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**PUERTO RICO SALES TAX FINANCING CORPORATION**

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**EIGHTEENTH SUPPLEMENTAL SALES TAX REVENUE BOND RESOLUTION**

**authorizing**

**SALES TAX REVENUE BONDS,  
FIRST SUBORDINATE SERIES 2011A  
consisting of  
First Subordinate Series 2011A-1  
and  
First Subordinate Series 2011A-2**

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Resolution 2011-07, Adopted on November 16, 2011

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# EIGHTEENTH SUPPLEMENTAL SALES TAX REVENUE BOND RESOLUTION

authorizing

## SALES TAX REVENUE BONDS, FIRST SUBORDINATE SERIES 2011A

BE IT RESOLVED by the Puerto Rico Sales Tax Financing Corporation (the “Corporation”), as follows:

### ARTICLE I

#### DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.1. Supplemental Resolution. This Supplemental Sales Tax Revenue Bond Resolution (this “Supplemental Resolution”) is supplemental to, and is adopted in accordance with, Article II and Article IX of the Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue Bond Resolution, adopted by the Corporation on July 13, 2007, as amended and restated on June 10, 2009 (as amended and restated, the “General Resolution”). The General Resolution and this Supplemental Resolution are hereinafter collectively referred to as the “Resolution”.

SECTION 1.2. Definitions. (a) All terms which are defined in Section 101 of the General Resolution or Section 1.2 hereof, unless otherwise defined in subsection (b) of this Section, shall, for all purposes of this Supplemental Resolution, have the same meanings as such terms are given in Section 101 of the General Resolution or Section 1.2 hereof, respectively, unless the context shall clearly indicate some other meaning.

(b) The following terms shall, for all purposes of this Supplemental Resolution, have the following meanings, unless the context shall clearly indicate some other meaning:

“Applicable Tax-Exempt Municipal Bond Rate,” for any Capital Appreciation Series 2011A-1 Bond or Capital Appreciation Series 2011A-2 Bond to be redeemed, will be the Comparable AAA General Obligations yield curve rate for the remaining weighted average maturity date of such Bond as published by Municipal Market Data. If no such yield curve rate is established for the applicable year, the Comparable AAA General Obligations yield curve rate for the two published maturities most closely corresponding to the applicable year will be determined, and the Applicable Tax-Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis. This is made available daily by Municipal Market Data and is available to its subscribers through its internet address: [www.tm3.com](http://www.tm3.com). In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Municipal Market Data no longer publish the Comparable AAA General Obligations yield curve rate, the Applicable Tax-Exempt Municipal Bond Rate will equal the Consensus Scale yield curve rate for the applicable year. The Consensus Scale yield curve rate is made available daily by Municipal Market Advisors and is available to its subscribers through its Internet address: [www.theconsensus.com](http://www.theconsensus.com). The Applicable Tax-Exempt Municipal Bond Rate shall be calculated on the fifth business day preceding the redemption date.

“Beneficial Owner” means the Person in whose name such Series 2011A Bond is recorded as the beneficial owner of such Series 2011A Bond by a Participant on the records of such Participant or such Person’s subrogee.

“Capital Appreciation Series 2011A-1 Bonds” means the First Subordinate Series 2011A-1 Bonds maturing August 1 in the years 2023, 2024, 2032 and 2041, as to which interest is not paid on a current basis but is accrued and compounded on each February 1 and August 1 commencing February 1, 2012, as Compounded Amount.

“Capital Appreciation Series 2011A-2 Bonds” means the First Subordinate Series 2011A-2 Bonds maturing August 1 in the years 2043 through 2050, as to which interest is not paid on a current basis but is accrued and compounded on each February 1 and August 1 commencing February 1, 2012, as Compounded Amount.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor of DTC with respect to the Series 2011A Bonds.

“Current Interest Commencement Date” means February 1, 2012.

“Current Interest Series 2011A-1 Bonds” means the First Subordinate Series 2011A-1 Bonds excluding the Capital Appreciation Series 2011A-1 Bonds.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor of DTC with respect to the Series 2011A Bonds.

“Debt Service Reserve Requirement” for purposes of the Series 2011A Bonds means the amount of zero (\$0).

