

TEXAS TRANSPORTATION COMMISSION

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Section 49-n, Article III, of the Texas Constitution (constitutional provision) provides that the Texas Legislature may authorize the Texas Transportation Commission (commission) to issue bonds and other public securities and enter into bond enhancement agreements that are payable from revenue deposited to the credit of the State Highway Fund (highway fund) to fund state highway improvement projects.

The constitutional provision provides for the appropriation of amounts from highway fund revenues that are sufficient to pay the principal of and interest on such bonds or other public securities and any cost related to the bonds and other public securities, including payments under bond enhancement agreements; and, the constitutional provision further provides that any dedication or appropriation of revenue to the credit of the highway fund may not be modified so as to impair any outstanding bonds or other public securities secured by a pledge of highway fund revenue unless provisions have been made for a full discharge of those securities.

Pursuant to the constitutional provision, the Texas Legislature enacted Section 222.003, Texas Transportation Code, as amended (enabling act), which authorizes the commission to issue bonds and other public securities secured by a pledge of and payable from revenue deposited to the credit of the highway fund.

The enabling act provides that (i) the aggregate principal amount of such bonds and other public securities may not exceed \$6 billion, (ii) the commission may issue bonds or other public securities in an aggregate principal amount of not more than \$1.5 billion each year, (iii) \$1.2 billion of the aggregate principal amount of such bonds or other public securities must be issued to fund projects (safety projects) that reduce accidents or correct or improve hazardous locations on the state highway system, and (iv) bonds and other public securities and credit agreements may not have a principal amount or terms that are expected to cause annual expenditures with respect thereto to exceed 10 percent (10%) of the amount deposited to the credit of the highway fund in the immediately preceding year.

The enabling act further provides that the Comptroller of Public Accounts (comptroller) shall withdraw from the highway fund amounts determined by the commission to permit timely payment of the principal of and interest on the bonds and other public securities and any cost related to the bonds and other public securities, including payments under credit agreements.

Pursuant to the enabling act, the commission has adopted rules, codified at 43 TAC §§15.170-15.174, that prescribe criteria for selecting projects (including safety projects) eligible for funding under the enabling act.

Pursuant to Minute Order No. 110472, dated March 30, 2006, the commission approved a master resolution, as amended (master resolution), establishing a financing program for bonds, other public securities and credit agreements secured by and payable from revenue deposited to the credit of the State Highway Fund to establish a revenue financing program to provide a financing structure to facilitate the commission's exercise of the powers and authority conferred by the enabling act and pursuant to which the commission is authorized to issue obligations (senior obligations), including bonds, notes and other public securities, and execute credit agreements and qualified hedge agreements, secured by and payable from a pledge of and lien on revenues deposited to the credit of the highway fund, as provided by the master resolution, and further approved a first supplemental resolution to the master resolution which authorized the issuance of "Texas Transportation

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Commission State Highway Fund First Tier Revenue Bonds, Series 2006” (series 2006 bonds), which were issued in the aggregate principal amount of \$600 million.

Pursuant to Minute Order No. 110729, dated October 26, 2006, the commission approved a second supplemental resolution to the master resolution which authorized the issuance of “Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2006-A” (series 2006-A bonds), which were issued in the aggregate principal amount of \$852,550,000, and a third supplemental resolution to the master resolution which authorized the issuance of “Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2006-B (Variable Rate Bonds)” (series 2006-B bonds), which were issued in the aggregate principal amount of \$100 million.

Pursuant to Minute Order No. 111050, dated August 23, 2007, the commission approved a fourth supplemental resolution to the master resolution which authorized the issuance of “Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2007” (series 2007 bonds), which were issued in the aggregate principal amount of \$1,241,845,000, and “Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2008” (series 2008 bonds), which were issued in the aggregate principal amount of \$162,995,000.

Pursuant to Minute Order No. 112154, dated February 25, 2010, the commission approved a fifth supplemental resolution to the master resolution which authorized the issuance of “Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Taxable Series 2010 (Build America Bonds - Direct Payment)” (series 2010 bonds and, together with the series 2006 bonds, the series 2006-A bonds, the series 2006-B bonds, the series 2007 bonds and the series 2008 bonds, collectively, outstanding senior obligations), which were issued in the aggregate principal amount of \$1,500,000,000.

The commission has determined that it is in the best interest of the state to approve a sixth supplemental resolution to the master resolution (supplemental resolution) to authorize the issuance of additional senior obligations (additional senior obligations), in one or more series, to fund state highway improvement projects, provided that the aggregate principal amount of such additional senior obligations (new money bonds) shall not exceed \$1,400,667,126.36, which is not more than \$1.5 billion of new money bonds issued in any fiscal year, and to authorize the issuance of additional senior obligations, in one or more series, to refund certain outstanding senior obligations, provided that the aggregate principal amount of such additional senior obligations (refunding bonds) shall not exceed \$1.7 billion in aggregate principal amount of senior obligations refunded thereby and the refunding shall result in net present value debt service savings of not less than 3%, as provided in the supplemental resolution, and to prescribe the terms, provisions and covenants related to the additional senior obligations, as set forth in the supplemental resolution.

Under the supplemental resolution, the commission has determined that such additional senior obligations shall be sold through negotiated sale pursuant to the procedures set forth in the supplemental resolution, including entering one or more bond purchase contracts dated as of the date of pricing under which the underwriters for such additional senior obligations agree to purchase from the commission, and to make a bona fide public offering of, such principal amount of additional senior obligations as is determined by the department representative (as defined in the supplemental resolution) in the respective award certificates for such additional senior obligations, and at such price and subject to such terms as are prescribed in the respective award certificates therefor, provided that

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the department representative is authorized under the supplemental resolution to utilize an alternative method of sale, which may be public or private, for any series of additional senior obligations when, in the judgment of the department representative, such alternative method of sale is determined to be advantageous, as prescribed in the award certificate in accordance with the supplemental resolution.

The commission understands that an official statement in preliminary and final form (collectively, official statement) will be distributed in connection with the public offering and sale of each series of additional senior obligations, which official statement will include a description of the revenues deposited to the credit of the highway fund and other security and payment provisions related to the additional senior obligations.

Under the supplemental resolution, the department representative is authorized to price all or a portion of the additional senior obligations as variable rate bonds, which may require the use of liquidity provider(s), remarketing agent(s), tender agent(s) and other entities to perform similar functions in connection with any such variable rate bonds.

Pursuant to Minute Order No. 112801, dated August 25, 2011, the commission approved a revised derivative management policy which policy established a derivative committee to review and make recommendations regarding the commission's use of derivative financial products. The commission is authorized to enter into credit agreements related to the additional senior obligations with eligible counterparties as determined by the department representative in compliance with the derivative management policy when, in the judgment of the department representative and in accordance with the derivative management policy, Chapter 1371, Texas Government Code, and the supplemental resolution, the transaction is expected to benefit the commission and the State.

The commission has determined that it is in the best interest of the State to authorize the department representative to direct the comptroller to withdraw from the highway fund and forward such amounts as are necessary to permit timely payment of obligations issued or incurred pursuant to the master resolution and any supplemental resolution thereto, as provided by the enabling act, and to authorize the department representative to enter into any memoranda and agreements (collectively, management agreements) as are deemed necessary or appropriate by the department representative to evidence such direction and to provide for the management and administration of the highway fund and any other funds and accounts established and maintained in connection with or related to such obligations.

IT IS THEREFORE ORDERED by the commission that the chair and executive director are authorized and directed to execute and deliver additional senior obligations, as provided by the supplemental resolution, and the department representative is authorized and directed to execute and deliver the supplemental resolution and any bond purchase contracts and paying agent/registrar agreements (collectively, financing documents), and the financing documents are approved in substantially the form presented to the commission with such changes as the department representative executing each such document may approve, such approval to be conclusively evidenced by execution of such financing document; and, each department representative, acting individually, is authorized and directed to take any and all actions necessary or appropriate to effect the delivery of the additional senior obligations in accordance with the terms and conditions of the financing documents.

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IT IS FURTHER ORDERED by the commission that the department representative is authorized and directed to execute and deliver any remarketing agreement, liquidity agreement, tender agent agreement and similar agreements necessary for any variable rate bonds or refunding bonds (collectively, supporting documents), and the supporting documents are approved in substantially the form previously approved by the commission in connection with its previously issued senior obligations and other financing program debt with such changes as the department representative executing each such document may approve, such approval to be conclusively evidenced by execution of such document.

IT IS FURTHER ORDERED by the commission that the department representative is hereby authorized to enter into credit agreements, including master swap agreements similar to the master swap agreements entered into in connection with the commission's outstanding mobility fund financing program debt, and any appropriate confirmations for any interest rate lock agreements, as defined in the supplemental resolution, relating to the additional senior obligations with any eligible counterparty, as defined in the supplemental resolution, as determined by the department representative in compliance with the commission's derivative management policy, with such changes as the department representative executing such agreement(s) may approve, such approval to be conclusively evidenced by execution of such agreement(s) in accordance with the commission's derivative management policy and the supplemental resolution.

IT IS FURTHER ORDERED by the commission that the department representative is authorized to direct the comptroller to withdraw amounts from the highway fund and forward such amounts as are necessary to permit timely payment of obligations issued or incurred pursuant to the supplemental resolution; and, the department representative is authorized to execute and deliver such management agreements as are deemed necessary or appropriate to evidence such direction and to provide for the management and administration of the highway fund and any other funds and accounts established and maintained in connection with or related to such obligations.

IT IS FURTHER ORDERED by the commission that any escrow agreement necessary or desirable for any refunding bonds and any other agreements or ancillary documents necessary or desirable in connection with the issuance of the additional senior obligations and the performance of the terms and conditions of any interest rate lock agreements, the financing documents and the supporting documents are hereby approved; and, each department representative, acting individually, is authorized and directed to execute and deliver such documents.

IT IS FURTHER ORDERED by the commission that an official statement is approved for distribution in connection with the public offering and sale of each series of additional senior obligations in such form as a department representative may approve, such approval to be conclusively evidenced by the execution of the official statement. The department representative is authorized to deem final the preliminary form of the official statement for any senior obligations for purposes of Rule 15c2-12 of the Securities and Exchange Commission (rule) with such omissions as are permitted by the rule.

IT IS FURTHER ORDERED by the commission that each member of the commission and each department representative is authorized and directed to perform all such acts and execute such documents, including execution of certifications to the underwriters, any counterparties, the Attorney General, the Bond Review Board, the comptroller and other parties, as may be necessary or desirable to carry out the intent and purposes of this order and other orders of the commission relating

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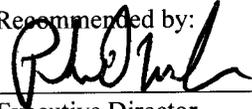
to the financing program, the financing documents, any supporting documents and any interest rate lock agreements.

Submitted and reviewed by:



Director, Finance Division

Recommended by:



Executive Director

113052 MAR 29 12

Minute
Number

Date
Passed

SIXTH SUPPLEMENTAL RESOLUTION

TO THE

**MASTER RESOLUTION ESTABLISHING A FINANCING
PROGRAM FOR BONDS, OTHER PUBLIC SECURITIES
AND CREDIT AGREEMENTS SECURED BY AND
PAYABLE FROM REVENUE DEPOSITED TO THE
CREDIT OF THE STATE HIGHWAY FUND**

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SIXTH SUPPLEMENTAL RESOLUTION

TO THE

MASTER RESOLUTION ESTABLISHING A FINANCING PROGRAM FOR BONDS, OTHER PUBLIC SECURITIES AND CREDIT AGREEMENTS SECURED BY AND PAYABLE FROM REVENUE DEPOSITED TO THE CREDIT OF THE STATE HIGHWAY FUND

THE STATE OF TEXAS §

TEXAS TRANSPORTATION COMMISSION §

WHEREAS, on March 30, 2006, the Texas Transportation Commission (the “Commission”), the governing body of the Texas Department of Transportation (the “Department”), adopted a “Master Resolution Establishing a Financing Program for Bonds, Other Public Securities and Credit Agreements Secured by and Payable from Revenue Deposited to the Credit of the State Highway Fund” (the “Master Resolution”); and

WHEREAS, the Master Resolution establishes a financing program pursuant to which the Commission can issue, execute or deliver Senior Obligations secured by and payable from a pledge of and lien on all or part of the Pledged Revenues, including certain moneys in the State Highway Fund; and

WHEREAS, the Commission deems it necessary to issue Senior Obligations in one or more series or installments pursuant to this “Sixth Supplemental Resolution to the Master Resolution Establishing a Financing Program for Bonds, Other Public Securities and Credit Agreements Secured by and Payable from Revenue Deposited to the Credit of the State Highway Fund” (the “Supplemental Resolution”); and

WHEREAS, the Commission finds and determines that all terms and conditions for the issuance of the Senior Obligations herein authorized have been or can be met and satisfied; and

WHEREAS, the Commission further deems it necessary to provide for the remarketing of any Senior Obligations issued hereunder as variable rate obligations and to authorize a Department Representative to execute remarketing or other agreements related thereto; and

WHEREAS, the Commission further finds it is necessary to authorize a Department Representative to execute standby bond purchase or other agreements to provide liquidity support, credit enhancement, or both, each of which shall constitute a Credit Agreement pursuant to Section 402 of the Master Resolution, and to authorize a Department Representative to select one or more financial institution(s) in accordance with the terms and procedures set forth herein to provide such liquidity support, credit enhancement, or both, for any Senior Obligations issued hereunder as variable rate obligations, as determined by such Department Representative; and

WHEREAS, the Commission is authorized by Chapter 1207, Texas Government Code, as amended, to issue refunding bonds for the purpose of refunding Senior Obligations and to

accomplish such refunding by depositing directly with any place of payment for such refunded obligations or a trust company or commercial bank the proceeds from the sale of such refunding bonds, together with any other available funds, in an amount sufficient to provide for the payment or redemption of such refunded obligations; and

WHEREAS, the Commission has determined that, in the event that certain savings criteria (set forth in this Supplemental Resolution) can be achieved through the refunding of Senior Obligations in advance of their maturities, such refunding(s) will benefit the Commission and the State and constitute an important public purpose; and

WHEREAS, upon the issuance of refunding bonds herein authorized and the deposit referred to above, the refunded obligations shall no longer be regarded as being outstanding and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the resolution(s) authorizing the issuance of the refunded obligations shall be discharged, terminated and defeased with respect to the refunded obligations; and

WHEREAS, the Senior Obligations authorized to be issued by this Supplemental Resolution are to be issued and delivered pursuant to the Acts (defined herein) and other applicable laws.

NOW THEREFORE, BE IT RESOLVED AND ORDERED BY THE TEXAS TRANSPORTATION COMMISSION THAT:

ARTICLE I
FINDINGS AND DETERMINATIONS

Section 101. Findings and Determinations. It is hereby found and determined that the findings and determinations in the recitals to this Supplemental Resolution are true and correct, and such recitals and the exhibits to this Supplemental Resolution are incorporated herein and made a part hereof for all purposes.

Section 102. Definitions. In addition to words and terms elsewhere defined in the Master Resolution or in this Supplemental Resolution, the words and terms as used in this Supplemental Resolution shall have the meanings set forth in Exhibit A, unless the context clearly indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of the terms and words therein defined.

Section 103. Construction of Terms. If appropriate in the context of this Supplemental Resolution, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, words of the masculine, feminine, or neuter gender shall be considered to include the other genders, and words importing persons shall include firms, associations, and corporations.

Section 104. Rules of Interpretation. For purposes of this Supplemental Resolution, except as otherwise expressly provided or the context otherwise requires:

The words “herein,” “hereof” and “hereunder” and other similar words refer to this Supplemental Resolution as a whole and not to any particular Article, Section, or other subdivision.

The definitions in an Article are applicable whether the terms defined are used in the singular or the plural.

All accounting terms that are not defined in this Supplemental Resolution have the meanings assigned to them in accordance with then applicable accounting principles.

Any pronouns used in this Supplemental Resolution include both the singular and the plural and cover both genders.

Any terms defined elsewhere in this Supplemental Resolution have the meanings attributed to them where defined.

The captions or headings are for convenience only and in no way define, limit or describe the scope or intent, or control or affect the meaning or construction, of any provisions or sections hereof.

Any references to Section numbers are to Sections of this Supplemental Resolution unless stated otherwise.

[End of Article I]

ARTICLE II
BONDS ISSUED UNDER FINANCING PROGRAM

Section 201. Issuance of First Tier Senior Obligations.

(a) Supplemental Resolution. By adoption of the Master Resolution, the Commission has established a financing program for the purpose of enabling the Commission to effectively issue and enter into Senior Obligations secured by and payable from a prior lien on and pledge of the Pledged Revenues to provide for the financing of improvements, projects and purposes authorized by the Constitutional Provision, the Enabling Act, and any other applicable provisions of State law. This Supplemental Resolution is authorized pursuant to the Master Resolution and the Acts and provides for the authorization, form, characteristics, provisions of payment and redemption, and security of the Bonds and for the deposit and investment of the proceeds thereof. This Supplemental Resolution is subject to the terms of the Master Resolution and the terms of the Master Resolution are incorporated herein by reference and as such are made a part hereof for all purposes.

(b) Bonds Are First Tier Senior Obligations. The Bonds are First Tier Senior Obligations under the Master Resolution.

Section 202. Supplemental Resolution To Constitute A Contract; Equal Security. In consideration of the acceptance of the Bonds, including Purchased Bonds, by those who shall hold the same from time to time, this Supplemental Resolution shall be deemed to be and shall constitute a contract between the Commission, the Owners from time to time of the Bonds, and the pledge made in this Supplemental Resolution by the Commission and the covenants and agreements set forth in this Supplemental Resolution to be performed by the Commission shall be for the equal and proportionate benefit, security, and protection of all Owners from time to time of the Bonds, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the other Bonds 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 Supplemental Resolution and the Master Resolution.

Section 203. Limitation of Benefits With Respect to This Supplemental Resolution. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Supplemental Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than the Commission, the Owners, and each Paying Agent/Registrar, Tender Agent, Remarketing Agent and provider of a Credit Agreement for Bonds any legal or equitable right, remedy, or claim under or by reason of or in respect to this Supplemental Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Supplemental Resolution and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Commission, the Owners, and each Paying Agent/Registrar, Tender Agent, Remarketing Agent and provider of a Credit Agreement for Bonds, as herein and therein provided.

[End of Article II]

ARTICLE III
AUTHORIZATION AND SPECIFICATIONS;
EXECUTION, REPLACEMENT BONDS

Section 301. Amount, Purpose and Designation of the Bonds.

(a) New Money Bonds. Pursuant to the Master Resolution and the Acts, Senior Obligations are hereby authorized to be issued, from time to time, in one or more series or installments (the “New Money Bonds”) pursuant to this Supplemental Resolution in the maximum aggregate principal amount of not to exceed \$1,400,667,126.36 (which is not more than \$1.5 billion of New Money Bonds issued in any Fiscal Year pursuant to this clause (a)) for the following purposes: (i) to fund state highway improvement projects (including Safety Projects); and (ii) to pay the cost or expense of the issuance of New Money Bonds.

(b) Refunding Bonds. Pursuant to the Master Resolution and the Acts, Senior Obligations are hereby authorized to be issued, from time to time, in one or more series or installments (the “Refunding Bonds”) pursuant to this Supplemental Resolution in the maximum aggregate principal amount of not to exceed \$1.7 billion for the following purposes: (i) to refund Refunded Obligations; and (ii) to pay the cost or expense of the issuance of Bonds and refunding Refunded Obligations; provided, however, that the refunding must produce (1) positive gross debt service savings, net of any Commission contribution to the refunding, and (2) present value debt service savings of not less than three percent (3%) of the principal amount of the Refunded Obligations, as shown by a table of calculations attached to the Award Certificate for the Refunding Bonds.

(c) General. Bonds may be issued, from time to time, in one or more series or installments as combination New Money Bonds and Refunding Bonds; provided that the aggregate principal amount of Bonds issued pursuant to this Supplemental Resolution shall not exceed the sum of the amounts authorized for such purposes pursuant to subsections (a) and (b) of this Section. Bonds may be issued as (i) Taxable Bonds or Tax-Exempt Bonds, (ii) Fixed Rate Bonds or Variable Rate Bonds, and (iii) Current Interest Bonds or Capital Appreciation Bonds, as provided in Section 302 and the Form of Bonds in Exhibit B to this Supplemental Resolution. Each series or installment of Bonds may be designated by the year in which it is awarded or delivered pursuant to Section 302 below and each series or installment within a year may have a letter designation following such year, all as further provided in the Award Certificate therefor. Any Bonds issued as Variable Rate Bonds may be designated as such. Any Bonds issued as Refunding Bonds may be designated as such.

With respect to any Bonds that may be converted to a different Mode as provided in this Supplemental Resolution, following a conversion of such Bonds to a different Mode, the designation of such Bonds may be modified, as directed by a Department Representative, if necessary to properly reflect the terms of such Bonds. Additionally, portions of the Bonds may be issued in subseries bearing different terms, CUSIP numbers and such additional designations, if any, as may be set forth in the Award Certificate of the Department Representative with respect to the initial issuance. With respect to any

Bonds that may be converted to a different Mode as provided in this Supplemental Resolution, after the initial issuance of such Bonds, portions thereof may be converted and remarketed in subseries in accordance with Exhibit D pursuant to a certificate of the Department Representative.

The Bonds are authorized pursuant to authority conferred by and in conformity with State law, particularly the provisions of the Acts.

Section 302. Date, Denominations, Numbers, Maturities and Terms of Bonds.

(a) General. Each series or installment of Bonds shall initially be issued, sold and delivered hereunder as fully-registered bonds in Authorized Denominations, without interest coupons, payable to the Owners thereof, maturing serially or otherwise on the dates, in the years and in the principal amounts, and dated and numbered, all as set forth therein and in the Award Certificate.

Bonds may be in the form of Variable Rate Bonds or Fixed Rate Bonds (which may include Current Interest Bonds or Capital Appreciation Bonds) as provided herein and in the Form of Bonds in Exhibit B to this Supplemental Resolution. The Bonds shall initially bear interest as provided in the Award Certificate therefor. To the extent of any conflict between the terms and provisions set forth in this Supplemental Resolution and in Exhibit B hereto and the terms and provisions set forth in the Award Certificate, the terms and provisions set forth in the Award Certificate shall prevail.

The Bonds of each series or installment (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 such series or installment, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, herein and in the Form of Bonds set forth in Exhibit B to this Supplemental Resolution and as determined by the Department Representative as provided herein, with such changes and additions as are required to be consistent with the terms and provisions shown in the Award Certificate relating to each series or installment of Bonds.

(b) Award Certificate. As authorized by the Acts, each Department Representative acting individually is hereby authorized, appointed, and designated to act on behalf of the Commission in selling and delivering each series or installment of Bonds and carrying out the other procedures specified in this Supplemental Resolution, including determining and fixing (i) the purpose(s) for which the Bonds are issued (whether for purposes authorized by Subsection 301(a) or (b), or a combination thereof), (ii) the date of such Bonds, (iii) the designation or title and any series or subseries by which such Bonds shall be known, (iv) the price at which such Bonds will be sold, (v) the years in which such Bonds will mature, (vi) the principal amount to mature in each of such years, (vii) the aggregate principal amount thereof, (viii) the rate or rates of interest to be borne by each maturity, whether the Bonds shall be Tax-Exempt Bonds or Taxable Bonds, and, with respect to Bonds issued as variable rate obligations, the initial Mode therefor, (ix) the interest payment periods, (x) the dates, prices, and terms upon and at

which such Bonds shall be subject to redemption prior to maturity, including any optional or mandatory sinking fund redemption provisions, and (xi) all other matters relating to the terms, issuance, sale, and delivery of such Bonds, including whether to procure municipal bond insurance with one or more Bond Insurers, all of which shall be specified in the Award Certificate; provided that (1) the price to be paid for each series or installment of Bonds shall not be less than 95% of the aggregate original principal amount thereof, plus accrued interest, if any, (2) none of the Bonds shall bear interest at a rate greater than the Highest Lawful Rate, (3) no Bond shall have a final Maturity Date later than twenty (20) years from the date of issuance therefor, and (4) in the case of Refunding Bonds, the refunding must produce debt service savings in the amount provided by Section 301(b), as shown by a table of calculations attached to the Award Certificate for such Refunding Bonds.

In establishing the aggregate principal amount of New Money Bonds, the Department Representative shall establish an amount, not exceeding the amount authorized in Section 301(a) above, which shall be sufficient to provide for the purposes for which such New Money Bonds are authorized; and, in establishing the aggregate principal amount of Refunding Bonds, the Department Representative shall establish an amount, not exceeding the amount authorized in Section 301(b) above, which shall be sufficient to provide for the purposes for which such Refunding Bonds are authorized.

In anticipation of or in connection with the issuance of Bonds, or otherwise in relation to Bonds or any Outstanding Senior Obligations, the Commission, acting through a Department Representative, may execute Credit Agreements, including transactions under one or more Interest Rate Lock Agreements or Swap Agreements, pursuant to Section 710 hereof, if, in the written opinion of a Department Representative set forth in the Award Certificate, the Credit Agreement results in a benefit to the Commission and the State in accordance with the Commission's Derivative Management Policy and Section 710 of this Supplemental Resolution.

It is further provided, however, that, notwithstanding the foregoing provisions, no series or installment of Bonds shall be issued or delivered unless prior to delivery (i) the Award Certificate relating to such Bonds has been executed and delivered as required by this Supplemental Resolution and (ii) such Bonds have been rated by a nationally-recognized rating agency for municipal securities in one of the four (4) highest rating categories for long-term obligations (or, in the case of Variable Rate Bonds issued in a short-term mode, one of the three highest categories for short-term obligations).

Each Award Certificate is hereby incorporated into and made a part of this Supplemental Resolution and shall be filed in the minutes of the Commission as a part of this Supplemental Resolution.

In the event that an Award Certificate shall not be executed on or before 10:00 p.m. on March 29, 2013, the delegation to the Department Representatives pursuant to this Supplemental Resolution shall cease to be effective, unless the Commission shall act to extend such delegation. Bonds sold pursuant to an Award Certificate executed on or before March 29, 2013 may be delivered after such date.

