acting individually or in combination with

another Designated Officer, is hereby authorized, appointed, and designated as an officer of the System authorized to act on behalf of the System in the selling and delivery of the Construction Bonds authorized by this Seventh Supplement, carrying out the other procedures specified in this Seventh Supplement, including the total aggregate principal amount of the Construction Bonds to be issued (but in no event to exceed an aggregate of \$41,740,000), the price at which the Construction Bonds will be sold, plus accrued interest from their dated date to the date of delivery thereof, if any), the date of the Construction Bonds, the aggregate principal amount of each maturity thereof, the due date of each maturity (but in no event later than *August 1, 2037*), the rate of interest to be borne on the principal amount of each such maturity (provided that the true interest cost of the Construction Bonds shall not exceed a rate greater than 6.00%), the interest payment periods, the dates, price and terms upon and at which the Construction Bonds shall be subject to redemption prior to maturity at the option of the System, as well as any mandatory sinking fund redemption provisions for any maturity, if any, and all other matters relating to the issuance, sale and delivery of the Construction Bonds. Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the System, is further authorized to complete and execute Exhibit B of this Seventh Supplement with the final terms of the Construction Bonds approved pursuant to the authority granted herein, to select and approve one or more investment banking firms to serve as the underwriters of the Construction Bonds (the "**Underwriters**"), to approve and execute a Purchase Contract between the System and the Underwriters (upon consultation with the System's Bond Counsel), to select a financial institution to serve as the paying agent/registrar for the Construction Bonds (herein referred to as the "**Paying Agent/Registrar**"), and to approve and execute a Paying Agent/Registrar Agreement between the System and the Paying Agent/Registrar (upon consultation with the System's Bond Counsel). Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the System, is further authorized to revise and complete the FORM OF BOND set forth in Exhibit D of this Seventh Supplement, with the final terms of the Construction Bonds approved pursuant to the authority granted herein. It is further provided; however, that notwithstanding the foregoing provisions, the Construction Bonds shall not be delivered unless, prior to delivery, the Construction Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371.001(5), Texas Government Code.

(c) Authorization to Issue Refunding Bonds. The Bonds of the System are hereby authorized to be issued and delivered in the aggregate principal amount as designated by the Chancellor and/or the Vice Chancellor and Chief Financial Officer of the System (each a "**Designated Officer**") pursuant to the provisions of Section 2(b) of this Seventh Supplement, but in no event to exceed \$23,000,000 in principal amount, for the purpose of providing funds to refund a portion of the System's outstanding Revenue Financing System Bonds and to pay costs of issuance (previously defined herein as the "Refunding Bonds").

(d) Method of Sale of Refunding Bonds; Delegation of Final Terms. The Refunding Bonds shall be sold pursuant to a negotiated underwriting. As authorized by Section 1371.053(c)(2), Texas Government Code, each Designated Officer, acting individually or in combination with another Designated Officer, is hereby authorized, appointed, and designated as an officer of the System authorized to act on behalf of the System in the selling and delivery of the Refunding Bonds authorized by this Seventh Supplement, carrying out the other procedures specified in this Seventh

Supplement, including the total aggregate principal amount of the Refunding Bonds to be issued (but in no event to exceed an aggregate of \$23,000,000), the price at which the Refunding Bonds will be sold (but in no event shall the Refunding Bonds be sold at a price which would result in a net present value savings of less than 3.00% of the principal amount of the Refunded Bonds), the date of the Refunding Bonds, the aggregate principal amount of each maturity thereof, the due date of each maturity (but in no event later than *August 1, 2030*), the rate of interest to be borne on the principal amount of each such maturity (provided that the true interest cost of the Refunding Bonds shall not exceed a rate greater than 5.00%), the interest payment periods, the dates, price and terms upon and at which the Refunding Bonds shall be subject to redemption prior to maturity at the option of the System, as well as any mandatory sinking fund redemption provisions for any maturity, if any, and all other matters relating to the issuance, sale and delivery of the Refunding Bonds. Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the System, is further authorized to complete and execute Exhibit B of this Seventh Supplement with the final terms of the Refunding Bonds approved pursuant to the authority granted herein, to select and approve one or more investment banking firms to serve as the underwriters of the Refunding Bonds (the "**Underwriters**"), to approve and execute a Purchase Contract between the System and the Underwriters (upon consultation with the System's Bond Counsel), to select a financial institution to serve as the paying agent/registrar for the Refunding Bonds (herein referred to as the "**Paying Agent/Registrar**"), to select a financial institution to serve as the escrow agent in connection with the issuance of Refunding Bonds (herein referred to as the "**Escrow Agent**"), to approve and execute a Paying Agent/Registrar Agreement between the System and the Paying Agent/Registrar (upon consultation with the System's Bond Counsel), and to approve and execute an Escrow Agreement between the System and the Escrow Agent (upon consultation with the System's Bond Counsel). Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the System, is further authorized to revise and complete the FORM OF BOND set forth in Exhibit D of this Seventh Supplement, with the final terms of the Refunding Bonds approved pursuant to the authority granted herein. It is further provided; however, that notwithstanding the foregoing provisions, the Refunding Bonds shall not be delivered unless, prior to delivery, the Refunding Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371.001(5), Texas Government Code.

(e) Delegation of Authority to Select Series 2008 Bonds and Series 2009 Bonds for Refunding. As authorized by Section 1207.007(a)(4), Texas Government Code, each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the System, is hereby authorized to select to be refunded with proceeds of the Refunding Bonds all or any portion of the Series 2008 Bonds maturing in the years 2019 through 2023, and/or the Series 2009 Bonds maturing in the years 2020 through 2030, and to evidence the selection of such Series 2008 Bonds and/or Series 2009 Bonds by executing and attaching to this Resolution as Exhibit C a certificate describing the maturities and the principal amount of such maturities of the Series 2008 Bonds and/or the Series 2009 Bonds to be refunded with the proceeds of the Refunding Bonds.

(f) Construction Bonds and Refunding Bonds May Be Issued in Separate Series or Combined into One Series. Each Designated Officer, acting individually or in combination with another Designated Officer, is further authorized to determine whether the authority granted by the Board pursuant to this Resolution to issue Construction Bonds and Refunding Bonds shall be

accomplished by issuing Construction Bonds and Refunding Bonds in separate series of Bonds (whether the issuance and delivery of such separate series of Bonds occurs on the same date or on different dates) or by combining the issuance of Construction Bonds and Refunding Bonds into one series of Bonds to be issued and delivered on the same date. In the event it is determined to combine the issuance of the Construction Bonds and Refunding Bonds into one series of Bonds, the Designated Officer approving the issuance of such Bonds is further authorized to (i) complete, revise as necessary, and attach Exhibit B of this Resolution, and (ii) revise and complete the FORM OF BOND set forth in Exhibit D of this Resolution, with the final terms of such Bonds approved pursuant to the authority granted herein, and to approve the form, enter into, execute and carry out a Purchase Contract with one or more investment banking firms serving as the underwriters for such Bonds (which firms shall be named in Exhibit B of this Resolution).

(g) Determination Required by Section 1201.022(a)(3), Texas Government Code. In satisfaction of Section 1201.022(a)(3), Texas Government Code, the Board hereby determines that the delegation of the authority to each Designated Officer to approve the final terms of the Bonds set forth in this Seventh Supplement is, and the decisions made by a Designated Officer pursuant to such delegated authority and incorporated in Exhibit B will be, in the System's best interests, and each Designated Officer is hereby authorized to make and include in Exhibit B an appropriate finding to that effect.

(d) Expiration of Delegation Authority. The authority delegated to a Designated Officer pursuant to this Section and elsewhere in this Seventh Supplement shall expire on February 10, 2017.

SECTION 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS. Each Bond issued pursuant to this Seventh Supplement shall be designated **TEXAS STATE TECHNICAL COLLEGE SYSTEM REVENUE FINANCING SYSTEM BOND**, with such modifications as approved by a Designated Officer and set forth in Exhibit B to distinguish the general purpose thereof and the series designation, and initially there shall be issued, sold and delivered with respect to each series issued hereunder fully registered bonds, without interest coupons, dated as of the date approved by a Designated Officer and set forth in Exhibit B attached hereto, in the respective denominations and principal amounts and on the respective dates approved by a Designated Officer and as set forth in Exhibit B attached hereto, numbered T-1 for each series of Bonds (the "**Initial Bonds**"), with the bonds issued in replacement thereof being in denominations of \$5,000 or any integral multiple thereof (an "**Authorized Denomination**") and numbered consecutively from R-1 upward, and payable to the respective initial registered owner thereof (with the Initial Bonds payable to the Senior Managing Underwriter identified in Exhibit B attached hereto), or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "**Registered Owner**"). The term "**Bonds**" as used in this Seventh Supplement shall mean and include the bonds initially issued and delivered pursuant to this Seventh Supplement, whether such bonds be issued as Construction Bonds and/or Refunding Bonds in separate series or one single series, and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "**Bond**" shall mean any of the Bonds. In addition, the Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds of the same

series, (iv) shall have the characteristics, and (v) shall be signed and sealed, and (vi) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in Exhibit D to this Seventh Supplement.

SECTION 4. INTEREST. The Bonds scheduled to mature during the years set forth in Exhibit B shall bear interest calculated on the basis of a 360 day year composed of twelve 30-day months from the date specified in Exhibit B to their respective dates of maturity or redemption prior to maturity at the rates set forth in Exhibit B. Said interest shall be payable in the manner provided and on the dates stated in Exhibit B.

SECTION 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION; BOOK-ENTRY ONLY SYSTEM.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The System shall keep or cause to be kept books or records for the registration of the transfer, conversion and exchange of the Bonds (the "**Registration Books**") at the designated corporate trust or commercial banking office (the "**Designated Office**") of the Paying Agent/Registrar selected and approved by a Designated Officer pursuant to Section 2(b) hereof. The Paying Agent/Registrar shall serve as the System's registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the System and the Paying Agent/Registrar may prescribe, and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The System shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The System shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND. Each substitute Bond shall bear a letter and/or number to distinguish it from other Bonds.

Except as provided in Section 5(c) of this Seventh Supplement, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the

printing, execution and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Bonds, the converted and exchanged Bonds 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 Seventh Supplement, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Board hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Seventh Supplement. The Paying Agent/Registrar shall keep proper records of all payments made by the System and the Paying Agent/Registrar with respect to the Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may be transferred and assigned, (iii) may be converted and exchanged for other Bonds of the same series, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) shall be payable as to principal and interest, (vii) shall be subject to redemption, and (viii) shall be administered, and the Paying Agent/Registrar and the System shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND. The Bonds initially issued and delivered pursuant to this Seventh Supplement (upon which shall appear the Registration Certificate of the Comptroller) are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Seventh Supplement the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The Board covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the System will provide a competent and legally qualified national or state banking institution to act as and perform the services of Paying Agent/Registrar for the Bonds under this Seventh Supplement, and that the Paying Agent/Registrar will be one entity. The System reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition or other method) should resign or otherwise cease to act as such, the System covenants that promptly it will appoint a competent and legally qualified national or state banking institution with a capital and surplus of at least \$50,000,000 to act as Paying Agent/Registrar under this Seventh Supplement. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the System. Upon any change in the Paying Agent/Registrar, the System promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give

the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Seventh Supplement, and a certified copy of this Seventh Supplement shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System. The Bonds issued in exchange for the Bonds initially issued and delivered to the Underwriter shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and except as provided in subsection (i) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The previous execution and delivery of the DTC "Blanket Letter of Representations" with respect to obligations of the System is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the System and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without limiting the immediately preceding sentence, the System and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Seventh Supplement to the contrary but to the extent permitted by law, the System and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purpose of giving notices with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Seventh Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the System's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the System to make payments of principal, premium, if any, and interest pursuant to this Seventh Supplement. Upon delivery by DTC to the paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provision in this Seventh Supplement with respect to interest checks being mailed to the Registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Seventh Supplement shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the System or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Blanket Letter of Representations of the System to DTC referenced above or DTC determines to discontinue providing its services with respect to the Bonds, the System shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the holders of the Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of this Seventh Supplement.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Seventh Supplement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the System to DTC.

(h) Notice of Redemption. In addition to the method of providing a notice of redemption set forth in the FORM OF BOND, the Paying Agent/Registrar shall give notice of redemption of Bonds by 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. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the 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/Registrar 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.

Each notice of redemption, whether required in the FORM OF BOND or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, a reference to the certificate numbers and the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

All redemption payments made by the Paying Agent/Registrar to the Registered Owners of the Bonds shall include a CUSIP number relating to each amount paid to such Registered Owner.

(i) **Delivery of Initial Bonds.** On the closing date, one Initial Bond for each series of the Bonds representing the entire principal amount of such series of Bonds, payable in stated installments to the initial Registered Owner determined by a Designated Officer and set forth in Exhibit B attached hereto, executed by manual or facsimile signature of the Chair and Secretary of the Board, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial Registered Owner or its designee. Upon payment for the Initial Bonds, the Paying Agent/Registrar shall cancel the Initial Bonds and deliver to the initial Registered Owner or its designee one registered definitive Bond for each year of maturity of the respective series of Bonds, in the aggregate principal amount of all of the Bonds for such maturity of such series.

SECTION 6. FORM OF BOND. The forms of the Bonds, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, with respect to the Bonds initially issued and delivered to the initial purchaser of the Bonds determined by a Designated Officer and named in Exhibit B of this Seventh Supplement, shall be, respectively, substantially as set forth in Exhibit D, with such appropriate variations, omissions, or insertions as are permitted or required by this Seventh Supplement.

SECTION 7. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS. By adoption of the Master Resolution, the Board has established the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the System. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System can be incurred. This Seventh Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds which are the seventh series of Parity Obligations. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the Bonds are hereby declared to be Parity Obligations under the Master Resolution. As required by Section 5(a) of the Master Resolution, the Board hereby determines, in connection with the issuance of the Bonds, that (i) it will have sufficient funds, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the Board relating to the Financing System (including the payment of Prior Encumbered Obligations and the currently outstanding Parity Obligations), and (ii) each Participant for whom the Bonds are being issued or incurred possesses the financial capability to satisfy its respective Direct Obligation related to the Bonds.

SECTION 8. SECURITY AND PAYMENTS. The Bonds are special obligations of the System payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Seventh Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and

interest on the Bonds as the same shall become due and payable. The System agrees to pay the principal of, premium, if any, and the interest on the Bonds when due, whether by reason of maturity or redemption.

SECTION 9. PAYMENTS. Semiannually on or before each principal or interest payment date while any of the Bonds are outstanding and unpaid, commencing on the first interest payment date for the Bonds as provided therein, the System shall make available to the Paying Agent/Registrar, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the System with an appropriate certificate of cancellation.

SECTION 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same series, principal amount, maturity, and interest rate, and in the same form, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the System and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the System and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) Payment in Lieu of Replacement. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the System may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the System whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Seventh

Supplement equally and proportionately with any and all other Bonds duly issued under this Seventh Supplement.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, as amended, this Section shall constitute authority for the issuance of any such replacement bond without the necessity of further action by the System or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(c) of this Seventh Supplement for Bonds issued in exchange and replacement for other Bonds.

