

BOARD OF REGENTS
BRIEFING PAPER

1. AGENDA ITEM TITLE: **Financing Plan, Certificates of Participation Series 2017A for UNR Engineering and University Arts Center Buildings**

MEETING DATE: **September 7-8, 2017**

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Summary

The purpose of this agenda item is to request Board of Regents approval of a resolution (Exhibit 1) to issue up to \$30.0M in NSHE 30-year, certificates of participation to support the financing of the new Engineering Building and new University Arts Center. NSHE's financial advisor, JNA Consulting Group, has prepared a funding model which includes estimated underwriting and issuance costs and debt service amounts (Exhibit 2).

Engineering Building

The 2017-19 Legislature approved and the Governor signed a Capital Improvement Project (CIP) bill which included a new Engineering Building at the University of Nevada, Reno (UNR). The total project cost is estimated at \$87.73M and the State of Nevada agreed to provide \$41.5M, with UNR funding the \$46.23M balance from 1) long-term debt supported by existing student CIP fees (\$23.23M), and 2) donor gifts/pledges (\$23.0M). It should be noted that given the level of state funding for the project the State Public Works Division, as required by Nevada law, is managing this NSHE/UNR capital project.

During the 2017 legislative session, UNR also sought and received an increase in its revenue bonding authorization to support the long-term debt portion of the Engineering Building financing plan. However, after the legislative session adjourned it was discovered that the 2017 authorization for UNR limited the pledgeable revenues for these bonds to only the revenues of UNR. This restriction is incompatible with the existing UNR/UNLV revenue bond resolutions previously adopted by the Board of Regents, and likely increases the interest rates the proposed bonds will receive. The potential adverse impact of such a change on the possible interest rates for these revenue bonds was concerning.

The authorization limitation was researched by NSHE's bond counsel (Sherman and Howard) and financial advisor (JNA Consulting Group), and included discussions with several potential underwriters. The general conclusion was that the cost of any perceived increased risk associated with the bonds would most likely be more than the cost associated with the issuance of alternate debt financing - certificates of participation (COP). COP's have been utilized several times by NSHE in the recent past. They are not subject to legislative authorization and are payable from all legally available funds of NSHE. Historically, the anticipated increase in the interest rate of a 30-year COP versus a UNR/UNLV revenue bond is less than ¼ percent.

Based on the above financing plan previously approved by the Board of Regents, UNR is now seeking Board approval to issue NSHE 30-year, certificates of participation to fund \$23.23M of this project.

(NOTE: As planned, a request for approval of a bank loan to monetize and bridge the outstanding donor gift pledges on the Engineering Building will be presented at a subsequent Board of Regents meeting.)

University Arts Center

The new University Arts Center project - which involves no state funding - was approved at the December 2015 meeting of the Board of Regents with a pre-design cost estimate of \$20.0M. Due primarily to requested scope changes during final design, the estimated project cost was revised upward to \$24.8M and was presented to the Board in March 2017 along with an updated financing plan.

Following completion of the construction documents the University Arts Center project was competitively bid in May 2017. The winning bid was \$35.6M, \$10.8M or 44%, higher than previously estimated by the A&E and their local cost estimator. This dramatic cost increase primarily reflects the current high-cost construction environment in Northern Nevada involving materials and especially labor. While a “value engineering” exercise was immediately undertaken with the A&E and General Contractor in an attempt to reduce costs, it was ultimately decided not to materially reduce the scope or quality of the project. Instead, the University has elected to increase the amount of funding.

The University’s plan to fund the \$10.8M shortfall involves two sources. The first is a \$4.5M gift from the University of Nevada, Reno Foundation (UNRF) which the UNRF Executive Board approved at their regular May 22 meeting. The second is a request to the Board of Regents to issue the proposed debt financing (COPs) to fund the remaining \$6.3M. There are sufficient student CIP fees to service this additional amount of COP financing.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

University of Nevada, Reno President Marc A. Johnson requests approval of a resolution authorizing the issuance of NSHE certificates of participation in a maximum principal amount up to \$30.0M to fund construction of the new Engineering Building and new University Arts Center.

4. IMPETUS (WHY NOW?):

Engineering Building

The new Engineering Building project and related financing plan have been previously approved by the Board of Regents. As planned, project design commenced early-on

utilizing designated donor cash gifts/pledges. The project is now in the final 'construction documents' design phase which should be completed in March-April of 2018. The project's funding plan next calls for the issuance of the student CIP fee-funded debt (NSHE certificates of participation).

University Arts Center

The new University Arts Center project and related financing plan have been previously approved by the Board of Regents. However, the winning bid for general contracting resulted in total project cost of \$35.6M, \$10.8M or 44%, higher than estimated. The University has elected not to reduce the project's scope or quality but instead fund the \$10.8M shortfall from two sources. The first is a \$4.5M gift from the University of Nevada, Reno Foundation, already approved, and second is a request to the Board to issue the proposed debt financing (COPs) for the remaining \$6.3M to fully fund the University Arts Center shortfall. Project design has been completed with donor cash gifts/pledges, a general contractor has been selected and construction has commenced. Therefore, an additional \$6.3M in funding is requested now.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Both the new Engineering and the new University Arts Center projects and their related financing plans have been previously approved by the Board of Regents.
- The 2017 Legislature approved, and the Governor signed, a Capital Improvement Project bill which included state funding of \$21.5M for the new Engineering Building. State funding will not commence until after NSHE has provided its required contribution to the project.
- The University has crafted a plan to address the unexpected \$10.8 shortfall in the funding for the University Arts Center.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- None. Both approved projects are well underway. The new Engineering Building is in the construction document design phase and the new University Arts Center is under construction.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

- Cancel or defer completion of the new Engineering and/or the new University Arts Center projects and absorb sizeable sunk costs to date as well as potential legal exposures to various contracted parties.

8. COMPLIANCE WITH BOARD POLICY:

Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 1.9

Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____

Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____

Other: _____

Fiscal Impact: Yes X No _____

Explain: In connection with the financing of the new UNR Engineering and University Arts Center

projects, up to \$30.0M in certificates of participation (long-term debt) will be issued and will require

debt service payments

RESOLUTION NO. _____

WHEREAS, pursuant to chapter 396 of Nevada Revised Statutes (the "Project Act") and all laws supplemental thereto, the Board of Regents (the "Board") of the Nevada System of Higher Education ("NSHE") is authorized to borrow up to \$30,000,000 for the purpose of financing in part the cost of the construction, land and other acquisition, rehabilitation and improvement of capital improvements on the campus of the University of Nevada, Reno (the "Project"), such financing to be evidenced by an Installment Purchase Agreement and Indenture of Trust between the System and U.S. Bank National Association, as trustee (the "Trustee") signed by manual or facsimile signatures of the appropriate officials at the NSHE (the "Indenture");

WHEREAS, pursuant to the Indenture, the Trustee shall execute and deliver the Certificates of Participation, Series 2017A (the "Certificates") evidencing undivided interests in the right to receive certain revenues payable by NSHE pursuant to the Indenture;

WHEREAS, the Board hereby authorizes the Vice Chancellor for Finance or the Chancellor or any interim to arrange for the sale and delivery of the Certificates for the Project, including inviting bids for the purchase of the Certificates and ratifies action previously taken in connection with the sale and delivery of the Certificates; and

WHEREAS, after distribution of notice inviting bids for the purchase of the Certificates, Board authorizes the Vice Chancellor for Finance, as the chief financial officer of NSHE or the Chancellor, as the chief administrative officer of NSHE, or any interim, to receive and publicly open bids and sell the Certificates to the best bidder therefor (the "Purchaser") and ratifies action previously taken in connection with the receipt and opening of bids and either officer is hereby authorized to accept a binding contract for the Certificates, the Certificates to bear interest at the rate or rates per annum, provided in the purchase proposal submitted by the Purchaser (the "Proposal"), at a price consisting of the principal amount and accrued interest thereon from their date to the date of their delivery, less a discount or plus a premium as set forth in the Indenture and otherwise upon the terms and conditions herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION:

Section 1. The officers of the System are hereby authorized to take all action necessary to effectuate the provisions of this resolution, including, without limitation, the Chancellor or the Vice Chancellor for Finance is authorized to sell the Certificates and execute the Proposal as a binding contract with the Purchaser for the purchase of the Certificates and negotiate the terms of the Certificates (in one series or more) and the Proposal by the Chancellor or the Vice Chancellor for Finance with the Purchaser which terms shall not be materially inconsistent with the terms set forth in the form of the Indenture, in the form specified by the Chancellor or the Vice Chancellor for Finance and in substantially the form on file with the Board office, the form of which is approved, with any changes to the form of the Indenture as are approved by the Chancellor or the Vice Chancellor for Finance in the judgment of the Chancellor or the Vice Chancellor for Finance, including any covenants or provisions to protect the owner of the Certificates and/or NSHE, that the Chancellor or Vice Chancellor for Finance determines are necessary or desirable to obtain favorable terms for NSHE which covenants or provisions, if any, shall be evidenced by such officer's execution

of the Indenture and any such determination made is conclusive absent fraud or abuse of discretion. Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the Indenture.

