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MODAL AGREEMENT

between

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Bond Registrar

Dated as of February 1, 2009

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The Board of Trustees of the University of Illinois  
University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds,  
Series 2009A

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## MODAL AGREEMENT

THIS MODAL AGREEMENT, dated as of February 1, 2009, between The Board of Trustees of the University of Illinois (the "*Board*") and The Bank Of New York Mellon Trust Company, N.A., as Bond Registrar (the "*Bond Registrar*");

### WITNESSETH:

WHEREAS, the Board, on September 20, 1984 adopted a resolution (as supplemented and amended, the "*Bond Resolution*") providing for the issuance of revenue bonds under the provisions of the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, 110 ILCS 405/1 *et seq.*; and

WHEREAS, on January 15, 2009 the Board adopted a resolution further supplementing the Bond Resolution (the "*Fifteenth Supplemental Resolution*") providing for the issuance of the University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2009A (the "*Series 2009A Bonds*") in order to refund the outstanding Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2005B (the "Series 2005B Bonds"), of the Board and finance certain improvements to the University's Auxiliary Facilities System as more completely described in Exhibit A to the Fifteenth Supplemental Resolution (the "*Project*"); and

WHEREAS, the payment of the Tender Price (defined herein) of the Series 2009A Bonds is secured by a Standby Bond Purchase Agreement dated as of February 1, 2009 (the "*Initial Liquidity Facility*") among the Board, the Bond Registrar and Tender Agent and State Street Bank and Trust Company, (the "*Initial Liquidity Facility Provider*"); and

WHEREAS, the Board has determined that it is desirable to issue the Series 2009A Bonds as variable rate Bonds under the Bond Resolution; and

WHEREAS, the Board has provided in the Fifteenth Supplemental Resolution that it is necessary to execute and deliver a Modal Agreement to provide for the variable rate Series 2009A Bonds;

## ARTICLE I

### DEFINITIONS

*Section 101. Definitions.* The following terms as used in this Modal Agreement shall have the following meanings (or are defined elsewhere in this Modal Agreement as indicated below) unless the context otherwise indicates:

"*Account*" means the Remarketing Account, Board Purchase Account and Liquidity Facility Purchase Account established within the Bond Purchase Fund.

*"Act"* means the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, as amended, 110 ILCS 405/1 *et seq.*

*"Alternate Liquidity Facility"* means a Liquidity Facility issued to replace a Liquidity Facility pursuant to Section 406 of this Modal Agreement. Any amendments or extensions to an Alternate Liquidity Facility in accordance with its terms are not considered a new Alternate Liquidity Facility.

*"Authorized Denominations"* means (a) with respect to Series 2009A Bonds which are subject to a Long-Term Interest Rate Period, \$5,000 or any integral multiple thereof, and (b) with respect to Series 2009A Bonds which are not described in the preceding clause (a), \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

*"Beneficial Owner"* means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2009A Bond (including any Person holding a Series 2009A Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2009A Bond for federal income tax purposes.

*"Board"* means The Board of Trustees of the University of Illinois, and its successors and assigns.

*"Board Bonds"* means the Series 2009A Bonds held by the Tender Agent for and on behalf of the Board or any nominee for, or any Person who owns such Series 2009A Bonds for the sole benefit of, the Board pursuant to Section 413(c) hereof and the Tender Agent Agreement.

*"Board Purchase Account"* means the account with that name established within the Bond Purchase Fund pursuant to Section 402.

*"Board Representative"* means the Comptroller of the Board, or each other person or alternate designated to act for the Board by written certificate furnished to the Bond Registrar, containing the specimen signature of such person and signed on behalf of the Board by the Comptroller of the Board.

*"Bond Counsel"* means Pugh, Jones, Johnson & Quandt, P. C., Chicago, Illinois or any other attorney at law or firm of attorneys selected by the Board of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or in the District of Columbia.

*"Bond Fund"* means the Bond and Interest Sinking Fund Account created by the Bond Resolution.

*"Bondholder"* or *"Holder"* or *"Owner"* means, as of any time, the registered owner of any Series 2009A Bond as shown in the register kept by the Bond Registrar.

*"Bond Purchase Fund"* means the trust fund established with the Tender Agent pursuant to Section 502.

*"Bond Registrar"* means The Bank Of New York Mellon Trust Company, N. A., and its successors and assigns.

*"Bond Resolution"* means the resolution adopted by the Board on September 20, 1984, providing for the issuance of revenue bonds by the Board under the Act, as such resolution has been supplemented and amended to the date hereof (including but not limited to the Fifteenth Supplemental Resolution), and as it may be supplemented and amended in the future in accordance with its terms.

*"Business Day"* means any day on which interbank wire transfers can be made on the Fedwire System, other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or required to be closed in any of the City of Chicago, Illinois, the City of New York, New York, the cities where the Liquidity Facility Provider and the Remarketing Agent are located or any other municipalities in which the designated corporate trust offices of the Bond Registrar or the Tender Agent are located.

*"Closing Date"* means the date of delivery of the Series 2009A Bonds to the Underwriter against payment therefor.

*"Code"* means the Internal Revenue Code of 1986, as from time to time amended, and any regulations promulgated thereunder which are applicable to the Series 2009A Bonds, including, without limitation any Treasury Regulations or temporary or proposed regulations, as the same shall from time to time be amended.

*"Conversion"* means a conversion of the Series 2009A Bonds from one Interest Rate Period to another Interest Rate Period (including the establishment of a new interest period within the Long-Term Interest Rate Period) as provided in Section 304(d)(ii), 304(e)(ii), 304(f)(ii) or 304(g)(ii) of this Modal Agreement.

*"Conversion Date"* means the effective date of a Conversion of the Series 2009A Bonds.

*"Counsel"* means an attorney or a firm of attorneys admitted to practice law in the highest court of any state in the United States of America or in the District of Columbia.

*"Daily Interest Rate"* means a variable interest rate for the Series 2009A Bonds established in accordance with Section 304(e) hereof.

*"Daily Interest Rate Period"* means each period during which a Daily Interest Rate is in effect for the Series 2009A Bonds.

*"Default"* means any Event of Default or any event or condition which, with the passage of time or giving of notice or both, would constitute an Event of Default.



*"Delayed Remarketing Period"* means the period of time from and including the End of the Term Purchase Date to (but not including) the date that all of the Series 2009A Bonds are successfully remarketed as provided in Section 304(f)(v) of this Modal Agreement.

*"DTC"* means The Depository Trust Company, New York, New York.

*"Eligible Account"* means and account that is either:

(a) maintained with a federal or state-chartered depository institution or trust company that has an S&P short-term debt rating of at least 'A-2' (or, if no short-term debt rating, a long-term debt rating of 'BBB+'); or

(b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

*"Eligible Moneys"* means: (a) during any period a Liquidity Facility is in effect, any of the following moneys that, until applied, are held in a separate and segregated account under the Bond Resolution or this Modal Agreement in which only Eligible Moneys are held:

(1) proceeds of the Series 2009A Bonds received from the original issuance and sale of the Series 2009A Bonds;

(2) proceeds from the remarketing of any Series 2009A Bonds tendered for purchase and purchased by any Person other than the Board (or any "insider," as defined in the United States Bankruptcy Code, of the Board);

(3) moneys paid under the Liquidity Facility that are applied directly to the payment of the Tender Price of the Series 2009A Bonds;

(4) moneys deposited in an escrow account that have been continuously on deposit with the Bond Registrar for a period of at least [367] days during which no petition in bankruptcy (or other bankruptcy or similar proceedings) is pending or has been filed by or against the Board (or any "insider," as defined in the United States Bankruptcy Code, of the Board) under the United States Bankruptcy Code, as now or hereafter in effect, or other applicable state or federal bankruptcy, insolvency, reorganization or similar law for the relief of debtors, as now or hereafter in effect;

(5) proceeds of refunding bonds received from the original issuance and sale of such bonds;

(6) any other moneys or securities, if there is delivered to the Bond Registrar an opinion of Counsel from legal counsel nationally recognized for having expertise in bankruptcy matters (who, for purposes of such opinion, may

assume that no Series 2009A Bondholder is an "insider," as defined in the United States Bankruptcy Code) to the effect that the use of such moneys or securities to pay the Tender Price of the Series 2009A Bonds would not constitute a voidable preferential payment in the event of the occurrence of the filing of a petition in bankruptcy (or other commencement of bankruptcy or similar proceedings) by or against the Board (or any "insider," as defined in the United States Bankruptcy Code, of the Board) under the United States Bankruptcy Code, or other applicable state or federal bankruptcy, insolvency, reorganization or similar law for the relief of debtors, as now or hereafter in effect; and

(7) earnings derived from the investment of any of the foregoing; provided that such proceeds, moneys or income shall not be deemed to be Eligible Moneys or available for payment of the Series 2009A Bonds if, among other things, an injunction, restraining order or stay is in effect preventing such proceeds, moneys or income from being applied to make such payment; and

(b) during any period a Liquidity Facility is not in effect, any moneys in any fund or account under the Bond Resolution or this Modal Agreement and available, pursuant to the provisions hereof, to be used to pay Tender Price of the Series 2009A Bonds.

*"End of the Term Purchase Date"* means the effective date of the Interest Rate Period following a Long-Term Interest Rate Period for which the Board has elected not to provide a Liquidity Facility in accordance with Section 304(f)(v) of this Modal Agreement.

*"Event of Default"* means any of the events listed in Section 701.

*"Expiration Date"* means the termination date of the Liquidity Facility or an Alternate Liquidity Facility, in each case as extended from time to time.

*"Favorable Opinion of Bond Counsel"* means, with respect to any action relating to the Bonds, the occurrence of which requires such an opinion to be delivered after the Closing Date, a written legal opinion of Bond Counsel addressed to the Board, the Remarketing Agent and the Liquidity Facility Provider to the effect that such action is permitted under this Modal Agreement and will not impair the exclusion of interest on the Series 2009A Bonds from gross income for purposes of federal income taxation (subject to customary exceptions). See also Section 801(t) hereof.

*"Fitch"* means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board by notice to the Bond Registrar and the Liquidity Facility Provider.

*"Fifteenth Supplemental Resolution"* means the resolution of the Board adopted January 15, 2009, supplementing the Bond Resolution and authorizing the issuance of the Series 2009A Bonds.

*"Fund"* means either the Bond Fund or the Bond Purchase Fund.

*"Initial Liquidity Facility"* means the Standby Bond Purchase Agreement among the Board, the Initial Liquidity Facility Provider and the Bond Registrar and Tender Agent, as amended and extended.

*"Initial Liquidity Facility Provider"* means State Street Bank and Trust Company, its successors and assigns.

*"Interest Accrual Date"* means:

(a) for any Weekly Interest Rate Period, the first day thereof and, thereafter, the first Wednesday of each calendar month during such Weekly Interest Rate Period;

(b) for any Daily Interest Rate Period, the first day thereof and, thereafter, the first day of each calendar month;

(c) for any Long-Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date during that Long-Term Interest Rate Period, other than the last such Interest Payment Date; and

(d) for each Short-Term Interest Term within a Short-Term Interest Rate Period, the first day thereof.

*"Interest Payment Date"* means:

(a) for any Weekly Interest Rate Period, the first Wednesday of each calendar month, or, if the first Wednesday is not a Business Day, the next succeeding Business Day;

(b) for any Daily Interest Rate Period, the first Wednesday of each calendar month, or, if the first Wednesday is not a Business Day, the next succeeding Business Day;

(c) for any Long-Term Interest Rate Period, each April 1 and October 1, or if any April 1 or October 1 is not a Business Day, the next succeeding Business Day;

(d) for any Short-Term Interest Term, the day next succeeding the last day of that Short-Term Interest Term;

- (e) each Conversion Date; and
- (f) for Liquidity Facility Bonds, as set forth in the Liquidity Facility.

*"Interest Rate Period"* means each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period or Long-Term Interest Rate Period.

*"Liquidity Facility"* means initially the Initial Liquidity Facility, as it may be amended or extended in accordance with its terms, and thereafter a letter of credit, standby bond purchase agreement, line of credit, loan, guaranty or similar agreement by a Liquidity Facility Provider to provide liquidity support to pay the Tender Price of the Series 2009A Bonds tendered for purchase in accordance with the provisions of this Modal Agreement, and any Alternate Liquidity Facility delivered pursuant to Section 406 of this Modal Agreement and with terms that are not inconsistent with the terms of this Modal Agreement, as such agreement may be amended or extended in accordance with its terms.

*"Liquidity Facility Bond Rate"* means the rate of interest to be borne by Liquidity Facility Bonds as set forth in, and as calculated pursuant to, the Liquidity Facility.

*"Liquidity Facility Bonds"* means Series 2009A Bonds purchased by the Liquidity Facility Provider or its assignee pursuant to the Liquidity Facility.

*"Liquidity Facility Provider"* means initially the Initial Liquidity Facility Provider and thereafter the provider of a Liquidity Facility, and its successors and permitted assigns, and, upon the effective date of an Alternate Liquidity Facility, the bank or banks or other financial institution or financial institutions or other Person or Persons issuing such Alternate Liquidity Facility, their successors and assigns. If any Alternate Liquidity Facility is issued by more than one bank, financial institution or other Person, notices required to be given to the Liquidity Facility Provider may be given to the bank, financial institution or other Person under such Alternate Liquidity Facility appointed to act as agent for all such banks, financial institutions or other Persons.

*"Liquidity Facility Purchase Account"* means the account with that name established within the Bond Purchase Fund pursuant to Section 502(b).

*"Long-Term Interest Rate"* means a term, non-variable interest rate established in accordance with Section 304(f) of this Modal Agreement.

*"Long-Term Interest Rate Period"* means each period during which a Long-Term Interest Rate is in effect.

*"Majority of the Bondholders"* means the Owners of more than 50 percent of the aggregate principal amount of Outstanding Series 2009A Bonds.

*"Mandatory Standby Tender"* means the mandatory tender of the Series 2009A Bonds pursuant to Section 404(e) upon receipt by the Bond Registrar of written notice

from the Liquidity Facility Provider that an event with respect to the Liquidity Facility has occurred which requires or gives the Liquidity Facility Provider the option to suspend or terminate such Liquidity Facility upon notice. *"Mandatory Standby Tender"* shall not include circumstances where the Liquidity Facility Provider may suspend or terminate its obligations to purchase securities without notice, in which case there will be no mandatory tender.

*"Maturity Date"* is April 1, 2038.

*"Maximum Liquidity Facility Bond Interest Rate"* means the lesser of (a) the rate of 20% per annum and (b) the Maximum Lawful Rate.

*"Maximum Bond Interest Rate"* means 12% per annum, but in no event to exceed the Maximum Lawful Rate, calculated for the particular interest rate on the Series 2009A Bonds.

*"Maximum Lawful Rate"* means the maximum rate of interest on the relevant obligation permitted by applicable law.

*"Moody's"* means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *"Moody's"* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board by notice to the Bond Registrar and the Liquidity Facility Provider.

*"Notice Address"* means:

(a) As to the Board:	The Board of Trustees of the University of Illinois 506 South Wright Street 349 Administration Building Urbana, Illinois 61801 Attention: Comptroller Telephone: (217) 244-8108 Facsimile: (217) 333-1566
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With a copy to:	The Office of Capital Financing University of Illinois 506 South Wright Street 209 Henry Administration Building, MC-339 Urbana, Illinois 61801 Attention: Director of Capital Financing Telephone: (217) 244-3400 Facsimile: (217) 239-6722
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(b) As to the Bond  
Registrar and  
Tender Agent:

The Bank of New York Mellon Trust  
Company, N.A.  
Institutional Trust Services  
Two North LaSalle Street  
Suite 1020  
Chicago, Illinois 60602  
Attention: Rodney Harrington  
Telephone: (312) 827-8626  
Facsimile: (312) 827-8522

(c) As to the Liquidity  
Facility Provider:

State Street Bank and Trust Company  
c/o State Street Global Markets, LLC  
State Street Financial Center  
One Lincoln Street, SFC/5  
Boston, Massachusetts 02111-2900  
Attention: Thomas Henderson  
(Credit Contact)  
Telephone: (617) 664-1064  
Facsimile: (617) 946-0358

State Street Bank and Trust Company  
c/o State Street Global Markets, LLC  
State Street Financial Center  
One Lincoln Street, SFC/5  
Boston, Massachusetts 02111-2900  
Attention: Adam Kennedy  
(Operations Contact)  
Telephone: (617) 664-3818  
Facsimile: (617) 310-5757

(d) As to the Remarketing  
Agent:

Citigroup Global Markets Inc.  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, New York 10013  
Attention: Manager, Short-Term Finance  
Group  
Telecopy: (212) 723-8939

or, in each case, such other address or addresses as any such Person shall designate by  
notice actually received by the addressor.

*"Participant"* means, with respect to DTC or another Securities Depository, a member of or participant in DTC or such other Securities Depository, respectively.

*"Payment Date"* means each Interest Payment Date or any other date on which any principal of, premium, if any, or interest on any Series 2009A Bond is due and payable for any reason, including without limitation upon any redemption of Series 2009A Bonds pursuant to Section 401.

