



# **AGENDA**

## **SPECIAL MEETING OF THE BOARD OF TRUSTEES**

**May 14, 2015  
3:00 p.m.**

**HCC Administration Building  
3100 Main, 2nd Floor Auditorium  
Houston, Texas 77002**



## **Strategic Plan 2012-2015**

Creating Opportunities for Our Shared Future  
*(Approved by the HCC Board of Trustees, June 22, 2012)*

### **Mission**

Houston Community College is an open-admission, public institution of higher education offering a high-quality, affordable education for academic advancement, workforce training, career and economic development, and lifelong learning to prepare individuals in our diverse communities for life and work in a global and technological society.

### **Vision**

HCC will be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs. We will be responsive to community needs and drive economic development in the communities we serve.

### **Strategic Initiatives**

- Initiative #1: Increase Student Completion
- Initiative #2: Respond to Business and Industry
- Initiative #3: Develop 21st Century Learners
- Initiative #4: Support Faculty/Staff Professional Development and Student Leadership
- Initiative #5: Support Innovation
- Initiative #6: Support Entrepreneurialism
- Initiative #7: Leverage Partnerships

**NOTICE OF A SPECIAL MEETING  
OF THE BOARD OF TRUSTEES  
HOUSTON COMMUNITY COLLEGE**

**May 14, 2015**

Notice is hereby given that the Board of Trustees of Houston Community College will hold a Special Meeting on the Thursday, fourteenth (14<sup>th</sup>) day of May 2015, at 3:00 p.m., or after, and from day to day as required, at HCC Administration Building, 3100 Main, 2nd Floor Auditorium, Houston, Texas, 77002. The items listed in this Notice may be considered in any order at the discretion of the Chair or Board and items listed for closed session may be discussed in open session and vice versa as permitted by law. The Board may take final action with regard to items listed in this Notice without further action at a Regular Board Meeting.

**I. Call to Order**

**II. Topics for Discussion and/or Action**

- A. Authorize the Repayment of PFC Lease Revenue Bonds Series 2005A Westgate.
- B. Resolution Authorizing the Issuance of Combined Fee Revenue and Refunding Bonds, Series 2015 and Redemption Prior to Maturity of Certain Outstanding Bonds.
- C. Authorize the Repayment of Portion of 2013 Limited Tax General Obligation Bonds Callable in 2015.
- D. HCC Board of Trustees Self-Evaluation (Project No. Informal Request for Proposal 15-15).
- E. Consider Addition of House Bill 544 to HCC Legislative Priorities.
- F. Appointment for Houston Community College Trustee Position, District IV and Any Other Related Authorizations Necessary for Further Action.

**III. Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:**

**A. Legal Matters**

- 1. Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

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**B. Personnel Matters**

1. Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or to hear complaints or changes against an officer or employee, unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

**C. Real Estate Matters**

1. Deliberate the purchase, exchange, lease, or value of real property for Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

**IV. Additional Closed or Executive Session Authority**

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 – For the purpose of a private consultation with the Board's attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 – For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073 – For the purpose of considering a negotiated contract for a prospective gift or donation to the System if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

Section 551.074 – For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee, unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

Section 551.076 – To consider the deployment, or specific occasions for

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implementation of security personnel or devices, or a security audit.

Section 551.082 – For the purpose of considering discipline of a student or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Section 551.084 – For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation.

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- A. The open meeting covered by this Notice upon the reconvening of the public meeting, or
- B. At a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

**V. Reconvene in Open Meeting**

**VI. Adjournment**

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**Certificate of Posting or Giving of Notice**

On this the 11<sup>th</sup> day of May 2015, at or before 3:00 p.m., this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) the HCC Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002; (2) the Harris County's Criminal Justice Center, 1201 Franklin, Houston, Texas 77002; (3) the Fort Bend County Courthouse, 401 Jackson, Richmond, Texas 77469; and (4) the Houston Community College System's website, [www.hccs.edu](http://www.hccs.edu). The Houston Community College's Fort Bend County public meeting notices may be viewed after hours (i.e. between the hours of 5:30 p.m. and 7:30 a.m.) on the kiosk located on the west side of the new Fort Bend County Courthouse (the "William B. Travis Building"), located at 309 South Fourth Street, Richmond, Texas 77469.

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Sharon R. Wright, Manager  
Board Services

# ACTION ITEM

Meeting Date: May 14, 2015

ITEM NO.	ITEM TITLE	PRESENTER
<b>A</b>	<b>Authorize the Repayment of PFC Lease Revenue Bonds Series 2005A Westgate</b>	<b>Dr. Cesar Maldonado Teri Zamora Andrews Kurth</b>

## RECOMMENDATION

Approve the repayment of PFC Lease Revenue Bonds Series 2005A Westgate from funds and revenues available to the College. Authorize the Vice Chancellor of Finance and Planning or certain designees including Treasurer and Deputy Treasurer to prepare, distribute and execute all necessary documents and statements related thereto.

## COMPELLING REASON/RATIONALE

The action facilitates the repayment of the Bonds and avoids all further payments.

## DESCRIPTION OR BACKGROUND

The PFC Lease Revenue Bonds Series 2005A Westgate were callable as of April 15, 2015. The next available payment date is October 15, 2015. Repayment of these bonds will allow for paying the purchase option prices under the lease purchase agreement between the System and the Houston Community College System Public Facility Corporation with respect to the facilities previously financed.

## FISCAL IMPACT

The required payment will be \$7,885,000 principal plus accrued interest until October 15, 2015 of approximately \$197,000. The resulting future cash flow savings between 2015 and 2028 will be approximately \$10,911,750 from payments that will not have to be made.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# ACTION ITEM

Meeting Date: May 14, 2015

ITEM NO.	ITEM TITLE	PRESENTER
<b>B</b>	<b>Resolution Authorizing the Issuance of Combined Fee Revenue and Refunding Bonds, Series 2015 and Redemption Prior to Maturity of Certain Outstanding Bonds</b>	<b>Dr. Cesar Maldonado Teri Zamora Andrews Kurth</b>

## RECOMMENDATION

Approve resolution for issuance of Combined Fee Revenue and Refunding Bonds, Series 2015; set certain parameters for the Revenue Refunding Bonds; authorize the Chancellor, Vice Chancellor of Finance and Planning or certain designees including Treasurer and Deputy Treasurer to approve the amount, the interest rate, price and certain other terms thereof and procedures and provisions related thereto; preparation, distribution and execution of necessary documents and statements; the redemption prior to maturity of certain outstanding bonds and other documents related thereto; and authorize the selection of underwriters.

## COMPELLING REASON/RATIONALE

The Resolution facilitates the issuance of the Bonds, all necessary documents and statements, and the syndicate of underwriters.

## DESCRIPTION OR BACKGROUND

This Bond resolution provides for the terms, conditions and parameters for the issuance of the Combined Fee Revenue and Refunding Bonds, Series 2015. It allows for paying the purchase option prices under the lease purchase agreements between the System and the Houston Community College System Public Facility Corporation (the "PFC") with respect to the facilities previously financed with the outstanding lease revenue bonds.

