

**THE RECTOR AND VISITORS OF THE  
UNIVERSITY OF VIRGINIA**

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**BOND RESOLUTION**

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**AUTHORIZING AND SECURING  
\$250,000,000  
TAXABLE GENERAL REVENUE PLEDGE BONDS  
SERIES 2009**

**ADOPTED APRIL \_\_, 2009**

**BOND RESOLUTION**  
**ADOPTED ON APRIL \_\_, 2009**  
**THE RECTOR AND VISITORS OF THE**  
**UNIVERSITY OF VIRGINIA**  
**TAXABLE GENERAL REVENUE PLEDGE BONDS**  
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A RESOLUTION AUTHORIZING THE ISSUANCE OF THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA TAXABLE GENERAL REVENUE PLEDGE BONDS, SERIES 2009; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON SUCH BONDS CERTAIN REVENUES OF THE UNIVERSITY AS PROVIDED HEREIN; AND SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS.

## RECITALS

A. By Chapter 9, Title 23 of the Code of Virginia of 1950, as amended, there is created a corporation under the name and style of The Rector and Visitors of the University of Virginia (the "University"); which is governed by a Board of Visitors (the "Board" or the "Board of Visitors"), which is vested with the supervision, management and control of the University.

B. Pursuant to Title 23 of the Code of Virginia of 1950, as amended, the University is classified as an educational institution of the Commonwealth.

C. By Chapter 4.10, Title 23 of the Code of Virginia of 1950, as amended (the "Act"), the University entered into a management agreement with the Commonwealth of Virginia which was enacted as Chapter 3 of Chapter 933 of the 2006 Virginia Acts of Assembly, pursuant to which the University is classified as a public institution of higher education and the University is empowered with the authority to undertake and implement the acquisition of any interest in land, including improvements on the acquired land at the time of acquisition, new construction, improvements or renovations and to borrow money and make, issue and sell bonds of the University for such purposes, including the refinancing of any such facilities.

D. Pursuant to a resolution adopted on April \_\_, 2009 (the "Authorizing Resolution"), the Board determined to finance and/or refinance capital improvements to the University's educational facilities located in the City of Charlottesville, Albemarle County and/or Wise County, Virginia, including certain capital improvements identified therein (collectively, the "Project") and delegated to certain officers of the University pursuant to the University's Board-approved debt and interest rate risk management policies the power to approve the final terms of such financing, within certain stated parameters.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD:

## ARTICLE I

### DEFINITIONS

**Section 1.1 Definitions.** In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

"Act" means Chapter 4.10, Title 23 of the Code of Virginia of 1950, as amended.

"Authorized Officer" means (i) in the case of the University, the Executive Vice President and Chief Operating Officer, the Vice President and Chief Financial Officer or the President of the University and, when used with reference to any act or document also means any other person authorized by appropriate action of the Board to perform such act or execute such document on behalf of the University; and (ii) in the case of the Paying Agent or the Custodian (if not the State Treasurer), the President, any Vice-President, any Assistant Vice-President, any Corporate Trust Officer or any Assistant Corporate Trust Officer of the Paying Agent or the Custodian, and when used with reference to any act or document also means any other person authorized to perform such act or execute such document by or pursuant to a resolution of the governing body of the Paying Agent or the Custodian.

"Authorizing Resolution" means the resolution of the Board adopted April \_\_, 2009, authorizing general revenue pledge bonds, in one or more series, in an aggregate amount not to exceed \$300,000,000, approving certain capital improvements to be financed or refinanced with such bonds, identifying certain outstanding indebtedness of the University to be considered for refunding and establishing certain other parameters related to such bonds.

"Board" means the Board of Visitors of the University or, if such Board is abolished, the board or body succeeding to the principal functions thereof.

"Bond Counsel" means any firm of attorneys selected by the University and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes, which may be an attorney or firm regularly providing services to the University, the Paying Agent, the Underwriters or any Bondholder.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated as of the date of its execution and delivery, between the University and the Underwriters.

"Bondholder" or "Holder" means the registered owner of any Bond.

"Bond Resolution" or "Resolution" means this resolution adopted by the Board as of April \_\_, 2009 related to the issuance of the Series 2009 Bonds, as completed and amended pursuant to Section 11.7 hereof.

"Business Day" means a day other than (i) a Saturday, Sunday or other day on which banking institutions in the Commonwealth of Virginia or the city in which the Designated Office of the Paying Agent is located are authorized or required by law to close or (ii) a day on which the New York Stock Exchange is closed.

"Chief Financial Officer" means the University's Vice President and Chief Financial Officer or such other officer of the University having similar duties as may be selected by the Board.

"Chief Operating Officer" means the University's Executive Vice President and Chief Operating Officer or such other officer of the University having similar duties as may be selected by the Board.

"Code" means the Internal Revenue Code of 1986, as amended. Each citation to a Code section shall include the applicable temporary and permanent regulations (and including only such proposed regulations which have proposed effective dates prior to the date the applicable opinion or determination is to be made), revenue rulings and revenue procedures.

"Commonwealth" means the Commonwealth of Virginia.

"Construction Fund" means The Rector and Visitors of the University of Virginia General Revenue Pledge Bonds, Series 2009, Construction Fund, a special fund created and designated by Section 4.2.

"Costs of the Project" has the meaning described in Section 4.3.

"Credit Obligation" of the University means any indebtedness incurred or assumed by the University for borrowed money and any other financing obligation of the University that, in accordance with generally accepted accounting principles consistently applied, is shown on the liability side of a balance sheet; provided, however, that Credit Obligation shall not include any portion of any capitalized lease payment directly appropriated from general funds of the Commonwealth or reasonably expected to be so appropriated as certified by the Chief Operating Officer, but only to the extent such appropriation is restricted by the Commonwealth to the payment of such capitalized lease obligation.

"Custodian" means the State Treasurer or such other bank or financial institution designated by the University to hold funds under this Resolution.

"Debt Service Fund" means The Rector and Visitors of the University of Virginia General Revenue Pledge Bonds, Series 2009, Debt Service Fund, a special fund created and designated by Section 5.1.

"Designated Office" means, when used in reference to the Paying Agent, the corporate trust office of the Paying Agent designated as such, which shall initially be Richmond, Virginia.

"Favorable Opinion of Bond Counsel" means, with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of counsel, which shall be a Bond Counsel, unless specified otherwise herein, to the effect that such action is permitted under the Act and the Resolution and will not have an adverse effect on the status of the Series 2009 Bonds as "Build America Bonds" under Section 1531 of the American Recovery and Reinvestment Act of 2009 or the exemption of interest on the Series 2009 Bonds from income taxation under the laws of the Commonwealth (subject to the inclusion of any exceptions contained in the opinions delivered upon original issuance of the Series 2009 Bonds).

"Fiscal Year" means the period commencing on the first day of July in any year and ending on the last day of June of the following year.

"Fitch" means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a

securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"Government Obligations" means:

(a) Certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest, and

(b) Investments in any of the following obligations provided such obligations are backed by the full faith and credit of the United States (a) debentures of the Federal Housing Administration, (b) certificates of beneficial interest of the Farmers Home Administration or (c) project notes and local authority bonds of the Department of Housing and Urban Development.

"Interest Payment Dates" means the dates interest is due on the Series 2009 Bonds as described in Section 2.2.

"Moody's" means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"Parity Credit Obligation" means any Credit Obligation of the University which may be incurred in accordance with the terms of this Resolution or has been incurred that is secured on a parity with the pledge of Pledged Revenues herein.

"Paying Agent" means initially The Bank of New York Mellon Trust Company, National Association, a national banking association organized under the laws of the United States of America, and its successors and any other corporation that may at any time be substituted in its place in accordance with Section 11.2 of this Resolution.

"Pledged Revenues" means any or all of the revenues now or hereafter available to the University which are not required by law, by binding contract entered into prior to the date of this Resolution or by the provisions of any Qualifying Senior Obligation to be devoted to some other purpose, and shall include, without limitation, all revenues pledged to the payment of any Qualifying Senior Obligation net of amounts necessary to pay it or any operating or other expenses, the payment of which is required or permitted to be made with such revenues prior to the payment of such Qualifying Senior Obligation.

"Project" or "Projects" means collectively the capital improvements to the University's educational facilities to be financed and/or refinanced with proceeds of the Series 2009 Bonds including the capital improvements financed or refinanced, if any, as more fully described in the Recitals to this Resolution.

"Qualifying Senior Obligation" means any existing Credit Obligation (other than a Parity Credit Obligation) secured by a pledge of any portion of the University's revenues, and any

additional Credit Obligation issued pursuant to Section 6.3(b) or 6.3(c) or to refund any Qualifying Senior Obligation as described in Section 6.3(e).

"Rating Agency" means Moody's, S&P and/or Fitch, if any or all of such rating agencies have provided a rating for the Series 2009 Bonds. If any such corporation ceases to act as a securities rating agency, the University may appoint any nationally recognized securities rating agency as a replacement.

"Record Date" means the 15<sup>th</sup> day of the month preceding the applicable Interest Payment Date.

"Registrar" means initially The Bank of New York Mellon Trust Company, National Association, a national banking association organized under the laws of the United States of America, and any successor Registrar appointed pursuant to Section 11.2.

"Securities Depository" means The Depository Trust Company, a limited purpose trust corporation organized and existing under the laws of the State of New York, and any other securities depository for the Bonds appointed pursuant to Section 2.11.

"Series 2009 Bonds" or "Bonds" means the general revenue pledge bonds of the University issued pursuant to the Series 2009 Resolutions.

"Series 2009 Resolutions" means this Bond Resolution, adopted by the Board on April \_\_, 2009, with respect to the Series 2009 Bonds, the Authorizing Resolution and any other resolutions supplemental to such resolutions.

