



TOPIC: University System of Maryland: Thirty-Eighth Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 9, 2016

SUMMARY: The Board of Regents has previously adopted thirty-seven bond resolutions, with amendments, authorizing the issuance of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The proposed Resolution authorizes the issuance of Revenue Bonds to finance \$94,670,000 of academic and auxiliary facilities projects.

Academic Facilities Projects

- University of Maryland, College Park: New Bioengineering Building \$7,500,000
- System-wide Capital Facilities Renewal \$17,000,000

Auxiliary Facilities Projects

- Towson University: Union Addition/Renovation \$8,670,000
- Towson University: Residence Tower Renovation \$19,600,000
- University of Maryland, College Park: Dorchester Residence Hall Renovation \$10,300,000
- University of Maryland, Baltimore County: Event Center and Arena \$31,600,000

BOND COUNSEL: Miles & Stockbridge P.C.

ALTERNATIVE(S): The projects may be delayed without this authorization.

FISCAL IMPACT: Issuance of \$94,670,000 of bonds would result in debt service of approximately \$7.5 million per year for 20 years at 5.0%.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the Thirty-Eighth Bond Resolution.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923

THIRTY-EIGHTH BOND RESOLUTION

OF THE BOARD OF REGENTS OF THE

UNIVERSITY SYSTEM OF MARYLAND

AUTHORIZING THE ISSUANCE AND SALE OF UP TO

\$94,670,000 UNIVERSITY SYSTEM OF MARYLAND

AUXILIARY FACILITY AND TUITION

REVENUE BONDS

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**THIRTY-EIGHTH BOND RESOLUTION
OF THE BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF MARYLAND
AUTHORIZING THE ISSUANCE AND SALE OF UP TO
\$94,670,000 UNIVERSITY SYSTEM OF MARYLAND
AUXILIARY FACILITY AND TUITION
REVENUE BONDS**

RECITALS

WHEREAS, pursuant to Title 19 of the Education Article of the Annotated Code of Maryland (as the same may be amended or supplemented from time to time, "Title 19"), the University System of Maryland (the "System") is authorized to issue bonds for the purpose of financing or refinancing all or any part of the costs of the acquisition, construction, reconstruction, equipment, maintenance, repair, renovation and operation of one or more "projects," as such term is defined in Title 19, of the System;

WHEREAS, pursuant to the authority provided in Title 19, and pursuant to a Resolution of the System adopted May 3, 1989, the System approved the Original Indenture (as hereinafter defined) providing for the issuance of one or more series of bonds from time to time for the purposes described in Title 19;

WHEREAS, pursuant to the authority provided in Title 19, and pursuant to a Resolution of the System adopted June 14, 1995, the System approved the Supplemental Indenture (as hereinafter defined) supplementing and amending the Original Indenture in furtherance of the purposes described in Title 19;

WHEREAS, pursuant to the authority provided in Title 19, the System desires to issue and sell up to \$94,670,000 aggregate principal amount of its University System of Maryland Auxiliary Facility and Tuition Revenue Bonds on one or more Issuance Dates (as hereinafter defined) in one or more series from time to time, subject to the terms and conditions of this Thirty-Eighth Bond Resolution (as amended or supplemented from time to time, this "Resolution" or "Thirty-Eighth Bond Resolution") and the Indenture (as hereinafter defined) and secured by and payable from the Trust Estate pledged under the Indenture;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND THAT:

ARTICLE I

DEFINITIONS

Section 1.01. Terms Defined in the Indenture. Except as provided in Section 1.02, all initially capitalized terms contained in the Indenture when used in this Resolution shall have the same meaning herein as set forth in the Indenture.

Section 1.02. Additional Definitions. In addition to the words and terms defined in the Indenture and elsewhere defined herein, the following words and terms as used herein shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

“Academic Facilities Projects” means, collectively, those projects constituting “academic facilities” as such term is defined in Title 19 which are defined as such in Section 2.04 of this Resolution, and individually, each of the projects so defined therein, and those projects which pursuant to Section 5.04 hereof are added as Projects.

“Accreted Amount” means the principal amount of any Capital Appreciation Bond as of the date of delivery, plus accrued interest (including compounded interest to the immediately preceding Interest Payment Date), if any.

“Arbitrage Compliance Agreement” means each Arbitrage Compliance Agreement (if any) or such other arbitrage or tax certification respecting payment of arbitrage rebate executed with respect to the Thirty-Eighth Resolution Bonds issued on any Issuance Date.

“Authorized Denomination” means \$5,000 or any integral multiple thereof, or such greater amount or multiple as may be set forth in a System Order.

“Auxiliary Facilities Projects” means, collectively, the projects constituting “auxiliary facilities” as such term is defined in Title 19 which are defined as such in Section 2.04 of this Resolution, and individually, each of the projects so defined therein, and those projects which pursuant to Section 5.04 hereof are added as Projects.

“Bond Resolution(s)” means each and all of the Resolutions of the Board which authorize the issuance of Bonds.

“Bonds” has the meaning given that term in the Indenture.

“Capital Appreciation Bonds” are described in Section 2.02 of this Resolution.

“Current Interest Bonds” are described in Section 2.02 of this Resolution.

“Escrow Deposit Agreement” means each agreement by and between the System and the Trustee executed and delivered in accordance with Section 2.07 of this Resolution.