*"Person"* means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

*"Pledged Revenues"* is defined in the Fifteenth Supplemental Resolution.

*"Principal Office"* means, with respect to the Bond Registrar or the Tender Agent, the address of such Person identified as its Notice Address in this Modal Agreement otherwise notified in writing by such Person to the Board, the Bond Registrar (in the case of notice by the Tender Agent), the Tender Agent (in the case of notice by the Bond Registrar) and the Remarketing Agent.

*"Prior Parity Bonds"* is defined in Section 1.2 of the Fifteenth Supplemental Resolution.

*"Purchase Contract"* means the Bond Purchase Agreement between the Board and the Underwriter relating to the Series 2009A Bonds.

*"Rating Agency"* means, as of any date, each of Moody's, if Series 2009A Bonds are then rated by Moody's, Fitch, if Series 2009A Bonds are then rated by Fitch, and S&P, if Series 2009A Bonds are then rated by S&P.

*"Rating Category"* means a generic securities rating category, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

*"Record Date"* (a) with respect to any Interest Payment Date in respect to any Daily Interest Rate Period, the last Business Day of each calendar month or, in the case of the last Interest Payment Date in respect to a Daily Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, (b) with respect to any Interest Payment Date in respect to any Weekly Interest Rate Period or any Short-Term Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, and (c) with respect to any Interest Payment Date in respect to any Long-Term Interest Rate Period, the fifteenth day immediately preceding that Interest Payment Date or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, that first day.

*"Remarketing Account"* means the account with that name established within the Bond Purchase Fund pursuant to Section 502(a).

*"Remarketing Agent"* means initially Citigroup Global Markets Inc., and each other Person qualified under Section 410(a) to act as Remarketing Agent for the Series 2009A Bonds and appointed by the Board from time to time.

*"Remarketing Agreement"* means a Remarketing Agreement between the Board and the Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of the Remarketing Agent under this Modal Agreement, as amended from time to time.

*"Request"* means a request by the Tender Agent under a Liquidity Facility for the payment of the Tender Price of Series 2009A Bonds in accordance with the terms of this Modal Agreement.

*"Responsible Officer"* means, with respect to the Bond Registrar, any officer or authorized representative in its corporate trust office or similar group administering the trusts hereunder or any other officer of the Bond Registrar customarily performing functions similar to those performed by any of the above designated officers to whom a particular matter is referred by the Bond Registrar because of such officer's or authorized representative's knowledge of and familiarity with the particular subject.

*"Securities Act"* means the Securities Act of 1933, as amended, and any successor thereto.

*"Securities Depository"* means DTC or, if applicable, any successor securities depository appointed pursuant to the Fourteenth Supplemental Resolution.

*"Securities Exchange Act"* means the Securities and Exchange Act of 1934, as amended, and any successor thereto.

*"Series 2009A Bonds"* means the Board's University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2009A, issued under the Bond Resolution in the original aggregate principal amount of \$\_\_\_\_\_.

*"Short-Term Interest Term"* means, with respect to any Series 2009A Bond, each period established in accordance with Section 304(g) of this Modal Agreement during which that Series 2009A Bond bears interest at a Short-Term Interest Term Rate.

*"Short-Term Interest Term Rate"* means, with respect to each Series 2009A Bond, a non-variable interest rate on such Series 2009A Bond established periodically in accordance with Section 304(g) of this Modal Agreement.

*"Short-Term Interest Rate Period"* means each period, consisting of Short-Term Interest Terms, during which the Series 2009A Bonds bear interest at one or more Short-Term Interest Term Rates.

*"SIFMA Municipal Swap Index"* means the Securities Industry and Financial Markets Association (formerly The Bond Market Association<sup>TM</sup>) Municipal Swap Index



as disseminated by Municipal Market Data, a Thomson Financial Services Company, or its successors, for the most recently preceding Business Day.

*"Special Record Date"* means a special date fixed to determine the names and addresses of Holders for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 401(f)(ii) hereof.

*"State"* means the State of Illinois.

*"S&P"* means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board by notice to the Bond Registrar.

*"Tender Agent"* means initially The Bank of New York Mellon Trust Company, N.A., and its successors and assigns, or such other Person qualified under Section 410(b) to act as Tender Agent with respect to the Series 2009A Bonds and so appointed by the Board and so acting from time to time, and its successors.

*"Tender Agent Agreement"* means an agreement among the Board, the Bond Registrar, the Remarketing Agent and the Tender Agent whereby such Tender Agent undertakes to perform the duties of the Tender Agent under this Modal Agreement with respect to the Series 2009A Bonds, as amended from time to time.

*"Tender Date"* means the date on which Series 2009A Bonds are required to be purchased pursuant to Section 404 hereof.

*"Tender Price"* means the purchase price to be paid to the Holders of Series 2009A Bonds purchased pursuant to paragraphs (a), (b), (c), (d) and (e) of Section 404 hereof, which shall be equal to the principal amount thereof tendered for purchase, without premium, plus accrued interest from the immediately preceding Interest Accrual Date to the Tender Date (if the Tender Date is not an Interest Payment Date); *provided, however,* that in the case of a Conversion or attempted Conversion from a Long-Term Interest Rate Period on a date on which the Series 2009A Bonds being converted would otherwise be subject to optional redemption pursuant to Section 401(a) if such Conversion did not occur, the Tender Price shall also include the optional redemption premium, if any, provided for such date under Section 401(a)(ii).

*"Trust Indenture Act"* means the Trust Indenture Act of 1939, as amended, and any successor thereto.

*"Undelivered Bond"* means any Series 2009A Bond which constitutes an Undelivered Bond under the provisions of Section 404(g)(ii) hereof.

*"Underwriter"* means Citigroup Global Markets Inc.

*"United States Obligations"* means direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America, which obligations are noncallable.

*"University"* means the University of Illinois.

*"Weekly Interest Rate"* means a variable interest rate for the Series 2009A Bonds established in accordance with Section 304(d) hereof.

*"Weekly Interest Rate Period"* means each period during which a Weekly Interest Rate is in effect for the Series 2009A Bonds.

*Section 102. Certain References.* Any reference in this Modal Agreement to the Board or the Bond Registrar shall include those Persons which succeed to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions. Any reference in this Modal Agreement to any statute or law or chapter or section thereof shall include all amendments, supplements or successor provisions thereto.

*Section 103. Timing of Actions.* Whenever in this Modal Agreement there is specified a time of day at or by which a certain action must be taken, such time shall be local time in Chicago, Illinois, except as otherwise specifically provided in this Modal Agreement. If the date for making any payment or the last day for the performance of any act or the exercise of any right provided in this Modal Agreement shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Modal Agreement, except as otherwise specifically provided herein.

## ARTICLE II

### PAYMENT OF SERIES 2009A BONDS; TERMINATION OF MODAL AGREEMENT; NATURE OF AGREEMENTS

*Section 201. Payment of Series 2009A Bonds; Termination of Modal Agreement.* When the Board has paid or has been deemed to have paid, within the meaning of the Bond Resolution, to the Holders of all of the Series 2009A Bonds the principal and interest and premium, if any, due or to become due thereon at the times and in the manner stipulated therein and herein, and all other obligations owing to the Bond Registrar and the Tender Agent hereunder have been paid or provided for, the Series 2009A Bonds shall cease to be entitled to any lien, benefit or security under the Bond Resolution or this Modal Agreement. Upon the written request of the Board, the Bond Registrar shall, upon the termination of this Modal Agreement, promptly execute and deliver to the Board an appropriate discharge hereof.

*Section 202. Nature of Agreements.* The Bond Resolution, including the Fifteenth Supplemental Resolution, and this Modal Agreement shall each constitute a

continuing agreement to secure the full and final payment of the principal and interest on the Series 2009A Bonds from the Pledged Revenues, on a parity with the Prior Parity Bonds. This Modal Agreement is executed and delivered by the Board in order to set forth certain details with respect to the Series 2009A Bonds, and is in all respects subject to the provisions of the Bond Resolution, and to the extent of any conflict with the Bond Resolution, the provisions of the Bond Resolution shall be interpreted to supersede the provisions of this Modal Agreement.

### **ARTICLE III THE SERIES 2009A BONDS**

#### *Section 301. Issuance of Series 2009A Bonds, Date, Maturity and Interest.*

(a) *Issuance.* The Series 2009A Bonds has been designated "The Board of Trustees of the University of Illinois University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2009A," shall be issued in the original aggregate principal amount of \$ \_\_\_\_\_ and shall be substantially in the form set forth in Exhibit A attached hereto, with such variations, omissions and insertions as are permitted or required hereby or by the Bond Resolution. The Series 2009A Bonds shall be issued in fully registered form without coupons numbered from 1 upwards and in Authorized Denominations.

(b) *Date.* The Series 2009A Bonds shall bear the date of authentication thereof.

(c) *Maturity.* The Series 2009A Bonds shall mature on April 1, 2038. The Series 2009A Bonds shall be subject to optional and mandatory redemption prior to stated maturity as and to the extent provided in Section 401 and shall be subject from time to time to optional and mandatory tender for purchase as and to the extent provided in Section 404.

(d) *Interest.* The Series 2009A Bonds shall initially bear interest at the Weekly Interest Rate. The provisions of Section 304 shall govern the interest rates per annum and payment terms of Series 2009A Bonds.

*Section 302. Method and Place of Payment.* The principal and Tender Price of and premium, if any, and interest on the Series 2009A Bonds shall be payable in lawful money of the United States of America. Such amounts shall be paid by the Bond Registrar on the applicable Payment Dates (i) in the case of Series 2009A Bonds other than Series 2009A Bonds bearing interest at a Long-Term Interest Rate, by wire transfer of immediately available funds to the respective Holders thereof on the applicable Record Date to an account specified by the Holder thereof in a writing delivered to the Bond Registrar, and (ii) in the case of Series 2009A Bonds bearing interest at the Long-Term Interest Rate, by check mailed by the Bond Registrar to the respective Holders thereof on the applicable Record Date at their addresses as they appear as of the close of business on the applicable Record Date in the books kept by the Bond Registrar, as bond registrar, except that in the case of such a Holder of \$1,000,000 or more in aggregate

principal amount of such Bonds, upon the written request of such Holder to the Bond Registrar, specifying the account or accounts to which such payment shall be made, such payments shall be made by wire transfer of immediately available funds on the applicable Payment Date following such Record Date. Any request referred to in clause (ii) of the preceding sentence shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Bond Registrar.

*Section 303. Exchange and Transfer of Series 2009A Bonds.* A Series 2009A Bond or Series 2009A Bonds may be exchanged for fully registered Series 2009A Bonds, aggregating in principal amount the then unpaid principal amount of the Series 2009A Bond or Series 2009A Bonds surrendered, of Authorized Denominations, as set forth in the Fourteenth Supplemental Resolution.

As to any Series 2009A Bonds, the Bondholder shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Board nor the Bond Registrar shall be affected by any notice, actual or constructive, to the contrary.

*Section 304. Interest on Series 2009A Bonds.*

(a) *General.* Except as provided in Section 304(i) with respect to Liquidity Facility Bonds, the interest rate and Interest Rate Period on and for the Series 2009A Bonds may be adjusted as set forth in this Section 304. Except while the Series 2009A Bonds bear interest at Short-Term Interest Term Rates, all Series 2009A Bonds shall bear the same interest rate for the same Interest Rate Period.

No Series 2009A Bonds shall, at any time, bear interest in excess of the Maximum Bond Interest Rate or the Maximum Liquidity Facility Bond Interest Rate, as applicable.

(b) *Payment of Interest.* Interest on the Series 2009A Bonds shall be paid on each Interest Payment Date, any redemption date and on the Maturity Date therefor.

(c) *Interest Accrual and Payment.* Except during a Long-Term Interest Rate Period, interest on the Series 2009A Bonds shall accrue on the basis of the actual number of days elapsed during the Interest Rate Period and a year of 365 days (366 days in a leap year). Interest on the Series 2009A Bonds bearing interest at a Long-Term Interest Rate shall accrue on the basis of a 360-day year based on twelve 30-day months. Interest shall be paid on the Series 2009A Bonds on each Interest Payment Date. Each Series 2009A Bond shall bear interest from and including the Interest Accrual Date immediately preceding the date of authentication thereof or, if such date of authentication is an Interest Accrual Date to which interest on such Series 2009A Bond has been paid in full or duly provided for, from such date of authentication or, if it is the first payment of interest on such Series 2009A Bond, the date thereof. However, if, as shown by the records of the Bond Registrar, interest on the Series 2009A Bonds is in default, Series 2009A Bonds issued in exchange for Series 2009A Bonds surrendered for registration of transfer or exchange shall bear interest from the date to which interest has

been paid in full on the Series 2009A Bonds so surrendered or, if no interest has been paid on such Series 2009A Bonds, from the date thereof.

For any Daily Interest Rate Period, interest on the Series 2009A Bonds shall be payable on each Interest Payment Date for the period commencing on the Interest Accrual Date preceding the prior Interest Payment Date and ending on the last day of such month.

For any Weekly Interest Rate Period, interest on the Series 2009A Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date (or, if any Interest Payment Date is not a Wednesday, commencing on and including the second preceding Interest Accrual Date) and ending on and including the Tuesday immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period).

For any Short-Term Interest Rate Period or Long-Term Interest Rate Period, interest on the Series 2009A Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date.

In any event, interest on the Series 2009A Bonds shall be payable for the final Interest Rate Period to the date on which the Series 2009A Bonds have been paid in full.

The terms of the Series 2009A Bonds shall be divided into consecutive Interest Rate Periods during each of which the Series 2009A Bonds shall bear interest at the Daily Interest Rate, Weekly Interest Rate, Short-Term Interest Term Rates or Long-Term Interest Rate. However, at any given time, all Series 2009A Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate or at Short-Term Interest Term Rates.

*(d) Weekly Interest Rate and Weekly Interest Rate Period.*

*(i) Determination of Weekly Interest Rate.* During each Weekly Interest Rate Period, the Series 2009A Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent by 9:00 a.m. on Wednesday of each week during the Weekly Interest Rate Period, or if such day is not a Business Day, then on the next succeeding Business Day. The first Weekly Interest Rate for each Weekly Interest Rate Period shall be determined on or prior to the Closing Date or the Conversion Date, as the case may be, which will be the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on and including the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on and including Wednesday and ending on and including the next succeeding Tuesday, unless such Weekly Interest Rate Period ends on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on and including the Wednesday preceding the last day of

such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period.

Each Weekly Interest Rate with respect to the Series 2009A Bonds shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the Series 2009A Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the Series 2009A Bonds, would enable the Remarketing Agent to sell all of the Series 2009A Bonds on the effective date of that rate at a price (without regard to accrued interest) equal to the principal amount thereof.

If the Remarketing Agent fails to establish a Weekly Interest Rate for any week with respect to the Series 2009A Bonds bearing interest at such rate, then the Weekly Interest Rate for such week with respect to such Series 2009A Bonds shall be the same as the immediately preceding Weekly Interest Rate if such Weekly Interest Rate was determined by the Remarketing Agent. (If the immediately preceding Weekly Interest Rate was not determined by the Remarketing Agent, or if the Weekly Interest Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, then the Weekly Interest Rate for such week shall be equal to 110% of the SIFMA Municipal SWAP Index, or if such index is no longer available, 85% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day such Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period.

(ii) *Conversion to Weekly Interest Rate.* Subject to Section 305 hereof, the Board may, from time to time, by written direction to the Bond Registrar, the Tender Agent (if any), the Liquidity Facility Provider (if any), and the Remarketing Agent (if any), and elect that the Series 2009A Bonds shall bear interest at a Weekly Interest Rate. The direction of the Board shall specify (A) the proposed effective date of the Conversion to a Weekly Interest Rate, which shall be (1) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Bond Registrar of such direction, (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 2009A Bonds would otherwise be subject to optional redemption pursuant to Section 401(a) if such Conversion did not occur, (3) in the case of a Conversion from a Short-Term Interest Rate Period, the day and immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 304(g)(iv) and (B) the Tender Date for the Series 2009A Bonds to be purchased, which shall be the proposed effective date of the Conversion to a Weekly Interest Rate. In addition, the direction of the Board shall be accompanied by a form of notice to be mailed to the Holders of the Series 2009A Bonds by the Bond Registrar as provided in Section 304(d)(iii).

During each Weekly Interest Rate Period for the Series 2009A Bonds commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Series 2009A Bonds shall be a Weekly Interest Rate.

(iii) *Notice of Conversion to Weekly Interest Rate.* The Bond Registrar shall give notice by first-class mail of a Conversion to a Weekly Interest Rate Period to the Holders of the Series 2009A Bonds not less than 30 days prior to the proposed effective date of such Weekly Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to another Interest Rate Period unless the Board rescinds its election to do so as provided in Section 305(b); (B) the proposed effective date of the new Interest Rate Period; (C) that the Series 2009A Bonds are subject to mandatory tender for purchase on the proposed effective date and setting forth the Tender Price and the place of delivery for purchase of the Series 2009A Bonds; and (D) the information set forth in Section 404(f).

(e) *Daily Interest Rate and Daily Interest Rate Period.*

(i) *Determination of Daily Interest Rate.* During each Daily Interest Rate Period, the Series 2009A Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent on each Business Day for such Business Day.