"State Treasurer" means the State Treasurer of the Commonwealth.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2009 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to such redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2009 Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Underwriters" mean a group of underwriters managed by JP Morgan Securities, Inc.

"University" means The Rector and Visitors of the University of Virginia, an educational institution and a public body and governmental instrumentality for the dissemination of education, and its successor or successors.

**Section 1.2 Rules of Construction/Use of Words and Phrases.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the word "person" shall include corporations and associations, including public bodies, as well as natural persons. Singular words shall connote the plural number as well as the singular and vice versa.

All references in this Resolution to particular Articles or Sections are references to Articles or Sections of this Resolution unless otherwise indicated.

The headings and table of contents as used in this Resolution are solely for convenience of reference and shall not constitute a part of this Resolution nor shall they affect its meaning, construction or effect.

## ARTICLE II

### AUTHORIZATION, FORM, EXECUTION, DELIVERY, REGISTRATION AND PAYMENT OF THE SERIES 2009 BONDS

**Section 2.1 Authorization of the Series 2009 Bonds.** For the purpose of providing funds, together with other available funds, for financing a portion of the costs of the Project, there shall be issued, under the authority of the Act, and in one or more series, Bonds of the University in the aggregate principal amount of TWO HUNDRED AND FIFTY MILLION DOLLARS (\$250,000,000). The Bonds shall be designated "The Rector and Visitors of The University of Virginia General Revenue Pledge Bonds, Series 2009."

**Section 2.2 Details of the Series 2009 Bonds.** The Series 2009 Bonds authorized in Section 2.1 shall be issued initially in book-entry form only in denominations of \$5,000 or any multiple thereof, shall be dated the date of their delivery, shall be numbered from R-1 upward, and shall mature on September 1 in the following year, in the amount and shall bear interest, payable on September 1, 2009 and semi-annually thereafter on March 1 and September 1 in each year (each an "Interest Payment Date"), at the rate shown below:

<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
_____	\$250,000,000	_____%

All the Series 2009 Bonds shall bear interest (a) from their dated date, if authenticated prior to September 1, 2009, or (b) otherwise from the September 1 or March 1 that is, or that immediately precedes, the date on which such Bond is authenticated (unless payment of interest is in default, in which case such Bond shall bear interest from the date of which interest has been paid).

Both principal of and interest on the Series 2009 Bonds shall be payable in lawful money of the United States of America, but only from the revenues lawfully available therefor pursuant to the Act and pledged to the payment thereof as hereinafter provided. Principal of the Series 2009 Bonds shall be payable upon presentation and surrender of the Series 2009 Bonds as they become due at the designated office of the Paying Agent. Interest on the Series 2009 Bonds shall be payable to the registered owners of the Series 2009 Bonds by check or draft mailed on the applicable Interest Payment Date to such owners at their addresses as they appear on the Record Date on registration books kept by the Registrar, or upon the written request of any Holder of at least \$1,000,000 in aggregate principal amount of Series 2009 Bonds by wire transfer in immediately available funds to an account within the United States designated by such Holder at least three business days before the Record Date for the applicable Interest Payment Date.

Nothing herein shall be construed as prohibiting the University from issuing any maturity of the Series 2009 Bonds as one fully registered bond for the purpose of qualifying such Bonds for book entry registration by a Securities Depository or any similar arrangement whereby investors may hold a participation interest in such maturity of the Series 2009 Bonds.

**Section 2.3 Form of the Series 2009 Bonds.** The Series 2009 Bonds shall be substantially in the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as permitted or required by this Resolution.

**Section 2.4 Execution of the Series 2009 Bonds.** The Series 2009 Bonds shall be executed in the name and on behalf of the University by its Chief Operating Officer and the official seal of the University shall be impressed, imprinted, reproduced or lithographed on the Series 2009 Bonds. The signatures on the Series 2009 Bonds may be by facsimile. In case any of the officers who shall have signed or attested any of the Series 2009 Bonds shall cease to be such officer or officers of the University before the Series 2009 Bonds so signed or attested shall have been issued by the University, such Series 2009 Bonds may nevertheless be delivered and issued and, upon such delivery and issue, shall be as binding upon the University as though those who signed and attested the same had continued to be such officers of the University. Any Series 2009 Bonds may be signed and attested on behalf of the University by such persons as at the actual date of execution of such Series 2009 Bonds shall be the proper officers of the University although at the nominal date of such Series 2009 Bonds any such person shall not have been such officer of the University.

Only such of the Series 2009 Bonds as shall bear thereon a certificate of authentication, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Registrar shall be conclusive evidence that the Series 2009 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

**Section 2.5 Transfer of the Series 2009 Bonds.** Any Series 2009 Bonds may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.7, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2009 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Registrar. The Registrar shall not be required to transfer or exchange any Series 2009 Bond selected or

called for redemption pursuant to the provisions therein or from a Record Date through the next succeeding Interest Payment Date.

Whenever any Series 2009 Bonds shall be surrendered for registration of transfer, the University shall execute and the Registrar shall authenticate and deliver a new Series 2009 Bonds, of authorized denominations of the same maturity and interest rate and for a like aggregate principal amount. Such transfer shall be without charge to the Bondholder, except that the Registrar shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

**Section 2.6 Exchange of the Series 2009 Bonds.** The Series 2009 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of the Series 2009 Bonds of other authorized denominations of the same maturity and interest rate. Such exchange shall be without charge to the Bondholder, except that the Registrar shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

**Section 2.7 Bond Register; Notices; Persons Treated as Owners.** The Registrar will keep or cause to be kept, at its office in Richmond, Virginia, sufficient books for the registration and transfer of the Series 2009 Bonds, which shall at all times during regular business hours upon reasonable prior written notice be open to inspection by the University; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or cause to be registered, on such books, the transfer or exchange of the Series 2009 Bonds as hereinbefore provided. Notices sent to Bondholders pursuant to this Bond Resolution shall be sent to the addresses shown on the registration books maintained by the Registrar or such other address as may be filed with the Registrar for such purpose. All notices required to be given by mail shall be given by first class mail, postage prepaid.

In addition to the other obligations imposed on the Registrar hereunder, the Registrar shall agree to deliver upon request a list of the names and addresses of the registered owners of the Series 2009 Bonds, as follows:

- (i) to any Bondholder, if an Event of Default (as hereinafter defined) shall have occurred and be continuing; and
- (ii) to the Holders of 25% or more in aggregate principal amount of the Series 2009 Bonds then outstanding, at any time.

Prior to due presentment for registration of transfer of any Bond, the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person registered as owner on the registration books of the Registrar as of the 15<sup>th</sup> day of the month preceding the Interest Payment Date.

**Section 2.8 Temporary Series 2009 Bonds.** The Series 2009 Bonds may be issued in temporary form exchangeable for definitive Series 2009 Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as

may be determined by the University and may contain such reference to any of the provisions of this Resolution as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Series 2009 Bonds maturing on such date. Every temporary Bond shall be executed by the University and be authenticated by the Registrar upon the same conditions and in substantially the same manner as the definitive Series 2009 Bonds. If the University issues temporary Series 2009 Bonds it will execute and deliver definitive Series 2009 Bonds as promptly thereafter as practicable, and thereupon the temporary Series 2009 Bonds may be surrendered, for cancellation, in exchange therefor at the designated office of the Registrar and the Registrar shall authenticate and deliver in exchange for such temporary Series 2009 Bonds an equal aggregate principal amount of definitive Series 2009 Bonds of authorized denominations of the same maturity or maturities and interest rate. Until so exchanged, the temporary Series 2009 Bonds shall be entitled to the same benefits under this Resolution as definitive Series 2009 Bonds authenticated and delivered hereunder.

**Section 2.9 Series 2009 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Series 2009 Bond shall become mutilated, the University, at the expense of the Bondholder of such Series 2009 Bond, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Series 2009 Bond of like tenor bearing a different number in exchange and substitution for the Series 2009 Bond so mutilated, but only upon surrender to the Registrar of the Series 2009 Bond so mutilated. Every mutilated Series 2009 Bond so surrendered to the Registrar shall be canceled by it and shall be delivered to, or upon the order of, the University. If any Series 2009 Bond shall be lost, destroyed or stolen, evidence of the ownership thereof and of such loss, destruction or theft may be submitted to the University, and the Registrar and, if such evidence be satisfactory to both of them and indemnity satisfactory to them shall be given, the University, at the expense of the Bondholder, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Series 2009 Bond of like tenor bearing a different number in lieu of and in substitution for the Series 2009 Bond so lost, destroyed or stolen (or if any such Series 2009 Bond shall have matured or shall be about to mature, instead of issuing a substitute Series 2009 Bond, the Paying Agent may pay the same without surrender thereof). The University may require payment of a sum not exceeding the actual cost of preparing each new Series 2009 Bond issued under this Section and of the related expenses which may be incurred by the University, the Registrar, and the Paying Agent. Any Series 2009 Bond issued under the provisions of this Section in lieu of any Series 2009 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the University whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Series 2009 Bonds secured by this Bond Resolution.

**Section 2.10 Terms and Conditions for Issuance and Delivery of the Series 2009 Bonds.** The Series 2009 Bonds authorized by this Bond Resolution shall be executed in the form and manner hereinabove set forth and shall be deposited with the Registrar for delivery to the Underwriters pursuant to the Bond Purchase Agreement, but before the Series 2009 Bonds shall be delivered by the Registrar, there shall be filed with the Registrar the following:

- (a) a copy, certified by the Secretary of the Board, of this Bond Resolution;

(b) an opinion of Bond Counsel stating that the issuance of the Series 2009 Bonds has been duly authorized and that all conditions precedent to the delivery of such Bonds have been fulfilled.