“Fixed Rate Bond” means a Thirty-Eighth Resolution Bond bearing interest at a rate which is fixed to the maturity of such Thirty-Eighth Resolution Bond.

“Indenture” means the Original Indenture, as supplemented and amended by the Supplemental Indenture and as further amended or supplemented from time to time.

“Interest Payment Date” means April 1 and October 1 of each calendar year or such other date or dates as may be prescribed in a System Order and for any Thirty-Eighth Resolution Bond paid in full, the date of payment in full of such Thirty-Eighth Resolution Bond.

“Issuance Date” means each date on which all or any portion of the Thirty-Eighth Resolution Bonds are exchanged for the purchase price thereof.

“Liquidity Facility” means a Credit Facility which shall provide for the payment of the purchase price of Variable Rate Bonds tendered by the holders thereof for purchase as provided in a System Order regarding the issuance of such Variable Rate Bonds but shall not provide for the payment of the principal due on any such Variable Rate Bond at maturity or earlier redemption.

“Liquidity Provider” means the Person who provides a Liquidity Facility.

“Mandatory Sinking Fund Payment” is defined in Section 3.01 of this Resolution.

“Original Indenture” means the Indenture of Trust, dated as of May 1, 1989, by and between the System and the Trustee as approved by the Board of Regents pursuant to the 1989 Series A Bond Resolution of the System adopted May 3, 1989.

“Projects” means, collectively, the Academic Facilities Projects, the Auxiliary Facilities Projects and any other projects for which the proceeds of the Thirty-Eighth Resolution Bonds are authorized to be used.

“Record Date” means (a) with respect to Thirty-Eighth Resolution Bonds which are Fixed Rate Bonds or which are Variable Rate Bonds then bearing interest at a rate which is fixed for a period of one year or longer, the 15th day of the calendar month immediately preceding an Interest Payment Date, whether or not such day is a Business Day, and (b) with respect to all other Thirty-Eighth Resolution Bonds, the Business Day immediately preceding an Interest Payment Date.

“Refunding Bonds” means (i) Thirty-Eighth Resolution Bonds of the System authorized by Section 2.06 of this Resolution or (ii) any Bonds issued under the authority of any other Bond Resolution to refund Bonds previously issued to finance any Project or to refund any prior issue

of Bonds, including refunding Bonds.

“Sinking Fund Redemption Date” is defined in Section 3.01 of this Resolution.

“Supplemental Indenture” means the First Supplemental Indenture of Trust dated June 14, 1995, by and between the System and the Trustee, which Supplemental Indenture supplements and amends the Original Indenture.

“System Order” means the separate written order with respect to the Thirty-Eighth Resolution Bonds issued on any Issuance Date executed by an Authorized System's Representative.

“Thirty-Eighth Resolution Bonds” means the Bonds of the System authorized by this Resolution.

“Thirty-Eighth Resolution Rebate Fund” means the fund established pursuant to Section 6.01 of this Resolution and Section 7.01 of the Indenture.

“Variable Rate Bond” means a Thirty-Eighth Resolution Bond bearing interest at a rate which is not fixed to the maturity of such Thirty-Eighth Resolution Bond.

ARTICLE II

THIRTY-EIGHTH RESOLUTION BONDS

Section 2.01. Authorized Amount of Thirty-Eighth Resolution Bonds; Designation and Series; Purpose; Security.

(a) In order to provide sufficient funds to carry out the purposes described in this Section 2.01, and according and subject to the terms, conditions and limitations established in the Indenture and this Resolution, Thirty-Eighth Resolution Bonds in an aggregate principal amount not to exceed \$94,670,000 are hereby authorized to be issued on one or more Issuance Dates from time to time as may be prescribed in a System Order regarding each issuance of Thirty-Eighth Resolution Bonds, all of which shall be issued for the purposes of financing the Projects. The Thirty-Eighth Resolution Bonds shall consist of Current Interest Bonds or Capital Appreciation Bonds or any combination thereof and may be issued from time to time on any Issuance Date. For the purposes of this Section 2.01, the principal amount of Capital Appreciation Bonds shall be the Accreted Amount as of the Issuance Date of such Capital Appreciation Bonds. Each System Order regarding each Issuance Date of the Thirty-Eighth Resolution Bonds shall specify the aggregate principal amount of Thirty-Eighth Resolution Bonds to be issued. In addition to the title “University System of Maryland Auxiliary Facility and Tuition Revenue Bonds,” each such System Order may prescribe or the Trustee may add to or incorporate into the general title or numerical designation of any Thirty-Eighth Resolution Bonds, any words, figures or letters designed to distinguish Thirty-Eighth Resolution Bonds issued on a particular Issuance Date from any other Thirty-Eighth Resolution Bonds or any other

series of Bonds issued on such Issuance Date.

(b) The proceeds from the issuance and sale of the Thirty-Eighth Resolution Bonds shall be used for the purposes of financing or refinancing the cost of the Projects described in Section 2.04 hereof.

(c) The intended source of payment for the Thirty-Eighth Resolution Bonds designated for Academic Facilities Projects shall be Tuition Revenues and the intended source of payment for the Thirty-Eighth Resolution Bonds not designated for Academic Facilities Projects shall be Auxiliary Facilities Fees; provided, however, such intention as to source of payment shall in no way limit the lien of the Trust Estate or the right of the System to use any other source legally available for payment of any of the Thirty-Eighth Resolution Bonds.