The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the Series 2009A Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) on or before 9:30 a.m. on a Business Day to be the minimum interest rate which, if borne by such Series 2009A Bonds, would enable the Remarketing Agent to sell all of such Series 2009A Bonds on such Business Day at a price (without regard to accrued interest) equal to the principal amount thereof. The Daily Interest Rate for any day which is not a Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day.

If for any reason a Daily Interest Rate for the Series 2009A Bonds is not so established for any Business Day by the Remarketing Agent, the Daily Interest Rate for such Business Day shall be the same as the Daily Interest Rate for the immediately preceding day and such rate shall continue until the earlier of (A) the date on which the Remarketing Agent determines a new Daily Interest Rate or (B) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the Remarketing Agent. (In the event that the Daily Interest Rate shall be held to be invalid or unenforceable by a court of law, or the Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (B) of the immediately preceding sentence, the interest rate applicable to the Series 2009A Bonds shall be the interest rate per

annum equal to 110% of the SIFMA Municipal Swap Index, or if such index is no longer available, 85% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* as reported for each Business Day (and for the immediately preceding Business Day for each day which is not a Business Day) until such Daily Interest Rate is again validly determined by the Remarketing Agent.)

(ii) *Conversion to Daily Interest Rate.* Subject to Section 305 hereof, the Board may, from time to time, by written direction to the Bond Registrar, the Tender Agent (if any), the Liquidity Facility Provider (if any), and the Remarketing Agent (if any), elect that the Series 2009A Bonds shall bear interest at a Daily Interest Rate. The direction of the Board shall specify (A) the proposed effective date of such Conversion to a Daily Interest Rate, which shall be (1) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Bond Registrar of such direction, (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 2009A Bonds would otherwise be subject to optional redemption pursuant to Section 401(a)(ii) if such Conversion did not occur, and (3) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 304(g)(iv) and (B) the Tender Date for the Series 2009A Bonds to be purchased, which shall be the proposed effective date of the Conversion to a Daily Interest Rate. In addition, the direction of the Board shall be accompanied by a form of notice to be mailed to the Holders of the Series 2009A Bonds by the Bond Registrar as provided in Section 304(e)(iii). During each Daily Interest Rate Period for the Series 2009A Bonds commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Series 2009A Bonds shall be a Daily Interest Rate.

(iii) *Notice of Conversion to Daily Interest Rate.* The Bond Registrar shall give notice by first-class mail of a Conversion to a Daily Interest Rate Period to the Holders of the Series 2009A Bonds not less than 30 days prior to the proposed effective date of such Daily Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to another Interest Rate Period unless the Board rescinds its election to do so as provided in Section 305(b); (B) the proposed effective date of the new Interest Rate Period; (C) that the Series 2009A Bonds are subject to mandatory tender for purchase on the proposed effective date and setting forth the Tender Price and the place of delivery for purchase of such Series 2009A Bonds and (D) the information set forth in Section 404(f).

(f) *Long-Term Interest Rate and Long-Term Interest Rate Period.*



(i) *Determination of Long-Term Interest Rate.* During each Long-Term Interest Rate Period, the Series 2009A Bonds shall bear interest at a Long-Term Interest Rate. The Long-Term Interest Rate for each Long-Term Interest Period shall be determined by the Remarketing Agent on a Business Day no later than the effective date of such Long-Term Interest Rate Period.

The Long-Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the Series 2009A Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate at which the Remarketing Agent will agree to purchase such Series 2009A Bonds on such effective date for resale at a price (without regard to accrued interest) equal to the principal amount thereof.

(ii) *Conversion to Long-Term Interest Rate.*

(A) Subject to Section 305 hereof, at any time, the Board, by written direction to the Bond Registrar, the Tender Agent, the Liquidity Facility Provider (if any), and the Remarketing Agent (if any), may elect that the Series 2009A Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate. The direction of the Board (1) shall specify the proposed effective date of the Long-Term Interest Rate Period, which date shall be (x) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Bond Registrar of such direction, and (y) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period determined in accordance with Section 304(g)(iv) and (2) shall specify a Tender Date on which Holders of the Series 2009A Bonds are required to deliver their Series 2009A Bonds to be purchased.

(B) The direction of the Board described in Section 304(f)(ii)(A) shall be accompanied by a form of the notice to be mailed by the Bond Registrar to the Holders of the Series 2009A Bonds as provided in Section 304(f)(iii). During the Long-Term Interest Rate Period, the interest rate on the Series 2009A Bonds shall be a Long-Term Interest Rate.

(C) If, by the second Business Day preceding the 29th day prior to the last day of any Long-Term Interest Rate Period with respect to the Series 2009A Bonds, the Bond Registrar has not received notice of the Board's election that, during the next succeeding Interest Rate Period, such Series 2009A Bonds shall bear interest at a Weekly Interest Rate, a Daily Interest Rate, or another Long-Term Interest Rate or at Short-Term Interest Term Rates, the next succeeding Interest Rate Period shall be a Weekly Interest Rate Period until such time as the interest rate shall be

adjusted to a Daily Interest Rate or Long-Term Interest Rate or Short-Term Interest Term Rates as provided in this Section 304, and the Series 2009A Bonds shall be subject to mandatory purchase as provided in Section 404(d) hereof on the first day of such Weekly Interest Rate Period.

(D) On or before the last Business Day preceding the Conversion Date to the Long-Term Interest Period, the Board shall notify the Persons receiving the notice in Section 304(f)(ii)(A) of the last day of the Long Term Interest Rate Period (which last day shall be either the day immediately prior to the Maturity Date, or a day which both immediately precedes a Business Day and is at least 271 days after the effective date thereof).

(iii) *Notice of Conversion to or Continuation of Long-Term Interest Rate.* The Bond Registrar shall give notice by first-class mail of a Conversion to a (or the establishment of another) Long-Term Interest Rate Period to the Holders of the Series 2009A Bonds not less than 30 days prior to the effective date of the Long-Term Interest Rate Period. Such notice shall state (A) that the interest rate shall be converted to, or continue to be, a new Interest Rate Period unless (1) the Board rescinds its election to do so as provided in Section 305(b) or (2) all the Series 2009A Bonds are not remarketed at a Long-Term Interest Rate; (B) the proposed effective date of the new Interest Rate Period; (C) that the Series 2009A Bonds are subject to mandatory tender for purchase on such proposed effective date and setting forth the Tender Price and the place of delivery for purchase of the Series 2009A Bonds; and (D) the information set forth in Section 404(f).

(iv) *Conversion from Long-Term Interest Rate Period.* The Board may elect, by written direction to the Bond Registrar, the Tender Agent (if any), the Liquidity Facility Provider (if any) and the Remarketing Agent (if any), subject to Section 305 hereof, that, on the day immediately following the last day of a Long-Term Interest Rate Period or a day on which the Series 2009A Bonds would otherwise be subject to optional redemption pursuant to Section 401(a), the Series 2009A Bonds shall no longer bear interest at the current Long-Term Interest Rate and shall instead bear interest at a Weekly Interest Rate, a Daily Interest Rate, Short-Term Interest Term Rates, or a new Long-Term Interest Rate, as specified in such election. In the notice of such election, the Board shall also specify the effective date of the new Interest Rate Period, which date (1) shall be a Business Day no earlier than the 30th day after the second Business Day following the date of receipt by the Bond Registrar of the notice of election from the Board and (2) shall be the day immediately following the last day of the Long-Term Interest Rate Period currently in effect or a day on which the Series 2009A Bonds would otherwise be subject to optional redemption pursuant to Section 401(a) if such Conversion did not occur. Such Series 2009A Bonds shall be subject to mandatory tender for purchase on the effective date of the new Interest Rate Period, in accordance with Section 404(d).

(v) *Conversion to Long-Term Interest Rate Period without Liquidity Facility.* Notwithstanding the foregoing or any other provision of this Modal Agreement, upon the election of the Board to adjust the Series 2009A Bonds to a Long-Term Interest Rate Period without a Liquidity Facility, the provisions of this Section 304(f)(v) shall apply and shall be disclosed to the purchasers of the Series 2009A Bonds. In such event, the Board shall not be obligated to pay the purchase price of the Series 2009A Bonds subject to mandatory tender pursuant to Section 404(d) hereof on the End of the Term Purchase Date, and the following shall apply:

(A) If moneys sufficient to pay the purchase price of Series 2009A Bonds tendered or deemed tendered shall not be held by the Tender Agent on the End of the Term Purchase Date, it shall not constitute an Event of Default hereunder due to such insufficiency and no purchase shall be consummated on such End of the Term Purchase Date and the Tender Agent shall, after any applicable grace period, (I) return all tendered Series 2009A Bonds to the Owners thereof and (II) return all remarketing proceeds to the Remarketing Agent for return to the Persons providing such moneys; (and such Series 2009A Bonds shall bear interest at a Daily Interest Rate equal to the SIFMA Municipal SWAP Index plus 1% per annum during the Delayed Remarketing Period.)

(B) On each Business Day following the failed remarketing, the Remarketing Agent shall continue to use its best efforts to remarket the Series 2009A Bonds in the Daily Interest Rate Period or such other Interest Rate Period designated by the Board. Once the Remarketing Agent has advised the Board and the Tender Agent that it has a good faith belief that it is able to remarket all of the Series 2009A Bonds into the designated Interest Rate Period, the Bond Registrar, at the direction of the Board, shall give notice by mail to the Owners of the Series 2009A Bonds not later than five Business Days prior to the last day of the Delayed Remarketing Period, which notice shall state (1) that the interest rate on the Series 2009A Bonds will be adjusted to a Daily Interest Rate, a Weekly Interest Rate, a Long-Term Interest Rate or a Short-Term Interest Term Rate; (2) the effective date of the Interest Rate Period immediately following such Delayed Remarketing Period; (3) that the Series 2009A Bonds are subject to mandatory tender on such effective date; (4) the procedures for such mandatory tender; (5) the purchase price of the Series 2009A Bonds on such effective date (expressed as a percentage of the principal amount thereof); and (6) the consequences of a failed remarketing as set forth in Section 304(f)(iv)(A) above.

(C) During the Delayed Remarketing Period, the Bond Registrar may, upon the written direction of the Board, apply amounts available for the redemption of the Series 2009A Bonds pursuant to this Modal Agreement to the redemption of the Series 2009A Bonds as a whole or in part on any Business Day during the Delayed Remarketing

Period, at a redemption price equal to the principal amount thereof, plus interest accrued thereon to the date fixed for redemption, without premium.

During the Delayed Remarketing Period, interest on the Series 2009A Bonds shall be paid to the Owners thereof on the first Business Day of each calendar month occurring during the Delayed Remarketing Period and on the day next succeeding the last day of the Delayed Remarketing Period. Payment of such interest shall be made by the Bond Registrar from the Bond and Interest Sinking Fund Account in the usual manner pursuant to the Bond Resolution.

(g) *Short-Term Interest Term Rates and Short-Term Interest Rate Periods.*

(i) *Determination of Short-Term Interest Terms and Short-Term Interest Term Rates.* During each Short-Term Interest Rate Period, each Series 2009A Bond shall bear interest during each Short-Term Interest Term at the Short-Term Interest Term Rate for that Series 2009A Bond. The Short-Term Interest Term and the Short-Term Interest Term Rate for each Series 2009A Bond need not be the same for any two Series 2009A Bonds, even if determined on the same date. Each Short-Term Interest Term and Short-Term Interest Term Rate shall be determined by the Remarketing Agent no later than the first day of each Short-Term Interest Term. Except for any Series 2009A Bonds purchased on behalf of the Board and remaining unsold by the Remarketing Agent at the close of business on the first day of the Short-Term Interest Term, each Short-Term Interest Term shall be for a period of days within the range or ranges announced by the Remarketing Agent as possible Short-Term Interest Terms no later than 9:00 a.m. on the first day of each Short-Term Interest Term. Each Short-Term Interest Term shall be a period of not more than 270 days, determined by the Remarketing Agent in its reasonable judgment to be the period which, together with all other Short-Term Interest Terms for all Series 2009A Bonds bearing interest at Short-Term Interest Term Rates then Outstanding, will result in the lowest overall interest expense on such Series 2009A Bonds. In determining the number of days in each Short-Term Interest Term, the Remarketing Agent shall take into account the following factors: (1) existing short-term tax-exempt market rates and indices of such short-term rates, (2) the existing market supply and demand for short-term tax-exempt securities, (3) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality and other characteristics comparable to the Series 2009A Bonds bearing interest at Bond Term Interest Rates, (4) general economic conditions, (5) industry, economic and financial conditions that may affect or be relevant to the Series 2009A Bonds, and (6) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent in its sole discretion shall determine to be relevant; *provided, however*, that the number of days in any Short-Term Interest Term shall not exceed the number of days of interest coverage provided under the applicable Liquidity Facility less five days and no Short-Term Interest Term shall end after the date which is five Business Days prior to the expiration date of the Liquidity Facility. Each Short-Term Interest

Term shall end either on a day which immediately precedes a Business Day or on a day immediately preceding the Maturity Date for the Series 2009A Bonds. Any Series 2009A Bonds purchased on behalf of the Board and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Short-Term Interest Term for such Series 2009A Bonds shall have a Short-Term Interest Term of one day or, if that Short-Term Interest Term would not end on a day immediately preceding a Business Day, a Short-Term Interest Term ending on the day immediately preceding the next Business Day.

If for any reason a Short-Term Interest Term for any Series 2009A Bonds bearing interest at Short-Term Interest Term Rates cannot be determined by the Remarketing Agent, or if the determination of such Short-Term Interest Term is held by a court of law to be invalid or unenforceable, then such Short-Term Interest Term shall be 30 days, but if the day so determined is not a day immediately preceding a Business Day, that Short-Term Interest Term shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the Maturity Date, the Short-Term Interest Term shall end on the day immediately preceding the Maturity Date.

The Short-Term Interest Term Rate for each Short-Term Interest Term for each Series 2009A Bond in a Short-Term Interest Rate Period shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the reasonable judgment of such Remarketing Agent, to the Series 2009A Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by such Series 2009A Bond for such Short-Term Interest Term, would enable the Remarketing Agent to sell such Series 2009A Bonds on the effective date of such Short-Term Interest Term at a price equal to the principal amount thereof.

If for any reason a Short-Term Interest Term Rate for any Series 2009A Bond in a Short-Term Interest Rate Period (other than a Liquidity Facility Bond) is not established by the Remarketing Agent for any Short-Term Interest Term, or the determination of such Short-Term Interest Term Rate is held by a court of law to be invalid or unenforceable, then the Short-Term Interest Term Rate for such Short-Term Interest Term shall be the rate per annum equal to 85% of the interest rate on high-grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* as reported on the first day of such Short-Term Interest Term and which maturity most nearly equals the Short-Term Interest Term for which a Short-Term Interest Term Rate is being calculated.

(ii) *Conversion to Short-Term Interest Term Rates.* Subject to Section 305 hereof, the Board may, from time to time, by written direction to the Bond Registrar, the Tender Agent (if any), the Liquidity Facility Provider (if any), and the Remarketing Agent (if any), elect that the Series 2009A Bonds shall bear

interest at Short-Term Interest Term Rates. The direction of the Board shall specify (A) the proposed effective date of the Short-Term Interest Rate Period (during which the Series 2009A Bonds shall bear interest at Short-Term Interest Term Rates), which shall be (1) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Bond Registrar of such direction, and (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of such Long-Term Interest Rate Period or a day on which the Series 2009A Bonds would otherwise be subject to optional redemption pursuant to Section 401(a) if such Conversion did not occur and (B) the Tender Date for the Series 2009A Bonds to be purchased, which shall be the proposed effective date of the Short-Term Interest Rate Period. In addition, the direction of the Board shall be accompanied by a form of the notice to be mailed by the Bond Registrar to the Holders of such Series 2009A Bonds as provided in Section 304(g)(iii). During each Short-Term Interest Rate Period commencing on the date specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, each Series 2009A Bonds shall bear interest at a Short-Term Interest Term Rate during each Short-Term Interest Term for that Series 2009A Bonds.

(iii) *Notice of Conversion to Short-Term Interest Term Rates.* The Bond Registrar shall give notice by first-class mail of a Conversion to a Short-Term Interest Rate Period to the Holders of the Series 2009A Bonds not less than 30 days prior to the proposed effective date of such Short-Term Interest Rate Period. Such notice shall state (A) that the Series 2009A Bonds shall bear interest for a new Interest Rate Period unless the Board rescinds its election to convert the interest rate as provided in Section 305(b); (B) the proposed effective date of the new Interest Rate Period; (C) that the Series 2009A Bonds are subject to mandatory tender for purchase on the proposed effective date of the new Interest Rate Period and setting forth the applicable Tender Price and the place of delivery for purchase of such Series 2009A Bonds; and (D) the information set forth in Section 404(f).

(iv) *Conversion from Short-Term Interest Rate Period.* Subject to Section 305 hereof, at any time during a Short-Term Interest Rate Period the Board may elect, pursuant to Section 304(d)(ii), 304(e)(ii) or 304(f)(ii) that the Series 2009A Bonds no longer shall bear interest at Short-Term Interest Term Rates and shall bear interest at a Weekly Interest Rate, a Daily Interest Rate or a Long-Term Interest Rate, as specified in such election.