When the documents mentioned above in this Section shall have been filed with the Registrar and when the Series 2009 Bonds shall have been executed as required by this Bond Resolution, the Registrar shall deliver such Bonds to or upon the order of the Underwriters pursuant to the Bond Purchase Agreement, but only upon payment to the Custodian of the purchase price of such Bonds. The Registrar shall be entitled to rely upon such Bond Purchase Agreement as to the names of the purchasers and the amount of such purchase price.

The proceeds of such Bonds shall be deposited as described in Section 4.1.

**Section 2.11 Book Entry Provisions.** The provisions of this Section 2.11 shall apply to the Series 2009 Bonds so long as all of the Series 2009 Bonds shall be maintained in book-entry form with a Securities Depository, any other provisions of this Bond Resolution to the contrary notwithstanding.

(a) The principal or redemption price of and interest on the Series 2009 Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Series 2009 Bonds, in same day funds on each date on which the principal of, and premium, if any, or interest on the Series 2009 Bonds is due as set forth in this Bond Resolution and in the Series 2009 Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the University and Paying Agent in writing. Without notice to or the consent of the beneficial owners of the Series 2009 Bonds, the University and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. If such different manner of payment is agreed upon, the University shall give the Paying Agent written notice thereof, and the Paying Agent shall make payments as if set forth herein. Neither the University nor the Paying Agent shall have any obligation with respect to the transfer or crediting of the appropriate principal, premium, if any, and interest payments to participants of the Securities Depository or the beneficial owners of the Series 2009 Bonds or their nominees.

(b) The Paying Agent at the written direction of the University may replace any Securities Depository as the depository for the Series 2009 Bonds with another qualified securities depository or discontinue the maintenance of the Series 2009 Bonds in book-entry form at any time if the University determines to do so. Notice of any determination above shall be given to such Securities Depository at least 30 days prior to any such discontinuation (or such fewer number of days as shall be acceptable to such Securities Depository). The University may undertake to locate a qualified replacement Securities Depository and/or may discontinue the book-entry system of evidencing ownership of the Series 2009 Bonds.

(c) If the University discontinues the maintenance of the Series 2009 Bonds in book-entry form, the University will issue replacement Series 2009 Bonds directly to the participants in the former Securities Depository or, to the extent requested by any such participant, to the beneficial owners of the Series 2009 Bonds as further described in this Section. At the written direction of the University, the Paying Agent shall notify participants and the beneficial owners

of the Series 2009 Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by either the Securities Depository or the Paying Agent, that the University will issue replacement Series 2009 Bonds directly to the participants shown on the records of the Securities Depository or, to the extent requested by any participant, to beneficial owners of the Series 2009 Bonds shown on the records of such participant, as of a date set forth in such notice, which shall be a date at least 10 days after receipt of such notice by the Securities Depository (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that replacement Series 2009 Bonds are to be issued to participants in the Securities Depository or to beneficial owners of the Series 2009 Bonds, the University shall promptly have prepared replacement Series 2009 Bonds registered in the names of the participants as shown on the records of the former Securities Depository or, to the extent requested by any participant, in the names of the beneficial owners of Series 2009 Bonds shown on the records of such participant, as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Replacement Series 2009 Bonds issued to participants in the Securities Depository or to beneficial owners shall be in fully registered form substantially in the form of Exhibit A. The form set forth in Exhibit A may be modified to include any variations, omissions or insertions that are necessary or desirable in the delivery of replacement certificates in printed form. In delivering replacement certificates, the Paying Agent shall be entitled to rely, without independent investigation, on the records of the former Securities Depository as to its participants and the records of the participants acting on behalf of the beneficial owners. The Series 2009 Bonds will thereafter be registrable and exchangeable as set forth in Sections 2.6 and 2.7.

(d) So long as there is a Securities Depository for the Series 2009 Bonds, (1) such Securities Depository shall be the registered owner of the Series 2009 Bonds, (2) transfers of ownership and exchanges shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by such Securities Depository and its participants, and (3) references in this Resolution to Bondholders, Holders or registered owners of the Series 2009 Bonds shall mean the Securities Depository and shall not mean the beneficial owners of the Series 2009 Bonds.

(e) If the University replaces any Securities Depository as the depository for the Series 2009 Bonds with another qualified Securities Depository, replacement Series 2009 Bonds issued to such replacement Securities Depository shall have the same terms, form and content as the Series 2009 Bonds initially registered in the name of the predecessor Securities Depository or its nominee except for the name of the registered owner.

(f) Each Securities Depository and the participants thereof and the beneficial owners of the Series 2009 Bonds, by their acceptance of the Series 2009 Bonds, agree that the University and the Paying Agent shall have no liability or responsibility with respect to (1) the accuracy of any records maintained by such Securities Depository or any Securities Depository participant; (2) the payment by such Securities Depository to any Securities Depository participant or by any Securities Depository participant to any beneficial owner of any amount due in respect of the principal of and premium, if any, and interest on the Series 2009 Bonds; (3) the delivery or timeliness of delivery by such Securities Depository to any Securities Depository participant or

by any Securities Depository participant to any beneficial owner of any notice which is given to Bondholders; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Series 2009 Bonds; or (5) any consent given or other action taken by such Securities Depository or any nominee of such Securities Depository, as Bondholder.

### **ARTICLE III**

#### **REDEMPTION OF THE SERIES 2009 BONDS**

##### **Section 3.1 Redemption of the Series 2009 Bonds.**

(a) The Series 2009 Bonds shall not be subject to prior redemption except as provided in this Article III.

(b) The Series 2009 Bonds are subject to redemption prior to their maturity at the option of the University, in whole or in part on any date, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Series 2009 Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2009 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009 Bonds are to be redeemed, discounted to the date on which the Series 2009 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus \_\_ basis points, plus, in each case, accrued interest on the Series 2009 Bonds to be redeemed to the redemption date.

At the request of the Paying Agent, the redemption price of the Series 2009 Bonds to be redeemed at the option of the University shall be determined by an independent accounting firm, investment banking firm or financial advisor retained by the University at the University's expense to calculate such redemption price. The Paying Agent and the University may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and shall not be liable for such reliance.

(c) Subject to applicable procedures of the Securities Depository while the Series 2009 Bonds are held in book-entry only form by the Securities Depository, if less than all of the Series 2009 Bonds are to be called for redemption, the Series 2009 Bonds to be redeemed shall be selected by the University in such manner as the University in its discretion may determine.

##### **Section 3.2 Notice of Redemption.**

(a) Whenever the Series 2009 Bonds are to be redeemed under the provisions of this Resolution, the Paying Agent shall, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, mail notice of redemption to all registered owners of all Series 2009 Bonds to be redeemed at their registered addresses. The Paying Agent shall also mail a copy of any such notice of redemption to any Rating Agency. Any such notice of redemption shall

identify the Series 2009 Bonds to be redeemed, shall specify the redemption date and the redemption price, and shall state that on the redemption date the Series 2009 Bonds called for redemption will be payable at the designated office of the Paying Agent and that from that date interest will cease to accrue. The Paying Agent may use "CUSIP" numbers in notices of redemption as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Series 2009 Bonds or as contained in any such notice.

(b) If at the time of mailing of notice of any optional redemption the University shall not have caused to be deposited with the Paying Agent money sufficient to redeem all the Series 2009 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of such moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited. Failure by the Paying Agent to give any notice of redemption or any defect in such notice as to any particular Bonds shall not affect the validity of the call for redemption of any Bonds in respect of which no such failure or defect has occurred. Any notice mailed as provided in this Bond Resolution shall be conclusively presumed to have been given whether or not actually received by any Holder.

**Section 3.3 Effect of Calling for Redemption.** On the date designated for redemption, notice having been mailed in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the Holders of the Series 2009 Bonds to be redeemed, all as provided in this Resolution, the Series 2009 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Series 2009 Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security under this Resolution and the Holders or registered owners of such Bonds shall have no rights with respect thereto except to receive payment of the redemption price.

**Section 3.4 The Series 2009 Bonds Redeemed Not Deemed Outstanding.** The Series 2009 Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which irrevocable instructions to call for redemption have been given by the Board to the Paying Agent in form satisfactory to him or her, and for the payment of the redemption price of which moneys shall be held in separate accounts by the Paying Agent in trust for the Holders of the Series 2009 Bonds to be redeemed, all as provided in this Resolution, shall not thereafter be deemed to be outstanding under the provisions of this Resolution.

## ARTICLE IV

### CUSTODY AND APPLICATION OF PROCEEDS OF THE SERIES 2009 BONDS

**Section 4.1 Custody and Application of Proceeds of the Series 2009 Bonds.** The proceeds of the Series 2009 Bonds shall be deposited or transferred as follows:

(a) \$\_\_\_\_\_ shall be deposited into the Construction Fund to pay for Costs of the Project.

(b) \$\_\_\_\_\_ shall be deposited into a special account created by the Custodian for the payment of expenses incident to the issuance of the Series 2009 Bonds. Any amounts remaining in the special account on that date which is one year from the date the Series 2009 Bonds are issued shall be deposited in the Debt Service Fund and applied to pay interest on such Series 2009 Bonds on the next Interest Payment Date.

**Section 4.2 Construction Fund.** A special fund is hereby created by the Custodian as the Construction Fund, to the credit of which there shall be deposited a portion of the proceeds of the Series 2009 Bonds. There may also be deposited to the credit of the Construction Fund any moneys received from any other source for paying the Costs of the Project if the University shall have received a Favorable Opinion of Bond Counsel with respect to such deposit. The moneys in the Construction Fund shall be held in trust and applied to the payment of the Costs of the Project and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Series 2009 Bonds and for the future security of such Holders until paid out or transferred as herein provided.