Section 2. The officers of NSHE are hereby authorized to take all action necessary to effectuate the provisions of this resolution, including, without limitation, negotiation of the terms of the Indenture and the execution and delivery of the Indenture with manual or facsimile signatures of the Chairman, Chancellor, ex officio Treasurer, and the Secretary to the Board of Regents and such certificates as may be necessary to evidence the validity and enforceability of the Indenture, the appointment of a trustee under the Indenture, and the exemption of interest on the Certificates issued under the Indenture from gross income for purposes of federal income taxation.

Section 3. The officers of the System are hereby authorized to take all action necessary or appropriate to effectuate the provisions of this Resolution, including without limitation (a) assembling of financial and other information concerning the System, the Project, the Indenture and the Certificates, and (b) preparing and circulating an official statement for the Certificates (the "Official Statement"), and, if deemed appropriate by the Chancellor or the Vice Chancellor for Finance, the preparation and circulation of a preliminary official statement for the Certificates, the Continuing Disclosure Certificate, in the forms specified by the Chancellor or the Vice Chancellor for Finance and on file with the Board office. The Chancellor or the Vice Chancellor for Finance is authorized to deem the preliminary official statement "final" for purposes of Rule 15(c)2-12 promulgated under the Securities Exchange Act of 1934. The Chancellor or the Vice Chancellor for Finance or any interim is authorized to execute the Continuing Disclosure Certificate.

Section 4. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board, the officers of the System and otherwise by the System directed toward the Indenture, the Project and toward the sale and delivery of the Certificates for that purpose, including but not limited to the distribution of the preliminary official statement and the distribution, use and execution of the Official Statement, in substantially the form on file with the Secretary of the Board, but with such changes, including supplements, amendments, additions and deletions, as are consistent with the facts and this Resolution and are approved by the Chancellor or the Vice Chancellor for Finance, whose execution thereof shall be conclusive evidence of such officer's consent to such changes, are hereby approved, ratified and confirmed. The Board hereby authorizes the execution of closing certificates by any of the officers of the Board and any of the Chancellor, Vice Chancellor for Finance and Vice Chancellor for Legal Affairs.

Section 5. This Resolution shall be effective on its passage and approval.

PASSED, ADOPTED AND APPROVED this September ____, 2017.

NEVADA SYSTEM OF HIGHER EDUCATION

Chairman, Board of Regents

Attest:

Chief of Staff and Special Counsel
to the Board of Regents

NEVADA SYSTEM OF HIGHER EDUCATION

AND

U.S. BANK NATIONAL ASSOCIATION
AS TRUSTEE

INSTALLMENT PURCHASE AGREEMENT AND INDENTURE OF TRUST

Dated as of
[closing date], 2017

INSTALLMENT PURCHASE AGREEMENT AND INDENTURE OF TRUST

INSTALLMENT PURCHASE AGREEMENT AND INDENTURE OF TRUST dated as of [closing date], 2017 (this "Agreement" or "Indenture") by and between the NEVADA SYSTEM OF HIGHER EDUCATION (the "System") and U.S. BANK NATIONAL ASSOCIATION, as Trustee, duly organized and existing under the laws of the United States of America, being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America.

WITNESSETH:

WHEREAS, Exhibit A hereto sets forth the definitions of all capitalized terms used herein except where the context indicates otherwise; and

WHEREAS, University of Nevada is the legal and corporate name of the state university, as described in Section 4, article 11, constitution of the State of Nevada, and is a body corporate and politic under the constitution and laws of the State of Nevada (the "State"); and

WHEREAS, the system of universities, colleges and research and public service units administered under the direction of the Board of Regents (the "Board") is known collectively as the "Nevada System of Higher Education" (the "System"); and

WHEREAS, the Board controls and manages the affairs of the System and the funds of the same and is the governing body of the System; and

WHEREAS, the System, through the Board, has the power, among other things, to acquire the Project; and

WHEREAS, the Board has heretofore determined and does hereby determine and declare that it is necessary and in the best interests of the System that the System acquire the Project; and

WHEREAS, pursuant to NRS 396.425 and Nevada Constitution Article 11, Section 4, the Board has the authority to enter into transactions whereby the System purchases real property for cash and executes an obligation to pay the remainder of the price in deferred installments; and

WHEREAS, there will be executed and delivered pursuant to this Agreement one or more Certificates which represent assignments of the right to receive Base Payments and certain other payments and the System desires to sell the Certificates pursuant to a competitive sale; and

WHEREAS, the Certificates are to bear interest at the rates per annum provided in Exhibit D attached hereto; and

WHEREAS, the proceeds from the sale of the Certificates will be used by the System to finance the Project and other purposes set forth herein; and

WHEREAS, the financing of the Project and the execution, performance and delivery of this Indenture have been authorized, approved and directed by the Board; and

WHEREAS, there will be executed and delivered by the Trustee pursuant to this Indenture, the Certificates representing assignments of the right to receive Base Payments and certain other payments; and

WHEREAS, the Trustee has entered into this Indenture for and on behalf of the Owners of the Certificates, and will hold its rights hereunder, except as otherwise specifically provided herein, for the equal and proportionate benefit of the Owners of the Certificates, and will disburse moneys received by it in accordance with this Indenture; and

WHEREAS, all things necessary to make the Certificates, when executed and delivered by the Trustee as provided herein, legal, valid, and binding assignments of the right to receive Base Payments and certain other payments, as herein provided, and to constitute this Indenture a valid, binding and legal instrument for the security of the Certificates in accordance with its terms, have been done and performed.

NOW THEREFORE, for and in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

That the System, in consideration of the premises and the mutual covenants herein contained, and for the benefit of the Certificate Owners, and for other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Certificates at any time Outstanding under this Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Certificates and herein contained, and to declare the terms and conditions upon and subject to which the Certificates are issued and secured, has executed and delivered this Indenture and has granted, assigned, pledged, set over and confirmed, and by these presents does grant, assign, pledge, set over and confirm unto U.S. Bank National Association, as Trustee, and to its successors and assigns forever, all and singular the following described property, franchises and income, without retaining any present or future interest or reversion whatsoever:

(a) All Base Payments and any other receipts received by the Trustee from or on behalf of the System pursuant hereto.

(b) All moneys and securities from time to time held by the Trustee under this Indenture (other than moneys and securities held in the Project Account and the Rebate Account), including any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially mortgaged, pledged, or hypothecated, as and for additional security hereunder, by the System, or by anyone on its behalf, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all Certificate Owners, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any other of the Certificates;

PROVIDED, HOWEVER, that if the principal of the Certificates and the premium, if any, and the interest due or to become due thereon, shall be paid at the times and in the manner mentioned in the Certificates, according to the true intent and meaning thereof, or if this Indenture is otherwise discharged pursuant to Article V hereof, and if there are paid to the Trustee all sums of money due or to become due to the Trustee in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Certificates issued and secured hereunder or under any supplement hereto are to be executed and delivered and all said property, rights, interests, revenues and receipts hereby pledged, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the System has agreed and covenanted, and does hereby agree and covenant, with the Trustee for the benefit of the Certificate Owners, as follows:

ARTICLE I

DEFINITIONS; AGREEMENT TERM; PAYMENTS BY THE SYSTEM

Section 1.01. Definitions. All capitalized words and phrases in this Indenture shall have the respective meanings set forth in Exhibit A hereto unless the context otherwise requires.

Section 1.02. Duration of the Agreement Term. The Agreement Term shall commence as of the date hereof and shall continue until July 1, 2047, unless earlier terminated as provided in Section 1.03 hereof.

Section 1.03. Termination of Agreement Term. The Agreement Term shall terminate upon the earliest of any of the following events:

- (a) principal of the 2017 Certificates are paid in full;
- (b) discharge of this Indenture as provided in Section 5.01 hereof.

Termination of the Agreement Term shall extinguish all unaccrued obligations of the System under this Indenture, but all obligations of the System accrued prior to such

termination shall be continuing until and except to the extent satisfied by discharge of this Indenture as provided in Section 5.01 hereof.

Section 1.04. Security Provisions. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the Base Payments and all other amounts which may be payable hereunder and to secure the performance by the System of all covenants expressed or implied by this Indenture, the System hereby pledges and grants to the Trustee a present security interest, within the meaning of the Uniform Commercial Code of the State, with respect to its right, title and interest, if any, in the Certificate Fund. The System covenants to cooperate with the Trustee in signing such documents as are necessary to perfect the security interests granted hereby.

Section 1.05. Base Payments and Additional Payments. The System shall pay Base Payments directly to the Trustee for distribution to the Certificate Owners in accordance with this Indenture during the Agreement Term on the due dates set forth in Exhibit B attached hereto and made a part hereof, as it may be amended hereunder. There shall be credited against the amount of Base Payments otherwise payable hereunder any amounts available in the Certificate Fund on the date such Base Payments are due. The System shall pay Additional Payments during the Agreement Term as herein provided. The Additional Payments during the Agreement Term shall be in an amount sufficient to pay the reasonable fees and expenses of the Trustee and payments into the Rebate Account, as required hereunder.

All Additional Payments shall be paid by the System on a timely basis directly to the person or entity to which such Additional Payments are owed.