The date on which all Short-Term Interest Terms determined for the Series 2009A Bonds shall end shall be the last day of the current Short-Term Interest Rate Period with respect thereto and the day next succeeding such date shall be the Maturity Date or the effective date of the Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period elected by the Board for the Series 2009A Bonds.

(h) *Determinations of Remarketing Agent Binding.* The determination for the Series 2009A Bonds of the Daily Interest Rate, Weekly Interest Rate, Long-Term Interest Rate and each Short-Term Interest Term and Short-Term Interest Term Rate by the Remarketing Agent shall be conclusive and binding upon the Board, the Bond Registrar, the Tender Agent, the Remarketing Agent, the Liquidity Facility Provider and the Bondholders.

(i) *Liquidity Facility Bonds.* Notwithstanding anything in this Modal Agreement to the contrary, the Liquidity Facility Bonds shall bear interest at the Liquidity Facility Bond Rate for the period commencing from the date that the Liquidity Facility Provider shall have purchased such Series 2009A Bonds and, subject to Section 416, continuing until the Liquidity Facility Provider (or a purchaser from the Liquidity Facility Provider other than a purchaser which purchased such Series 2009A Bonds through the Remarketing Agent) shall no longer be the owner of such Series 2009A Bonds and such interest shall accrue and be payable on any Interest Payment Date for Liquidity Facility Bonds.

*Section 305. Conversion of Interest Rate Periods.* At the direction of the Board, from time to time, the Series 2009A Bonds may be converted, in whole, from an Interest Rate Period to another Interest Rate Period as provided in Section 304(d)(ii), 304(e)(ii), 304(f)(ii) or 304(g)(ii).

(a) *Notice Upon Converting Interest Rate.* If the Board elects to convert the interest rate of the Series 2009A Bonds to a Weekly Interest Rate, a Daily Interest Rate, a Long-Term Interest Rate or Short-Term Interest Term Rates as provided in Section 304(d)(ii), 304(e)(ii), 304(f)(ii) or 304(g)(ii), respectively, the written direction furnished by the Board to the Bond Registrar, the Tender Agent (if any), the Liquidity Facility Provider (if any) and the Remarketing Agent (if any) as required by those Sections shall be made by first class mail, or by telecopy confirmed by first class mail. That direction shall specify whether the Series 2009A Bonds are to bear interest at the Weekly Interest Rate, Daily Interest Rate, Long-Term Interest Rate or Short-Term Interest Term Rates and shall be accompanied by (a) a copy of the notice required to be given by the Bond Registrar pursuant to Section 304(d)(iii), 304(e)(iii), 304(f)(iii) or 304(g)(iii), as the case may be and (b) a Favorable Opinion of Bond Counsel. Prior to the second Business Day preceding the effective date of the Conversion, the Board may elect, by notice to such parties, that the Series 2009A Bonds will bear interest at an interest rate other than the rate stated in such original notice.

(b) *Rescission of Election.* Notwithstanding anything in Section 304 or this Section 305, in connection with any Conversion of the Interest Rate Period for the Series 2009A Bonds, the Board shall have the right to deliver to the Bond Registrar, the Remarketing Agent (if any), the Tender Agent (if any) and the Liquidity Facility Provider (if any) on or prior to 9:00 a.m. on the second Business Day preceding the effective date of any such Conversion a notice to the effect that the Board elects to rescind its election to make such Conversion. If the Board rescinds its election to make such Conversion, then the Series 2009A Bonds shall bear interest at a Weekly Interest Rate commencing on the date which would have been the effective date of the

Conversion; *provided, however*, that if the Series 2009A Bonds were in a Daily Interest Rate Period immediately prior to such proposed Conversion, then the Series 2009A Bonds shall continue to bear interest at the Daily Interest Rate as in effect immediately prior to such proposed Conversion. In any event, if notice of a Conversion has been mailed to the Holders of such Series 2009A Bonds as provided in Section 304 and the Board rescinds its election to make such Conversion, then the Series 2009A Bonds shall continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion as provided in Section 404(d).

(c) *Certain Additional Conditions.* No Conversion from one Interest Rate Period to another shall take effect under this Modal Agreement unless each of the following conditions, to the extent applicable, shall have been satisfied.

(i) With respect to the new Interest Rate Period, there shall be in effect a Liquidity Facility if and as required under Section 405;

(ii) The Bond Registrar shall have received a Favorable Opinion of Bond Counsel with respect to such Conversion dated the effective date of such Conversion; and

(iii) In the case of any Conversion with respect to which there shall be no Liquidity Facility in effect to provide funds for the purchase of Series 2009A Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date shall not be less than the amount required to purchase all of the Series 2009A Bonds at the Tender Price (not including any premium).

(d) *Failure to Meet Conditions.* In the event that any condition to the Conversion of the Series 2009A Bonds shall not have been satisfied as provided in this Section 305 or otherwise under this Modal Agreement, then the Series 2009A Bonds shall bear interest at a Weekly Interest Rate commencing on the date which would have been the effective date of the Conversion. The Series 2009A Bonds shall continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion as provided in Section 404(d).

#### ARTICLE IV

##### REDEMPTION AND PURCHASE OF BONDS BEFORE MATURITY

*Section 401. Redemption of Series 2009A Bonds.* The Series 2009A Bonds shall be subject to redemption prior to maturity as follows:

(a) *Optional Redemption.* If there is no continuing Event of Default under the terms of this Modal Agreement, the Series 2009A Bonds shall be subject to redemption prior to stated maturity at the written direction of the Board, in whole or in part, in accordance with the provisions of this Section 401(a).



(i) *Weekly Interest Rate Period, Daily Interest Rate Period and Short-Term Interest Rate Period.*

(A) Series 2009A Bonds bearing interest at a Daily Interest Rate or a Weekly Interest Rate shall be subject to optional redemption at the written direction of the Board, in whole or in part, at a redemption price of 100% of the principal amount thereof at any time.

(B) Series 2009A Bonds bearing interest at Short-Term Interest Term Rates shall be subject to optional redemption, in whole or in part, at the written direction of the Board, at a redemption price of 100% of the principal amount thereof on the day succeeding the last day of any Short-Term Interest Term.

(ii) *Long-Term Interest Rate Period.* (During a Long-Term Interest Rate Period, the Series 2009A Bonds shall be subject to optional redemption, at the written direction of the Board, (1) on the first day of such Long-Term Interest Rate Period, in whole or in part, at a redemption price of 100% of the principal amount thereof, and (2) thereafter, during the periods specified below in whole or in part at any time, at the redemption prices (expressed as a percentage of principal amount) specified below plus accrued interest, if any, to the redemption date:

LENGTH OF LONG-TERM INTEREST RATE PERIOD (EXPRESSED IN YEARS)	REDEMPTION PRICES
Greater than 15	after 10 years at 100%
less than or equal to 15 and greater than 10	after 7 years at 100%
less than or equal to 10 and greater than 7	after 5 years at 100%
less than or equal to 7 and greater than 4	after 2 years at 100%
less than or equal to 4	after 2 years at 100%

In the event that the date on which the Series 2009A Bonds are adjusted to a Long-Term Interest Rate is a date other than a day which would be an Interest Payment Date during such Long-Term Interest Rate Period, then the date on which such Series 2009A Bonds shall first be subject to redemption pursuant to the foregoing table (after the first day of such Long-Term Interest Rate Period) shall be the first Interest Payment Date next succeeding the date on which such Series 2009A Bonds otherwise would be subject to redemption, and the redemption price shall be adjusted on each anniversary of that Interest Payment Date as provided in such table.)

The above table may be amended prior to a Conversion to a Long-Term Interest Rate Period upon delivery of a Favorable Opinion of Bond Counsel.

(iii) *Liquidity Facility Bonds.* Notwithstanding anything to the contrary in this Modal Agreement, the Board may redeem Liquidity Facility Bonds, at its option, at any time, upon one Business Day's notice of redemption to the Liquidity Facility Provider and the Bond Registrar, unless a longer notice period is required by the Liquidity Facility, at a redemption price of 100% of the principal amount of the Liquidity Facility Bonds to be redeemed plus accrued interest, if any, to the redemption date.

(b) *Mandatory Redemption of Liquid Facility Bonds.* Notwithstanding anything to the contrary in this Modal Agreement, Liquidity Facility Bonds shall be redeemed as set forth in the Liquidity Facility.

(c) *Mandatory Sinking Fund Redemption.* The Series 2009A Bonds are subject to mandatory redemption prior to maturity through the application of sinking fund payments, in Authorized Denominations, selected by the Bond Registrar, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, in the following principal amounts on April 1 in each of the years set forth below:

REDEMPTION DATE  
(April 1)

PRINCIPAL AMOUNT

\$

The principal amounts of Series 2009A Bonds to be redeemed or paid on each date through mandatory sinking fund redemptions, as set forth in the preceding table, may be reduced through the earlier optional redemption thereof, with any partial optional redemption of Series 2009A Bonds being credited against such future mandatory sinking fund requirements as determined by the Board, with written notice of such determination to be given to the Bond Registrar.

*Section 402. Selection of Bonds to be Redeemed.* If less than all the Series 2009A Bonds shall be called for redemption under any provision of this Modal Agreement permitting such partial redemption, the particular Series 2009A Bonds to be redeemed shall be selected by the Board; *provided, however,* (a) that the portion of any Series 2009A Bond to be redeemed under any provision of this Modal Agreement shall be in the principal amount of \$5,000 or any multiple thereof, (b) that, in selecting Series 2009A Bonds for redemption, the Bond Registrar shall treat each Series 2009A Bond as representing that number of Series 2009A Bonds which is obtained by dividing the principal amount of such Series 2009A Bond by \$5,000, (c) that, to the extent practicable, the Bond Registrar will not select any Series 2009A Bond for partial redemption if the amount of such Series 2009A Bond remaining Outstanding would be reduced by such partial redemption to less than the Authorized Denomination and (d) Liquidity Facility Bonds shall be redeemed prior to any Series 2009A Bonds which are not Liquidity Facility Bonds. If there shall be called for redemption less than all of a Series 2009A Bond, the Board shall execute and deliver and the Bond Registrar shall authenticate, upon surrender of such Bond, and at the expense of the Board and without charge to the owner thereof, a replacement Series 2009A Bond in the principal amount of the unredeemed balance of the Bond so surrendered.

*Section 403. Procedure for Redemption.* (a) In the event any of the Series 2009A Bonds are called for redemption, the Bond Registrar shall give notice, in the name of the Board, of the redemption of such Series 2009A Bonds, which notice shall be as set forth in the Bond Resolution and shall (i) specify the Series 2009A Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which shall be the principal corporate trust office of the Bond Registrar) and, if less than all of the Series 2009A Bonds are to be redeemed, the numbers of the Series 2009A Bonds, and the portions of the Series 2009A Bonds, so to be redeemed, (ii) with respect to any optional redemption of the Series 2009A Bonds, unless moneys sufficient to pay the principal of and interest and premium, if any, on the Series 2009A Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, state that said redemption is conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption, (iii) state any other condition to such redemption, and (iv) state that on the redemption date, and upon the satisfaction of any such condition, the Series 2009A Bonds to be redeemed shall cease to bear interest. CUSIP number identification shall

accompany all redemption notices. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption to each Holder of Series 2009A Bonds to be redeemed at its address shown on the registration books kept by the Bond Registrar; *provided, however*, that failure to give such notice to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for the redemption of any of the other Series 2009A Bonds. The Bond Registrar shall send a second notice of redemption by certified mail return receipt requested to any registered Holder who has not submitted Series 2009A Bonds called for redemption 30 days after the redemption date, *provided, however*, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the Series 2009A Bonds and the Bond Registrar shall not be liable for any failure by the Bond Registrar to send any second notice.

(b) Any Series 2009A Bonds and portions of Series 2009A Bonds which have been duly selected for redemption and which are paid in accordance with their terms shall cease to bear interest on the specified redemption date.

*Section 404. Purchase of Series 2009A Bonds.*

(a) *During Weekly Interest Rate Period.* During any Weekly Interest Rate Period, any Series 2009A Bonds (other than a Bank Bond) bearing interest at a Weekly Interest Rate shall be purchased in an Authorized Denomination (provided that the amount of any such Series 2009A Bonds not to be purchased shall also be in an Authorized Denomination) from its Bondholder at the option of the Bondholder on any Business Day at a purchase price equal to the Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of Series 2009A Bonds, to the Bond Registrar at its Principal Office and to the Remarketing Agent of an irrevocable written notice which states the principal amount of such Series 2009A Bonds, the principal amount thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day after the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 3:00 p.m. shall be deemed to have been received on the next succeeding Business Day. Liquidity Facility Bonds may not be tendered for purchase at the option of the Holder thereof. For payment of the Tender Price on the Tender Date, such Series 2009A Bonds must be delivered at or prior to 9:00 a.m. on the Tender Date to the Tender Agent at its Principal Office for delivery of Series 2009A Bonds accompanied by an instrument of transfer, in form satisfactory to the Tender Agent executed in blank by the Bondholder or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company, or member firm of the New York Stock Exchange.

During any Weekly Interest Rate Period for which the book-entry-only system is in effect, any Series 2009A Bonds bearing interest at the Weekly Interest Rate or portion thereof (provided that the principal amount of such Series 2009A Bonds to be purchased and the principal amount to be retained shall each be an Authorized Denomination) shall be purchased on the date specified in the notice referred to below at the Tender Price.

The irrevocable written notice, executed by the Participant, shall be delivered on any Business Day by the Participant for such Series 2009A Bonds to the Tender Agent at its Principal Office for the delivery of such Series 2009A Bonds, to the Bond Registrar at its Principal Office and to the Remarketing Agent. That notice shall state the principal amount of such Series 2009A Bonds (or interest therein), the portion thereof to be purchased and the date on which the same shall be purchased, which date shall be a Business Day at least seven days after the date of delivery of such notice to the Bond Registrar. Upon confirmation by the Securities Depository to the Bond Registrar that such Participant has an ownership interest in the Series 2009A Bonds at least equal to the amount of Series 2009A Bonds specified in such irrevocable written notice, payment of the Tender Price of such Series 2009A Bonds shall be made by 3:00 p.m., or as soon as practicably possible thereafter, upon the receipt by the Tender Agent of the Tender Price as set forth in Section 411(b) on the Business Day specified in the notice upon the transfer on the registration books of the Securities Depository of the beneficial ownership interest in such Series 2009A Bonds tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 9:00 a.m., on the date specified in such notice.

(b) *During Daily Interest Rate Period.* During any Daily Interest Rate Period, any Series 2009A Bonds (other than a Liquid Facility Bond) bearing interest at a Daily Interest Rate shall be purchased in an Authorized Denomination (provided that the amount of any such Series 2009A Bonds not to be purchased shall also be in an Authorized Denomination) from its Bondholder at the option of the Bondholder on any Business Day at a purchase price equal to the Tender Price, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of Series 2009A Bonds, to the Bond Registrar at its Principal Office and to the Remarketing Agent, by no later than 11:00 a.m. on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing, which states the principal amount of such Series 2009A Bonds to be purchased and the date of purchase. For payment of such purchase price on the date specified in such notice, such Series 2009A Bonds must be delivered, at or prior to 12:00 p.m., on such Business Day, to the Tender Agent at its Principal Office for delivery of Series 2009A Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to such Tender Agent, executed in blank by the Bondholder thereof or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

During any Daily Interest Rate Period for which the book-entry-only system is in effect, any Series 2009A Bonds bearing interest at the Daily Interest Rate or portion thereof (provided that the principal amount of such Series 2009A Bonds to be purchased and the principal amount to be retained shall each be an Authorized Denomination) shall be purchased on the date specified in the notice referred to below at the Tender Price. The irrevocable written notice, executed by the Participant, shall be delivered on any Business Day by the Participant for such Series 2009A Bonds to the Tender Agent at its Principal Office for the delivery of such Series 2009A Bonds, to the Bond Registrar at its Principal Office and to the Remarketing Agent prior to 11:00 a.m. That notice shall state the principal amount of such Series 2009A Bonds (or interest therein), the portion thereof

to be purchased and the date on which the same shall be purchased. Upon confirmation by the Securities Depository to the Bond Registrar that such Participant has an ownership interest in the Series 2009A Bonds at least equal to the amount of Series 2009A Bonds specified in such irrevocable written notice, payment of the Tender Price of such Series 2009A Bonds shall be made by 2:00 p.m., or as soon as practicably possible thereafter, upon the receipt by the Tender Agent of the Tender Price as set forth in Section 411(b) on the Business Day specified in the notice upon the transfer on the registration books of the Securities Depository of the beneficial ownership interest in such Series 2009A Bonds tendered for purchase to the account of the Tender Agent, or a Participant acting on behalf of such Tender Agent, at or prior to 12:30 p.m. on the date specified in such notice.