**Section 4.3 Items of Costs of the Project.** For the purposes of this Bond Resolution the Costs of the Project shall include, without intending thereby to limit or restrict or to extend any proper definition of such costs under the Act or this Resolution, any or all of the following:

(a) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with the Project;

(b) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such lands, property, rights, rights of way, franchises, easements and other interests as may be deemed necessary or convenient by the Board for the construction and operation of the Project, options and partial payments thereon, and the amount of any damages incident to or consequent upon such construction and operation;

(c) the cost of furnishing and equipping the Project;

(d) interest on the Series 2009 Bonds, prior to and during construction of the Project and for up to one (1) year thereafter;

(e) taxes or other municipal or governmental charges lawfully levied or assessed during construction upon the Project or any property acquired therefor, and premiums on insurance, if any, in connection with the Project during construction; fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications and supervising construction, as well as for the performance of all other duties of engineers and architects in relation to the planning and construction of the Project or the issuance of Series 2009 Bonds therefor;

(f) expenses of administration properly chargeable to the Project, legal expense and fees, fees and expenses of consultants, financing charges, cost of audits and of preparing and issuing the Series 2009 Bonds, and all other items of expense not elsewhere in this Section

specified incident to the planning, construction, development and equipping of the Project and the placing of the Project in operation; and

(g) any obligation or expenses heretofore or hereafter incurred by the University, any agent of the University or by any other agency of the Commonwealth in connection with the Project for any of the foregoing purposes.

**Section 4.4 Payments from Construction Fund.** Payment of the Costs of the Project shall be made from the Construction Fund and other available funds, all as provided by law. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the Board covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

Moneys in the Construction Fund shall be paid out by the Custodian pursuant to vouchers of the University, all in accordance with the Act, the amounts stated in such vouchers to be certified by the University to be necessary for paying items of Costs of the Project. The vouchers shall be in substantially the form of Exhibit B hereto (or in such other form required by the Custodian).

The University shall keep account of the Costs of the Project which have been, and are expected to be, spent for each component of the Project to ensure in part that such Costs of the Project shall not exceed the maximum authorized amount for each such component.

**Section 4.5 Disposition of Balance in Construction Fund.** When the Project shall have been completed and placed in operation, as evidenced by a certificate signed by the Chief Operating Officer and filed with the Secretary of the Board and the Custodian, any balance in the Construction Fund not deemed by the Board to be necessary to be reserved for the payment of any remaining part of the Costs of the Project shall be deposited to the credit of the Debt Service Fund for the Series 2009 Bonds, and used to pay interest on the Series 2009 Bonds on their next Interest Payment Date.

## ARTICLE V

### REVENUES AND FUNDS

**Section 5.1 Debt Service Fund.** A fund shall be created by the Paying Agent designated "The Rector and Visitors of the University of Virginia Taxable General Revenue Pledge Bonds, Series 2009, Debt Service Fund" (the "Debt Service Fund"). All accrued interest, if any, received from the purchasers of the Series 2009 Bonds, as provided in Section 4.1, shall be transferred to the Paying Agent to the credit of the Debt Service Fund. On or before each date on which payments of interest, premium or principal shall be due and payable on the Series 2009 Bonds (a "Payment Date"), the University shall transfer or cause to be transferred to the Paying Agent for deposit an amount of money sufficient to cause the amount held in the Debt Service Fund to be equal to the interest, premium and principal due on the Series 2009 Bonds on such Payment Date. The Paying Agent shall cause payment of the amounts due on the Series 2009 Bonds on each such Payment Date.

**Section 5.2 Payments to Bondholders.** The Paying Agent shall, at appropriate times on or before each Payment Date, withdraw from the Debt Service Fund the amounts needed on such date to pay the principal of and premium, if any, and interest on the Series 2009 Bonds and shall pay or cause the same to be paid to the Bondholders as such principal, premium and interest become due and payable.

**Section 5.3 Pledge of Funds and Accounts.** The moneys in the Debt Service Fund shall be held in trust and applied as herein provided and, pending such application, shall be pledged to, and subject to a lien and charge in favor of, the Holders of the Series 2009 Bonds issued and outstanding under this Resolution and for the further security of such Holders until paid out or transferred as herein provided.

**Section 5.4 Moneys Held in Trust.** All moneys from the funds of the University or that the University shall have received from any other source and set aside or deposited with any Paying Agent for the purpose of paying any of the Series 2009 Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Bonds. Any moneys which shall be so set aside or deposited and which shall remain unclaimed by the Holders of such Bonds for the period of five (5) years after the date on which such Bonds shall have become due and payable shall be disposed of by the University and the Paying Agent in accordance with The Uniform Disposition of Unclaimed Property Act, Chapter 11.1, Title 55, Code of Virginia of 1950, as amended (the "Unclaimed Property Act"). The Paying Agent shall be entitled to act in good faith in reliance on written direction from the University or its counsel in complying with the Unclaimed Property Act, absent the Paying Agent's negligence or willful misconduct.

**Section 5.5 Cancellation of the Series 2009 Bonds Upon Payment.** All Series 2009 Bonds paid, redeemed or purchased by the University, either at or before maturity, shall be canceled upon the payment, redemption or purchase of such Bonds and shall be delivered to the University when such payment, redemption or purchase is made. All Series 2009 Bonds canceled under any of the provisions of this Resolution may be cremated or otherwise destroyed by the University or its designee.

**Section 5.6 No Risk to Paying Agent Funds.** No provision herein shall require the Paying Agent to expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers unless the Paying Agent shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is reasonably assured to it.

## ARTICLE VI

### PARTICULAR COVENANTS

**Section 6.1 Payment of Principal and Interest; Pledge of Pledged Revenues.** The University covenants that it will promptly pay or cause to be paid from the sources described herein the principal of and the interest on every Bond issued under the provisions of this Resolution at the place or places, on the dates and in the manner provided herein and in such Bonds, and any premium required for the retirement of such Bonds by purchase or redemption,

according to the true intent and meaning thereof. Except as otherwise provided in this Resolution, such principal, interest and premium are payable solely from Pledged Revenues, which Pledged Revenues are hereby pledged to the payment thereof and to the payment of any Parity Credit Obligations issued by the University which may include any interest rate swaps or other hedge mechanisms and any dedicated line of credit, standby bond purchase agreement or other liquidity facility related to the Series 2009 Bonds.

THE UNIVERSITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2009 BONDS EXCEPT FROM THE SOURCES NOTED HEREIN AS PLEDGED THEREFOR. THE SERIES 2009 BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH, LEGAL, MORAL OR OTHERWISE. NEITHER THE COMMONWEALTH NOR THE UNIVERSITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2009 BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE SOURCES NOTED HEREIN AS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2009 BONDS OR OTHER COSTS INCIDENT THERETO.

**Section 6.2 Reserved.**

**Section 6.3 Additional Indebtedness and Encumbrances.** Except as otherwise provided in this Section, nothing in this Resolution shall be construed as prohibiting or limiting in any way the right of the University to incur other Credit Obligations. Notwithstanding the foregoing, however, the University may only incur the following types of Credit Obligations in the event the conditions set forth below are met in each instance:

(a) Limitation on Parity Credit Obligations. The University may incur, assume, guarantee or otherwise become liable on any Parity Credit Obligation, but only if, prior to the incurrence of each such Parity Credit Obligation, an Authorized Officer of the University certifies in writing that (1) taking into account the incurrence of such proposed Parity Credit Obligation (i) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations, for all Fiscal Years to and including the second full Fiscal Year after the later of (A) the issuance of such Parity Credit Obligation and (B) the completion of any facility financed with the proceeds of such Parity Credit Obligation, and (ii) such Authorized Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University during the term of such proposed Parity Credit Obligation, and (2) to the best of his or her knowledge, the University is not in default in the performance and observance of any of the provisions of this Resolution. Any such Parity Credit Obligation shall be secured by a pledge of Pledged Revenues on a parity with the pledge of Pledged Revenues herein, unless expressly subordinated to the pledge hereof.

(b) Limitation on Section 9(c) Credit Obligations. The University may incur, assume, guarantee or otherwise become liable on any Credit Obligation pursuant to the provisions of Article X, Section 9(c) of the Constitution of Virginia, as such section may be amended from time to time, and may pledge and apply such portion of the Pledged Revenues as may be

necessary to provide for the payment of any such Credit Obligation, the funding of reasonable reserves therefor, or the payment of operating and other reasonable expenses of the facilities financed in whole or in part with the proceeds of such Credit Obligation or facilities reasonably related to such facilities, and such pledge shall be senior and superior in all respects to the pledge of Pledged Revenues securing the Series 2009 Bonds and any other Parity Credit Obligations, but only if, prior to the incurrence of each such Credit Obligation, an Authorized Officer of the University certifies in writing that (1) taking into account the incurrence of such proposed Credit Obligation (i) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations, for all Fiscal Years to and including the second full Fiscal Year after the later of (A) the issuance of such proposed Credit Obligation and (B) the completion of any facility financed with the proceeds of such proposed Credit Obligation, and (ii) such Authorized Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University during the term of such proposed Credit Obligation, (2) to the best of his or her knowledge, the University is not in default in the performance and observance of any of the provisions of this Resolution, and (3) in connection with the issuance of such proposed Credit Obligation, the University has received an opinion of Bond Counsel to the effect that such proposed Credit Obligation has been validly issued under Article X, Section 9(c) of the Constitution of Virginia.