“Government Development Bank” means the Government Development Bank for Puerto Rico.

“Interest Payment Date” means for Current Interest Series 2011A-1 Bonds, each February 1 and August 1, commencing February 1, 2012; provided, that if any Interest Payment Date is a day (“Day X”) that is not a Business Day, interest accrued to Day X shall be paid on the next succeeding Business Day.

“Participants” means those broker dealers, banks and other financial institutions for which DTC holds Series 2011A Bonds as securities depository.

“Record Date” means, with respect to the payment of interest on Current Interest Series 2011A-1 Bonds, the fifteenth day of the month (whether or not a Business Day) next preceding such Interest Payment Date.

“Series 2011A Bonds” means the Series 2011A-1 Bonds and the Series 2011A-2 Bonds.

“Series 2011A-1 Bonds” means the Corporation’s Sales Tax Revenue Bonds, First Subordinate Series 2011A-1.

“Series 2011A-2 Bonds” means the Corporation’s Sales Tax Revenue Bonds, First Subordinate Series 2011A-2.

“Tax Certificate” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 to be dated the date of, and executed in connection with, the issuance of the Series 2011A-1 Bonds.

SECTION 1.3. Interpretation. Unless the context clearly otherwise requires, this Series Resolution shall be interpreted in accordance with applicable provisions of the General Resolution.

SECTION 1.4. Authority for this Series Resolution. This Series Resolution is adopted pursuant to the provisions of the Act and the General Resolution.

## ARTICLE II

### AUTHORIZATION OF SERIES 2011A BONDS

SECTION 2.1. Principal Amount, Designation and Series. Pursuant to the provisions of the General Resolution, a Series of Bonds consisting of two components to be designated as “Sales Tax Revenue Bonds” which shall be entitled to the benefit, protection and security of such provisions is hereby authorized, further designated “First Subordinate Series 2011A-1” in the aggregate principal amount at issuance of \$397,758,386.20 and “First Subordinate Series 2011A-2” in the aggregate principal amount at issuance of \$337,037,187.75. All of the Series 2011A Bonds shall constitute “Subordinate Bonds” under the Resolution.

SECTION 2.2. Purposes. The Series 2011A Bonds are being issued for the purpose of providing the Corporation with funds to be used (i) to repay certain of its outstanding obligations, (ii) to finance, directly or indirectly, purposes authorized by the Act, (iii) pay capitalized interest on the Series 2011A-1 Bonds and (iv) to pay Financing Costs, including but not limited to Costs of Issuance.

SECTION 2.3. Details of Series 2011A Bonds. (a) The Series 2011A Bonds in the aggregate principal amount at issuance of \$734,795,573.95 shall be dated as of, and shall bear interest (or accrete Compounded Amount) initially from, the initial date of delivery thereof and payment therefor, and shall mature in the years and in the principal amounts, and (except for Capital Appreciation Series 2011A-1 Bonds and Capital Appreciation Series 2011A-2 Bonds) bear interest payable on each Interest Payment Date at the interest rates per annum, as set forth below:

#### Current Interest Series 2011A-1 Bonds (Serial Bonds)

Maturity Date (August 1)	Principal Amount	Interest Rate
2043	\$175,030,000	5.000%
2043	180,000,000	5.250

### Capital Appreciation Series 2011A-1 Bonds

Maturity Date (August 1)	Initial Principal Amount	Maturity Amount	Approximate Yield
2023	\$22,402,071.30	\$41,055,000.00	5.250%
2024	10,470,396.75	20,715,000.00	5.450
2032	2,864,054.90	10,130,000.00	6.200
2033	4,548,759.25	17,465,000.00	6.300
2041	2,443,104.00	16,320,000.00	6.500