## FISCAL IMPACT

The Combined Fee Revenue and Refunding Bonds, Series 2015 will be approximately \$114,225,000 plus premium of \$14,936,000 including costs of issuance and other associated issuance costs. These Bonds plus \$2,800,000 of HCC's debt service reserve will refund a portion of the Junior Lien Student Fee Revenue and Refunding Bonds, Series 2006 totaling \$34,695,000. These Bonds will also retire all PFC bonds, with the exception of the 2005A Westgate series, totaling \$89,495,000 and allow for the purchase by HCC of the related PFC assets. The approximate value of cash savings over the life of the Bonds will be \$14,660,000.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Titles(s): **1. Listing of Underwriters**  
**2. Evaluation of Underwriter Responses**  
**3. Resolution**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100



## Combined Fee Revenue and Refunding Bonds, Series 2015

### Listing of Underwriters

Bank of America Merrill Lynch	Co-Senior Manager
Goldman Sachs	Co-Senior Manager
BOSC, Inc.	Co-Manager
Mesirow Financial	Co-Manager
Rice Financial Products Company	Co-Manager

**Houston Community College System  
Evaluation of Underwriter Responses**

<b>Firm</b>	<b>Capital</b>	<b>TIC</b>	<b>Takedown</b>	<b>Total</b>
Bank of America Merrill Lynch	6	19	24	49
Goldman Sachs	6	18	23	47
Rice Financial Products Company	2	22	21	45
BOSC, Inc.	4	17	22	43
Mesirow Financial	4	21	18	43
Jefferies	6	20	13	39
Loop Capital Markets	4	16	19	39
Morgan Stanley	6	24	8	38
Raymond James	6	12	20	38
Citigroup Global Markets	6	15	14	35
First Southwest Company	4	14	15	33
Hutchinson Shockey Erley	4	11	16	31
Ramirez & Co., Inc.	4	23	4	31
JP Morgan Securities	6	13	10	29
Siebert Brandford Shank & Co.	4	7	17	28
Piper Jaffray & Co.	6	8	12	26
Stifel Nicolaus & Company, Inc.	6	9	11	26
Frost Bank	6	10	6	22
FTN Financial	6	5	9	20
Wells Fargo	6	6	5	17
Estrada Hinojosa & Company, Inc.	4	2	7	13
RBC Capital Markets	6	3	1	10
M.E. Allison	2	4	3	9
SAMCO Capital Markets, Inc.	2	1	2	5

RESOLUTION AUTHORIZING THE ISSUANCE OF HOUSTON COMMUNITY COLLEGE SYSTEM COMBINED FEE REVENUE AND REFUNDING BONDS; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE CHANCELLOR, THE VICE CHANCELLOR OF FINANCE AND PLANNING, THE TREASURER OR THE DEPUTY TREASURER, TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, INCLUDING THE TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS; AND CONTAINING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS §  
COUNTIES OF HARRIS AND FORT BEND §  
HOUSTON COMMUNITY COLLEGE SYSTEM §

WHEREAS, Houston Community College System (the “System”) is a junior college district operating under Chapter 130, Texas Education Code, as amended; and

WHEREAS, the System has approved three Leases with an Option to Purchase (the “Leases”) in connection with bonds issued by the Houston Community College System Public Facility Corporation (the “PFC”); and

WHEREAS, the System finds it is in its best interests to exercise the purchase option set forth in each Lease; and

WHEREAS, in order to effectuate an orderly transfer of title from the PFC to the System and clarify ambiguities in the Leases, certain amendments to the Leases are necessary; and

WHEREAS, the Board of Trustees of the System (the “Board”) is authorized by Section 130.125, Texas Education Code, as amended, to issue its revenue obligations and execute credit agreements in order to finance project costs of an eligible project or to refinance obligations issued in connection with an eligible project; and

WHEREAS, the System desires to issue the New Money Bonds (as hereinafter defined) to finance the costs of one or more “eligible projects” as such term is defined by Chapter 130, Texas Education Code and Chapter 1371, Texas Government Code; and

WHEREAS, the Board has previously provided for the issuance from time to time of certain “Senior Lien Bonds” and certain “Junior Lien Bonds” (as such terms are hereinafter defined); and

WHEREAS, the System has heretofore issued the bonds described in Exhibit A attached hereto and as more particularly described in the Officer’s Pricing Certificate; and

WHEREAS, the System desires to refund the Refunded Bonds (as hereinafter defined) from time to time in advance of their maturities; and

WHEREAS, Chapter 1207, Texas Government Code, authorizes the System to issue refunding bonds for the purpose of refunding the Refunded Bonds in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the System desires to authorize the execution of an escrow agreement and provide for the deposit of proceeds of the refunding bonds, together with other lawfully available funds of the System, if necessary, to pay the Refunded Bonds; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the resolutions authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, the System has a principal amount of at least \$100,000,000 in a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued, and some amount of such long-term indebtedness is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation, and therefore, the System qualifies as an "Issuer" under Chapter 1371, Texas Government Code; and

WHEREAS, pursuant to Section 1371.053, Texas Government Code, the System desires to delegate the authority to effect the sale of the Bonds to each of the following: the Chancellor, the Vice Chancellor of Finance and Planning, the Treasurer and the Deputy Treasurer (each a "Pricing Officer"); Now, therefore

**BE IT RESOLVED BY THE BOARD OF TRUSTEES OF HOUSTON COMMUNITY COLLEGE SYSTEM:**

1. Recitals; Consideration. It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.

It is hereby found and determined that the refunding contemplated in this Resolution will benefit the System by providing a present value savings in the debt service payable by the System, and that such benefit is sufficient consideration for the refunding of the Refunded Bonds, and that the issuance of the refunding bonds is in the best interests of the System and the gross debt service loss cannot exceed any amount that would produce less than 4.00% present value savings.

2. Definitions. Throughout this Resolution the following terms and expressions as used herein shall have the meanings set forth below:

“Additional Bonds” means the Additional Senior Lien Bonds and the Additional Junior Lien Bonds.

“Additional Junior Lien Bonds” means the additional junior lien bonds permitted to be issued by the System.

“Additional Senior Lien Bonds” means the additional senior lien bonds permitted to be issued by the System.

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the System, the Paying Agent/Registrar and DTC.

“Board” means the Board of Trustees of the System.

“Bond Counsel” means Andrews Kurth LLP.

“Bond Purchase Agreement” means the agreement between the System and the Underwriters described in Section 4(d) of this Resolution.

“Bonds” means one or more series of the Houston Community College System Combined Fee Revenue and Refunding Bonds, Series <sup>1</sup>\_\_\_\_\_ authorized by this Resolution, unless the context clearly indicates otherwise.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to close.

“Chancellor” means Dr. Cesar Maldonado, or such other person serving the System as a successor in that capacity.

“Code” means the Internal Revenue Code of 1986, as amended.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Continuing Education Fees” means the fees charged by the System for its continuing education programs, including but not limited to, non-credit courses, workshops, seminars, conferences, contract training and institutes.