(c) Limitation on Other Credit Obligations, Including Section 9(d) Credit Obligations. The University may incur, assume, guarantee or otherwise become liable on any Credit Obligation not described elsewhere in this Section 6.3, including any Credit Obligation incurred pursuant to the provisions of Article X, Section 9(d) of the Constitution of Virginia, as such section may be amended from time to time, and may pledge and apply such portion of the Pledged Revenues as may be necessary for the payment of any such Credit Obligation, the funding of reasonable reserves therefor, or the payment of operating and other reasonable expenses of the facilities financed in whole or in part with the proceeds of such Credit Obligation or facilities reasonably related to such facilities and such pledge shall be senior and superior in all respects to the pledge of Pledged Revenues securing the Series 2009 Bonds and any other Parity Credit Obligations, but only if, prior to the incurrence of each such Credit Obligation, an Authorized Officer of the University certifies in writing that (1) taking into account the incurrence of such proposed Credit Obligation (i) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations, for all Fiscal Years to and including the second full Fiscal Year after the later of (A) the issuance of such proposed Credit Obligation and (B) the completion of any facility financed with the proceeds of such proposed Credit Obligation, and (ii) such Authorized Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University during the term of such proposed Credit Obligation, (2) to the best of his or her knowledge, the University is not in default in the performance and observance of any of the provisions of this Resolution, and (3) the University has received an opinion of Bond Counsel to the effect that such proposed Credit Obligation has been validly issued under the relevant provisions of the Constitution of Virginia.

(d) Limitation on Issuance of Indebtedness on a Parity with Qualifying Senior Obligations. Except for Credit Obligations issued pursuant to subsections (b) or (c) above or to

refund any Qualifying Senior Obligation as described in subsection (e) below, no additional bonds or other obligations may be issued or incurred by the University on a parity with any Qualifying Senior Obligation.

(e) **Limitation on Additional Encumbrances.** The University shall not encumber the Pledged Revenues in any manner (except as permitted in connection with Credit Obligations issued pursuant to subsections (a), (b) or (c) above or to refund any Qualifying Senior Obligation as described below), unless any such encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Resolution. Notwithstanding anything to the contrary herein, however, the University may issue bonds to refund any Qualifying Senior Obligation and to secure such refunding bonds with the same source of revenues securing the Qualifying Senior Obligation being refunded. Upon the defeasance of the refunded Qualifying Senior Obligation pursuant to any such refunding, the refunding bonds will be considered Qualifying Senior Obligations for all purposes.

**Section 6.4 Disposition of Assets.** The University may convey, sell or otherwise dispose of any property of the University as long as (1) such conveyance, sale or encumbrance is in the ordinary course of business, or (2) an Authorized Officer certifies in writing that, taking into account the conveyance, sale or other disposition of such property (i) the University will have sufficient funds to meet all of its financial obligations, including its obligations to pay principal of and interest on all Credit Obligations for all Fiscal Years to and including the second full Fiscal Year after such conveyance, sale or other disposition and (ii) such Authorized Officer has no reason to believe that the University will not have sufficient funds to pay all amounts due under all indebtedness of the University then outstanding.

**Section 6.5 Insurance.** The University covenants that it will at all times carry or cause to be carried insurance policies with a responsible insurance company or companies, qualified to assume the risks thereof, or that it will maintain an adequate program of self-insurance, in either case sufficient to provide the University with insurance in such amount and covering such risks as the University shall deem to be reasonable and desirable.

**Section 6.6 Rights of Bondholders Not to Be Impaired.** Except as otherwise set forth herein, the University covenants that no contract or contracts will be entered into or any action taken which might impair or diminish the rights of the Bondholders.

**Section 6.7 Further Instruments and Actions.** The University covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Resolution.

**Section 6.8 Accurate Records and Accounts.** The University covenants that it will keep accurate records and accounts of all items of cost and of all expenditures relating to Pledged Revenues collected and the application of such Pledged Revenues.

The University further covenants that not later than the end of the ninth month following the close of each Fiscal Year it will cause to be mailed to all Bondholders who shall have filed their names and addresses with the Secretary of the Board for such purpose a report, signed by the Vice President and Chief Financial Officer of the University and by the Virginia Auditor of

Public Accounts or by an independent certified public accountant or firm of certified public accountants to be approved by the Virginia Auditor of Public Accounts, setting forth for the preceding Fiscal Year, in reasonable detail, the financial condition of the University, including its statement of net assets as of the end of the preceding Fiscal Year and the related statements of revenues, expenses and changes in net assets and statement of cash flows for the preceding Fiscal Year.

**Section 6.9 Recognized Accounting Principles.** The University covenants that all of the accounts and records of the University will be kept according to generally accepted accounting principles consistently applied.

**Section 6.10 Tax Covenants.**

(a) The University shall not use or permit the use of any proceeds of Series 2009 Bonds or any other funds of the University, directly or indirectly, to acquire any securities or obligation, and shall not use or permit the use of any amounts received by the University or the Custodian with respect to the Series 2009 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or to impair its status as a "Build America Bond" under Section 1531 of the American Recovery and Reinvestment Act of 2009. If at any time the University is of the opinion that for purposes of this subsection it is necessary to restrict or limit the yield on the investment of any moneys held under this Bond Resolution the University shall so instruct the Custodian, any trustee or the Paying Agent in writing, and such Custodian, trustee or Paying Agent shall take such action as may be reasonably necessary in accordance with such issuance.

(b) The University shall not use or permit the use of any proceeds of Series 2009 Bonds or any other funds of the University, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Series 2009 Bonds being treated as an obligation not described in Section 103(a) of the Code by reason of classification of such Bond as a "private activity bond" (except for those Series 2009 Bonds which the University has designated or allocated as "private activity bonds" benefiting a 501(c)(3) organization) or an "arbitrage bond" or "bond not in registered form" within the meaning of Section 103(b) of the Code.

(c) The University shall at all times do and perform all acts and things permitted by law and this Bond Resolution which are necessary or desirable in order to maintain the status of the Series 2009 Bonds as "Build America Bonds" under Section 1531 of the American Recovery and Reinvestment Act of 2009 and shall take no action that would result in impairing such status for federal income tax purposes.

(d) The University covenants that it shall file the information report with respect to the Series 2009 Bonds required by Section 149(e) of the Code [(currently Form 8038-G)] within the time period provided in such Section.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

**Section 7.1 Events of Default.** Each of the following events is hereby declared to be an "Event of Default" under this Resolution:

(a) due and punctual payment of the principal, purchase price or redemption premium, if any, of any of the Series 2009 Bonds is not made when the same become due and payable, either at maturity or by proceedings for redemption or otherwise;

(b) due and punctual payment of any interest on any of the Series 2009 Bonds is not made when the same becomes due and payable;

(c) the University, for any reason, is rendered incapable of fulfilling its obligations hereunder;

(d) an order or decree is entered, with the consent or acquiescence of the University, appointing a receiver or receivers of the University or any part thereof or of the revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the University, is not vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof;

(e) any proceeding is instituted, with the consent or acquiescence of the University, for the purpose of effecting a composition between the University and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted; or

(f) the University defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Series 2009 Bonds or in this Resolution on the part of the University to be performed, and such default continues for thirty (30) days after written notice specifying such default and requiring same to be remedied is given to the Board by any Bondholder, provided that if such default is such that it can be corrected but cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the University within such period and is diligently pursued until the default is corrected.

### **Section 7.2 Remedies.**

(a) Upon the happening and continuance of an Event of Default, hereunder, the Holders of not less than 25% in aggregate principal amount of the Series 2009 Bonds, by instrument or instruments filed with the University and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the Holders of the Series 2009 Bonds for the purposes herein, which trustee may be the State Treasurer and shall be the same trustee so appointed with respect to all other outstanding Parity Credit Obligations. Such trustee may, and upon written request of the Holders of not less than 25% in principal amount of the Series 2009 Bonds then outstanding shall, in its own name:

(1) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of the Series 2009 Bonds, including the right to require the University and its Board to collect fees, rents, charges or other revenues adequate to carry out an agreement as to, or pledge of, such revenues, and to require the University and Board to carry out any other agreements with the Holders of the Series 2009 Bonds and to perform it and their duties under the Act;

(2) bring suit upon the Series 2009 Bonds;

(3) by action or suit in equity, require the University to account as if it were the trustee of an express trust for the Holders of the Series 2009 Bonds; or

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Series 2009 Bonds.

(b) Any such trustee, whether or not all such Series 2009 Bonds have been declared due and payable, shall be entitled as of right to the appointment of a receiver who may enter and take possession of any property of the University any of the revenues from which are pledged for the security of the Series 2009 Bonds and operate and maintain the same and collect and receive all fees, rents, charges and other revenues thereafter arising therefrom in the same manner as the University itself might do and shall deposit all such moneys in a separate account and apply the same in such manner as the court appointing such receiver shall direct. In any suit, action or proceeding by the trustee the fees, counsel fees and expenses of the trustee and of the receiver, if any, shall constitute taxable costs and disbursements and all costs and disbursements allowed by the court shall be a first charge on any fees, rents, charges and other revenues of the University pledged for the security of the Series 2009 Bonds.

Such trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of the Holders of the Series 2009 Bonds in the enforcement and protection of their rights.

(c) To the extent permitted by law, upon the happening and continuance of any Event of Default, then and in every such case any Bondholder may proceed, subject to the provisions of Section 7.5, to protect and enforce the rights of the Bondholders by a suit, action or special proceeding in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy as such Bondholder shall deem most effectual to protect and enforce such rights.