(d) The Thirty-Eighth Resolution Bonds may, as determined by the Chancellor of the System or the Chief Operating Officer and Vice Chancellor for Administration and Finance of the System, be issued as “build America bonds” under the provisions of Section 54AA(d) of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), or such provisions as may then be applicable, if then permitted under the Internal Revenue Code, with the intention that the interest payable on such Thirty-Eighth Resolution Bonds will not be excludable from federal gross income by the owners thereof. If any Thirty-Eighth Resolution Bonds are issued as “build America bonds”, the Chancellor of the System or the Chief Operating Officer and Vice Chancellor for Administration and Finance of the System may, in his or her discretion, elect on behalf of the System to issue such Thirty-Eighth Resolution Bonds as either tax credit bonds or bonds eligible to receive a refundable credit with respect to a portion of the interest paid on the bonds from the United States Treasury under the provisions of Section 54AA and related provisions of the Internal Revenue Code, or such provisions as may then be applicable.

(e) The Thirty-Eighth Resolution Bonds shall be secured as provided in the Indenture.

Section 2.02. General Terms of Thirty-Eighth Resolution Bonds.

(a) The Thirty-Eighth Resolution Bonds shall be dated as of the date or dates prescribed in a System Order.

(b) The Current Interest Bonds shall bear interest from their date, until paid, at the rate or rates set forth in, or determined in the manner provided in, a System Order (computed on the basis of (a) a 360-day year, composed of twelve 30-day months, in the case of Thirty-Eighth Resolution Bonds which are Fixed Rate Bonds or which are Variable Rate Bonds then bearing interest at a rate which is fixed for a period of one year or longer or (b) a 365- or 366-day year, as appropriate, for the number of days elapsed in the case of all other Thirty-Eighth Resolution Bonds) payable on each Interest Payment Date, and shall mature on such date or dates as may be prescribed in a System Order, but in no event shall the latest maturity be later than twenty-one (21) years from the Issuance Date of the applicable series of Thirty-Eighth Resolution Bonds. Interest on the Capital Appreciation Bonds shall accrue from their date of

delivery at the rate or rates and in accordance with the method set forth in a System Order, shall be compounded on April 1 and October 1 of each year or as set forth in a System Order and shall be payable at maturity or earlier on any redemption date, or on such date or dates as may be prescribed in a System Order, but in no event shall the latest maturity be later than twenty-one (21) years from the Issuance Date of the applicable series of Thirty-Eighth Resolution Bonds.

(c) The Thirty-Eighth Resolution Bonds shall be issuable as registered bonds without coupons in any Authorized Denomination. The Thirty-Eighth Resolution Bonds initially shall be issued only in book entry form and an Authorized System's Representative is hereby authorized to enter into such agreements with a Depository as may be necessary or appropriate to issue the Thirty-Eighth Resolution Bonds only in book entry form.

(d) The principal of and premium (if any) on the Current Interest Bonds and the principal of, and premium (if any) and interest due at maturity on, the Capital Appreciation Bonds shall be payable at the principal office or the principal corporate trust office of the Trustee, upon surrender of such Bonds at such principal office.

(e) Interest on the Current Interest Bonds shall be paid on each Interest Payment Date for the period from and including the immediately preceding Interest Payment Date for which interest has not theretofore been paid to but excluding the Interest Payment Date on which such payment is to be made. Subject to the terms of any agreement with a Depository and except as otherwise provided in a System Order, interest on the Current Interest Bonds shall be payable by check drawn upon the Trustee and mailed to the Persons in whose names such Current Interest Bonds are registered on the Bond Register as of the close of business on the Record Date immediately before the relevant Interest Payment Date; provided that the payment of interest on any such Current Interest Bonds in an aggregate principal amount equal to or greater than \$1,000,000 registered in the name of one Bondholder may, at the option of such Bondholder, be paid on any Interest Payment Date by wire transfer in federal reserve funds to any bank in the United States of America specified by such Bondholder, upon receipt by the Trustee of written notice on or before the Record Date immediately prior to the first Interest Payment Date upon which such a wire transfer is to be made. If any Bondholder shall elect to receive payment of interest by wire transfer, such election shall remain effective for all subsequent Interest Payment Dates until written notice revoking such election is received by the Trustee on or before the Record Date immediately prior to the Interest Payment Date for which notice of revocation is to be effective.

(f) As provided in the Indenture, the obligation of the System to pay the principal of, and premium (if any) and interest on, the Thirty-Eighth Resolution Bonds, shall be secured by and satisfied solely from the Trust Estate.

Section 2.03. Form of Thirty-Eighth Resolution Bonds. The Thirty-Eighth Resolution Bonds shall be in the form as may, consistent with the Indenture and this Resolution, be approved in a System Order, and shall be executed and delivered as provided in Section 2.09 of the Indenture. Execution of any Thirty-Eighth Resolution Bonds consistent with Section 2.09 of the Indenture shall be conclusive evidence of the System’s approval thereof.