SECTION 11. AMENDMENT OF SUPPLEMENT.

(a) Amendments Without Consent. This Seventh Supplement and the rights and obligations of the System and of the owners of the Bonds may be modified or amended at any time without notice to or the consent of any owner of the Bonds or any other Parity Obligations, solely for any one or more of the following purposes:

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

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

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

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

(v) To make such changes, modifications or amendments as are permitted by last paragraph of Section 18(c) of this Seventh Supplement;

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Outstanding

Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations; or

(vii) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of Outstanding Parity Obligations.

Notice of any such amendment may be published by the System in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

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

- (1) Make any change in the maturity of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by Outstanding Bonds;
- (3) Reduce the amount of the principal payable on Outstanding Bonds;
- (4) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all Bonds then Outstanding; or
- (6) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(c) Notice. If at any time the Board shall desire to amend this Seventh Supplement other than pursuant to (a) above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all owners of Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each owner of Bonds.

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

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

(f) Consent Irrevocable. Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the System, but such revocation shall not be effective if the owners of a majority in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the Registrar therefor. The Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Registrar.

SECTION 12. COVENANTS REGARDING TAX-EXEMPTION.

(a) Covenants. The System covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the Holder for purposes of federal income taxation. In furtherance thereof, the System covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the System, with respect to such private business use, do not, under the terms

of this Seventh Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

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

(c) Proceeds. The System understands that the term "proceeds" includes "disposition proceeds," "replacement proceeds" received by the System as available amounts realized during the term of the Bonds were the term to be in excess of the period necessary for the governmental purpose, and "transferred proceeds." It is the understanding of the System that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the System will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of Bond Counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the System agrees to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Board hereby authorizes and directs the Chancellor and the Vice Chancellor and Chief Financial Officer of the System to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the System, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The System covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2(a) of this Seventh Supplement (the "**Project**") on its books and records in accordance with the requirements of the Internal Revenue Code. The System recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the System recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The System agrees to obtain the advice of Bond Counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will

not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the System shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest

(e) Disposition of Bond Financed Property. The System covenants that the property constituting the projects financed with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the System of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the System may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the System shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the Board, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Board hereby adopts and establishes the instructions attached hereto as Exhibit E as the System's written procedures.

SECTION 13. SEVENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Seventh Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Bonds and the pledge made in this Seventh Supplement by the Board and the covenants and agreements set forth in this Seventh Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Seventh Supplement.

SECTION 14. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

SECTION 15. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Except as provided to the contrary in the FORM OF BOND, whenever under the terms of this Seventh Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

SECTION 16. LIMITATION OF BENEFITS WITH RESPECT TO THE SEVENTH SUPPLEMENT. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Seventh Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Seventh Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Seventh Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, and the Paying Agent/Registrar as herein and therein provided.

SECTION 17. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE AND INSURANCE. The Designated Financial Officer of the System is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of bond counsel relating to the Bonds, a statement regarding the issuance of a municipal bond insurance policy to secure payment of debt service on the Bonds, if any, and the assigned CUSIP numbers may be printed on the Bonds issued and delivered under this Seventh Supplement, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds.

SECTION 18. COMPLIANCE WITH RULE 15c2-12.

(a) Annual Reports. The System shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after 2016, financial information and operating data with respect to the System of the general type included in the final Official Statement authorized by this Seventh Supplement being the information described in Exhibit F hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit F hereto, or such other accounting principles as the System may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the System commissions an audit of such statements and the audit is completed within the period during

which they must be provided. If the audit of such financial statements is not complete within such period, then the System shall provide (1) unaudited financial statements for such fiscal year within such six month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

If the System changes its fiscal year, it will notify the MSRB through EMMA of the date of the new fiscal year end prior to the next date by which the System otherwise would be required to provide financial information and operating data pursuant to this subsection.

The financial information and operating data to be provided pursuant to this subsection may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(b) Event Notices.

(i) The System shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of Bondholders;
3. Redemption calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The System shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with

respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person .

(iii) The System shall notify the MSRB through EMMA, in a timely manner, of any failure by the System to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

(c) Limitations, Disclaimers, and Amendments. The System shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the System remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the System in any event will give notice of any deposit made in accordance with Section 12 of the Master Resolution that causes Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The System undertakes to provide only the financial information, operating data, financial statements, and notices which it has

expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the System's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The System does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell the Bonds at any future date.

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

No default by the System in observing or performing its obligations under this Section shall comprise a breach of or default under this Seventh Supplement for purposes of any other provision of this Seventh Supplement.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the System under federal and state securities laws.

The provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the System, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Seventh Supplement that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the System (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The Board also may amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Board so amends the provisions of this Section, the System shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 19. SALE AND DELIVERY OF BONDS. The Bonds are hereby authorized to be sold and shall be delivered to the initial purchaser of the Bonds determined by a Designated Officer as set forth in Exhibit B attached hereto at a price determined by a Designated Officer as set forth in Exhibit B attached hereto, and pursuant to the terms and provisions of an agreement to purchase the Bonds with the Underwriters named in Exhibit B. The System will initially deliver to the Underwriters named in Exhibit B the Initial Bond described in Sections 3 and 5(i) hereof, which shall be registered in the name set forth in Exhibit B.

SECTION 20. APPROVAL OF OFFICIAL STATEMENT. On behalf of the System, the Chancellor and the Vice Chancellor and Chief Financial Officer of the System are hereby authorized and directed to provide for and oversee the preparation of a preliminary and final official statement in connection with the issuance of the Bonds, and to approve such official statement and deem it final in compliance with the Rule and to provide it to the Underwriters of the Bonds in compliance with the Rule.

SECTION 21. REFUNDING OF REFUNDED BONDS. Concurrently with the initial delivery of Refunding Bonds the Issuer shall deposit with the Escrow Agent selected by a Designated Officer an amount from the proceeds from the sale of the Refunding Bonds and other available funds of the System, if required, sufficient to provide for the refunding of the Refunded Bonds, as defined and described in the preamble to this Resolution and identified in Exhibit C attached hereto, in accordance with Chapter 1207, Section 1371.053(c), Texas Government Code, and Section 2 of this Seventh Supplement.

It is hereby found and determined that the refunding of the Refunded Bonds under the terms set forth in this Seventh Supplement is advisable and necessary in order to accomplish a net present value debt service savings for the benefit of the System.

SECTION 22. REDEMPTION OF REFUNDED BONDS. There is attached to this Resolution as Exhibit G-1 and G-2, and made a part hereof for all purposes, a *NOTICE OF DEFEASANCE AND REDEMPTION* for each series of the potential Refunded Bonds. (The Designated Officer that approves the sale of Refunding Bonds authorized by this Seventh Supplement is authorized to substitute a revised Exhibit G-1 and G-2, as applicable, to reflect the actual maturities and principal amount of such maturities of the Refunded Bonds that are selected by a Designated Officer to be refunded.) In the event a Designated Officer approves final terms for the issuance of Refunding Bonds, the Issuer hereby exercises its option to redeem prior to maturity the Refunded Bonds described in the respective *NOTICE OF DEFEASANCE AND REDEMPTION*, and the Refunded Bonds are hereby called for redemption, and shall be redeemed, prior to maturity, on the date, at the place, and at the price set forth respectively therein.

As soon as practicable after the delivery of Refunding Bonds, and in no event less than 30 days prior to the date set for redemption, a copy of the respective *NOTICE OF DEFEASANCE AND REDEMPTION* shall be sent to all registered owners of the respective Refunded Bonds by first class mail postage prepaid, addressed to such registered owners at their respective addresses shown on the registration books of the paying agent/registrar for such Refunded Bonds. In addition, as soon

as practicable after the issuance and delivery of the Refunding Bonds, a copy of the respective *NOTICE OF DEFEASANCE AND REDEMPTION* shall be filed with the MSRB through EMMA in order to comply with the System's requirements under the Rule to provide notice of the occurrence of certain material events.

Upon execution and delivery of the Escrow Agreement and funding of the Escrow Fund as required therein, due provision shall have been made by the System with the Escrow Agent for the payment of the redemption price of the Refunded Bonds, and such redemption price shall be provided to the paying agent/registrars for the respective series of Refunded Bonds on the schedule redemption date thereof in accordance with the terms of the Escrow Agreement.

SECTION 23. SECURITY INTEREST. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the System under Section 8 of this Seventh Supplement and Section 2 of the Master Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the System under Section 8 of this Seventh Supplement and Section 2 of the Master Resolution 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 System 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.

SECTION 24. FURTHER PROCEDURES. The Chair of the Board, and the Chancellor and the Vice Chancellor and Chief Financial Officer of the System, and all other officers of the Board and the System, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the System all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Seventh Supplement, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith, and to approve any supplements or amendments to the Official Statement in connection with the Bonds.

SECTION 25. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions (other than the Master Resolution) which are in conflict or inconsistent with this Seventh Supplement are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

SECTION 26. INCORPORATION OF RECITALS. The Board hereby finds that the statements set forth in the recitals of this Seventh Supplement are true and correct, and the Board hereby incorporates such recitals as a part of this Seventh Supplement.

SECTION 27. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Seventh Supplement shall become effective immediately after its adoption.

ADOPTED BY THE BOARD OF REGENTS OF THE TEXAS STATE TECHNICAL COLLEGE SYSTEM AT A REGULAR MEETING HELD ON THE 11TH DAY OF FEBRUARY, 2016.

Chair, Board of Regents
Texas State Technical College System

ATTEST:

Secretary, Board of Regents
Texas State Technical College System

Execution Page to Seventh Supplement to Master Resolution Authorizing the Issuance of
Texas State Technical College System Revenue Financing System Bonds, Series 2016

EXHIBIT A

DEFINITIONS

As used in this Seventh Supplement the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Authorized Denomination" shall mean an Authorized Denomination as defined in Section 3 of this Seventh Supplement.

"Bonds" shall mean the Seventh Series Bonds, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Seventh Supplement; and the term **"Bond"** means any of the Bonds.

"Business Day" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

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

"Construction Bonds" shall mean the **TEXAS STATE TECHNICAL COLLEGE SYSTEM REVENUE FINANCING SYSTEM BONDS** authorized by this Seventh Supplement to be issued for the purpose of financing certain improvements to the System's facilities, as further described in the recitals of this Seventh Supplement.

"Designated Office" shall have the meaning ascribed to said term in Section 5(a) of this Seventh Supplement.

"DTC" shall mean The Depository Trust Company, New York, New York, or any successor securities depository.

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

"EMMA" means the Electronic Municipal Market Access system established by the MSRB.

"Master Resolution" shall mean the "Master Resolution Establishing The Revenue Financing System under the Authority and Responsibility of the Board of Regents of the Texas State Technical College System", adopted by the Board on October 18, 2002.

"**Maturity**" shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption, declaration of acceleration, or otherwise.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board.

"**Paying Agent/Registrar**," "**Paying Agent**" or "**Registrar**" shall mean the financial institution approved by a Designated Officer and identified in Exhibit B to serve as the initial paying agent/registrar for the Bonds, or any successor to such agent.

"**Record Date**" shall mean, with respect to the Bonds, the 15th day of each month preceding an interest payment date.

"**Refunding Bonds**" shall mean the **TEXAS STATE TECHNICAL COLLEGE SYSTEM REVENUE FINANCING SYSTEM BONDS** authorized by this Seventh Supplement to be issued for the purpose of refunding the Refunded Bonds, as further described in the recitals of this Seventh Supplement.

"**Registration Books**" shall mean the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Seventh Supplement.

"**Rule**" shall mean SEC Rule 15c2-12, as amended from time to time.

"**SEC**" shall mean the United States Securities and Exchange Commission.

"**Seventh Series Bonds**" shall mean the Construction Bonds and/or the Refunding Bonds, as the case may be.

"**Seventh Supplement**" shall mean this resolution authorizing the Bonds.

"**Stated Maturity**", shall mean, when used with respect to the Bonds, the respective scheduled maturity or mandatory sinking fund redemption of the Bonds.

EXHIBIT B

FINAL TERMS OF THE BONDS

[Note: All capitalized terms used in this Exhibit B which are not otherwise defined herein shall have the same meanings as set forth in the Seventh Supplement to the Master Resolution, approved on February 11, 2016 (the "Seventh Supplement") by the Board of Regents (the "Board") of the Texas State Technical College System (the "System") which, together with the Master Resolution, authorized the issuance of the Bonds defined in paragraph 1 immediately below.]

1. GENERAL. This Certificate is given in connection with the issuance by the **TEXAS STATE TECHNICAL SYSTEM** (the "**System**") of its **TEXAS STATE TECHNICAL COLLEGE SYSTEM [REVENUE FINANCING SYSTEM BONDS] [REVENUE FINANCING SYSTEM REFUNDING BONDS] OR [REVENUE FINANCING SYSTEM IMPROVEMENT AND REFUNDING BONDS] SERIES 201__** (the "**Bonds**") which, pursuant to the Resolution, have been authorized by the Board.

2. Dated Date; Aggregate Principal Amount of Bonds. The Bonds shall be dated _____, 201__, and shall be issued in the aggregate principal amount of \$_____.

3. Maturity Schedule and Interest Rates. The Bonds shall (i) mature on _____ in each of the years and in the respective principal amounts, and (ii) bear interest from _____, to their respective date of maturity or prior redemption at the respective interest rates, all as set forth below:

<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>
2017			2028		
2018			2029		
2019			2030		
2020			2031		
2021			2032		
2022			2033		
2023			2034		
2024			2035		
2025			2036		
2026			2037		
2027					

3. Interest Payment Dates. Interest on the Bonds shall be payable on _____, 201__, and on each _____ and _____ thereafter until maturity.

4. **Optional Redemption.** The Bonds maturing on and after _____, 20__, may be redeemed prior to their scheduled maturities, at the option of the Board, on _____, 20__, or on any date thereafter at the redemption price equal to par plus accrued interest to the date fixed for redemption.

5. **MANDATORY REDEMPTION PROVISIONS.** The Bonds maturing on _____ in the years 20__, 20__, and 20__ (collectively, the "***Term Bonds***") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM BONDS MATURING _____, 20__		TERM BONDS MATURING _____, 20__	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
_____, 20__		_____, 20__	
_____, 20__		_____, 20__	
_____, 20__ (maturity)		_____, 20__ (maturity)	

TERM BONDS MATURING _____, 20__	
Mandatory Redemption Date	Redemption Amount (\$)
_____, 20__	
_____, 20__	
_____, 20__ (maturity)	

6. **UNDERWRITERS, INITIAL PURCHASER, AND PURCHASE PRICE.** The following investment banking firms have previously been approved by the undersigned to serve as the Underwriters of the Bonds: _____.

The Bonds shall be sold to _____, as the Representative of the Underwriters of the Bonds, pursuant to a negotiated underwriting and shall be purchased at a price equal to \$_____ (which amount is equal to par, plus/less a [net] original issue premium/discount on the Bonds of \$_____, less Underwriters' discount of \$_____), [plus accrued interest on the Bonds from _____, 201__, to the date of delivery] [and no accrued interest. The Initial Bond for the Bonds shall be registered in the name of _____.