**Section 7.3 Pro Rata Application of Funds.** Anything in this Bond Resolution to the contrary notwithstanding, if at any time the moneys available in the Debt Service Fund shall not be sufficient to pay the interest on or the principal of the Series 2009 Bonds as the same shall become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all the Series 2009 Bonds shall not have become due and payable, all such moneys shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2009 Bonds; and

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Series 2009 Bonds which shall have become due and payable (other than Series 2009 Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest on the principal amount of such Series 2009 Bonds at the respective rates specified therein from the respective dates upon which such Series 2009 Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Series 2009 Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Series 2009 Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Series 2009 Bonds, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the trustee pursuant to the provisions of this Section, such moneys shall be applied by the trustee at such times, and from time to time, as the trustee in his or her sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with any Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the trustee; and the trustee shall incur no liability whatsoever to the Board, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the trustee. Whenever the trustee shall exercise such discretion in applying such moneys, he or she shall fix the date (which shall be an Interest Payment Date unless the trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The trustee shall give such notice (or shall cause the Paying Agent to give such notice) as he or she may deem appropriate of the fixing of any such date and shall not be required to make payment

to the Holder of any Bond until such Bond shall be surrendered to the trustee or any Paying Agent for appropriate endorsement, or for cancellation if fully paid.

Notwithstanding anything in this Bond Resolution to the contrary, this Section 7.3 shall be interpreted so that term "Series 2009 Bonds" or "Bonds" shall include the Series 2009 Bonds and any Parity Credit Obligations. In each resolution authorizing the issuance of any Parity Credit Obligation, the University agrees to provide for the trustee or paying agent thereunder to be the same entity as under this Bond Resolution, and further agrees to include provisions substantially identical to those contained in this Section 7.3.

**Section 7.4 Effect of Discontinuance of Proceedings.** In case any proceeding taken by any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the University and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Bondholders shall continue as though no such proceeding had been taken.

**Section 7.5 Proceedings for Equal Benefit of All Bondholders.** No Bondholder shall have any right in any manner whatever to affect, disturb or prejudice the security of this Resolution or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Bondholders.

**Section 7.6 No Remedy Exclusive.** No remedy herein conferred on the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every remedy conferred shall be cumulative and shall be in addition to every other remedy given hereunder and under the Act or now or hereafter existing at law or in equity or by statute.

**Section 7.7 No Delay or Omission Construed to Be a Waiver.** No delay or omission of any Bondholder to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Article to the Bondholders may be exercised from time to time and as often as may be deemed expedient.

## ARTICLE VIII

### EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF THE SERIES 2009 BONDS

**Section 8.1 Execution of Instruments; Proof of Ownership.** Any request, direction, consent or other instrument in writing required or permitted by this Bond Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of the Series 2009 Bonds shall be sufficient for any purpose of this Bond Resolution and shall be conclusive in favor of the University and the Paying Agent with regard to any action taken by them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him or her, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such verification or affidavit shall also constitute sufficient proof of his or her authority.

(b) The fact of the holding of the Series 2009 Bonds hereunder by any Bondholder and the amount and the numbers of such Series 2009 Bonds and the date of its holding the same shall be proved by the registration books kept under the provisions of Section 2.7.

## **ARTICLE IX**

### **SUPPLEMENTAL RESOLUTIONS**

**Section 9.1 Supplemental Resolutions.** The University may, from time to time and at any time, without the consent of any Holders of the Series 2009 Bonds, adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolutions shall thereafter form a part hereof), as follows:

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or in any supplemental resolutions;

(b) to provide for the issuance of certificated Series 2009 Bonds pursuant to Section 2.11 of this Bond Resolution, or to obtain or maintain a rating for the Series 2009 Bonds;

(c) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders;

(d) to add new conditions, limitations and restrictions on the issuance of other Credit Obligations by the University;

(e) to add to the covenants and agreements of the Board in this Resolution other covenants and agreements thereafter to be observed by the Board or to surrender any right or power herein reserved to or conferred upon the Board;

(f) to comply with any proposed, temporary or permanent regulations regarding the arbitrage rebate requirements of the Code; or

(g) to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Bond Resolution, if in the opinion of the Paying Agent, who may rely upon an opinion of counsel nationally recognized in matters concerning municipal bonds, such supplemental resolution shall not adversely affect or prejudice the interests of the Bondholders.

At least thirty (30) days prior to the adoption of any supplemental resolution for any of the purposes of this Section, the Secretary of the Board shall cause a notice of the proposed adoption of such supplemental resolution to be mailed, postage prepaid, to all registered owners of Series 2009 Bonds at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the Secretary of the Board for inspection by all Bondholders. A failure on the part of the Secretary of the Board to mail the notice required by this Section shall not affect the validity of such supplemental resolution.

**Section 9.2 Modification of Resolution with Consent of Holders.** Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority in aggregate outstanding principal amount of the Series 2009 Bonds then outstanding shall have the right, from time to time, anything contained in this Bond Resolution to the contrary notwithstanding, to consent to and approve the adoption of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Bond Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) without the approval of all of the Series 2009 Bondholders, (i) an extension of the maturity of the principal of or the interest on any Series 2009 Bond, (ii) a reduction in the principal amount of any Series 2009 Bond or the redemption premium or the rate of interest thereon, (iii) except as otherwise provided herein, a preference or priority of any Series 2009 Bond or Bonds over any other Series 2009 Bond or Bonds, or (iv) except as otherwise provided herein, the release of the lien created by this Bond Resolution with respect to any Pledged Revenues, or (b) without the approval of all of the Series 2009 Bondholders, a reduction in the aggregate principal amount of the Series 2009 Bonds required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any supplemental resolution as authorized in Section 9.1 of this Article.

If at any time the Board shall determine that it is necessary or desirable to adopt any supplemental resolution for any of the purposes of this Section, the Secretary of the Board shall cause notice of the proposed adoption of such supplemental resolution to be mailed, not less than thirty (30) nor more than sixty (60) days prior to the date of such adoption, postage prepaid, to all registered owners of the Series 2009 Bonds at their addresses as they appear on the registration books held by the Registrar. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the Secretary of the Board for inspection by all Bondholders. The Board shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of such notice, the Board shall deliver to the Paying Agent an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority or all, as appropriate, in aggregate principal amount of the Series 2009 Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve

the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such supplemental resolution in substantially such form, without liability or responsibility to any Holder of any Series 2009 Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority or all, as appropriate, in aggregate principal amount of the Series 2009 Bonds outstanding at the time of the adoption of such supplemental resolution shall have consented to and approved the adoption thereof as herein provided, no Bondholder shall have any right to object to the adoption of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental resolution pursuant to the provisions of this Section, this Bond Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the University, the Board, and all Holders of Series 2009 Bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

**Section 9.3 Supplemental Resolutions Part of this Bond Resolution.** Any supplemental resolution adopted in accordance with the provisions of this Article shall thereafter form a part of this Bond Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Bond Resolution for any and all purposes. In case of the adoption and approval of any supplemental resolution, express reference may be made thereto in the text of any Series 2009 Bonds issued thereafter, if deemed necessary or desirable by the Board.

## ARTICLE X

### DEFEASANCE

**Section 10.1 Defeasance.** If the University shall pay or provide for the payment of the entire indebtedness on all Series 2009 Bonds outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Series 2009 Bonds outstanding, as and when the same become due and payable;

(b) by depositing with the Paying Agent, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Series 2009 Bonds outstanding (including the payment of premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested at the written direction of the University in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when

redeemable) and discharge the indebtedness on all Series 2009 Bonds outstanding at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other lawful purpose;

(c) by delivering to the Paying Agent, for cancellation by it, all Series 2009 Bonds outstanding; or

(d) by depositing with the Paying Agent, in trust, noncallable Government Obligations in such amounts as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, and any uninvested cash, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2009 Bonds outstanding at or before their respective maturity dates, as an independent certified public accountant shall certify to the Paying Agent's satisfaction;

and if the University shall pay or cause to be paid all other sums payable hereunder by the University, and, if any of the Series 2009 Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as in Section 3.2 provided or provisions satisfactory to the Paying Agent shall have been made for the giving of such notice, this Bond Resolution and the estate and rights granted hereunder shall cease, determine, and become null and void, and thereupon the Paying Agent shall, upon written request of the University, and upon receipt by the Paying Agent of a certificate of the Chief Operating Officer, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Bond Resolution have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Bond Resolution and the lien hereof.

The University may at any time surrender to the Paying Agent for cancellation by it any Series 2009 Bonds previously authenticated and delivered, which the University may have acquired in any manner whatsoever, and such Series 2009 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

**Section 10.2 Liability of University Not Discharged.** Upon the deposit with the Paying Agent, in trust, at or before maturity, of money or Government Obligations in the necessary amount to pay or redeem all Series 2009 Bonds outstanding (whether upon or before their maturity or the redemption date of such Series 2009 Bonds) and compliance with the other payment requirements of Section 10.1, provided that if such Series 2009 Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as in Section 3.2 provided, or provisions satisfactory to the Paying Agent shall have been made for the giving of such notice, this Bond Resolution may be discharged in accordance with the provisions hereof but the University's liability in respect of the Series 2009 Bonds shall continue provided that the Holders thereof shall thereafter be entitled to payment only out of the moneys or the Government Obligations deposited with the Paying Agent as aforesaid.

**Section 10.3 Provision for Payment of Particular Bonds.** If the University shall pay or provide for the payment of the entire indebtedness on particular Series 2009 Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Series 2009 Bonds, as and when the same shall become due and payable;

(b) by depositing with the Paying Agent, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) such Series 2009 Bonds (including the payment of premium, if any, and interest payable on such Series 2009 Bonds to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested at the written direction of the University in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Series 2009 Bonds at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any lawful purpose;

(c) by delivering to the Paying Agent, for cancellation by it, such Series 2009 Bonds;  
or

(d) by depositing with the Paying Agent, in trust, noncallable Government Obligations in such amount as will, together with the income or increment to accrue thereon, and any uninvested cash, without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Series 2009 Bonds at or before their respective maturity dates, as an independent certified public accountant shall certify to Paying Agent's satisfaction;

and if the University shall also pay or cause to be paid all other sums payable hereunder by the University with respect to such Series 2009 Bonds, and, if such Series 2009 Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as in Section 3.2 provided or provisions satisfactory to the Paying Agent shall have been made for the giving of such notice, such Series 2009 Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution. The University's liability in respect of such Series 2009 Bonds, if any, shall continue but the Holders thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Government Obligations deposited with the Paying Agent as aforesaid.