Section 2.04. Use of Proceeds; Projects Authorized. The following “academic facilities” and “auxiliary facilities” are hereby approved as projects, the costs of which may be paid from the proceeds from the issuance and sale of Bonds:

(a) up to \$7,500,000 of the Thirty-Eighth Resolution Bonds for the costs of the following constituting Academic Facilities Projects:

- (1) University of Maryland, College Park (Prince George’s County)
 - (A) New Bioengineering Building

(b) up to \$17,000,000 of the Thirty-Eighth Resolution Bonds for the costs of those Capital Facilities Renewal Projects identified in the Capital Improvement Program approved by the Board for Fiscal Year 2016, as those Projects, from time to time, may be amended, modified, or supplemented by the Board.

(c) the following auxiliary facilities (the “Auxiliary Facilities Projects”) which are further identified and described in the System Funded Construction Program approved by the Board for Fiscal Year 2016, as those Projects, from time to time, may be amended, modified, or supplemented by the Board:

- (1) Towson University (Baltimore County)
 - (A) Union Addition/Renovation
 - (B) Residence Tower Renovation
- (2) University of Maryland, College Park (Prince George’s County)
 - (A) Dorchester Residence Hall Renovation
- (3) University of Maryland, Baltimore County (Baltimore County)
 - (A) Event Center and Arena

In accordance with Section 102(d) of Title 19, and pursuant to Chapter 123 of the 2013 Laws of Maryland, each of the Academic Facilities Projects specified in subsection (a) and (b) above were approved by the Maryland General Assembly as a project for an academic facility. The aggregate amount of Bonds (of all series) designated for Academic Facilities Projects, as provided in Section 6.03 of the Indenture, shall not exceed the amounts specified in (a) and (b) above for the Academic Facilities Projects specified in such Sections.

Section 2.05. Deposit of Thirty-Eighth Resolution Bond Proceeds. The System shall direct the payment of the net proceeds of the Thirty-Eighth Resolution Bonds, in the following order:

(a) accrued interest, if any, on those Thirty-Eighth Resolution Bonds that are Current Interest Bonds, from their dated date to but excluding the date of delivery thereof, shall be paid to the Trustee and deposited in the Interest Account of the Consolidated Bond Fund;

(b) proceeds of those Thirty-Eighth Resolution Bonds designated as CBF Bonds which are Refunding Bonds shall be applied in accordance with Section 2.07 below; and

(c) proceeds of those Thirty-Eighth Resolution Bonds designated as CBF Bonds which are not Refunding Bonds shall be deposited in the General Construction Fund, in such accounts as may be designated in a System Order.

Section 2.06. Refunding Bonds.

(a) Authority to Issue Refunding Bonds. In addition to the Thirty-Eighth Resolution Bonds authorized pursuant to this Resolution, and pursuant to the authority provided in Section 19-108 of Title 19 and Section 2.07(c) of the Indenture, the System is authorized to issue from time to time on any Issuance Date, additional Thirty-Eighth Resolution Bonds, as may be prescribed in a System Order, to refund any Thirty-Eighth Resolution Bonds or any other Refunding Bond. The terms and provisions of Section 2.01(a), 2.02 and 2.03 of this Resolution shall govern the terms and provisions of any Refunding Bonds. Proceeds of any Thirty-Eighth Resolution Bonds or any other Refunding Bonds may be used for the purpose of paying (i) the principal of, and premium (if any) and interest on any Thirty-Eighth Resolution Bonds or any other Refunding Bonds previously issued under authority of this Thirty-Eighth Bond Resolution or any other Bond Resolution, and (ii) any costs of issuance of such Thirty-Eighth Resolution Bonds or any other Refunding Bonds.

(b) Allocation of Refunding Bonds. Any Refunding Bonds issued pursuant to the authority of this Thirty-Eighth Bond Resolution shall be allocated to the Bond Resolution under which such Bonds to be refunded were originally issued without taking into account any premiums or discounts received in connection with the sale of such Bonds or the principal amount of such Refunding Bonds to be applied to pay the principal of, and premium (if any) and interest on any Bonds to be refunded or the costs of issuance of such Refunding Bonds.

Section 2.07. Escrow Deposit Agreements.

(a) On each Issuance Date of Refunding Bonds, the System and the Trustee shall execute and deliver an Escrow Deposit Agreement satisfying the requirements of this Section 2.07 and containing such other terms and conditions as the System may deem necessary or appropriate.

(b) Amounts held by the Trustee pursuant to an Escrow Deposit Agreement shall constitute part of the Trust Estate. If, and to the extent that, any Escrow Deposit Agreement

provides for the disbursement of amounts for the purpose of paying the principal of, and premium (if any) and interest on, Thirty-Eighth Resolution Bonds being refunded, then such amounts shall not be deemed to be held by the Trustee for the benefit of the Refunding Bonds but only for the benefit of the Thirty-Eighth Resolution Bonds being refunded, all at such times and with respect to such amounts as may be specified in such Escrow Deposit Agreement. Except as provided in the preceding sentence, or as may be provided in an Escrow Deposit Agreement, amounts held by the Trustee pursuant to such Escrow Deposit Agreement shall be held for the benefit of only the Refunding Bonds issued on such Issuance Date.

(c) The System, pursuant to an Escrow Deposit Agreement, is hereby authorized to require the Trustee to establish from time to time one or more additional funds, accounts or subaccounts under this Resolution.