“Deputy Treasurer” means Brian Malone, or such other person serving the System as a successor in that capacity.

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

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<sup>1</sup> Insert from Officer’s Pricing Certificate.

“DTC Participant” means 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.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., and its successors in such capacity.

“Escrow Agreement” means the agreement between the System and the Escrow Agent relating to the escrow of funds and legally authorized investments to pay the Refunded Bonds.

“General Fees” means the fees established by resolution of the Board pursuant to Section 130.123, Texas Education Code, to be fixed, charged and collected from all students (excepting any category of students now exempt by law from paying such fees) regularly enrolled in the System, for the general use and availability of the System in the manner and to the extent as provided in this Resolution.

“Initial Bond” means the Initial Bond authorized by Section 5(c).

“Interest Payment Date”, when used in connection with any Bond, means the dates set forth in the Officer’s Pricing Certificate.

“Issuance Date” means the date on which the Bonds are delivered to and paid for by the Underwriters.

“Junior Lien Bonds” means the Outstanding Junior Lien Bonds, and each series of Additional Junior Lien Bonds from time to time hereafter issued.

“Laboratory Fees” means those fees charged by the System for the use of laboratory facilities.

“Miscellaneous Fees” means the System’s Late Registration Fees, Withdrawal/Change of Schedule Fees, Transcript Fees, Graduation Fees, Installment Fees and Program Fees.

“New Money Bonds” means the Bonds issued to finance the costs of one or more “eligible project” as such term is defined by Chapter 130, Texas Education Code and Chapter 1371, Texas Government Code, including the purchase of the PFC Facilities, and not for the purpose of refunding the Refunded Bonds.

“Officer’s Pricing Certificate” means a certificate signed by a Pricing Officer and containing the information regarding the Bonds specified herein.

“Out-of-District Fees” mean the fee or fees established by resolution of the Board pursuant to Section 130.123, Texas Education Code, to be fixed, charged and collected to the greatest extent permitted by law from certain categories of students not residing within the boundaries of the System (excepting any category of students now exempt by law from paying such fees) regularly enrolled in the System, for the general use and availability of the System in the manner and to the extent as provided in this Resolution.

“Outstanding,” when used with reference to Bonds or Additional Bonds, means, as of a particular date, all such bonds theretofore and thereupon delivered except: (a) any such bond cancelled by or on behalf of the System at or before said date, (b) any such bond defeased or no longer considered Outstanding pursuant to the provisions of the resolution authorizing its issuance, or otherwise defeased as permitted by applicable law, and (c) any such bond in lieu of or in substitution for which another bond shall have been delivered pursuant to the resolution authorizing the issuance of such bond.

“Outstanding Senior Lien Bonds” means the outstanding bonds of the System’s Senior Lien Student Fee Revenue Refunding Bonds, Series 2005; the Senior Lien Student Fee Revenue Bonds, Series 2008; the Senior Lien Student Fee Revenue Bonds, Series 2010; the Combined Fee Revenue Refunding Bonds, Series 2014A; the Combined Fee Revenue Refunding Bonds, Taxable Series 2014B; and the Bonds.

“Owner” or “Holder” means any person who shall be the registered owner of any outstanding Bonds.

“Paying Agent/Registrar” means The Bank of New York Mellon Trust Company, N.A., and its successors in that capacity.

“PFC Facilities” means the facilities leased by the System from the PFC pursuant to the Leases with Option to Purchase described in Section 37 hereof, which such facilities are commonly known as the Alief Campus, the Northline Mall Campus, and the Public Safety Institute.

“Pledged Revenues” means the General Fees, Laboratory Fees, Miscellaneous Fees, Out-of-District Fees, Technology Fees, Continuing Education Fees, Tuition, and any additional revenues or receipts of the System which may hereafter be pledged to the payment of the Bonds by the System.

“Preliminary Official Statement” means the preliminary official statement approved by the Board and distributed in connection with the offering for sale of the Bonds.

“Pricing Officer” means the Chancellor, the Vice Chancellor of Finance and Planning, the Treasurer or the Deputy Treasurer of the System.

“Record Date” means, for any Interest Payment Date, the last Business Day of the month next preceding each Interest Payment Date.

“Refunded Bonds” means any of those bonds of the System described in Exhibit A attached hereto that are selected to be refunded in the Officer’s Pricing Certificate.

“Refunding Bonds” means the Bonds issued pursuant to this Resolution for the purpose of refunding the Refunded Bonds.

“Register” means the books of registration kept by the Paying Agent/Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

“Report” means the report of Causey, Demgen & Moore, P.C. (or one or more certified public accountants or a firm thereof), verifying the accuracy of certain mathematical computations relating to each issuance of the Bonds and the Refunded Bonds.

“Resolution,” as used herein and in the Bonds, means this resolution authorizing the Bonds.

“Senior Lien Bonds” means the Outstanding Senior Lien Bonds, the Bonds and each series of Additional Senior Lien Bonds from time to time hereafter issued.

“System” means the Houston Community College System.

“Technology Fees” mean the fees charged by the System for the use and improvement of the System’s computers, software licenses, and other technology equipment and facilities.

“Treasurer” means Ronald E. Defalco, or such other person serving the System as a successor in that capacity.

“Tuition” means the maximum amount of tuition the System is now or hereafter authorized to pledge to any bonds under Texas law, including Section 130.123(e), Texas Education Code, as amended.

“Underwriters” means the individual underwriter or underwriting syndicate identified in the Officer’s Pricing Certificate.

“Vice Chancellor of Finance and Planning” means Teri Zamora, or such other person serving the System as a successor in that capacity.



3. Authorization. The Bonds shall be issued in fully registered form in a maximum aggregate principal amount not to exceed:

(a) \$100,000,000 in New Money Bonds for the purpose of the purchase, construction and equipment of school buildings in the System's boundaries, and the purchase of the necessary sites therefor, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 130.122, Texas Education Code and Chapter 1371, Texas Government Code; and

(b) \$40,000,000 in Refunding Bonds issued for the purpose of refunding the Refunded Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapters 1207, Texas Government Code.

4. Delegation of Authority. As authorized by Sections 1207.007 and 1371.053, Texas Government Code, the Pricing Officer is authorized to act on behalf of the System through a date one year from the date of this Resolution, in selling and delivering the Bonds, subject to the conditions and carrying out the other procedures as set forth below:

(a) Designation. The Bonds shall be designated as "HOUSTON COMMUNITY COLLEGE SYSTEM COMBINED FEE REVENUE AND REFUNDING BONDS, SERIES <sup>2</sup>\_\_\_\_\_."

(b) Date, Denomination, Interest Rates, and Maturities. The Bonds shall be dated, mature on the dates in each of the years and in the amounts set out in any Officer's Pricing Certificate, shall be subject to prior optional and mandatory redemption on the dates, for the redemption prices and in the amounts, set out in the Officer's Pricing Certificate and shall bear interest at rates and from their issue date as set out in the Officer's Pricing Certificate payable on each Interest Payment Date.