7. **TRUE INTEREST COST.** The true interest cost rate on the Bonds is _____ per annum.

8. **Selection of Paying Agent/Registrar.** _____ is hereby appointed to serve as the initial Paying Agent/Registrar for the Bonds.

9. **DETERMINATION REQUIRED BY SECTION 1201.022(A)(3), TEXAS GOVERNMENT CODE.** In satisfaction of Section 1201.022(a)(3), Texas Government Code, as authorized by Section 2(d) of the Seventh Supplement, and upon consultation with the System's Financial Advisor, the undersigned hereby determines that the final terms of the Bonds as set forth in this Certificate are in the System's best interests.

[The remainder of this page intentionally left blank]

The following paragraph shall be included only in connection with Construction Bonds whether issued in a separate series or in a single series together with Refunding Bonds:

10 ALLOCATION OF PRINCIPAL AND NET ORIGINAL ISSUE PREMIUM BETWEEN CONSTRUCTION BONDS AND REFUNDING BONDS. The principal amount of the Bonds and the net original issue premium generated from the pricing and sale of the Bonds shall be deemed to be allocated between Construction Bonds and Refunding Bonds authorized pursuant to the Resolution as follows:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL ALLOCATED TO CONSTRUCTION BONDS (\$)</u>	<u>PRINCIPAL ALLOCATED TO REFUNDING BONDS (\$)</u>	<u>TOTAL PRINCIPAL OF BONDS (\$)</u>	<u>NET PREMIUM ALLOCATED TO CONSTRUCTION BONDS (\$)</u>	<u>NET PRINCIPAL ALLOCATED TO REFUNDING BONDS (\$)</u>	<u>TOTAL NET PREMIUM OF BONDS (\$)</u>
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
Totals						

The following paragraph shall be included only in connection with Refunding Bonds issued as a separate series and not issued in a single series together with Construction Bonds:

11. DETERMINATION OF DEBT SERVICE SAVINGS. Pursuant to the Seventh Supplement, the Board authorized the issuance of the Bonds "in order to achieve a present value debt service savings for the benefit of the System . . . but in no event shall the Refunding Bonds be sold at a price which would result in a net present value savings of less than 3.00% of the principal amount of the Refunded Bonds" The final terms of the Bonds as set forth in this Certificate have achieved such purpose, for the issuance of the Bonds - the proceeds of which will be used, and are hereby authorized to be used, to refund the Series 2008 Bonds and the Series 2009 Bonds described in Exhibit C attached to the Seventh Supplement and to pay costs of issuance - will result in a gross debt service savings of \$_____ and a net present value debt service savings of \$_____ (or _____% of the principal amount of the Refunded Bonds), after taking into account [a contribution from the System in the amount of \$_____] [excess proceeds in the amount of \$_____].

The following paragraph shall be included only in connection with Refunding Bonds issued in a single series together with Construction Bonds:

11. DETERMINATION OF DEBT SERVICE SAVINGS. Pursuant to the Resolution, the Board authorized the issuance of the Bonds in order to, in part, "achieve a present value debt service savings for the benefit of the System . . . but in no event shall the Refunding Bonds be sold at a price which would result in a net present value savings of less than 3.00% of the principal amount of the Refunded Bonds" The final terms of the Bonds as set forth in this Certificate have achieved such purpose, for the issuance of the Bonds - the portion of the proceeds of which will be used, and are hereby authorized to be used, to refund the Series 2008 Bonds and the Series 2009 Bonds described in Exhibit C attached to the Resolution and to pay a portion of the costs of - will result in a gross debt service savings of \$_____ and a net present value debt service savings of \$_____ (or _____% of the principal amount of the Refunded Bonds), after taking into account [a contribution from the System in the amount of \$_____] [excess proceeds in the amount of \$_____].

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***APPROVED BY THE _____ OF THE TEXAS STATE
TECHNICAL COLLEGE SYSTEM ON THE _____ DAY OF _____, 201_ IN
ACCORDANCE WITH SECTION 2 OF THE SEVENTH SUPPLEMENT.***

Texas State Technical College System

Execution Page to "Final Terms of the Bonds"
Relating to the Issuance of
Texas State Technical College System Revenue Financing System [_____] Bonds, Series 201__

EXHIBIT B

FORM OF CERTIFICATE APPROVING SERIES 2008 BONDS AND 2009 BONDS SELECTED FOR REFUNDING

CERTIFICATE APPROVING SERIES 2008 BONDS AND SERIES 2009 BONDS SELECTED FOR REFUNDING

I, the _____ of the **TEXAS STATE TECHNICAL COLLEGE SYSTEM** (the "**System**"), pursuant to authority granted by the provisions of Sections 1207.007(a)(4), and 1371.053(c)(2), Texas Government Code, and by the Board of Regents of the System (the "**Board**") in Section 2(e) of a Seventh Supplemental Resolution to the Master Resolution approved by the Board of Regents on February 11, 2016, relating to the issuance of the Bonds defined below (the "**Seventh Supplement**"), hereby certify as follows:

1. This Certificate is given in connection with the issuance by the **TEXAS STATE TECHNICAL SYSTEM** (the "**System**") of its **TEXAS STATE TECHNICAL COLLEGE SYSTEM [REVENUE FINANCING SYSTEM REFUNDING BONDS] OR [REVENUE FINANCING SYSTEM IMPROVEMENT AND REFUNDING BONDS] SERIES 201__** (the "**Bonds**") which, pursuant to the Seventh Supplement, have been authorized by the Board.

2. All capitalized terms used in this Certificate which are not otherwise defined herein shall have the same meanings as set forth in the Seventh Supplement.

3. Pursuant to Section 2(e) of the Seventh Supplement, the Board authorized the undersigned, as the _____ of the System, to select all or a portion of the Series 2008 Bonds maturing in the years 2019 through 2023, and/or all or a portion of the Series 2009 Bonds maturing in the years 2020 through 2030 to be refunded with proceeds of the Bonds. In accordance with such authority, and after consulting with the System's financial advisors, I hereby determine and approve [all of the Series 2008 Bonds maturing in the years 2019 through 2023 and all of the Series 2009 Bonds maturing in the years 2020 through 2030] to be refunded with proceeds of the Bonds which are further described as follows:

SERIES 2008 BONDS TO BE REFUNDED

<u>MATURITY (AUGUST 1)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</u>	<u>STATED INTEREST RATE (%)</u>	<u>CUSIP No. (88276R)</u>
2019	225,000	225,000	4.250	BH4
2020	240,000	240,000	4.375	BJ0
2021	250,000	250,000	4.500	BK7
2022	260,000	260,000	4.500	BL5
2023	<u>275,000</u>	<u>275,000</u>	4.500	BM3
Total	<u>1,250,000</u>	<u>1,250,000</u>	***	***

SERIES 2009 BONDS TO BE REFUNDED

MATURITY (AUGUST 1)	PRINCIPAL AMOUNT MATURING IN YEAR (\$)	PRINCIPAL AMOUNT TO BE REFUNDED (\$)	STATED INTEREST RATE (%)	CUSIP No. (88276R)
2020	1,495,000	1,495,000	4.000	BX9
2021	1,560,000	1,560,000	4.000	BY7
2022	1,630,000	1,630,000	4.000	BZ4
2023	1,705,000	1,705,000	4.000	CA8
2024	1,785,000	1,785,000	4.125	CB6
2025	1,865,000	1,865,000	4.125	CC4
2026	1,945,000	1,945,000	4.250	CD2
2027	2,035,000	2,035,000	4.500	CE0
2028	2,125,000	2,125,000	5.000	CF7
2029	2,220,000	2,220,000	5.000	CG5
2030	<u>2,320,000</u>	<u>2,320,000</u>	5.000	CH3
Total	<u>20,685,000</u>	<u>20,685,000</u>	***	***

[The remainder of this page left blank intentionally]

***APPROVED BY THE _____ OF THE TEXAS STATE
TECHNICAL COLLEGE SYSTEM ON THE _____ DAY OF _____, 201_ IN
ACCORDANCE WITH SECTION 2(e) OF THE SEVENTH SUPPLEMENT.***

Texas State Technical College System

Execution Page to "Certificate Approving Series 2008 Bonds and Series 2009 Bonds Selected for Refunding"
Relating to the Issuance of
Texas State Technical College System Revenue Financing System [_____] Bonds, Series 201__

EXHIBIT D

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF TEXAS
TEXAS STATE TECHNICAL COLLEGE SYSTEM
[REVENUE FINANCING SYSTEM BOND]
[REVENUE FINANCING SYSTEM REFUNDING BOND]
OR
[REVENUE FINANCING SYSTEM IMPROVEMENT AND REFUNDING BOND]
SERIES 201__**

NO. R-__ **PRINCIPAL**
AMOUNT
\$_____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP No.</u>
_____%	_____, 20__	_____, 201__	88276R ____

REGISTERED OWNER:

PRINCIPAL AMOUNT: **DOLLARS**

ON THE MATURITY DATE SPECIFIED ABOVE, THE TEXAS STATE TECHNICAL COLLEGE SYSTEM (the "*Issuer*"), hereby promises to pay to _____, or to the registered assignee hereof (either being hereinafter called the "*Registered Owner*") the principal amount of

_____ DOLLARS

and to pay interest thereon, from the [Dated Date of this Bond specified above] OR [date of initial delivery of this Bond as shown on the records of the "Paying Agent/Registrar" defined and identified below], to the date of its scheduled maturity, at the rate of interest per annum specified above, with said interest being calculated on the basis of a 360-day year composed of twelve 30-day months and being payable on _____, 201__, and semiannually on each _____ and _____ thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges, solely from funds of the Issuer required by the resolution authorizing the issuance of the Bonds to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the designated corporate trust or commercial banking office in _____, Texas (the "**Designated Office**") of _____, which is the "**Paying Agent/Registrar**" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at the address of the Registered Owner, as it appeared on the 15th day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Issuer and the securities depository.

THIS BOND IS ONE OF A SERIES OF BONDS, dated as of the Dated Date stated above, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$_____, issued pursuant to a Seventh Supplemental Resolution to the Master Resolution adopted on February 11, 2016, and pursuant to the Master Resolution referred to therein (collectively, the "**Bond Resolution**") for the purpose of paying costs of issuance and to provide [(i) \$12,000,000 for construction of an industrial technology center at the Issuer's Abilene campus; (ii) \$3,750,000 for Phase II of the Engineering Technology Center renovation at the Issuer's Harlingen campus; (iii) \$14,950,000 for construction of the Fort Bend Campus Building #2 at the Issuer's Fort Bend County campus; and (iv) \$11,040,000 to purchase and renovate of the North Texas Technology Center at the Issuer's North Texas campus.] [refunding a portion of the Issuer's outstanding Revenue Financing System Bonds].

ON _____, 20__, OR ON ANY DATE THEREAFTER, the Bonds of this Series maturing on and after _____, 20__ may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at par and 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 following paragraph will appear only if the Underwriters choose to designate a portion of the respective series of Bonds as "Term Bonds."]

THE BONDS MATURING on _____ in the years 20__, 20__, and 20__ (collectively, the "**Term Bonds**") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM BONDS MATURING _____, 20__		TERM BONDS MATURING _____, 20__	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
_____, 20__		_____, 20__	
_____, 20__		_____, 20__	
_____, 20__ (maturity)		_____, 20__ (maturity)	

TERM BONDS MATURING _____, 20__	
Mandatory Redemption Date	Redemption Amount (\$)
_____, 20__	
_____, 20__	
_____, 20__ (maturity)	

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the Issuer, by the principal

amount of any such Term Bonds which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. The notice with respect to an optional redemption may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (ii) that the Issuer retains the right to rescind such notice at any time prior to the scheduled redemption date if the Issuer delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed, and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. The notice related to the optional redemption of Bonds may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying

Agent/Registrar no later than the redemption date, or (2) that the Issuer retains the right to rescind such notice at any time prior to the scheduled redemption date if the Issuer delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed (and not rescinded), and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

IF THE DATE FOR THE PAYMENT of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in The City of New York, New York, or in the city where the Designated Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF in any authorized denomination may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the Registered Owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new Registered Owner or owners of such new Bond or Bonds), or to the previous Registered Owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer or exchange as provided below, but the one requesting such transfer or exchange shall pay any taxes

or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration or exchange of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The Registered Owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES ARE ISSUABLE solely as fully registered bonds, without interest coupons in the denomination of any integral multiple of \$5,000 (an "***Authorized Denomination***"). As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate Registered Owner, assignee, or assignees, as the case may be, having the same maturity date, in the same form, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate Registered Owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution.

WHENEVER THE BENEFICIAL OWNERSHIP OF THIS BOND is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering, or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT ANY PAYING AGENT/REGISTRAR for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Series of Bonds of which this Bond is one constitute Parity Obligations under the Master Resolution; and that the interest on and principal of this Bond, together with the other Bonds of this Series and the other outstanding Parity Obligations are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues, subject only to the provisions of, and the lien on and pledge of certain Pledged Revenues to, the Prior Encumbered Obligations, if any.

THE ISSUER HAS RESERVED THE RIGHT, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional Parity Obligations which also may be secured by and made

payable from a lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

THE REGISTERED OWNER HEREOF SHALL NEVER HAVE THE RIGHT to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING THE REGISTERED OWNER of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between the Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Chair of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

Secretary, Board of Regents of the
Texas State Technical College System

Chair, Board of Regents of the
Texas State Technical College System

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue 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.

Paying Agent/Registrar

Dated

Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

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

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

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

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

**FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS
TO ACCOMPANY THE BONDS UPON INITIAL DELIVERY**

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. _____

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.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

INITIAL BOND INSERTIONS:

The Initial Bond shall be in the form set forth above except that:

- (A) Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.
- (B) The first paragraph shall be deleted and the following shall be inserted:

"ON THE RESPECTIVE MATURITY DATES specified below, the **TEXAS STATE TECHNICAL COLLEGE SYSTEM** (the "**System**"), hereby promises to pay to _____, or registered assigns (hereinafter called the "**Registered Owner**"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from the [Dated Date of this Bond specified above] [date of initial delivery of this Bond as shown on the records of the "Paying Agent/Registrar" defined and identified below], at the respective Interest Rates per annum specified below, payable on _____, 201____, and semiannually on each _____ and _____ thereafter to the respective Maturity Dates specified below. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

MATURITY DATE (_____)	PRINCIPAL INSTALLMENT (\$)	INTEREST RATE (%)	MATURITY DATE (_____)	PRINCIPAL INSTALLMENT (\$)	INTEREST RATE (%)
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

[Insert principal and interest information from Exhibit B above]

- (C) The Initial Bond shall be numbered "T-1."