## ARTICLE XI

### MISCELLANEOUS PROVISIONS

**Section 11.1 Effect of Covenants.** All covenants, stipulations, obligations and agreements of the University and the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the University and the Board to the full extent authorized by the Act or permitted by the Constitution of Virginia. All such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, member, agent or employee of the University or the Board in his or her individual capacity, and no agency of the Commonwealth nor any officer thereof or of the University, present or future, executing the Series 2009 Bonds shall be liable personally on the Series 2009 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 11.2 Successor Paying Agents or Registrars.** Any bank or trust company authorized to do business in the Commonwealth may be appointed by the University as successor Paying Agent or Registrar hereunder and immediately upon acceptance of such appointment shall be deemed the successor of the Paying Agent or Registrar for the purposes of this Resolution. The University shall give notice to any Rating Agency of its appointment of any successor Paying Agent or Registrar. The reasonable fees and expenses of any such successor Paying Agent or Registrar shall be the sole obligation of the University and shall constitute a pledge of the Pledged Revenues prior to the Series 2009 Bonds, to the extent such fees and expenses are unpaid.

**Section 11.3 Manner of Giving Notice.**

(a) Any notice, demand, direction, request or other instrument authorized or required by this Bond Resolution to be given to or filed with the University, the Paying Agent, the Registrar, the Custodian or the Rating Agencies shall be deemed to have been sufficiently given or filed for all purposes of this Bond Resolution if and when sent by registered or certified mail, return receipt requested:

(1) to the University, if addressed to the University of Virginia, P. O. Box 400210, Charlottesville, Virginia 22904-4210 (Attention: Vice President and Chief Financial Officer);

(2) to the Custodian, if addressed to the State Treasurer of the Commonwealth of Virginia, 101 North 14<sup>th</sup> Street, Richmond, Virginia 23219;

(3) to the Paying Agent and Registrar, if addressed to The Bank of New York Mellon Trust Company, National Association, 919 East Main Street, Richmond, Virginia 23219, Attention: Corporate Trust Administration;

(4) to Moody's, if addressed to Moody's Investor Services, 99 Church Street, New York, New York 10007-2796, Attention: Structured Finance Group, Telecopier: (212) 553-4919;

(5) to S&P, if addressed to Standard & Poor's, at 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041, Attention: Public Finance Department (Surveillance), Telecopier: (212) 438-2152; and

(6) to Fitch, if addressed to Fitch Ratings, One State Street Plaza, New York, New York 10004, Attention: Municipal Structured Finance Group, Telecopier: (212) 635-0466.

(b) Except for any notices required to be received by them under Article VII, if any, the Paying Agent and Registrar may accept and act upon facsimile or electronic transmission of written instructions or directions from the University or the Custodian, provided, however, that (a) the University or Custodian, as the case may be, subsequent to such facsimile or electronic transmission of written instructions, shall provide the originally executed instructions or directions to the Paying Agent and/or Registrar in a timely manner, and (b) such originally executed instructions or directions shall be signed by a person as may be designated and authorized to sign for the University or the Custodian, as the case may be, or in the name of the University or the Custodian, as the case may be, by an Authorized Officer of the University or authorized representative of the Custodian, and (c) the University or the Custodian, as the case may be, shall provide to the Paying Agent and/or Registrar an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing.

**Section 11.4 Alternative Notice.** If, because of the temporary or permanent suspension of publication of any newspaper or financial journal or suspension of the mails or for any other reason, the University, the Board or the Custodian shall be unable to give any notice required to be published or mailed by the provisions of this Bond Resolution, the University, or the Custodian, as the case may be, shall give such notice in such other manner as in the judgment of the University or the Custodian shall most effectively approximate such publication thereof, and the giving of such notice in such manner shall for all purposes of this Bond Resolution be deemed to be compliance with the requirement for the publication thereof.

**Section 11.5 Effect of Partial Invalidity.** In case any one or more of the provisions of this Resolution or of the Series 2009 Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Series 2009 Bonds, but this Resolution and the Series 2009 Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Series 2009 Bonds or in this Resolution shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the University to the full extent permitted by law.

**Section 11.6 Governing Law.** This Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction without regard to conflict of law principles.

**Section 11.7 Completion of and Amendments to Bond Resolution; Approval, Execution and Delivery of Necessary and Appropriate Documents.**

(a) Prior to the delivery of the Series 2009 Bonds, in accordance with the University's debt policy, the University's Chief Financial Officer with the Chair of the Board's Finance Committee may authorize completion of and any revisions to this Bond Resolution which are not in conflict with the Authorizing Resolution or any future resolution by the Board, as shall be necessary to accurately reflect negotiations among the University, the Paying Agent, the Registrar, Moody's, S&P, Fitch and the Underwriters, with respect to the Series 2009 Bonds and the financing and/or refinancing of the Project, including, specifically and without limitation, the capital improvements to be financed and refinanced, the terms and provisions of the Series 2009

Bonds, including without limitation, the original principal amounts, their maturity dates and amounts, redemption provisions, make-whole provisions, prices, interest rates and interest provisions and any elections under the federal tax code. Certification of this Bond Resolution by the Secretary of the Board shall be conclusive evidence that the Chief Financial Officer and the Chair of the Board's Finance Committee have finally completed this Bond Resolution.

(b) The University's Chief Operating Officer is authorized to negotiate, execute and deliver, in necessary and appropriate form, the following documents:

(1) one or more offering documents in preliminary and final forms relating to the offering of the Series 2009 Bonds for sale;

(2) one or more bond purchase agreements relating to the purchase of the Series 2009 Bonds; and

(3) such other documents and instruments as he deems necessary or appropriate in connection with the issuance of the Series 2009 Bonds, including without limitation any interest rate swaps or other hedge mechanisms and any dedicated line of credit, standby bond purchase agreement or other liquidity facility related to the Series 2009 Bonds, so long as such documents and instruments do not conflict with the intent of this Resolution.

The distribution of any such offering document, in preliminary and final forms, by the Underwriters is hereby authorized and approved.

**Section 11.8 Bond Delivery.** All directors, officers and employees of the University are hereby authorized to take all actions necessary to accomplish the delivery of the Series 2009 Bonds to purchasers thereof.

**Section 11.9 Repeal of Inconsistent Provisions.** Any prior resolutions or provisions of resolutions of the Board inconsistent with any provisions of this Bond Resolution are hereby repealed.

**Section 11.10 Paying Agent/Registrar Reliance and Other Matters.** For purposes of this Section 11.10 only, the term "Paying Agent" shall refer to both the Paying Agent and the Registrar. The Paying Agent undertakes to perform only such duties as are expressly set forth herein. The duties and responsibilities of the Paying Agent hereunder shall be determined solely by the express provisions of this Bond Resolution, and no further duties or responsibilities shall be implied. The Paying Agent shall not have any liability under, nor duty to inquire into the terms and provisions of any agreement or instructions, other than as outlined in the Series 2009 Resolutions. The Paying Agent may consult with counsel and may rely conclusively and shall be protected in acting or refraining from acting upon any written notice, electronically transmitted communication, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Paying Agent shall have no duty to solicit any payments that may be due it hereunder. The Paying Agent shall not be liable for any action taken or omitted by it in good faith unless a court of competent jurisdiction determines that any loss to the University was the

result of the Paying Agent's negligent or willful misconduct. The Paying Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the University. In the administration of its duties under this Bond Resolution, the Paying Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may, consult with counsel, accountants and other skilled persons to be selected and retained by it. The Paying Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. The Paying Agent may resign and be discharged of its duties and obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. Any corporation or association into which the Paying Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Paying Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Paying Agent in its individual capacity may be sold or otherwise transferred, shall be the Paying Agent hereunder without further act. The University covenants and agrees to pay the Paying Agent its fees and expenses (including reasonable attorney's fees, costs and expenses) as agreed upon by the University and the Paying Agent. Furthermore, the University shall pay the Paying Agent for any extraordinary services or expenses performed or incurred by the Paying Agent in connection with its duties under this Resolution provided the University consents in writing prior to the performance of such services or the incurring of such expenses.

The Paying Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Bond Resolution arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God, earthquakes, fire, flood, hurricanes or other storms; wars, terrorism, similar military disturbances; sabotage; epidemic, riots, interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Paying Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances. If the University or Custodian elects to give notice to the Paying Agent pursuant to Sections 11.3 or 11.4 hereof by unsecured email, facsimile transmission or other similar unsecured electronic methods, the Paying Agent agrees to accept and act upon instructions or directions sent by the University or Custodian, as the case may be, by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods as provided in Section 11.3. If the University or Custodian, as applicable, elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion reasonably elects to act upon such instructions, the Paying Agent's understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reasonable reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction.