(d) Amounts held pursuant to an Escrow Deposit Agreement shall be disbursed by the Trustee pursuant to the terms of such Escrow Deposit Agreement for the purpose of paying the principal of, and premium (if any) and interest on, Thirty-Eighth Resolution Bonds being refunded and Refunding Bonds identified in such Escrow Deposit Agreement, on or prior to the maturity date thereof.

(e) A single Escrow Deposit Agreement may be executed in connection with the issuance of Refunding Bonds and other Bonds of the System, the proceeds of which are to be used to refund Outstanding Bonds under the Indenture.

Section 2.08. Consolidation of Bonds. Refunding Bonds (a) may be designated as CBF Bonds under the Indenture and (b) may be consolidated with, and issued together with, any other Bonds authorized to be issued under the Indenture. The proceeds of any Refunding Bonds may be consolidated and commingled with the proceeds of other Bonds issued to refund Outstanding Bonds under the Indenture as part of any Escrow Deposit Agreement that otherwise complies with Section 2.07 of this Resolution.

Section 2.09. Records for Academic Facilities and Auxiliary Facilities. The System shall maintain such books and records and shall make such allocations of the principal amount of Refunding Bonds and the payment of the principal of, and premium (if any) and interest on, such Refunding Bonds, as may be required from time to time in order to comply with the provisions of Section 19-102(e) of Title 19.

ARTICLE III

REDEMPTION OF THIRTY-EIGHTH RESOLUTION BONDS

Section 3.01. Redemption Dates and Prices.

(a) The Thirty-Eighth Resolution Bonds shall be subject to redemption, in whole or in part at any time, at the option of the System or on such date or dates and at such price or prices as may be set forth in a System Order. The principal value of any Capital

Appreciation Bonds as of any date of redemption shall equal the Accreted Amount.

(b) The Current Interest Bonds or certain of such Current Interest Bonds shall be subject to mandatory redemption, on such date or dates as may be prescribed in a System Order (each such date being a “Sinking Fund Redemption Date”), in such principal amount or amounts and at such price or prices as may be prescribed in a System Order (each such amount being a “Mandatory Sinking Fund Payment”).

Section 3.02. Redemption Amounts.

(a) The System may reduce the amount of any Mandatory Sinking Fund Payment payable on any Sinking Fund Redemption Date by an amount equal to the principal amount of Current Interest Bonds subject to such Mandatory Sinking Fund Payment that shall be surrendered uncanceled by the System to the Trustee for such purpose not less than sixty (60) days prior to such Sinking Fund Redemption Date.

(b) In the case of any partial redemption of Current Interest Bonds at the option of the System, the System may select for redemption (i) any one or more subsequent maturities of Current Interest Bonds, and (ii) if any maturity of Current Interest Bonds is subject to Mandatory Sinking Fund Payment, any one or more subsequent Mandatory Sinking Fund Payments to be credited as being paid, provided that the System shall have delivered to the Trustee, not less than sixty (60) days before such maturity date or Sinking Fund Redemption Date (or such lesser period of time as the Trustee may allow), a System Request stating its election to redeem such Current Interest Bonds in such manner. In such case, the Trustee shall reduce the amount of Current Interest Bonds to be redeemed on the Sinking Fund Redemption Date specified in such System Request by the principal amount of Current Interest Bonds so purchased or redeemed. In the absence of any such direction, the Trustee shall reduce subsequent maturities and Mandatory Sinking Fund Payments proportionately, in increments of the minimum Authorized Denomination, to the extent reasonably practicable.

(c) Any credit given to any Mandatory Sinking Fund Payments shall not affect any remaining or subsequent Mandatory Sinking Fund Payments which shall remain payable as otherwise provided herein, unless and until another credit is given in accordance with the provisions hereof.

(d) In the case of any partial redemption of Thirty-Eighth Resolution Bonds, the particular Thirty-Eighth Resolution Bonds or portions thereof to be redeemed shall be selected by the Trustee in proportion to the principal amount of Thirty-Eighth Resolution Bonds then outstanding, to the maximum extent practicable, and in such manner as the Trustee shall deem fair and equitable; provided, however, that so long as the Thirty-Eighth Resolution Bonds are registered in book-entry form with a Depository, the particular Thirty-Eighth Resolution Bonds or portions thereof to be redeemed shall be selected by the Depository in such manner as the Depository shall determine. If any Thirty-Eighth Resolution Bonds to be redeemed are selected by lot, such method shall be conclusively deemed fair and equitable. In the case of any partial redemption of Thirty-Eighth Resolution Bonds, in selecting Thirty-Eighth Resolution Bonds for redemption the Bond Registrar shall treat each Thirty-Eighth Resolution Bond as

representing that number of Thirty-Eighth Resolution Bonds as is obtained by dividing the principal amount of such Thirty-Eighth Resolution Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of the minimum Authorized Denomination of face value represented by any Thirty-Eighth Resolution Bond are to be redeemed, then upon notice of intention to effect such redemption, the Holder of such Thirty-Eighth Resolution Bond shall forthwith surrender such Thirty-Eighth Resolution Bond to the Trustee (i) for payment of the redemption price (including accrued interest thereon on the date fixed for redemption) of the portion thereof called for redemption and (ii) for exchange for Thirty-Eighth Resolution Bonds in any Authorized Denomination or Denominations in the aggregate principal amount of the unredeemed portion of such Thirty-Eighth Resolution Bond, which shall be issued to the Holder thereof without charge therefor. If the Holder of any such Thirty-Eighth Resolution Bond to be redeemed in part shall fail to present such Thirty-Eighth Resolution Bond to the Trustee for payment and exchange, as aforesaid, such Thirty-Eighth Resolution Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of the minimum Authorized Denomination of principal amount called for redemption (and to that extent only).