(c) Sale of the Bonds. To achieve the lowest borrowing costs for the Financing Program, each series or installment of Bonds shall be sold to the public on a negotiated basis.

The Department Representative shall designate the senior managing underwriter for each series or installment of Bonds and such additional investment banking firms, if any, as he or she deems appropriate to assure that such Bonds are sold on the terms most advantageous for the Financing Program. The Department Representative, acting for and on behalf of the Commission, is authorized to enter into, execute and carry out a bond purchase contract for each series or installment of Bonds with the underwriter(s) therefor at such price, with and subject to such terms, as determined by the Department Representative pursuant to subsection (b) above. Each bond purchase contract shall be substantially in the form and substance previously approved by the Commission in connection with the Outstanding Senior Obligations with such changes as are acceptable to the Department Representative as evidenced by his execution hereof.

Upon a determination by the Department Representative that (i) the conditions set forth in the Commission's Debt Management Policy indicate that a competitive sale or private placement, as applicable, is the appropriate method of sale for a series or installment of Bonds and (ii) the sale of such series or installment of Bonds by competitive sale or private placement, as applicable, will achieve the most advantageous borrowing cost for such series or installment of Bonds, the Department Representative may elect to effect the sale of such series or installment of Bonds by competitive sale or private placement, in lieu of a negotiated sale. In making an election to effect the sale of a series or installment of Bonds by competitive sale or private placement, the Department Representative shall include in the Award Certificate for the series or installment of Bonds a statement concerning the existence of the conditions that permit the use of such method of sale.

If the Department Representative determines that a series or installment of Bonds should be sold at a competitive sale, the Department Representative shall cause to be prepared a notice of sale and official statement, in such form and manner as the Department Representative deems appropriate, and make such notice of sale and official statement available to financial institutions, investment banking firms and other potential purchasers who are expected to bid for the Bonds. The Department Representative shall receive bids and award the sale of the Bonds to the bidder submitting the best bid in accordance with the terms and provisions of the notice of sale.

If the Department Representative determines that a series or installment of Bonds should be sold by private placement, the Department Representative shall designate a placement purchaser for the Bonds, as the Department Representative deems appropriate to assure that the Bonds are sold on the most advantageous terms. The Department Representative, acting for and on behalf of the Commission, is authorized to enter into and carry out a bond purchase contract or other agreement in connection with the offering and sale of the Bonds by placement at such price and with and subject to such terms as determined by the Department Representative pursuant to Section 302(b) above. Each bond purchase contract or other agreement shall be substantially in the form and

substance previously approved by the Commission in connection with the authorization of the Commission's Outstanding Senior Obligations or other Debt with such changes as are acceptable to the Department Representative.

(d) Purchase of Bond Insurance. In connection with the sale of any series or installment of Bonds, the Commission may obtain municipal bond insurance policies from one or more Bond Insurers to guarantee the full and complete payment required to be made by or on behalf of the Commission on some or all of such Bonds, as determined by the Department Representative. The Department Representative is hereby authorized to sign a commitment letter with a Bond Insurer and to pay the premium for the bond insurance policies at the time of the delivery of such Bonds out of the proceeds of sale of such Bonds or from other available funds and to execute such other documents and certificates as necessary in connection with the bond insurance policies as he or she may deem appropriate. Printing on Bonds covered by a bond insurance policy a statement describing such insurance, in form and substance satisfactory to the Bond Insurer therefor and the Department Representative, is hereby approved and authorized. The Award Certificate may contain provisions related to the bond insurance policy or policies therefor, including payment provisions thereunder, and the rights of a Bond Insurer, and any such provisions shall be read and interpreted as an integral part of this Supplemental Resolution.

(e) Rights of Bond Insurer(s). As long as a Bond Insurer is not in default on the related bond insurance policy for any series or installment of Bonds, the Bond Insurer shall be deemed to be the sole Owner of such Bonds insured by it for all purposes of this Supplemental Resolution or the Master Resolution.

(f) Continuing Delegation to Department Representative. Pursuant to the provisions of Chapter 1371 and subsection (b) of this Section, the Commission delegates to each Department Representative the continuing authority, under the terms of this Supplemental Resolution, to establish, alter, or consent to changes in interest rates, interest rate Modes, and interest rate periods (including pursuant to the Variable Rate Bond provisions of Exhibit D); and, pursuant to Chapter 1201, Government Code, as amended, each Department Representative acting individually is authorized to execute and enter into, on behalf of the Commission and as appropriate for the respective Mode, Remarketing Agreements and Tender Agent Agreements, in substantially the form authorized and approved pursuant to this Supplemental Resolution, and to enter into any other certificate, document, or other instrument, or to take any other action, including the making of any finding or determination, that such Department Representative determines is necessary or appropriate to carry out the provisions of this Supplemental Resolution or to take all such action or perform such functions as contemplated by this Supplemental Resolution or any such Remarketing Agreement and Tender Agent Agreement.

(g) Effect of Finding or Determination. A finding or determination made by a Department Representative acting under authority delegated thereto by this Supplemental Resolution with respect to matters relating to the issuance, sale and delivery of Bonds shall have the same force and effect as a finding or determination made by the Commission.

Section 303. Interest. Except as otherwise provided in the Award Certificate therefor, Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the Form of Bonds set forth in Exhibit B to this Supplemental Resolution to their respective dates of maturity or redemption at the rates per annum set forth in the Award Certificate.

Except as otherwise provided in the Award Certificate therefor, Capital Appreciation Bonds shall accrete interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded semiannually on the Compounding Dates set forth in the Award Certificate; and, the Maturity Amount therefor (consisting of accrued and compounded interest to maturity, any initial premium and the principal amount thereof) shall be payable in the manner provided in the Form of Bonds set forth in Exhibit B and in the Award Certificate.

Except as otherwise provided in the Award Certificate therefor, the Variable Rate Bonds shall accrue interest and be paid as provided in Exhibit D. If there is any conflict between any provision of this Supplemental Resolution and Exhibit D regarding the calculation of interest on the Variable Rate Bonds, the provisions of Exhibit D shall control; and, if there is any conflict between any provision of the Award Certificate and Exhibit D regarding the calculation of interest on the Variable Rate Bonds, the provisions of the Award Certificate shall control.

Section 304. Payment of Bonds; Paying Agent/Registrar. Wells Fargo Bank, N.A. is hereby appointed as Paying Agent/Registrar for the Bonds. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar acknowledges receipt of copies of the Master Resolution and this Supplemental Resolution, and is deemed to have agreed to the provisions thereof and hereof.

The principal of, premium, if any, and the interest on the Bonds (and Maturity Amount on any Capital Appreciation Bonds) shall be payable, without exchange or collection charges to the Owner thereof, in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts. To the extent of any conflict between the provisions hereof (including provisions for payment) and the provisions of Exhibit D, the provisions of Exhibit D shall prevail with respect to Variable Rate Bonds; and, to the extent of any conflict between any provision of the Award Certificate and the provisions of Exhibit D (including provisions for payment), the provisions of the Award Certificate shall prevail with respect to Variable Rate Bonds.

The Commission agrees and covenants to cause to be kept and maintained at the designated office of the Paying Agent/Registrar a Security Register, all as provided herein, in accordance with the terms and provisions of the Paying Agent/Registrar Agreement and such reasonable rules and regulations as the Paying Agent/Registrar and the Commission may prescribe. In addition, to the extent required by law, the Commission covenants to cause to be kept and maintained the Security Register or a copy thereof in the State.

The Commission expressly reserves the right to appoint one or more successor Paying Agent/Registrars, by filing with the Paying Agent/Registrar a certified copy of a resolution or minute order of the Commission making such appointment. The Commission further expressly

reserves the right to terminate the appointment of the Paying Agent/Registrar by filing a certified copy of a resolution or minute order of the Commission giving notice of the Commission's termination of the Commission's agreement with such Paying Agent/Registrar and appointing a successor. The Commission covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Security Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar, the Commission agrees promptly to cause a written notice thereof to be sent to each Owner by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

The principal of, premium, if any, and interest on the Bonds and (Maturity Amounts for any Capital Appreciation Bonds) due and payable by reason of maturity, redemption, or otherwise, shall be payable only to the Owner thereof appearing on the Security Register, and, to the extent permitted by law, neither the Commission nor the Paying Agent/Registrar, nor any agent of either, shall be affected by notice to the contrary.

Principal of, and premium, if any, on the Bonds and (Maturity Amounts for any Capital Appreciation Bonds), shall be payable only upon the presentation and surrender of said Bonds to the Paying Agent/Registrar at its designated office. Interest on the Bonds shall be paid to the Owner whose name appears in the Security Register at the close of business on the Record Date and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar to the address of the Owner appearing in the Security Register on the Record Date or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Owner.

In the event of a nonpayment of interest on a scheduled payment date for Bonds, and for thirty (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 Commission. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) 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 Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

Section 305. Redemption. Bonds may be subject to redemption prior to their scheduled maturity at such times and with such provisions as provided in an Award Certificate and, with respect to Variable Rate Bonds, as provided in Exhibit D. To the extent of any conflict between any provision of the Award Certificate and the provisions of Exhibit D (including provisions for redemption), the provisions of the Award Certificate shall prevail with respect to Variable Rate Bonds.

Section 306. Notice of Redemption and Defeasance. Unless waived by any Owner of the Bonds to be redeemed, a Department Representative shall give notice of redemption or defeasance to the Paying Agent/Registrar at least thirty-five (35) days prior to a redemption date in the case of a redemption (unless a lesser period is acceptable to the Paying Agent/Registrar) and on the defeasance date in the case of a defeasance and the Paying Agent/Registrar shall give notice of redemption or of defeasance of Bonds by mail, first-class postage prepaid at least thirty (30) days prior to a redemption date and within thirty (30) days after a defeasance date to each Owner and to each registered securities depository. 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 a registered securities depository 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 Owner of any Bond who has not sent such Bonds in for redemption sixty (60) days after the redemption date therefor.

Each notice of redemption or defeasance shall contain a description of the Bonds to be redeemed or defeased including the complete name of the Bonds, the date of issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publication or mailing date for the notice, the date of redemption or defeasance, the redemption price, if any, the name of the Paying Agent/Registrar, and the address at which the Bonds may be redeemed or paid, including a contact person telephone number.

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

The failure of any Owner of the Bonds to receive notice given as provided in this Section 306, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section 306 shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives such notice.

So long as DTC is effecting book-entry transfers of the Bonds, the Paying Agent/Registrar shall provide the notices specified in this Section 306 only to DTC. It is expected that DTC shall, in turn, notify its participants and that the participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a participant, or failure on the part of a nominee of a beneficial owner of a Bond to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Series of Bonds.

Section 307. Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Master Resolution or this Supplemental Resolution have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Commission, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or

prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Commission shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Section 308. Purchase in Lieu of Redemption. Notwithstanding anything in this Supplemental Resolution to the contrary, if and to the extent that the Bonds are subject to optional redemption, all or a portion of the Bonds to be redeemed as specified in the notice of redemption, may be purchased by the Paying Agent/Registrar at the direction of a Department Representative on the date which would be the redemption date if such Bonds were redeemed rather than purchased in lieu thereof at a purchase price equal to the redemption price which would have been applicable to such Bonds on the redemption date for the account of and at the direction of a Department Representative who shall give the Paying Agent/Registrar notice at least forty-five (45) days prior to the scheduled redemption date for the Bonds accompanied by a Favorable Opinion of Bond Counsel. In the event the Paying Agent/Registrar is so directed to purchase Bonds in lieu of optional redemption, no notice to the Owners of the Bonds to be so purchased (other than the notice of redemption otherwise required hereunder) shall be required, and the Paying Agent/Registrar shall be authorized to apply to such purchase the funds which would have been used to pay the redemption price for such Bonds if such Bonds had been redeemed rather than purchased. Each Bond so purchased shall not be canceled or discharged and shall be registered in the name of the Commission and such purchase is not intended to extinguish or merge such debt. The Bonds to be purchased under this Section 308 which are not delivered to the Paying Agent/Registrar on the purchase date shall be deemed to have been so purchased and not optionally redeemed on the purchase date and shall cease to accrue interest as to the former Owner on the purchase date.

Section 309. Registration; Transfer; Exchange of Bonds; Predecessor Bonds; Book-Entry-Only System; Successor Securities Depository; Payments to Cede & Co.

(a) Registration, Transfer, Exchange, and Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Owner issued under and pursuant to the provisions of this Supplemental Resolution. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds in Authorized Denominations upon the Security Register by the Owner, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Owner or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond at the designated office of the Paying Agent/Registrar, there shall be registered and delivered in the name of the designated transferee or transferees, one or more new Bonds, executed on behalf of, and furnished by, the Commission, of Authorized Denominations and having the same Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Owner, Bonds may be exchanged for other Bonds of Authorized Denominations and having the same Maturity, bearing the same rate of interest, and of like aggregate principal amount or Maturity Amount and Series as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the principal office of the Paying Agent/Registrar. Whenever any Bonds are so surrendered for exchange, there shall be registered and delivered new Bonds executed on behalf of, and furnished by, the Commission to the Owner requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the principal office of the Paying Agent/Registrar or sent by United States mail, first-class, postage prepaid to the Owners or the designee thereof, and, upon the registration and delivery thereof, the same shall be the valid obligations of the Commission, evidencing the same debt, and entitled to the same benefits under the Master Resolution and this Supplemental Resolution, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Owner, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Owner requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated Bond that is surrendered to the Paying Agent/Registrar or any Bond for which satisfactory evidence of the loss of which has been received by the Commission and the Paying Agent/Registrar and, in either case, in lieu of which a Bond or Bonds have been registered and delivered pursuant to Section 314 hereof.

Neither the Commission nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Owner any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the unredeemed balance of a Bond called for redemption in part.

(b) Ownership of Bonds. The entity in whose name any Bond shall be registered in the Security Register at any time shall be deemed and treated as the absolute Owner thereof for all purposes of this Supplemental Resolution, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Commission and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond (or Maturity Amount in the case of Capital Appreciation Bonds) shall be made only to such Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Book-Entry-Only System. The Bonds issued in exchange for the Initial Bonds issued as provided in Section 315 shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in this subsection (c) or the Award Certificate relating to the Bonds of such series or installment, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Commission, 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 in the Bonds. Without limiting the immediately preceding sentence, the Commission 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 an Owner as shown on the Security Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner as shown on the Security Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Supplemental Resolution to the contrary, the Commission and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Security Register 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 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 Owners, as shown in the Security Register as provided in this Supplemental Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Commission'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 Security Register, shall receive a Bond certificate evidencing the obligation of the Commission to make payments of principal, premium, if any, and interest pursuant to this Supplemental 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 provisions in this Supplemental Resolution with respect to interest checks being mailed to the Owner at the close of business on the Record Date the words "Cede & Co." in this Supplemental Resolution shall refer to such new nominee of DTC.

(d) Successor Securities Depository; Transfers Outside Book-Entry-Only System. In the event that the Commission determines to discontinue the book-entry-only system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the Commission shall either (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 Security Register 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 Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Supplemental Resolution.

(e) Payments to Cede & Co. Notwithstanding any other provision of this Supplemental 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 Commission to DTC.

(f) Blanket Issuer Letter of Representations. The Commission heretofore has executed and delivered to DTC a “Blanket Issuer Letter of Representations” with respect to the utilization by the Commission of DTC’s book-entry-only system and the Commission intends to utilize such book-entry-only system in connection with each series or installment of Bonds.

Section 310. Execution and Registration. The Bonds shall be executed on behalf of the Commission by the Chair of the Commission or another member of the Commission under its seal reproduced or impressed thereon and attested by the Executive Director of the Department. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Commission and the Department as of the date of their authorization shall be deemed to be duly executed on behalf of the Commission, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, Texas Government Code, as amended.

No Bond shall be entitled to any right or benefit under this Supplemental Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Exhibit B to this Supplemental Resolution, executed by the Comptroller of Public Accounts of the State or its duly authorized agent by manual signature, or the Paying Agent/Registrar’s Authentication Certificate substantially in the form provided in Exhibit B to this Supplemental Resolution executed by the manual signature of an authorized officer or employee of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered, and delivered.

Section 311. Control and Custody of Bonds. A Department Representative shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation and examination by the Attorney General of the State, including the printing and supply of printed Bonds, and shall take and have charge and control of the Initial Bonds pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the initial purchaser(s).

Furthermore, any one or more of the Chair of the Commission or a Department Representative are hereby authorized and directed to furnish and execute such documents relating to the State Highway Fund or the Department and its financial affairs as may be necessary for the issuance of the Bonds, the approval thereof by the Attorney General, and the registration thereof by the Comptroller of Public Accounts and, together with the Department's Bond Counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bonds to the initial purchaser(s) and the initial exchange thereof for the Bonds of such series or installment other than the Initial Bonds.

Section 312. Printed Opinion. The initial purchaser(s)' obligation to accept delivery of the Bonds of any series or installment is subject to the initial purchaser(s) being furnished the final opinion of Andrews Kurth LLP approving the Bonds of such series or installment as to validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds of such series or installment. If bond insurance is obtained for the Bonds, the Bonds may bear an appropriate insurance legend.

Section 313. CUSIP Numbers. CUSIP numbers may be printed or typed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the Commission nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the Bonds.

Section 314. Mutilated, Destroyed, Lost, and Stolen Bonds. If (i) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the Commission and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Commission and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the Commission or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the Commission shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same series and maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Commission in its discretion may, instead of issuing a new Bonds, pay such Bond and the interest due thereon to the date of payment.

Upon the issuance of any new Bond under this Section, the Commission may require payment by the Owner of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Commission, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Supplemental Resolution equally and ratably with all other Outstanding Bonds.

Section 315. Initial Bonds. The Bonds shall initially be issued as fully registered bonds (the “Initial Bonds”), registered in the name of the initial purchaser(s) as set out in the Award Certificate. The Initial Bonds shall be submitted to the Office of the Attorney General of the State for approval and registration by the Office of the Comptroller of Public Accounts of the State and delivered to the initial purchaser(s) thereof. Immediately after the delivery of the Initial Bonds on the Issuance Date, the Paying Agent/Registrar shall cancel the Initial Bonds and exchange therefor Bonds in the form of a separate single fully-registered Bond for each maturity thereof registered in the name of Cede & Co., as nominee of DTC and, except as provided in Section 309(d), all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

Section 316. Form of Bonds. The Bonds (including the Initial Bonds), the Registration Certificate of the Comptroller of Public Accounts of the State or the Authentication Certificate, and the form of Assignment to be printed on each of the Bonds shall be substantially in the form set forth in Exhibit B to this Supplemental Resolution with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Supplemental Resolution and the Award Certificate relating to the Bonds. The Bonds may have such letters, numbers, or other marks of identification and such legends and endorsements (including any reproduction of an opinion of counsel and information regarding the issuance of any bond insurance policy) thereon as may, consistently herewith and with the Award Certificate therefor, be established by the Commission or a Department Representative or determined by the officers executing such Bonds, as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The Bonds shall be typewritten, photocopied, printed, lithographed, engraved, or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

[End of Article III]

ARTICLE IV
DISPOSITION OF PROCEEDS; PAYMENTS AND FUNDS

Section 401. Disposition of Proceeds. The net proceeds of each series or installment of Bonds shall be applied, at the direction of a Department Representative, for the following purposes:

- (a) to the payment of any underwriting discount and any Credit Agreement fees, either by retention and/or wire transfer directly to such parties;
- (b) in the case of New Money Bonds, for deposit to the credit of the Bond Proceeds Fund established in Section 402, the balance of the proceeds of such Bonds (after deducting any costs or expenses of issuance deducted, withheld or paid from such proceeds at the direction of a Department Representative, as provided in subsection (a)), together with any other moneys received for deposit in the Bond Proceeds Fund, which deposits shall be disbursed for the purpose and in the manner set forth in Section 402;
- (c) in the case of Refunding Bonds, for deposit into such fund(s) or account(s) as shall be directed in the Award Certificate for such Refunding Bonds.

Section 402. Bond Proceeds Fund; Excess Moneys in Bond Proceeds Fund. For each series or installment of Bonds, there shall be created a special fund known as the “Bond Proceeds Fund,” which shall be established in the State treasury as an account within the State Highway Fund.

The Commission shall deposit to the Bond Proceeds Fund the amounts provided by Section 401(b). Amounts held in the Bond Proceeds Fund shall be disbursed at the direction of a Department Representative for the purposes set forth in Section 301 (including payment of costs of issuance). Pending disbursement for the purposes set forth in Section 301, the Commission (acting through a Department Representative) may invest amounts credited to the Bond Proceeds Fund as herein provided; and, to the extent allowed by law, a Department Representative may provide for the creation of separate accounts with one or more financial institutions to hold and administer such investments outside of the State treasury.

Money held in the Bond Proceeds Fund may be invested in Permitted Investments in accordance with instructions provided by a Department Representative.

Any surplus proceeds from the sale of Bonds not expended for authorized purposes shall be deposited in a separate account or subaccount in the First Tier Senior Obligation Debt Service Fund and used to pay debt service on such Bonds, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said fund from Pledged Revenues.

Section 403. Payments. On or before each Payment Date for the Bonds while any such Bonds are outstanding and unpaid, commencing on the Payment Date next preceding the first Interest Payment Date for the Bonds, as provided in the Award Certificate, the Commission shall make available from the Pledged Revenues to the Paying Agent/Registrar, money sufficient to pay such interest on and such principal of the Bonds, including Purchased Bonds, as will accrue or mature, or be subject to mandatory redemption prior to maturity, on each Principal Payment

Date and Interest Payment Date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Commission with an appropriate certificate of cancellation.

Section 404. Rebate Fund. A Rebate Fund shall be established by the Commission within the State Highway Fund pursuant to the requirements of section 148(f) of the Code and the tax covenants of the Commission contained in Section 501 of this Supplemental Resolution for the benefit of the United States of America and the Commission, as their interests may appear pursuant to this Supplemental Resolution. Such amounts shall be deposited therein and withdrawn therefrom as are necessary to comply with the provisions of Section 501.

Section 405. Additional Funds and Accounts. Pursuant to Section 308(c) of the Master Resolution, a Designated Financial Officer is authorized to (i) establish such additional funds and accounts pursuant to this Supplemental Resolution as are deemed necessary or appropriate to administer the Master Resolution or to provide for the payment of Costs related to the Bonds and (ii) establish additional funds or accounts for the purpose of holding the proceeds of Bonds, including Refunding Bonds.

[End of Article IV]

ARTICLE V COVENANTS

Section 501. Covenants Regarding Tax-Exempt Bonds. The Commission intends that the interest on the Tax-Exempt Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and all applicable temporary, proposed and final regulations (the “Regulations”) and procedures promulgated thereunder and applicable to the Tax-Exempt Bonds. For this purpose, the Commission covenants that it will monitor and control the receipt, investment, expenditure and use of all gross proceeds of the Tax-Exempt Bonds (including all property the acquisition, construction or improvement of which is to be financed directly or indirectly with the proceeds of the Tax-Exempt Bonds) and take or omit to take such other and further actions as may be required by sections 103 and 141 through 150 of the Code and the Regulations to cause interest on the Tax-Exempt Bonds to be and remain excludable from the gross income, as defined in section 61 of the Code, of the owners of the Tax-Exempt Bonds for federal income tax purposes. Without limiting the generality of the foregoing, the Commission shall comply with each of the following covenants:

(a) The Commission will use all of the proceeds of the Tax-Exempt Bonds to provide funds for the purposes described in Section 301 (including to pay the costs of issuing the Tax-Exempt Bonds). The Commission will not use any portion of the proceeds of the Tax-Exempt Bonds to pay the principal of or interest or redemption premium on, any other obligation of the Commission or a related person.

(b) The Commission will not directly or indirectly take any action, or omit to take any action, which action or omission would cause the Tax-Exempt Bonds to constitute “private activity bonds” within the meaning of section 141(a) of the Code.

(c) Principal of and interest on the Tax-Exempt Bonds will be paid solely from Pledged Revenues deposited to the State Highway Fund, investment earnings on such collections, and as available, proceeds of the Tax-Exempt Bonds.

(d) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Tax-Exempt Bonds are delivered, the Commission reasonably expects that the proceeds of the Tax-Exempt Bonds will not be used in a manner that would cause the Tax-Exempt Bonds or any portion thereof to be an “arbitrage bond” within the meaning of section 148 of the Code.

(e) At all times while the Tax-Exempt Bonds are outstanding, the Commission will identify and properly account for all amounts constituting gross proceeds of the Tax-Exempt Bonds in accordance with the Regulations. The Commission will monitor the yield on the investments of the proceeds of the Tax-Exempt Bonds and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Tax-Exempt Bonds. To the extent necessary to prevent the Tax-Exempt Bonds from constituting “arbitrage bonds,” the Commission will make such payments as are necessary to cause the yield on all yield restricted non-purpose investments allocable to

the Tax-Exempt Bonds to be less than the yield that is materially higher than the yield on the Tax-Exempt Bonds.

(f) The Commission will not take any action or knowingly omit to take any action, if taken or omitted, would cause the Tax-Exempt Bonds to be treated as “federally guaranteed” obligations for purposes of section 149(b) of the Code.

(g) The Commission represents that not more than fifty percent (50%) of the proceeds of the Tax-Exempt Bonds will be invested in non-purpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code, and the Commission reasonably expects that at least eighty-five percent (85%) of the spendable proceeds of the Tax-Exempt Bonds will be used to carry out the governmental purpose of the Tax-Exempt Bonds within the three-year period beginning on the date of issue of the Tax-Exempt Bonds.

(h) The Commission will take all necessary steps to comply with the requirement that certain amounts earned by the Commission on the investment of the gross proceeds of the Tax-Exempt Bonds, if any, be rebated to the federal government. Specifically, the Commission will (i) maintain records regarding the receipt, investment, and expenditure of the gross proceeds of the Tax-Exempt Bonds as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the Commission allocable to other obligations of the Commission or moneys which do not represent gross proceeds of any obligations of the Commission and retain such records for at least six years after the day on which the last outstanding Tax-Exempt Bond is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed as an artifice or device to avoid in whole or in part, the requirements of section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of any gross proceeds, (iii) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Tax-Exempt Bonds and (iv) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the Commission will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, interest thereon and any penalty.