Section 1.06. Interest Component. The interest component of each Base Payment is as set forth in Exhibit B attached hereto. The System shall make or shall cause to be made payment of the interest component of each Base Payment in accordance with Section 1.05 directly to the Trustee.

Section 1.07. Manner of Payment. The Base Payments shall be paid in lawful money of the United State of America to the Trustee by check or draft mailed, electronically transferred or delivered to the Trustee on or before the date such Base Payment is due.

Section 1.08. No Set-Offs. The obligation of the System to pay the Base Payments and Additional Payments required under this Article I and other Sections hereof, during the Agreement Term, shall be absolute and unconditional in all events except as expressly provided herein, including, without limitation Section 1.09 hereof, and payment of the Base Payments and Additional Payments during the Agreement Term shall not be abated through accident or unforeseen circumstances. Notwithstanding any dispute between the System and the Trustee, the System shall, during the Agreement Term, make all payments of Base Payments and Additional Payments when due and shall not withhold any Base Payments or Additional Payments pending final resolution of such dispute, nor shall the System assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Trustee shall affect the System's obligation to pay Base Payments and Additional Payments during the Agreement Term.

Section 1.09. Disposition of Base Payments. The amount of each Base Payment designated as interest made by the System to the Trustee shall be applied to first pay past due interest, then current interest and shall deposit such interest Base Payments into the Interest Account of the Certificate Fund. Upon receipt by the Trustee of each payment of the principal portion of Base Payments, the Trustee shall apply the amount of such principal Base Payment pro rata to principal and shall deposit such principal Base Payment into the Principal Account of the Certificate Fund.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF CERTIFICATES

Section 2.01. Authorized Amount of Certificates. No Certificates may be executed and delivered under this Indenture except in accordance with this Article. The aggregate principal amount of the 2017 Certificates that may be issued shall be \$[par].

Section 2.02. Maturity Dates and Interest Rates of 2017 Certificates. The 2017 Certificates shall be dated as of the date of delivery thereof and shall bear interest from such date to maturity at the rates per annum shown on Exhibit D attached hereto computed on the basis of a 360 day year of twelve 30 day months, payable semiannually on each Interest Payment Date; except that 2017 Certificates which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been paid, or if no interest has been paid, from the date of the 2017 Certificates.

The 2017 Certificates shall mature on the dates and in the amounts as set forth in the Exhibit D attached hereto.

Section 2.03. Form of 2017 Certificates. The 2017 Certificates shall be substantially in the form set forth in Exhibit C to this Indenture (provided that any portion of the 2017 Certificates text may, with appropriate reference, be printed on the back of the 2017 Certificates), with such appropriate variations, omissions and insertions as may be required by the circumstances, or as may be permitted or required hereby. Temporary 2017 Certificates may be executed and delivered pending the preparation of 2017 Certificates in definitive form.

Section 2.04. Execution and Delivery of the Certificates; Disposition of Proceeds. The Certificates shall be deliverable only as fully registered Certificates in Authorized Denominations (provided that no Certificate may be in a denomination which exceeds the principal coming due on any maturity date and no individual Certificate may be executed and delivered for more than one maturity). The Certificates shall be numbered in such manner as shall be determined by the Trustee. Upon the execution and delivery of this Indenture, the Trustee shall execute and deliver the 2017 Certificates to or upon the direction of the Initial Purchaser as hereinafter provided in this Section, provided that:

(a) Prior to the delivery by the Trustee of any of the 2017 Certificates, there shall be filed with the Trustee an originally executed counterpart of this Indenture and a copy of the resolution adopted by the Board approving this Indenture.

(b) Thereupon, the Trustee shall deliver the 2017 Certificates to or upon the direction of the Initial Purchaser upon payment to the Trustee of the purchase price of \$_____ (consisting of the principal amount of the 2017 Certificates of \$_____, [plus net original issue premium of \$_____][less net original issue discount of \$_____], and less the discount of the Initial Purchaser of \$_____), and \$_____ of the purchase price shall be deposited into the Project Account which shall be applied solely to the payment of Project Costs financed by the 2017 Certificates, including to pay costs of issuance of the 2017 Certificates.

Section 2.05. Terms of Certificates; Principal and Interest Payments on Certificates. The principal of and premium, if any, on any Certificate shall be payable to the registered owner thereof as shown on the registration records of the Trustee upon maturity or prior redemption thereof and upon presentation and surrender at the principal corporate trust or principal operations office of the Trustee. Payment of interest on the Certificates shall be made on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), by check of the Trustee mailed to the registered owner thereof at his or her address as it last appears on the registration records of the Trustee at the close of business on the Record Date. Any such interest not so timely paid shall cease to be payable to the Person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the Person who is the registered owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Trustee to the registered owners of the Certificates, not less than ten days prior to the Special Record Date, by first-class mail to each such registered owner as shown on the Trustee's registration records on a date selected by the Trustee, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed to between the registered owner of any Certificate and the Trustee. If the principal of any Certificate is not paid on the maturity date thereof, interest on the unpaid principal shall continue to accrue at the interest rate borne by said Certificate until such principal shall have been paid in full.

All payments of principal and interest on the Certificates shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges.

Section 2.06. Redemption.

(a) The 2017 Certificates, maturing on and after July 1, 2028 shall be subject to redemption prior to their respective maturities, at the option of the System on and after July 1, 2027, in whole or in part at any time at a price equal to the principal amount of the Outstanding 2017 Certificates so redeemed plus accrued interest thereon to the redemption date, without premium.

(b) The 2017 Certificates maturing July 1, 20__ and July 1, 20__, are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus

accrued interest to the redemption date. The 2017 Certificates of a maturity subject to mandatory sinking fund redemption shall be selected by lot in such manner as the Trustee shall determine.

The following principal amounts of the 2017 Certificates maturing July 1, 20__, shall be subject to mandatory sinking fund redemption (after credit as provided below) on the following dates:

Date	Principal Amount
July 1, 20__	\$ _____
July 1, 20__*	_____

*Maturity Date

The following principal amounts of the 2017 Certificates maturing July 1, 20__, shall be subject to mandatory sinking fund redemption (after credit as provided below) on the following dates:

Date	Principal Amount
July 1, 20__	\$ _____
July 1, 20__*	_____

*Maturity Date

(c) On or before the thirtieth day prior to each such sinking fund payment date, the Trustee shall proceed to call the 2017 Certificates indicated above (or any 2017 Certificate or Certificates issued to replace such 2017 Certificates) for redemption from the sinking fund on the next July 1, as the case may be, and give notice of such call without other instruction or notice from the System. The amount of each sinking fund installment may be reduced by the principal amount of any 2017 Certificates of the maturity which is subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the System.

A portion of any 2017 Certificate may be redeemed pursuant to the provisions of (b) or (c) above, in which case the Trustee shall, without charge to the Owner of such Certificate, execute and deliver a replacement 2017 Certificate or Certificates of the same maturity and of an Authorized Denomination.

(d) In the case of Certificates of a denomination of \$5,000 or larger, a portion of such Certificates (\$5,000 or any integral multiple thereof) may be redeemed pursuant to subsection (a) of this section, in which case the Trustee, except as otherwise provided in this Indenture, shall, without charge to the owner of such Certificate, authenticate and issue a replacement Certificate or Certificates for the unredeemed portion thereof. In the case of a partial redemption of Certificates of a single maturity pursuant to subsection (a) of this section,

the Trustee shall select the Certificates to be redeemed by lot at such time as directed by a System Representative (but at least 30 days prior to the Redemption Date), and if such selection is more than 60 days before a Redemption Date, shall direct the Trustee to appropriately identify the Certificates so called for redemption by stamping them at the time any Certificate so selected for redemption is presented to the Trustee for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Trustee, and any Certificate or Certificates issued in exchange for, or to replace, any Certificate so called for prior redemption shall likewise be stamped or otherwise identified. Upon the partial redemption of any Certificates pursuant subsection (a) of this section, the Trustee shall notify the System in writing of the Certificates selected for partial redemption by lot and the System Representative shall deliver an amended schedule of Base Payments to be attached hereto as Exhibit B to the Trustee and the Certificate Insurer to reflect the payment of a portion of the Certificates that have been redeemed.

Section 2.07. Notice of Redemption. Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee, upon being satisfactorily indemnified as to expenses, by mailing a copy of the redemption notice by electronically or by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of each Certificate to be redeemed at the address shown on the registration records; provided however, that failure to give such notice by electronically or mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Certificates as to which no such failure has occurred. Any notice sent as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Certificates called for redemption in the same manner as the original redemption notice was mailed.

Section 2.08. Redemption Payments. Prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the Certificates called, together with accrued interest thereon to the redemption date and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to this Indenture, interest on the Certificates or portions thereof thus called shall no longer accrue after the date fixed for redemption.

Section 2.09. Cancellation of Redeemed Certificates. All Certificates which have been redeemed shall not be reissued but shall be canceled or otherwise destroyed by the Trustee in accordance with Section 2.15 hereof.