ARTICLE IV

CONSOLIDATED BOND FUND; ADDITIONAL FUNDS

Section 4.01. Payments into Consolidated Bond Fund.

(a) Subject to the provisions of Section 4.01(b) hereof, moneys transferred from the Revenue Fund in respect of the Thirty-Eighth Resolution Bonds shall be deposited in the order and amount set forth in Section 5.02 of the Indenture.

(b) In connection with the issuance of any Variable Rate Bonds, the Trustee shall establish such additional accounts within the Consolidated Bond Fund as shall be directed in a System Order relating to such Variable Rate Bonds. Moneys transferred from the Revenue Fund in respect of any Variable Rate Bonds may be deposited in any such additional accounts established within the Consolidated Bond Fund, and the amounts, times and order of priority of deposits to the Interest Account, the Principal Account and any such additional accounts established within the Consolidated Bond Fund with respect to such Variable Rate Bonds shall be as set forth in such System Order.

Section 4.02. Disbursements from Consolidated Bond Fund.

(a) Subject to the provisions of Section 4.02(b) hereof, the Trustee is hereby authorized and directed to withdraw and disburse moneys in the Consolidated Bond Fund in the order and amount, and for the purposes, set forth in Section 5.03 of the Indenture.

(b) In connection with the issuance of any Variable Rate Bonds, the Trustee shall be authorized and directed to withdraw and disburse moneys in the Principal Account, the Interest Account and any additional accounts established pursuant to Section 4.01(b) hereof within the Consolidated Bond Fund in the order and amounts, and for the purposes, set forth in

the System Order relating to such Variable Rate Bonds.

Section 4.03. Establishment of Additional Funds or Accounts.

(a) In addition to any accounts established by the Trustee pursuant to Section 4.01(b) and 4.02(b) hereof, there may be established within the Consolidated Bond Fund, pursuant to the System Order regarding the issuance of any series of the Thirty-Eighth Resolution Bonds or as requested by the Authorized System's Representative, such additional trust accounts as shall be necessary or convenient in connection therewith and as shall be permitted pursuant to Section 5.01 of the Indenture. Deposits to and payments from such separate funds or accounts shall be as set forth in such System Order, subject in all events to the provisions of the Indenture.

ARTICLE V

GENERAL CONSTRUCTION FUND

Section 5.01. Deposit to General Construction Fund. Upon receipt by the Trustee of the moneys specified in Section 2.05(c) hereof, such moneys shall be deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account of the General Construction Fund, in such amounts as may be specified in a System Order.

Section 5.02. Deposit of Moneys Transferred from the Thirty-Eighth Resolution Rebate Fund. Any moneys transferred from the Thirty-Eighth Resolution Rebate Fund to the General Construction Fund shall be deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account in such amounts as may be specified in a System Request.

Section 5.03. Disbursements

(a) Proceeds of the Thirty-Eighth Resolution Bonds deposited in the Academic Facilities Project Account and the Auxiliary Facilities Project Account of the General Construction Fund shall be disbursed in accordance with the provisions of Section 6.03 of the Indenture for the Costs of the Projects.

(b) Upon completion of the Projects, any moneys remaining in the General Construction Fund (other than moneys retained to pay costs, expenses and interest not then due and payable) shall be transferred to the Excess Proceeds Account and shall be held and disbursed by the Trustee in accordance with Section 6.04 of the Indenture.

Section 5.04. Additions to and/or Deletions from the Academic Facilities Projects and the Auxiliary Facilities Projects to be Financed.

(a) The System, without the consent of the Trustee or the Holders of the Thirty-Eighth Resolution Bonds, may from time to time amend Section 2.04 hereto to include as a Project any "academic facilities" as such term is defined in Title 19, to be constructed by the System and items of equipment to be acquired or installed by the System for which the use of

Thirty-Eighth Resolution Bond proceeds is authorized pursuant to Title 19, as confirmed by an approving opinion of Bond Counsel, or to delete from Section 2.04 any Academic Facility Project listed therein; provided, however, that each item shall have been approved by the General Assembly of the State of Maryland pursuant to Section 19-102(d) of Title 19. In connection with any such amendment of Section 2.04, the System shall deliver to the Trustee the amended Section 2.04 together with a System Certificate approving such amendment and certifying that each item set forth in Section 2.04, as so amended, qualifies as such an academic facility.

(b) The System, without the consent of the Trustee or the Holders of the Thirty-Eighth Resolution Bonds, may from time to time amend Section 2.04 hereto to include as an Auxiliary Facilities Project any other “auxiliary facilities,” as such term is defined in Title 19, to be constructed by the System and items of equipment to be acquired or installed by the System for which the use of Thirty-Eighth Resolution Bond proceeds is authorized pursuant to Title 19, as confirmed by an approving opinion of Bond Counsel or to delete from Section 2.04 auxiliary facility projects listed therein to be acquired or constructed by the System and items of equipment to be acquired and installed by the System. In connection with any such amendment of Section 2.04 the System shall deliver to the Trustee the amended Section 2.04 together with a System Certificate approving such amendment and certifying that each item set forth in Section 2.04, as so amended, qualifies as such an auxiliary facility.