(c) *Mandatory Tender for Purchase on Day Next Succeeding Last Day of Each Short-Term Interest Term.* On the first day following the last day of each Short-Term Interest Term unless such day is the first day of a new Interest Rate Period (in which case a Series 2009A Bond shall be subject to mandatory purchase pursuant to Section 404(d)), a Series 2009A Bond shall be subject to mandatory tender for purchase at the Tender Price, payable by wire transfer in immediately available funds, if such Series 2009A Bond is delivered to the Tender Agent on or prior to 11:00 a.m. on the Tender Date, or if delivered after 11:00 a.m., on the next succeeding Business Day. Interest shall cease to accrue on such Series 2009A Bond on the last day of each Short-Term Interest Term. The Tender Price shall be payable only upon surrender of such Series 2009A Bond to the Tender Agent at its Principal Office for delivery of Series 2009A Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

(d) *Mandatory Tender for Purchase on First Day of Each Interest Rate Period.* The Series 2009A Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period (or on the day which would have been the first day of an Interest Rate Period had one of the events specified in Section 305(b) or 305(d) hereof not occurred which resulted in the interest rate on such Series 2009A Bonds not being converted) at the Tender Price, payable in immediately available funds. For payment of the Tender Price on the Tender Date, a Series 2009A Bond must be delivered at or prior to 9:00 a.m. on the Tender Date. If delivered after that time, the Tender Price shall be paid on the next succeeding Business Day.

(e) *Mandatory Tender for Purchase upon Termination, Replacement or Expiration of Liquidity Facility; Mandatory Standby Tender.* If at any time the Bond Registrar gives notice, in accordance with Section 408 hereof, that the Tender Price on the Series 2009A Bonds tendered for purchase shall, on the date specified in such notice, cease to be subject to purchase pursuant to the Liquidity Facility then in effect as a result of (i) the termination, replacement or expiration of the term, as extended, of that Liquidity Facility, including but not limited to termination at the option of the Board in accordance with the terms of such Liquidity Facility, or (ii) the occurrence of a Mandatory Standby Tender, then each such Series 2009A Bond shall be purchased or

deemed purchased at the Tender Price. Any purchase of such Series 2009A Bond pursuant to this subsection (f) shall occur: (1) on the fifth Business Day preceding any such expiration or termination of such Liquidity Facility without replacement by an Alternate Liquidity Facility or upon any termination thereof as a result of a Mandatory Standby Tender, and (2) on the date of the replacement of a Liquidity Facility, in any case where an Alternate Liquidity Facility has been delivered to the Tender Agent pursuant to Section 406(a). In the case of any replacement, the existing Liquidity Facility will be drawn to pay the Tender Price, if necessary, rather than the Alternate Liquidity Facility.

Payment of the Tender Price of any such Series 2009A Bond shall be made in immediately available funds by 3:00 p.m. on the Tender Date upon delivery of such Series 2009A Bond to the Tender Agent at its Principal Office for delivery of Series 2009A Bond, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder with the signature of such Bondholder guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, at or prior to 11:00 a.m. on the Tender Date specified in Section 408. If, as a result of any such Mandatory Standby Tender, expiration, termination with notice or replacement of such a Liquidity Facility, any Series 2009A Bond is no longer subject to purchase pursuant to a Liquidity Facility, the Tender Agent (upon receipt from the Holder thereof in exchange for payment of the Tender Price thereof) shall present such Series 2009A Bond to the Bond Registrar for notation of such fact thereon.

*(f) Notice of Mandatory Tender for Purchase.* In connection with any mandatory tender for purchase of Series 2009A Bonds in accordance with Section 404(e) hereof, the Bond Registrar shall give the notice required by this Section 404(f) as a part of the notice given pursuant to Section 304(d)(iii), 304(e)(iii), 304(f)(iii), or 304(g)(iii). Such notice shall state (i) that the Tender Price of any Series 2009A Bond subject to mandatory tender for purchase shall be payable only upon surrender of that Series 2009A Bond to the Tender Agent at its Principal Office for delivery of Series 2009A Bonds, accompanied by an instrument of transfer, in form satisfactory to the Tender Agent, executed in blank by the Bondholder or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange; (ii) that, *provided* that moneys sufficient to effect such purchase shall have been provided through the remarketing of such Series 2009A Bond by the Remarketing Agent, through the Liquidity Facility or funds provided by the Board, all Series 2009A Bonds subject to mandatory tender for purchase shall be purchased on the mandatory Tender Date; and (iii) that if any Holder of a Series 2009A Bond subject to mandatory tender for purchase does not surrender that Series 2009A Bond to the Tender Agent for purchase on the mandatory Tender Date, then that Series 2009A Bond shall be deemed to be an Undelivered Bond, that no interest shall accrue on that Series 2009A Bond on and after the mandatory Tender Date and that the Holder shall have no rights under this Modal Agreement other than to receive payment of the Tender Price.

*(g) Irrevocable Notice Deemed to be Tender of Series 2009A Bonds; Undelivered Bonds.*

(i) The giving of notice by a Holder of Series 2009A Bonds as provided in Section 404(a) or 404(b) hereof shall constitute the irrevocable tender for purchase of each Series 2009A Bond with respect to which such notice is given regardless of whether that Series 2009A Bond is delivered to the Tender Agent for purchase on the relevant Tender Date.

(ii) The Tender Agent may refuse to accept delivery of any Series 2009A Bond for which a proper instrument of transfer has not been provided. However, such refusal shall not affect the validity of the purchase of such Series 2009A Bond as described in this Modal Agreement. If any Holder of a Series 2009A Bond who has given notice of tender of purchase pursuant to Section 404(a) or 404(b) hereof or any Holder of a Series 2009A Bond subject to mandatory tender for purchase pursuant to Section 404(c), 404(d) or 404(e) hereof shall fail to deliver that Series 2009A Bond to the Tender Agent at the place and on the Tender Date and at the time specified, or shall fail to deliver that Series 2009A Bond properly endorsed, that Series 2009A Bond shall constitute an Undelivered Bond. If funds in the amount of the purchase price of the Undelivered Bond are available for payment to the Holder thereof on the Tender Date and at the time specified, then from and after the Tender Date and time of that required delivery (A) the Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under the Bond Resolution and the Series 2009A Bonds deemed to have been purchased shall be delivered as provided in Section 413 hereof; (B) interest shall no longer accrue on the Undelivered Bond; and (C) funds in the amount of the Tender Price of the Undelivered Bond shall be held uninvested by the Tender Agent for the benefit of the Holder thereof (provided that the Holder shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of the Undelivered Bond to the Tender Agent at its Principal Office for delivery of Series 2009A Bonds.

(h) *Payment of Tender Price by Board.* If all or a portion of the Series 2009A Bonds tendered for purchase cannot be remarketed and the Liquidity Facility Provider fails to purchase all or any part of the unremarketed portion of such tendered Series 2009A Bonds in accordance with the Liquidity Facility on a Tender Date, the Board may at its option, but shall not be obligated to, pay to the Tender Agent as soon as practicable on a Tender Date immediately available funds (together with any remarketing proceeds and any funds provided under the Liquidity Facility) sufficient to pay the Tender Price on the Series 2009A Bonds tendered for purchase. The Tender Agent shall deposit the amount paid by the Board, if any, in the Board Purchase Account of the Bond Purchase Fund pending application of the money to the payment of the Tender Price as set forth in Section 411(b)(iii) hereof.

(i) *Purchase by the Board in Lieu of Redemption.* When Series 2009A Bonds are called for redemption pursuant to Section 401 hereof and if the Board gives notice to the Tender Agent on or before the Business Day prior to the redemption date that the Board elects to have the Series 2009A Bonds purchased in lieu of redemption, all or any portion of the Series 2009A Bonds that the Board elects to purchase shall be subject to a



mandatory tender on such redemption date at a purchase price equal to 100% of the principal amount thereof plus an amount equal to any premium that would have been payable upon such redemption had the Series 2009A Bonds been redeemed. Payment of such purchase price shall be paid using monies furnished by the Board. If the Series 2009A Bonds are purchased in lieu of redemption on or prior to the applicable Record Date, the purchase price shall include accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the amount specified in the preceding sentence). If the Series 2009A Bonds are purchased in lieu of redemption after such Record Date, the purchase price shall not include accrued interest. No such purchase shall act to extinguish the obligation of the Board represented by the Series 2009A Bonds.

*Section 405. Liquidity Facility.* A Liquidity Facility, in an amount equal to the sum of outstanding principal and interest calculated at the Maximum Bond Interest Rate for 35 days, or such other amount as may be approved by the Rating Agencies, shall be maintained by the Board for Series 2009A Bonds bearing interest at the Weekly Interest Rate, the Daily Interest Rate or Short-Term Interest Term Rates. Series 2009A Bonds bearing interest at the Long-Term Interest Rate for a Long-Term Interest Rate Period that ends before the Maturity Date must be secured by a Liquidity Facility unless the requirements of Section 304(f)(v) are met.

(a) *Requests to Pay Tender Price.* If there is not a sufficient amount of money available to pay the Tender Price pursuant to the Tender Agent Agreement and Section 411(b)(i) hereof on a Tender Date on which Series 2009A Bonds are required to be purchased pursuant to Section 404, the Tender Agent shall make a Request or Requests under the Liquidity Facility in accordance with its terms, at the times and in the manner required by the Tender Agent Agreement to receive immediately available funds on the Tender Date sufficient to pay the balance of the Tender Price. The Tender Agent agrees to deposit the proceeds of such Requests in the Liquidity Facility Purchase Account pursuant to Section 411(b)(ii) hereof and the Tender Agent Agreement pending application of that money to the payment of the Tender Price. In determining the amount of the Tender Price then due, the Tender Agent shall not take into consideration any Liquidity Facility Bonds or Board Bonds. No Requests shall be made under a Liquidity Facility to pay the Tender Price of Liquidity Facility Bonds or of Series 2009A Bonds which are registered in the name of the Board or, to the best knowledge of the Tender Agent, any nominees for (or any Person who owns such Series 2009A Bonds for the sole benefit of) any of the foregoing. Liquidity Facility Bonds and Board Bonds may not be tendered for purchase at the option of the Liquidity Facility Provider or the Board, respectively.

(b) *Surrender of Liquidity Facility.* If an Alternate Liquidity Facility is delivered to the Tender Agent pursuant to Section 406 hereof with the documents required by Section 406, then the Tender Agent shall accept the Alternate Liquidity Facility and surrender the Liquidity Facility previously held for cancellation, *provided* that no Liquidity Facility shall be surrendered until after the date on which Series 2009A Bonds required to be purchased pursuant to Section 404(e) have been purchased or

deemed purchased in accordance with Section 404(e). If a Liquidity Facility automatically terminates or is no longer required to be maintained hereunder, the Tender Agent shall surrender such Liquidity Facility to the issuer thereof for cancellation in accordance with the terms of the Liquidity Facility. Upon the defeasance of the Series 2009A Bonds pursuant to the Bond Resolution and if, at such time, the Series 2009A Bonds are no longer subject to tender for purchase, the Tender Agent shall surrender the Liquidity Facility, if any, to the Liquidity Facility Provider for cancellation in accordance with the terms of that Liquidity Facility. The Tender Agent shall comply with the procedures set forth in each Liquidity Facility relating to the termination thereof and shall deliver any certificates reducing the stated amount of the Liquidity Facility in accordance with the provisions thereof.

(c) *Notice by Bond Registrar.* In connection with a Mandatory Standby Tender resulting in a mandatory purchase of Series 2009A Bonds as provided in Section 404(e) hereof, the Bond Registrar shall give the notice of mandatory tender for purchase of such Series 2009A Bonds as provided in Sections 404(f) and 408 hereof.

(d) *Notices from Board and Bond Registrar.*

(i) *Notices from Board.* The Board shall give notice to the Bond Registrar, the Remarketing Agent, the Tender Agent and the Liquidity Facility Provider promptly upon the occurrence of any of the following events:

- (A) the extension of the Expiration Date;
- (B) the execution of an Alternate Liquidity Facility; and
- (C) the appointment of a successor to any of the Liquidity Facility Provider, the Remarketing Agent or the Tender Agent.

(ii) *Notices from Bond Registrar to Holders of Series 2009A Bonds.* The Bond Registrar shall, promptly upon receipt of notice from: (A) the Board of the occurrence of any of the events listed in subparagraph (i) above, give notice to the Holders of Outstanding Series 2009A Bonds of the occurrence of that event and (B) the Liquidity Facility Provider of notice of a Mandatory Standby Tender, give notice to the Board, the Tender Agent, the Remarketing Agent and the Holders of Outstanding Series 2009A Bonds of the occurrence of the Mandatory Standby Tender with the information set forth in Section 408.

*Section 406. Alternate Liquidity Facility.*

(a) *Delivery by Board.* (i) Prior to the expiration or termination of a Liquidity Facility relating to the Series 2009A Bonds, in accordance with the terms of that Liquidity Facility, the Board may provide for the delivery to the Tender Agent of an Alternate Liquidity Facility which has a term of at least [364] days. Any Alternate Liquidity Facility delivered to the Tender Agent pursuant to this Section 406(a)(i) shall be delivered and become effective on or prior to the

date on which the former Liquidity Facility terminates or expires and shall contain administrative provisions reasonably acceptable to the Tender Agent and the Remarketing Agent. On or prior to the date of the delivery of the Alternate Liquidity Facility to the Tender Agent, the Board shall furnish to the Tender Agent (A) if the Alternate Liquidity Facility is issued by a Liquidity Facility Provider other than a domestic commercial bank, an opinion of Counsel reasonably satisfactory to the Board, the Tender Agent and the Remarketing Agent (if any) that no registration of the Alternate Liquidity Facility is required under the Securities Act, and no qualification of this Modal Agreement is required under the Trust Indenture Act, or that all applicable registration or qualification requirements have been fulfilled; (B) an opinion of Counsel satisfactory to the Board, the Tender Agent and the Remarketing Agent to the effect that such Alternate Liquidity Facility is a valid and enforceable obligation of the issuer thereof; and (C) a Favorable Opinion of Bond Counsel with respect to the Alternate Liquidity Facility.

(ii) In lieu of the opinion of Counsel required by clause (A) of subparagraph (i) above, there may be delivered an opinion of Counsel reasonably satisfactory to the Board, the Remarketing Agent and the Tender Agent to the effect that either (A) at all times during the term of the Alternate Liquidity Facility, the Series 2009A Bonds will be offered, sold and held by Holders in transactions not constituting a public offering of the Series 2009A Bonds or the Alternate Liquidity Facility under the Securities Act, and accordingly no registration under the Securities Act, nor qualification of this Modal Agreement under the Trust Indenture Act, will be required in connection with the issuance and delivery of the Alternate Liquidity Facility or the remarketing of the Series 2009A Bonds with the benefits thereof, or (B) the offering and sale of the Series 2009A Bonds, to the extent evidencing the Alternate Liquidity Facility, has been registered under the Securities Act and any Modal Agreement required to be qualified with respect thereto under the Trust Indenture Act has been so qualified. If the opinion described in clause (A) of this subparagraph (ii) is given, the Series 2009A Bonds and any transfer records relating to the Series 2009A Bonds shall be noted indicating the restrictions on sale and transferability described in clause (A).

*Acceptance by Tender Agent.* If at any time there is delivered to the Tender Agent (i) an Alternate Liquidity Facility covering all of the Series 2009A Bonds, (ii) the information, opinions and data required by Section 406(a), and (iii) all information required to give the notice of mandatory tender for purchase of the Series 2009A Bonds, then the Tender Agent shall accept such Alternate Liquidity Facility and, after the date of the mandatory tender for purchase established pursuant to Section 404(e), promptly surrender the Liquidity Facility then in effect to the issuer thereof for cancellation in accordance with its terms or deliver any document necessary to reduce the coverage of such Liquidity Facility due to the delivery of such Alternate Liquidity Facility.

*Notice of Termination.* The Bond Registrar shall give notice to the Tender Agent, the Remarketing Agent and the Holders of the Series 2009A Bonds of the termination or expiration of any Liquidity Facility in accordance with its terms as provided in Section 408.

*Section 407. Rights and Duties under Liquidity Facility.* The Tender Agent, by accepting its appointment as such, agrees without further direction, to make Requests under each Liquidity Facility then in effect, if any, for the payment or purchase of Series 2009A Bonds in accordance with the terms and conditions set forth in this Modal Agreement, the Tender Agent Agreement and that Liquidity Facility at the times, in the manner and for the purposes set forth herein and therein.

*Section 408. Notice of Termination, Event of Default or Other Change in Liquidity Facility.* The Bond Registrar shall give notice by mail to the Holders of the Series 2009A Bonds secured by a Liquidity Facility (i) on or before the 30th day preceding the replacement, termination or expiration of such Liquidity Facility (except in the case of a termination resulting from an event referred to in the following paragraph) in accordance with its terms, or (ii) in the case of any Mandatory Standby Tender under such Liquidity Facility, as soon as reasonably possible, but no later than the Business Day following the receipt by the Bond Registrar of notice of the Mandatory Standby Tender. The notice shall be accompanied by directions for the purchase of the Series 2009A Bonds pursuant to Section 404(e) hereof. The notice shall (A) state the date of such termination or expiration, (B) state that the Series 2009A Bonds will be purchased pursuant to Section 404(e) hereof as a result of such replacement, termination or expiration, including any termination as a result of a Mandatory Standby Tender and the date on which such purchase will occur pursuant to Section 404(e) hereof, and (C) provide any other information required in the notice to the Holders of the Series 2009A Bonds by Section 404(f) hereof. The Board shall provide the Bond Registrar with written notice of any information required to enable the Bond Registrar to give the foregoing notice.