Section 2.10. Limited Certificate. Each Certificate shall represent assignments of the right to receive Revenues hereunder. The Certificates are payable solely from Revenues as, when and if the same are received by the Trustee, from amounts on deposit in the Certificate Fund and from payments made by under any Certificate Insurance Policy. The Revenues are to

be held in trust by the Trustee for such purposes in the manner and to the extent provided herein. The Certificates shall not constitute or give rise to a general obligation or other indebtedness of the State or a general obligation of the System within the meaning of any constitutional, statutory or debt limitation. Neither this Indenture nor the Certificates shall constitute a general obligation of the System, and the System shall have no obligation with respect to the Certificates except to the extent of its assignment of the Trust Estate to the Trustee pursuant to this Indenture; and this Indenture shall not create any pecuniary liability on the part of the directors or officers of the System. No provision of the Certificates or this Indenture shall be construed or interpreted (a) to require the System to make an appropriation; or (b) as a delegation of governmental powers by the System.

Section 2.11. Execution of the Certificates. The manual signature of a duly authorized officer or employee of the Trustee shall appear on each Certificate. Any Certificate shall be deemed to have been executed by a duly authorized representative of the Trustee if signed by the Trustee Representative, but it shall not be necessary that the same officer or employee of the Trustee sign all of the Certificates issued hereunder. In case any officer or employee of the Trustee whose signature shall appear on the Certificates shall cease to be such officer or employee before delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained an officer or employee until delivery.

Section 2.12. Effect of Execution. No Certificate shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until executed in the manner prescribed by Section 2.11 of this Indenture, and such execution of any Certificate shall be conclusive evidence that such Certificate has been properly issued and delivered hereunder.

Section 2.13. Mutilated, Lost, Stolen or Destroyed Certificates. In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed on behalf of the Trustee, of like series, date, maturity, tenor and Authorized Denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received such evidence, information or indemnity from the Owner of the Certificate as the Trustee may reasonably require, and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to the Trustee. In the event that any such Certificate shall have matured or been called for redemption or is about to mature or be called for redemption, instead of issuing a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the Owner of the Certificate with its reasonable fees and expenses in this connection.

Section 2.14. Registration, Transfer and Exchange of Certificates; Persons Treated as Owners.

(a) (1) Records for the registration and transfer of Certificates shall be kept by the Trustee which is hereby appointed the registrar and transfer agent for the Certificates. The principal of and interest with respect to any Certificate shall be payable only to or upon the order of the Owner or his legal representative (except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest). Upon surrender for transfer of any Certificate at the principal corporate trust office of the Trustee, duly endorsed for

transfer or accompanied by an assignment duly executed by the Owner or his attorney duly authorized in writing, the Trustee shall enter such transfer on the registration records and shall execute and deliver in the name of the transferee or transferees a new fully registered Certificate or Certificates of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned.

(2) Fully registered Certificates may be exchanged at the office designated by the Trustee for an equal aggregate principal amount of fully registered Certificates of the same maturity of other Authorized Denominations. The Trustee shall execute and deliver Certificates which the Owner making the exchange is entitled to receive, bearing numbers not previously assigned.

(3) The Trustee may require the payment, by the Owner of any Certificate requesting exchange or transfer, of any reasonable charges as well as any taxes, transfer fees or other governmental charges required to be paid with respect to such exchange or transfer.

(4) The Trustee shall not be required to transfer or exchange (i) all or any portion of any Certificate during the period beginning at the opening of business 15 days before the day of the mailing by the Trustee of notice calling any Certificates for prior prepayment and ending at the close of business on the day of such mailing, or (ii) all or any portion of a Certificate after the mailing of notice calling such Certificate or any portion thereof for prior prepayment.

(b) Notwithstanding the foregoing provisions of subsections (a) hereof, the Certificates shall initially be evidenced by one Certificate for each maturity of the Certificates in Authorized Denominations equal to the aggregate principal amount of the Certificates maturing on such date and shall be initially delivered and registered as set forth in Section 2.17 hereof.

(c) Except as otherwise provided herein with respect to Record Dates and Special Record Dates for the payment of interest, the person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or interest with respect to any Certificate shall be made only to or upon the written order of the Owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

Section 2.15. Cancellation of Certificates. Whenever any Outstanding Certificates shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Section 2.13 or 2.14 of this Indenture, such Certificates shall be promptly canceled and destroyed by the Trustee, and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the System.

Section 2.16. Negotiability. Subject to the registration provisions hereof, the Certificates shall be fully negotiable and shall have all the qualities of negotiable paper, and the Owner or Owners thereof shall possess all rights enjoyed by the holders or owners of negotiable

instruments under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Certificates shall be paid, and the Certificates shall be transferable, free from and without regard to any equities, set-offs or cross-claims between or among the System, the Trustee and the original or any intermediate Owner of any Certificates.

Section 2.17. Book Entry.

(a) Notwithstanding any contrary provision of this Indenture, each separate series of Certificates shall initially be evidenced by one Certificate for each maturity in Authorized Denominations equal to the aggregate principal amount of the Certificates for that maturity within that series. Such initially delivered Certificates shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the Certificates. The Certificates may not thereafter be transferred or exchanged except:

(1) to any successor of The Depository Trust Company or its nominee, which successor must be a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this paragraph (a), or a determination by the System that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the System of another depository institution acceptable to the System and to the depository then holding the Certificates, which new depository institution must be a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(3) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or clause (2) of this paragraph (a), or a determination of the System that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the System, after reasonable investigation, to locate another qualified depository institution under clause (2) to carry out such depository functions.

(b) In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of paragraph (a) hereof or designation of a new depository pursuant to clause (2) of paragraph (a) hereof, upon receipt of the Outstanding Certificates by the Trustee, together with written instructions for transfer satisfactory to the Trustee, a new Certificate for each maturity of each series of the Certificates then Outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of paragraph (a) hereof and the failure after reasonable investigation to locate another qualified depository institution for the Certificates as provided in clause (3) of paragraph (a) hereof, and upon receipt of the Outstanding Certificates by the Trustee, together with written instructions for transfer satisfactory to the Trustee, new Certificates shall be issued in Authorized Denominations, as provided in and subject to the limitations of Section 2.15 of this Indenture, registered in the names of such Persons, and in such Authorized Denominations as are requested

in such written transfer instructions; provided however, the Trustee shall not be required to deliver such new Certificates within a period of less than 60 days from the date of receipt of such written transfer instructions.

(c) The System and the Trustee shall be entitled to treat the registered owner of any Certificate as the absolute Owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by them and the System and the Trustee shall have no responsibility for transmitting payments to the beneficial owners of the Certificates held by The Depository Trust Company or any successor or new depository named pursuant to paragraph (a) hereof.

(d) The System and the Trustee shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of paragraph (a) hereof in effectuating payment of the principal amount of the Certificates upon maturity or prior redemption by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

(e) Upon any partial redemption of any maturity of the Certificates, Cede & Co. (or its successor) in its discretion may request the System to issue and authenticate a new Certificate or shall make an appropriate notation on the Certificates indicating the date and amount of prepayment, except in the case of final maturity, in which case the Certificates must be presented to the Trustee prior to payment.

ARTICLE III

REVENUES AND FUNDS

Section 3.01. Source of Payment of Certificates. All payments by the System under this Indenture are payable from any monies of the System legally available for the purpose of making such payment, and the System hereby covenants to make sufficient provision annually in its budget to pay the Base Payments and reasonably estimated Additional Payments when due. The Certificates do not constitute a debt or indebtedness of the State of Nevada or a charge against the State's credit or taxing power. The Certificates represent assignments of the right to receive Revenues hereunder. The Certificates shall be payable solely from Revenues received by the Trustee, amounts on deposit in the Certificate Fund, from amounts paid under the Certificate Insurance Policy, and do not constitute a general obligation of the System within the meaning of any constitutional or statutory debt limitation. Revenues, when, as, and if received by the Trustee, shall be held under this Indenture for payment of the principal of, premium, if any, and interest on the Certificates as provided in this Indenture.

Section 3.02. The Certificate Fund. A special fund is hereby created and established with the Trustee, to be designated "Nevada System of Higher Education, Certificate of Participation Fund" (the "Certificate Fund"), which shall be used to pay the principal of and interest on the Certificates. Within the Certificate Fund there are hereby created and ordered established an Interest Account and a Principal Account, as follows:

(a) There shall be deposited into the Interest Account of the Certificate Fund (i) that portion of each payment of Base Payments which is designated in Exhibit B hereto, as it may be amended, and paid by the System as interest on the 2017 Certificates; and (ii) all other moneys received by the Trustee under this Indenture accompanied by directions from the System that such moneys are to be deposited into the Interest Account of the Certificate Fund.

(b) There shall be deposited into the Principal Account of the Certificate Fund (i) that portion of each payment of Base Payments which is designated in Exhibit B hereto, as it may be amended, and paid by the System as principal on the 2017 Certificates; and (ii) all other moneys received by the Trustee under this Indenture accompanied by directions from the System that such moneys are to be deposited into the Principal Account of the Certificate Fund.

Moneys held in the Certificate Fund shall be invested and reinvested in accordance with Article IV of this Indenture. Moneys in the Interest Account of the Certificate Fund shall be used solely for the payment of the interest on the 2017 Certificates, except to the extent that moneys may be deposited in the Rebate Account. Moneys in the Principal Account of the Certificate Fund shall be used solely for the payment of the principal of the 2017 Certificates, except to the extent that moneys may be deposited in the Rebate Account. In the event the Certificates are to be redeemed in whole pursuant to Section 2.06 of this Indenture, any moneys remaining in the Certificate Fund shall be applied to such redemption along with other moneys held by the Trustee for such purpose.