(c) Selling and Delivering Bonds. The Pricing Officer shall determine any mandatory sinking fund redemption provisions for the Bonds, whether the Bonds will be issued as Current Interest Bonds and/or Capital Appreciation Bonds, and all other matters not expressly provided in this Resolution relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Officer's Pricing Certificate; provided that:

PARAMETERS FOR NEW MONEY BONDS:

- (i) the net effective interest rates on the New Money Bonds shall not exceed 7.00%; and
- (ii) the aggregate par amount of the New Money Bonds issued hereunder shall never exceed the maximum principal amount authorized in Section 3(a) hereof.

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<sup>2</sup>Insert from Officer's Pricing Certificate.

PARAMETERS FOR REFUNDING BONDS:

- (i) the net effective interest rates on the Refunding Bonds shall not exceed 7.00%; and
- (ii) the aggregate par amount of the Refunding Bonds issued hereunder shall never exceed the maximum principal amount authorized in Section 3(b) hereof; and
- (iii) the net present value savings in debt service resulting from the refunding of the Refunded Bonds shall be at least 4.00% of the principal amount of the Refunded Bonds, as shown by a table of calculations prepared by the System's financial advisor and attached to the related Officer's Pricing Certificate.

(d) Sale; Bond Purchase Agreement. The Bonds shall be sold and delivered to the Underwriters at a price to be set forth in the Officer's Pricing Certificate, plus accrued interest to the date of delivery, in accordance with the terms of a Bond Purchase Agreement to be approved by a Pricing Officer. The Pricing Officer is hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the System, and the Chair or Vice Chair and all other officers, agents and representatives of the System are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

(e) Use of Proceeds for the Bonds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the System, be applied as follows:

- (i) Accrued interest in the amount of \$<sup>3</sup>\_\_\_\_\_ and, if necessary, net premium on the Bonds in the amount of \$<sup>4</sup>\_\_\_\_\_, shall be deposited into the Debt Service Fund.
- (ii) Net premium on the Bonds in the amount of \$<sup>5</sup>\_\_\_\_\_ shall be used to pay the costs of issuance.
- (iii) Net premium on the Bonds in the amount of \$<sup>6</sup>\_\_\_\_\_ shall be used to pay the underwriters' discount.
- (iv) Bond proceeds in the amount of \$<sup>7</sup>\_\_\_\_\_ shall be used for the purposes described in Section 3(a).

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<sup>3</sup>Insert from Officer's Pricing Certificate.

<sup>4</sup>Insert from Officer's Pricing Certificate.

<sup>5</sup>Insert from Officer's Pricing Certificate.

<sup>6</sup>Insert from Officer's Pricing Certificate.

- (v) Bond proceeds in the amount of \$ \_\_\_\_\_<sup>8</sup>, and, if necessary, other available funds from the System in the amount of \$ \_\_\_\_\_<sup>9</sup> shall be deposited directly with the paying agent for the Refunded Bonds or applied to establish an escrow fund to refund the Refunded Bonds, as more fully provided in Section 30 of this Resolution, and, to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds, the establishment of such escrow fund and the refunding of the Refunded Bonds due on the redemption date specified in the Officer's Pricing Certificate and all cost incurred in connection with the issuance of the Bonds and the refunding of the Refunded Bonds.

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

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Bonds delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificates shall be evidence that the Initial Bonds have been duly approved by the Attorney General of the State of Texas and that they are valid and binding obligations of the System, and have been registered by the Comptroller.

(d) On the Closing Date, the Initial Bonds, payable in stated installments to the Underwriters or their designee, executed by manual or facsimile signature of the Chair of the Board and Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriters or their designee.

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<sup>7</sup>Insert from Officer's Pricing Certificate.

<sup>8</sup>Insert from Officer's Pricing Certificate.

<sup>9</sup>Insert from Officer's Pricing Certificate.

Upon payment for the Initial Bonds, the Registrar shall cancel the Initial Bond and definitive Bonds shall be delivered to DTC.

6. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the principal payment office of the Registrar, in Houston, Texas. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register. If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

7. Successor Registrars. The System covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state, duly qualified to serve as and perform the duties and services of Registrar for the Bonds. The System reserves the right to change the Registrar for the Bonds on not less than thirty (30) days written notice to the Registrar, so long as any such notice is effective not less than sixty (60) days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

8. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the System. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

9. Book-Entry-Only System. (a) The Initial Bonds shall be registered in the name designated in the Officer's Pricing Certificate. Except as provided in Section 10 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the System and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the System and the 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 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 Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the System and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the System's obligations with respect to payments of principal, 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 Register, shall receive a Bond certificate evidencing the obligation of the System to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the 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 of this Resolution with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

10. Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the System, in its sole discretion, determines that the beneficial owners of the Bonds should be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the System shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, 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, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the 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 Resolution

11. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are 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 Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

12. Ownership; Unclaimed Principal and Interest. The System, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the

System nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the System and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

13. Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at its principal payment office in Houston, Texas. Subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Resolution.

Each Bond shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Registrar in Houston, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Bond or Bonds of the same type registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Registrar in Houston, Texas, for a Bond or Bonds of the same type, maturity and interest rate in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The System or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the System.

14. Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the System, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the

Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The System or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The System or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (a) furnish to the System and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (b) furnish such security or indemnity as may be required by the Registrar and the System to save them harmless;
- (c) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (d) meet any other reasonable requirements of the System and the Registrar.

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

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the System in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

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

15. Cancellation of Bonds. All Bonds paid in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the System with appropriate certificates of destruction of such Bonds.

16. Optional and/or Mandatory Redemption; Defeasance. The Bonds are subject to optional and/or mandatory redemption as set forth in the Form of Bond.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty (30) days prior to the date fixed for redemption by

sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

The Bonds may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.

17. Forms. The form of the Bond, including the form of Registration Certificate of the Comptroller, which shall be attached or affixed to the Initial Bond, the form of the Registrar's Authentication Certificate and the form of Assignment, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be required by the Pricing Officer, necessary or desirable and not prohibited by this Resolution:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]





THIS BOND is one of a duly authorized issue of Bonds, aggregating \$<sup>16</sup>\_\_\_\_\_ (the “Bonds”), issued for the purpose of refunding the Refunded Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapters 1207 and 1371, Texas Government Code, and pursuant to a resolution authorizing the issuance of the Bonds (the “Resolution”) duly adopted by the Board of Trustees of the System.

THIS BOND AND THE OTHER BONDS OF THE SERIES OF WHICH IT IS A PART, together with all other Bonds, as defined in the Resolution, are equally and ratably payable from and secured by a lien on and pledge of certain Pledged Revenues, as defined and provided in the Resolution, to which reference is made for all purposes, which Pledged Revenues include the General Fees, the Laboratory Fees, the Miscellaneous Fees, the Out-of-District Fees, the Technology Fees, the Continuing Education Fees, Tuition and any other revenues or receipts of the System which may hereafter be pledged to the payment of the Bonds. This Bond and the other Bonds of the series of which it is a part, together with the interest thereon, constitute special obligations of the System, are payable solely from the Pledged Revenues and do not constitute an indebtedness or general obligation of the System. The owner hereof shall never have the right to demand payment of principal or interest out of any funds raised or to be raised by taxation.