(i) The Commission will not directly or indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Tax-Exempt Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if such arrangement had been at arm’s length and had the yield on the Tax-Exempt Bonds not been relevant to either party.

(j) The Commission will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by section 149(e) of the Code with respect to the Tax-Exempt Bonds on such form and in such place as the Secretary may prescribe.

(k) The Commission will not issue or use the Tax-Exempt Bonds as part of an “abusive arbitrage device” (as defined in section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Tax-Exempt Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of section 148 of the Code and the Regulations, by (i) enabling the Commission to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.

(l) Proper officers of the Commission charged with the responsibility for issuing the Tax-Exempt Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates or circumstances in existence as of the date of issuance of the Tax-Exempt Bonds and stating whether there are facts, estimates or circumstances that would materially change the Commission’s expectations. On or after the date of issuance of the Tax-Exempt Bonds, the Commission will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.

(m) The covenants and representations made or required by this Section are for the benefit of the Tax-Exempt Bond holders and any subsequent Tax-Exempt Bond holder, and may be relied upon by the Tax-Exempt Bond holders and any subsequent Tax-Exempt Bond holder and bond counsel to the Commission.

In complying with the foregoing covenants, the Commission may rely upon an unqualified opinion issued to the Commission by nationally recognized bond counsel that any action by the Commission or reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Tax-Exempt Bonds to be includable in gross income for federal income tax purposes under existing law.

Notwithstanding any other provision of this Supplemental Resolution, the Commission’s representations and obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Tax-Exempt Bonds for as long as such matters are relevant to the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners for federal income tax purposes.

[End of Article V]

ARTICLE VI
AMENDMENTS AND MODIFICATIONS

Section 601. Amendments or Modifications Without Consent of Owners of Bonds. Subject to the provisions of the Master Resolution, this Supplemental Resolution and the rights and obligations of the Commission and of the Owners of the Outstanding Bonds, including Purchased Bonds, may be modified or amended at any time without notice to or the consent of any Owner of Bonds or any other Senior Obligation, solely for any one or more of the following purposes:

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

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

(c) To supplement the security for the Bonds;

(d) To make such other changes in the provisions hereof, as the Commission may deem necessary or desirable and which shall not, in the judgment of the Commission, materially adversely affect the interests of the Owners of the Outstanding Bonds;

(e) To make any changes or amendments requested by the State Attorney General's Office or the State Bond Review Board as a condition to the approval of the Bonds, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the Owners of the Outstanding Bonds;

(f) To make any changes or amendments requested by any bond rating agency then rating or requested to rate the Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the Owners of the Outstanding Bonds; or

(g) To make any changes or amendments that take effect after a mandatory tender of Variable Rate Bonds if there is delivered to the Commission a Favorable Opinion of Bond Counsel.

Section 602. Amendments or Modifications With Consent of Owners of Bonds.

(a) Amendments. Subject to the other provisions of this Supplemental Resolution and the Master Resolution, 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 Section 601 hereof, to this

Supplemental Resolution that may be deemed necessary or desirable by the Commission, 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 Supplemental Resolution or in the Bonds so as to:

- (i) Make any change in the maturity of the Outstanding Bonds;
- (ii) Reduce the rate of interest borne by Outstanding Bonds;
- (iii) Reduce the amount of the principal payable on Outstanding Bonds;
- (iv) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;
- (v) Affect the rights of the Owners of less than all Bonds then Outstanding; or
- (vi) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(b) Notice. If at any time the Commission shall desire to amend this Supplemental Resolution pursuant to Subsection (a), the Commission 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 (including, but not limited to, The Bond Buyer or The Wall Street Journal) or in the State (including, but not limited to, The Texas Bond Reporter), once during each calendar week for at least two successive calendar weeks or disseminated by electronic means customarily used to convey notices of redemption. 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 Paying Agent/Registrar for inspection by all Owners of Bonds. Such publication is not required, however, if the Commission gives or causes to be given such notice in writing to each Owner of Bonds. A copy of such notice shall be provided in writing to each national rating agency maintaining a rating on the Bonds.

(c) Receipt of Consents. Whenever at any time the Commission shall receive an instrument or instruments executed by all of the Owners or the Owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Commission may adopt the amendatory resolution in substantially the same form.

(d) Consent Irrevocable. Any consent given by any Owner pursuant to the provisions of this Section shall be irrevocable for a period of six (6) 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 Bond during such period. Such consent may be revoked at any time after six (6) 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 Paying Agent/Registrar and the Commission, but such revocation shall not be effective if the Owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount prior to the attempted revocation consented to and approved the amendment. Notwithstanding the foregoing, any consent given at the time of and in connection with the initial purchase of Bonds shall be irrevocable.

(e) 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 Security Register kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar Paying Agent/Registrar.

Section 603. Consent of Owners. Any consent required by Section 602 shall be deemed given:

(a) By all Owners of Outstanding Bonds if a Credit Agreement (which guarantees the timely payment of principal and interest on such Bonds) is in effect, the provider of such Credit Agreement is not in default thereunder, and the provider of such Credit Agreement has given its written consent to the amendments;

(b) By all Owners of Outstanding Bonds if the Bonds are remarketed following a mandatory tender of all Bonds and the substance of such amendment has been disclosed to the market in connection with such remarketing;

(c) By any Owner upon receipt of such Owner's written consent (signed by such Owner or his duly authorized attorney) in a form that is substantially similar to concurrent written consents provided by other Owners. Proof of the execution of any such consent or of the writing appointing any such attorney and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Supplemental Resolution, and shall be conclusive in favor of the Commission with regard to any action taken, suffered or omitted to be taken by the Commission under such instrument, namely:

(i) the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution; and

(ii) the fact of the ownership by any person of any Bond and the date of the ownership of same may be proved by a certificate executed by an appropriate officer of the Paying Agent/Registrar, stating that at the date thereof such Bond was registered in the name of such party in the Security Register.

In lieu of the foregoing the Commission may accept such other proofs of the foregoing as it shall deem appropriate.

Consents obtained pursuant to Section 603(c) shall be valid only if given following (i) the publication of notice pursuant to Section 602(b) or (ii) the mailing of notice by or on behalf of the Commission requesting such consent and setting forth the substance of the amendment of this Second Supplement in respect of which such consent is sought and stating that copies thereof are available at the offices of the Department for inspection. Such notice shall be mailed by certified mail to each Owner of the Bonds affected at the address shown on the Security Register.

Section 604. Effect of Amendments. Upon the adoption by the Commission of any resolution to amend this Supplemental Resolution pursuant to the provisions of this Article, this Supplemental Resolution shall be deemed to be amended in accordance with the amendatory order or resolution, and the respective rights, duties, and obligations of the Commission and all the Owners of Outstanding Bonds shall thereafter be determined, exercised, and enforced under the Master Resolution and this Supplemental Resolution, as amended.

[End of Article VI]

ARTICLE VII
MISCELLANEOUS

Section 701. Mailed Notices.

(a) General. Except as otherwise required herein, all notices required or authorized to be given to the Department, any Bond Insurer, Paying Agent/Registrar, Tender Agent, Remarketing Agent or Liquidity Facility Issuer, pursuant to this Supplemental Resolution shall be in writing and shall be sent by registered or certified mail, postage prepaid, to the following addresses or otherwise given in a manner deemed, in writing, acceptable to the party to receive the notice:

1. to the Department:
Texas Department of Transportation
125 East 11th Street
Austin, TX 78701
Attn: Chief Financial Officer
Telephone: (512) 305-9507
2. to the Paying Agent/Registrar:
As set forth in the Paying Agent/Registrar Agreement.
3. to any Bond Insurer:
The address, phone number and fax number specified in the Award Certificate.
4. to the Tender Agent:
As set forth in the Tender Agent Agreement.
5. To the Remarketing Agent:
As set forth in the Remarketing Agreement.
6. To the Liquidity Facility:
As set forth in the Liquidity Facility.

or to such other addresses as may from time to time be furnished to the parties, effective upon the receipt of notice thereof given as set forth above.

(b) Rating Agency Notice. The Commission shall give prior written notice to the Rating Agencies of any of the following events:

- (i) Change of Paying Agent/Registrar, Tender Agent, Broker-Dealer, Liquidity Facility Issuer or Remarketing Agent;
- (ii) Any material changes to the Master Resolution, this Supplemental Resolution or the Award Certificate that affect Bonds;

(iii) Any changes to a Liquidity Facility or any agreement with a Liquidity Facility Issuer, Remarketing Agent, Broker-Dealer or Tender Agent pertaining to Bonds;

(iv) Any expiration, termination or extension of a Liquidity Facility or the obtaining of an Alternate Liquidity Facility pertaining to Bonds;

(v) Any action in connection with a change to a Daily Mode, Weekly Mode, Term Rate Mode, Fixed Rate Mode or Commercial Paper Mode; and

(vi) Any redemption, defeasance or mandatory tender of all the Outstanding Bonds.

Notices to S&P shall be sent to: Standard & Poor's, Attn: Municipal Structured Surveillance, 55 Water Street, 38th Floor, New York, New York, 10041, email address pubfin_structured@sandp.com. Notices to Fitch shall be sent to: Fitch Ratings, Attn: Municipal Structured Surveillance, 1 State Street Plaza, 28th Floor, New York, New York 10041. Notices to Moody's shall be sent to: Moody's Investors Service, Attn: Municipal Structured Products Group, 99 Church Street, New York, New York 10007.

Section 702. Defeasance of Bonds.

(a) Deemed Paid. The principal of and/or the interest and redemption premium, if any, on any Bonds (and the Maturity Amount of Capital Appreciation Bonds) shall be deemed to be a Defeased Obligation within the meaning of the Master Resolution, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bonds, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) 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 for such Bonds or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Commission with the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank for the payment of its services until all Defeased Obligations shall have become due and payable or (3) any combination of (1) and (2). At such time as Bonds shall be deemed to be a Defeased Obligation hereunder, as aforesaid, such Bonds and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of the Pledged Revenues as provided in the Master Resolution and this Supplemental Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Investments. The deposit under clause (ii) of subsection (a) of this Section shall be deemed a payment of Bonds as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with the Master Resolution and this Supplemental Resolution. Any money so deposited with the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Commission also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Bonds and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the Commission.

(c) Continuing Duty of Paying Agent/Registrar and Paying Agent/Registrar. Notwithstanding any provision of any other Section of this Supplemental Resolution which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Obligations shall have become due and payable, the Paying Agent/Registrar for such Defeased Obligations shall perform the services of Paying Agent/Registrar for such Defeased Obligations the same as if they had not been defeased, and the Commission shall make proper arrangements to provide and pay for such services as required by this Supplemental Resolution.

(d) Amendment of this Section. Notwithstanding anything elsewhere in this Supplemental Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bonds affected thereby.

(e) Retention of Rights. Notwithstanding the provisions of subsection (a) of this Section, to the extent that, upon the defeasance of any Defeased Obligations to be paid at its maturity, the Commission retains the right under State law to later call such Defeased Obligations for redemption in accordance with the provisions of this Supplemental Resolution and the Award Certificate relating to the Defeased Obligations, the Commission may call such Defeased Obligations for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions of subsection (a) of this Section with respect to such Defeased Obligations as though they were being defeased at the time of the exercise of the option to redeem the Defeased Obligations and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Obligations.

(f) Interest Rate. Notwithstanding anything elsewhere in this Supplemental Resolution, any Variable Rate Bonds in a mode other than the Fixed Rate Mode, shall be deemed to be paid and discharged only if the amount held under 702(a)(1) or (2) above shall be sufficient to provide for the payment of such Variable Rate Bonds assuming the highest possible interest rate on such Bonds (as established in accordance with this Supplemental Resolution) to the earlier of the first tender date or redemption date thereof.

Section 703. Paying Agent/Registrar Agreement. The Department Representative is authorized to enter into and carry out the Paying Agent/Registrar Agreement by and between the Department and the Paying Agent/Registrar with respect to each series or installment of Bonds in substantially the form previously approved by the Commission in connection with the Outstanding Senior Obligations.

Section 704. Further Procedures. In addition to the delegation in Article III of this Supplemental Resolution, each Department Representative is hereby expressly authorized, empowered, and directed from time to time and at any time (i) 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 Commission 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 Supplemental Resolution, the Bonds, the sale and delivery of the Bonds, the execution and delivery of any Credit Agreement, any agreement related thereto, and fixing all details in connection therewith, (ii) to approve the Official Statement, or supplements thereto, in connection with the Bonds, (iii) to execute and deliver such agreements and to provide such representations, warranties and covenants as the Department Representative deems necessary or appropriate in connection with the issuance of the Bonds and the execution and delivery of any Credit Agreement, and (iv) to make such determinations as may be necessary or appropriate to demonstrate compliance with the Acts and the Master Resolution, including expectations regarding annual expenditures with respect to the Bonds and any Credit Agreements. In connection with the issuance and delivery of the Bonds and the execution and delivery of any Credit Agreement, the above-stated officers, with the advice of General Counsel to the Department and Bond Counsel to the Department, are hereby authorized to approve, subsequent to the date of the adoption of this Supplemental Resolution, any modifications or amendments to the above named documents (including any technical amendments to this Supplemental Resolution as permitted by Section 601(e) or (f)), and the execution of such document(s) or this Supplemental Resolution by an authorized officer of the Commission or the Department shall evidence approval of any such modification or amendment.

Section 705. Nonpresentment of Bonds. If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if moneys sufficient to pay such Bond shall have been deposited with the Paying Agent/Registrar, it shall be the duty of the Paying Agent/Registrar to hold such moneys, without liability to the Commission, any Owner, or any other person for interest thereon, for the benefit of the Owner of such Bond.

Any moneys so deposited with and held by the Paying Agent/Registrar due to nonpresentment of Bonds must be retained by the Paying Agent/Registrar for a period of at least two years after the final maturity date of the Bonds or advance refunding date, if applicable.

Thereafter, to the extent permitted by the unclaimed property laws of the State, such amounts shall be paid by the Paying Agent/Registrar to the Commission, free from the trusts created by this Supplemental Resolution and Owners shall be entitled to look only to the Commission for payment, and then only to the extent of the amount so repaid by the Paying Agent/Registrar.

Section 706. Payment or Performance on Holidays. If the date for payment of the principal of, premium, if any, or interest on the Bonds, or for the performance of any other action, is not a Business Day, then the date for such payment or performance of such action shall be the next succeeding Business Day and payment or performance on such day shall have the same force and effect as if made on the nominal date of payment (without accrual of additional interest) or performance. Payment or performance on such later date will have the same force and effect as if made on the original date payment or performance was due.

Section 707. Partial Invalidity. If any one or more of the covenants or agreements or portions thereof provided in this Supplemental Resolution on the part of the Commission should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Supplemental Resolution and the invalidity thereof shall in no way affect the validity of the other provisions of this Supplemental Resolution or of the Bonds, but the Owners of the Bonds shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

Section 708. Continuing Disclosure of Information.

(a) Annual Reports. The Commission shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of each Fiscal Year, financial information and operating data with respect to the Department, as determined by a Department Representative at the time Bonds of any series or installment are sold. The Award Certificate shall specify such financial information and operating data. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the Commission may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Commission commissions an audit of such statements and the audit is completed within the period during which they must be provided. However, the Commission does not intend (and this undertaking should not be construed as a commitment by the Commission) to commission any audit of the Department's financial statements. In the event that the Commission does elect to commission an audit of the Department's financial statements, the Commission shall provide such audited financial statements for the applicable Fiscal Year to the MSRB, when and if such audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this subsection may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

(b) Event Notices. The Commission shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) business days after the occurrence of the event), of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Services of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Commission or the Department;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Commission or the Department or the sale of all or substantially all of the assets of the Commission or the Department, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional paying agent/registrar or trustee or the change of name of a paying agent/registrar or trustee, if material.

As used in clause (xii) above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Commission or the Department in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission or the Department, or if jurisdiction has been assumed by leaving the Commission and officials or officers of the Department in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission or the Department.

The Commission shall notify the MSRB, in an electronic format as prescribed by the MSRB and in a timely manner, of any failure by the Commission to provide financial information or operating data in accordance with subsection (a) by the time required by such subsection.

(c) Identifying Information. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(d) Limitations, Disclaimers, and Amendments. The Commission shall be obligated to observe and perform the covenants specified in this Section 708 for so long as, but only for so long as, the Commission remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Commission in any event will give the notice required by this Supplemental Resolution of any Bond calls and defeasance that cause the Bonds to be no longer outstanding.

The provisions of this Section are for the sole benefit of the 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 Commission undertakes to provide only the financial information, operating data, financial statements, and notices that 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 Commission’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 Commission does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COMMISSION BE LIABLE TO THE OWNER 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 COMMISSION, 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 Commission in observing or performing its obligations under this Section shall constitute a breach of or default under this Supplemental Resolution for purposes of any other provision of this Supplemental Resolution.

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

The provisions of this Section may be amended by the Commission 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 Commission, 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 to the date of such amendment, as well as such changed circumstances, and (2) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Supplemental Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) a Person that is unaffiliated with the Commission (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the beneficial owners of the Bonds. If the Commission so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Commission may also amend or repeal the provisions of this continuing disclosure requirement if the SEC amends or repeals the applicable provisions 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 the Bonds in the primary offering of the Bonds.

Section 709. Official Statement. A Department Representative is authorized to approve and deem final the Preliminary Official Statement for any series or installment of Bonds. A Department Representative and the General Counsel of the Department are hereby authorized to prepare and complete the Preliminary Official Statement and the final Official Statement, as necessary.

Section 710. Credit Agreements; Swap Agreements; Interest Rate Lock Agreements.

(a) General. Pursuant to authority conferred by Chapter 1371, the Commission, acting through a Department Representative, may enter into one or more Credit Agreements in connection with the Bonds (whether prior to or concurrently with the issuance of Bonds, or thereafter), upon the written opinion of a Department Representative that such Credit Agreement is in the best interest of the Commission given the market conditions at the time.

With respect to any Credit Agreement executed in the form of a Swap Agreement, the Commission, acting through a Department Representative, may accept and execute confirmations related thereto, together with any amendments or supplements thereto, when, in the judgment of the Department Representative, the execution of such Swap Agreement is consistent with the Commission's Derivative Management Policy and (i) the transaction is expected to reduce the net interest to be paid by the Commission with respect to any series or installment of Bonds or any other First Tier Senior Obligation over the term of the confirmation or (ii) given the market conditions at the time, the transaction is in the best interest of the Commission.

The Costs of Credit Agreements shall be paid out of Pledged Revenues, and the Commission's obligation to pay such Costs may constitute First Tier Senior Obligations under the Master Resolution, except to the extent that the Credit Agreement provides that an obligation of the Commission thereunder shall be payable from and secured by a lien on Pledged Revenues subordinate to the lien securing the payment of the First Tier Senior Obligations. The obligations of the Commission under any such Credit Agreement that are subordinate to the lien securing the payment of First Tier Senior Obligations may, pursuant to the terms thereof, constitute, in whole or in part (i) Senior Obligations (other than First Tier Senior Obligations) or (ii) Subordinate Obligations, as provided by the Master Resolution.

(b) Interest Rate Lock Agreements. In addition to the authority conferred by the Commission pursuant to subsection (a), pursuant to authority conferred by Section 1371.056(c), Texas Government Code, the Department Representative is hereby authorized and directed to enter into and execute one or more interest rate lock agreements, which may be in the form of a Swap Agreement or other Credit Agreement (each, an "Interest Rate Lock Agreement"), and accept and execute confirmations related thereto, together with any amendments or supplements thereto, when, in his or her judgment, the execution of such agreement(s) is (i) consistent with the Commission's Derivative Management Policy, (ii) the transaction is expected to reduce the risk of changes in interest rates that might occur between the date of execution of such agreement and the date of delivery of one of more series or installments of Bonds and (iii) given market conditions at the time, the transaction is in the best interest of the Commission and the Department.

Subject to the limitations set forth in this subsection (b), the Department Representative shall approve the specific terms of each Interest Rate Lock Agreement, which may be (i) generally in the form of the "Approved Swap Agreements," as such

term is defined in the Fourth Supplemental Resolution to the Master Resolution Establishing the Texas Transportation Commission Mobility Fund Revenue Financing Program, adopted by minute order of the Commission on September 28, 2006, provided such agreements shall reflect the security and payment provisions of the Master Resolution, may be in the form of a more recent version or form of the standardized ISDA Master Agreement of the International Swap Dealers Association, Inc. and may reflect any other changes as, in the judgment of the Department Representative, with the advice and counsel of General Counsel and Bond Counsel, are necessary or appropriate to carry out the intent of the Commission as expressed in this Supplemental Resolution and the Commission's Derivative Management Policy, and to obtain the approval of proceedings related to any Interest Rate Lock Agreement by the Attorney General of the State of Texas, if required by law, or (ii) in such other form as may be approved by a Department Representative, which approval shall be conclusively evidenced by the Department Representative's execution thereof. The Department Representative is authorized to enter into agreements and transactions in furtherance of and to carry out the intent of this Supplemental Resolution and the Commission's Derivative Management Policy.

Costs of Interest Rate Lock Agreement(s) and other amounts payable thereunder shall be paid out of Pledged Revenues. Each Interest Rate Lock Agreement shall constitute a "Credit Agreement," as defined in the Master Resolution and Chapter 1371, and shall constitute a First Tier Senior Obligation under the Master Resolution, except to the extent that an Interest Rate Lock Agreement provides that an obligation of the Commission thereunder shall be payable from and secured by a lien on Pledged Revenues subordinate to the lien securing the payment of First Tier Senior Obligations.

The delegation of authority to enter into Interest Rate Lock Agreement(s) pursuant to this subsection (b) is subject to the following limitations:

(i) the notional amount of Interest Rate Lock Agreement(s) shall not exceed the principal amount of the Bonds related thereto;

(ii) the term of any Interest Rate Lock Agreement executed hereunder shall not extend beyond the final date that a Department Representative is authorized to deliver Bonds pursuant an Award Certificate executed pursuant to this Supplemental Resolution;

(iii) neither the rate of interest (whether fixed or floating) on any obligation arising under any Interest Rate Lock Agreement nor the rate used to determine the amount of any fixed or floating payment owed by the Commission thereunder shall exceed the Highest Lawful Rate;

(iv) any payment of the Commission shall be payable from and secured by Pledged Revenues, as provided in this Section 710;

(v) the authorized counterparty(ies) and provider(s) for each Interest Rate Lock Agreement must be (1) a counterparty to an Approved Swap

Agreement or (2) an Eligible Counterparty selected by the Department Representative in accordance with the methods of solicitation and procurement set forth in the Commission's Derivative Management Policy;

(vi) the authorization provided by this subsection (c) shall expire on March 29, 2013;

(vii) the economic consequences of each Interest Rate Lock Agreement shall be managed through application of the applicable risk mitigation measures set forth in the Commission's Derivative Management Policy, as evidenced by delivery of a certification to such effect by a Department Representative;

(viii) early termination at the option of a counterparty shall not be permitted;

(ix) each transaction must be of a type contemplated by the Commission's Derivative Management Policy that is designed to reduce the risk of changes in interest rates that might occur between the date of execution of the agreement and the date of delivery of a series or installment of Bonds;

(x) the costs of credit enhancement, if any, obtained in connection with such agreement(s) must result in a lower overall borrowing or transaction cost, as applicable, as determined by the Department Representative; and

(xi) a Department Representative shall certify that the execution of such agreement(s) (1) is consistent with the Commission's Derivative Management Policy and the limits imposed by this Section 710(b), (2) is expected to reduce the risk of changes in interest rates that might occur between the date of execution of such agreement and the date of delivery of a series or installment of Bonds, (3) results in a benefit to the Commission and the State in accordance with the Commission's Derivative Management Policy and (4) given market conditions at the time of execution, is in the best interest of the Commission and the Department.

A Department Representative is authorized to enter into and execute such agreements and transactions related to any Interest Rate Lock Agreement as may be necessary or appropriate in furtherance of and to carry out the intent of this Supplemental Resolution. A Department Representative is further authorized to (i) enter into and execute such amendments to the Approved Swap Agreements or any Interest Rate Lock Agreement and (ii) effect the termination of any Interest Rate Lock Agreement, as in the judgment of the Department Representative, with the advice and counsel of the General Counsel and Bond Counsel, is necessary or appropriate to allow the Commission to achieve the benefits of such Interest Rate Lock Agreement(s) in accordance with and subject to the Commission's Derivative Management Policy and this Section 7.10.

(c) Disposition of Payments. To the extent that the Commission receives any initial payment at the time of entering into a transaction under any agreement authorized by this Section 710, such payments shall be applied to pay: (i) the costs of entering into

such transaction, (ii) costs of transportation projects authorized by the Acts and any other applicable provision of State law, or (iii) debt service on the related obligations or other Senior Obligation. To the extent that the Commission receives any net payments as a result of settlement or termination of a transaction, the assignment of its rights to a termination payment or assignment of its rights and obligations under a transaction under any agreement authorized by this Section 710, such payments shall be applied to pay: (i) debt service on the related obligations or other Senior Obligation or (ii) costs of transportation projects authorized by the Acts and any other provisions of State law.

Section 711. Remarketing Agent. The Commission hereby authorizes a Department Representative to appoint and employ the services of a Remarketing Agent for any series or installment of Variable Rate Bonds. A Department Representative is authorized to approve any changes in the form of and to execute a Remarketing Agreement with each Remarketing Agent in substantially the form and substance previously approved by the Commission in connection with the Outstanding Senior Obligations, and to approve the form of and to execute on behalf of the Commission any other agreement(s) or instruments that may be necessary to carry out the purposes of, or required by this Section 711.