The Certificate Fund shall be in the custody of the Trustee. The Trustee shall withdraw sufficient funds from the Certificate Fund to pay the principal of and interest on the Certificates as the same become due and payable, which responsibility, to the extent of the moneys therein, the Trustee hereby accepts.

Section 3.03. The Rebate Account. A special fund is hereby created and established with the Trustee to be designated "Nevada System of Higher Education, Certificates of Participation, Series 2017A, Rebate Account" (the "Rebate Account"). There shall be deposited into the Rebate Account investment income on moneys in any fund created hereunder (except any defeasance escrows pursuant to Article V hereof), to the extent provided in the direction of the System pursuant to Section 9.01 hereunder and subject to the limitations in Section 4.01 hereof, moneys transferred to the Rebate Account from any other fund created hereunder pursuant to the provisions of this Section, and all other moneys received by the Trustee when accompanied by directions not inconsistent with this Indenture that such moneys are to be paid into the Rebate Account. In order to ensure that the moneys on deposit in the Rebate Account will be sufficient to fulfill the System's rebate obligation even if this Indenture has been terminated, the Trustee agrees that annually on December 31 of each year for any investment income credited to any fund created hereunder (except defeasance escrows pursuant to Article V hereof), it shall request the System to determine the difference, if any, between the yield on the investment and the yield on the Certificates (as determined pursuant to the Tax Certificate) and the Trustee, upon being informed of such difference, shall transfer such amount, if any, to the appropriate account of the Rebate Account. The transfer referred to in the foregoing sentence shall take place before any investment income is used for any other purpose under this Indenture. The Trustee shall cause amounts on deposit in the Rebate Account to be forwarded to the United States Treasury (at the address provided in the Tax Certificate) at the

times and in the amounts set forth in the System direction pursuant to Section 9.01 hereunder. Amounts on deposit in the Rebate Account shall not be subject to the lien of this Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, upon receipt of the certification pursuant to Section 9.01 hereunder, the moneys on deposit in the Rebate Account are insufficient for the purposes thereof, the Trustee may transfer moneys to the Rebate Account from the following funds in the following order of priority: the Principal Account of the Certificate Fund and the Interest Account of the Certificate Fund. Any moneys so advanced shall be included in the System's estimates of Additional Payments for the ensuing Fiscal Year pursuant to Section 1.05 hereof. Upon receipt by the Trustee of an opinion of nationally recognized municipal bond counsel acceptable to the Trustee to the effect that the amount in the Rebate Account is in excess of the amount required to be therein pursuant to the provisions of the Tax Certificate, such excess shall be transferred to the Interest Account of the Certificate Fund.

Section 3.04. The Project Account. A special fund is hereby created and held by the Trustee for the benefit of the System to be designated "Nevada System of Higher Education, Certificates of Participation, Series 2017A Project Account" (the "Project Account"). Proceeds of the 2017 Certificates shall be deposited in the Project Account. The System may establish such additional accounts within the Project Account or such subaccounts within any of the existing or any future accounts of the Project Account as may be necessary or desirable. So long as no Event of Default shall have occurred hereunder, moneys held in the Project Account shall be disbursed by the Trustee to the System upon written direction of a System Representative to the Trustee to pay Project Costs of the Project. If an Event of Default shall have occurred hereunder, the Trustee shall either disburse moneys held in the Project Account as provided in the preceding sentence or apply such moneys as provided in Article VI hereof.

Upon the Completion Date, the remaining proceeds of the 2017 Certificates issued to finance the Project, and any earnings thereon, then held in the Project Account, minus any amount estimated by the System Representative to be necessary to pay Project Costs relating to such Project financed by the 2017 Certificates, shall be transferred by the Trustee to the account in the Certificate Fund specified by the System Representative and if none, to the Interest Account of the Certificate Fund.

Investment earnings on moneys in the Project Account shall be deposited into the Rebate Account and to the extent not needed therefore, shall remain in the Project Account and be applied as provided in the preceding paragraph.

Section 3.05. Unclaimed Funds. Any funds deposited with the Trustee by the System in accordance with the terms and covenants of this Indenture, in order to redeem or pay the Certificates in accordance with the provisions of this Indenture, and remaining unclaimed by the owners of the Certificates after the date fixed for redemption or maturity, shall be escheated to the appropriate state in accordance with a particular state's escheatment laws and thereafter the owners of the Certificates shall be entitled to look only to the state to whom such funds were escheated for payment thereof. The Trustee shall maintain records of any escheated funds.

Section 3.06. Moneys to be Held in Trust. The ownership of the Certificate Fund and any other fund or account created hereunder shall be held by the Trustee for the benefit of the Certificate Owners as specified in this Indenture; provided, however, that, moneys in the Project Account shall be held by the System for the Project and moneys in the Rebate Account and in any defeasance escrows established pursuant to Article V hereof shall be used only for the specific purposes provided in this Indenture in connection therewith.

Section 3.07. Repayment to the System from the Trustee. After payment in full of the Certificates, the interest thereon, any premium thereon, the fees, charges and expenses of the Trustee and all other amounts required to be paid hereunder, any amounts remaining in the Certificate Fund or otherwise held by the Trustee pursuant hereto (but excluding the Rebate Account and defeasance escrows established pursuant to Article V hereof) shall be paid to the System as a return of an overpayment of Base Payments.

ARTICLE IV

INVESTMENTS

Section 4.01. Investment of Moneys. All moneys held as part of the Certificate Fund, the Rebate Account or any other fund or account created hereunder (except any defeasance escrow pursuant to Article V hereof) shall be deposited or invested and reinvested by the Trustee, at the written direction of the System, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created hereunder which shall interfere with or prevent withdrawals for payment of the Certificates at or before maturity or interest thereon as required hereunder. Any and all such deposits or investments shall be held by or under the control of the Trustee. The Trustee may make any and all such deposits or investments through its own bond department or the bond department of any bank or trust company under common control with the Trustee. All moneys held as part of the Project Account shall be deposited or invested and reinvested by the System in Permitted Investments. Subject to the transfer of certain investment income pursuant to Section 3.03, deposits or investments shall at all times be a part of and remain in the fund or account from which the moneys used to acquire such deposits or investments have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. Pursuant to Section 3.03 hereof, certain interest or other gain from any fund created hereunder (except any defeasance escrows pursuant to Article V hereof) shall be deposited in the Rebate Account and other such interest or gain shall be deposited in the Rebate Account to the extent directed by the System pursuant to Section 9.01 hereunder; but no such transfer shall be made if such transfer would cause the amount then on deposit in such fund to be less than required by the provisions of this Indenture, unless the Trustee consents to such transfer. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in the Certificate Fund is insufficient to pay the principal of and interest on the Certificates when due, or whenever the cash balance in any other fund or account created hereunder is insufficient to satisfy the purposes of such fund or account.

ARTICLE V

DISCHARGE OF INDENTURE

Section 5.01. Discharge of this Indenture. If, when the Certificates issued hereunder shall become due and payable in accordance with their terms or otherwise as provided in this Indenture, the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Certificates shall be paid (or, in the case of redemption of the Certificates pursuant to Section 2.06 of this Indenture, if payment of an amount less than the aggregate principal amount of the Certificates Outstanding plus accrued interest thereon to the redemption date is made as provided in Section 2.06 of this Indenture), or provision shall have been made for the payment of the same, together with all other sums payable hereunder, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the System to the Trustee and the Certificate Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee and the System shall transfer and convey to the System or to its order all property assigned or pledged to the Trustee by the System then held by the System or by the Trustee pursuant to this Indenture, and the System and the Trustee shall execute such documents as may be reasonably required by the System and shall turn over to the System any surplus in any fund created under this Indenture.

Any Outstanding Certificate shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this Section if (i) in case said Certificate is to be redeemed on any date prior to its maturity, the System shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to give notice of redemption of such Certificate on said redemption date, such notice to be given on a date and otherwise in accordance with the provisions of Section 2.07 hereof, (ii) there shall have been deposited in trust either moneys in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in trust at the same time, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificate on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Certificate is not by its terms subject to redemption within the next 60 days, the System shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 2.07 hereof, a notice to the Owner of such Certificate that the deposit required by (ii) above has been made in trust and that said Certificate is deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on said Certificate. Neither the Federal Securities nor moneys deposited in trust pursuant to this Section or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Certificate; provided that any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, may be reinvested in Federal Securities maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on the Certificate on or prior to such redemption date or maturity

date thereof, as the case may be. At such time as any Certificate shall be deemed paid as aforesaid, such Certificate shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of exchange and transfer and any payment from such moneys or Federal Securities deposited in trust.

Notwithstanding the foregoing, in the event that the principal and/or interest of the Certificates shall be paid by the Certificate Insurer pursuant to the Certificate Insurance Policy, the Certificates shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not considered to be paid under this Indenture, and the assignment and pledge contained in this Indenture and all covenants, agreements and other obligations under this Indenture shall continue to exist and shall run to the benefit of the Certificate Insurer, and the Certificate Insurer shall be subrogated to the rights of the registered owners.