Section 5.05. Authorization for Use of Proceeds of Thirty-Eighth Resolution Bonds for Other Projects. As provided in the Indenture, all monies in the General Construction Fund may be disbursed to pay for the costs of any Auxiliary Facilities Project and any Academic Facilities Project. The proceeds of the Thirty-Eighth Resolution Bonds deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to prior Bond Resolutions and any Projects authorized pursuant to this Thirty-Eighth Bond Resolution. In addition, the proceeds of the Thirty-Eighth Resolution Bonds deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to subsequent Bond Resolutions without amending any other Bond Resolution and without the necessity of any amendment to this Thirty-Eighth Bond Resolution or the consent of the Trustee or any Holder of the Thirty-Eighth Resolution Bonds.

Section 5.06. Authorization for Use of Proceeds of Bonds from Prior Bond Resolutions for Projects. As provided in the Indenture, all monies in the General Construction Fund may be disbursed to pay for the costs of any Auxiliary Facilities Project and any Academic Facilities Project. The proceeds of any Bonds heretofore or hereafter issued under any prior Bond Resolutions and deposited in the General Construction Fund are hereby authorized to be used for any Projects authorized pursuant to this Thirty-Eighth Bond Resolution.

ARTICLE VI

REBATE FUND

Section 6.01. Rebate Fund. The Trustee if directed shall establish such Rebate Fund in connection with the Thirty-Eighth Resolution Bonds as shall be directed in a System Order

relating to any such Thirty-Eighth Resolution Bonds and as provided in the Indenture. To the extent not inconsistent with the provisions of the Indenture, such System Order may restrict such Rebate Fund for use in connection with the Thirty-Eighth Resolution Bonds or may permit the use of such Rebate Fund in connection with other series of Bonds hereafter issued under the Indenture. Deposits shall be made to, and disbursements may be made from, such Rebate Fund as provided in such System Order, to the extent not inconsistent with the provisions of the Indenture.

ARTICLE VII

ADDITIONAL PERMITTED INVESTMENTS

Section 7.01. Additional Permitted Investments. As permitted by clause (i) of the definition of Permitted Investments of the Indenture, the following are added as Permitted Investments for the investment of the proceeds of the Thirty-Eighth Resolution Bonds and all Funds established by this Resolution:

(a) Repurchase, resale and other similar agreements with any person provided (i) such agreements are continuously collateralized with Government Obligations, (ii) the market value of the collateral is not less than one hundred two percent (102%) of the repurchase price (including interest), (iii) the Trustee or a third party acting as agent or custodian of the collateral solely for the Trustee has possession of the collateral, (iv) the collateral is free and clear of all liens and encumbrances, (v) the Trustee shall be entitled to liquidate the collateral if the requirement of subclauses (i) and (ii) are not continuously satisfied and (vi) the Trustee shall have a first priority perfected security interest in the collateral;

(b) Investment agreements, the provider of which is rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) by two Rating Agencies; and

(c) Investment agreements issued by any provider:

- (i) that is rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) of a Rating Agency, or
- (ii) whose obligations under such investment agreements are unconditionally guaranteed by parent entities or other third parties that are rated in one of the two highest rating categories (without regard to qualification, numerical or otherwise) from a Rating Agency, or
- (iii) who satisfies the rating requirements of clause (i) or (ii) above and whose obligations under such investment agreements are collateralized by obligations described in clauses (a), (b), (d) or (e) under the definition of "Permitted Investments" in the Indenture or in clauses (a) or (b) above of this Article VII and which are delivered to the Trustee, or registered in the name of the Trustee, or are supported by a safekeeping receipt issued by a

depository satisfactory to the Trustee, provided that such investment agreements must provide that the value of such obligations collateralizing such investment agreements shall be maintained at a current market value (determined not more frequently than monthly) of not less than 102% of the aggregate amount of the obligations of such financial institution, insurance company or financial services firm;

provided, however, that any investment agreement, at the time it is entered into, must meet and comply with the requirements of clause (i), (ii) or (iii) above.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Supplemental Resolutions. The System may, without the consent of, or notice to, any of the Bondholders, enter into a resolution or resolutions supplemental hereto which shall not be inconsistent with the terms and provisions hereof, provided that, in the opinion of Counsel to the Trustee, the change effected thereby is not to the prejudice of the interests of the Trustee or the Bondholders as permitted by Section 13.01 of the Indenture.

Section 8.02. Limitation of Rights. With the exception of the rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Thirty-Eighth Resolution Bonds is intended or shall be construed to give to any Person other than the System, the Trustee and the Holders of the Thirty-Eighth Resolution Bonds, any legal or equitable right, remedy or claim under or in respect to this Resolution or any agreements, conditions and provisions herein contained; this Resolution and all of the agreements, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the System, the Trustee and the Holders of the Thirty-Eighth Resolution Bonds as herein provided.