Each Remarketing Agent shall be a corporation or other legal entity organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to perform all duties imposed upon the Remarketing Agent by this Supplemental Resolution, and shall be either (a) a member of the National Association of Securities Dealers, Inc. and registered as a Municipal Securities Dealer under the Securities Exchange Act of 1934, as amended, or (b) a national banking association, commercial bank or trust company. So long as the Bonds are held in the Book-Entry-Only System, the Remarketing Agent must be a DTC Participant in the Book-Entry-Only System with respect to the Bonds.

Any Remarketing Agent shall perform all of the duties imposed upon it by this Supplemental Resolution and the Remarketing Agreement, but only upon the terms and conditions set forth herein and the Remarketing Agreement, including the following:

- (a) set the interest rates on the Bonds and perform the other duties provided for in Article VII hereof, and remarket Bonds as provided in Section 408 of Exhibit D and in the Remarketing Agreement;
- (b) hold all moneys delivered to it hereunder for the purchase of Bonds in trust solely for the benefit of the person or entity which shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;
- (c) keep such books and records with respect to the remarketing of the Bonds as shall be consistent with customary industry practice that shall accurately reflect the transactions hereunder and to make such books and records available for inspection by the Commission at all reasonable times;
- (d) deliver any notices required by this Supplemental Resolution to be delivered by the Remarketing Agent; and

(e) perform all other duties of the Remarketing Agent under this Supplemental Resolution and the Remarketing Agreement.

The Remarketing Agent at any time may be removed or may resign and be discharged of the duties and obligations imposed upon the Remarketing Agent by this Supplemental Resolution in accordance with the Remarketing Agreement.

Any Remarketing Agent appointed hereunder shall execute and deliver to the Commission, the Paying Agent/Registrar, the Tender Agent, the Liquidity Facility Issuer and (in the case of a successor Remarketing Agent) the retiring Remarketing Agent an instrument accepting such appointment, designating its principal office and signifying its acceptance of the duties and obligations imposed upon it hereunder. No resignation or removal of a Remarketing Agent and no appointment of a successor Remarketing Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Remarketing Agent hereunder.

The Paying Agent/Registrar shall give notice of each resignation and each removal of a Remarketing Agent and each appointment of a successor Remarketing Agent by mailing written notice of such event within thirty (30) days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, to the Commission, the Liquidity Facility Issuer, each Rating Agency maintaining a rating on the Bonds and the Owners of the Bonds as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Remarketing Agent and the address of its principal office.

In the event of the resignation or removal of a Remarketing Agent, and the appointment of a successor Remarketing Agent, the retiring Remarketing Agent shall pay over, assign and deliver any moneys and series or installment Bonds held by it in such capacity to its successor.

Section 712. Tender Agent. The Commission hereby authorizes a Department Representative to appoint and employ the services of a Tender Agent for any series or installment of Variable Rate Bonds. A Department Representative is authorized to approve any changes in the form of and to execute a Tender Agent Agreement with each Tender Agent in substantially the form and substance previously approved by the Commission in connection with the Outstanding Senior Obligations, and to approve the form of and to execute on behalf of the Commission any other agreement(s) or instruments that may be necessary to carry out the purposes of, or required by this Section 712.

Each Tender Agent shall perform the duties imposed upon the Tender Agent under this Supplemental Resolution and the Tender Agent Agreement, but only upon the terms and conditions set forth herein and in the Tender Agent Agreement, including the following:

(a) hold all Bonds delivered to it hereunder in trust for the benefit of the respective owners which shall have so delivered such Bonds until moneys representing the purchase price of such series or installment of Bonds shall have been delivered to or for the account of or to the order of such owners;

(b) hold all moneys delivered to it hereunder for the purchase of Bonds in trust in the Bond Purchase Fund solely for the benefit of the person or entity which shall

have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(c) keep such books and records as shall be consistent with customary industry practice that shall accurately reflect the transactions hereunder and to make such books and records available for inspection by the Commission, the Remarketing Agent and the Liquidity Facility Issuer at all reasonable times;

(d) deliver any notices required by this Supplemental Resolution to be delivered by the Tender Agent; and

(e) perform all other duties of the Tender Agent under this Supplemental Resolution.

Any Tender Agent, with the written consent of the Commission and the Remarketing Agent (which consents shall not be unreasonably withheld), may appoint as its agent an alternate tender agent by an instrument in writing delivered to the Commission, the Remarketing Agent and the Liquidity Facility Issuer, to act as its agent in performing any of its duties as tender agent hereunder. Any alternate tender agent appointed pursuant to the provisions of this Section shall be a bank with trust powers or trust company eligible under the law of the State to accept trusts and operate in a fiduciary capacity. Any Tender Agent shall have combined capital surplus and undivided profits of at least \$50 million. No alternate tender agent shall accept its appointment unless at the time of such acceptance such alternate tender agent shall be qualified and eligible under this Section.

Every alternate tender agent appointed hereunder shall execute and deliver to the Paying Agent/Registrar, the Commission, the Remarketing Agent and the Liquidity Facility Issuer an instrument accepting such appointment, designating its principal office and accepting the duties and obligations imposed upon it hereunder. No appointment of an alternate tender agent pursuant to this Section shall become effective until the acceptance of appointment by the alternate tender agent hereunder.

The Paying Agent/Registrar shall give notice of appointment of an alternate tender agent by mailing written notice of such event, within thirty (30) days of the appointment of an alternate tender agent, to the Commission, the Liquidity Facility Issuer, the Remarketing Agent, each Rating Agency maintaining a rating on the Bonds and the Owners of Bonds as their names and addresses appear in the Security Register maintained by the Paying Agent/Registrar. Each notice shall include the name of the alternate tender agent and the address of its principal corporate trust office or designated payment office, together with a direction that any notice provided to the Tender Agent hereunder shall also be provided to such alternate tender agent.

Section 713. Liquidity Facility. In addition to authority conferred by the Commission pursuant to subsection 710(a), pursuant to authority conferred by Section 1371.056(c), Texas Government Code, a Department Representative is authorized to obtain, execute and deliver one or more Liquidity Facilities from a Liquidity Facility Issuer or Issuers for any series or installment of Bonds when, in his or her judgment, such Liquidity Facility conforms to the Commission's Debt Management Policy and is necessary or appropriate to provide liquidity

support, credit enhancement, or both, for such series or installment of Bonds, provided that such Liquidity Facility is obtained in accordance with, and each Liquidity Facility Issuer meets the criteria established by, the Commission's Debt Management Policy.

Subject to the limitations set forth in this Section 713, the Department Representative shall approve the specific terms of each Liquidity Facility, which may be (i) in substantially the form and substance previously approved by the Commission in connection with the Outstanding Senior Obligations, with such changes as the Department Representative shall approve, or (ii) in such other form as shall be approved by the Department Representative, such approval to be conclusively evidenced by the Department Representative's execution thereof. The Department Representative is further authorized to approve the form of and to execute on behalf of the Commission any other agreement(s) or instruments that may be necessary to carry out the purposes of, or required by, this Section 713.

The delegation of authority to enter into Liquidity Facility(s) pursuant to this Section 713 is subject to the following limitations: (i) the principal component or notional amount of the Liquidity Facility(s) shall not exceed the principal amount of the Bonds related thereto; (ii) the term of any Liquidity Facility executed hereunder shall not extend beyond the term of the Bonds related thereto; (iii) neither the rate of interest on any obligations arising under any Liquidity Facility nor the rate used to determine the amount of any fixed or floating payment owed by the Commission thereunder shall exceed the Highest Lawful Rate; (iv) any payment of the Commission shall be payable from and secured by Pledged Revenues, as provided in this Section 713; (v) each Liquidity Facility Issuer must meet the eligibility criteria and be selected by the Department Representative in accordance with the methods of solicitation and procurement set forth in the Commission's Debt Management Policy; (vi) the authorization provided by this Section 713 to execute and deliver Liquidity Facility(ies) in connection with the issuance of any series or installment of Bonds shall expire on March 29, 2013; and (vii) the Department Representative shall certify that the execution of such agreement(s) is consistent with the Commission's Debt Management Policy.

A Department Representative is authorized to enter into and execute such agreements related to any Liquidity Facility as may be necessary or appropriate in furtherance of and to carry out the intent of this Supplemental Resolution. In addition, as long as the related Bonds remain outstanding, the Department Representative is authorized to enter into and execute such amendments to and extensions of any Liquidity Facility, as in the judgment of the Department Representative are necessary or appropriate.

The Costs of any Liquidity Facility shall be paid out of Pledged Revenues, and each Liquidity Facility may constitute a First Tier Senior Obligation under the Master Resolution, except to the extent that such Liquidity Facility provides that an obligation of the Commission thereunder shall be payable from and secured by a lien on Pledged Revenues subordinate to the lien securing the payment of First Tier Senior Obligations.

Section 714. Escrow Agreement. The discharge and defeasance of Refunded Obligations shall be effectuated pursuant to the terms and provisions of the Escrow Agreement, in the form and containing the terms and provisions as shall be approved by a Department Representative, including any insertions, additions, deletions, and modifications as may be

necessary (a) to carry out the program designed for the Commission by the Underwriters, (b) to maximize the Commission's present value savings and/or to minimize the Commission's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Obligations and (d) to carry out the other intents and purposes of this Supplemental Resolution; and, the appropriate officials of the Commission are hereby authorized to execute and deliver such Escrow Agreement on behalf of the Commission in multiple counterparts.

Section 715. Redemption Prior to Maturity of Refunded Obligations. To maximize the Commission's present value savings and to minimize the Commission's costs of refunding, the Commission hereby authorizes and directs that certain of the Refunded Obligations shall be called for redemption prior to maturity in the amounts, at the dates and at the redemption prices set forth in the Award Certificate, and the appropriate officials of the Department are hereby authorized and directed to take all necessary and appropriate action to give or cause to be given a notice of redemption to the holders or paying agent/registrars, as appropriate, of such Refunded Obligations, in the manner required by the documents authorizing the issuance of such Refunded Obligations.

Section 716. Purchase of Defeasance Securities. A Department Representative and the Escrow Agent are each hereby authorized (a) to subscribe for, agree to purchase, and purchase Defeasance Securities that are permitted investments for a defeasance escrow established to defease Refunded Obligations, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved, and (b) to authorize such contributions to the escrow fund as are provided in the Escrow Agreement.

Section 717. Remedies. All rights available to the Owners under the Constitution and laws of the State, by suit for mandamus or otherwise, to compel the performance of their official duties by the Commission, the Department and their officers and employees, and by other officers of the State to the end that the principal of and interest on the Bonds may be paid promptly, are hereby recognized and reserved to and for the Owners.

Section 718. Limitation of Liability of Officials of the Commission. No covenant or agreement contained in the Bonds, this Supplemental Resolution or any corollary instrument shall be deemed to be the covenant or agreement of any member of the Commission or any officer, agent, employee or representative of the Commission in his individual capacity, and neither the directors, members, officers, agents, employees or representatives of the Commission nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountability by reason of the issuance thereof, or any actions taken or duties performed in relation to the issuance of the Bonds, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

Section 719. Payment of Attorney General Fee. The Commission hereby authorizes the disbursement of a fee to the Attorney General of Texas equal to amount prescribed by Section 1202.004, Texas Government Code, for payment of the examination fee prescribed by law for the Attorney General's review and approval of public securities and credit agreements. The

Department Representative is hereby instructed to take the necessary measures to make such payment. The Commission is also authorized to reimburse the appropriate Commission funds for such payment from the proceeds of Bonds.

[End of Article VII]

The Commission has caused this Supplemental Resolution to be executed by a Department Representative and its official seal to be impressed hereon.

TEXAS TRANSPORTATION COMMISSION

By: _____
Department Representative

(Seal)

EXHIBIT A DEFINITIONS

As used in this Supplemental Resolution, the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

“Acts” – The Constitutional Provision, the Enabling Act, Chapter 1371, Texas Government Code, as amended, and (in the case of Refunding Bonds) Chapter 1207, Texas Government Code, as amended.

“Alternate Liquidity Facility” –A Credit Agreement issued pursuant to Section 502 of Exhibit D to provide liquidity support for the Bonds.

“Alternate Rate” – As of any Rate Determination Date, for any Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data, formerly the PSA Municipal Swap Index (as such term is defined in the 1992 ISDA U.S. Municipal Counterparty Definitions) (the “SIFMA Rate”) most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Rate is no longer published, the Kenny Index (as such term is defined in the 1992 ISDA U.S. Municipal Counterparty Definitions), or if neither the SIFMA Rate nor the Kenny Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meetings criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Bond Market Association to determine the SIFMA Rate just prior to when the Bond Market Association stopped publishing the SIFMA Rate. The Tender Agent shall make the determinations required by this determination, upon notification from the Commission, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

"Applicable ERS Extension Period Bonds" - In the case of Bonds in the ERS Mode, for each subset of Bonds in an ERS Extension Period with a specific ERS Extended Mandatory Purchase Date, Bonds identical to the form of Variable Rate Mode Bonds set forth in Exhibit B of this First Supplemental Resolution but with a different CUSIP number from the Bonds issued on the Issuance Date and from any Bonds in an ERS Extension Period with a different ERS Extended Mandatory Purchase Date.

“Authorized Denominations” – Except as otherwise provided by the Award Certificate for any series or installment of Bonds, with respect to Fixed Rate Bonds issued (i) as Current Interest Bonds, \$5,000 or any integral multiple thereof, or (ii) as Capital Appreciation Bonds, \$5,000 in Maturity Amount or any integral multiple thereof; and, with respect to Variable Rate Bonds (i) in a Commercial Paper Mode, ERS Mode, Initial Mode, Daily Mode or Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, and (ii) in a Term Rate Mode, Multiannual Mode or Fixed Rate Mode, \$5,000 and any integral multiple thereof, provided, however, that if as a result of the change in the Mode of the Variable Rate Bonds from a Multiannual Mode or Term Rate Mode to a Commercial Paper Mode, Daily Mode or Weekly Mode, it is not possible to deliver all the Variable Rate Bonds required or permitted to be

Outstanding in a denomination permitted above, the Variable Rate Bonds may be delivered, to the extent necessary, in different denominations.

“Authorized Representative” – Means the Executive Director of the Department, each Deputy Executive Director of the Department and each Assistant Executive Director of the Department, or such other individuals so designated by the Commission to perform the duties of an Authorized Representative under this Supplemental Resolution.

“Award Certificate” – A certificate of a Department Representative executed and delivered pursuant to Section 302(b) hereof in connection with the issuance of a series or installment of Bonds or in connection with the execution and delivery of a Credit Agreement.

“Bond Insurer” – One or more companies, if any, insuring a series or installment of Bonds or any successor thereof or assignee thereof as set forth in the Award Certificate.

“Bonds” – A series or installment of Bonds issued pursuant to and governed by this Supplemental Resolution, as described in Article III hereof in accordance with an Award Certificate.

“Broker-Dealer” – As defined in Exhibit E hereto.

“Business Day” – Any day except (i) a Saturday, Sunday or legal holiday, (ii) any other day on which commercial banks and trust companies in the City of New York, or any City in which the principal office of the Commission, the Paying Agent/Registrar, the Tender Agent, the Remarketing Agent or the Liquidity Facility Issuer are authorized or required to remain closed, or are closed for any other reason, or (iii) a day on which the New York Stock Exchange is closed.

“Capital Appreciation Bonds” – The Bonds on which no interest is paid prior to maturity, maturing variously in each of the years and in the aggregate principal amount as set forth in an Award Certificate.

“Commercial Paper Mode” – The Mode during which the duration of the Interest Periods and the interest rates are determined under Section 501 hereof.

“Commercial Paper Rate Bond” – Any Bond while in a Commercial Paper Mode.

“Compounded Amount” – With respect to a Capital Appreciation Bond, as of any particular date of calculation, the original principal amount thereof, plus initial premium, if any, plus all interest accrued and compounded to the particular date of calculation.

“Compounding Dates” – Compounding Dates as set forth in an Award Certificate for Capital Appreciation Bonds.

“Conversion Date” – The date on which a series or installment of Bonds is converted from one interest rate period to another interest rate period.

“Current Interest Bonds” – The Bonds paying current interest and maturing in each of the years and in the aggregate principal amounts set forth in an Award Certificate.

“Current Mode” – From time to time, the then-prevailing Mode at which Variable Rate Bonds bear interest, as described in Section 208(b) of Exhibit D.

“Daily Mode” – The Mode during which Bonds bear interest at a Daily Rate.

“Daily Rate” – An interest rate determined pursuant to Section 203 of Exhibit D.

“Defeasance Securities” – (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Commission adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of Bonds, 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 Commission adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than “AAA” or its equivalent.

“Department Representative” – An Authorized Representative or Designated Financial Officer.

“Designated Financial Officer” – The Chief Financial Officer of the Department, the Director of the Finance Division of the Department, the Deputy Director of the Finance Division of the Department, the Debt Management Director of the Department or such other officer or employee of the Department so designated by the Commission to perform the duties of Designated Financial Officer under this Supplemental Resolution.

“DTC” – The Depository Trust Company, New York, New York, or any successor securities depository.

“DTC Participant” – 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.

“Electronic Means” – Telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

“Eligible Counterparty” – A counterparty of credit quality in accordance with the Commission's Derivative Management Policy.

“ERS Extension Period” – The period during which a Bond in the ERS Mode shall bear interest at an ERS Extension Rate, which shall be from any Mandatory Purchase Date (other than

an ERS Extended Mandatory Purchase Date on which the Bond is not remarketed in accordance with Section 408(a) of Exhibit D hereof) to but not including the earliest to occur of (i) the ERS Extended Mandatory Purchase Date for such Bond; (ii) the date on which such Bond is redeemed, (iii) a Mode Change Date or Conversion Date for such Bond or (iv) the Maturity Date.

"ERS Extension Rate" – The per annum interest rate on any Bond during an ERS Extension Period.

"ERS Extended Mandatory Purchase Date" - The date that is the one year anniversary of the date on which the applicable ERS Extension Period began, or, if such date is not a Business Day, the next succeeding Business Day (e.g., for an ERS Extension Period commencing July 1, 2012, the ERS Extended Mandatory Purchase Date would be July 1, 2013, or, if July 1, 2013 is not a Business Day, the following Business Day.)

"ERS Mode" – The Mode during which the Bonds bear interest at the ERS Rate.

"ERS Monthly Rate" – The per annum interest rate on any Bond in the ERS Mode during an ERS Monthly Rate Period, as determined pursuant to Section 201A of Exhibit D hereof.

"ERS Monthly Rate Period" – Each period during which a Bond in the ERS Mode shall bear an ERS Monthly Rate, which shall be the period commencing on the first Business Day of each calendar month to and including the day preceding the first Business Day of the following calendar month, except (i) the initial ERS Monthly Rate Period, which shall be from the Date of Issuance to and including the day preceding the first Business Day of the calendar month following the calendar month in which the date of issuance of the Bonds occurs; (ii) the initial ERS Monthly Rate Period occurring after a Mode Change Date involving a change from another Mode to the ERS Mode, which shall be from the applicable Mode Change Date to and including the day preceding the first Business Day of the calendar month following the calendar month in which such Mode Change Date occurs; (iii) the last ERS Monthly Rate Period during an ERS Mode for such Bond, which shall be from and including the first day of the applicable calendar month to but not including the applicable Mode Change Date, Conversion Date, redemption date or Maturity Date and (iv) any period during which an Extension Period is in effect for such Bond.

"ERS Prior Remarketed Rate" – The last per annum interest rate determined by the Remarketing Agent on the Bond while in the ERS Mode during an ERS Monthly Rate Period.

"ERS Rate" – The per annum interest rate on any Bond in the ERS Mode. The ERS Rate on a Bond shall be the applicable ERS Monthly Rate or, during an ERS Extension Period with respect to such Bond, the applicable ERS Extension Rate.

"ERS Rate Period" – Any period during which a Bond bears interest at an ERS Rate.

"ERS Retention Deadline" – 5:00 p.m. (Eastern time) of the day that is five Business Days prior to the first Business Day of the following calendar month.

"ERS Retention Election" – The submission by the applicable ERS Retention Deadline in accordance with Section 402(b) of Exhibit D hereof of an election by the Beneficial Owner of a

Bond in the ERS Mode to retain the Bond instead of submitting it for purchase on the Mandatory Purchase Date that would, but for such election, occur on the first day of the first calendar month after such election is made.

“Escrow Agent” – The place of payment for the Refunded Obligations or trust company or commercial bank identified in the Escrow Agreement, and its successors in such capacity.

“Escrow Agreement” – The escrow agreement between the Commission and the Escrow Agent, referred to in Section 714 of this Supplemental Resolution, relating to the escrow of funds to pay the Refunded Bonds.

“Expiration Date” – The scheduled expiration date of a Liquidity Facility, as such date may be extended from time to time as provided therein, or the date on which such Liquidity Facility shall terminate pursuant to an election to terminate by the Commission. The term “Expiration Date” shall not mean (i) any date upon which such Liquidity Facility is no longer effective by reason of its Termination Date, (ii) the date on which all Bonds are converted to a Daily Mode, a Weekly Mode, a Commercial Paper Mode or a Term Rate Mode or (iii) the expiration of such Liquidity Facility by reason of the obtaining of an Alternate Liquidity Facility.

“Expiration Tender Date” – The meaning set forth in clause (i) of Section 505 of Exhibit D.

“Favorable Opinion of Bond Counsel” – With respect to any action the occurrence of which requires such an opinion, an unqualified opinion of Bond Counsel to the effect that such action is permitted under the laws of the State of Texas, including the Acts, the Master Resolution and this Supplemental Resolution and that such action will not impair the exclusion of interest on such Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

“Federal Securities” – Direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including STRIPS of United States Treasury securities held in the Federal Reserve’s book-entry system which are direct obligations of the United States of America).

“Sixth Supplemental Resolution” or this “Supplemental Resolution” – The Sixth Supplemental Resolution to the Master Resolution Establishing a Financing Program for Bonds, Other Public Securities and Credit Agreements Secured by and Payable from Revenue Deposited to the Credit of the State Highway Fund adopted pursuant to authority reserved by the Commission under the Master Resolution and a Minute Order of the Commission on March 29, 2012, as may be amended or supplemented from time to time.

“Fixed Rate” – An interest rate fixed to the Maturity Date of the Variable Rate Bonds.

“Fixed Rate Bonds” – Bonds of a series or installment bearing interest at fixed interest rate(s), as established in accordance with Section 302 of this Supplemental Resolution and the Award Certificate. Such term does not include Variable Rate Bonds in the Fixed Rate Mode.

“Fixed Rate Mode” – The period during which Variable Bonds bear interest at a Fixed Rate.

“Highest Lawful Rate” – The maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Commission in the exercise of its borrowing powers (prescribed by Chapter 1204, Texas Government Code, as amended, or any successor provisions).

“Initial Mode” – The Mode established in the Award Certificate for a series or installment of Variable Rate Bonds.

“Initial Interest Period” – The Interest Period established in the Award Certificate for a series or installment of Variable Rate Bonds.

“Initial Rate” – The initial Interest Rate established for a series or installment of Variable Rate Bonds by the Remarketing Agent pursuant to the procedures set forth in Section 201 of Exhibit D or in the Award Certificate for such series or installment of Variable Rate Bonds.

“Interest Payment Date” – Any date upon which interest on Bonds is due, as provided by an Award Certificate. Unless otherwise provided in the Award Certificate for a series or installment of Variable Rate Bonds, the following dates upon which interest is payable on the Variable Rate Bonds:

- (i) any Principal Payment Date or Mode Change Date;
- (ii) with respect to a Commercial Paper Rate Bond, the Business Day following the last day of the Interest Period therefor;
- (iii) with respect to the Daily Mode, the ERS Mode and the Weekly Mode, the first Business Day of each calendar month;
- (iv) with respect to the Term Rate Mode, each April 1 and October 1 prior to the Purchase Date and the Purchase Date;
- (v) with respect to the Multiannual Mode or Fixed Rate Mode, each April 1 and October 1; provided, that the Interest Payment Dates for the Multiannual Mode or Fixed Rate Mode may be set forth in the Award Certificate and the Interest Payment Dates for the Multiannual Mode or Fixed Rate Mode may be changed in connection with a conversion to such Mode upon receipt of a Favorable Opinion of Bond Counsel; and
- (vi) with respect to Purchased Bonds, the dates provided in the Liquidity Facility.

“Interest Period” – The period of time that any interest rate remains in effect, which period:

- (i) with respect to a Commercial Paper Rate Bond, shall be the period established by the Remarketing Agent pursuant to Section 202 of Exhibit D;

(ii) with respect to Variable Rate Bonds in the Daily Mode, shall be the period from and including a Business Day to but excluding the next Business Day;

(iii) with respect to Variable Rate Bonds in the Weekly Mode, shall be the periods from and including the Issuance Date (if initially issued in the Weekly Mode) or the Mode Change Date that they began to bear interest at the Weekly Rate to and including the following Tuesday, and thereafter, commencing on each Wednesday to and including Tuesday of the following week;

(iv) with respect to Variable Rate Bonds in the Term Rate Mode, the period from the Mode Change Date to and including the last day upon which an interest rate determined by the Remarketing Agent pursuant to Section 204 of Exhibit D shall be in effect, and thereafter, shall be the period beginning on the day after the end of the prior Interest Period and ending on the last day upon which an interest rate determined by the Remarketing Agent pursuant to Section 204 of Exhibit D shall be in effect; provided, that no Interest Period shall extend beyond the day preceding any Mandatory Purchase Date or the Maturity Date; and, provided further, that such Interest Period shall be at least six (6) months or a multiple of six (6) months; and

(v) with respect to Variable Rate Bonds in the ERS Mode and the Multiannual Mode, the period during which such rate of interest determined for such Variable Rate Bonds will remain in effect as set forth in Sections 201A and 204(d) of Exhibit D, respectively.

(vi) with respect to Variable Rate Bonds in the Fixed Rate Mode, the period from and including the Mode Change Date to and including the earlier of the Maturity Date or the date such Bonds are redeemed or purchased in lieu thereof.

“Interest Rate Lock Agreement” – A Credit Agreement authorized by Section 710(b) of this Supplemental Resolution that is expected to reduce the risk of changes in interest rates that might occur between the date of execution of such agreement and the date of delivery of one of more series or installments of Bonds.