[Optional and mandatory redemption language]<sup>17</sup>

NOTICE OF ANY REDEMPTION identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be presented and surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided herein shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Resolution.

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<sup>16</sup> Insert from Officer’s Pricing Certificate.

<sup>17</sup> Insert from Officer’s Pricing Certificate, if necessary.

THIS BOND IS EXCHANGEABLE at the principal payment office of the Paying Agent/Registrar, for bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

THE SYSTEM HAS RESERVED the right to issue additional bonds, subject to restrictions contained in the Resolution, which may be secured by a lien senior and superior to, on a parity with, or subordinate and inferior to the lien on the Pledged Revenues securing this Bond and the other Bonds of the series of which it is a part.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE SYSTEM has covenanted in the Resolution that it will at all times provide a legally qualified paying agent/registrar for the Bonds and will cause notice of any change of paying agent/registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; that this Bond does not exceed any Constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on this Bond by an irrevocable pledge of the Pledged Revenues.

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

(AUTHENTICATION                      (SEAL)                      HOUSTON COMMUNITY COLLEGE SYSTEM  
CERTIFICATE)

\_\_\_\_\_  
Chair, Board of Trustees

\_\_\_\_\_  
Secretary, Board of Trustees

(b) Form of Comptroller's Registration Certificate.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this \_\_\_\_\_.

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

(SEAL)

(c) Form of Registrar's Authentication Certificate.

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Resolution described in the text of this Bond.

The Bank of New York Mellon Trust Company  
As Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Signature  
Date of Authentication \_\_\_\_\_

(d) Form of Assignment.

ASSIGNMENT

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

\_\_\_\_\_  
\_\_\_\_\_  
(Please print or type name, address, and zip code of Transferee)

\_\_\_\_\_  
(Please insert Social Security or Taxpayer Identification Number of Transferee)  
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_  
attorney to transfer said Bond on the books kept for registration thereof, with full power of  
substitution in the premises.

DATED: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
\_\_\_\_\_

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

\_\_\_\_\_  
Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

- (i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted;
- (ii) in the first paragraph of the Bond, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid in installments on April 15 in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:

[Information to be inserted from Officer's Pricing Certificate]

- (iii) the Initial Bond shall be numbered I-1.

18. CUSIP Numbers. CUSIP Numbers may be printed on the Bonds, but errors or omissions in the printing of such numbers shall have no effect on the validity of the Bonds.

19. Pledge and Security. All Senior Lien Bonds shall, so long as they remain Outstanding, both as to principal and interest, be equally and ratably payable from and secured by an irrevocable first lien on and pledge of the Pledged Revenues. All Junior Lien Bonds shall, so long as they remain Outstanding, both as to principal and interest, be equally and ratably payable from and secured by an irrevocable lien on and pledge of the Pledged Revenues, subject to a senior and superior lien and pledge securing the Senior Lien Bonds.

20. Issuance of the Bonds as Senior Lien Bonds. The Bonds are authorized to be and shall be issued as Senior Lien Bonds. Any additional payments to the Senior Lien Bond Interest and Sinking Fund (as hereinafter defined) related to the new money portion of any Bonds will be reflected in the schedule attached to the Officer's Pricing Certificate.

21. Special Obligations. The Bonds and interest thereon shall constitute special obligations of the System, payable solely from and secured by a lien on, the Pledged Revenues, and such obligations shall not constitute an indebtedness of the System or of the State of Texas, and the Owners of the Bonds shall never have the right to demand payment thereof or interest thereon out of any funds raised or to be raised by taxation.

22. Senior Lien Bond Interest and Sinking Fund. The Senior Lien Bond Interest and Sinking Fund heretofore created in connection with the previously issued Senior Lien Bonds (the "Senior Lien Bond Interest and Sinking Fund") shall be maintained and accounted for as hereinafter provided, so long as any Senior Lien Bonds remain Outstanding:

The Senior Lien Bond Interest and Sinking Fund shall be maintained at an official depository bank of the System separate and apart from all other funds and accounts of the System, and shall constitute trust funds which shall be held in trust for the Owners of Senior Lien Bonds. Such Senior Lien Bond Interest and Sinking Fund shall be used solely as herein provided so long as any of the Senior Lien Bonds remain Outstanding.

On or before each Interest Payment Date, so long as any Senior Lien Bonds are Outstanding, there shall be deposited into the Senior Lien Bond Interest and Sinking Fund from the Pledged Revenues:

(a) such amounts as will be sufficient, when added to other money in such Senior Lien Bond Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to come due on Senior Lien Bonds on the next Interest Payment Date; and

(b) such amounts as will be sufficient, when added to other money in such Senior Lien Bond Interest and Sinking Fund and available for such purpose, to pay the next maturing principal on the Senior Lien Bonds on the next Interest Payment Date.

Money in the Senior Lien Bond Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds and the bank charges and other costs associated with such payment. On or before each Interest Payment Date, the System shall transfer from the Senior Lien Bond Interest and Sinking Fund to the Paying Agent/Registrar an amount equal to the

principal and/or interest payable on such date on the Senior Lien Bonds plus bank charges and other costs associated therewith. Earnings on investments of money in the Senior Lien Interest and Sinking Fund shall remain a part of such Senior Lien Bond Interest and Sinking Fund.

23. Flow of Funds. The Pledged Revenues shall be used for the following purposes and in the following order of priority:

FIRST, to make all deposits into the Senior Lien Bond Interest and Sinking Fund required by this Resolution and any resolution authorizing the issuance of Senior Lien Bonds;

SECOND, to make all deposits into the Junior Lien Bond Interest and Sinking Fund required by any resolution authorizing the issuance of Junior Lien Bonds;

THIRD, to make all deposits into the Junior Lien Bond Reserve Fund required by any resolution authorizing the issuance of Junior Lien Bonds; and

FOURTH, for any lawful System purpose.

24. Deficiencies in Funds. If at any time there is a deficiency in any fund created in this Resolution, such deficiency shall be made up from the next available Pledged Revenues.

25. Investment and Security of Funds. (a) Money in the Senior Lien Bond Interest and Sinking Fund may, at the option of the System, be invested in investments authorized for the System under Texas law; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. Such investments shall be sold promptly when necessary to prevent any default in connection with the Senior Lien Bonds.

(a) All uninvested money on deposit to the credit of the Senior Lien Bond Interest and Sinking Fund shall be secured by the pledge of securities, as provided by law, in amounts at all times not less than the amount of deposits credited to such funds, respectively.