If there should occur any event resulting in the immediate termination or suspension of the obligation of the Liquidity Facility Provider to purchase Bonds under the terms of any Liquidity Facility, then the Bond Registrar shall as soon as practicably possible thereafter notify the Remarketing Agent and the Holders of all the Series 2009A Bonds then outstanding that: (i) the Liquidity Facility has been terminated or suspended, as the case may be; (ii) the Tender Agent will no longer be able to purchase Series 2009A Bonds with moneys available under the Liquidity Facility; and (iii) the Liquidity Facility Provider is under no obligation to purchase Series 2009A Bonds or to otherwise advance moneys to fund the purchase of Series 2009A Bonds.

*Section 409. Remarketing Agent; Tender Agent.*

(a) *Remarketing Agent.* Each Remarketing Agent appointed by the Board shall designate its Principal Office in the Remarketing Agreement. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed upon it under this Modal Agreement by a written instrument of acceptance (which may be the Remarketing

Agreement) delivered to the Board, the Bond Registrar, the Tender Agent and the Liquidity Facility Provider, under which the Remarketing Agent shall agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Board, the Bond Registrar and the Tender Agent at all reasonable times.

(b) *Tender Agent.* Each Tender Agent appointed by the Board shall designate its Principal Office for delivery of notices and delivery of Series 2009A Bonds in the Tender Agent Agreement and signify its acceptance of the duties and obligations imposed upon it under this Modal Agreement by a written instrument of acceptance (which may be the Tender Agent Agreement or an agreement substantially similar to the Tender Agent Agreement) delivered to the Board, the Bond Registrar, the Liquidity Facility Provider and the Remarketing Agent. So long as a Liquidity Facility is in place, the Bond Registrar shall serve as Tender Agent. By acceptance of its appointment under this Modal Agreement, the Tender Agent agrees:

(i) to hold all Series 2009A Bonds delivered to it pursuant to Section 413 as agent and bailee of, and in escrow for the benefit of, the respective Holders which have delivered such Series 2009A Bonds until money representing the purchase price of such Series 2009A Bonds shall have been delivered to or for the account of or to the order of such Holders;

(ii) to hold all Series 2009A Bonds registered in the name of the new Holders thereof which have been delivered to it by the Bond Registrar for delivery to the Remarketing Agent in accordance with the Tender Agent Agreement;

(iii) to hold Series 2009A Bonds for the account of the Board as stated in Section 413(c) and Liquidity Facility Bonds for the account of the Liquidity Facility Provider as stated in Section 413(b); and

(iv) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Board, the Bond Registrar, the Liquidity Facility Provider and the Remarketing Agent at all reasonable times.

*Section 410. Qualifications of Remarketing Agent and Tender Agent; Resignation and Removal of Remarketing Agent and Tender Agent.*

(a) *Remarketing Agent.* Each Remarketing Agent shall be a member of the National Association of Securities Dealers, having a combined capital stock, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by this Modal Agreement and the Remarketing Agreement. A Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Modal Agreement by giving notice to the Board, the Bond Registrar, the Tender Agent, the Credit Facility Provider and the Liquidity Facility Provider. Such resignation shall take effect on the 60th day after the receipt by the Board

of the notice of resignation. A Remarketing Agent may be removed at any time on 60 days prior written notice, by an instrument signed by the Board and delivered to such Remarketing Agent, the Bond Registrar, the Liquidity Facility Provider and the Tender Agent. A Remarketing Agent shall be removed at the direction of the Liquidity Facility Provider upon demonstration that the Remarketing Agent has failed to perform its duties hereunder or under the Remarketing Agreement. If such resignation or removal shall not take effect prior to the date that a successor Remarketing Agent has been appointed by the Board and has accepted such appointment the Bond Registrar shall act as Remarketing Agent until the appointment and acceptance by such successor.

(b) *Tender Agent.* Each Tender Agent shall be a commercial bank with trust powers or a trust company duly organized under the laws of the United States of America or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Modal Agreement and the Tender Agent Agreement. A Tender Agent may at any time resign and be discharged of the duties and obligations created by this Modal Agreement by giving at least 60 days' notice to the Board, the Bond Registrar, the Liquidity Facility Provider and the Remarketing Agent. A Tender Agent may be removed at any time by an instrument signed by the Board and filed with the Bond Registrar. However, such resignation or removal shall not take effect prior to the date that a successor Tender Agent has been appointed by the Board and has accepted such appointment, and the Liquidity Facility, if any, has been transferred, in accordance with its terms, to that successor.

Upon the effective date of resignation or removal of a Tender Agent, such Tender Agent shall deliver any Series 2009A Bonds and money held by it in such capacity to its successor.

*Section 411. Notice of Series 2009A Bonds Delivered for Purchase; Purchase of Series 2009A Bonds; Deposit of Tender Price.*

(a) *Determination by Tender Agent; Notice of Tender.* For purposes of Section 404 hereof, the Tender Agent shall determine timely and proper delivery of Series 2009A Bonds pursuant to this Modal Agreement and the proper endorsement of Series 2009A Bonds delivered. That determination shall be binding on the Holders of those Series 2009A Bonds, the Board, the Liquidity Facility Provider and the Remarketing Agent, absent manifest error.

In accordance with the provisions of the Tender Agent Agreement, the Tender Agent shall give notice by telephone or telecopy, promptly confirmed by a written notice, to the Bond Registrar, the Board, the Remarketing Agent and the Liquidity Facility Provider specifying the principal amount of Series 2009A Bonds as to which it receives notice of tender for purchase in accordance with Section 404(a) or 404(b) hereof.

(b) *Purchase of Series 2009A Bonds; Sources and Deposits of Tender Price.* Series 2009A Bonds required to be purchased in accordance with Section 404 hereof shall be purchased from the Holders thereof, on the Tender Date and at the Tender Price.

Funds for the payment of the Tender Price shall be received by the Tender Agent from the following sources and used in the order of priority indicated, provided that if a Liquidity Facility is in effect, payment of the Tender Price shall be made only using Eligible Moneys:

(i) proceeds of the sale of Series 2009A Bonds remarketed pursuant to Section 412 and the Remarketing Agreement and furnished to the Tender Agent by the Remarketing Agent for deposit into the Remarketing Account of the Bond Purchase Fund;

(ii) money furnished by the Liquidity Facility Provider to the Tender Agent for deposit into the Liquidity Facility Purchase Account of the Bond Purchase Fund from Requests on the Liquidity Facility, if any (provided that moneys from Requests on the Liquidity Facility shall not be used to purchase Liquidity Facility Bonds or Series 2009A Bonds from the Board); and

(iii) money, if any, furnished by the Board at its option to the Tender Agent for deposit into the Board Purchase Account of the Bond Purchase Fund for the purchase of Series 2009A Bonds by the Board.

(c) *Undelivered Bonds; Tender Price.* If a Series 2009A Bond purchased as provided in this Section 411 is not presented to the Tender Agent, the Tender Agent shall segregate and hold uninvested the money for the Tender Price of such Tender Bond in trust for the benefit of the former Holder of such Series 2009A Bond, who shall, except as provided in the following sentences of this paragraph, thereafter be restricted exclusively to such money for the satisfaction of any claim for the Tender Price. Any money which the Tender Agent segregates and holds in trust for the payment of the Tender Price of any Series 2009A Bonds which remains unclaimed for five years after the date of purchase shall be paid to the Board. After the payment of such unclaimed money to the Board, the former Holder of such Series 2009A Bonds shall look only to the Board for the payment thereof. The Board shall not be liable for any interest on unclaimed money and shall not be regarded as a trustee of such money.

*Section 412. Remarketing of Series 2009A Bonds; Notice of Interest Rates.*

(a) *Remarketing.* Upon a mandatory tender (other than a Mandatory Standby Tender) or notice of tender for purchase of Series 2009A Bonds, the Remarketing Agent shall offer for sale and use its best efforts to sell such Series 2009A Bonds (including Liquidity Facility Bonds) on the same date designated for purchase thereof in accordance with Section 404 hereof and, if not remarketed on such date, thereafter until sold, at a price equal to par plus accrued interest. Any Series 2009A Bond which has been tendered and not remarketed for more than 30 days may not be remarketed until the Bond Registrar and the Remarketing Agent have received a Favorable Opinion of Bond Counsel with respect to such remarketing. Series 2009A Bonds subject to a Mandatory Standby Tender shall not be remarketed unless such Series 2009A Bonds are converted to a Long-Term Interest Rate Period to the Maturity Date, unless an Alternate Liquidity Facility is in full force and effect or unless the Liquidity Facility Provider has reinstated

the Liquidity Facility with respect to which such Mandatory Standby Tender was declared and such Liquidity Facility is in full force and effect. Series 2009A Bonds shall not be remarketed to the Board.

(b) *Notice of Rates and Terms.* The Remarketing Agent shall determine the rate of interest for Series 2009A Bonds during each Interest Rate Period and each Short-Term Interest Term relating thereto and the Short-Term Interest Terms for Series 2009A Bonds during each Short-Term Interest Rate Period relating thereto as provided in Section 304 hereof and shall furnish to the Bond Registrar and the Board no later than the Business Day next succeeding the date of determination each rate of interest and Short-Term Interest Term so determined by telephone or telecopy, promptly confirmed in writing; *provided* that during a Daily Interest Rate Period such information need be provided only once a week. In lieu of the notification provided in the preceding sentence, the Remarketing Agent may make such information available by readily accessible electronic means.

(c) *Notice of Purchase and Remarketing.* The Remarketing Agent shall give notice by facsimile transmission, telephone telecopy, e-mail or similar electronic means promptly confirmed by a written notice, to the Bond Registrar and the Tender Agent on each date on which Series 2009A Bonds have been purchased pursuant to Section 411(b)(i) specifying the principal amount of such Series 2009A Bonds, if any, sold by it pursuant to Section 412(a) along with a list of the purchasers showing the names and denominations in which such Series 2009A Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers.

*Section 413. Delivery of Series 2009A Bonds.* (a) Series 2009A Bonds purchased with money described in Section 411(b)(i) shall be made available by the Tender Agent to the Remarketing Agent for delivery to the purchasers thereof against payment therefor in accordance with the Tender Agent Agreement.

(b) Series 2009A Bonds purchased with money described in Section 411(b)(ii) shall be registered in the name of the Liquidity Facility Provider and delivered in certificated form (or such other form as otherwise required by the Liquidity Facility Provider) to the Liquidity Facility Provider as soon as practical following their purchase or held by the Tender Agent as agent for the Liquidity Facility Provider, as directed by the Liquidity Facility Provider.

(c) Series 2009A Bonds purchased with money described in Section 411(b)(iii) shall be held in escrow by the Tender Agent for the account of the Board until the Tender Agent receives further instructions from the Board regarding disposition of those Board Bonds.

(d) Series 2009A Bonds delivered as provided in this Section 413 shall be registered in the manner directed by the recipient thereof.

(e) When any Liquidity Facility Bonds are remarketed, the Tender Agent shall not release Series 2009A Bonds so remarketed to the Remarketing Agent until the



Tender Agent has received and forwarded to the Liquidity Facility Provider the proceeds of such remarketing and (unless the Liquidity Facility is no longer to remain in effect) the Liquidity Facility Provider has provided written notice to the Tender Agent that the Liquidity Facility has been reinstated.

*Section 414. Delivery of Proceeds of Sale.* The proceeds of the sale by the Remarketing Agent of any Series 2009A Bonds shall be delivered to the Tender Agent for deposit into the Remarketing Account of the Bond Purchase Fund as provided in the Remarketing Agreement.

*Section 415. Election Not to Sell Liquidity Facility Bonds.* The Liquidity Facility Provider (or any subsequent owner of a Liquidity Facility Bond) shall have the right, by written notice or by telephonic notice, promptly confirmed in writing to the Remarketing Agent, the Bond Registrar and the Tender Agent, to elect not to sell the Liquidity Facility Bonds or any portion thereof. From and after any sale by the Remarketing Agent and receipt by the Tender Agent on behalf of the Liquidity Facility Provider (or any subsequent owner of the Liquidity Facility Bonds) of the purchase price therefor (including accrued interest to the date of delivery), or any such election not to sell the Liquidity Facility Bonds, such Series 2009A Bonds shall cease to be Liquidity Facility Bonds and shall bear interest as provided herein for Series 2009A Bonds other than Liquidity Facility Bonds.

*Section 416. Inadequate Funds for Tenders.* If sufficient funds are not available for the purchase of all Series 2009A Bonds tendered or deemed tendered and required to be purchased on any Tender Date, all Series 2009A Bonds shall bear interest at the Maximum Bond Interest Rate from the date of such failed purchase until all such Series 2009A Bonds are purchased as required in accordance with this Modal Agreement, and all tendered Series 2009A Bonds shall be returned to their respective Holders. Notwithstanding any other provision of this Modal Agreement, such failed purchase and return shall not constitute an Event of Default. Thereafter, the Bond Registrar shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Facility Provider.

## ARTICLE V

### SOURCE AND APPLICATION OF FUNDS

*Section 501. Bond Fund.* Principal of, and interest and premium, if any, on, the Series 2009A Bonds will be paid from moneys held in the Bond Fund as provided in the Bond Resolution.

*Section 502. Bond Purchase Fund.* There shall be established with and maintained by the Tender Agent a separate trust fund to be designated the "Bond Purchase Fund." The Tender Agent shall further establish within the Bond Purchase Fund a separate trust account to be referred to herein as a "Remarketing Account," a separate trust account to be referred to herein as a "Liquidity Facility Purchase Account" and a separate trust account to be referred to herein as an "Board Purchase Account." The

Remarketing Account and the Liquidity Facility Purchase Account shall each qualify as an Eligible Account. In the event that either account shall no longer constitute an Eligible Account, the Bond Registrar shall promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that such account will again qualify as an Eligible Account.

(a) *Remarketing Account.* Upon receipt of the proceeds of a remarketing of Series 2009A Bonds on a Tender Date pursuant to Section 412, the Tender Agent shall deposit such proceeds in the Remarketing Account of the Bond Purchase Fund for application to the Tender Price of such Series 2009A Bonds in accordance with Section 411(b)(i) and, if the Tender Agent is not a paying agent with respect to such Series 2009A Bonds, shall transmit such proceeds to the Bond Registrar for such application. Notwithstanding the foregoing, upon receipt of the proceeds of a remarketing of Liquidity Facility Bonds, the Tender Agent shall immediately pay such proceeds to the Liquidity Facility Provider.

(b) *Liquidity Facility Purchase Account.* Upon receipt from the Liquidity Facility Provider of the immediately available funds transferred to the Tender Agent pursuant to Section 405 hereof, the Tender Agent shall deposit such money in the Liquidity Facility Purchase Account of the Bond Purchase Fund for application to the Tender Price of the Series 2009A Bonds required to be purchased on a Tender Date in accordance with Section 411(b)(ii) to the extent that the money on deposit in the Remarketing Account of the Bond Purchase Fund shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to any Tender Date for the payment of the Tender Price for any Series 2009A Bonds shall be immediately returned to the Liquidity Facility Provider.

(c) *Board Purchase Account.* Upon receipt from the Board under Section 404(h) of any funds for the purchase of tendered Series 2009A Bonds, the Tender Agent shall deposit such money, if any, in the Board Purchase Account of the Bond Purchase Fund for application to the Tender Price of the Series 2009A Bonds required to be purchased on a Tender Date in accordance with Section 411(b)(iii) to the extent that the money on deposit in the Remarketing Account and the Liquidity Facility Purchase Account of the Bond Purchase Fund shall not be sufficient. Any amounts deposited in the Board Purchase Account and not needed with respect to any Tender Date for the payment of the Tender Price for any Series 2009A Bonds shall be immediately returned to the Board.

*Section 503. Investment of Moneys in Bond Purchase Fund.* All amounts held in the Bond Purchase Fund by the Tender Agent shall be held uninvested and separate and apart from all other funds and accounts.

## ARTICLE VI

### REPRESENTATIONS, WARRANTIES AND COVENANTS

*Section 601. Payment of Principal, Premium, if any, and Interest.* The Board covenants that it will promptly pay, or cause to be paid, the principal of, redemption premium (if any) and the interest on the Series 2009A Bonds, at the places, on the dates and in the manner provided herein, in the Bond Resolution and in the Series 2009A Bonds, according to the true intent and meaning thereof, but only from the Pledged Revenues as set forth in the Bond Resolution. The Board further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Modal Agreement, in the Bond Resolution, in the Series 2009A Bonds or in any proceedings of the Board pertaining thereto. The Board represents and warrants that it is duly authorized under the Constitution and laws of the State of Illinois, particularly the Act, to issue the Series 2009A Bonds and to enter into this Modal Agreement; that all action on its part for the issuance of the Series 2009A Bonds initially issued under the Bond Resolution and the adoption of this Modal Agreement has been duly and effectively taken; and that the Series 2009A Bonds in the hands of the registered owners thereof are and will be valid and enforceable limited obligations of the Board according to their terms.