“Issuance Date” – The date of delivery of any series or installment of Bonds to the initial purchaser(s) thereof against payment therefor.

“Liquidity Amount” – At any time and with respect to: (i) Commercial Paper Rate Bonds, an amount equal to the aggregate principal amount thereof then Outstanding plus an interest amount equal to at least 270 days’ interest thereon calculated at the Maximum Rate (for Variable Rate Bonds other than Purchased Bonds) on the basis of a 365-day year for the actual number of days elapsed; (ii) Variable Rate Bonds bearing interest at the Daily Rate or the Weekly Rate, an amount equal to the aggregate principal amount of the Variable Rate Bonds then Outstanding plus an interest amount equal to 35 days’ interest thereon calculated at the Maximum Rate (for Variable Rate Bonds other than Purchased Bonds) on the basis of a 365-day year for the actual number of days elapsed; and (iii) Variable Rate Bonds bearing interest at the Term Rate an amount equal to the aggregate principal amount of the Variable Rate Bonds then Outstanding plus an interest amount equal to 180 days’ interest thereon calculated at the

Maximum Rate (for Variable Rate Bonds other than Purchased Bonds) on the basis of a 360-day year composed of twelve 30-day months.

“Liquidity Facility” – A Credit Agreement as defined and provided in the Master Resolution and this Supplemental Resolution to provide liquidity support, credit enhancement, or both, for Bonds, between the Commission, and the Liquidity Facility Issuer, and upon the issuance of any Alternate Liquidity Facility pursuant to this Supplemental Resolution, such Alternate Liquidity Facility.

“Liquidity Facility Issuer” – The bank or other financial institution providing liquidity for the Variable Rate Bonds (other than the Bonds in the Multiannual Mode which do not require liquidity) and, if and when an Alternate Liquidity Facility is provided with respect to the Variable Rate Bonds, the issuer of such Alternate Liquidity Facility.

“Mandatory Purchase Date” – (i) with respect to a Bond in the ERS Mode, (a) during any ERS Monthly Rate Period, the first Business Day of each month, unless an ERS Retention Election has been made in accordance with Section 402(b) in Exhibit D hereof on or prior to the applicable ERS Retention Deadline and (b) during any ERS Extension Period, the applicable ERS Extended Mandatory Purchase Date, (ii) the Purchase Date of Variable Rate Bonds in the Commercial Paper Mode or the Term Rate Mode, (iii) any Mode Change Date, (iv) the Substitution Date, (v) the Expiration Tender Date and (vi) the Termination Tender Date.

“Master Resolution” – The Master Resolution approved by the Commission on March 30, 2006, establishing a financing program for bonds and other public securities secured by and payable from revenue deposited to the credit of the State Highway Fund, as supplemented and amended from time to time.

“Maturity” – When used with respect to each series or installment of the Bonds, the scheduled maturity of such Bonds.

“Maturity Amount” – The Compounded Amount of a Capital Appreciation Bond due on its Maturity.

“Maturity Date” – The final maturity date(s) of each series or installment of the Bonds which shall be established pursuant to Section 302(b) hereof.

“Maximum Rate” – For the Variable Rate Bonds other than Purchased Bonds, the lesser of (i) 12% per annum or (ii) the Highest Lawful Rate. With respect to Purchased Bonds, as provided in the Liquidity Facility (not to exceed the Highest Lawful Rate).

“Mode” – The ERS Mode, the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode, the Multiannual Mode or the Fixed Rate Mode.

“Mode Change Date” – The date one Mode terminates and another Mode begins (including the date on which Variable Rate Bonds are subject to mandatory purchase pursuant to Section 404(a) of Exhibit D without the right of the holders thereof to elect to continue to hold such Bonds), but does not include a change in Mode associated with a purchase in lieu of redemption.

“MSRB” – The Municipal Securities Rulemaking Board.

"Multiannual Mode" – The Mode in which the interest rate on any Bonds is fixed for periods of one year or whole multiples thereof designated by the Department Representative.

"Multiannual Rate" – The rate of interest that is set on any bonds while they are in the Multiannual Mode pursuant to Section 204(d) of Exhibit D of this Supplemental Resolution.

“New Mode” – Shall have the meaning specified in Section 308(b) of Exhibit D.

“New Money Bonds” – A series or installment of Bonds issued for the purposes set forth in and in accordance with Section 301(a) of this Supplemental Resolution and an Award Certificate.

“Notice Parties” – The Commission and any Paying Agent/Registrar, Remarketing Agent, Tender Agent, Rating Agencies, and Liquidity Facility Issuer.

“Owner” – The registered owners of the Bonds as shown on the Security Register and to the extent set forth in a Credit Agreement relating to the Bonds, the party contracting with the Commission under a Credit Agreement.

“Paying Agent/Registrar” – The agent selected and appointed by the Commission for purposes of paying the principal of, premium, if any, and interest on Bonds and keeping and maintaining books and records relating to the registration, transfer, exchange, and payment of the Bonds and interest thereon, as identified in Section 304 hereof, and any successor to such agent.

“Paying Agent/Registrar Agreement” – The agreement having such name executed by and between the Commission and the Paying Agent/Registrar.

“Payment Date” – With respect to each series or installment of Bonds, the date established in the Award Certificate therefor.

“Predecessor Bonds” – Predecessor Bonds as defined in Section 309 hereof.

“Principal Payment Date” – Any date upon which the principal amount of Bonds is due hereunder at Maturity or on any Redemption Date.

“Purchase Date” – With respect to any Variable Rate Bond (i) in the Commercial Paper Mode, the ERS Mode, the Term Rate Mode or the Fixed Rate Mode (for Bonds in a Fixed Rate Mode that are purchased in the manner described in Section 704(b) hereof), the Business Day after the last day of the Interest Period applicable thereto and (ii) during the Daily Mode or Weekly Mode, any Business Day upon which such Bond is tendered or deemed tendered for purchase pursuant to Section 701 hereof.

“Purchase Fund” – The fund that may be established pursuant to Section 407 of Exhibit D.

“Purchase Price” – With respect to any Variable Rate Bonds, 100% of the principal amount thereof plus accrued interest, if any, to and including the date of such purchase, provided however, that if the purchase is made on an Interest Payment Date, the Purchase Price shall not include accrued but unpaid interest, and provided further, however, that the Purchase Price shall not include premium in the case of Bonds subject to mandatory tender for purchase on a date when such Variable Rate Bonds are also subject to optional redemption at a premium.

“Purchased Bond Rate” – For any date, the interest rate applicable to Purchased Bonds on such date as described in Section 102(d) of Exhibit D and as provided for in the Liquidity Facility.

“Purchased Bonds” – Variable Rate Bonds that are purchased on a Purchase Date or Mandatory Purchase Date with immediately available funds transferred to the Tender Agent from amounts available under the Liquidity Facility pursuant to Section 409(a) of Exhibit D.

“Rate Determination Date” – Any date on which the interest rate on any Variable Rate Bonds is required to be determined, being: (i) in the case of any the ERS Mode, shall be (a) except in the case of the initial ERS Monthly Rate Period following a Mode Change Date, for a Bond in the ERS Monthly Rate Period for which an ERS Retention Election is made as of the applicable ERS Retention Deadline, two Business Days prior to the ERS Retention Deadline immediately preceding the beginning of the applicable ERS Monthly Rate Period; (b) for a Bond in the ERS Extension Period, the first day of the applicable ERS Extended Period. and (c) in the case of the initial ERS Monthly Rate following a Mode Change Date, a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Mode Change Date, (ii) in the case of Commercial Paper Rate Bond, the first day of each Interest Period; (iii) in the case of Variable Rate Bonds in the Daily Mode, each Business Day; (iv) in the case of Variable Rate Bonds in the Weekly Mode, for any Interest Period commencing on any Mode Change Date, the Business Day immediately preceding the respective Mode Change Date, and for other Interest Periods thereafter, each Tuesday or, if such Tuesday is not a Business Day, the Business Day next succeeding such Tuesday; and (v) in the case of Variable Rate Bonds to be, or continue to be, in the Term Rate Mode, Multiannual Mode or Fixed Rate Mode, a Business Day prior to the first day of an Interest Period.

“Rating Agencies” – The rating agencies then maintaining a rating on Bonds.

“Record Date” – With respect to each interest payment date of a Current Interest Bond, the date as determined in the respective Award Certificate. With respect to Variable Rate Bonds (i) in a Commercial Paper Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, (ii) in the Daily Mode or the Weekly Mode, the Business Day next preceding an Interest Payment Date or (iii) in the Term Rate Mode or the Fixed Rate Mode, the 15th day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

“Redemption Date” – The date fixed for redemption of Variable Rate Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

“Refundable Senior Obligations” – The following Outstanding Senior Obligations or any portion thereof:

(i) Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2006;

(ii) Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2006-A;

(iii) Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2006-B (Variable Rate Bonds);

(iv) Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2007;

(v) Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 2008; and

(vi) Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Taxable Series 2010 (Build America Bonds - Direct Payment).

“Refunded Obligation” – A Refundable Senior Obligation designated by a Department Representative as a Refunded Obligation in an Award Certificate, which is being refunded and defeased with proceeds of Refunding Bonds and other legally available funds, if any.

“Refunding Bond” – A series or installment of Bonds issued for the purpose of refunding Refunded Obligations in accordance with Section 301(b) of this Supplemental Resolution and an Award Certificate.

“Remarketing Agent” – The remarketing agent(s) at the time serving as such for a series or installment of Variable Rate Bonds, as designated by a Department Representative.

“Remarketing Agreement” – The agreement entered into between the Commission and a Remarketing Agent with respect to a series or installment of Variable Rate Bonds in substantially the form approved by the Commission.

“Rule 15c2-12” – 17 C.F.R. §240.15c2-12, as amended from time to time.

“SEC” – The United States Securities and Exchange Commission.

“Section” – Unless the context clearly requires otherwise, refers to a Section of this Supplemental Resolution.

“Security Register” – The books and records kept and maintained by the Paying Agent/Registrar relating to the registration, transfer, exchange, and payment of the Bonds and the interest thereon.

“Substitution Date” – The date on which an Alternate Liquidity Facility is to be substituted for a then-existing Liquidity Facility in effect pursuant to Section 801 hereof.

"Swap Agreement" – A Credit Agreement authorized by Section 710 of this Supplemental Resolution between the Commission and an Eligible Counterparty entered pursuant to the 1992 International Swap Dealers Association, Inc. Master Agreement, together with any schedules, confirmations and credit support annexes related thereto.

“Tax-Exempt Bond” – A series or installment of Bonds, the interest on which is excludable from gross income from federal income tax, as determined and set forth in the Award Certificate therefor.

“Taxable Bond” – A series or installment of Bonds, the interest on which is not excludable from gross income for federal income tax purposes, as determined and set forth in the Award Certificate therefor.

“Tender Agent” – The tender agent for a series or installment of Variable Rate Bonds appointed by the Department Representative.

“Tender Agent Agreement” – The agreement entered into between the Commission and a Tender Agent with respect to a series or installment of Variable Rate Bonds in substantially the form approved by the Commission.

“Term Rate” – An interest rate determined pursuant to Section 205(a) of Exhibit D.

“Term Rate Mode” – The Mode during which Bonds bear interest at a Term Rate.

“Termination Date” – With respect to a Liquidity Facility, both (i) the date on which such Liquidity Facility shall terminate pursuant to its terms, or otherwise be terminated, prior to its Expiration Date and (ii) the date on which the obligation of the Liquidity Facility Issuer to purchase Bonds shall terminate; provided, however, that the “Termination Date” shall not mean the date on which such Liquidity Facility shall terminate pursuant to an election to terminate by the Commission or the date on which any automatic termination or suspension thereof occurs without notice, in accordance with the terms of the Liquidity Facility.

“Termination Tender Date” – Shall have the meaning set forth in clause (ii) of Section 405(b) of Exhibit D.

"Variable Rate Bonds" – A series or installment of Bonds bearing interest at variable interest rate(s) pursuant to Exhibit D, as established in accordance with Section 302 of this Supplemental Resolution and an Award Certificate.

“Weekly Mode” – The Mode during which Bonds bear interest at a Weekly Rate.

“Weekly Rate” – An interest rate determined pursuant to Section 204 and Exhibit D.

[FORM OF FIRST TWO PARAGRAPHS OF CAPITAL APPRECIATION BOND]

No. CR-_____

\$_____

ISSUE
DATE:

INTEREST
RATE:

MATURITY
DATE:

CUSIP:

REGISTERED OWNER:

**MATURITY AMOUNT:
DOLLARS**

On the Maturity Date specified above, the Texas Transportation Commission (the “Commission”), being the governing body of the Texas Department of Transportation (the “Department”) an agency of the State of Texas, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner set forth above, or the registered assigns thereof, the Maturity Amount specified above, representing the original principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof plus initial premium, if any, from the Issue Date at the interest rate per annum specified above, compounded semiannually on _____³ and _____* of each year commencing _____.

The Maturity Amount on this Bond shall be payable in lawful money of the United States of America, without exchange or collection charges, and interest payments shall be made by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Registered Owner hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner hereof. For convenience of reference, a table appears on the back of this Bond showing the “Compounded Amount” of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount stated above compounded semiannually at the yield shown on such table.

³ As provided in the Award Certificate. To the extent that the Award Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Award Certificate shall be used in the executed Bonds.

**[REMAINDER OF EACH CURRENT INTEREST BOND
AND CAPITAL APPRECIATION BOND]**

This Bond is one of a duly authorized issue of bonds designated as “Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, [Taxable] Series 20__”^{**} (the “Bonds”), in the aggregate principal amount of \$_____ issued pursuant to a resolution of the Commission adopted by minute order on March 29, 2012, and entitled Sixth Supplemental Resolution to the Master Resolution Establishing a Financing Program for Bonds, other Public Securities and Credit Agreements Secured by and Payable from Revenue Deposited to the Credit of the State Highway Fund (the “Sixth Supplemental Resolution”) for the purpose of (i) financing state highway improvement projects and (ii) paying the costs and expenses of issuance of the Bonds. The Resolution was approved and the Bonds are issued under the authority of Article III, Section 49-n of the Texas Constitution, relating to the issuance of bonds and other public securities payable from revenue deposited to the credit of the State Highway Fund, and Section 222.003, Texas Transportation Code, as amended, and all other applicable law.

The Master Resolution, as supplemented by the Sixth Supplemental Resolution, is referred to in this Bond as the “Resolution.” Terms used herein and not otherwise defined shall have the meanings given in the Resolution.

⁴[The Bonds are issued in part as “Current Interest Bonds,” which total in principal amount \$_____^{**}, and which pay accrued interest at stated intervals to the Registered Owners and in part as “Capital Appreciation Bonds,” which total in original principal amount \$_____ and pay no accrued interest prior to their Stated Maturities.]

Redemption Provisions

[As provided in the Award Certificate]^{**}

Notice of redemption shall be given at the times and in the manner provided in the Sixth Supplemental Resolution.

If this Bond is in a denomination in excess of \$5,000, portions of the principal sum hereof in ^{***}[principal amount] ^{****}[Maturity Amount] of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Registered Owner hereof, upon the surrender of this Bond

⁴ To be included with respect to a Series of Bonds only if Current Interest Bonds and Capital Appreciation Bonds are both issued.

^{**} As provided in the Award Certificate. To the extent that the Award Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Award Certificate shall be used in the executed Bonds.

^{***} Current Interest Bonds only.

^{****} Capital Appreciation Bonds only.

at the principal office of the Paying Agent/Registrar, a new Bond or Bonds of like maturity, series and interest rate in any authorized denominations provided by the Resolution for the then unredeemed balance of the ***[principal amount] ***[Maturity Amount] hereof. If this Bond is selected for redemption, in whole or in part, neither the Commission nor the Paying Agent/Registrar shall be required to transfer this Bond to an assignee of the Registered Owner within forty-five (45) days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to any exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

THE BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION, payable from and secured by a lien on, pledge of and security interest in the Pledged Revenues on an equal and ratable basis with the previously issued Outstanding First Tier Senior Obligations and any additional First Tier Senior Obligations issued in the future in accordance with the provisions of the Resolution. The Bonds and the reimbursement obligations under the Liquidity Facility do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Department, except with respect to the Pledged Revenues. NEITHER THE STATE OF TEXAS, THE COMMISSION, THE DEPARTMENT, NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE PLEDGED REVENUES AND CERTAIN FUNDS CREATED UNDER THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE COMMISSION AND THE DEPARTMENT HAVE NO TAXING POWER.

NO RECOURSE UNDER THIS BOND SHALL BE HAD AGAINST ANY PAST, PRESENT OR FUTURE OFFICER OF THE COMMISSION OR THE DEPARTMENT. THE BONDS SHALL NEVER BE PAID IN WHOLE OR IN PART OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION OR OUT OF ANY OTHER REVENUES OF THE COMMISSION, THE DEPARTMENT OR THE STATE EXCEPT THE PLEDGED REVENUES IDENTIFIED IN THE RESOLUTION.

The pledge of revenues and funds and the other obligations of the Commission under the Resolution may be discharged at or prior to the maturity of the Bonds upon the making of provision for their payment on the terms and conditions set forth in the Resolution.

Subject to satisfying the terms and conditions stated in the Resolution, the Commission has reserved the right to issue additional First Tier Senior Obligations payable solely from and equally and ratably secured by a parity lien on and pledge of the Pledged Revenues and other moneys and securities pledged under the Resolution to the payment of the Bonds.

Reference is hereby made to the Resolution, a copy of which is on file in the designated office of the Paying Agent/Registrar, and to all of the provisions of which any Registered Owner of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the Pledged Revenues; the nature and extent and manner of enforcement of the pledge; the terms and conditions for the issuance of additional First Tier Senior Obligations; the conditions upon which the Resolution may be

amended or supplemented with or without the consent of the Registered Owners of the Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto; the rights, duties and obligations of the Commission; the terms and provisions upon which the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond and this Bond thereafter no longer to be secured by the Resolution or be deemed to be outstanding thereunder; and for the other terms and provisions thereof.

This Bond, subject to certain limitations contained in the Resolution, may be transferred only upon its presentation and surrender at the designated office of the Paying Agent/Registrar named below, or its successor with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Registered Owner hereof, or his duly authorized agent, and such transfer is noted on the Security Register by the Paying Agent/Registrar. When a transfer occurs, one or more new fully-registered Bonds of the same Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate *[principal amount] **[Maturity Amount] will be issued to the designated transferee or transferees.

The Commission and the Paying Agent/Registrar, and any agent of either, shall treat the Registered Owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of *[principal] **[the Maturity Amount] hereof at its Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the Commission nor the Paying Agent/Registrar, nor any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (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 Commission. 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 Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented, and declared that the Department is a duly organized and legally existing agency of the State, organized under and by virtue of the Constitution and laws of the State of Texas; that the issuance of this Bond and the series of which it is a part are duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of this Bond to render the same lawful and valid have been properly done, have happened, and have been performed in regular and due time, form, and manner as required by the Constitution and laws of the State of Texas and the Resolution; that this series of bonds does not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of this Bond and the Series of which it is a

* Current Interest Bonds only.

** Capital Appreciation Bonds only.

part as aforestated. In case any provision in this Bond shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN TESTIMONY WHEREOF, the Department has caused its seal to be impressed or a facsimile thereof to be printed hereon and this Bond to be executed in the name of and on behalf of the Commission with the manual or facsimile signatures of its Chair or a Commission Member, and attested by the Executive Director of the Department.

TEXAS TRANSPORTATION COMMISSION

By: _____
Chair [Commission Member]

ATTEST:

Executive Director

(SEAL)

**[INSERTIONS FOR THE INITIAL CURRENT INTEREST BOND
AND CAPITAL APPRECIATION BOND]**

The Initial Bond shall be in the form set forth in this exhibit, except that:

- A. A. Immediately under the name of the Bond, the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the words “As shown below”, and the headings “ISSUE DATE” and “CUSIP NO.” shall be deleted.
- B. The first paragraph of the Current Interest Bond shall be deleted and the following will be inserted (with all blanks and bracketed items to be completed with information contained in the Award Certificate):

“The Texas Transportation Commission (the “Commission”), being the governing body of the Texas Department of Transportation (the “Department”), an agency of the State of Texas, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner named above, or the registered assigns thereof, on _____* in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
(Information from Award Certificate to be inserted)		

The Commission promises to pay interest on the unpaid principal amount hereof from the Issue Date specified above at the respective per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____*, commencing _____, ____*. Principal of this Bond shall be payable to the Registered Owner hereof, upon presentation and surrender, at the principal office of the Paying Agent/Registrar named in the registration certificate appearing hereon, or its successor. Interest shall be payable to the Registered Owner of this Bond whose name appears on the “Security Register” maintained by the Paying Agent/Registrar at the close of business on the “Record Date,” which is the _____. All payments of principal of, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America, without exchange or collection charges, and interest payments shall be made by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Registered Owner hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner hereof.”

* As determined in the Award Certificate. To the extent that the Award Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Award Certificate shall be used in the executed Bonds.

* As determined in the Award Certificate. To the extent that the Award Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Award Certificate shall be used in the executed Bonds.

- C. The first two paragraphs of the Capital Appreciation Bond shall be deleted and the following will be inserted (with all blanks and bracketed items to be completed with information contained in the Award Certificate):

“On the respective Maturity Dates set forth in the following schedule, the Texas Transportation Commission (hereinafter referred to as the “Commission”), being the governing body of the Texas Department of Transportation (the “Department”), an agency of the State of Texas, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner set forth above, or the registered assigns thereof, the respective Maturity Amounts set forth in the following schedule:

<u>Maturity Dates</u>	<u>Maturity Amounts</u>	<u>Interest Rates</u>
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(Information from Award Certificate to be inserted)

The respective Maturity Amounts specified above, represent the original principal amounts hereof and accrued and compounded interest thereon. Interest shall accrue on the principal amounts hereof from the Issue Date at the interest rate per annum specified above, compounded semiannually on _____* and _____* of each year commencing _____.

The respective Maturity Amounts on this Bond shall be payable in lawful money of the United States of America, without exchange or collection charges, and interest payments shall be made by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Registered Owner hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner hereof. For convenience of reference, a table appears on the back of this Bond showing the “Compounded Amount” of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount stated above compounded semiannually at the yield shown on such table.”

- D. The Initial Bond for a Current Interest Bond shall be numbered “T-1”, the Initial Bond for a Capital Appreciation Bond shall be numbered “TCR-1” and the Initial Bond for a Variable Rate Bond shall be numbered “V-1”.

Form of Registration Certificate of Comptroller of Public Accounts
to Appear on Initial Bond only.

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

**OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
THE STATE OF TEXAS § 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 duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

**AUTHENTICATION CERTIFICATE OF
PAYING AGENT/REGISTRAR**

This Bond has been duly issued and registered under the provisions of the within-mentioned Resolution; the bond or bonds of the above titled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

as Paying Agent/Registrar

Registered this date:

By: _____
Authorized Signature

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 transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed by:

NOTICE: The signature on this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

[FORM OF VARIABLE RATE BOND]

No. R-____

\$_____

UNITED STATES OF AMERICA
TEXAS TRANSPORTATION COMMISSION
STATE HIGHWAY FUND FIRST TIER REVENUE BONDS,
[TAXABLE] SERIES 20____¹

INTEREST RATE	MATURITY DATE	ISSUANCE DATE	CUSIP NO.
--------------------------	--------------------------	--------------------------	------------------

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ **DOLLARS**

The Texas Transportation Commission (the "Commission"), for value received, hereby promises to pay to the Registered Owner identified above, or to registered assigns or legal representatives, on the Maturity Date identified above (or earlier as hereinafter provided), but solely from the sources hereinafter described, the Principal Amount identified above, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts upon presentation and surrender hereof at the designated operations office in Wells Fargo Bank, N.A., Austin, Texas, or its successors or assigns, as Paying Agent (the "Paying Agent"), at the option of the Registered Owner hereof, and to pay, solely from such sources, interest on the Principal Amount at the rate or rates of interest and at the times provided for herein.

This Bond is one of a duly authorized issue designated "Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Series 20__" (the "Bonds"), in the aggregate principal amount of \$_____ issued pursuant to a resolution of the Commission adopted by minute order on March 29, 2012, and entitled Sixth Supplemental Resolution to the Master Resolution Establishing a Financing Program for Bonds, other Public Securities and Credit Agreements Secured by and Payable from Revenue Deposited to the Credit of the State Highway Fund (the "Sixth Supplemental Resolution") for the purpose of (i) financing state highway improvement projects and (ii) paying the costs and expenses of issuance of the Bonds. The Resolution was approved and the Bonds are issued under the authority of Article III, Section 49-n of the Texas Constitution, relating to the issuance of bonds and other public securities payable from revenue deposited to the credit of the State Highway Fund, and Section 222.003, Texas Transportation Code, as amended, and all other applicable law. Any capitalized terms not otherwise defined herein have the meaning given in the Sixth Supplemental Resolution. As provided in the Sixth Supplemental Resolution, scheduled payments of principal of, premium, if any, and interest on this Bond are payable from and secured by a pledge of the Pledged Revenues under the Master Resolution and the Sixth Supplemental Resolution on a parity with all other

¹ Insert as determined by the Award Certificate.

First Tier Senior Obligations (as defined in the Master Resolution). Scheduled payments of principal of, premium, if any, and interest on this Bond shall expressly exclude the payment of the Purchase Price (as defined in the Sixth Supplemental Resolution) of the Bonds on a Purchase Date or a Mandatory Purchase Date (each as defined in the Sixth Supplemental Resolution), which Purchase Price shall be paid solely from remarketing proceeds, and amounts available under the Liquidity Facility (as defined in the Sixth Supplemental Resolution). Reference is hereby made to the Sixth Supplemental Resolution for the provisions, among others, relating to the terms of, lien on and security for the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the registered owners of the Bonds and the extent of and limitations on the Commission's rights, duties and obligations, the provisions permitting the issuance of additional First Tier Senior Obligations, and the provisions permitting amendments to the Master Resolution and the Sixth Supplemental Resolution with and without consent of the Registered Owners, to all of which provisions the Registered Owner hereof for itself and its successors in interest irrevocably assents by acceptance of this Bond. Copies of the Master Resolution and Sixth Supplemental Resolution are on file and available at the designated office of Wells Fargo Bank, N.A. in Austin, Texas, as Paying Agent and Tender Agent under the Sixth Supplemental Resolution, or its successor as Paying Agent and Tender Agent (herein called the "Paying Agent").