26. Additional Bonds. The System expressly reserves the right hereafter to issue, in one or more series, for purposes permitted by law: (i) Additional Senior Lien Bonds, which Additional Senior Lien Bonds, when issued, shall be payable from and secured by a first lien on the Pledged Revenues on a parity with the Outstanding Senior Lien Bonds, the Bonds, and any other Additional Senior Lien Bonds then Outstanding and (ii) Additional Junior Lien Bonds on a parity with Outstanding Junior Lien Bonds, and any Additional Junior Lien Bonds then Outstanding. It is specifically provided, however, that no Additional Senior Lien Bonds shall be issued unless:

(a) The Chair of the Board signs a written certificate to the effect that the System is not in default as to any covenant, condition or obligation in connection with the Bonds then Outstanding, and the resolutions authorizing their issuance;

(b) The Senior Lien Bond Interest and Sinking Fund contains the amount of money then required to be on deposit therein;

(c) For either the preceding fiscal year or the twelve calendar month period immediately preceding the month in which the resolution authorizing Additional Bonds is adopted (the “Base Period”):

For Additional Senior Lien Bonds, either:

- (i) Pledged Revenues were equal to at least 115% of the maximum annual principal and interest requirements on the Senior Lien Bonds that will be Outstanding after the issuance of the proposed Additional Senior Lien Bonds, as certified by the System’s Chancellor or an independent certified public accountant or firm of independent certified public accountants, or
- (ii) Pledged Revenues, as adjusted to give effect to any increase in the System’s rates and charges adopted at least sixty (60) days prior to the adoption of the resolution authorizing the proposed Additional Senior Lien Bonds, to the same extent as if such increase had been in effect for the entire Base Period, would have been at least equal to 125% of the maximum annual principal of and interest requirements on the Senior Lien Bonds that will be Outstanding after the issuance of the proposed Additional Senior Lien Bonds, as certified by the System’s Chancellor or an independent certified public accountant or firm of independent certified public accountants; and

(d) Principal on the proposed Additional Bonds is payable on April 15 and interest is payable on April 15 and October 15;

provided, however, that requirement (c) shall not apply to the issuance of any series of Additional Senior Lien Bonds for refunding purposes that will not have the result of increasing the average annual principal and interest requirements on the Senior Lien Bonds, as the case may be, after the issuance of such refunding bonds.

27. Rate Covenant. The System hereby covenants and agrees in this Resolution that, so long as any Bonds remain Outstanding, it will fix, revise, charge and collect rates and charges for the use and services of the System which, together with other Pledged Revenues, are calculated to be fully sufficient to produce Pledged Revenues at least equal to annual debt service requirements on all Bonds and Additional Bonds for each fiscal year, but not less than the amount required to make required deposits to the credit of the Senior Lien Bond Interest and Sinking Fund, the Junior Lien Bond Interest and Sinking Fund, and the Junior Lien Bond Reserve Fund.

28. Special Covenants. The System covenants and agrees:

(a) That it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution and in each and every Bond issued and delivered hereunder; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond issued hereunder on the dates and at the places and in the manner prescribed in such Bonds and in this Resolution, and that it will prior to maturity of each installment of interest and prior to the maturity of each such Bond at the times and in the manner



prescribed herein, deposit or cause to be deposited, from the Pledged Revenues or from other funds lawfully available for such use, the amount of money specified herein.

(b) That it will from time to time, and before the same become delinquent, cause to be paid and discharged all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or upon its facilities; that it will cause to be paid all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien which would be prior to or interfere with the lien on Pledged Revenues created by this Resolution in favor of the Owners, so that the priority of lien granted hereunder shall be fully preserved in the manner provided herein; and that it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the lien hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claim which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the System.

(c) That it will, to the extent it lawfully may, continuously and efficiently operate and maintain in good condition and at a reasonable cost the facilities and services of the System.

(d) While the Bonds are Outstanding, the System shall not additionally encumber the Pledged Revenues in any manner, except as permitted by this Resolution in connection with the issuance of Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Resolution.

(e) That each year while any of the Bonds is Outstanding, the System's annual audit will include an audit of the books and accounts relating to the Pledged Revenues by a certified public accountant. As soon as practicable after the close of each fiscal year, and when said audit has been completed and made available to the System, a copy of such audit shall be mailed to the major municipal rating agencies and to any Owner who shall so request in writing. Such annual audit reports shall be open to the inspection of the Owners, their agents and representatives at all reasonable times.

(f) That it shall cause to be kept proper books, records and accounts in which complete and correct entries shall be made of all transactions relating to the Pledged Revenues.

(g) That any Owner shall have the right at all times during normal business hours of any Business Day, upon written request to the Chancellor, to inspect all records, accounts and data of the System relating to the Pledged Revenues.

29. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Issue Date.

“Computation Date” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Investment” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Issue Date” for each series or sub-series of the Bonds or other obligations of the System is the respective date on which such series or sub-series of the Bonds or other obligations of the System is delivered against payment therefor.

“Net Sale Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Rebate Amount” has the meaning stated in Section 1.148-3 of the Regulations.

“Regulations” means the temporary or final Income Tax Regulations applicable to the Bonds issued pursuant to Sections 141 through 150 of the Code. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to Sections 141 through 150 of the Code and applicable to the Bonds.

“Yield of”

- (i) any Investment shall be computed in accordance with Section 1.148-5 of the Regulations, and
- (ii) the Bonds shall be computed in accordance with Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The System shall not use, permit the use of or omit to use Gross Proceeds of the Bonds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the System shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such

covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the System shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the regulations and rulings thereunder, the System shall, at all times after the Issue Date of any Bond and prior to the last stated maturity of the Bonds

- (i) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Bonds) and not use or permit the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or
- (ii) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Bonds) other than taxes of general application and interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the regulations and rulings thereunder, the System shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity if (1) property acquired, constructed or improved with Gross Proceeds (including property financed with Gross Proceeds of the Refunded Bonds) is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, the System shall not, at any time prior to the earlier of the final stated maturity or final payment of the Bonds, directly or indirectly invest Gross Proceeds of the Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the regulations and rulings thereunder, the System shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the regulations and rulings thereunder.

(g) Information Report. The System shall timely file with the Secretary of the Treasury the information required by Section 149(e) of the Code with respect to the Bonds on such forms and in such place as such Secretary may prescribe.

(h) Payment of Rebate Amount. Except to the extent otherwise provided in Section 148(f) of the Code and the regulations and rulings thereunder, the System shall:

- (i) account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of such accounting for at least nine years after the final Computation Date. The System may, however, to the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the System, provided that the System separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith,
- (ii) calculate the Rebate Amount with respect to the Bonds not less frequently than each Computation Date, in accordance with rules set forth in Section 148(f) of the Code, Section 1.148-3 of the Regulations, and the rulings thereunder. The System shall maintain a copy of such calculations for at least three years after the final Computation Date,
- (iii) as additional consideration for the purchase of the Bonds by the initial purchasers thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by Section 148(f) of the Code and the regulations and rulings thereunder, and
- (iv) exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, the System shall not, at any time after the Issue Date of the Bonds and prior to the earlier of the final stated maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Not Hedge Bonds. The System did not invest more than 50 percent of the Proceeds of the Refunded Bonds, and will not invest more than 50 percent of the proceeds of the Bonds, in Nonpurpose Investments having a guaranteed yield for four years or more. On the Issue Date of the Bonds, the System will reasonably expect, and on the Issue Date of the Refunded Bonds, the System reasonably expected, that at least 85 percent of the Net Sale Proceeds of the Bonds and Refunded Bonds, respectively, would be used to carry out the governmental purpose of such series within three years after the Issue Date of such series.