EXHIBIT E

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, the System's chief financial officer (the "**Responsible Person**"), which currently is the System's Vice Chancellor and Chief Financial Officer, will:

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Bonds issued as Construction Bonds will be entered into within six (6) months of the date of delivery of the Bonds (the "**Issue Date**");
- (ii) monitor that at least 85% of the proceeds of the Bonds issued as Construction Bonds to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Bonds issued as Construction Bonds after three (3) years of the Issue Date;
- (iv) ensure that no more than 50% of the proceeds of the Bonds issued as Construction Bonds are invested in an investment with a guaranteed yield for four years or more;
- (v) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- (vi) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (vii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every five (5) years after the Issue Date, and (B) within 30 days after the date the Bonds are retired.
- (viii) maintain any official action of the System (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Bonds any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;

- (ix) if Bonds have been issued as Refunding Bonds, monitor the actions of the Escrow Agent to ensure compliance with the applicable provisions of the Escrow Agreement, including with respect to reinvestment of cash balances;

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Bonds are outstanding, any person, other than the System, the employees of the System, the agents of the System or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Bonds are outstanding, any person, other than the System, the employees of the System, the agents of the System or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Bonds are outstanding, any person, other than the System, the employees of the System, the agents of the System or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Bonds are outstanding, any person, other than the System, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the System's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Bonds. The foregoing notwithstanding,

the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT F

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 18 of this Seventh Supplement.

Annual Financial Statements and Operating Data

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

1. The annual unaudited financial statements of the System.
2. All quantitative financial information and operating data with respect to the System of the general type included in the Official Statement under Tables _____.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.

EXHIBIT G-1

FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the
**TEXAS STATE TECHNICAL COLLEGE SYSTEM
REVENUE FINANCING SYSTEM BONDS, SERIES 2008**
(Maturing on August 1 in the years 2019 - 2023)

NOTICE IS HEREBY GIVEN that the **TEXAS STATE TECHNICAL COLLEGE SYSTEM** (the "**Issuer**") has deposited cash and direct obligations of the United States government into an irrevocable Escrow Fund in order to pay, and has legally defeased all of the Issuer's outstanding **REVENUE FINANCING SYSTEM BONDS, SERIES 200**, dated June 1, 2008, maturing on August 1 in the years 2019 - 2023 (collectively, the "**Defeased Bonds**"), which are further described below:

<u>MATURITY (AUGUST 1)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>PRINCIPAL AMOUNT BEING REDEEMED (\$)</u>	<u>STATED INTEREST RATE (%)</u>	<u>CUSIP No. (88276R)</u>
2019	225,000	225,000	4.250	BH4
2020	240,000	240,000	4.375	BJ0
2021	250,000	250,000	4.500	BK7
2022	260,000	260,000	4.500	BL5
2023	275,000	275,000	4.500	BM3

Notice is further given that the Defeased Bonds have been called for redemption at par on **August 1, 2018** (the "**Redemption Date**") at the Redemption Price equal to 100% of par plus accrued interest to the Redemption Date. Such Defeased Bonds shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

Principal and interest on the Defeased Bonds will continue to be paid on the scheduled due dates until the Redemption Date. Due and proper arrangements have been made for providing The Bank of New York Mellon Trust Company, N.A., the Paying Agent for the Defeased Bonds, with funds sufficient to pay the principal of and interest on the Defeased Bonds on the scheduled payment dates.

Questions regarding the Defeased Bonds may be sent to the Paying Agent at the following address:

First Class/Registered/Certified

Mail:

The Bank of New York Mellon
Trust Company, N.A.
Institutional Trust Services
P.O. Box 2320
Dallas, Texas 75221-2320

By Overnight or Courier:

The Bank of New York Mellon
Trust Company, N.A.
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand:

The Bank of New York Mellon
Trust Company, N.A.
GIS Unit Trust Window
4 New York Plaza, 1st Floor
New York, New York 10004

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE BONDHOLDERS. NEITHER THE PAYING AGENT NOR THE ISSUER ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

EXHIBIT G-2

FORM OF NOTICE OF DEFEASANCE AND REDEMPTION

NOTICE OF DEFEASANCE AND REDEMPTION

To the Holders of the
**TEXAS STATE TECHNICAL COLLEGE SYSTEM
REVENUE FINANCING SYSTEM BONDS, SERIES 2009**
(Maturing on August 1 in the years 2020 - 2030)

NOTICE IS HEREBY GIVEN that the **TEXAS STATE TECHNICAL COLLEGE SYSTEM** (the "**Issuer**") has deposited cash and direct obligations of the United States government into an irrevocable Escrow Fund in order to pay, and has legally defeased all of the Issuer's outstanding **REVENUE FINANCING SYSTEM BONDS, SERIES 2009**, dated November 15, 2009, maturing on August 1 in the years 2020 - 2030 (collectively, the "**Defeased Bonds**"), which are further described below:

MATURITY (AUGUST 1)	PRINCIPAL AMOUNT MATURING IN YEAR (\$)	PRINCIPAL AMOUNT BEING REDEEMED (\$)	STATED INTEREST RATE (%)	CUSIP No. (88276R)
2020	1,495,000	1,495,000	4.000	BX9
2021	1,560,000	1,560,000	4.000	BY7
2022	1,630,000	1,630,000	4.000	BZ4
2023	1,705,000	1,705,000	4.000	CA8
2024	1,785,000	1,785,000	4.125	CB6
2025	1,865,000	1,865,000	4.125	CC4
2026	1,945,000	1,945,000	4.250	CD2
2027	2,035,000	2,035,000	4.500	CE0
2028	2,125,000	2,125,000	5.000	CF7
2029	2,220,000	2,220,000	5.000	CG5
2030	2,320,000	2,320,000	5.000	CH3

Notice is further given that the Defeased Bonds have been called for redemption at par on **August 1, 2019** (the "**Redemption Date**") at the *Redemption Price equal to 100% of par plus accrued interest to the Redemption Date*. Such Defeased Bonds shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

Principal and interest on the Defeased Bonds will continue to be paid on the scheduled due dates until the Redemption Date. Due and proper arrangements have been made for providing The Bank of New York Mellon Trust Company, N.A., the Paying Agent for the Defeased Bonds, with funds sufficient to pay the principal of and interest on the Defeased Bonds on the scheduled payment dates.

Questions regarding the Defeased Bonds may be sent to the Paying Agent at the following address:

First Class/Registered/Certified**Mail:**

The Bank of New York Mellon
Trust Company, N.A.
Institutional Trust Services
P.O. Box 2320
Dallas, Texas 75221-2320

By Overnight or Courier:

The Bank of New York Mellon
Trust Company, N.A.
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand:

The Bank of New York Mellon
Trust Company, N.A.
GIS Unit Trust Window
4 New York Plaza, 1st Floor
New York, New York 10004

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE BONDHOLDERS. NEITHER THE PAYING AGENT NOR THE ISSUER ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

DRAFT DATE: JANUARY 15, 2016

RESOLUTION OF THE BOARD OF REGENTS OF THE TEXAS STATE TECHNICAL COLLEGE SYSTEM AUTHORIZING THE ISSUANCE OF UP TO \$30,000,000 IN PRINCIPAL AMOUNT OF *TEXAS STATE TECHNICAL COLLEGE SYSTEM CONSTITUTIONAL APPROPRIATION BONDS, SERIES 2016*; AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE TEXAS BOND REVIEW BOARD FOR THE APPROVAL OF THE BONDS; APPROVING THE PREPARATION AND DISTRIBUTION OF A NOTICE OF SALE, AN OFFICIAL BID FORM AND AN OFFICIAL STATEMENT RELATED THERETO; APPROVING AND AUTHORIZING THE EXECUTION OF INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN SYSTEM OFFICIALS TO ACCEPT BIDS, APPROVE ALL FINAL TERMS WITH RESPECT TO THE SALE OF THE BONDS, AND APPROVE A PAYING AGENT/REGISTRAR AGREEMENT; AND APPROVING OTHER MATTERS RELATED THERETO

Date of Approval: February 11, 2016

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RESOLUTION OF THE BOARD OF REGENTS OF THE TEXAS STATE TECHNICAL COLLEGE SYSTEM AUTHORIZING THE ISSUANCE OF UP TO \$30,000,000 IN PRINCIPAL AMOUNT OF TEXAS STATE TECHNICAL COLLEGE SYSTEM CONSTITUTIONAL APPROPRIATION BONDS, SERIES 2016; AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE TEXAS BOND REVIEW BOARD FOR THE APPROVAL OF THE BONDS; APPROVING THE PREPARATION AND DISTRIBUTION OF A NOTICE OF SALE, AN OFFICIAL BID FORM AND AN OFFICIAL STATEMENT RELATED THERETO; APPROVING AND AUTHORIZING THE EXECUTION OF INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN SYSTEM OFFICIALS TO ACCEPT BIDS, APPROVE ALL FINAL TERMS WITH RESPECT TO THE SALE OF THE BONDS, AND APPROVE A PAYING AGENT/REGISTRAR AGREEMENT; AND APPROVING OTHER MATTERS RELATED THERETO

**THE STATE OF TEXAS :
TEXAS STATE TECHNICAL COLLEGE SYSTEM :**

WHEREAS, the TEXAS STATE TECHNICAL COLLEGE SYSTEM (the "*System*") is an "institution of higher education" within the meaning of Sections 55.01 and 61.003(8), Texas Education Code, as such is an "issuer" pursuant to Chapter 1371, Texas Government Code ("*Chapter 1371*"); and

WHEREAS, pursuant to the provisions of Chapter 135, Texas Education Code, the organization and control of the System is vested in the Board of Regents of the System (the "*Board*"); and

WHEREAS, the System currently operates (i) campuses located in the Cities of Harlingen, Marshall, Waco, and Red Oak; (ii) a campus serving West Texas operating in the Cities of Sweetwater, Abilene, Brownwood, and Breckenridge, (iii) a campus located in Fort Bend County; and (iv) a higher education center in East Williamson County; and

WHEREAS, Article 7, Section 17 of the Texas Constitution (the "*Constitutional Provision*") authorizes the System and certain other institutions of higher education to issue bonds and notes for the purpose of "*acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, acquiring capital equipment, library books, and library materials, paying for acquiring, constructing, or equipping or for major repair or rehabilitation of buildings, facilities, other permanent improvements, or capital equipment used jointly for educational and general activities and for auxiliary enterprises to the extent of their use for educational and general activities, and for major repair and rehabilitation of buildings or other permanent improvements, and may pledge up to 50 percent of the money allocated to such governing board pursuant to this section to secure the payment of the principal and interest of such bonds or notes*"; provided, however, the Constitutional Provisions specifically prohibits the use of any funds appropriated by the Legislature pursuant to the Constitutional Provision, or proceeds of

bonds or notes secured with funds provided by the Constitutional Provision, for any of the System's extension centers or programs; and

WHEREAS, during the Regular Session of the 84th Legislature, Chapter 62, Texas Education Code (the "**Act**"), specifically Section 62.021 thereof, was amended in a manner which appropriates to the System from the Constitutional Provision an amount equal to \$5,775,000 for fiscal year 2015-2016, and an amount equal to \$8,662,500 for each fiscal year thereafter; consequently, pursuant to the Constitutional Provision, up to 50 percent of the money allocated to the System by the Constitutional Provision and the Act may be used to secure payment of the principal and interest on the bonds issued pursuant to this Resolution; and

WHEREAS, the System expects that proceeds of the bonds issued pursuant to this Resolution will be used to pay costs of issuance and to acquire, purchase, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities, and related infrastructure at some or all of the System's campuses, including (i) replace the chiller plant at the Harlingen campus; (ii) replace water and sewer infrastructure at the Waco campus; (iii) renovate the third floor of the J.B. Connally Building for System Administration at the Waco campus; (iv) make HVAC improvements (including certain replacements) at most or all campuses; (v) make communication infrastructure and IT network infrastructure improvements at most or all campuses; and (vi) renovate buildings at some or all campuses including at the Sweetwater campus to expand the welding and diesel programs; and

WHEREAS, prior to the issuance of the bonds hereinafter authorized, the System shall obtain the approval of the projects to be financed with the proceeds of the bonds hereinafter authorized from the **TEXAS HIGHER EDUCATION COORDINATING BOARD**, and the approval of the issuance of such bonds from the **TEXAS BOND REVIEW BOARD**, as required by law; and

WHEREAS, the bonds hereafter authorized are being issued and delivered pursuant to the Constitutional Provision, the Act and Chapter 1371; and

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

THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE TEXAS STATE TECHNICAL COLLEGE SYSTEM THAT:

SECTION 1. DEFINITIONS. Unless otherwise expressly provided, or unless the context otherwise requires, the terms defined in this Section shall have the respective meanings specified for all purposes of this Resolution except in the form of the Bonds:

Act has the meaning set forth in the preamble hereto.

Additional Bonds means the bonds of any issue or series authorized and issued pursuant to Section 13 hereof.

Authorized Denomination has the meaning set forth in Section 3(a) hereof.

Board has the meaning set forth in the preamble hereto.

Bonds means the **TEXAS STATE TECHNICAL COLLEGE SYSTEM CONSTITUTIONAL APPROPRIATION BONDS, SERIES 2016**, authorized by this Resolution, in the aggregate principal amount determined by a Designated Officer pursuant to Section 2(b) hereof but in no event to exceed \$30,000,000.

Code means the Internal Revenue Code of 1986.

Comptroller means the Comptroller of Public Accounts of the State of Texas, and any successor to the duties thereof.

Constitutional Provision has the meaning set forth in the preamble hereto.

Defeasance Securities means investment securities described in Chapter 1207, Texas Government Code, which at the time of investment are legal investments under the laws of the State of Texas for the defeasance of obligations of the System.

Designated Office has the meaning set forth in Section 5(a) hereof.

Designated Officer has the meaning set forth in Section 2(a) hereof.

Fiscal Year means the System's fiscal year beginning September 1 of each year and ending August 31 of the following year.

Interest and Sinking Fund means the Fund created and established in accordance with Section 11 of this Resolution.

Interest Payment Date means each date on which interest on the Bonds is regularly scheduled to be paid, all as determined by a Designated Officer pursuant to Section 2(b) hereof and set forth in Exhibit A attached to this Resolution.

MSRB means the Municipal Securities Rulemaking Board.

Notice of Sale and Bidding Instructions means the document by that name prepared in connection with seeking competitive bids for the purchase and sale of the Bonds.

Official Bid Form means the document by that name prepared in connection with the purchase and sale of the Bonds submitted by bidders setting forth their proposed purchase price of, and, interest rates to be borne by, the Bonds.

Outstanding means, when used with reference to the Bonds, at any date as of which the amount of the Bonds Outstanding is to be determined, the aggregate of all Bonds, except:

- (a) Bonds cancelled or delivered to the Paying Agent/Registrar for cancellation at or prior to such date;
- (b) Bonds deemed to have been paid as provided in this Resolution; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been delivered under this Resolution.

Paying Agent/Registrar means the financial institution approved by a Designated Officer and identified in Exhibit A to serve as the initial paying agent/registrar for the Bonds, or any successor to such agent.