THE BONDS AND THE PAYMENT OBLIGATIONS UNDER THE LIQUIDITY FACILITY ARE LIMITED OBLIGATIONS OF THE COMMISSION, payable from and secured by a lien on, pledge of and security interest in the Pledged Revenues on an equal and ratable basis with the previously issued Outstanding First Tier Senior Obligations and any additional First Tier Senior Obligations issued in the future in accordance with the provisions of the Resolution. The Bonds and the reimbursement obligations under the Liquidity Facility do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Department, except with respect to the Pledged Revenues. NEITHER THE STATE OF TEXAS, THE COMMISSION, THE DEPARTMENT, NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE PLEDGED REVENUES AND CERTAIN FUNDS CREATED UNDER THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE COMMISSION AND THE DEPARTMENT HAVE NO TAXING POWER.

NO RECOURSE UNDER THIS BOND SHALL BE HAD AGAINST ANY PAST, PRESENT OR FUTURE OFFICER OF THE COMMISSION OR THE DEPARTMENT. THE BONDS SHALL NEVER BE PAID IN WHOLE OR IN PART OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION OR OUT OF ANY OTHER REVENUES OF THE COMMISSION, THE DEPARTMENT OR THE STATE EXCEPT THE PLEDGED REVENUES IDENTIFIED IN THE RESOLUTION.

The pledge of revenues and funds and the other obligations of the Commission under the Resolution may be discharged at or prior to the maturity of the Bonds upon the making of provision for their payment on the terms and conditions set forth in the Resolution.

Subject to satisfying the terms and conditions stated in the Resolution, the Commission has reserved the right to issue additional First Tier Senior Obligations payable solely from and equally and ratably secured by a parity lien on and pledge of the Pledged Revenues and other moneys and securities pledged under the Resolution to the payment of the Bonds.

Reference is hereby made to the Resolution, a copy of which is on file in the designated office of the Paying Agent, and to all of the provisions of which any Registered Owner of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the Pledged Revenues; the nature and extent and manner of enforcement of the pledge; the terms and conditions for the issuance of additional First Tier Senior Obligations; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Registered Owners of the Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto; the rights, duties and obligations of the Commission; the terms and provisions upon which the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond and this Bond thereafter no longer to be secured by the Resolution or be deemed to be outstanding thereunder; and for the other terms and provisions thereof.

Payment of Interest; Modes. This Bond shall be dated _____* and shall bear interest from the Issuance Date. Interest on this Bond in the Initial Mode is payable on _____, 20____** and thereafter on each Interest Payment Date thereafter as follows:

(i) if this Bond is in a Commercial Paper Mode, a Daily Mode, an ERS Mode, Initial Mode or a Weekly Mode, by wire transfer of immediately available funds to the account specified by the Registered Owner in a written direction received by the Paying Agent on or prior to a Record Date or, if no such account number is furnished, by check or draft mailed by the Paying Agent to the Registered Owner at the address appearing on the books required to be kept by the Paying Agent pursuant to the Resolution, and

(ii) if this Bond is in the Term Rate Mode, Multiannual Mode or the Fixed Rate Mode, by draft or check mailed by the Paying Agent to the Registered Owner hereof at its address appearing on the applicable Record Date in the books required to be kept by the Paying Agent pursuant to the Resolution, except that in the case of a Registered Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Bondholder to the Paying Agent, received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds. Any such direction or request shall remain in effect until revoked or revised by such Bondholder by an instrument in writing delivered to the Paying Agent.

** As provided in the Award Certificate. To the extent that the Award Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Award Certificate shall be used in the executed Bonds.

This Bond is initially issued in the _____* Mode. The Mode applicable to this Bond may at any time be changed to a Commercial Paper Rate Mode, ERS Mode, Daily Mode, Weekly Mode, Term Rate Mode, Multiannual Mode or Fixed Rate Mode, all as provided in the Resolution. Under certain circumstances described in the Resolution, the Mode applicable to the Bonds must be converted to a Fixed Rate Mode. During any Interest Period in any Mode, the interest rate applicable to this Bond will be determined at the times and in the manner provided in the Sixth Supplemental Resolution.

While this Bond is in an Initial Mode and if thereafter in a Commercial Paper Mode, Weekly Mode or a Daily Mode, interest hereon shall be calculated on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed to the Interest Payment Date. While this Bond is in a Term Rate Mode or a Fixed Rate Mode, interest hereon shall be computed on the basis of a year of 360 days composed of twelve 30-day months.

Payment of Principal; Redemption Price. In addition to accrued and unpaid interest thereon, the principal or the redemption price of this Bond shall be payable on its Principal Payment Date, upon surrender thereof at the designated office of the Paying Agent. The payment of the Purchase Price of this Bond payable upon optional or mandatory tender for purchase shall be made by wire transfer in immediately available funds by Wells Fargo Bank, N.A., as Tender Agent appointed under the Sixth Supplemental Resolution, or any successor thereto under the Sixth Supplemental Resolution, or, if the Registered Owner has not provided wire transfer instructions, by check or draft mailed to the Registered Owner at the address appearing in the books required to be kept by the Paying Agent pursuant to the Sixth Supplemental Resolution.

Mandatory Purchase. This Bond is subject to mandatory purchase at a price equal to the Purchase Price thereof on (i) the Purchase Date of Bonds in the Commercial Paper Mode or the Term Rate Mode, (ii) any Mode Change Date; (iii) the date on which an Alternate Liquidity Facility is substituted for the then existing Liquidity Facility, (iv) the second Business Day preceding the expiration date of the Liquidity Facility or the Seventh calendar day (or, if such date is not a Business Day, the preceding Business Day) preceding the Termination Date of the Liquidity Facility, including the expiration date specified in a Notice of Termination issued by the Liquidity Facility Issuer pursuant to Section 7.02 of the Liquidity Facility, (each, a "Mandatory Purchase Date"). Notice of any proposed Mandatory Purchase Date shall be given to owners of Bonds by the Paying Agent as provided in the Resolution. The Registered Owner of this Bond does not have the right to retain it after any Mandatory Purchase Date.

Optional Tender. When this Bond is in the Weekly Mode or the Daily Mode, the Registered Owner may elect to have it or any portion thereof in an amount equal to \$100,000 or any integral multiple of \$100,000 purchased on any Business Day at a price equal to the Purchase Price thereof, by complying with the procedures for such purchase in the Resolution.

Sources for Payment of Purchase Price. Funds for the payment of the Purchase Price due upon an optional tender or mandatory purchase of Bonds shall be derived solely from the following sources in the order of priority indicated and neither the Commission, the Paying Agent, the Tender Agent nor the Remarketing Agent shall be obligated to provide funds from any other source:

- (1) immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of the Bonds; and
- (2) immediately available funds transferred to the Tender Agent from amounts available under the Liquidity Facility.

The Commission shall have no obligation to transfer any funds or monies to the Tender Agent for the payment of the Purchase Price of the Bonds on a Purchase Date or a Mandatory Purchase Date, and the failure of the Commission to transfer such funds or monies shall not constitute an event of default under the Master Resolution, as supplemented by the Sixth Supplemental Resolution.

Redemption of Bonds. This Bond shall be subject to redemption prior to maturity at the option of the Commission, in whole or in part, on the Redemption Dates and at the redemption prices (plus interest accrued to the Redemption Date) and in the manner provided in the Sixth Supplemental Resolution and the Award Certificate.

Under certain conditions described in the Sixth Supplemental Resolution, the Commission may, in connection with a change to a Term Rate Mode or Fixed Rate Mode, or on any Purchase Date for Bonds in the Term Rate Mode, waive or otherwise alter its rights to redeem thereafter any Bonds in the Term Rate Mode or Fixed Rate Mode.

The Bonds may be subject to redemption in part by lot, at a redemption price equal to the principal amount being redeemed, plus interest accrued to the Redemption Date, from amortization installments therefor at the times and in the amounts specified below:

<u>Year</u>	<u>Amortization Installments</u>
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[As Provided in Award Certificate]

The Paying Agent shall make timely selection of such Bonds or portions thereof to be so redeemed in Authorized Denominations of principal amount in such equitable manner as the Paying Agent may determine and shall give notice thereof without further instructions from the Commission. At the option of the Commission, to be exercised on or before the 45th day next preceding each amortization installment redemption date, the Commission may: (i) deliver Bonds to the Paying Agent for cancellation; or (ii) elect to receive a credit in respect to the mandatory redemption obligation for any Bonds which prior to such date have been paid (other than through the operation of the requirements for mandatory redemption) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation for mandatory redemption. Each Bond of a maturity so delivered or previously purchased or redeemed shall be credited at 100 percent of the principal amount thereof on the obligation to redeem Bonds of such maturity on the next mandatory redemption date applicable to Bonds of such maturity that is at least 45 days after receipt by the Paying Agent of such instructions from the Commission, and any excess of such amount shall be credited on future mandatory redemption obligations for Bonds of such maturity in chronological order or such other order as the Commission may designate, and the principal amount of Bonds of such maturity to be redeemed on such future mandatory redemption dates by operation of the requirements of this

provision shall be reduced accordingly. If the Commission intends to exercise any option granted by these provisions, the Commission will, on or before the 45th day next preceding the applicable mandatory redemption date, furnish the Paying Agent a written certificate indicating to what extent the provisions are to be complied with in respect to such mandatory redemption payment.

The Bonds constituting Purchased Bonds shall be subject to special mandatory redemption in accordance with the Liquidity Facility. The Commission may elect to purchase any Bonds subject to special mandatory redemption or remarket such Bonds prior to any such special mandatory redemption in accordance with the provisions of the Sixth Supplemental Resolution.

In the event of redemption of less than all of the Bonds, those particular Bonds or portions thereof to be redeemed shall, subject to this paragraph below, be selected by the Paying Agent by lot in such manner as the Paying Agent in its discretion may determine; provided, however, that the Bonds to be redeemed shall be in Authorized Denominations and provided, further, any Purchased Bonds shall be redeemed prior to any other Bonds and, to the extent that the principal amount of Purchased Bonds redeemed exceeds the semiannual installment amount described in the preceding paragraph, such excess amount of Purchased Bonds redeemed shall be credited towards the Commission's next semiannual installment. New Bonds representing the unredeemed balance of the principal amount thereof shall be issued to the Bondholders thereof, without charge therefor. Any new Bond issued pursuant to the Sixth Supplemental Resolution shall be executed by the Commission and authenticated and shall be in Authorized Denominations in a aggregate unpaid principal amount equal to the unredeemed portion of such Bond surrendered. The Commission may designate in writing to the Paying Agent the partial redemption of an entire subseries of Bonds. Otherwise, to the extent that a particular maturity of Bonds is in multiple subseries and is redeemed in part, the Paying Agent shall partially redeem Bonds of such maturity on a pro-rata basis from each subseries.

Notice of redemption shall be given at the times and in the manner provided in the Sixth Supplemental Resolution.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which the Paying Agent, the Tender Agent, the Remarketing Agent, the Liquidity Facility Issuer, or banks and trust companies located in New York, New York are authorized by law or executive order to close or are closed for any other reason, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which the Paying Agent, the Tender Agent, the Remarketing Agent, the Liquidity Facility Issuer, or banks and trust companies located in New York, New York are authorized by law or executive order to close or are closed for any other reason, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

This Bond is transferable, as provided in the Sixth Supplemental Resolution, only upon the Security Register kept for that purpose at the above-mentioned office of the Paying Agent by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Paying Agent duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new

registered Bond or Bonds, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Sixth Supplemental Resolution, and upon payment of the charges therein prescribed. The Commission, the Paying Agent and the Tender Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and the interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered bonds without coupons in Authorized Denominations (as defined in the Sixth Supplemental Resolution).

It is hereby certified, recited, represented, and declared that the Department is a duly organized and legally existing agency of the State, organized under and by virtue of the Constitution and laws of the State of Texas; that the issuance of this Bond and the series of which it is a part are duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of this Bond to render the same lawful and valid have been properly done, have happened, and have been performed in regular and due time, form, and manner as required by the Constitution and laws of the State of Texas and the Resolution; that this series of bonds does not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of this Bond and the Series of which it is a part as aforesated. In case any provision in this Bond shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN TESTIMONY WHEREOF, the Department has caused its seal to be impressed or a facsimile thereof to be printed hereon and this Bond to be executed in the name of and on behalf of the Commission with the manual or facsimile signatures of its Chair or a Commission Member and attested by the Executive Director of the Department.

TEXAS TRANSPORTATION COMMISSION

By: _____
Chair

ATTEST:

Executive Director

(SEAL)

Form of Registration Certificate of Comptroller of Public Accounts
to Appear on Initial Bond only.

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

**OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
THE STATE OF TEXAS § 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 duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

**AUTHENTICATION CERTIFICATE OF
PAYING AGENT/REGISTRAR**

This Bond has been duly issued and registered under the provisions of the within-mentioned Resolution; the bond or bonds of the above titled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

WELLS FARGO BANK, N.A.,
as Paying Agent/Registrar

Registered this date:

By: _____
Authorized Signature

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 transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed by:

NOTICE: The signature on this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

[INSURANCE LEGEND IF APPLICABLE]

EXHIBIT C

DESCRIPTION OF ACCOUNTING PRINCIPLES

The financial statements of the Department will be prepared in accordance with generally accepted accounting principles for governmental entities or such other accounting principles as the Commission and the Department may be required to employ from time to time pursuant to state law or regulation.

EXHIBIT D
VARIABLE RATE BOND PROVISIONS

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ARTICLE I
PAYMENT TERMS AND PROCEDURES

Section 101. Place of Payment. Accrued and unpaid interest on the Variable Rate Bonds shall be due on the Interest Payment Dates and payable (a) in the case of Variable Rate Bonds in a Commercial Paper Mode, a Daily Mode or a Weekly Mode, by wire transfer of immediately available funds to the account specified by the Owner in a written direction received by the Paying Agent/Registrar on or prior to a Record Date or, if no such account number is furnished, by check mailed by the Paying Agent/Registrar to the Owner at the address appearing on the books required to be kept by the Paying Agent/Registrar, and (b) in the case of Variable Rate Bonds in the Term Rate Mode and Fixed Rate Mode, by check or draft mailed by the Paying Agent/Registrar to the Owner at the address appearing on the applicable Record Date in the books required to be kept by the Paying Agent/Registrar, except that in the case of an Owner of \$1 million or more in aggregate principal amount of the Variable Rate Bonds, upon the written request of such Owner to the Paying Agent/Registrar, received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds. Any such direction or request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Paying Agent/Registrar. The principal and the redemption price on each Variable Rate Bond shall be payable on its Principal Payment Date, upon surrender thereof at the designated office for payment of the Paying Agent/Registrar or its successors or assigns. The payment of the Purchase Price of Variable Rate Bonds on any Purchase Date or Mandatory Purchase Date, as the case may be, shall be made by wire transfer in immediately available funds by the Tender Agent, or, if the owner has not provided wire transfer instructions, by check mailed to the owner at the address appearing in the books kept by the Paying Agent/Registrar.

Section 102. Interest Accrual and Calculation.

(a) Interest Accrual. Each Variable Rate Bond shall be initially dated as provided in the Award Certificate and shall also show the date of authentication thereof and shall bear interest from the Interest Payment Date next preceding the date of authentication, unless such date of authentication is prior to the first Interest Payment Date, in which event such Variable Rate Bond shall bear interest from such date as provided in the Award Certificate, until the entire principal amount thereof is paid; provided however, if, at the time of authentication of the Variable Rate Bond, interest is in default or overdue thereon, such Variable Rate Bond shall bear interest from the later of the date of initial interest accrual or the Interest Payment Date to which interest has previously been paid in full or made available for payment in full.

(b) Interest Calculation. Interest on the Variable Rate Bonds that are in the Commercial Paper Mode, the Daily Mode or Weekly Mode shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed to the Interest Payment Date. Interest on Variable Rate Bonds in the Term Rate Mode or Fixed Rate Mode shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

(c) Paying Agent/Registrar Records Conclusive. The interest rates for the Variable Rate Bonds contained in the records of the Paying Agent/Registrar shall be conclusive and binding upon the Commission, the Remarketing Agent, the Tender Agent, the Liquidity Facility Issuer and the Owners of the Variable Rate Bonds.

(d) Purchased Variable Rate Bonds. Notwithstanding Section 101 hereof, until remarketed in accordance with this Supplemental Resolution, Variable Rate Bonds that constitute Purchased Variable Rate Bonds shall bear interest at the Purchased Variable Rate Bonds Rate and interest, principal and other amounts due thereon shall be payable at such times and in such manner as set forth in the Liquidity Facility.

(e) Maximum Rate. Except to the extent that a lower maximum rate is provided in an Award Certificate, no Variable Rate Bond may bear interest at an interest rate higher than the Maximum Rate.

(b) Time References. All references to time herein shall be deemed to refer to Eastern Standard Time or Eastern Daylight Time, as applicable.

[End of Article I]

ARTICLE II
VARIABLE RATE PROCEDURES; MODES AND INTEREST PERIODS

Section 201. Initial Mode. Except as otherwise provided by the Award Certificate therefor, each series or installment of Variable Rate Bonds shall be issued in the Initial Mode therefore and bear interest during the Initial Interest Period at the Initial Rate. At the end of the Initial Interest Period, Variable Rate Bonds shall be subject to mandatory tender, without right of retention, pursuant to Section 403. Thereafter, Variable Rate Bonds shall bear interest in the Daily Mode or the Weekly Mode unless a different Mode is designated by the Department Representative pursuant to Section 208. The Initial Rate shall be the rate of interest per annum determined by the Remarketing Agent as the minimum rate of interest that, in the sole judgment of the Remarketing Agent, would, under the existing market conditions, result in the sale of the Variable Rate Bonds in the Initial Mode at a price equal to the principal amount thereof, plus accrued interest, if any. The determination of the Initial Rate by the Remarketing Agent shall be conclusive and binding, in the absence of manifest error, upon the Remarketing Agent, the Tender Agent, the Paying Agent/Registrar, the Liquidity Facility Issuer, the Commission and the Owners of the Variable Rate Bonds.

Section 201A. ERS Mode.

(a) The interest rate for a Bond while in an ERS Monthly Rate Period during the ERS Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of the Bonds in the ERS Monthly Rate Period of the ERS Mode at a price equal to the principal amount thereof.

(b) While a Bond is in an ERS Monthly Rate Period during the ERS Mode, the Remarketing Agent shall establish the ERS Monthly Rate by 12:00 P.M. on each Rate Determination Date. The Remarketing Agent shall make the ERS Monthly Rate available after 12:00 P.M. on each Rate Determination Date by telephone or Electronic Means to any Beneficial Owner or other Notice Party requesting such rate.

(c) While a Bond is in an ERS Extension Period during the ERS Mode, the Bonds shall bear interest at the ERS Extension Rate. The Remarketing Agent shall make the ERS Extension Rate available after 2:00 P.M. on the date on which an ERS Extension Period commences by telephone or Electronic Means to the Commission and any Beneficial Owner or other Notice Party requesting such rate.

Section 202. Commercial Paper Mode.

(a) Interest Periods. Interest Periods in a Commercial Paper Mode shall be of such duration, of at least one day and not more than 270 days, ending on a day next preceding a Business Day or the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section 501; provided, however, no Interest Period shall extend beyond the date which is five (5) days prior to the Expiration Date of the Liquidity Facility. In making the determinations with respect to Interest

Periods, subject to the limitations imposed by the preceding sentence, the Remarketing Agent shall on each Rate Determination Date select for each Variable Rate Bond then subject to such adjustment the Interest Period which, if implemented on such Rate Determination Date, would result in the Remarketing Agent being able to remarket such Variable Rate Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate; provided, that if on any Rate Determination Date, the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such Variable Rate Bond, then the Remarketing Agent shall select the Interest Period which, in the judgment of the Remarketing Agent, would permit such Variable Rate Bond to achieve such lower average interest cost; provided, however, that if the Remarketing Agent has received notice from the Commission that any Variable Rate Bond is to be changed from the Commercial Paper Mode to any other Mode or if it is to be purchased pursuant to Section 705 hereof, the Remarketing Agent shall, with respect to such Variable Rate Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date.

(b) Determination of Rate and Notice. By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent shall, with respect to each Commercial Paper Rate Variable Rate Bond that is subject to adjustment on such date, determine an interest rate for the Interest Period then selected for such Variable Rate Bond and, no later than 1:00 p.m., shall give notice by Electronic Means to the Commission, the Paying Agent/Registrar and the Tender Agent of the applicable Interest Period, Purchase Date and interest rate.

(c) Acceptance of Rate, Interest Period and Purchase Date. By acceptance of any Commercial Paper Rate Variable Rate Bond, the Owner thereof shall be deemed to have agreed, during each Interest Period, to the interest rate (including the Alternate Rate, if applicable), Interest Period and Purchase Date then applicable thereto and to have further agreed to tender such Variable Rate Bond to the Tender Agent for purchase on the next succeeding Purchase Date at the Purchase Price. Such Owner further acknowledges that if funds for such purchase are on deposit with the Tender Agent on such Purchase Date, such Owner shall have no rights under the Master Resolution or this Supplemental Resolution other than to receive the payment of such Purchase Price and that interest shall cease to accrue to such owner on such Purchase Date.

Section 203. Daily Mode. The interest rate for any Variable Rate Bond in the Daily Mode shall be the rate of interest per annum determined by the Remarketing Agent on or before 10:00 a.m. on the Rate Determination Date as the minimum rate of interest that, in the sole judgment of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Variable Rate Bonds in the Daily Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The Remarketing Agent shall make the rate available once a week by Electronic Means to the Commission, the Paying Agent/Registrar and the Tender Agent by 11:00 a.m. With respect to any day that is not a Business Day, the interest rate shall be the same rate as the interest rate established for the immediately preceding Business Day. The determination of each interest rate by the Remarketing Agent shall, in the absence of manifest error, be conclusive and binding upon the

Remarketing Agent, the Tender Agent, the Paying Agent/Registrar, the Liquidity Facility Issuer, the Commission and the Owners of the Variable Rate Bonds.

Section 204. Weekly Mode. The interest rate for Variable Rate Bonds in a Weekly Mode for each Interest Period shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest that, in the sole judgment of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Variable Rate Bonds in the Weekly Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The Remarketing Agent shall make the rate available by Electronic Means to the Commission, the Paying Agent/Registrar and the Tender Agent by 4:00 p.m., on the Business Day immediately succeeding the Rate Determination Date. The Interest Period while Variable Rate Bonds are in the Weekly Mode will begin on and include Wednesday, and continue through and include the next succeeding Tuesday. The determination of each interest rate by the Remarketing Agent shall be conclusive and binding, in the absence of manifest error, upon the Remarketing Agent, the Tender Agent, the Paying Agent/Registrar, the Liquidity Facility Issuer, the Commission and the Owners of the Variable Rate Bonds.

Section 205. Term Rate Mode and Fixed Rate Mode.

(a) Term Rates. The Term Rate to be effective for the Interest Period commencing on any Mode Change Date after which Variable Rate Bonds will bear interest at a Term Rate or any Purchase Date while Variable Rate Bonds are in the Term Rate Mode shall be determined by the Remarketing Agent. No later than 4:00 p.m. on the Business Day next preceding the Mode Change Date or the Purchase Date, as the case may be, the Remarketing Agent shall determine the Term Rate and shall make the Term Rate available by Electronic Means to the Commission, the Paying Agent/Registrar and the Tender Agent. The Term Rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the Variable Rate Bonds at a price equal to the principal amount thereof on the Rate Determination Date taking into consideration the duration of the Interest Period, which shall be established by the Commission acting through the Department Representative.

(b) Fixed Rate. The Fixed Rate to be effective for the Interest Period commencing on any Mode Change Date after which Variable Rate Bonds will bear interest at a Fixed Rate shall be determined by the Remarketing Agent. No later than 4:00 p.m. on the Business Day next preceding the Mode Change Date, the Remarketing Agent shall determine the Fixed Rate and shall make the Fixed Rate available by Electronic Means to the Commission, the Paying Agent/Registrar and the Tender Agent. The Fixed Rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the Variable Rate Bonds at a price equal to the principal amount thereof on the Rate Determination Date taking into consideration the duration of the Interest Period.

(c) Failure to Establish Term Rate, Multiannual Mode or Fixed Rate. If, for any reason, a Term Rate, Multiannual Rate or Fixed Rate cannot be established on a Purchase Date, the Variable Rate Bonds will be changed automatically to the Weekly

Mode on the Purchase Date; provided, however, that a Liquidity Facility must be in effect.

(d) Multiannual Rates.