**EXHIBIT A**

**No. R-1**

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA**

**THE RECTOR AND VISITORS OF THE  
UNIVERSITY OF VIRGINIA**

**GENERAL REVENUE PLEDGE BOND  
SERIES 2009**

INTEREST RATE: \_\_\_\_\_%      MATURITY DATE: September 1, \_\_\_\_\_      DATED DATE: \_\_\_\_\_, 2009      CUSIP: 915217 \_\_\_\_

REGISTERED OWNER:      CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_  
DOLLARS (\$\_\_\_\_\_)

The Rector and Visitors of the University of Virginia (the "University"), an educational institution established by the Commonwealth of Virginia, for value received, hereby promises to pay, solely from the revenues provided therefor, as hereinafter set forth, to the registered owner named above, on the maturity date set forth above (or earlier as hereinafter set forth), upon the presentation and surrender hereof, the principal sum set forth above and to pay, solely from such revenues, interest thereon from the date hereof at the rate per annum set forth above, until payment of said principal sum. Both the principal of and the interest on this Series 2009 Bond are payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal or redemption price of this Series 2009 Bond shall be payable, upon surrender of this Series 2009 Bond, at the office of The Bank of New York Mellon Trust Company, National Association, Richmond, Virginia, as Paying Agent and Registrar, or at the designated corporate trust office of any successor Paying Agent appointed pursuant to the Series 2009 Resolutions (hereinafter defined). Payment of interest on this Series 2009 Bond shall be made by check or draft mailed on the applicable Interest Payment Date to the registered owner as of the close of business on the 15th date of the month immediately preceding such Interest Payment Date (a "Record Date") at its address as it appears in the registration books of the Registrar appointed pursuant to the Series 2009 Resolutions. The term "Interest Payment Date" with respect to the Series 2009 Bonds means each September 1 and March 1, commencing September 1, 2009.

This Series 2009 Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless this Series 2009 Bond is (a) authenticated before the first Interest Payment Date following the initial delivery of the Series 2009 Bonds, in which case it shall bear interest from its dated date, or (b) authenticated upon an Interest Payment Date, in

which case it shall bear interest from such Interest Payment Date; provided, however, that if at the time of authentication of this Series 2009 Bond interest is in default, this Series 2009 Bond shall bear interest from the date to which interest has been paid. Interest on this Series 2009 Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

The University shall not be obligated to pay the principal of or interest on this Series 2009 Bond except from the Pledged Revenues of the University and other legally available moneys, all as provided in the Series 2009 Resolutions. "Pledged Revenues" are all of the revenues now or hereafter lawfully available to the University which are not required by law, by binding contract entered into prior to the adoption of the Series 2009 Resolutions or, in certain circumstances described in the Series 2009 Resolutions, by binding contract entered into subsequent to the date of the Series 2009 Resolutions, to be devoted to some other purpose. This Series 2009 Bond and the interest hereon shall not be deemed to constitute a debt or liability of the Commonwealth of Virginia, legal, moral or otherwise. Neither the Commonwealth of Virginia nor the University shall be obligated to pay the principal of or interest on this Series 2009 Bond or other costs incident hereto except from the sources noted above, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia are pledged to the payment of the principal of or interest on this Series 2009 Bond or other costs incident hereto.

This Series 2009 Bond is one of a duly authorized issue of Bonds of the University aggregating \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) in principal amount, known as "General Revenue Pledge Bonds, Series 2009" (the "Series 2009 Bonds"), issued pursuant to resolutions adopted by the Board of Visitors of the University (the "Board") on April \_\_, 2009 (the "Series 2009 Resolutions"). This Series 2009 Bond is issued and the Series 2009 Resolutions was adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 4.10, Title 23, Code of Virginia of 1950, as amended (the "Act") to finance the costs of certain capital improvements at the University and to refund certain outstanding indebtedness of the University. Reference is hereby made to the Series 2009 Resolutions for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Series 2009 Resolutions, the funds charged with and pledged to the payment of the interest on and the principal of the Series 2009 Bonds, the nature and extent of the security, the terms and conditions on which the Series 2009 Bonds are or may be issued, the rights, duties and obligations of the University and the rights of the holders of the Series 2009 Bonds. Capitalized terms not defined herein shall be as defined in the Series 2009 Resolutions. By the acceptance of this Series 2009 Bond, the Holder hereof assents to all of the provisions of the Series 2009 Resolutions.

The Series 2009 Bonds are subject to redemption prior to their maturity at the option of the University, in whole or in part on any date, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the Series 2009 Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2009 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009 Bonds are to be redeemed, discounted to the date on which the Series 2009 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months,

at the Treasury Rate, plus \_\_\_ basis points, plus, in each case, accrued interest on the Bonds to be redeemed to the redemption date.

At the request of the Paying Agent, the redemption price of the Series 2009 Bonds to be redeemed at the option of the University shall be determined by an independent accounting firm, investment banking firm or financial advisor retained by the University at the University's expense to calculate such redemption price. The Paying Agent and the University may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and shall not be liable for such reliance.

Subject to applicable procedures of the Securities Depository while the Series 2009 Bonds are held in book-entry only form by the Securities Depository, if less than all of the Series 2009 Bonds are to be called for redemption, the Series 2009 Bonds to be redeemed shall be selected by the University in such manner as the University in its discretion may determine.

If any of the Series 2009 Bonds or portions thereof are called for redemption, the Paying Agent shall mail a notice of the call for redemption, identifying the Series 2009 Bonds or portions thereof to be redeemed, not less than 30 nor more than 60 days prior to the redemption date, to the registered owner of each Series 2009 Bond to be redeemed, at its address as it appears on the registration books kept by the Registrar. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2009 Bonds so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Pledged Revenues and shall not be deemed to be outstanding under the terms of the Series 2009 Resolutions. If a portion of this Series 2009 Bond is called for redemption, a new Series 2009 Bond in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof.

This Series 2009 Bond is transferable by the registered owner, in person or by its attorney duly authorized in writing, at the designated office of the Registrar, upon presentation of a written instrument of transfer and surrender of this Series 2009 Bond to the Registrar for cancellation. Upon the transfer, a new Series 2009 Bond or Bonds of the same aggregate principal amount, maturity date and interest rate will be issued to the transferee. No transfer will be effective unless represented by such surrender and reissue. This Series 2009 Bond may also be exchanged at the designated office of the Registrar for a new Series 2009 Bond or Bonds of the same aggregate principal amount, maturity date and interest rate without transfer to a new registered owner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Registrar shall not be required to transfer or exchange any Series 2009 Bond selected or called for redemption pursuant to the provisions hereof or from a Record Date through the next succeeding Interest Payment Date. All Bonds delivered in exchange or transfer shall be dated so that neither gain nor loss results from the transfer or exchange.

The University, the Paying Agent and the Registrar may treat the registered owner as the absolute owner of this Series 2009 Bond for all purposes, notwithstanding any notice to the contrary.

Neither the members of the Board nor any person executing this Series 2009 Bond are liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

This Series 2009 Bond will not be valid until the Certificate of Authentication has been signed by the Registrar.

The holder of this Series 2009 Bond shall have no right to enforce the provisions of the Series 2009 Resolutions or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Series 2009 Resolutions, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Series 2009 Resolutions.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the rules and regulations of the Board to happen, exist and be performed precedent to and in the issuance of this Series 2009 Bond have happened, exist and have been performed as so required.

IN WITNESS WHEREOF, The Rector and Visitors of the University of Virginia has caused this Series 2009 Bond to be issued and caused this Series 2009 Bond to bear the manual or facsimile signatures of its Executive Vice President and Chief Operating Officer and its official seal to be impressed, imprinted, reproduced or lithographed hereon, all as of \_\_\_\_\_, 2009.

[SEAL]

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Executive Vice President and  
Chief Operating Officer of  
the University of Virginia

CERTIFICATE OF AUTHENTICATION

This Series 2009 Bond is one of the Bonds described in the within mentioned Series 2009 Resolutions.

Date of Authentication:  
\_\_\_\_\_, 2009

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, NATIONAL  
ASSOCIATION, as Registrar

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Authorized Signatory

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell, assigns and transfers unto

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

[Please print or typewrite name and address, including zip code, of Transferee]

PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBERS OF TRANSFEREE

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

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

Dated: \_\_\_\_\_

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

The signature above must correspond to the name of the Registered Owner as it appears on the front of this Series 2009 Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
Notice: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guarantee program

**EXHIBIT B**  
**REQUISITION VOUCHER**

Voucher No. \_\_\_\_\_

State Treasurer  
Commonwealth of Virginia  
101 North 14<sup>th</sup> Street  
Richmond, Virginia 23219  
Attention: Treasury Department

or

[Other Custodian Address]

This Voucher is submitted in connection with the Series 2009 Resolutions (the "Series 2009 Resolutions") adopted on April \_\_, 2009 by the Board of Visitors of The Rector and Visitors of the University of Virginia (the "University"). The Series 2009 Resolutions authorizes the issuance of general revenue pledge bonds of the University as Series 2009 Bonds (the "Series 2009 Bonds"). The undersigned requests payment of the following obligation or obligations from the "Construction Fund" pursuant to Section 4.2 of the Series 2009 Resolutions.

Payee:

Address:

Amount to be paid:

Purpose (in reasonable detail) for which the obligations(s) to be paid was incurred:

The undersigned certifies that:

(i) The obligation stated on the requisition has been incurred to pay the Costs of the Project, each item is a proper charge against the appropriate Construction Fund and

is a cost permitted under the Act and the obligation has not been the basis for a prior requisition which has been paid; and

(ii) At the date of this certificate, no Event of Default has occurred which has not been cured or waived, and no event exists which, with notice or lapse of time or both, would constitute an Event of Default.

Unless otherwise defined, each capitalized term used in this Requisition shall have the meaning given it in the Series 2009 Resolutions.

Date: \_\_\_\_\_

THE RECTOR AND VISITORS OF  
UNIVERSITY OF VIRGINIA,  
Authorized Officer

By: \_\_\_\_\_

Title: \_\_\_\_\_