Pledged Revenues means 50% of the money appropriated annually by the Constitutional Provision and allocated by the Act to the System (but for purposes of this Resolution and in connection with the issuance of the Bonds, in no event greater than \$2,887,500 in fiscal year 2015-2016 and \$4,331,250 annually thereafter) to the extent necessary to pay debt service on the Bonds and any Additional Bonds.

Purchasers means the bidder or syndicate of bidders that submits the best bid for the Bonds pursuant to the competitive sale to be conducted by the System and its financial advisor and authorized pursuant to Section 3(b) of this Resolution.

Record Date has the meaning set forth in Section 5(b) hereof.

Registered Owner has the meaning set forth in Section 3 hereof.

Resolution means this Resolution authorizing the issuance of the Bonds.

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

SEC means the United States Securities and Exchange Commission.

Special Record Date has the meaning set forth in Section 5(b) hereof.

System means the Texas State Technical College System.

SECTION 2. AMOUNT AND PURPOSE OF THE BONDS; DELEGATION OF FINAL TERMS.

(a) Amount and Purpose. The Bonds of the System are hereby authorized to be issued and delivered in the aggregate principal amount as designated by the Chancellor and/or the Vice Chancellor and Chief Financial Officer of the System (each a "***Designated Officer***") pursuant to the provisions of Section 2(b) of this Resolution, but in no event to exceed \$30,000,000 in principal amount, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, TO CONSTRUCT AND EQUIP BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, AND FOR MAJOR REPAIR AND REHABILITATION OF BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, ALL AT THE SYSTEM'S CAMPUSES LOCATED IN THE CITIES OF HARLINGEN, MARSHALL, SWEETWATER AND WACO, TEXAS, AND TO PAY COSTS OF ISSUANCE OF THE BONDS.

(b) Delegation of Final Terms. As authorized by Section 1371.053(c)(2), Texas Government Code, each Designated Officer, acting individually or in combination with another Designated Officer, is hereby authorized, appointed, and designated as an officer of the System authorized to act on behalf of the System in the selling and delivery of the Bonds authorized by this Resolution, carrying out the other procedures specified in this Resolution, including the total aggregate principal amount of Bonds to be issued (but in no event to exceed an aggregate of \$30,000,000), the price at which the Bonds will be sold (but in no event less than par plus accrued interest from their dated date to the date of delivery thereof), the date of the Bonds, the aggregate principal amount of each maturity thereof, the due date of each maturity (but in no event later than *ten years from the dated date of the Bonds*), the rate of interest to be borne on the principal amount of each such maturity, the interest payment periods, the dates, price and terms upon and at which the Bonds shall be subject to mandatory sinking fund redemption provisions for any maturity, if any, and all other matters relating to the issuance, sale and delivery of the Bonds; provided, however, in no event shall a Designated Officer approve final terms of the Bonds which would result in total debt service payments that would exceed an amount equal to the Pledged Revenues during any respective Fiscal Year. Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the System, is further authorized to complete and execute Exhibit A of this Resolution with the final terms of the Bonds approved pursuant to the authority granted herein and to approve and execute the Official Bid Form submitted by the Purchaser following a competitive sale for the Bonds to be conducted by the System and its financial advisor, which sale is hereby authorized (provided that the price to be paid for the Bonds shall not be less than par plus accrued interest thereon from their date to date of delivery, and provided that the true interest cost of the Bonds shall not exceed a rate greater than 4.00%). Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the System, is further authorized to revise and complete the FORM OF BOND set forth in Exhibit B of this Resolution with the final terms of the Bonds approved pursuant to the authority granted herein, to select a financial institution to serve as the paying agent/registrar for the Bonds (herein referred to as the "***Paying Agent/Registrar***"), and to approve and execute a Paying Agent/Registrar Agreement between the System and the Paying Agent/Registrar (upon consultation with the System's Bond Counsel). It is further provided; however, that notwithstanding the foregoing

provisions, the Bonds shall not be delivered unless, prior to delivery, the Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371.001(5), Texas Government Code.

(c) Determination Required by Section 1201.022(a)(3), Texas Government Code. In satisfaction of Section 1201.022(a)(3), Texas Government Code, the Board hereby determines that the delegation of the authority to each Designated Officer to approve the final terms of the Bonds set forth in this Resolution is, and the decisions made by a Designated Officer pursuant to such delegated authority and incorporated in Exhibit A will be, in the System's best interests, and each Designated Officer is hereby authorized to make and include in Exhibit A an appropriate finding to that effect.

(d) Expiration of Delegation Authority. The authority delegated to a Designated Officer pursuant to Sections 2(b) and (c) above and elsewhere in this Resolution shall expire on February 10, 2017.

SECTION 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS. Each Bond issued pursuant to this Resolution shall be designated **TEXAS STATE TECHNICAL COLLEGE SYSTEM CONSTITUTIONAL APPROPRIATION BONDS, SERIES 2016**, and initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, dated as of the date approved by a Designated Officer and set forth in Exhibit A attached hereto, in the respective denominations and principal amounts and on the respective dates approved by a Designated Officer and as set forth in Exhibit A attached hereto and in the executed Official Bid form of the Purchaser, numbered T-1 (the "**Initial Bond**"), with the bonds issued in replacement thereof being in denominations of \$5,000 or any integral multiple thereof (an "**Authorized Denomination**") and numbered consecutively from R-1 upward, and payable to the respective initial registered owner thereof (with the Initial Bond payable to the Purchaser identified in Exhibit A attached hereto and in the Official Bid Form), or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "**Registered Owner**"). The term "**Bonds**" as used in this Resolution shall mean and include collectively the Initial Bond initially issued and delivered pursuant to this Resolution and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "**Bond**" shall mean any of the Bonds.

SECTION 4. INTEREST. The Bonds scheduled to mature during the years set forth in Exhibit A and in the Official Bid Form shall bear interest calculated on the basis of a 360 day year composed of twelve 30-day months from the date specified in Exhibit A and the Official Bid Form to their respective dates of maturity at the rates set forth in Exhibit A and the Official Bid Form. Said interest shall be payable in the manner provided and on the dates stated in Exhibit A.

SECTION 5. CHARACTERISTICS OF THE BONDS.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The System shall keep or cause to be kept books or records for the registration of the transfer, conversion and

exchange of the Bonds (the "**Registration Books**") at the designated corporate trust or commercial banking office (the "**Designated Office**") of the Paying Agent/Registrar selected and approved by a Designated Officer pursuant to Section 2(b) hereof. The Paying Agent/Registrar shall serve as the System's registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the System and the Paying Agent/Registrar may prescribe, and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The System shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The System shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND. Each substitute Bond shall bear a letter and/or number to distinguish it from other Bonds.

Except as provided in Section 5(c) of this Resolution, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Bonds, the converted and exchanged Bonds 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 Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Board hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the System and the Paying Agent/Registrar with respect to the Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may be transferred and assigned, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) shall be payable as to principal interest, (vii) shall be subject to redemption, and (viii) shall be administered, and the Paying Agent/Registrar and the System shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND. The Bonds initially issued and delivered pursuant to this Resolution (upon which shall appear the Registration Certificate of the Comptroller) are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The Board covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the System will provide a competent and legally qualified national or state banking institution to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The System reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition or other method) should resign or otherwise cease to act as such, the System covenants that promptly it will appoint a competent and legally qualified national or state banking institution with a capital and surplus of at least \$50,000,000 to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the System. Upon any change in the Paying Agent/Registrar, the System promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System. The Bonds issued in exchange for the Bonds initially issued and delivered to the Underwriter shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and except as provided in subsection (i) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The previous execution and delivery of the DTC Blanket Letter of Representations with respect to obligations of the System is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the System and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without limiting the immediately preceding sentence, the System and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary but to the extent permitted by law, the System and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purpose of giving notices with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the System's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the System to make payments of principal, premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provision in this Resolution with respect to interest checks being mailed to the Registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the System or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Blanket Letter of Representations referenced above or DTC determines to discontinue providing its services with respect to the Bonds, the System shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the holders of the Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the System to DTC.

(h) Notice of Redemption. In addition to the method of providing a notice of redemption set forth in the FORM OF BONDS, the Paying Agent/Registrar shall give notice of redemption of Bonds by 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. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the 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/Registrar 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.

Each notice of redemption, whether required in the FORM OF BONDS or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, a reference to the certificate numbers and the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

All redemption payments made by the Paying Agent/Registrar to the Registered Owners of the Bonds shall include a CUSIP number relating to each amount paid to such Registered Owner.

(i) Delivery of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the initial Registered Owner determined by a Designated Officer and set forth in Exhibit B attached hereto, executed by manual or facsimile signature of the Chair and Secretary of the Board, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial Registered Owner or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to the initial Registered Owner or its designee one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

SECTION 6. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller to be attached to the Bonds initially issued and delivered to the Purchasers pursuant to this Resolution, shall be, respectively, substantially in the form attached

hereto as Exhibit B, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

Should a municipal bond insurance policy be obtained by the Purchasers for the benefit of the Bonds, the Board hereby authorizes a statement of insurance provided by the issuer of such policy to be printed on the Bonds.

SECTION 7. PLEDGE.

(a) Pledged Revenues. The principal of, premium, if any, and interest on the Bonds and any Additional Bonds are and shall be payable solely from the Pledged Revenues and from such other amounts, if any, as may be deposited to the Interest and Sinking Fund at the direction of the Board from time to time, in the manner described below. The Board hereby sets over, assigns and pledges to the Registered Owners any and all rights to the Pledged Revenues.

(b) Chapter 1208, Government Code. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Board under Section 7(a) of this Resolution, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Board under Section 7(a) of this Resolution 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 System 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.

SECTION 8. CONSTITUTIONAL APPROPRIATION. (a) Allocation of State Funds. The State Legislature has allocated funds as described in the Act, appropriated under authority of the Constitutional Provision, for use by the respective institutions, including the System, for the purposes specified in the Constitutional Provision and the Act.

(b) State Funds Available for Debt Service. As received in the State Treasury, up to 50% of the amount so allocated to the System by the Act, and held in accordance with the pledge contained in Section 7(a) hereof and paid out in accordance with the Section 10 hereof, will be deposited and credited to a separate account established for the benefit of the System. Such amount so deposited will be used by the System in such amounts as are necessary to pay debt service for the Fiscal Year on the Bonds and Additional Bonds then Outstanding.

(c) Use of Surplus Funds. After all payments required herein for the payment of principal and interest on the Bonds and Additional Bonds in any Fiscal Year have been made, any money allocated to the System and not required for making such payments during such Fiscal Year may be used by the System for any purposes permitted by the Constitutional Provision and the Act, and the System reserves the right to use money in excess thereof for such purposes.

SECTION 9. PROCEDURE FOR REMITTING TO PAYING AGENT/REGISTRAR.

(a) Transfer of Funds. As used in this Section, the term "**warrant**" shall include the use of the electronic funds transfer system established and operated by the Comptroller in accordance with the provisions of applicable law, including, without limitation, the provisions of Section 403.016, Texas Government Code.

(b) System Submission for Payment. The Act requires the Comptroller to distribute funds allocated under the Act upon presentation of claims to the Comptroller and the issuance of warrants in accordance with the provisions of the Texas Government Code and the Act. Not less than 24 hours prior to an Interest Payment Date, the System shall submit a purchase voucher, or other claim in the manner required by and in such form acceptable to the Comptroller, for money necessary to pay the principal of and interest on the Bonds as the same shall mature or become due on each such Interest Payment Date. While any of the Bonds is outstanding and unpaid, upon receipt of such purchase voucher or claim, the Comptroller will draw all necessary and proper warrants against moneys held for the System for such purpose, in order to carry out the purpose of this Resolution, to the end that money will be available at the Paying Agent/Registrar in ample time to pay the principal of and interest on the Bonds, as such principal and interest, respectively, matures or becomes due.

(c) Delivery of Funds by Comptroller. The Comptroller will promptly deliver prior to any Interest Payment Date the funds so requested by the System to the Paying Agent/Registrar, either (i) by means of electronic funds transfer, or (ii) if the System reasonably determines that the receipt of such funds by the Paying Agent/Registrar by means of electronic funds transfer would be impractical, by written warrant to be made payable to the order of the Paying Agent/Registrar, and delivered to the Paying Agent/Registrar by first-class mail, postage prepaid. Upon receipt of such warrant by the Paying Agent/Registrar, the Paying Agent/Registrar shall give telephonic notice to the System (thereafter confirmed in writing by first-class mail, postage prepaid) that such warrant has been received.

(d) Notice to Comptroller. If the System fails to receive such notice prior to any Interest Payment Date, it shall notify the Comptroller of such failure to receive such notice, and take such measures as may be necessary to direct the Comptroller to make the required payments described in subsection (a) of this Section to the Paying Agent/Registrar.

(e) Limitation on Transfer of Funds. Anything to the contrary herein notwithstanding, in no event shall the System submit or cause to be submitted to the Comptroller purchase vouchers in amounts in excess of the amounts permitted by law to be made available for the payment of debt service on the Bonds and any Additional Bonds secured by Pledged Revenues.

SECTION 10. SYSTEM'S PAYMENTS AND REDEMPTION. The System obligates itself and agrees, in accordance with the procedures described in Section 9 hereof, to pay to the Paying Agent/Registrar for deposit into the Interest and Sinking Fund, subject to the receipt by the System of the annual appropriations of money coming into the State Treasury not otherwise

appropriated, as mandated by the Constitutional Provision and the Act, the Pledged Revenues with respect to the Bonds in immediately available funds on the dates and in the amounts set forth below:

(a) On or before each Interest Payment Date, an amount equal to the interest coming due on all Outstanding Bonds on such Interest Payment; and

(b) On or before the maturity date for any Bond, an amount, together with any other amounts then on deposit therein and available for such purpose, sufficient to pay the principal of all Bonds coming due on of such maturity date.

SECTION 11. INTEREST AND SINKING FUND.

(a) Establishment. A separate and special fund called the "*Texas State Technical College System Constitutional Appropriation Bonds - Interest and Sinking Fund*" is hereby created and shall be established by the System with the Paying Agent/Registrar, and the same shall be maintained and used only as provided in this Resolution as long as any Bond or Additional Bond is Outstanding.

(b) Deposits to Interest and Sinking Fund. The following amounts shall be deposited into the Interest and Sinking Fund:

(i) immediately after delivery of any series of Bonds or Additional Bonds, all accrued interest, if any, and premium, received from sale of such Bonds;

(ii) immediately upon receipt by the Paying Agent/Registrar, the payments made to the System pursuant to subsection (a) of Section 10 hereof; and

(iii) immediately upon receipt by the Paying Agent/Registrar, all money and Governmental Obligations deposited in accordance with subsection (b) of Section 10 hereof.