Section 8.03. Severability. If any provision of this Resolution shall be invalid, illegal or unenforceable because it conflicts with any constitution or statute or rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

Section 8.04. Immunity of Regents and Officers. No recourse for the payment of the principal of or premium (if any) or interest on, any Thirty-Eighth Resolution Bond or for any claim based thereon or otherwise in respect thereof or of this Resolution shall be had against any member of the Board of Regents or officers or employees of the System whether past, present or future, whether by virtue of any constitution, statute or rule of law, all such liability (if any) being hereby expressly waived and released as a condition of and in consideration of the issuance of the Thirty-Eighth Resolution Bonds.

Section 8.05. Private Use of the Projects. The System covenants that it will not make,

or (to the extent the System exercises control or direction) permit to be made, any use of the Projects, or any portion thereof, by any other Person, if such use would cause those Thirty-Eighth Resolution Bonds to be “private activity bonds” within the meaning of Section 141 of the Code, unless the System and the Trustee receive an opinion of Bond Counsel to the effect that such use does not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Thirty-Eighth Resolution Bonds, if any.

Section 8.06. Sale of Thirty-Eighth Resolution Bonds. As permitted by Title 19, the Board of Regents hereby finds and determines that the best interests of the System will be served by selling each issuance of the Thirty-Eighth Resolution Bonds at either a public competitive sale or a private (negotiated) sale as the Chancellor of the System deems to be in the best interest of the System at such prices, which may be at, above or below par, as the Chancellor of the System deems to be in the best interest of the System. In the event that two bidders offer to purchase an issue of the Thirty-Eighth Resolution Bonds at the same lowest true interest cost at a public competitive sale, the Chancellor of the System shall determine in his sole discretion to which of the bidders such issue of the Thirty-Eighth Resolution Bonds will be awarded. In the event of a private (negotiated) sale the Chancellor of the System shall select the purchaser of such issue of the Thirty-Eighth Resolution Bonds which the Chancellor of the System deems to be in the best interest of the System.

Section 8.07. Official Statement. There is hereby authorized to be prepared and distributed, in conjunction with each issuance and sale of the Thirty-Eighth Resolution Bonds, both a preliminary and a final official statement (the "Official Statement"). The preliminary official statement and the final official statement shall be in the form approved by either of the Chairperson of the Board of Regents or the Chancellor of the System whose execution by either of them shall be conclusive evidence of the approval thereof. The Chairperson of the Board of Regents and the Chancellor of the System, acting jointly or individually, are hereby authorized to execute by their manual or facsimile signatures and to deliver in the name of and on behalf of the System the Official Statement regarding each issuance of the Thirty-Eighth Resolution Bonds and to deem the Official Statement as final for the purposes of Securities Exchange Act Rule 15c2-12, as amended or supplemented from time to time, or any successor law, rule or regulation (“Rule 15c2-12”).

Section 8.08. Continuing Disclosure. The Chairperson of the Board of Regents and the Chancellor of the System, acting jointly or individually, are hereby authorized to enter into one or more continuing disclosure agreements with respect to information contained in, or matters relating to, the Official Statement for any Thirty-Eighth Resolution Bonds and any other Bonds of the System. Any person designated as an “Authorized System’s Representative” under the Indenture is hereby authorized to prepare and file with the Municipal Securities Rulemaking Board such financial or other information as may be required to comply with the requirements of Rule 15c2-12, and to delegate the preparation and filing of any such information to any other officer or employee of the System. The System’s bond counsel is also designated as an agent for the System for purposes of preparing and filing any such information.

Section 8.09. Absence of Chairperson or Chancellor. If the Chairperson of the Board of Regents is unable to act or unavailable for any reason, or such position is vacant, the Chairperson

of the Finance Committee of the Board of Regents is hereby authorized and empowered to act in place of the Chairperson of the Board of Regents, and if the Chancellor of the System is unable to act or unavailable for any reason, or such position is vacant, the Vice Chancellor for Administration and Finance is hereby authorized and empowered to act in place of the Chancellor of the System.

Section 8.10. Further Actions. The Chairperson of the Board of Regents, the Chairperson of the Finance Committee, the Secretary and Assistant Secretary of the Board of Regents of the System, the Chancellor of the System, and the Vice Chancellor for Administration and Finance of the System and other officials of the System are hereby authorized and empowered to do all acts and things and execute such instruments, documents and certificates (including all necessary closing certificates) and otherwise take all action necessary, proper or expedient in connection with each issuance, sale and delivery of the Thirty-Eighth Resolution Bonds.

Section 8.11. Validity of Signatures. In the event any Regent or officer of the System who has executed any bond, document, certificate or other matter ceases to be a Regent or officer before delivery, the signature is valid and sufficient for all purposes as if the Regent or officer had remained in office until delivery.

Section 8.12. Declaration of Official Intent. Any person designated as an “Authorized System’s Representative” under the Indenture is hereby authorized to adopt a declaration of official intent (within the meaning of Treasury Regulations Section 1.150-2) to reimburse the costs of any project with the proceeds of any bonds or other obligations issued by the System under the authority of Title 19 or any other provision of the laws of Maryland.

Section 8.13. Liberal Construction. The terms of this Thirty-Eighth Bond Resolution are not intended to be restrictive or technical. Accordingly, this Thirty-Eighth Bond Resolution shall be liberally construed in order to carry out and effectuate the purposes set forth herein and in Title 19.

AND BE IT FURTHER RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND THAT this Resolution shall be effective on the date of its adoption by the Board of Regents.

ADOPTED, this 10 day of June, 2016.