The discharge of this Indenture pursuant to this Section shall be without prejudice to the rights of the Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred with respect to the administration of the trust hereby created and the performance of its powers and duties hereunder.

In the event that there is a defeasance of only part of the Certificates of any maturity, the Trustee shall, if requested by the System, institute a system to preserve the identity of the individual Certificates or portions thereof so defeased, regardless of changes in Certificate numbers attributable to transfers and exchanges of Certificates; and the Trustee shall be entitled to reasonable compensation and reimbursement of expenses from the System in connection with such system as Additional Payments hereunder.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Events of Default. If any of the following events occur it is hereby defined as and shall be deemed an Event of Default:

(a) Default by the System in the payment of any Base Payments required to be paid under Section 1.05 of this Indenture when the same shall become due and payable.

(b) Failure by the System to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in (a) but including any default in the payment of any Additional Payments then due and payable, for a period of 45 days after written notice, specifying such failure and requesting that it be remedied, shall be given to the System by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action shall be instituted by the System within the applicable period and diligently pursued until the default is corrected.

Section 6.02. Remedies on Default.

(a) If an Event of Default shall have occurred hereunder, then

(1) the registered owner may proceed against the System to protect and enforce all of its rights hereunder by mandamus or by other suit, action or special proceeding in law or in equity in any court of competent jurisdiction for the specific performance of the covenants and agreements of the System hereunder;

(2) the Owners may exercise such other remedies available to it at law or in equity.

(b) Upon the occurrence of an Event of Default, the Trustee may and shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, without any further demand or notice, take one or any combination of the following remedial steps:

(1) Take whatever action at law or in equity which appears necessary or desirable to enforce its rights in and to the Revenues under this Indenture.

(2) The Trustee shall also be entitled, upon any Event of Default, to any moneys in any funds or accounts created hereunder (other than the Rebate Account or any escrow accounts established pursuant to Article V hereof) for the benefit of the Certificate Owners.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default shall have occurred, if requested by the Owners of a majority in aggregate principal amount of Certificates then Outstanding and if the Trustee is indemnified as provided in Section 7.01(m) hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Certificate Owners.

Section 6.03. Majority of Certificate Owners May Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section until the indemnity described in Section 7.01(m) of this Indenture is furnished to it by such Certificate Owners.

Section 6.04. Rights and Remedies of Certificate Owners. No Certificate Owner shall have any right to institute any suit, action or proceeding in equity or at law for the

enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 7.01(h) hereof, or of which by said Section it is deemed to have notice, nor unless such default shall have become an Event of Default and the Owners of a majority in aggregate principal amount of Certificates then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its own name, nor unless they have also offered to the Trustee indemnity as provided in Section 7.01(m) hereof nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request, offer of indemnity and consent or default are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Certificate Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her, its or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Certificates then Outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Certificate Owner to enforce the payment of the principal of, premium, if any, or interest on any Certificate at and after the maturity thereof.

Section 6.05. Trustee May Enforce Rights Without Certificates. All rights of action and claims under this Indenture or any of the Certificates Outstanding hereunder may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Certificates, and any recovery of judgment shall be for the ratable benefit of the Owners of the Certificates, subject to the provisions of this Indenture.

Section 6.06. Delay or Omission No Waiver. No delay or omission of the Trustee or of any Certificate Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 6.07. No Waiver of One Default to Affect Another. No waiver of any default hereunder, whether by the Trustee or the Certificate Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

Section 6.08. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the System, the Trustee and the Certificate Owners shall be restored to their former positions and rights hereunder with respect to

the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 6.09. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default and its consequences and notwithstanding anything else to the contrary contained in this Indenture shall do so upon the written request of the Owners of not less than two-thirds in aggregate principal amount of all the Certificates then Outstanding; provided, however, that there shall not be waived without the consent of the Owners of 100% of the Certificates then Outstanding as to which the Event of Default exists (i) any default in the payment of the principal of or premium on any Outstanding Certificates at the date of maturity specified therein or (ii) any default in the payment when due of the interest on any such Certificates, unless prior to such waiver or rescission, all arrears of interest and all arrears of payments of principal and premium, if any, then due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the System, the Trustee and the Certificate Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 7.01. Duties of the Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a reasonable and prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Certificates (except in respect to the Trustee and execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of this Indenture or of any supplements thereto or hereto or instruments of further assurance, or collecting any insurance moneys or for the validity of the execution by the System of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Certificates issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the System or the System, except as provided herein; but the Trustee may require of the System or the System full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the System hereunder; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article IV hereof.

(d) The Trustee shall not be accountable for the use of any Certificates authenticated and delivered hereunder. The Trustee may become the Owner of Certificates with the same rights which it would have if not Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Owner of any Certificate shall be conclusive and binding upon any Certificates issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the System by the System Representative, or on behalf of the System by the System Representative or such other Person as may be designated for such purpose by resolution of the Board, as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the System to cause to be made any of the payments to the Trustee required to be made by Article I hereof and Article II hereof, unless the Trustee shall be specifically notified in writing of such default by the System or by the Owners of at least 25% in aggregate principal amount of Certificates then Outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be

effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except that the Trustee is responsible for complying with the written investment directions of the System.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the property pledged herein.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture, the Trustee shall have the right, but shall not be required, to demand in respect of the execution and delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the System or the System to the execution and delivery of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action hereunder the Trustee may require that satisfactory indemnity be furnished to it by the Certificate Owners for the reimbursement of all costs and expenses which it may incur and to protect it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

Section 7.02. Fees and Expenses of Trustee. During the Agreement Term, the Trustee shall be entitled to payment and reimbursement for its reasonable fees for its services rendered hereunder as and when the same become due and all expenses, including attorney's fees, reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due and shall be paid as Additional Payments, as provided in Section 1.05 hereof.

Section 7.03. Resignation or Replacement of Trustee. The present or any future Trustee may resign by giving written notice to the System not less than 60 days before such resignation is to take effect. Such resignation shall take effect only upon the appointment of a successor qualified as provided in the third paragraph of this Section. The present or any future Trustee may be removed at any time by an instrument in writing, executed by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding; provided that the Certificate Insurer consents to such removal. The present or any future Trustee may be removed at any time by the Certificate Insurer so long as it is not in default of its payment obligations

under the Certificate Insurance Policy. The present or any future Trustee may be removed at any time by a Representative of the System.

In case the present or any future Trustee shall at any time resign or be removed for any reason or otherwise become incapable of acting, a successor may be appointed by the System by an instrument or concurrent instruments signed by the System Representative. The System upon making such appointment shall forthwith give notice thereof to each Certificate Owner, which notice may be given concurrently with the notice of resignation given by any resigning Trustee or the notice removing any Trustee.

Every successor Trustee shall always be a bank or trust company in good standing, duly authorized to exercise trust powers and subject to examination by Federal or state authority, qualified to act hereunder, having a reported capital and surplus of not less than \$10,000,000. Any successor appointed hereunder shall execute, acknowledge and deliver to the System an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor, which shall duly assign, transfer and deliver to the successor all properties and moneys held by it under this Indenture. Should any instrument in writing from the System be required by any successor for more fully and certainly vesting in and confirming to it, the said deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered by the System on request of such successor.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor Trustee in each recording office, if any, where this Indenture shall have been filed and/or recorded.

Section 7.04. Conversion, Consolidation or Merger of Trustee. Any bank or trust company into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto or thereto, anything herein or therein to the contrary notwithstanding. In case any of the Certificates to be issued hereunder shall have been executed, but not delivered, any successor Trustee may adopt the signature of any predecessor Trustee, and deliver the same as executed; and, in case any of such Certificates shall not have been executed, any successor Trustee may execute such Certificates in the name of such successor Trustee.

Section 7.05. Intervention by Trustee. In any judicial proceeding to which the System is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Certificates, the Trustee may intervene on behalf of

Certificate Owners and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of the Certificates then Outstanding.

ARTICLE VIII

SUPPLEMENTAL INDENTURES AND AMENDMENTS

Section 8.01. Supplemental Indentures Not Requiring Consent of Certificate Owners. The Trustee and the System may, without the consent of, or notice to, the Certificate Owners (but with the consent of the Certificate Insurer), enter into such indentures or agreements supplemental hereto for any one or more or all of the following purposes:

- (a) To add to the covenants and agreements of the System contained in this Indenture other covenants and agreements to be thereafter observed by the System;
- (b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Certificate Owners;
- (c) To subject to this Indenture additional revenues, properties or collateral.