(c) Payment of Debt Service. Except as otherwise specifically provided below, the Interest and Sinking Fund shall be used solely to pay the principal of, premium, if any, and interest on the Bonds and Additional Bonds when due, and the Paying Agent/Registrar shall make available to itself out of the Interest and Sinking Fund the amounts required to pay or redeem the principal of, premium, if any, and interest on the Bonds and Additional Bonds when due; provided, however, that any money and Defeasance Securities deposited by the System with the Paying Agent/Registrar for the purpose of defeasing and terminating the System's obligation to pay Pledged Revenues with respect to any Bonds or Additional Bonds pursuant to Section 16 hereof shall be used by the Paying Agent/Registrar, without investment of such money or reinvestment of such Defeasance Securities, solely to pay or redeem the principal of, premium, if any, and interest on such Bonds or Additional Bonds when due.

(d) Transfer of Excess Funds. Except for amounts deposited in accordance with Section 16 hereof and amounts retained to pay the principal of or premium, if any, on any Bonds or Additional Bonds, when no Bonds or Additional Bonds shall remain outstanding and the Paying Agent/Registrar's expenses shall have been paid, any amounts remaining in the Interest and Sinking Fund shall be paid to the System.

SECTION 12. INVESTMENTS. Money in any Fund maintained pursuant to this Resolution may, at the option of the System, be invested in accordance with the provisions of Section 51.0031, Texas Education Code and Chapter 2256, Texas Government Code, and in accordance with the written policies adopted by the Board. Such investments shall be valued in terms of current market value as of the last day of February and August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

SECTION 13. ADDITIONAL BONDS. (a) Right to Issue. The System reserves the right to issue additional parity bonds in such amounts as are required for the purpose of financing any project permitted by the Constitutional Provision or refunding any Outstanding Bonds or Additional Bonds. Such Additional Bonds, when issued and delivered, shall be payable from, and secured by an assignment and pledge of the System's rights to, the Pledged Revenues and secured by the Resolution, in the same manner and to the same extent as any of the Outstanding Bonds and Additional Bonds; and all of the Bonds shall in all respects be on a parity and of equal dignity;

(b) Conditions. No installment or series of Additional Bonds shall be issued unless:

(i) A certificate is executed by the Chair of the Board, the Chancellor of the System or the Vice Chancellor and Chief Financial Officer of the System to the effect that no default exists in connection with any of the covenants or requirements of the resolution or resolutions authorizing the issuance of all then Outstanding Bonds and Additional Bonds;

(ii) A certificate of the Comptroller that money appropriated pursuant to the Constitutional Provision and the Act, or any amendment thereto, will provide sufficient money to pay the principal of and interest on the Additional Bonds;

(iii) The provisions for the issuance of such Additional Bonds will preserve the primary sources for the payment thereof and for the security thereof as set forth in the Constitutional Provision; and

(iv) Additional Bonds shall not be issued in principal amounts or bear interest at rates that shall cause the aggregate payments of the principal and interest on the Bonds in any Fiscal Year to exceed 50% of the money appropriated to the System by the Act.

SECTION 14. SPECIAL COVENANTS. The System further covenants as follows:

(a) Other than the pledge of the Pledged Revenues for the payment of the Bonds, the Pledged Revenues have not in any manner been pledged or assigned for the payment of any debt or obligation of the System;

(b) This Resolution shall constitute a contractual obligation of the System and the System may be required by, to the extent permitted by the Resolution, the Registered Owners to carry out its covenants and obligations hereunder by all legal and equitable means, including, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the System, and its officials and employees;

(c) The System shall authorize and do all things possible to assure that Pledged Revenues are paid to the Paying Agent/Registrar on behalf of the System in accordance with the requirements of Section 9 hereof; and

(d) It is the duty and obligation of the System, its officers, employees and agents (who are hereby so authorized and directed) to cooperate with and aid the Comptroller in calculating the amounts to be deposited in, or transferred to the System and to ascertain the amounts to be remitted to the Paying Agent/Registrar to meet the requirements for the due and punctual payment of each installment of interest and each installment of principal as such interest and principal respectively mature on any Interest Payment Date.

SECTION 15. PUBLIC FUNDS COLLATERAL. All money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law, for securing funds of the System, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

SECTION 16. DEFEASANCE OF BONDS.

(a) Defeased Bonds. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "***Defeased Bond***") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "***Future Escrow Agreement***") for such payment (1) lawful money of the United States of America sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be

secured by, payable from, or entitled to the benefits of, the revenues herein pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Investment in Defeasance Securities. Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section 16. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

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

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

SECTION 17. DAMAGED, MUTILATED, LOST, STOLEN OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new Bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen or destroyed Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Bond, the Registered Owner applying for a replacement Bond shall furnish to the System and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Bond, the Registered Owner shall furnish to the System and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on such Bond, the System may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Registered Owner of such Bond with all legal, printing and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute a contractual obligation of the System whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the Board or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(a) of this Resolution for Bonds issued in conversion and exchange of other Bonds.

SECTION 18. COVENANTS REGARDING TAX-EXEMPTION.

(a) Covenants. The System covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the Holder for purposes of federal income taxation. In furtherance thereof, the System covenants as follows:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the

amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

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

(c) Proceeds. The System understands that the term "proceeds" includes "disposition proceeds," "replacement proceeds" received by the System as available amounts realized during the term of the Bonds were the term to be in excess of the period necessary for the governmental purpose, and "transferred proceeds." It is the understanding of the System that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the System will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of Bond Counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the System agrees to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Board hereby authorizes and directs the Chancellor and the Vice Chancellor and Chief Financial Officer of the System to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the System, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The System covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2(a) of this Resolution (the "**Project**") on its books and records in accordance with the requirements of the Internal Revenue Code. The System recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the System recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The System agrees to obtain the advice of Bond Counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the System shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest

(e) Disposition of Bond Financed Property. The System covenants that the property constituting the projects financed with the proceeds of the Bonds will not be sold or otherwise

disposed in a transaction resulting in the receipt by the System of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the System may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the System shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the Board, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Board hereby adopts and establishes the instructions attached hereto as Exhibit C as the System's written procedures.

SECTION 19. COMPLIANCE WITH RULE 15c2-12.

(a) Annual Reports. The System shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after 2016, financial information and operating data with respect to the System of the general type included in the final Official Statement authorized by this Resolution being the information described in Exhibit D hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit D hereto, or such other accounting principles as the System may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the System commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the System shall provide (1) unaudited financial statements for such fiscal year within such six month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

If the System changes its fiscal year, it will notify the MSRB through EMMA of the date of the new fiscal year end prior to the next date by which the System otherwise would be required to provide financial information and operating data pursuant to this subsection.

The financial information and operating data to be provided pursuant to this subsection may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(b) Event Notices.

(i) The System shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of Bondholders;
3. Redemption calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The System shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person .

(iii) The System shall notify the MSRB through EMMA, in a timely manner, of any failure by the System to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

(c) Limitations, Disclaimers, and Amendments. The System shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the System remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the System in any event will give notice of any deposit made in accordance with Section 16 of this Resolution that causes Bonds no longer to be outstanding.

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

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

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

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the System under federal and state securities laws.

The provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the System, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the System (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The Board also may amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Board so amends the provisions of this Section, the System shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 20. CUSTODY, APPROVAL AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION. The Chair of the Board or the designee thereof is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller. Upon registration of the Bonds the Comptroller shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the System's Bond Counsel may be printed on the Bonds issued and delivered under this Resolution, but it shall have no legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds.

SECTION 21. OFFERING DOCUMENTS. On behalf of the System, the Chancellor and the Vice Chancellor and Chief Financial Officer of the System are hereby authorized and directed to provide for and oversee the preparation of the Notice of Sale, the Official Bid Form and a preliminary and final official statement in connection with the issuance of the Bonds, and to approve

such official statement and deem it final in compliance with the Rule and to provide it to the Purchasers of the Bonds in compliance with the Rule.

SECTION 22. SUBMISSION OF APPLICATION TO BOND REVIEW BOARD. The Chancellor and the Vice Chancellor and Chief Financial Officer of the System, along with the System's financial advisor and bond counsel relating to the Bonds, are authorized to prepare and submit an application to the Bond Review Board as required by law in connection with the issuance of the Bonds.

SECTION 23. FURTHER PROCEEDINGS. The Chair, Vice Chair and Secretary of the Board, the Chancellor and the Vice Chancellor and Chief Financial Officer of the System, and all other officers, employees and agents of the System, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the System all such instruments, whether herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution and the Bonds, including, but not limited to, the printing of any statement relating to the insuring of the Bonds by a municipal bond insurance company.

SECTION 24. RULES OF CONSTRUCTION. For all purposes of this Resolution, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Resolution. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Resolution to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Resolution is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Resolution shall be deemed to include the payment of mandatory sinking fund redemption payments, if any. Any reference to FORM OF BOND shall refer to the form attached to this Resolution as Exhibit B. The Board hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct.

SECTION 25. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Resolution shall become effective immediately after its adoption.

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ADOPTED BY THE BOARD OF REGENTS OF THE TEXAS STATE TECHNICAL COLLEGE SYSTEM AT A REGULAR MEETING HELD ON THE 11TH DAY OF FEBRUARY, 2016.

Chair, Board of Regents
Texas State Technical College System

ATTEST:

Secretary, Board of Regents
Texas State Technical College System

(Seal)

Execution Page to Resolution Authoring the Issuance of
Texas State Technical College System Constitutional Appropriation Bonds, Series 2016

EXHIBIT A

CERTIFICATE APPROVING FINAL TERMS OF THE BONDS

[Note: All capitalized terms used in this Exhibit A which are not otherwise defined herein shall have the same meanings as set forth in the Resolution approved on February 11, 2016 (the "Bond Resolution") by the Board of Regents of the Texas State Technical College System which authorized the issuance of the Bonds defined in paragraph 1 immediately below.]

1. DATED DATE; AGGREGATE PRINCIPAL AMOUNT

The **TEXAS STATE TECHNICAL COLLEGE SYSTEM CONSTITUTIONAL APPROPRIATION BONDS, SERIES 2016** (the "**Bonds**") which are authorized to be issued pursuant to the Bond Resolution, shall be dated _____, 2016, and shall be issued in the aggregate principal amount of \$_____.

2. MATURITY SCHEDULE

The Bonds shall (i) mature on _____ in each of the years and in the respective principal amounts, and (ii) bear interest from the date of initial delivery thereof to their respective date of maturity or prior redemption at the respective interest rates, all as set forth below:

TEXAS STATE TECHNICAL COLLEGE SYSTEM CONSTITUTIONAL APPROPRIATION BONDS, SERIES 2016

<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>
2017			2022		
2018			2023		
2019			2024		
2020			2025		
2021			2026		

3. INTEREST PAYMENT DATES:

Interest on the Bonds shall be payable on _____, 201____, and on each _____ and _____ thereafter until maturity.

4. OPTIONAL REDEMPTION PROVISIONS

[The Bonds are not subject to optional redemption prior to maturity.]

5. MANDATORY REDEMPTION PROVISIONS

The Bonds maturing on _____ in the years 20__, 20__, and 20__ (collectively, the "*Term Bonds*") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM BONDS MATURING _____, 20__		TERM BONDS MATURING _____, 20__	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
_____, 20__		_____, 20__	
_____, 20__		_____, 20__	
_____, 20__ (maturity)		_____, 20__ (maturity)	

TERM BONDS MATURING _____, 20__	
Mandatory Redemption Date	Redemption Amount (\$)
_____, 20__	
_____, 20__	
_____, 20__ (maturity)	

6. PURCHASE PRICE

The Bonds shall be purchased at a price equal to \$_____ (which amount is equal to par, plus/less [net] original issue premium/discount on the Bonds of \$_____) [plus accrued interest from _____, 2016 to the date of delivery] [and no accrued interest].

7. TRUE INTEREST COST

The true interest cost rate on the Bonds is _____ per annum.

8. Selection of Paying Agent/Registrar

_____ is hereby appointed to serve as the initial Paying Agent/Registrar for the Bonds.

9. DETERMINATION REQUIRED BY SECTION 1201.022(A)(3), TEXAS GOVERNMENT CODE. In satisfaction of Section 1201.022(a)(3), Texas Government Code, as authorized by Section 2(d) of the Resolution, and upon consultation with the System's Financial Advisor, the undersigned hereby determines that the final terms of the Bonds as set forth in this Certificate are in the System's best interests.

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***APPROVED BY THE _____ OF THE TEXAS STATE
TECHNICAL COLLEGE SYSTEM ON THE ____ DAY OF _____, 2016 IN
ACCORDANCE WITH SECTION 2(b) OF THE BOND RESOLUTION.***

Texas State Technical College System

Execution Page to the "Certificate Approving Final Terms of the Bonds" Relating to
Texas State Technical College System Constitutional Appropriation Bonds, Series 2016

EXHIBIT B

A-4

FORM OF BOND

NO. R-__

**PRINCIPAL
AMOUNT**

**UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF
TEXAS STATE TECHNICAL COLLEGE SYSTEM
CONSTITUTIONAL APPROPRIATION BOND, SERIES 2016**

<u>MATURITY DATE</u>	<u>INTEREST RATE (%)</u>	<u>DATED DATE</u>	<u>CUSIP No.</u>
_____, 20__	_____	_____, 2016	_____

ON THE MATURITY DATE SPECIFIED ABOVE, THE TEXAS STATE TECHNICAL COLLEGE SYSTEM (the "***System***"), hereby promises to pay to _____, or to the registered assignee hereof (either being hereinafter called the "***Registered Owner***") the principal amount of

_____ DOLLARS

and to pay interest thereon, from the [Dated Date of this Bond specified above] [date of initial delivery of this Bond as shown on the records of the "Paying Agent/Registrar" defined and identified below], to the date of its scheduled maturity, at the rate of interest per annum specified above, with said interest being calculated on the basis of a 360-day year composed of twelve 30-day months and being payable on _____, 201__, and semiannually on each _____ and _____ thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, at the designated corporate trust or commercial banking office (the "***Designated Office***") of _____, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the last business day of the month next preceding such interest payment date (the "***Record Date***"), by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the System

required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/ Registrar by United States mail, postage prepaid, on each such interest payment date, to the Registered Owner hereof at its address as it appears as of the respective Record Date on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. The System covenants with the Registered Owner of this Bond that no later than each principal payment and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar from the Interest and Sinking Fund as defined by the resolution authorizing the Bonds (the "**Bond Resolution**") the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IN THE EVENT of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the System. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

IF THE DATE FOR THE PAYMENT of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND IS ONE OF A SERIES OF BONDS of like tenor and effect except as to maturity and interest rate, dated as of _____, 2016, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$_____, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, TO CONSTRUCT AND EQUIP BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, AND FOR MAJOR REPAIR AND REHABILITATION OF BUILDINGS OR OTHER PERMANENT IMPROVEMENTS AT THE SYSTEM'S CAMPUSES LOCATED IN THE CITIES OF HARLINGEN, MARSHALL, SWEETWATER AND WACO, TEXAS AND TO PAY COSTS OF ISSUANCE OF THE BONDS, all as specifically described in the Bond Resolution. All Bonds of this Series are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000 (an "**Authorized Denomination**").

THIS BOND IS NOT SUBJECT TO OPTIONAL REDEMPTION PRIOR TO STATED MATURITY.