*Section 602. List of Owners.* The Bond Registrar will keep on file a list of names and addresses of the Owners of all Series 2009A Bonds as from time to time registered on the registration books maintained by the Bond Registrar, together with the principal amount and numbers of such Series 2009A Bonds owned by each such Owner. At reasonable times and under reasonable regulations established by the Bond Registrar, such list may be inspected and copied for any purpose by the Board, by the Credit Facility Provider or by the Owners (or a designated representative thereof) of 15% or more in aggregate principal amount of Outstanding Series 2009A Bonds, such possession or ownership and the authority of such designated representative to be evidenced to the satisfaction of the Bond Registrar.

*Section 603. Provision for Payment of the Series 2009A Bonds.* If any Series 2009A Bond is deemed paid for all purposes of the Bond Resolution as described in Section 29(b) or 29(d) of the Bond Resolution the deposit required shall be sufficient to pay the principal of and premium, if any, and interest on the Series 2009A Bond to the due date of such principal and interest (whether at maturity, upon redemption or otherwise) (a) during a Long-Term Interest Rate Period which ends on the maturity date or (b) during any other Interest Rate Period, assuming a maximum interest rate of 12% per annum and providing for such payment on the first date on which such Series 2009A is subject to redemption or mandatory or optional tender for purchase. Any governmental obligations deposited with the Bond Registrar pursuant to Section 29(b) or (d) of the Bond Resolution shall (a) be non-callable by the issuer thereof prior to the maturity thereof and (b) shall mature not later than the earlier of (i) the next date on which the Series 2009A Bonds are subject to mandatory or optional tender for purchase or (ii) the date scheduled for redemption of the Series 2009A Bonds.

## ARTICLE VII

### DEFAULT PROVISIONS AND REMEDIES

*Section 701. Events of Default; Defaults.* The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) failure to pay interest on any Series 2009A Bond when due and payable;

(b) failure to pay any principal of or premium on any Series 2009A Bond when due and payable, whether at stated maturity or pursuant to any redemption requirement under Section 401; or

(c) failure by the Board to observe or perform any other covenant, condition or agreement on its part to be observed or performed in the Bond Resolution, this Modal Agreement or the Series 2009A Bonds, for a period of 30 days after written notice of such failure shall have been given to the Board by the Bond Registrar; *provided, however*, that if such observance or performance requires work to be done, actions to be taken or conditions to be remedied which by its or their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default under this subsection (c) shall be deemed to have occurred or to exist if and so long as the Board shall have commenced such work, action or remediation within such 30-day period and provided written notice thereof to the Bond Registrar, and the Board shall diligently and continuously prosecute the same to completion.

Within five days after actual knowledge by a Responsible Officer of the Bond Registrar of an Event of Default under subsection (a) or (b) above, the Bond Registrar shall give written notice, by registered or certified mail, to the Board, the Liquidity Facility Provider and the Bondholders, and upon notice as provided in Section 801(h), shall give similar notice of any other Event of Default.

*Section 702. Remedies; Rights of Bondholders.* Upon the continuance of an Event of Default, if so requested by a Majority of the Bondholders, and if satisfactory indemnity has been furnished to it, the Bond Registrar shall exercise such of the rights and powers conferred by the Bond Resolution or this Modal Agreement as the Bond Registrar, being advised by counsel, shall deem most effective to enforce and protect the interests of the Bondholders.

No remedy under this Modal Agreement is intended to be exclusive, and to the extent permitted by law each remedy shall be cumulative and in addition to any other remedy hereunder or under the Bond Resolution or now or hereafter existing. No delay or omission to exercise any right or power shall impair such right or power or constitute a waiver of any Default or Event of Default or acquiescence therein; and each such right and power may be exercised as often as deemed expedient. No waiver by the Bond

Registrar or the Bondholders of any Default or Event of Default shall extend to any subsequent Default or Event of Default.

*Section 703. Right of Bondholders to Direct Proceedings.* Anything else in the Bond Resolution or this Modal Agreement to the contrary notwithstanding, a Majority of the Bondholders shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Bond Registrar, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Resolution or this Modal Agreement or for the appointment of a receiver or any other proceedings hereunder or thereunder; *provided* that such direction shall be in accordance with applicable law, the Bond Resolution and this Modal Agreement, and *provided* that the Bond Registrar shall be indemnified to its satisfaction.

*Section 704. Application of Moneys.* All moneys received by the Bond Registrar pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances owing to or incurred or made by the Bond Registrar, be deposited in the Bond Fund and applied as provided in the Bond Resolution.

## **ARTICLE VIII**

### **THE BOND REGISTRAR**

*Section 801. Acceptance of Trusts.* The Bond Registrar hereby accepts the trusts imposed upon it by this Modal Agreement, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Bond Registrar, prior to the occurrence of a Default and after the curing of all Defaults which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Bond Resolution and this Modal Agreement. In case a Default has occurred (which has not been cured or waived), the Bond Registrar shall exercise such of the rights and powers vested in it by the Bond Resolution and this Modal Agreement, and use the same degree of care and skill in the exercise of such rights and powers as an ordinary, prudent man would exercise or use in the conduct of his own affairs.

(b) The Bond Registrar 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 not be answerable for the conduct of the same if appointed with due care, *provided* that the Bond Registrar shall be entitled to advice of counsel concerning its 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 Bond Registrar may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Board) selected by the Bond Registrar in the exercise of reasonable care. The Bond Registrar shall not be responsible for any loss or

damage resulting from any action or inaction taken or not taken, as the case may be, in good faith in reliance upon such opinion or advice.

(c) The Bond Registrar shall not be responsible for any recital herein or in the Series 2009A Bonds (except with respect to the certificate of authentication endorsed on the Series 2009A Bonds), or for the validity of the execution by the Board of this Modal Agreement or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Series 2009A Bonds.

(d) The Bond Registrar shall not be accountable for the use of any Series 2009A Bonds authenticated or delivered under the Bond Resolution. The Bond Registrar may become the Owner of Series 2009A Bonds secured hereby with the same rights which it would have if not the Bond Registrar.

(e) The Bond Registrar 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 Bond Registrar pursuant to this Modal Agreement 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 Series 2009A Bond shall be conclusive and binding upon all future owners of the same Series 2009A Bond and upon Series 2009A Bonds issued in exchange therefor or 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 Bond Registrar shall be entitled to rely upon a certificate signed by a Board Representative as sufficient evidence of the facts therein contained and prior to the occurrence of a Default of which the Bond Registrar has been notified as provided in Section 801(h) hereof, or of which by said subsection the Bond Registrar 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 by it to be necessary or advisable, but shall in no case be bound to secure the same. The Bond Registrar may accept a certificate of such officials of the Board who executed the Series 2009A Bonds (or their successors in office) to the effect that a resolution in the form therein set forth has been adopted by the Board as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

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

(h) The Bond Registrar shall not be required to take notice or be deemed to have notice of any Default hereunder except for Defaults specified in

subsections (a) or (b) of Section 701 hereof, unless a Responsible Officer of the Bond Registrar shall be specifically notified in writing at its Principal Office of such Default by the Board or by the Owners of at least 50% in aggregate principal amount of Outstanding Series 2009A Bonds, and all notices or other instruments required by this Modal Agreement to be delivered to the Bond Registrar, must, in order to be effective, be received by a Responsible Officer at the Principal Office of the Bond Registrar, and in the absence of such notice so delivered the Bond Registrar may conclusively assume there is no Default except as aforesaid.

(i) At any and all reasonable times the Bond Registrar, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books and records of the Board pertaining to the Series 2009A Bonds, and to make such copies and memoranda from and with regard thereto as may be desired.

(j) The Bond Registrar shall not be required to give any bond or surety in respect of the execution of this Modal Agreement or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Modal Agreement with respect to the authentication of any Series 2009A Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Modal Agreement, the Bond Registrar shall have the right, but shall not be required, to demand 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, deemed desirable by the Bond Registrar for the purpose of establishing the right of the Board to the authentication of any Series 2009A Bonds, the withdrawal of any cash or the taking of any other action.

(l) Before taking any action under this Modal Agreement (other than paying the principal of, redemption premium (if any) and interest on the Series 2009A Bonds as the same shall become due and payable), the Bond Registrar may require that a satisfactory indemnity bond be furnished for the reimbursement of any expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Bond Registrar shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent otherwise required herein or required by law.

(n) The Bond Registrar's immunities and protections from liability and its right to compensation and indemnification in connection with the performance of its duties under this Modal Agreement shall extend to the Bond Registrar's officers, directors, agents and employees. Notwithstanding anything else

contained herein or in any other document or instrument executed by or on behalf of the Bond Registrar in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future officer, director, employee, or agent of the Bond Registrar in any such person's individual capacity and no such person, in his individual capacity shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulation, covenant, agreement or obligation. All immunities and protections and rights to indemnification of the Bond Registrar and its officers, directors, employees and agents, together with the Bond Registrar's rights to compensation, shall survive the Bond Registrar's resignation or removal and final payment of the Series 2009A Bonds.

(o) Notwithstanding anything else herein contained, (i) the Bond Registrar shall not be liable for any error or judgment made in good faith unless it is proven that the Bond Registrar was negligent in ascertaining the pertinent facts, and (ii) no provisions of this Modal Agreement shall require the Bond Registrar to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it believes the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(p) The Bond Registrar shall not be liable or responsible for the acts or omissions of the Remarketing Agent.

(q) In the event the Bond Registrar receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Series 2009A Bonds, each representing less than a majority in aggregate principal amount of the Series 2009A Bonds Outstanding, the Bond Registrar, in its sole discretion, may determine what action, if any, shall be taken.

(r) The Bond Registrar shall have no responsibility for any registration, filing, recording, reregistration, refiling or rerecording of this Modal Agreement or any other document or instrument executed in connection with this Modal Agreement and the issuance and sale of the Series 2009A Bonds, including without limitation, any financing statements or continuation statements with respect thereto.

(s) To the extent that it is necessary for the Bond Registrar to determine whether any Person is a Beneficial Owner, the Bond Registrar shall make such determination based on a certification of such Person (on which the Bond Registrar may conclusively rely) setting forth in satisfactory detail the principal balance and bond certificate owned and any intermediaries through which such bond certificate is held. The Bond Registrar shall be entitled to rely conclusively on information it receives from DTC or other applicable Securities Depository, its direct Participants and the indirect participating brokerage firms for such Participants with respect to the identity of a Beneficial Owner. The Bond



Registrar shall not be deemed to have actual or constructive knowledge of the books and records of DTC or its Participants.

(t) In situations where a Favorable Opinion of Bond Counsel or an opinion of Bond Counsel is required or requested to be delivered under this Modal Agreement or under the Bond Resolution after the date of delivery of the Series 2009A Bonds, the Bond Registrar shall accept (unless otherwise directed by the Board) an opinion in such form and with such disclosures as may be required so that such opinion will not be treated as a "covered opinion" for purposes of the United States Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

*Section 802. Dealing in Bonds.* The Bond Registrar and any of its directors, officers, employees or agents may become the owners of any or all of the Series 2009A Bonds secured hereby with the same rights as if such owner were not the Bond Registrar or an affiliate of the Bond Registrar.

*Section 803. Bond Registrar to Retain Information; No Responsibility.* So long as any of the Series 2009A Bonds shall be outstanding, the Bond Registrar shall retain all certificates, all financial statements for the most recent three years and all other written information furnished to it by or on behalf of the Board or any other Person under this Modal Agreement and shall make such documentation available for review after reasonable notice during regular business hours at the principal corporate trust office of the Bond Registrar to the Board and any Series 2009A Bondholder and, so long as the Series 2009A Bonds are held by the DTC or other Securities Depository or its nominee, any Beneficial Owner of Series 2009A Bonds presenting evidence of such ownership reasonably satisfactory to the Bond Registrar. The Bond Registrar shall permit such reviewers to take copies of all or any part of such documentation, subject to their payment of such reasonable copying and handling charges as the Bond Registrar may impose. Unless otherwise expressly provided, the Bond Registrar shall not have any responsibility with respect to any such reports, notices, certificates, financial statements and other written information furnished to it hereunder, except to make them available for inspection, at reasonable times, as provided above.

*Section 804. Certain Notices to Rating Agencies and Bondholders.* The Bond Registrar or the Board shall give or cause to be given to each Rating Agency then rating the Series 2009A Bonds notice of (i) any change in the identity of the Tender Agent, the Remarketing Agent or the Bond Registrar, (ii) any amendment to the Liquidity Facility, any Alternate Liquidity Facility, the Remarketing Agreement or this Modal Agreement, (iii) any extension of the termination or expiration date of the Liquidity Facility or any Alternate Liquidity Facility, (iv) the termination of the Liquidity Facility or any Alternate Liquidity Facility, whether or not prior to its stated termination date, (v) any mandatory tender, optional redemption, mandatory redemption, defeasance or acceleration of Series 2009A Bonds, (vi) the occurrence of any Event of Default under this Modal Agreement and (vii) the conversion of Series 2009A Bonds to bear interest at a Daily Interest Rate, a Long-Term Interest Rate or at Short-Term Interest Rates. The Bond Registrar or the Board also agree to give Rating Agency any other information reasonably requested by

the Rating Agency as necessary to maintain the rating on the Series 2009A Bonds. For the purpose of this paragraph, the addresses of the Rating Agencies shall be the following (or in each case such other address as the Rating Agency has specified to the parties hereto):

Moody's Investors Service  
99 Church Street  
New York, New York 10007-2796  
Attention: Structured Finance Group

Standard & Poor's Rating Services  
55 Water Street, 38th Floor  
New York, New York 10041  
Attention: Public Finance Department  
Structured Finance Group  
email: pubfin\_structured@standardandpoors.com

## ARTICLE IX

### SUPPLEMENTAL MODAL AGREEMENTS AND WAIVERS

*Section 901. Supplemental Modal Agreements Not Requiring Consent of Bondholders.* The Board and the Bond Registrar may without consent of, or notice to, any of the Bondholders, enter into a Modal Agreement or Modal Agreements supplemental to this Modal Agreement for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Modal Agreement;
- (b) to grant to or confer upon the Bond Registrar for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Bond Registrar;
- (c) to modify, amend or supplement this Modal Agreement or any Modal Agreement supplemental hereof in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Series 2009A Bonds for sale under the securities laws of any of the states of the United States of America;
- (d) to evidence the appointment of a separate or co-bond registrar or the succession of a new Bond Registrar hereunder;
- (e) to make any revisions of this Modal Agreement that shall be required by a Rating Agency in order to obtain or maintain an investment grade rating on the Series 2009A Bonds;

(f) to make any revisions of this Modal Agreement that shall be necessary in connection with the Board furnishing a Liquidity Facility, including but not limited to revising the Interest Payment Dates for Liquidity Facility Bonds;

(g) to make any revisions of this Modal Agreement that might be necessary in connection with the Board furnishing a bond insurance policy, letter of credit or other financial instrument on agreement securing the payment of the principal of and interest on the Series 2009A Bonds when due, including, without limitation, provision for the creation of additional subaccounts within the Series 2009A Bond and Interest Subaccount, covenants and agreements with the provider of such an agreement, the terms and conditions upon which the Board may replace or terminate such an agreement, and the rights of the Bondholders with respect to such agreement;

(h) to provide for an uncertificated system of registering the Series 2009A Bonds or to provide for changes to or from the book-entry system;

(i) to effect any other change herein which, in the judgment of the Bond Registrar, is not to the prejudice of the Bond Registrar or the Bondholders; or

(j) to make revisions to this Modal Agreement that shall become effective only upon, and in connection with, the remarketing of all of the Series 2009A Bonds then Outstanding.

The Rating Agencies shall receive prior written notice from the Bond Registrar of the proposed amendment but such notice shall not be a condition of the effectiveness of such amendment.

*Section 902. Supplemental Modal Agreements Requiring Consent of Bondholders.* Exclusive of supplemental Modal Agreements permitted by Section 901 hereof and subject to the terms and provisions contained in this Section, and not otherwise, Owners of not less than a majority in aggregate principal amount of the Outstanding Series 2009A Bonds shall have the right, from time to time, anything contained in this Modal Agreement to the contrary notwithstanding, to consent to and approve the execution by the Board and the Bond Registrar of such other Modal Agreement or Modal Agreements supplemental hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Modal Agreement or in any supplemental Modal Agreement; *provided, however*, that nothing in this Section or in Section 901 hereof contained shall permit, or be construed as permitting, without the consent of the Owners of all Series 2009A Bonds Outstanding, (a) an extension of the maturity of the principal of, or the interest on, any Series 2009A Bonds, or (b) a reduction in the principal amount of, or redemption premium on, any Series 2009A Bonds or the rate of interest thereon, or (c) a privilege or priority of any Series 2009A Bonds or Series 2009A Bonds over any other Series 2009A Bonds or Series 2009A Bonds, or (d) a

reduction in the aggregate principal amount of the Series 2009A Bonds required for consent to such supplemental Modal Agreements or any modifications or waivers of the provisions of this Modal Agreement.