(i) The Multiannual Rate shall be the rate of interest determined by the Remarketing Agent (or in the case of the initial offering of the Bonds the Underwriter), for each Interest Period, to be the lowest rate which in its judgment, on the basis of prevailing financial market conditions, would permit the sale of the Bonds with the same Interest Period in a secondary market transaction on and as of the Effective Date, at par plus accrued interest, but not in excess of the Maximum Rate. The Department Representative shall determine the Interest Period and the Remarketing Agent (or in the case of the initial offering of the Bonds the Underwriter) shall determine the initial Multiannual Rate on or before the date of issue in or conversion to the Multiannual Mode, as the case may be. Thereafter, the Remarketing Agent shall determine the Multiannual Rate for each subsequent Interest Period as provided herein and the Department Representative shall determine each subsequent Interest Period. The Multiannual Rate in effect for each Interest Period and the duration of the Interest Period shall be determined not later than two (2) Business Days prior to the Effective Date. The Effective Date shall be the date of delivery if the Bonds of a Series are initially issued in the Multiannual Mode or the first Business Day of a month if the preceding Mode is a Daily or Weekly Mode and shall be the first day of a month if the preceding Mode is a Term or Multiannual Mode. If any of the Bonds are initially issued in the Multiannual Mode, the Multiannual Rate shall be set forth in the Award Certificate and such Multiannual Rate will remain in effect for the period set forth in the Award Certificate or, if not specified, until the first day of the month following the whole number of years specified as the duration of the Interest Period; provided that if the following Mode is a Daily or Weekly Mode, the Multiannual Rate will remain in effect until the day next preceding the first Business Day of the month following the whole number of years specified as the duration of the Interest Period and if the following Mode is a Term, Multiannual, or Fixed Rate Mode, the Multiannual Rate will remain in effect until the day next preceding the first day of the month following the whole number of years specified as the Interest Period. The Bonds in the initial Multiannual Mode may bear interest at a stepped coupon rate for the period and under the conditions set forth in the Award Certificate. The Remarketing Agent (or in the case of the initial offering of the Bonds the Underwriter) shall notify the Commission of the Multiannual Rate and the Interest Period by Electronic Notice not later than 2:00 p.m., New York City time, two (2) Business Days preceding the Effective Date. Each determination of the Multiannual Rate shall be conclusive and binding on the Commission, and the Bondholders. Except as otherwise provided in the Award Certificate, if the Remarketing Agent fails to make such determination or fails to announce the Multiannual Rate as required with respect to any Bonds in the Multiannual Mode, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Mode to take effect on any

Effective Date shall be immediately converted to the Daily Mode but bearing interest at the rate in effect prior to the Effective Date plus one percent (1%).

(ii) Conversions from the Multiannual Mode. The Bonds in the Multiannual Mode or any portion of such Bonds may be converted, at the election of the Commission, on the date immediately following the last day of a Rate Period or on any date the Bonds are subject to optional redemption, from the Multiannual Mode to the Daily, Weekly, Term, ERS or Fixed Rate Mode and may be converted within the Multiannual Mode to a new Rate Period with the same or a different length as provided in the Form of Bond. Written notice of a change in Mode or commencement of a new Interest Period within the Multiannual Mode shall be given by the Department Representative to any Bond Insurer or Credit Provider for such Bonds, the Liquidity Provider for such Bonds, the Remarketing Agent, and the Rating Agencies not fewer than 30 days prior to the proposed Conversion Date, which date shall be specified by the Department Representative in such notice. Notice of a conversion of Bonds from the Multiannual Mode or to a new Rate Period within the Multiannual Mode and the mandatory tender of Bonds for purchase on such Effective Date shall be given to the owners of such Bonds as provided in Section 204(d)(iv) hereof and the Award Certificate. Conversions to the Fixed Rate Mode shall also be governed by Section 204(b) hereof. The Purchase Price for Bonds converted from a Multiannual Mode on a date when such Bonds are also subject to optional redemption at a premium shall include an amount equal to the redemption premium that would be payable if such Bonds were redeemed on such date.

Notwithstanding the foregoing, if the preconditions to conversion to another Mode established by the preceding paragraph and Section 207 are not met by 10:30 a.m., New York City time, on the Conversion Date, the Remarketing Agent shall deem the proposed conversion to have failed and shall immediately notify the Commission, any Bond Insurer and the Liquidity Facility Issuer for such Bonds and the Bonds shall be subject to mandatory tender as provided in Section 204(d)(iv) hereof. In addition, the failed conversion shall cause the Mode on the Bonds immediately to convert to a Daily Mode on the failed Conversion Date. In such event, the Remarketing Agent shall comply with the requirements of Section 407, as applicable, as necessary to provide for the payment of the Purchase Price on such date of all Bonds that were to have been converted. In no event shall the failure of Bonds to be converted to another Mode or Interest Period for any reason be deemed to be, in and of itself, an Event of Default. The provisions of this paragraph may be modified in the Award Certificate in the event the Bonds are initially sold in a Multiannual Mode.

(iii) Bondholders' Option to Tender Bonds in Multiannual Mode. Bonds in the Multiannual Mode are subject to tender, at the election of the owner thereof, on the dates, at the prices, in the manner and subject to the limitations described in the Award Certificate. The owners of Tendered Bonds shall receive on the Delivery Date 100% of the principal amount of the Tendered Bonds. Accrued

interest shall be paid separately, and not as part of the Purchase Price on such date.

The Tender Agent shall accept all Tendered Bonds properly delivered to it for purchase as provided in this subsection (iii).

As soon as practicable after receiving notice of a tender of Bonds under this Section, the Tender Agent shall notify the Remarketing Agent and the Commission by telephone promptly confirmed in writing of the amount of Tendered Bonds and the specified Purchase Date. Tendered Bonds not delivered to the Tender Agent by the Purchase Date shall constitute Undelivered Bonds and shall not be considered Outstanding under the First Supplemental Resolution on and after the Purchase Date.

(iv) Mandatory Tender for Purchase. Bonds in the Multiannual Mode are subject to mandatory tender for purchase on the Conversion Date or proposed Conversion Date to a different Rate Mode, and on the Effective Date if the Bonds remain in a Multiannual Mode, upon 15 days prior written notice from the Remarketing Agent to the Bondholders as provided in the Form of Bond, which notice shall state that the Bonds are subject to mandatory tender for purchase at a price equal to the principal amount thereof, plus accrued interest to the Purchase Date; provided that if such Purchase Date is an Interest Payment Date, accrued interest shall be paid separately and not as a part of the Purchase Price on such date; and further provided that the Purchase Price for Bonds converted from the Multiannual Mode on a date when such Bonds are also subject to optional redemption shall include an amount equal to the redemption premium, if any, that would be payable if such Bonds were redeemed on such date. From and after the Effective Date of the new Mode, no further interest shall be payable to the registered owner for the immediately preceding Interest Period, provided that there are sufficient funds available on the Effective Date to pay the Purchase Price. Tendered Bonds not delivered to the Tender Agent by the Purchase Date shall constitute Undelivered Bonds and shall not be considered Outstanding under the Sixth Supplemental Resolution on and after the Purchase Date.

(v) The provisions of this subsection (d) may be modified in the Award Certificate in the event the Bonds are initially sold in a Multiannual Mode.

Section 206. Alternate Rate for Interest Calculation. If the Remarketing Agent fails to determine the interest rate(s) or Interest Periods with respect to the Variable Rate Bonds, or if the method of determining the interest rate(s) or Interest Periods with respect to the Variable Rate Bonds shall be held to be unenforceable by a court of law of competent jurisdiction, then the Variable Rate Bonds shall thereupon (until such time as the Remarketing Agent again makes such determination, or until there is delivered to the Commission and the Remarketing Agent a Favorable Opinion of Variable Rate Bond Counsel) bear interest and operate as follows: the Variable Rate Bonds constituting maturing Commercial Paper Rate Variable Rate Bonds shall be converted to the Weekly Mode and Variable Rate Bonds in the ERS Mode, Daily Mode, Term

Rate Mode and Weekly Mode shall bear interest at the Alternate Rate for subsequent weekly periods.

Section 207. Changes in Mode.

(a) Changes. The Mode for any Variable Rate Bond, other than a Variable Rate Bond in a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner hereinafter provided. Subsequent to such change in Mode, the Variable Rate Bonds may be changed to a different Mode at the times and in the manner hereinafter provided. Any Variable Rate Bonds converted to a Fixed Rate Mode shall not be changed to any other Mode, except as provided in Section 704 hereof.

(b) Notice of Intention to Change Mode. The Commission shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (the "Current Mode") to another Mode (the "New Mode") specified in such written notice, together with the proposed Mode Change Date. Such notice shall be given at least twenty (20) days prior to the Mode Change Date if the Current Mode is the Daily Mode, the Weekly Mode or the Commercial Paper Mode; and, such notice shall be given at least thirty-five (35) days prior to the Mode Change Date if the Current Mode is the ERS Mode or the Term Rate Mode with a duration of six (6) months or more.

(c) General Provisions Applying to Changes to a Different Mode.

(i) The Mode Change Date must be a Business Day.

(ii) Additionally, the Mode Change Date:

A. From the Commercial Paper Mode shall be the last Purchase Date for the Commercial Paper Rate Variable Rate Bonds with respect to which a change is to be made;

B. From a Term Rate Mode shall be the Purchase Date of the current Interest Period;

C. From a Fixed Rate Mode pursuant to Section 704 hereof shall be the Purchase Date of the current Interest Period;

D. From a Daily Mode to a Weekly Mode or from a Weekly Mode to a Daily Mode shall be a Business Day; and

E. From the ERS Mode, the first Business Day of a month following the month in which notice of the Mode Change Date is given in accordance with Section 207(b).

(iii) On or prior to the date that the Department Representative provides the notice to the Notice Parties pursuant to Section 507(b) hereof, the Department Representative shall deliver to the Notice Parties an opinion of counsel to the

effect that it expects to be able to deliver a Favorable Opinion of Variable Rate Bond Counsel on the Mode Change Date.

(iv) No change in Mode will become effective unless all conditions precedent thereto have been met and the following items shall have been delivered to the Paying Agent/Registrar and the Remarketing Agent two (2) Business Days prior to the Mode Change Date, or such later time as is acceptable to the Commission, the Paying Agent/Registrar, any Broker-Dealer and the Remarketing Agent:

A. Except in the case of a change in Mode pursuant to Section 504(c) hereof, a Favorable Opinion of Variable Rate Bond Counsel dated the Mode Change Date;

B. With respect to a change in Mode to the Daily Mode, Weekly Mode, Commercial Paper Rate Mode or Term Rate Mode of less than one year, a Liquidity Facility with the necessary Liquidity Amount for such New Mode.

(v) If all conditions to the Mode Change are met, the Interest Period(s) for the New Mode shall commence on the Mode Change Date and the Interest Rate(s) (together, in the case of a change to the Commercial Paper Mode, with the Interest Period(s)) shall be determined by the Remarketing Agent in the manner provided in Sections 501, 502, 503, 504, 505 and 506 hereof, as applicable.

(vi) With respect to a change in the Mode from any Mode to any other Mode, in the event the foregoing conditions of this Section 507(c) have not been satisfied by the Mode Change Date, then the New Mode shall not take effect (although any mandatory purchase shall be made on such date if notice has been sent to the Owners stating that such Variable Rate Bonds would be subject to mandatory purchase on such date). If the failed change in Mode was from the Commercial Paper Mode, the Variable Rate Bonds shall remain in the Commercial Paper Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Mode Change Date in accordance with Section 501 hereof. If the failed change in Mode was from the Daily Mode, the Variable Rate Bonds shall remain in the Daily Mode, and if the failed change in Mode was from the Weekly Mode, the Variable Rate Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Sections 502 and 503, respectively, hereof on and as of the failed Mode Change Date. If the failed change in Mode was from the Term Rate Mode, then the Variable Rate Bonds shall stay in the Term Rate Mode for an Interest Period ending on the following Interest Payment Date for the Variable Rate Bonds in the Term Rate Mode and the interest rate shall be established by the Remarketing Agent on the failed Mode Change Date in accordance with Section 504(a).

(d) Serial Variable Rate Bonds. The Commission may, in the notice given pursuant to Section 208(b) hereof in connection with any Mode change of Variable Rate Bonds to the Term Rate Mode or Fixed Rate Mode, provide for serial maturities of all or some of the Variable Rate Bonds subject to such Mode change. The principal amount of and interest on such serial bonds and the maturity dates thereof shall be set forth in the notice given pursuant to Section 207(b) hereof. The interest rate for such serial bonds maturing on a particular date may be different from the interest rate or rates established for other Variable Rate Bonds.

(e) No Partial Mode Changes. All Variable Rate Bonds shall be in the same Mode; provided, however, that in the event that the Variable Rate Bonds are issued or converted and remarketed in subseries bearing additional designations in accordance with Section 301 hereof, Variable Rate Bonds of any such subseries shall be in the same Mode and references herein to Variable Rate Bonds shall be deemed to refer to Variable Rate Bonds of such subseries, all as shall be set forth in an Award Certificate of a Department Representative at initial issuance of the Variable Rate Bonds or, thereafter, in a certificate of the Department Representative; and, provided, further, that in the event that the Variable Rate Bonds are converted and remarketed in subseries the Commission shall obtain prior written confirmation from each Rating Agency that the then current ratings of the Variable Rate Bonds will not be reduced or withdrawn.

[End of Article II]

ARTICLE III
REDEMPTION OF VARIABLE RATE BONDS

Section 301. Optional Redemption.

(a) Commercial Paper Mode. Variable Rate Bonds in the Commercial Paper Mode shall be subject to redemption at the option of the Commission (acting through the Department Representative), in whole or in part, on their respective Purchase Dates at the redemption price (100 percent of the principal amount), plus accrued interest, if any, to the Redemption Date.

(b) ERS Mode, Daily Mode or Weekly Mode. Variable Rate Bonds in the ERS Mode, Daily Mode or Weekly Mode shall be subject to redemption at the option of the Commission (acting through the Department Representative), in whole or in part, on any Business Day, at the redemption price (100 percent of the principal amount), plus accrued interest, if any, to the Redemption Date.

(c) Term Rate Mode Less Than Four (4) Years. Variable Rate Bonds in a Term Rate Mode during an Interest Period that is less than four (4) years shall be subject to redemption at the option of the Commission (acting through the Department Representative), in whole or in part on their individual Purchase Dates, at the redemption price (100 percent of the principal amount), plus interest accrued, if any, to the Redemption Date.

(d) Term Rate Mode Four (4) Years or Greater and Fixed Rate Mode. Variable Rate Bonds in the Term Rate Mode during an Interest Period that is equal to or greater than four (4) years or Variable Rate Bonds converted to the Fixed Rate Mode are subject to redemption at the option of the Commission (acting through the Department Representative), in whole or in part, on any date following the No Call Period at the redemption prices (plus accrued interest, if any), both as set forth below:

Duration of Interest Period in Term Rate Mode or <u>Fixed Rate Mode</u>	No Call Period (commencing on the date of commencement of the Term Rate or <u>Fixed Rate Mode Interest Period</u>)	Redemption <u>Price</u>
Greater than or equal to 11 years	8 years	100%
Greater than or equal to 8 years and less than 11 years	6 years	100%
Greater than or equal to 4 years and less than 8 years	3 years	100%
Duration of Interest Period in Fixed Rate Mode less than 4 years	Subject to optional redemption at any time	100%

(f) Alteration of Rights. The Commission may, in connection with a change to a Term Rate Mode or Fixed Rate Mode, or on any Purchase Date for Variable Rate Bonds bearing interest at a Term Rate, alter its rights as described above in Section 301(e) hereof to redeem any Variable Rate Bonds on and prior to the Mode Change Date or Purchase Date, as the case may be, without the consent of the Owners of the Variable Rate Bonds; provided, however, that notice describing the alteration shall be submitted to the Tender Agent, the Paying Agent/Registrar, the Liquidity Facility Issuer, and the Remarketing Agent, together with a Favorable Opinion of Variable Rate Bond Counsel, addressed to each of them.

(g) Purchase in Lieu of Redemption. Notwithstanding anything in this Supplemental Resolution to the contrary, if and to the extent that the Variable Rate Bonds are subject to optional redemption pursuant to this Supplemental Resolution, all or a portion of the Variable Rate Bonds to be redeemed as specified in the notice of redemption, may be purchased by the Paying Agent/Registrar at the direction of the Department Representative on the date which would be the redemption date if such Variable Rate Bonds were redeemed rather than purchased in lieu thereof at a purchase price equal to the redemption price which would have been applicable to such Variable Rate Bonds on the redemption date for the account of and at the direction of the Department Representative who shall give the Paying Agent/Registrar notice at least ten (10) days prior to the scheduled redemption date (forty-five (45) days prior to the scheduled redemption date for Variable Rate Bonds in Fixed Rate Mode) accompanied by a Favorable Opinion of Variable Rate Bond Counsel. In the event the Paying Agent/Registrar is so directed to purchase Variable Rate Bonds in lieu of optional redemption, no notice to the Owners of Variable Rate Bonds to be so purchased (other than the notice of redemption otherwise required hereunder) shall be required, and the Paying Agent/Registrar shall be authorized to apply to such purchase the funds which would have been used to pay the redemption price for such Variable Rate Bonds if such Variable Rate Bonds had been redeemed rather than purchased. Each Variable Rate Bond so purchased shall not be canceled or discharged and shall be registered in the name of the Commission and such purchase is not intended to extinguish or merge such debt. Variable Rate Bonds to be purchased under this Section 601(g) which are not

delivered to the Paying Agent/Registrar on the purchase date shall be deemed to have been so purchased and not optionally redeemed on the purchase date and shall cease to accrue interest as to the former Owner on the purchase date. If purchased from funds other than bond proceeds, the Commission shall cause to be delivered a preference opinion with respect to funds used to purchase Variable Rate Bonds.

(h) Redemption of Purchased Variable Rate Bonds. Purchased Variable Rate Bonds are subject to redemption, at the option of the Commission (acting through a Department Representative), in whole or in part on any Business Day, at a redemption price equal to the principal amount of the Purchased Variable Rate Bonds to be redeemed plus accrued interest, if any, thereon to the redemption date. Purchased Variable Rate Bonds shall also be subject to mandatory redemption in accordance with the terms of the Liquidity Facility. Notice of redemption, identifying the principal amount of Purchased Variable Rate Bonds to be redeemed, shall be given by a Department Representative to the Paying Agent/Registrar, the Liquidity Facility Issuer and the Owner of the Purchased Variable Rate Bonds (if other than the Liquidity Facility Issuer) at such Owner's last address appearing on the Security Register for the Variable Rate Bonds, ten (10) days before the redemption date. Notwithstanding any provision of this Supplemental Resolution to the contrary, no additional notice of redemption need be provided. All Purchased Variable Rate Bonds so called for redemption will cease to bear interest on the date fixed for redemption, provided funds for their redemption have been deposited with the Paying Agent/Registrar and, thereafter, except as provided in the Liquidity Facility, the Liquidity Facility Issuer shall have no rights in respect thereof except to receive payment of the redemption price from the Paying Agent/Registrar and a new Purchased Variable Rate Bond for any unredeemed portion of such Purchased Variable Rate Bond. If less than all of the Purchased Variable Rate Bonds are to be redeemed, the Paying Agent/Registrar shall select the Purchased Variable Rate Bonds or portions thereof to be redeemed by lot in Authorized Denominations, unless ownership of such Purchased Variable Rate Bonds is then determined by a book entry at a securities depository, in which event the selection of the Purchased Variable Rate Bonds or portions thereof to be redeemed shall be made in accordance with arrangements among the Commission, the Paying Agent/Registrar and the securities depository. If there shall be called for redemption less than the entire principal amount of a Purchased Variable Rate Bond, the Commission shall execute and the Paying Agent/Registrar shall authenticate and deliver (without charge to the Owner) Purchased Variable Rate Bonds in any Authorized Denominations, upon surrender of such called Purchased Variable Rate Bonds in exchange for the unredeemed principal amount of such Purchased Variable Rate Bond. If less than all of the Variable Rate Bonds shall be redeemed, the Commission shall redeem all Purchased Variable Rate Bonds prior to the redemption of any other Variable Rate Bonds.

(i) Except as otherwise provided in the Award Certificate therefor, Variable Rate Bonds in the Initial Mode are not subject to optional redemption prior to the expiration of the Initial Interest Period therefor.

Section 302. Mandatory Redemption From Amortization Installments.

(a) Mandatory Redemption. Variable Rate Bonds may be subject to mandatory redemption and payment prior to maturity on such dates and in such years, at such price(s) plus accrued interest to the redemption date in accordance with any mandatory amortization installment schedule to be approved by a Department Representative prior to the issuance of such Variable Rate Bonds, which schedule shall be set forth in the Award Certificate therefor.

(b) Credit for Optional Redemption. The Paying Agent/Registrar shall make timely selection of such Variable Rate Bonds or portions thereof to be so redeemed in Authorized Denominations of principal amount in such equitable manner as the Paying Agent/Registrar may determine and shall give notice thereof without further instructions from the Commission. At the option of the Commission, to be exercised on or before the forty-fifth (45th) day next preceding each amortization installment redemption date, the Commission may: (i) deliver to the Paying Agent/Registrar for cancellation Variable Rate Bonds of any series or installment; or (ii) elect to receive a credit in respect of the mandatory redemption obligation applicable to the Variable Rate Bonds of such series or installment under this Section 602 for any Variable Rate Bonds of such series or installment which prior to such date have been paid (other than through the operation of the requirements of this Section 602) and cancelled by the Paying Agent/Registrar and not theretofore applied as a credit against any redemption obligation under this Section 602. Each Variable Rate Bond of a series or installment (and of the same maturity therefor) so delivered or previously purchased or redeemed shall be credited at one hundred percent (100%) of the principal amount thereof on the obligation to redeem Variable Rate Bonds of such series or installment (and of the same maturity therefor) on the next mandatory redemption date applicable to Variable Rate Bonds of such series or installment (and of the same maturity therefor) that is at least forty-four (45) days after receipt by the Paying Agent/Registrar of such instructions from the Commission, and any excess of such amount shall be credited on future mandatory redemption obligations for such Variable Rate Bonds in chronological order or such other order as the Commission may designate, and the principal amount of Variable Rate Bonds of such maturity to be redeemed on such future mandatory redemption dates by operation of the requirements of this Section 602 shall be reduced accordingly. If the Commission intends to exercise any option granted by the provisions of this clause (b) of Section 602, the Commission will, on or before the forty-fifth (45th) day next preceding the applicable mandatory redemption date, furnish the Paying Agent/Registrar a written certificate indicating to what extent the provisions of said clauses (a) or (b) are to be complied with in respect to such mandatory redemption payment.

Section 303. Redemption in Part. In the event of redemption of less than all the Variable Rate Bonds of any series or installment, then, subject to the provisions of this Section 603 below, the Variable Rate Bonds of such series or installment (or portions thereof) to be redeemed shall be selected by the Paying Agent/Registrar by lot in such manner as the Paying Agent/Registrar in its discretion may determine; provided, however, the Variable Rate Bonds to be redeemed shall be in Authorized Denominations; and provided, further, any Variable Rate Bonds of a series or installment which are Purchased Variable Rate Bonds shall be redeemed

prior to any other Variable Rate Bonds of such series or installment. To the extent that the principal amount of Purchased Variable Rate Bonds redeemed exceeds any semiannual installment amount required to be paid by the Commission as described in the Award Certificate, such excess amount of Purchased Variable Rate Bonds redeemed shall be credited towards the Commission's next semiannual installment for the Variable Rate Bonds of such series or installment. New Variable Rate Bonds representing the unredeemed balance of the principal amount thereof shall be issued to the Owner thereof, without charge therefor. Any new Variable Rate Bond issued pursuant to this Section 603 shall be executed by the Commission and authenticated by the Paying Agent/Registrar and shall be in any Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of such Variable Rate Bond surrendered. The Commission may designate in writing to the Paying Agent/Registrar the partial redemption of an entire subseries of Variable Rate Bonds. Otherwise, to the extent that a particular maturity of Variable Rate Bonds is in multiple subseries and is redeemed in part, the Paying Agent/Registrar shall partially redeem Variable Rate Bonds of such maturity on a pro-rata basis from each subseries.

Section 304. Notice of Redemption and Defeasance.

(a) General. (i) Unless waived by any Owner of the Variable Rate Bonds to be redeemed, the Department Representative shall give notice of redemption or defeasance to the Paying Agent/Registrar and each other Notice Party at least thirty-five (35) days prior to a Redemption Date in the case of a redemption (unless a lesser period is acceptable to the Paying Agent/Registrar) and on the defeasance date in the case of a defeasance and the Paying Agent/Registrar shall give notice of redemption or of defeasance of Variable Rate Bonds by mail, first-class postage prepaid at least thirty (30) days prior to a redemption date and within thirty (30) days after a defeasance date to each registered securities depository and to any national information service that disseminates such notices. In addition, in the event of a redemption caused by an advance refunding of the Variable Rate 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 Variable Rate Bond who has not sent the Variable Rate Bonds in for redemption sixty (60) days after the Redemption Date.

Each notice of redemption or defeasance shall contain a description of the Variable Rate Bonds to be redeemed or defeased including the complete name of the Variable Rate Bonds, the date of issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption or defeasance, the redemption price, if any, the name of the Paying Agent/Registrar, and the address at which the Variable Rate Bonds may be redeemed or paid, including a contact person telephone number.

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

The failure of any Owner of Variable Rate Bonds to receive notice given as provided in this Section 604, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Variable Rate Bonds. Any notice mailed as provided in this Section 604 shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives such notice.

So long as DTC is effecting book-entry transfers of Variable Rate Bonds, the Paying Agent/Registrar shall provide the notices specified in this Section 604 only to DTC. It is expected that DTC shall, in turn, notify its participants and that the participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a participant, or failure on the part of a nominee of a beneficial owner of a Variable Rate Bond to notify the beneficial owner of the Variable Rate Bond so affected, shall not affect the validity of the redemption of such Variable Rate Bond.

(b) Conditional Notice. With respect to any optional redemption of Variable Rate Bonds, unless certain prerequisites to such redemption required by the Master Resolution or this Supplemental Resolution have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Variable Rate Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Commission, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Commission shall not redeem such Variable Rate Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that such Variable Rate Bonds have not been redeemed.

[End of Article III]

ARTICLE IV
PURCHASE OF VARIABLE RATE BONDS

Section 401. Optional Tender of Variable Rate Bonds in Daily Mode and Weekly Mode.

(a) Daily Mode. Subject to the provisions of Section 409 of this Exhibit D, any Variable Rate Bond (or portions thereof in an Authorized Denomination) in the Daily Mode is subject to purchase, on the demand of the Owner thereof, at a price equal to the Purchase Price on any Business Day (such purchase to be made on the Business Day upon which such demand is made), upon irrevocable notice to the Tender Agent and the Remarketing Agent by Electronic Means not later than 11:00 a.m. on the Purchase Date therefor, at their respective designated offices) which states the CUSIP number and principal amount of such Variable Rate Bond being tendered and the Purchase Date. Such tender notice, once transmitted to the Tender Agent, shall be irrevocable with respect to the tender for which such tender notice was delivered and such tender shall occur on the Business Day specified in such Tender Notice. The Tender Agent shall, as soon as practicable, notify the Paying Agent/Registrar of the principal amount of Variable Rate Bonds being tendered. The contents of any such irrevocable telephonic tender notice shall be conclusive and binding on all parties.