[The following paragraph will appear only if the Purchaser chooses to designate a portion of the Bonds as "Term Bonds."]

THE BONDS MATURING on _____ in the years 20__, 20__, and 20__ (collectively, the "***Term Bonds***") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM BONDS MATURING _____, 20__		TERM BONDS MATURING _____, 20__	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
_____, 20__		_____, 20__	
_____, 20__		_____, 20__	
_____, 20__ (maturity)		_____, 20__ (maturity)	

TERM BONDS MATURING _____, 20__	
Mandatory Redemption Date	Redemption Amount (\$)
_____, 20__	
_____, 20__	
_____, 20__ (maturity)	

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

[The following paragraph will appear only if the Bonds will be subject to optional or mandatory sinking fund redemption.]

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed, and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the System, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION or portions hereof in any authorized denomination may be assigned and shall be transferred only in the Registration Books of the System kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth herein and in the Bond Resolution. This Bond may only be assigned and transferred upon presentation and surrender to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the Registered Owner, or its duly authorized attorney or representative, and shall conclusively evidence the assignment hereof. Upon surrender of this Bond or any portion or portions hereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new Bond or Bonds payable to such assignee or assignees, or to the Registered Owner hereof in the case of the assignment and transfer of only a portion of this Bond, in exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of Bonds. The Registered Owner of this Bond shall be deemed and treated by the System and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the System and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

IN ACCORDANCE WITH THE FORM AND PROCEDURES set forth in the Bond Resolution, this Bond, or any unpaid portion hereof, may, at the written request of the Registered Owner or the assignee or assignees hereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, be converted into and exchanged for a Bond or Bonds of like aggregate principal amount, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested, upon surrender of this Bond to the Paying Agent/Registrar at the Designated Office for cancellation. The one requesting a transfer, conversion or exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of transfer, conversion or exchange.

WHENEVER THE BENEFICIAL OWNERSHIP of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT ANY PAYING AGENT/REGISTRAR for the Bonds is changed by the System, resigns or otherwise ceases to act as such, the System has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed, and been done in accordance with the law; that this Bond is a special obligation of the System payable from up to 50% of the money appropriated pursuant to Article VII, Section 17, Texas Constitution, and allocated annually to the System in accordance with the provisions of Chapter 62, Texas Education Code, as amended, which are the "Pledged Revenues" as defined in the Bond Resolution, and that the principal of and interest on this Bond are payable from and secured by a first lien on and pledge of the Pledged Revenues.

THE SYSTEM HAS RESERVED THE RIGHT, subject to the restrictions stated in the Bond Resolution authorizing this Series of Bonds, to issue additional parity revenue bonds which also may be made payable from, and secured by a first lien on and pledge of, the Pledged Revenues.

THE REGISTERED OWNER shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

BY BECOMING THE REGISTERED OWNER of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the System, and agrees that the terms and provisions

of this Bond and the Bond Resolution constitute a contract between the Registered Owner hereof and the System.

IN WITNESS WHEREOF, the System has caused this Bond to be signed with the manual or facsimile signature of the Chair of the Board of Regents of the System and countersigned with the manual or facsimile signature of the Secretary of the Board of Regents of the System, and has caused the official seal of the System to be duly impressed, or placed in facsimile, on this Bond.

(signature)
Secretary, Board of Regents

(signature)
Chair, Board of Regents

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an executed
Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds or a portion of a bond or bonds of a Series 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.

Dated:

Paying Agent/Registrar

By _____
Authorized Representative

***FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. _____

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.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

*¶ to be on Initial Bond only

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 Bond 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 member firm of the New York Stock
Exchange or a commercial bank or trust
company.

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

***INITIAL BOND INSERTIONS**

The Initial Bond shall be in the form set forth above except that:

- (A) Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.
- (B) The first paragraph shall be deleted and the following shall be inserted:

"ON THE RESPECTIVE MATURITY DATES specified below, the **TEXAS STATE TECHNICAL COLLEGE SYSTEM** (the "**System**"), hereby promises to pay to _____, or registered assigns (hereinafter called the "**Registered Owner**"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from the [Dated Date of this Bond specified above] [date of initial delivery of this Bond as shown on the records of the "Paying Agent/Registrar" defined and identified below], at the respective Interest Rates per annum specified below, payable on _____, 201_, and semiannually on each _____ and _____, thereafter to the respective Maturity Dates specified below. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

Maturity Dates (_____)	Principal Installment (\$)	Interest Rate (%)
---	---	------------------------------------

[Insert information from Exhibit A when completed]

(C) The Initial Bond shall be numbered "T-1."

_____ to be on Initial Bond only

EXHIBIT C

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, the System's chief financial officer (the "**Responsible Person**"), which currently is the System's Vice Chancellor and Chief Financial Officer, will:

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Bonds will be entered into within six (6) months of the date of delivery of the Bonds (the "**Issue Date**");
- (ii) monitor that at least 85% of the proceeds of the Bonds to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Bonds after three (3) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Bonds are invested in an investment with a guaranteed yield for 4 years or more;
- (vi) maintain any official action of the System (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Bonds any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Bonds are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Bonds are outstanding, any person, other than the System, the employees of the System, the agents of the System or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Bonds are outstanding, any person, other than the System, the employees of the System, the agents of the System or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Bonds are outstanding, any person, other than the System, the employees of the System, the agents of the System or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Bonds are outstanding, any person, other than the System, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the System's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Bonds. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT D

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 19 of this Resolution.

Annual Financial Statements and Operating Data

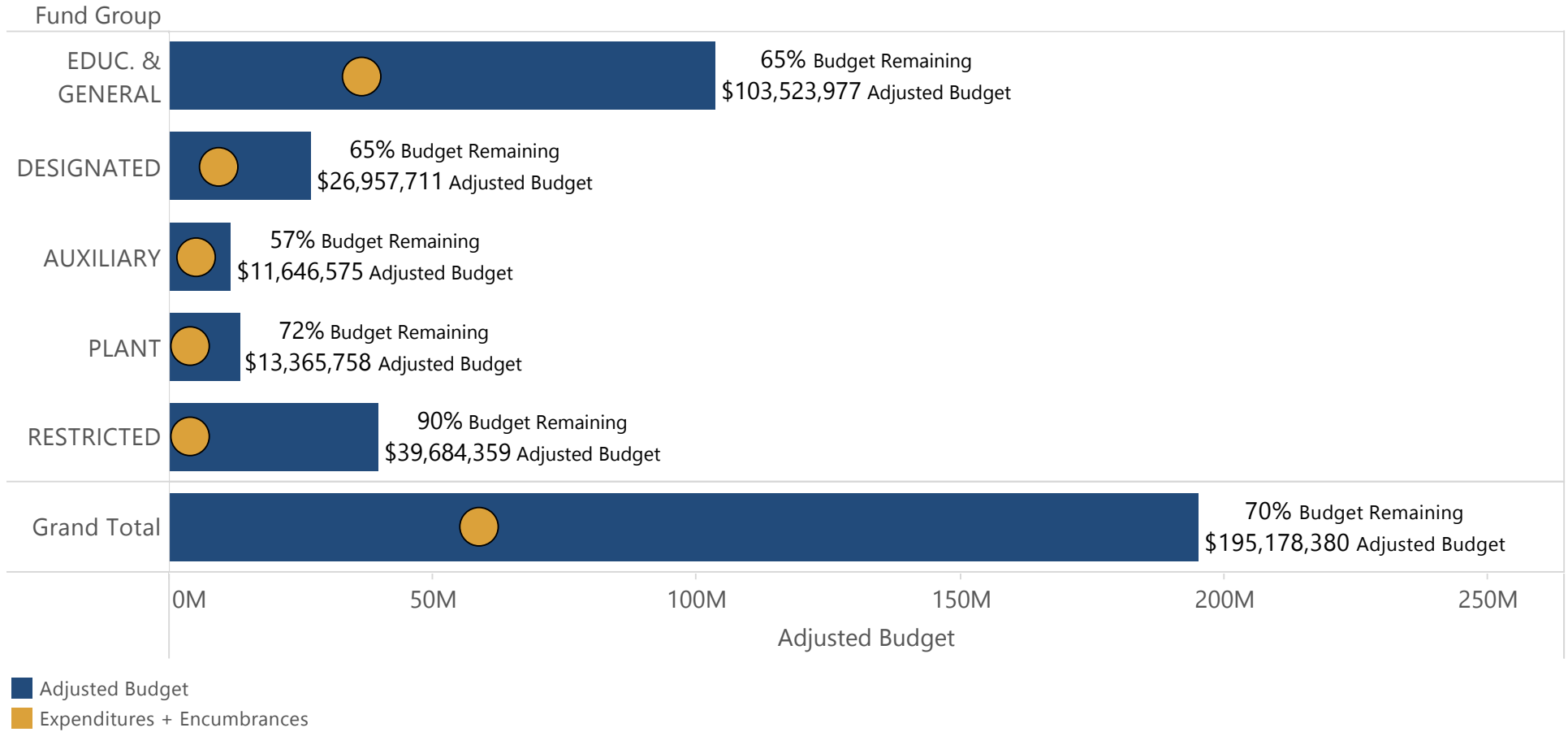
The financial information and operating data with respect to the System to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The annual unaudited financial statements of the System.
2. All quantitative financial information and operating data with respect to the System of the general type included in the Official Statement under Tables _____.

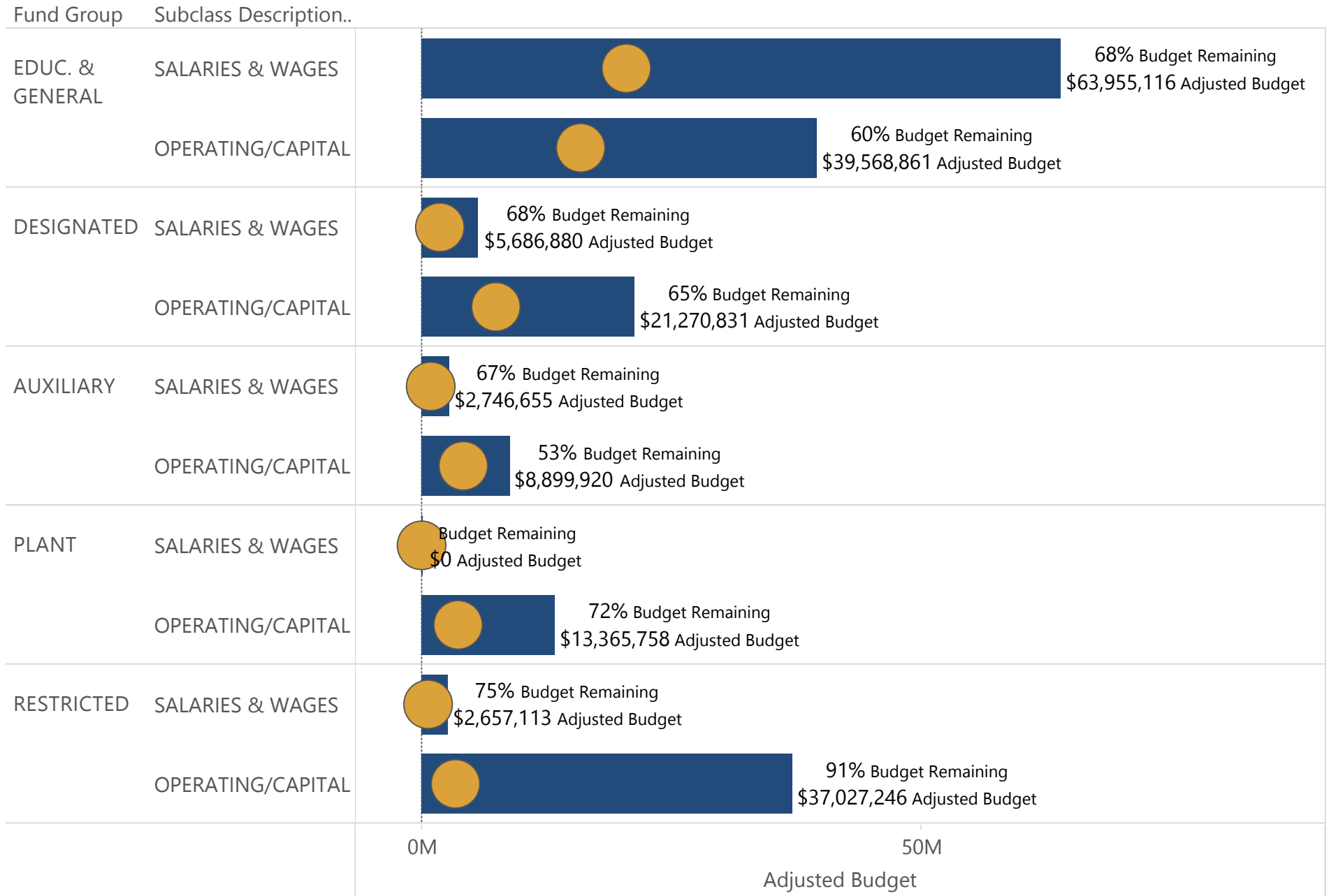
Accounting Principles

The accounting principles referred to in the Resolution are the accounting principles described in the notes to the financial statements referred to above, which are generally accepted accounting principles of fund accounting for colleges and universities.