If at any time the Board shall request the Bond Registrar to enter into any such supplemental Modal Agreement for any of the purposes of this Section, the Bond Registrar shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental Modal Agreement to be given to the Bondholders in the same manner as provided in Section 403 of this Modal Agreement for the giving of notices of redemption; *provided*, that prior to the delivery of such notice, the Bond Registrar may require a Favorable Opinion of Bond Counsel with respect to the supplemental Modal Agreement. Such notice shall briefly set forth the nature of the proposed supplemental Modal Agreement and shall state that copies thereof are on file at the Principal Office of the Bond Registrar for inspection by all Series 2009A Bondholders. If, within 60 days or such longer period as shall be prescribed by the Board following such notice, the Owners of not less than a majority in aggregate principal amount of the Series 2009A Bonds Outstanding at the time of the execution of any such supplemental Modal Agreement shall have consented to and approved the execution thereof as herein provided, no Series 2009A Bondholder 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 Bond Registrar or the Board from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental Modal Agreement as in this Section permitted and provided, this Modal Agreement shall be and be deemed to be modified and amended in accordance therewith.

The Bond Registrar shall mail to each Rating Agency prior written notice of the proposed amendment, but such notice shall not be a condition of the effectiveness of such amendment.

*Section 903. Modification by Unanimous Consent.* Notwithstanding anything contained elsewhere in this Modal Agreement, the rights and obligations of the Board, the Bond Registrar and the Holders of the Series 2009A Bonds, and the terms and provisions of the Series 2009A Bonds and this Modal Agreement or any supplemental agreement may be modified or altered in any respect with the consent of the Board, the Bond Registrar and the Holders of all of the Series 2009A Bonds then outstanding; *provided, however*, that such modification or alteration is permitted by the Bond Resolution.

*Section 904. Execution of Amendments and Supplements by Bond Registrar.* The Bond Registrar shall not be obligated to sign any amendment or supplement to this Modal Agreement or the Series 2009A Bonds pursuant to this Article if the amendment or supplement, in the judgment of the Bond Registrar, could adversely affect the rights, duties, liabilities, protections, privileges, indemnities or immunities of the Bond Registrar. In signing an amendment or supplement, the Bond Registrar (subject to Section 801) shall be fully protected in relying on a Favorable Opinion of Bond Counsel with respect to such amendment or supplement.

## ARTICLE X

### MISCELLANEOUS

*Section 1001. Consents, etc., of Series 2009A Bondholders.* Any consent, request, direction, approval, objection or other instrument required by this Modal Agreement to be signed and executed by the Series 2009A Bondholders may be in any number of concurrent documents and may be executed by such Series 2009A Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the written appointment of any such agent or of the ownership of Series 2009A Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Modal Agreement, and shall be conclusive in favor of the Bond Registrar with regard to any action taken by it under such request or other instrument. The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by an officer authorized by law to take acknowledgments of deeds certifying that the person signing such instrument or writing acknowledged to him the execution thereof. The fact of ownership of Series 2009A Bonds and the amount or amounts, numbers and other identification of such Series 2009A Bonds, and the date of owning the same shall be proved by the registration books of the Board maintained by the Bond Registrar pursuant to the Bond Resolution. The fact of beneficial ownership of Series 2009A Bonds in book-entry form, when required, shall be determined as provided in Section 801(s).

*Section 1002. Limitation of Rights.* With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Modal Agreement or the Series 2009A Bonds is intended or shall be construed to give to any person or company other than the parties hereto, the Liquidity Facility Provider, and the Series 2009A Bondholders any legal or equitable right, remedy or claim under or with respect to this Modal Agreement or any covenants, conditions and provisions herein contained; this Modal Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Liquidity Facility Provider, and the Series 2009A Bondholders as herein provided.

*Section 1003. Severability.* If any provision of this Modal Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

*Section 1004. Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and, except as provided in Section 801(h), shall be deemed to be delivered if in writing or in the form of a facsimile addressed to the appropriate Notice Address and if either (a) actually delivered at said address or (b) in the case of a letter, three Business Days shall have elapsed after the same shall have been deposited in the United States mail, first-class postage prepaid or registered or certified.

A copy of each notice, certificate or other communication given by any party hereto shall also be given to the other party hereto and to the Board in the manner provided for in this Section 1004.

A duplicate copy of each notice required to be given hereunder by any person listed above shall also be given to the others. The Board, the Bond Registrar and the Remarketing Agent may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

*Section 1005. Payments Due on Saturdays, Sundays and Holidays.* In any case where a Payment Date is not a Business Day, then payment of interest or principal and any premium due on such day need not be made by the Bond Registrar on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Payment Date.

*Section 1006. Extent of Board Covenants; No Personal Liability.* No covenant, stipulation, obligation or agreement of the Board contained in this Modal Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, director, officer, employee or agent of the Board in his or her individual capacity; and no such person (including any such person executing the Series 2009A Bonds) shall be liable personally on the Series 2009A Bonds or be subject to any personal liability by reason of their issuance. No recourse shall be had by the Board, the Bond Registrar or any Bondholder for any claim based on this Modal Agreement against any member, director, officer, employee or agent of the Board alleging personal liability on the part of such person unless such claim is based upon the willful dishonesty of or intentional violation of law by such person.

*Section 1007. Bonds Owned by Board.* In determining whether Holders of the requisite aggregate principal amount of the Series 2009A Bonds have concurred in any direction, consent or waiver under this Modal Agreement, Series 2009A Bonds which are owned by the Board (unless the Board owns all of the Series 2009A Bonds which are then outstanding, determined without regard to this Section 1007) shall be disregarded and deemed not to be outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Bond Registrar shall be protected in relying on any such direction, consent or waiver, only Series 2009A Bonds which the Bond Registrar knows are so owned shall be so disregarded. Series 2009A Bonds so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Bond Registrar the pledgee's right so to act with respect to such Series 2009A Bonds and that the pledgee is not the Board (unless the Board owns all of the Series 2009A Bonds which are then outstanding, determined without regard to this Section 1007). In case of a dispute as to such right, any decision by the Bond Registrar taken in good faith upon the advice of counsel shall be full protection to the Bond Registrar in accordance with its standards of performance hereunder.

*Section 1008. Captions; Index.* The captions, headings and index in this Modal Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Modal Agreement.

*Section 1009. Counterparts.* This Modal Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

*Section 1010. Governing Law.* This Modal Agreement shall be governed by the laws of the State.

IN WITNESS WHEREOF, each of the Board and the Bond Registrar has caused this Modal Agreement to be executed and delivered as a sealed instrument in its name and behalf by its authorized officer or authorized agent, all as of the date appearing on page 1.

THE BOARD OF TRUSTEES OF THE  
UNIVERSITY OF ILLINOIS

By: \_\_\_\_\_  
Vice President/CFO and Comptroller

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Bond Registrar

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



EXHIBIT A

(Form of Series 2009A Bond)

Front Side

REGISTERED  
No. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS  
UNIVERSITY OF ILLINOIS  
VARIABLE RATE DEMAND AUXILIARY FACILITIES SYSTEM REVENUE  
BOND, SERIES 2009A

See Reverse Side for  
Additional Provisions

Maturity Date

Dated Date

CUSIP

\_\_\_\_\_, \_\_\_\_

\_\_\_\_\_, 2009

Registered Owner:

Principal Amount:

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS (the "Board"), a body corporate created and existing under the laws of the State of Illinois, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above (or if this Series 2009A Bond is called for earlier redemption, on the redemption date), the Principal Amount identified above and to pay interest and premium, if any, on such Principal Amount until said Principal Amount is paid, as hereinafter described. The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, is serving as bond registrar and paying agent (the "Bond Registrar").

Reference is hereby made to the further provisions of this Series 2009A Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Series 2009A Bond did exist, have happened, been done and performed in regular and due form and time as required by law; and that the amount of this Series 2009A Bond, and the series of which

it is one, and the total authorized issue of Series 2009A Bonds, do not exceed any limit prescribed by the Constitution or statutes of the State of Illinois.

This Series 2009A Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, The Board of Trustees of the University of Illinois has caused this Bond to be executed by the manual or facsimile signatures of its President and two of its members, its corporate seal or a facsimile thereof to be impressed or imprinted hereon, and attested by the Secretary by her manual or facsimile signature, all as of the Dated Date identified above.

THE BOARD OF TRUSTEES OF THE  
UNIVERSITY OF ILLINOIS

\_\_\_\_\_  
Member

\_\_\_\_\_  
President

\_\_\_\_\_  
Member  
(SEAL)

\_\_\_\_\_  
Secretary

Date of Authentication:

\_\_\_\_\_, \_\_\_\_\_

CERTIFICATE  
OF  
AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Bond Resolution and is one of the University of Illinois Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2009A, of The Board of Trustees of the University of Illinois.

THE BANK OF NEW YORK  
MELLON TRUST COMPANY,  
N.A.,  
as Bond Registrar

By: \_\_\_\_\_  
Authorized Officer

[Form of Series 2009A Bond - Reverse Side]

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

UNIVERSITY OF ILLINOIS

VARIABLE RATE DEMAND AUXILIARY FACILITIES SYSTEM REVENUE

BOND, SERIES 2009A

This Series 2009A Bond is one of a duly authorized series of \$\_\_\_\_\_ principal amount of the Series 2009A Bonds (the "*Series 2009A Bonds*") of The Board of Trustees of the University of Illinois (the "*Board*"), issued or to be issued, pursuant to a Bond Resolution of the Board duly adopted September 20, 1984, as supplemented (said Bond Resolution as so supplemented being herein referred to as the "*Bond Resolution*") for the purpose of refunding certain outstanding bonds of the Board and improving certain facilities which are part of, and constructing or acquiring certain new facilities which will become part of, the University of Illinois Auxiliary Facilities System (the "*System*"), all under and pursuant to the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, as amended, and the Bond Resolution, to which Bond Resolution reference is hereby made for a statement of the funds and revenues from which this Series 2009A Bond and the issue of which it is a part are payable and the conditions and restrictions pursuant to which outstanding bonds on a parity herewith have been issued and future additional bonds on a parity herewith may be issued (such parity bonds being collectively the "*Parity Bonds*"), and pursuant to which this Series 2009A Bond has been issued and future Parity Bonds may be issued. All capitalized terms not defined herein shall have the meanings assigned to them in the Bond Resolution or in the hereinafter defined Modal Agreement.

Irrevocable trust accounts have been established with The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, for the purpose of paying principal of and interest on certain outstanding bonds, defined in the Bond Resolution and hereinafter referred to as the "*Refunded Bonds*," originally issued to pay part of the costs of acquiring portions of the facilities constituting the System or to refund bonds originally issued to pay part of the costs of acquiring portions of the facilities constituting the System. Subject to any rights existing in the holders of the Refunded Bonds which will remain outstanding pending the payment of the Refunded Bonds from the funds and investments in the above described trust accounts, this Series 2009A Bond and the issue of which it is a part, together with such Parity Bonds as have been heretofore issued or as may be hereafter issued under the provisions of the authorizing Bond Resolution (collectively, the "*Bonds*"), are payable from and secured by a pledge and lien on (i) the Net Revenues of the System, (ii) Student Tuition and Fees (subject to prior payment of operating and maintenance expenses of the System, but only to the extent necessary) and (iii) the Bond and Interest Sinking Fund Account.

All of the Bonds are equally and ratably secured by said pledge and lien without priority or preference one over the other by reason of series designation, denomination, number, maturity, date or terms of redemption prior to maturity, date of sale or delivery

or otherwise. Certain Parity Bonds heretofore issued, specifically, the Series 1991 Bonds, the Series 1993 Bonds and the Series 1996 Bonds, are further secured, and Parity Bonds that may be issued by the Board in the future may be secured, by income received from, and funds on deposit in, the Debt Service Reserve Fund. The Series 2009A Bonds are not secured by nor payable from any income received from, or funds on deposit in, the Debt Service Reserve Fund.

This Series 2009A Bond, and the series of which it forms a part, do not constitute an indebtedness of the University of Illinois, The Board of Trustees of the University of Illinois, or the State of Illinois, within any constitutional or statutory limitation, and neither the taxing power nor the general credit of the University, The Board of Trustees, or the State of Illinois is pledged to the payment of this Bond or the interest thereon in the Bond Resolution.

The Board has covenanted in the Bond Resolution that it will keep and perform all of the covenants and agreements in the Bond Resolution and that it will require and adopt such rules and regulations as are necessary to assure maximum occupancy and use of the System and that the rents, fees, charges and admissions, chargeable to the occupants of, and students, faculty members and others being served by, or having the right to use or having the right to be served by the System and Student Tuition and Fees shall be so fixed and revised from time to time and shall be so collected that the amount of Net Revenues plus Student Tuition and Fees in each Fiscal Year is at least equal to 200 per cent (2.0 times) the Maximum Annual Net Debt Service, as defined in the Bond Resolution.

The Series 2009A Bonds are issuable as fully registered bonds in authorized denominations set forth in the Modal Agreement dated as of February 1, 2009 between the Board and the Bond Registrar (the "*Model Agreement*"). The terms of the Series 2009A Bonds, including provisions for optional and mandatory redemption prior to maturity and optional and mandatory tender for purchase, are included in the Modal Agreement. Series 2009A Bondholders are referred to the Modal Agreement for a statement of such terms.

The Board has established a book-entry only system of registration for the Series 2009A Bonds. Except as specifically provided otherwise in the Bond Resolution or the Modal Agreement, the Securities Depository (or its nominee) will be the Owner of this Series 2009A Bond. By acceptance of a confirmation of purchase, delivery or transfer, the Beneficial Owner of this Series 2009A Bond shall be deemed to have agreed to this arrangement.

This Series 2009A Bond will initially bear interest at a Weekly Interest Rate. The interest rate and Interest Rate Period on and for this Series 2009A Bond (unless it is a Liquidity Facility Bond) may be adjusted to a Daily Interest Rate, Short-Term Interest Term Rates or a Long-Term Interest Rate, as described in the Modal Agreement. This Series 2009A Bond shall not, at any time, bear interest in excess of the lesser of 12% per annum and the maximum rate of interest permitted by applicable law, unless this Series 2009A Bond is a Liquidity Facility Bond in which case it shall not, at any time, bear interest in excess of the lesser of 20% per annum and the maximum rate of interest permitted by applicable law.

The Bond Resolution provides that the Board may prepay or provide for the payment of the entire indebtedness of all Outstanding Bonds, any series thereof or any portion thereof, by depositing with the Bond Registrar moneys and/or Government Obligations in an amount, together with the income or increment to accrue thereon, sufficient to pay or redeem all such Bonds. In such case, the liability of the Board in respect of such refunded Bonds shall continue but the Owners thereof shall thereafter be entitled to payment only out of the moneys and/or Government Obligations deposited with the Bond Registrar. Upon such deposit, such Bonds of such series or any such portion thereof shall cease to be entitled to any lien, benefit or security under the Bond Resolution. The Board shall remain the obligor on such Bonds of such series, or any such portion thereof, but the Owners thereof shall be entitled to payment (to the exclusion of all other Owners of Bonds) solely out of such cash and funds received from such Government Obligations.

Reference is hereby made to the Bond Resolution and the Modal Agreement for a more complete description of the nature and extent of the security, the rights of the Owners of the Bonds and the terms and conditions upon which the Bonds are, and are to be issued and secured, to all the provisions of which Bond Resolution, each Owner by the acceptance hereof assents.

Subject to the limitations and upon payment of the charges provided in the Bond Resolution, Series 2009A Bonds may be exchanged for a like aggregate principal amount of Series 2009A Bonds of other authorized denominations. This Series 2009A Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust operations office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution and upon surrender and cancellation of this Series 2009A Bond. Upon such transfer a new registered Series 2009A Bond or Bonds of the same tenor and the same maturity, of an authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Board and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Board nor the Bond Registrar nor any paying agent shall be affected by any notice to the contrary. The Bond Registrar shall not be required to transfer or exchange any Series 2009A Bond bearing interest at a Long-Term Interest Rate during the period after the fifteenth day of the calendar month next preceding the principal or interest payment date on such Series 2009A Bond, nor to transfer or exchange any Series 2009A Bond after notice calling such Series 2009A Bond for redemption has been mailed, nor during a period of 15 days next preceding mailing of the notice of redemption of any Series 2009A Bonds.

With the consent of the Board and to the extent permitted by and as provided in the Bond Resolution, the terms and provisions of the Bond Resolution, or of any instrument supplemental thereto, may be modified or altered by the assent or authority of the Owners of at least a majority in aggregate original principal amount of the Bonds then Outstanding thereunder.

This Series 2009A Bond does not constitute an obligation of the State of Illinois within the meaning or application of any Constitutional or statutory limitation or

provision, and the Owner thereof shall never have the right to demand payment of this Series 2009A Bond or interest hereon out of any funds other than the revenues and income pledged for payment thereof.

(Form of Assignment)

Assignment

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney-in-fact, to transfer the said Bond on the Bond Register with full power of substitution in the premises.

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

Signature guaranteed: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular; without alteration or enlargement or any change whatever.