Section 8.02. Supplemental Indentures Requiring Consent of Certificate Owners. Exclusive of supplemental indentures permitted by Section 8.01 hereof, the written consent of the System and the Owners of not less than two-thirds in aggregate principal amount of the Certificates then Outstanding shall be required for the execution by the System and the Trustee of any indenture or indentures supplemental hereto; provided, however, that without the consent of the Owners of all the Certificates at the time Outstanding or of all of the Certificates affected thereby, as the case may be, nothing herein contained shall permit or be construed as permitting:

- (a) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;
- (b) The deprivation of the Owner of any Certificate then Outstanding of the lien created by this Indenture (other than as originally permitted hereby), without the consent of the Owner of such Certificate;
- (c) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates; or
- (d) A reduction in the percentage of the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the System shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such

supplemental indenture to be mailed to the Certificate Insurer and to the registered owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners. If within 60 days or such longer period as shall be prescribed by the System following the mailing of such notice, the Certificate Insurer and the Owners of not less than the requisite aggregate principal amount of the Certificates Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Certificate Owner shall have any right 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 execution thereof, or to enjoin or restrain the Trustee or the System from executing the same or from taking any action pursuant to the provisions thereof.

Section 8.03. Execution of Supplemental Indenture. The Trustee is authorized to join with the System in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects its rights, duties or immunities under this Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Certificates issued thereafter, if any, if deemed necessary or desirable by the Trustee.

ARTICLE IX

COVENANTS

Section 9.01. Tax Covenant. The System covenants for the benefit of the 2017 Certificate Owners that it will not take any action or omit to take any action with respect to the 2017 Certificates, the proceeds thereof, any other funds of the System or any Project financed with the proceeds of the 2017 Certificates if such action or omission (i) would cause the interest on the 2017 Certificates to lose its exclusion from gross income for Federal income tax purposes under Section 103 of the Code, or (ii) would cause interest on the 2017 Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2017 Certificates until the date on which all obligations of the System in fulfilling the above covenant under the Code have been met.

In addition, the System covenants that its direction of investments pursuant to Article IV of this Indenture shall be in compliance with the procedures established by the Tax Certificate to the extent required to comply with its covenants contained in the foregoing provisions of this Section. The System hereby agrees that, to the extent necessary, it will, during

the Agreement Term, pay to the Trustee, at the Trustee's request, such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any payment of System moneys pursuant to the foregoing sentence shall be Additional Payments for all purposes of this Indenture.

Section 9.02. Undertaking to Provide Ongoing Disclosure. The System shall comply with the provisions of the Continuing Disclosure Certificate. Any failure by the System to perform in accordance with this Section shall not constitute an Event of Default, and the rights and remedies provided by this Indenture upon the occurrence of an Event of Default shall not apply to any such failure. The Trustee shall not have any power or duty to enforce this Section. No Owner of a Certificate shall be entitled to damages for the System's non-compliance with its obligations under this Section; however, the Owners of the Certificates may enforce specific performance of the obligations contained in this Section by any judicial proceeding available.

Section 9.03. Covenant to Budget. The Board covenants to specifically make sufficient provision annually in its budget to pay all Base Payments and reasonably estimated Additional Payments for the next Fiscal Year, as provided in Section 1.05 hereof.

ARTICLE X

MISCELLANEOUS

Section 10.01. Evidence of Signature of Certificate Owners and Ownership of Certificates.

(a) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Certificate Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Certificate Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Certificates shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(b) The fact and date of the execution by any Certificate Owner or his or her attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he or she purports to act that the Person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(c) The fact of the owning by any Person of Certificates, the amounts and numbers of such Certificates and the date of the owning of the same may be proved by the registration records of the Trustee.

(d) Any request or consent of the Owner of any Certificate shall bind all transferees of such Certificate in respect of anything done or suffered to be done by the System or the Trustee in accordance therewith.

Section 10.02. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person other than the System, the Trustee, the Certificate Insurer and the Certificate Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the System or the Trustee shall be for the sole and exclusive benefit of the System, the Trustee, the Certificate Insurer and the Certificate Owners.

Section 10.03. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.04. Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.05. Governing Law. This Indenture shall be governed and construed in accordance with the law of the State of Nevada.

Section 10.06. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.07. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail or overnight mail, postage prepaid, addressed as follows: if to the System, Nevada System of Higher Education, 2601 Enterprise Road, Reno, NV 89512; if to the Trustee, U.S. Bank National Association, Global Corporate Trust Services U.S. Bank Center, LM-AZ-X16P, 101 North First Ave., Suite 1600, Phoenix, AZ 85003. Any notice that is required to be given to owners of Certificates under this Indenture shall also be given to the Certificate Insurer. The System and the Trustee may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.08. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a legal holiday or a day on which banking institutions in the State in which the principal operations office of the Trustee is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are not authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Indenture.

IN WITNESS WHEREOF, the System and the Trustee have caused this Indenture to be executed in their respective corporate names and their respective corporate seals to be hereto affixed and attested by their duly authorized officials or officers, all as of the date first above written.

NEVADA SYSTEM OF HIGHER EDUCATION

Chairman, Board of Regents

Countersigned:

Chancellor, ex-officio Treasurer

(SEAL)

Attest:

Secretary to the Board of Regents

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Keith Henselen, Vice President

[Signature page of Installment Purchase Agreement and Indenture of Trust]

EXHIBIT A

DEFINITIONS

"Additional Payments" means the rebate payments as provided in Section 9.01 of this Indenture, and all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the System shall fail to pay the same, as specifically set forth in this Indenture) which the System assumes or agrees to pay under this Indenture. Additional Payments do not include the Base Payments or the Redemption Price.

"Agreement" or "Indenture" means this Installment Purchase Agreement and Indenture of Trust dated as of [closing date], 2017 by and between the System and the Trustee, and any amendments or supplements thereto which are entered into in accordance with the provisions thereof, including the exhibits attached hereto.

"Agreement Term" means the term of this Indenture as provided in Article I hereof. Certain provisions of this Indenture survive the termination of the Agreement Term, as further provided herein.

"Authorized Denominations" means, with respect to the 2017 Certificates, denominations of \$5,000 or integral multiples thereof; provided that no 2017 Certificate may be issued in a denomination which exceeds the aggregate principal amount of 2017 Certificates coming due on any maturity date and no individual 2017 Certificate will be issued for more than one maturity.

"Base Payments" means the payments payable by the System pursuant to Section 1.05 of this Indenture and Exhibit B hereto, as it may be amended, during the Agreement Term.

"Board" means the Board of Regents of the System.

"Business Day" means any day other than a Saturday, Sunday or legal holiday on which banks in Reno, Nevada or New York, New York are authorized or required by law to remain closed.

"Certificate Fund" means the special fund created under Section 3.02 of this Indenture for the purpose of holding and disbursing to the Certificate Owners the Base Payments paid by the System, and includes both the Principal Account and the Interest Account thereof.

"Certificate Insurer" means municipal bond insurance company, if any, insuring the 2017 Certificates and any successors thereto.

"Certificate Insurance Policy" means the financial guaranty insurance policy issued by the Certificate Insurer insuring the payment when due of the principal of and interest on the 2017 Certificates as provided therein.

"Certificates" or "2017 Certificates" means the Certificates of Participation, Series 2017A issued under this Indenture, which represent assignments of the right to receive Revenues pursuant to this Indenture.

"Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates.

"Completion Date" means the date on which the acquisition and construction of the Project is complete.

"Continuing Disclosure Certificate" means the certificate executed by the Chancellor of the System in connection with this Indenture or an amendment thereto, which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

"Event of Default" means those defaults specified in Section 6.01 of this Indenture.

"Federal Securities" means noncallable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States of America, or interests in such obligations.

"Fiscal Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court in the State and who is not an employee of the Trustee or the System.

"Initial Purchaser" means the initial purchaser of the 2017 Certificates on the date of delivery thereof.

"Interest Payment Date" means each January 1 and July 1 with the first interest payment to be made on July 1, 2018.

"NRS" means Nevada Revised Statutes, as amended and supplemented as of the date hereof.

"Opinion of Counsel" means an opinion in writing of legal counsel, who may be counsel to the Trustee or the System.

"Outstanding" or "Certificates Outstanding" means all Certificates which have been executed and delivered, except:

(a) Certificates canceled or which shall have been surrendered to the Trustee for cancellation;

(b) Certificates in lieu of which other Certificates have been executed under Section 2.13 or 2.14 of this Indenture;

(c) Certificates which shall have been redeemed as provided in Article II of this Indenture (including Certificates redeemed on payment of an amount less than the principal amount thereof and accrued interest thereon as provided in Section 2.06 of this Indenture); and

(d) Certificates which are deemed to be paid pursuant to Article V of this Indenture.

"Owner" or "registered owner" of a Certificate or "Certificate Owner" means the registered owner of any Certificate as shown on the registration records of the Trustee.

"Permitted Investments" means investments or deposits which are legal investments or deposits for the System under the then applicable laws of the State, including any state administered pool investment fund in which the System is statutorily permitted or required to invest. Any investments may not have maturities exceeding five years.

"Person" means natural persons, firms, associations, corporations and public bodies.

"Project" means the property financed by the issuance of a portion of the Certificates, including construction, land and other acquisition and improvement of facilities and land for engineering and fine arts on the campus of the University of Nevada, Reno, and the payment of the Project Costs, including the costs of issuance of the Certificates, the costs of which Project are paid or reimbursed from a portion of the proceeds of Certificates.

"Project Account" means the special account created under Section 3.04 of this Indenture.