Texas State Technical College System
Comparison of Budget to Expenditures and Encumbrances
September 1, 2015 - December 31, 2015

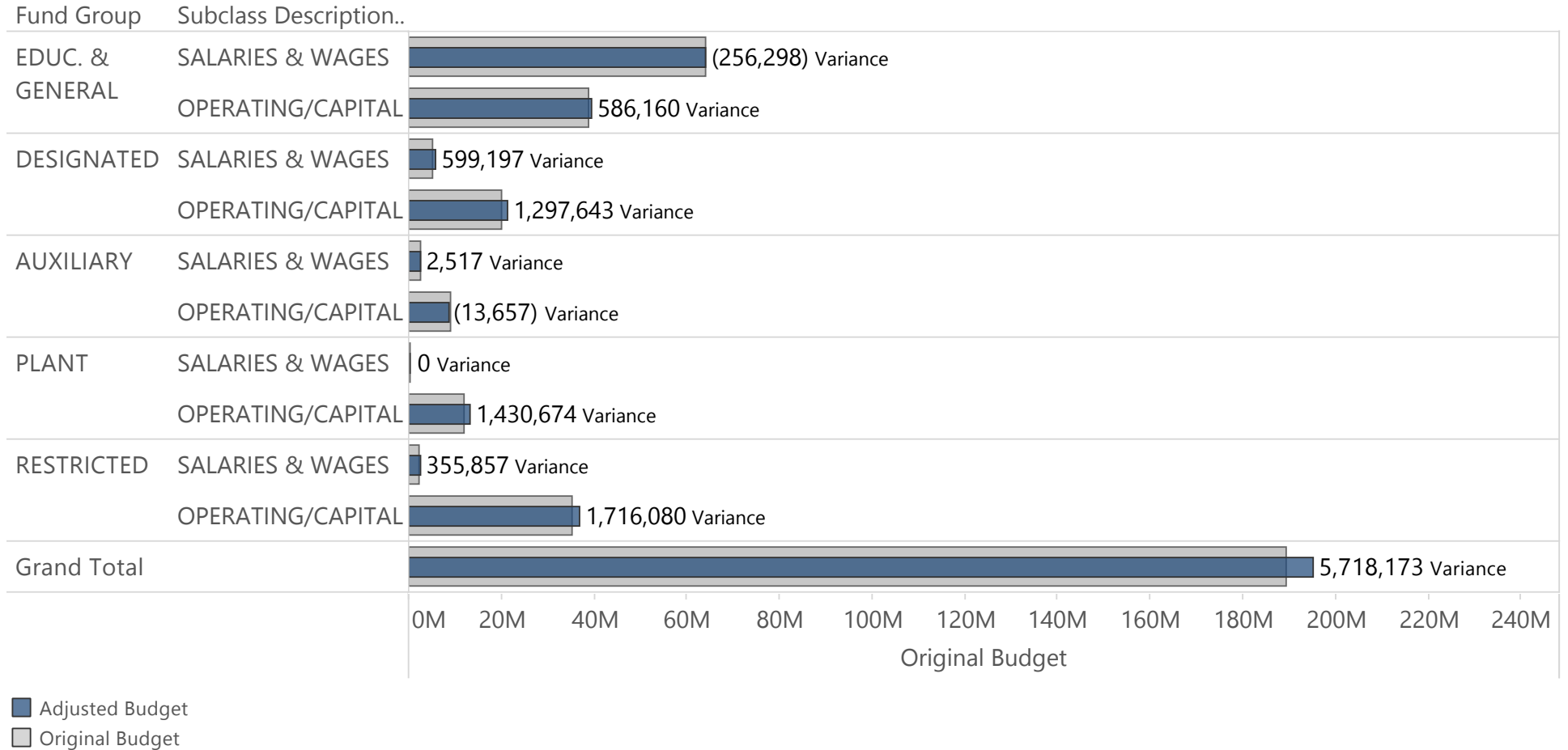


Texas State Technical College System
Comparison of Budget to Expenditures and Encumbrances by Subclass
September 1, 2015 - December 31, 2015



■ Adjusted Budget
● Expenditures + Encumbrances

Texas State Technical College System
Variance of Adjusted Budget to Original Budget
September 1, 2015 - December 31, 2015



TEXAS STATE TECHNICAL COLLEGE
QUARTERLY INVESTMENTS REPORT
November 30, 2015

A	B	C	D	E	F	G	H	I	J	K	L
DEPOSITORY-LOCATION		REGULAR DEMAND DEPOSITS	INTEREST BEARING DEMAND DEPOSITS	TIME DEPOSITS & SHORT TERM INVESTMENTS	TOTAL DEPOSITS AND INVESTMENTS	MATURITY DATE	RATE	ACCOUNT TYPE	CAMPUS	FUND NO.	DAYS MAT
1 Bank of America - Waco Total				10,000	10,000	08/10/16	0.05%		Waco	5	366
2 Breckenridge InterBank Total			181,329		181,329		0.25%	Operating	Breck		
3 Capital One Bank - Marshall Total				2,103	2,103	02/08/16	0.05%		Marshall	5	365
4 Citizens National Bank - Red Oak			7,565		7,565		0.10%		Marshall	5	
5 Compass Bank - Waco	*			588,097	588,097	MMKT	0.25%		Harl	3	
6	*			1,702,920	1,702,920	MMKT	0.25%		Harl	8	
7 Compass Bank - Waco Total		0	0	2,291,017	2,291,017						
8 Elsa State Bank & Trust Co.	*			130,650	130,650	10/05/16	0.60%		Harl	6	366
9 First Community Bank- San Benito				40,121	40,121	06/18/16	0.50%		Harl	6	366
10 First National Bank, Albany/Breckenridge				65,000	65,000	04/06/16	0.75%		Breck	5	366
11				100,000	100,000	04/14/16	0.75%		Swee	4	366
12				34,215	34,215	04/14/16	0.75%		Abilene	5	366
13 First National Bank, Albany/Breck Total		0	0	199,215	199,215						
14 First National Bank of Central TX, Waco			1,875,282		1,875,282		0.25%	Operating	Waco		
15			834,119		834,119		0.25%	Bookstore	Waco		
16		735			735		0.00%	Fed Funds	Waco		
17			240,642		240,642		0.25%	Café	Waco		
18			135,383		135,383		0.25%	Operating	System Op		
19			1		1		0.25%	Bond Proceeds	System Op		
20			1,738,528		1,738,528		0.25%	Payroll	System Op		
21			31,081		31,081		0.25%	Corp Col On-Line	System Op		
22	*			1,595,053	1,595,053	MMKT	0.60%		Waco	4	
23	*			810,724	810,724	MMKT	0.60%		System Op	8	
24				852,905	852,905	MMKT	0.60%		Waco	3	
25 FNB of Central TX Total		735	4,855,036	3,258,682	8,114,453						
26 Frost Bank			1,023,098		1,023,098		0.01%	Operating	Harl		
27		50			50		0.00%	Financial Aid	Harl		
28 Frost Bank Total		50	1,023,098	0	1,023,148						
29 Guaranty Bank & Trust (Formerly Guaranty Bond Bank)				2,199	2,199	02/13/16	0.45%		Marshall	5	365
30 Liberty Bank-N. Richland Hills Total				10,000	10,000	09/07/16	0.75%		Waco	5	731
31 Mills County State Bank				200,000	200,000	01/17/16	0.42%		Swee	4	365

TEXAS STATE TECHNICAL COLLEGE
QUARTERLY INVESTMENTS REPORT
November 30, 2015

A	B	C	D	E	F	G	H	I	J	K	L
DEPOSITORY-LOCATION		REGULAR DEMAND DEPOSITS	INTEREST BEARING DEMAND DEPOSITS	TIME DEPOSITS & SHORT TERM INVESTMENTS	TOTAL DEPOSITS AND INVESTMENTS	MATURITY DATE	RATE	ACCOUNT TYPE	CAMPUS	FUND NO.	DAYS MAT
32 Prosperity Bank (Formerly American State Bank-Abilene)			1,129,813		1,129,813		0.20%	Operating	Abilene		
33 Texas Bank- Brownwood Total			155,864		155,864		0.02%	Operating	Swee		
34 Texas Bank and Trust - Longview			156,609		156,609		0.10%	Operating	Marshall		
35	5,304				5,304		0.00%	Fed Funds	Marshall		
36 *				12,019	12,019	MMKT	0.50%		Marshall	6	
37				36,402	36,402	06/06/16	0.75%		Marshall	5	366
38				55,310	55,310	01/25/16	0.75%		Marshall	5	365
39				15,598	15,598	03/06/16	0.75%		Marshall	5	366
40				5,766	5,766	06/28/16	0.75%		Marshall	5	366
41 *				43,248	43,248	10/29/16	0.50%		Marshall	5	366
42 Texas Bank and Trust Total		5,304	156,609	168,343	330,256						
43 Texas First State Bank- Waco				373,401	373,401	03/31/16	0.75%		System Op	8	366
44				881,966	881,966	03/31/16	0.75%		System Op	8	366
45 *				195,552	195,552	11/21/16	0.50%		Waco	5	366
46				250,000	250,000	07/01/16	0.50%		Waco	3	366
47				250,000	250,000	08/01/16	0.50%		Waco	3	366
48 *				250,000	250,000	10/16/16	0.50%		Waco	4	335
49				250,000	250,000	06/16/16	0.50%		Waco	4	366
50				610,366	610,366	08/14/16	0.50%		System Op	8	366
51				250,000	250,000	05/23/16	0.75%		Waco	4	366
52 Texas First State Bank Total		0	0	3,311,285	3,311,285						
53 Texas National Bank- Sweetwater			1,030,500		1,030,500		0.18%	Operating	Swee		
54			916,282		916,282		0.18%	BkStore Cr Crd	Swee		
55	1				1		0.00%	Financial Aid	Swee		
56 Texas National Bank Total		1	1,946,782	0	1,946,783						
57 TexPool - Other Total		0	0	1	1		0.11%		System Op	8	
58 TexPool - Other Total		0	0	1	1		0.11%		Waco	8	
59 TexPool Loc Rev Bd Proceeds Ser 11A Total		0	0	1	1		0.11%		Harl	8	
60 TexPool - Other Total		0	0	1	1		0.11%		System Op	4	
61 TOTAL ALL INVESTMENTS		6,090	9,456,096	9,623,619	19,085,805						

TEXAS STATE TECHNICAL COLLEGE
QUARTERLY INVESTMENTS REPORT
November 30, 2015

A	B	C	D	E	F	G	H	I	J	K	L
DEPOSITORY-LOCATION	FUND NO.	REGULAR DEMAND DEPOSITS	INTEREST BEARING DEMAND DEPOSITS	TIME DEPOSITS & SHORT TERM INVESTMENTS	TOTAL DEPOSITS AND INVESTMENTS	MATURITY DATE	RATE	ACCOUNT TYPE	CAMPUS	FUND NO.	DAYS MAT
62 TIME DEPOSITS BY FUND:											
63 DESIGNATED FUNDS	3			1,941,002							
64 AUXILIARY ENTERPRISES FUNDS	4			2,645,054							
65 ENDOWMENT FUNDS	5			475,393							
66 RESTRICTED FUNDS	6			182,790							
67 UNEXPENDED PLANT FUNDS	8			4,379,380							
68				9,623,619							
69 TIME DEPOSITS BY LOCATION:											
70 SYSTEM OPERATIONS				2,676,459							
71 WACO				3,913,511							
72 HARLINGEN				2,461,789							
73 WEST TEXAS				399,215							
74 MARSHALL				172,645							
75				9,623,619							
76 WEIGHTED AVERAGE RATE OF INTEREST				0.52%							
77 BENCHMARK - 3-YEAR TREASURY BOND YIELD AS OF 11-30-15				1.24%							
78 WEIGHTED AVERAGE MATURITY (CD'S)				394							
79 INTEREST RECEIVED AND ACCRUED ON CASH IN BANK AND INVESTMENTS FY 16				18,872							
80 INVESTMENT ACTIVITY FY16											
81 Balance August 31, 2015				10,103,426							
82 Interest Added to Investments				9,087							
83 Time Deposits Increase (Decrease)				-1,295,160							
84 TexPool Funds-Other Increase (Decrease)											
85 TexPool Funds-Loc Rev Bonds Increase (Decrease)											
86 Time Deposits-Loc Rev Bonds Increase (Decrease)											
87 Money Market-Loc Rev Bonds Increase (Decrease)				-317,796							
88 Money Market Funds-Other Increase (Decrease)				1,124,062							
89 Balance November 30, 2015				9,623,619							

* Investment Changes September 2015 - November 2015

ALL INVESTMENTS ARE SHOWN AT COST. MARKET VALUE EQUALS COST DUE TO THE TYPE OF INVESTMENT.

I CERTIFY THAT THIS INVESTMENT PORTFOLIO IS IN COMPLIANCE WITH TEXAS STATE TECHNICAL COLLEGE'S POLICY ON INVESTMENTS AND THE PUBLIC FUNDS INVESTMENT ACT (TEXAS GOVERNMENT CODE, SECTION 2256).

Albert Srubar, Comptroller

Date

Jonathan Hoekstra, Vice Chancellor for Finance

Date

TEXAS STATE TECHNICAL COLLEGE

PLEDGED COLLATERAL REPORT

November 30, 2015

A	B	C	D	E	F	G	H	I
	PORTFOLIO				SECURITY ON DEPOSITS			
DEPOSITORY-LOCATION	REGULAR DEMAND DEPOSITS	INTEREST BEARING DEMAND DEPOSITS	TIME DEPOSITS	TOTAL DEPOSITS AND INVESTMENTS	SIPC/FDIC** COVERAGE	REQUIRED COLLATERAL	COLLATERAL AT MARKET VALUE November	SUFFICIENT (INSUFFICIENT)
1 BANK OF AMERICA - WACO	-	-	10,000	10,000	10,000	-	-	-
2 BRECKENRIDGE INTERBANK	-	181,329	-	181,329	181,329	-	-	-
3 CAPITAL ONE BANK - MARSHALL	-	-	2,103	2,103	2,103	-	-	-
4 CITIZENS NATIONAL BANK - RED OAK	-	7,565	-	7,565	7,565	-	-	-
5 COMPASS BANK - WACO	-	-	2,291,017	2,291,017	250,000	2,041,017	3,250,000	1,208,983
6 ELSA STATE BANK & TRUST COMPANY	-	-	130,650	130,650	130,650	-	-	-
7 FIRST COMMUNITY BANK - SAN BENITO	-	-	40,121	40,121	40,121	-	55,450	55,450
8 FIRST NATIONAL BANK ALBANY / BRECKENRIDGE	-	-	199,215	199,215	199,215	-	-	-
9 FIRST NATIONAL BANK OF CENTRAL TX- WACO	735	4,855,036	3,258,682	8,114,453	250,735	7,863,718	13,716,526	5,852,808
10 FROST NATIONAL BANK	50	1,023,098	-	1,023,148	250,050	773,098	5,421,355	4,648,257
11 GUARANTY BANK & TRUST (FORMERLY GUARANTY BOND BK)	-	-	2,199	2,199	2,199	-	-	-
12 LIBERTY BANK - FORT WORTH	-	-	10,000	10,000	10,000	-	-	-
13 MILLS COUNTY STATE BANK	-	-	200,000	200,000	200,000	-	-	-
14 PROSPERITY BANK (Formerly American State Bank)	-	1,129,813	-	1,129,813	250,000	879,813	1,371,259	491,446
15 TEXAS BANK - BROWNWOOD	-	155,864	-	155,864	155,864	-	175,107	175,107
16 TEXAS BANK & TRUST - LONGVIEW	5,304	156,609	168,343	330,256	255,304	74,952	2,604,676	2,529,724
17 TEXAS FIRST STATE BANK - WACO	-	-	3,311,285	3,311,285	250,000	3,061,285	4,112,544	1,051,259
18 TEXAS NATIONAL BANK - SWEETWATER	1	1,946,782	-	1,946,783	250,001	1,696,782	3,720,631	2,023,849
19	6,090	9,456,096	9,623,615	19,085,801	2,695,136	16,390,665	34,427,548	18,036,883
20 TEXPOOL - OTHER *			1	1	N/A	N/A	N/A	N/A
21 TEXPOOL - OTHER *			1	1	N/A	N/A	N/A	N/A
22 TEXPOOL - LOCAL REV BOND PROCEEDS SER 11A *			1	1	N/A	N/A	N/A	N/A
23 TEXPOOL - OTHER *			1	1	N/A	N/A	N/A	N/A
24 TOTAL	6,090	9,456,096	9,623,619	19,085,805	2,695,136	16,390,665	34,427,548	18,036,883

* No collateral required.

** Securities Investment Protection Corp/Federal Deposit Insurance Corp. The current FDIC coverage for interest bearing accounts is \$250,000 per owner and is \$250,000 for non-interest bearing accounts per owner.