30. Escrow Agreement. The discharge and defeasance of the Refunded Bonds may be effectuated pursuant to the terms and provisions of an Escrow Agreement to be entered into by and between the System and the Escrow Agent, the terms and provisions of which are hereby approved, subject to such insertions, additions and modifications as shall be necessary (a) to carry out the program designed for the System by the Underwriters, which shall be certified as to mathematical accuracy by (or one or more certified public accountants or a firm thereof), (b) to maximize the System's present value savings and/or to minimize the System's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Bonds and (d) to carry out the other intents and purposes of this Resolution, and the Chair or Vice Chair is hereby authorized to execute and deliver such Escrow Agreement on behalf of the System in multiple counterparts and the Secretary or the Assistant Secretary is hereby authorized to attest thereto and affix the System's seal.

31. Purchase of United States Treasury Obligations. To assure the purchase of the Escrowed Securities referred to in the Escrow Agreement, the Chair or Vice Chair of the Board of Trustees, the Vice Chancellor of Finance and Planning, the Treasurer, the Deputy Treasurer and the Escrow Agent are hereby authorized to subscribe for, agree to purchase, and purchase obligations which are authorized investments for escrow accounts pursuant to Section 1207.062, Texas Government Code, in such amounts and maturities and bearing interest at such rates as may be provided for in the Report, 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.

32. Redemption Prior to Maturity of Refunded Bonds. The System has irrevocably exercised its option to call the bonds of the System for redemption prior to maturity on the dates and at the prices shown on Exhibit A attached to the Officer's Pricing Certificate, and authorized and directed notice of such redemption to be given in accordance with the resolutions authorizing the issuance of such bonds.

33. Continuing Disclosure Undertaking. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(a) The System will provide certain updated financial information and operating data

to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org). The System shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the System, financial information and operating data with respect to the System of the general type included in the Official Statement in Appendix B (except for the information under “Estimated Overlapping Debt Statement”), and (2) if not provided as part of such financial information and operating data, audited financial statements of the System, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Appendix B of the Official Statement or such other accounting principles as the System may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the Official Statement, and (ii) audited, if the System commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the System shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB’s internet website or filed with the SEC.

(b) The System shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) 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 Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (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 System;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the System or the sale of all or substantially all of the assets of the System, 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 trustee or the change of name of a trustee, if material.

The System shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the System to provide financial information or operating data in accordance with this Section by the time required by such Section.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

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

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

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

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

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

(d) The provisions of this Section may be amended by the System from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the System, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the 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 Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the System (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Bonds. If the System 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 System may also amend or repeal the provisions of this Section 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, and the System also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in any case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.



34. Official Statement. The System hereby approves the form and content and distribution of the Preliminary Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Bond Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriters is hereby approved and authorized and the proper officials of the System are authorized to sign such Official Statement.

35. Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the Chair of the Board is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Resolution and in the form of the documents attached hereto as exhibits as, in the judgment of the Chair, and in the opinion of Bond Counsel to the System, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Preliminary Official Statement, the final Official Statement, or as may be required for approval of the Bonds by the Attorney General of Texas; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Bonds or such documents shall be subject to the prior approval of the Board.

36. Related Matters. To satisfy in a timely manner all of the System's obligations under this Resolution and the Bond Purchase Agreement, the Chair or Vice Chair, the Secretary or the Assistant Secretary, the Pricing Officers, and all other appropriate officers and agents of the System are hereby authorized and directed to take all other actions that are reasonably necessary to carry out the terms and purposes of the Resolution and provide for the refunding of the Refunded Bonds, including, without limitation, executing and delivering on behalf of the System all certificates, consents, receipts, requests, and other documents as may be reasonably necessary to satisfy the System's obligations under the Bond Purchase Agreement and this Resolution and to direct the application of funds of the System consistent with the provisions of this Resolution.

37. Lease Amendments. In order to effectuate an orderly transfer of title from the PFC to the System and to clarify certain ambiguities in the original Leases, the System hereby approves the following amendments:

- (a) Pursuant to Section 16.6 of that certain Lease with an Option to Purchase between the System and the PFC, dated December 1, 2005, as may have been amended from time to time, and Section 9.02 of the related Trust Agreement, as may have been amended from time to time:
  - (i) the definition of Purchase Option Date is amended in its entirety to read: "*Purchase Option Date* - shall mean (i) April 15, 2015, and any date thereafter ~~each Bond Payment Date~~ while the Bonds remain Outstanding, and (ii) prior thereto in the event of damage, destruction, destruction, or condemnation of the Project, a date established pursuant to Section 9.2 of this Lease."
  - (ii) Section 11.1 is amended in its entirety to read: "**Section 11.1 Option to Purchase.** On a Purchase Option Date, the

System shall have the option to purchase (the “*Option to Purchase*”) the Corporation’s interest in the Project for an amount equal to the Purchase Option Price. The System shall give written notice to the Corporation and Trustee of its exercise of the Option to Purchase not less than thirty-five (35) days prior to the Purchase Option Date, which is the date on which title is to be transferred, which notice shall describe the sources of the ~~be accompanied by a~~ deposit with the Trustee of the amount, which taken together with the aggregate funds held by the Trustee under the Trust Agreement in the Project Account, Reserve Account, Payment Account, and Redemption Account on the Purchase Option Date will equal the aggregate of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date. The Trustee shall use the money so deposited to redeem the Bonds in accordance with the terms of the Trust Agreement and to discharge the other expenses for which the System is liable hereunder.”

(b) Pursuant to Section 16.6 of that certain Lease with an Option to Purchase between the System and the PFC, dated October 1, 2006, as may have been amended from time to time, and Section 9.02 of the related Trust Agreement, as may have been amended from time to time:

(i) the definition of Purchase Option Date is amended in its entirety to read: “*Purchase Option Date* - shall mean (i) April 15, 2015, and any date thereafter ~~each Bond Payment Date~~ while the Bonds remain Outstanding, and (ii) prior thereto in the event of damage, destruction, destruction, or condemnation of the Project, a date established pursuant to Section 9.2 of this Lease.”