(b) Weekly Mode. Subject to the provisions of Section 709, the Owners of Variable Rate Bonds in a Weekly Mode may elect to have such Variable Rate Bonds (or portions thereof in an Authorized Denomination) purchased at a price equal to the Purchase Price upon delivery of an irrevocable written notice to the Tender Agent and Remarketing Agent by Electronic Means at their respective designated offices, not later than 4:00 p.m. on a Business Day not less than seven days before the Purchase Date specified by the Owner. Such notice shall (i) state the CUSIP number and the principal amount of such Variable Rate Bond being tendered and (ii) state that such Variable Rate Bond shall be purchased on the Purchase Date so specified by the Owner. The Tender Agent shall notify the Paying Agent/Registrar by the close of business on the next succeeding Business Day of the receipt of any notice pursuant to this paragraph.

(c) Notice and Ownership. Notwithstanding anything herein to the contrary, during any period that the Variable Rate Bonds are registered in the name of DTC or a nominee thereof pursuant to this Supplemental Resolution, (i) any notice of tender delivered pursuant to this Section 701 shall also (a) provide evidence satisfactory to the Tender Agent and the Remarketing Agent that the party delivering the notice is the beneficial owner or a custodian for the beneficial owner of the Variable Rate Bonds referred to in the notice, and (b) if the beneficial owner is other than a DTC participant, identify the DTC participant through whom the beneficial owner will direct transfer; (ii) on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC participant, cause its DTC participant to direct) the transfer of said Variable Rate Bond on the records of DTC; and (iii) it shall not be necessary for Variable Rate Bonds to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such Variable Rate Bonds had been so delivered, and the Purchase Price thereof shall be paid to DTC. In accepting a notice of tender of any

Variable Rate Bond pursuant to this Section 701, the Paying Agent/Registrar and the Tender Agent may conclusively assume that the Person providing the notice of tender is the beneficial owner of the Variable Rate Bonds being tendered and therefore entitled to tender them. The Paying Agent/Registrar and Tender Agent assume no liability to anyone in accepting a notice of tender from a Person whom it reasonably believes to be such a beneficial owner of the Variable Rate Bonds.

Section 402. Mandatory Purchase at End of Commercial Paper Mode Interest Period and at End of ERS Mode.

(a) Subject to Section 409 of this Exhibit D, each Variable Rate Bond in the Commercial Paper Mode shall be subject to mandatory tender for purchase on its Purchase Date at the Purchase Price. No notice of such mandatory purchase shall be given to the Owners of the Variable Rate Bonds.

(b) Each Variable Rate Bond in the ERS Mode shall be subject to mandatory tender on its Purchase Date for purchase at the Purchase Price. No notice of such mandatory purchase shall be given to the Owner of the Variable Rate Bonds. An Owner may elect to retain ownership of a Bond bearing interest at the ERS Monthly Rate by providing written notice of such intent to the Remarketing Agent (with a copy to the Commission) on or before the ERS Retention Deadline for the date that would constitute a Mandatory Purchase Date for the applicable Bond if such election is not made. Such notice shall specify the principal amount of Bonds for which such election is made, and shall state that on the specified date that would otherwise constitute a Mandatory Purchase Date, the specified Owner will continue as Owner of the specified principal amount of Bonds, that no purchase of such Bonds shall be required on such specified date, and that the signatory of such notice is duly authorized to make such election on behalf of the applicable Owner. The Trustee or the Remarketing Agent may, but shall be under no obligation to, require such additional authentication of such written notice as the Remarketing Agent shall consider necessary or appropriate. An Owner shall have the right to rescind any such election by providing written notice of such rescission to the Remarketing Agent on or before the applicable ERS Retention Deadline.

Section 403. Mandatory Purchase on Any Mode Change Date. Subject to Section 409 of this Exhibit D, the Variable Rate Bonds to be changed to any Mode from any other Mode are subject to mandatory tender for purchase on the Mode Change Date at the Purchase Price.

Section 404. Mandatory Purchase at End of Term Rate Period or When Subject to Optional Redemption of Variable Rate Bonds in Fixed Rate Mode.

(a) Term Rate Mode. Subject to Section 409 of this Exhibit D, the Variable Rate Bonds in the Term Rate Mode are subject to mandatory tender for purchase on each Purchase Date at the Purchase Price; provided, however, that, if Variable Rate Bonds in the Term Rate Mode with a duration of either six months or twelve months shall continue for an equal duration after the Purchase Date, the holders of such Variable Rate Bonds may elect to continue to hold such Variable Rate Bonds by providing notice of retention

of such Variable Rate Bonds in writing to the Tender Agent at least seven (7) days prior to the Purchase Date.

(b) Fixed Rate Mode. Any Variable Rate Bond in a Fixed Rate Mode which is subject to optional redemption pursuant to Section 301(e) of this Exhibit D may be subject, at the option of the Commission, to mandatory purchase in lieu of redemption on the date of redemption thereof pursuant to Section 301(g) hereof. Subject to receipt of a Favorable Opinion of Variable Rate Bond Counsel, such Variable Rate Bonds may be converted to such Mode as the Department Representative shall direct.

Section 405. Mandatory Purchase Upon Expiration Date, Termination Date and Substitution Date of Liquidity Facility. Subject to Section 409 of this Exhibit D, Variable Rate Bonds shall be subject to mandatory tender for purchase on:

(a) The second (2nd) Business Day preceding the Expiration Date of a Liquidity Facility therefor, which second Business Day is hereinafter referred to as an “Expiration Tender Date;”

(b) The fifth (5th) calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of a Liquidity Facility therefor, which day is hereinafter referred to as a “Termination Tender Date,” if the Liquidity Facility permits a draw thereon on the Termination Tender Date; and

(c) The Substitution Date for a Liquidity Facility for the Variable Rate Bonds of such series or installment.

Section 406. Notice of Mandatory Tender for Purchase.

(a) Expiration Tender Date. The Tender Agent shall, at least fifteen (15) calendar days prior to an Expiration Tender Date with respect to Variable Rate Bonds, give notice to the Owners, the Liquidity Facility Issuer, and the Remarketing Agent of the mandatory tender of such Variable Rate Bond on such Expiration Tender Date, if it has not theretofore received confirmation that the Expiration Date has been extended.

(b) Termination Tender Date. The Tender Agent shall, at least fifteen (15) calendar days prior to an Termination Tender Date with respect to Variable Rate Bonds, give notice to the Owners, the Liquidity Facility Issuer, and the Remarketing Agent of the mandatory tender of such Variable Rate Bonds on such Termination Tender Date if it has not theretofore received a notice executed by the Commission and the provider in connection with a Liquidity Facility stating that the event which resulted in the establishment of the Termination Tender Date has been cured.

(c) Substitution Date. The Tender Agent shall, at least thirty (30) calendar days prior to any Substitution Date with respect to a Liquidity Facility relating to any Variable Rate Bonds, give notice to the Owners, the Liquidity Facility Issuer, and the Remarketing Agent of the mandatory tender of such Variable Rate Bonds on such Substitution Date.

(d) Purchase Date or Mode Change Date. The Tender Agent shall, at least thirty (30) calendar days prior to any Purchase Date for Variable Rate Bonds in a Term Rate Mode or any Mode Change Date if the Current Mode is the ERS Mode or the Term Rate Mode, and at least fifteen (15) days prior to any Mode Change Date if the Current Mode is the Daily Mode, the Weekly Mode or the Commercial Paper Mode, give notice to the Owners and each other Notice Party of the mandatory tender for purchase of such Variable Rate Bonds on such Purchase Date or Mode Change Date, as applicable.

(e) Notice of Mandatory Tender. Notice of any mandatory tender of Variable Rate Bonds shall state that such Variable Rate Bonds are to be purchased pursuant to Section 402, 403, 404 or 405 hereof, as applicable, and such notice shall be provided by the Tender Agent or caused to be provided by the Tender Agent by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of Variable Rate Bonds at the respective addresses shown on the registration books kept by the Tender Agent. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase, and specify the Mandatory Purchase Date, the Purchase Price, the place and manner of payment, the source of funds and, except as permitted in Section 404(a) for the Variable Rate Bonds in a certain Term Rate Mode, that the Owner has no right to retain such Variable Rate Bonds and that no further interest will accrue to such Owner from and after the Mandatory Purchase Date. Each notice of mandatory tender for purchase caused by a change in the Mode applicable to the Variable Rate Bonds shall in addition specify the conditions that have to be satisfied pursuant to Section 707 hereof in order for the new Mode to become effective and the consequences that the failure to satisfy any of such conditions would have. In the event a mandatory tender of Variable Rate Bonds shall occur at or prior to the same date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase shall control. The Tender Agent shall give a copy of any notice of mandatory tender given by it to the other Notice Parties. Any notice mailed as provided in this Section 406 shall be conclusively presumed to have been duly given, whether or not the Owner of the Variable Rate Bond receives the notice, and the failure of such Owner to receive any such notice shall not affect the validity of the action described in such notice. Failure by the Tender Agent to give a notice as provided in this Section 406 shall not affect the obligation of the Tender Agent to purchase the Variable Rate Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

Section 407. Purchase Fund. A Purchase Fund shall be established by the Commission in connection with the delivery to the Tender Agent of a Liquidity Facility for a series or installment of Variable Rate Bonds, which Fund shall be held by the Tender Agent and may have such separate accounts as shall be established upon written direction of the Commission to the Tender Agent. Such Purchase Fund and accounts therein shall be used for the purpose of depositing moneys obtained from (a) the remarketing of Variable Rate Bonds of such series or installment and (b) draws under a Liquidity Facility, and such deposited moneys shall be used solely to pay the Purchase Price of Variable Rate Bonds of such series or installment or to reimburse a Liquidity Facility Issuer for a drawing on the Liquidity Facility to pay the Purchase Price of Variable Rate Bonds. Amounts deposited in the Purchase Fund shall be held by the Tender Agent: (i) uninvested, in the case of draws under the Liquidity Facility, or (ii) invested by the Tender Agent in Federal Securities, as directed by the Commission, in the case of other funds

which funds shall not be commingled with any other funds held by the Tender Agent and any investment shall have a maturity so that funds are available for payment of the Purchase Price of Variable Rate Bonds of such series or installment, when needed, but in no event shall the maturity of any such investment exceed thirty (30) days, whichever is earlier. All amounts on deposit in the Purchase Fund established for a series or installment of Variable Rate Bonds are pledged solely to the Owners tendering such Variable Rate Bonds and to the Liquidity Facility Issuer to repay draws under the Liquidity Facility, as applicable, and are specifically excluded from the provision of Section 202 of the Master Resolution.

Section 408. Remarketing of Variable Rate Bonds; Notices.

(a) The Remarketing Agent for each series or installment of Variable Rate Bonds shall offer for sale and use its best efforts to find purchasers for (i) all such Variable Rate Bonds or portions thereof as to which notice of tender pursuant to Section 401 has been given, (ii) all such Variable Rate Bonds required to be tendered for purchase and (iii) all Purchased Variable Rate Bonds. Variable Rate Bonds shall be remarketed at one hundred percent (100%) of principal amount thereof plus accrued interest thereon. No Variable Rate Bonds shall be remarketed (x) for sale to the Commission or (y) in the Daily Mode, Weekly Mode, Commercial Paper Rate Mode or Term Rate Mode of less than one year following an Expiration Tender Date or a Termination Tender Date until an Alternate Liquidity Facility has been obtained by the Commission.

(b) (i) The Remarketing Agent shall notify the Tender Agent by Electronic Means not later than 12:00 noon on the Purchase Date or Mandatory Purchase Date of the registration instructions (i.e., the names of the tendering Owners and the names, addresses and taxpayer identification numbers of the purchasers, the desired Authorized Denominations and, in the case of Variable Rate Bonds in the Commercial Paper Mode, the Daily Mode or the Weekly Mode, any account number for payment of principal and interest furnished by a purchaser to the Remarketing Agent) with respect thereto; and

(ii) Unless otherwise permitted by DTC and the book-entry-only system applicable to the Variable Rate Bonds, the Tender Agent shall authenticate and have available for delivery to the Remarketing Agent prior to 1:30 p.m. on the Purchase Date or Mandatory Purchase Date new Variable Rate Bonds for the respective purchasers thereof.

(c) (i) On the Business Day immediately preceding the Purchase Date or Mandatory Purchase Date, the Tender Agent shall notify the Liquidity Facility Issuer by Electronic Means of the principal amount of Variable Rate Bonds (other than Variable Rate Bonds in the Daily Mode) to be tendered on the next Business Day for which, as of 4:00 p.m. on the immediately preceding Business Day, the Remarketing Agent did not have commitments for purchase pursuant to notice received from the Remarketing Agent; provided, however, that the failure of the Remarketing Agent or Tender Agent to provide such notice shall not, in and of itself, negate the obligation of the Liquidity Facility Issuer to purchase Variable

Rate Bonds in accordance with and subject to the terms and provisions of the Liquidity Facility.

(ii) The Remarketing Agent shall at or before 12:00 noon on the Purchase Date or Mandatory Purchase Date, as the case may be, (A) notify the Commission and the Tender Agent by Electronic Means of the amount of tendered Variable Rate Bonds that were not successfully remarketed, and (B) confirm to the Tender Agent the transfer of the Purchase Price of remarketed Variable Rate Bonds to the Tender Agent in immediately available funds, such confirmation to include the pertinent Fed Wire reference number.

(iii) In the event that all of the tendered Variable Rate Bonds (and Variable Rate Bonds that are deemed tendered) are not successfully remarketed, the Tender Agent shall at or before 12:30 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, notify the Liquidity Facility Issuer, in accordance with the terms of the Liquidity Facility, by Electronic Means of the amount necessary to be drawn upon the Liquidity Facility to pay the Purchase Price of such tendered Variable Rate Bonds (and Variable Rate Bonds that are deemed tendered) (for which remarketing proceeds are not then on deposit in the Purchase Fund) not successfully remarketed. No drawings under the Liquidity Facility shall be made for Variable Rate Bonds held by or on behalf of the Commission, or for Purchased Variable Rate Bonds.

(iv) The Liquidity Facility Issuer shall cause to be transferred to the Tender Agent immediately available funds by 2:30 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, in an amount equal to the Purchase Price requested by the Tender Agent pursuant to Section 408(c)(iii). Immediately available funds received by the Tender Agent from the amount payable under the Liquidity Facility shall be deposited (to the extent a deposit of such funds is necessary) into an account within the Purchase Fund established under Section 407 hereof and held therein until applied in accordance with this Supplemental Resolution. Such account shall be designated as the "Purchase Account" for such series or installment of Variable Rate Bonds.

(d) ERS Extension Period for Unremarketed Bonds in the ERS Mode; Exchange for Applicable ERS Extension Period Bonds. If by 10:30 A.M. on a Mandatory Purchase Date (other than an ERS Extended Mandatory Purchase Date) for a Bond in the ERS Mode, the Remarketing Agent despite its best efforts has been unable to remarket such Bond at par Bonds bearing interest at the ERS Monthly Rate in the ERS Mode:

(i) the Remarketing Agent shall notify by Electronic Means the Commission by 10:45 A.M. that it has been unable to remarket all the tendered Bonds, and shall include in such notice the principal amount of Bonds it has been unable to remarket;

(ii) if the Remarketing Agent has remarketed some but not all of such Bonds, the Tender Agent shall by lot determine which of the tendered Bonds have been remarketed (provided that if the Bonds are in the Book-Entry-Only System, such determination shall be made in accordance with the procedures of the Securities Depository);

(iii) for each such unremarketed Bond, the Paying Agent shall authenticate an Applicable ERS Extension Period Bond in a principal amount equal to the principal amount of such unremarketed Bond, register such Applicable ERS Extension Period Bond in the name in which the applicable unremarketed Bond is registered, cancel the applicable unremarketed Bond, and deliver the applicable ERS Extension Period Bond to the Owner of such unremarketed Bond, and, with respect to Applicable ERS Extension Period Bonds held in the Book Entry-Only System, shall instruct the Securities Depository to reduce the applicable positions of the Owners in the unremarketed Bonds by the applicable principal amount of unremarketed Bonds and credit a commensurate principal amount of the Applicable ERS Extension Period Bonds to the applicable Owners;

(iv) the Applicable ERS Extension Period Bonds so delivered shall bear interest at the ERS Extension Rate commencing on such date and, during the ERS Extension Mode commencing on such date, shall cease to be subject to mandatory purchase under clause (i) of the definition of Mandatory Purchase Date.

(e) Exchange of Applicable ERS Extension Period Bonds upon Remarketing Upon the remarketing of any Applicable ERS Extension Period Bond on any the applicable ERS Extended Mandatory Purchase Date or any preceding Mode Change Date or Conversion Date, the Paying Agent shall authenticate a Bond in a principal amount equal to the principal amount of such remarketed Bond, register such Bond in the name provided to the Trustee by the Remarketing Agent, cancel the applicable ERS Extension Period Bond, and deliver the applicable new Bond (which, unless otherwise requested in writing by the Remarketing Agent, shall have the same CUSIP number as the Bonds issued on the Issuance Date), and, with respect to Applicable ERS Extension Period Bonds held in the Book Entry-Only System, shall instruct the Securities Depository to reduce the applicable positions of the Beneficial Owners of the remarketed Applicable ERS Extension Period Bonds by the applicable principal amount of remarketed Bonds, commensurately increase the principal amount of the Bonds other than Applicable ERS Extension Period Bonds held by the Securities Depository and credit a commensurate principal amount of such Bonds to the applicable Beneficial Owners purchasing the applicable remarketed Applicable ERS Extension Period Bonds.

Section 409. Rights to Tender and Source of Funds for Purchase of Variable Rate Bonds.

(a) Except for purchases pursuant to Section 404(b), on or before the close of business on the Purchase Date or the Mandatory Purchase Date with respect to Variable Rate Bonds, the Tender Agent shall purchase such Variable Rate Bonds from the Owners

at the Purchase Price. Funds for the payment of such Purchase Price shall be derived in the order of priority indicated below:

- (i) Immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of the Variable Rate Bonds by the Remarketing Agent; and
- (ii) Immediately available funds transferred to the Tender Agent from amounts available under the Liquidity Facility.

The Commission shall have no obligation to transfer any funds or monies to the Tender Agent for the payment of the Purchase Price of the Variable Rate Bonds on a Purchase Date or a Mandatory Purchase Date, and the failure of the Commission to transfer such funds or monies shall not constitute an event of default under the Master Resolution, as supplemented by this Supplemental Resolution. If the Remarketing Agent is unable to remarket Variable Rate Bonds of a series or installment and the Liquidity Facility Issuer therefor fails to provide funds under the Liquidity Facility, the Variable Rate Bonds will continue to bear interest at the same Mode rate in effect at the time of the failed remarketing until such time as the Mode is changed by the Department Representative.

(b) An Owner shall not have a right to optional tender under Section 401 of this Supplemental Resolution so long as there exists an Immediate Termination Event or Suspension Event (both as defined in the Liquidity Facility).

Section 410. Delivery of Variable Rate Bonds. Except as otherwise required or permitted by the book-entry-only system of DTC, the Variable Rate Bonds sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Variable Rate Bonds by 3:00 p.m., on the Purchase Date or the Mandatory Purchase Date, as the case may be. The Variable Rate Bonds purchased with moneys provided by the Liquidity Facility Issuer shall be delivered at the direction of the Liquidity Facility Issuer or as otherwise provided in the Liquidity Facility. Such Purchased Variable Rate Bonds will not be released upon remarketing until the Tender Agent has received written notice from the Liquidity Facility Issuer that the principal commitment and interest commitment of the Liquidity Facility has been reinstated.

Section 411. Delivery and Payment For Purchased Variable Rate Bonds; Undelivered Variable Rate Bonds. Except as otherwise required or permitted by the book-entry-only system of DTC, the Variable Rate Bonds purchased pursuant to this Supplemental Resolution shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date or Mandatory Purchase Date, as the case may be, at the office of the Tender Agent in New York, New York; provided, however, that payment of the Purchase Price of Variable Rate Bonds purchased pursuant to Section 401 hereof shall be made only if such Variable Rate Bonds so delivered to the Tender Agent conform in all respects to the description thereof in the notice of tender. Payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Tender Agent by 3:00 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, or, if the Owner has not provided or caused to be provided wire transfer instructions, by draft or check mailed to the Variable Rate Bondholder at the address appearing

in the books required to be kept by the Tender Agent pursuant to this Supplemental Resolution. If Variable Rate Bonds to be purchased are not delivered by the Variable Rate Bondholders to the Tender Agent by 12:00 noon on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Tender Agent shall hold any funds received for the purchase of those Variable Rate Bonds in trust in a separate account within the Purchase Account created pursuant to Section 408(c)(iv) hereof and shall pay such funds to the former Owners upon presentation of the Variable Rate Bonds subject to tender. Any such amounts shall be held uninvested and as otherwise provided in Section 407 hereof. Such undelivered Variable Rate Bonds shall be deemed tendered and cease to accrue interest as to the former Owners on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of those Variable Rate Bonds at the designated office of the Tender Agent; provided, however, that any funds which shall be so held by the Tender Agent and which remain unclaimed by the former Owners of any such Variable Rate Bond not presented for purchase for a period of two (2) years after delivery of such funds to the Tender Agent, shall, to the extent permitted by law, upon request in writing by the Commission and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to the Commission free of any trust or lien and thereafter the former Owners of such Variable Rate Bond shall look only to the Commission and then only to the extent of the amounts so received by the Commission without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such Variable Rate Bonds.

Notwithstanding anything to the contrary contained in this Article VII, for so long as DTC shall continue to act as securities depository for the Variable Rate Bonds, all tenders and deliveries of Variable Rate Bonds under the provisions of this Article VII shall be made pursuant to DTC's delivery order procedures as in effect from time to time.

[End of Article IV]

ARTICLE V
LIQUIDITY FACILITY

Section 501. Initial Liquidity Facility. To the extent required by the terms of this Exhibit D and the Award Certificate for any series or installment of Variable Rate Bonds, prior to the issuance of any series or installment of Variable Rate Bonds, the Commission shall obtain a Liquidity Facility for such series or installment of Variable Rate Bonds, which shall constitute the initial Credit Agreement for such Variable Rate Bonds. The Costs of the Commission under the Liquidity Facility (including reimbursement obligations) constitute First Tier Senior Obligations under the Master Resolution secured by the Pledged Revenues on a parity with the previously issued First Tier Senior Obligations, the Bonds and any additional First Tier Senior Obligations issued hereafter.

Section 502. Alternate Liquidity Facility. At any time, the Commission may obtain or provide for the delivery to the Tender Agent of an Alternate Liquidity Facility with respect to the Variable Rate Bonds. Any such Liquidity Facility shall provide that a Termination Tender Date shall not occur unless the issuer thereof gives to the Commission, the Remarketing Agent and the Tender Agent written notice thereof at least thirty (30) days prior to the Termination Tender Date. On or prior to the date on which an Alternate Liquidity Facility is obtained or delivered to the Tender Agent, the Commission shall furnish to the Tender Agent and the Remarketing Agent (i) a Favorable Opinion of Variable Rate Bond Counsel, and (ii) opinion of counsel for the Alternate Liquidity Facility Issuer as to the validity and enforceability of the Alternate Liquidity Facility and that the Alternate Liquidity Facility is exempt from registration pursuant to the Securities Act of 1933, as amended, as well as like opinion of foreign counsel if the Liquidity Facility Issuer is not incorporated or formed in the United States. As provided in Section 405 hereof, all Outstanding Variable Rate Bonds will become subject to mandatory tender for purchase on the Substitution Date.

Section 503. Downgrade. The Commission shall obtain, in a reasonably timely manner, an Alternate Liquidity Facility with respect to the Variable Rate Bonds if the short-term credit rating category (without regard to gradations) of the Liquidity Facility Issuer of the then existing Liquidity Facility is downgraded to a rating below the highest short-term credit rating category (without regard to gradations) from at least two (2) nationally recognized rating agencies, unless no Liquidity Facility Issuer has short-term credit ratings of the required levels at a reasonable cost as determined by the Commission acting through the Department Representative. The short-term credit rating of the provider of such Alternate Liquidity Facility shall not be below the highest short-term credit rating category (without regard to gradations) then listed by Moody's, Fitch and S&P, respectively unless no Liquidity Facility Issuer has short-term credit ratings of the required levels at a reasonable cost as determined by the Commission acting through the Department Representative.

Section 504. Notice. The Commission shall deliver to the Paying Agent/Registrar and the Tender Agent a copy of any Alternate Liquidity Facility obtained pursuant to this Article VIII on the effective date of such Alternate Liquidity Facility. In the event of an extension of the Expiration Date, the Commission shall give the Paying Agent/Registrar, the Tender Agent and the Remarketing Agent a written notice of the new Expiration Date at least sixteen (16) days prior to the Expiration Tender Date. In the event of a substitution of a Liquidity Facility with an

Alternate Liquidity Facility, the Commission shall give the Paying Agent/Registrar, the Tender Agent and the Remarketing Agent a written notice of the Substitution Date at least thirty-one (31) days prior to such Substitution Date. The Commission shall give the Paying Agent/Registrar, Tender Agent and Remarketing Agent a written notice of any Termination Tender Date at least sixteen (16) days prior to such Termination Tender Date. The Commission shall give the Paying Agent/Registrar and Tender Agent a written notice of its election to terminate the Liquidity Facility at least thirty (30) days prior to the Expiration Tender Date resulting from its election to terminate such Liquidity Facility.

Section 505. Amount. The Liquidity Facility shall provide for draws thereon or borrowings therefrom, in the aggregate, in an amount at least equal to the Liquidity Amount for the related Variable Rate Bonds.

[End of Article V]