"Project Costs" shall be deemed to include payment of or reimbursement for the following items with respect to the Project:

(a) any costs paid or incurred for the acquisition of any real estate acquired as part of the Project;

(b) obligations paid or incurred for labor, materials and equipment in connection with the construction, acquisition, renovation and equipping of the Project;

(c) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, title insurance) that may be necessary or appropriate in connection with the Project;

(d) the costs of engineering and architectural services including obligations incurred or assumed for preliminary design and development work, test borings, surveys, estimates and plans and specifications;

(e) administrative costs related to the Project incurred, including supervision of the construction, acquisition, renovation and equipping as well as the performance of all of the other duties required by or consequent upon the construction, acquisition, renovation and equipping of the Project, including, without limitation, costs of preparing and securing all Project contracts, permits, architectural fees, legal fees and expenses, appraisal fees, independent inspection fees, engineering fees, auditing fees and advertising expenses in connection with the Project;

(f) costs incurred in connection with the Certificates, including the initial compensation and expenses of the Trustee, any fees and expenses of the System, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, the premium for the Certificate Insurance Policy, accounting fees and expenses, costs of publication, printing and engraving and recording and filing fees and capitalization of interest on the Certificates;

(g) all costs which shall be required to be paid under the terms of any contract relating to the Project;

(h) payment of or reimbursement to the System for that portion of the Base Payments which is designated and paid as interest prior to the Completion Date; and

(i) all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles and which will not adversely affect the exclusion from gross income for Federal income tax purposes of the designated interest component of Base Payments payable by the System under this Indenture.

"Rebate Account" means the special fund created under Section 3.03 of this Indenture.

"Record Date" means the fifteenth day of the month next preceding each interest payment date for the Certificates.

"Redemption Price" means the amount payable, at the option of the System, for the purpose of redeeming the Outstanding Certificates pursuant to Section 2.06(a) of this Indenture.

"Revenues" means (i) the Base Payments; (ii) any earnings on moneys on deposit in the Certificate Fund; (iii) all other revenues derived from this Indenture, excluding Additional Payments and excluding payments constituting compensation to the Trustee for its services or reimbursement to the Trustee for costs or expenses; and (iv) any other moneys to which the Trustee may be entitled for the benefit of the Certificate Owners.

"Special Record Date" means a special date fixed to determine the names and addresses of registered owners of the Certificates for purposes of paying interest on a special interest payment date for defaulted interest, all as provided in this Indenture.

"State" means the State of Nevada.

"System" means the Nevada System of Higher Education, and its successors.

"System Representative" means the System's Chairman of the Board, the System's Chancellor, the System's Vice Chancellor for Finance, the Vice President for Finance at the University of Nevada, Reno, or any person or persons at the time designated to act on behalf of the System for purposes of performing any act under this Indenture by a written certificate furnished by the System to the Trustee containing the specimen signature of such person or persons and signed on behalf of the System by the Secretary to the Board. Such designation of

the System Representative may be changed by the System from time to time by furnishing a new certificate to the Trustee.

"Tax Certificate" means the Federal Income Tax Certificate executed and delivered by the System concurrently with the issuance of the 2017 Certificates concerning compliance with the requirements of the Code in relation to the System's covenants under this Indenture.

"Treasurer" means the de jure or de facto treasurer of the System or any successor in functions, if any.

"Trustee" means U.S. Bank National Association, organized under the laws of the United States of America, acting in the capacity of trustee for the Certificate Owners pursuant to this Indenture, and any successor thereto appointed under this Indenture.

"Trust Estate" means the property pledged and assigned to the Trustee pursuant to the granting clauses of this Indenture.

"Trustee Representative" means the person or persons at the time designated to act on behalf of the Trustee for purposes of performing any act under this Indenture by a written certificate furnished by the Trustee to the System containing the specimen signature of such person or persons and signed on behalf of the Trustee by any duly authorized officer of the Trustee. The designation of the Trustee Representative may be changed by the Trustee from time to time by furnishing a new certificate to the System and the Trustee.

EXHIBIT B

BASE PAYMENTS SCHEDULE

Date	Principal	Rate	Interest	Capitalized Interest	Semi- Annual Base Payments	Annual Base Payments
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EXHIBIT C

FORM OF CERTIFICATES

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**CERTIFICATE OF PARTICIPATION
SERIES 2017A**

Representing Assignments of the Right to Receive Certain
Revenues pursuant to the
Installment Purchase Agreement and Indenture of Trust
Between the Nevada System of Higher Education
and
U.S. Bank National Association, as Trustee

No. R-_____ \$_____

Interest Rate	Maturity Date	Dated	CUSIP
_____ per annum	July 1, 20__	_____, 2017	641494__

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS CERTIFIES THAT the registered owner (the "Certificate Owners") specified above, or registered assigns, has an assignment of the right to receive certain revenues, as described below, pursuant to an Installment Purchase Agreement and Indenture of Trust dated as of [closing date], 2017 (the "Indenture") between the Nevada System of Higher Education (the "System"), and U.S. Bank National Association, as trustee (the "Trustee"). This Certificate is issued as a 2017A Certificate, as defined in the Indenture. This Certificate bears interest, matures, is payable, is subject to redemption, and is transferable as provided in the Indenture. Certain provisions hereof and of the Indenture, including, without limitation, provisions as to prior redemption, apply only to this series of Certificates. This Certificate is issued as one of a series of Certificates, including the Certificates of Participation, Series 2017A representing assignments of the right to receive certain revenues pursuant to the Indenture. To the extent not defined herein, terms used in this Certificate shall have the same meanings as set forth in Exhibit A to the Indenture.

The 2017A Certificates, representing assignments of the rights to receive certain revenues pursuant to the Indenture, are issued in the aggregate principal amount of \$[par] pursuant to the Indenture for the purpose, among others, of providing funds to finance the

Project. Under the Indenture, the System has agreed to pay directly to the Trustee Base Payments, which Base Payments are required by the Indenture to be distributed by the Trustee to the payment of the Certificates and interest thereon.

THE INDENTURE, THIS CERTIFICATE, THE ISSUE OF CERTIFICATES OF WHICH IT FORMS A PART, AND THE INTEREST HEREON DO NOT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE STATE OF NEVADA OR GENERAL OBLIGATION OF THE SYSTEM WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR DEBT LIMITATION.

This Certificate is payable from any monies of the System legally available for the purpose of making such payment, and the System hereby covenants to make sufficient provision annually in its budget to pay the Base Payments and reasonably estimated Additional Payments when due. This Certificate does not constitute a debt or indebtedness of the State of Nevada or a charge against the State's credit or taxing power.

Reference is hereby made to the Indenture for a description of the rights, duties and obligations of the System, the Trustee, the Certificate Insurer and the Certificate Owners, the terms upon which the Certificates are secured, the terms and conditions upon which the Certificates will be deemed to be paid at or prior to maturity or redemption of the Certificates upon the making of provision for the full or partial payment thereof, the rights of the Certificate Owners upon the occurrence of an Event of Default, the ability to amend the Indenture, and to all the provisions of which the Certificate Owner by the acceptance of this Certificate assents.

This Certificate is issued with the intent that the laws of the State of Nevada shall govern its legality, validity, enforceability and construction.

This Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until manually signed on behalf of the Trustee.

IN WITNESS WHEREOF, this Certificate has been executed with the manual signature of an authorized representative of the Trustee as of _____.

U.S. BANK NATIONAL ASSOCIATION
As Trustee

By (Manual Signature)
Authorized Representative

(End of Form of 2017 Certificate)

(Insert Statement of Insurance, if any)

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the records kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Address of transferee:

Social Security or other tax
Identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)

(Form of Prepayment Panel)

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Certificate have been prepaid in accordance with the terms of the Indenture authorizing the issuance of this Certificate.

Date of Prepayment	Principal Prepaid	Signature of Authorized Representative of DTC

(End of Form of Prepayment Panel)

EXHIBIT D

Maturity Schedule for Certificates of Participation, Series 2017A

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate per annum</u>
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* Final Maturity of Term Certificate.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Nevada System of Higher Education (the "Issuer") in connection with the issuance of the Certificates of Participation, Series 2017A representing assignments of the right to receive certain revenues pursuant to an Installment Purchase Agreement and Indenture of Trust dated as of October 1, 2017 (the "Indenture"), between the Nevada System of Higher Education (the "System"), as issuer, and U.S. Bank National Association, as trustee (the "Trustee") (the "2017A Certificates" or the "Certificates"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with an offering of the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than March 31 following the end of the Issuer's fiscal year of each year, commencing on March 31 following the end of the Issuer's fiscal year ending June 30, 2017, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the

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requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Certificates.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Certificates:

a. Principal and interest payment delinquencies;

- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- g. Modifications to rights of certificate holders, if material;
- h. Certificate calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the Certificates, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person¹;
- m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Certificates; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

DATE: _____, 2017

NEVADA SYSTEM OF HIGHER EDUCATION

Vice Chancellor for Finance

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Nevada System of Higher Education

Name of Issue: Certificates of Participation, Series 2017A

CUSIP:

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Certificates as required by the Installment Purchase Agreement and Indenture of Trust dated as of October 1, 2017 and the Continuing Disclosure Certificate executed on _____, 2017 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

NEVADA SYSTEM OF HIGHER EDUCATION

By: _____
Title: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(see page iv of the Official Statement)