(ii) Section 11.1 is amended in its entirety to read: “**Section 11.1 Option to Purchase.** On a Purchase Option Date, the System shall have the option to purchase (the “*Option to Purchase*”) the Corporation’s interest in the Project for an amount equal to the Purchase Option Price. The System shall give written notice to the Corporation and Trustee of its exercise of the Option to Purchase not less than thirty-five (35) days prior to the Purchase Option Date, which is the date on which title is to be transferred, which notice shall describe the sources of the ~~be accompanied by a~~ deposit with the Trustee of the amount, which taken together with the aggregate funds held by the Trustee under the Trust Agreement in the Project Account, Reserve Account, Payment Account, and Redemption Account on

the Purchase Option Date will equal the aggregate of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date. The Trustee shall use the money so deposited to redeem the Bonds in accordance with the terms of the Trust Agreement and to discharge the other expenses for which the System is liable hereunder.”

- (c) Pursuant to Section 16.6 of that certain Lease with an Option to Purchase between the System and the PFC, dated February 1, 2007, as may have been amended from time to time, and Section 9.02 of the related Trust Agreement, as may have been amended from time to time:
- (i) the definition of Purchase Option Date is amended in its entirety to read: “*Purchase Option Date* - shall mean (i) April 15, 2015, and any date thereafter ~~each Bond Payment Date~~ while the Bonds remain Outstanding, and (ii) prior thereto in the event of damage, destruction, destruction, or condemnation of the Project, a date established pursuant to Section 9.2 of this Lease.”
  - (ii) Section 11.1 is amended in its entirety to read: “**Section 11.1 Option to Purchase.** On a Purchase Option Date, the System shall have the option to purchase (the “*Option to Purchase*”) the Corporation’s interest in the Project for an amount equal to the Purchase Option Price. The System shall give written notice to the Corporation and Trustee of its exercise of the Option to Purchase not less than thirty-five (35) days prior to the Purchase Option Date, which is the date on which title is to be transferred, which notice shall describe the sources of the ~~be accompanied by a~~ deposit with the Trustee of the amount, which taken together with the aggregate funds held by the Trustee under the Trust Agreement in the Project Account, Reserve Account, Payment Account, and Redemption Account on the Purchase Option Date will equal the aggregate of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date. The Trustee shall use the money so deposited to redeem the Bonds in accordance with the terms of the Trust Agreement and to discharge the other expenses for which the System is liable hereunder.”

38. Notice of Exercise of Purchase Options in Leases. The Pricing Officer is hereby authorized and directed to provide notice to the PFC, in accordance with the amended form of Leases set forth in Section 37 above, of the System's intent to exercise its option to purchase the PFC Facilities.

39. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the System are hereby authorized to execute such agreement for and on behalf of the System.

40. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any Trustee of the Board, officer, official, employee or agent of the System or any person executing any Bonds.

41. Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

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PASSED AND APPROVED this 14th day of May, 2015.

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Chair, Board of Trustees  
Houston Community College System

ATTEST:

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Secretary, Board of Trustees  
Houston Community College System

(SEAL)

Signature Page

**EXHIBIT A**

**SYSTEM'S OUTSTANDING BONDS**

Senior Lien Student Fee Revenue Refunding Bonds, Series 2005  
Junior Lien Student Fee Revenue & Refunding Bonds, Series 2006  
Senior Lien Student Fee Revenue Bonds, Series 2008  
Senior Lien Student Fee Revenue Bonds, Series 2010  
Junior Lien Student Fee Revenue Refunding Bonds, Series 2011  
Combined Fee Revenue Refunding Bonds, Series 2014A  
Combined Fee Revenue Refunding Bonds, Taxable Series 2014B

# ACTION ITEM

Meeting Date: May 14, 2015

ITEM NO.	ITEM TITLE	PRESENTER
<b>C</b>	<b>Authorize the Repayment of Portion of 2013 Limited Tax General Obligation Bonds Callable in 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora Andrews Kurth</b>

## RECOMMENDATION

Approve the repayment of a portion of 2013 Limited Tax General Obligation Bonds callable in 2015 from funds and revenues available to the College. Authorize the Vice Chancellor of Finance and Planning or certain designees including Treasurer and Deputy Treasurer to prepare, distribute and execute all necessary documents and statements related thereto.

## COMPELLING REASON/RATIONALE

The action facilitates the repayment of the Bonds and avoids all further payments.

## DESCRIPTION OR BACKGROUND

A portion of the 2013 Limited Tax General Obligation Bonds are currently callable.

## FISCAL IMPACT

The required payment will be \$4,065,000 principal plus minimal accrued interest that may result due to variability in the actual payment date. The resulting future cash flow savings between 2015 and 2027 will be approximately \$6,504,000 from payments that will not have to be made.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# ACTION ITEM

Meeting Date: May 14, 2015

ITEM NO.	ITEM TITLE	PRESENTER
<b>D</b>	<b>HCC Board of Trustees Self-Evaluation (Project No. Informal Request for Proposal 15-15)</b>	<b>Trustee Robert Glaser</b>

## RECOMMENDATION

Approve the engagement of Association of Community College Trustees to provide deliverables and services related to the Board of Trustees Self Evaluation as described in the Informal Request for Proposal 15-15.

## COMPELLING REASON/RATIONALE

HCC Board Self-Evaluation Committee reviewed responses to the Informal Request for Proposal 15-15 to provide deliverables and services related to the Board of Trustees Self Evaluation.

## DESCRIPTION OR BACKGROUND

Houston Community College issued an Informal Request for Proposal for the selection of a firm to provide Board self-evaluation services and tools. The Informal Request for Proposal 15-15 was issued on April 20, 2015. The solicitation document was distributed electronically to ten (10) firms.

## FISCAL IMPACT

The fee for Self-Evaluation Services shall be negotiated prior to contract award in an approximately amount of \$11,500. The funding source shall be HCC Operations Budget.

## LEGAL REQUIREMENTS

Selection shall be made by the Board of Trustees and will be made based upon their assessment of the best value for the district, as demonstrated by the proposal that best meets the requirements of the Board of Trustees' vision as described in the solicitation document.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



# ACTION ITEM

Meeting Date: May 14, 2015

ITEM NO.	ITEM TITLE	PRESENTER
<b>E</b>	Consider Addition of House Bill 544 to HCC Legislative Priorities	Trustee Zeph Capo

## RECOMMENDATION

Discuss adding House Bill 544 to HCC Legislative Policy Priorities.

## COMPELLING REASON/RATIONALE

House Bill 544 is sponsored by Representative Harold Dutton relating to payment by a school district of the costs of developmental coursework provided by an institution of higher education under the success initiative.

## DESCRIPTION OR BACKGROUND

Each biennium HCC produces a list of policy priorities deemed important to address during the legislative session. HCC policy priorities for the 84th legislative session were approved by the governing board on August 21, 2014.

## FISCAL IMPACT

Not determined.

## LEGAL REQUIREMENTS

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# ACTION ITEM

Meeting Date: May 14, 2015

ITEM NO.	ITEM TITLE	PRESENTER
<b>F</b>	<b>Appointment for Houston Community College Trustee Position, District IV and Any Other Related Authorizations Necessary for Further Action</b>	<b>Board of Trustees</b>

## RECOMMENDATION

Approve appointment for Houston Community College Trustee Position, District IV and any other related authorizations necessary for further action.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Applicants Information (Provided under separate cover)**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100