### Capital Appreciation Series 2011A-2 Bonds

Maturity Date (August 1)	Initial Principal Amount	Maturity Amount	Approximate Yield
2043	\$46,272,935.00	\$409,495,000	7.00%
2044	47,997,950.00	455,000,000	7.00
2045	35,058,880.00	356,000,000	7.00
2046	22,706,710.00	247,000,000	7.00
2047	12,787,180.00	149,000,000	7.00
2048	2,403,300.00	30,000,000	7.00
2045	\$18,172,022.00	\$184,525,000	7.00
2046	23,956,038.70	260,590,000	7.00
2047	30,952,270.30	360,665,000	7.00
2048	35,689,806.10	445,510,000	7.00
2049	32,902,826.10	439,995,000	7.00
2050	28,137,269.55	403,055,000	7.00

(b) The Series 2011A-1 Bonds shall consist of the Current Interest Series 2011A-1 Bonds and the Capital Appreciation Series 2011A-1 Bonds. The Series 2011A-2 Bonds shall consist of the Capital Appreciation Series 2011A-2 Bonds.

(i) Interest on the Current Interest Series 2011A-1 Bonds, and Compounded Amount on the Capital Appreciation Series 2011A-1 Bonds and the Capital Appreciation Series 2011A-2 Bonds, shall be computed on the basis of a 360-day year of twelve 30-day months. Compounded Amount on the Capital Appreciation Series 2011A-1 Bonds and the Capital Appreciation Series 2011A-2 Bonds shall be computed each February 1 and August 1, commencing February 1, 2012.

(ii) The Series 2011A Bonds shall be issuable in denominations of \$5,000 (for Capital Appreciation Series 2011A-1 Bonds and Capital Appreciation Series 2011A-2 Bonds, of maturity amount) or integral multiples thereof. Each Series 2011A Bond shall be lettered "2011AR" and shall be numbered consecutively from (1) upwards in order of authentication by the Trustee or otherwise in such manner as the Trustee in its discretion shall determine.

(iii) Except as otherwise provided in Section 2.5, the principal of and premium, if any, and interest on the Series 2011A Bonds shall be payable at the Corporate Trust Office of the Trustee. Except as otherwise provided in Section 2.5, interest on the Series 2011A Bonds shall be paid by check or draft of the Trustee mailed to the Owners thereof as of the applicable Record Date at their respective addresses as shown on the registration books of the Corporation maintained by the Trustee, or, at the option of the Owner of \$1,000,000 or more in principal amount at maturity of the Series 2011A Bonds, by written notice to the Trustee from such Owner at least fifteen (15) calendar days prior to the related payment date, by wire transfer.

SECTION 2.4. Redemption. (a) The Current Interest Series 2011A-1 Bonds are subject to redemption at the option of the Corporation from any source, including, without limitation, the proceeds of refunding bonds or other financing provided by the Corporation, in whole or in part, at any time on or after August 1, 2021, at the redemption price equal to 100% of the principal amount of the Current Interest Series 2011A-1 Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

(b) The Capital Appreciation Series 2011A-1 Bonds and the Capital Appreciation Series 2011A-2 Bonds are subject to redemption prior to maturity, in whole or in part, at the option of the Corporation from any source, including, without limitation, the proceeds of refunding bonds or other financing provided by the Corporation, at any time on or after August 1, 2016, at a redemption price equal to the greater of: (i) 100% of the Compounded Amount thereof, and (ii) the sum of the present values of the remaining scheduled payments of debt service on the Bonds to be redeemed, discounted on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Applicable Tax-Exempt Municipal Bond Rate plus 0.30%.

SECTION 2.5. Book Entry Provisions. (a) Except as provided in subsection (d) of this Section, the Owner of all of the Series 2011A Bonds shall be Cede & Co., as nominee for DTC, and the Series 2011A Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on any Series 2011A Bond registered in the name of Cede & Co. shall be made by wire transfer of Federal or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Series 2011A Bonds at the address indicated for Cede & Co. in the registration books of the Corporation maintained by the Trustee.

(b) The Series 2011A Bonds initially shall be issued in the form of separate single authenticated fully registered Bonds in the amount of each separate stated maturity and for each separate "CUSIP" number within a maturity of the Series 2011A Bonds. Upon initial issuance, the ownership of the Series 2011A Bonds shall be registered in the registration books of the Corporation maintained by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Corporation may treat DTC (or its nominee) as the sole and exclusive Owner of the Series 2011A Bonds registered in its name for the purposes of payment of the principal or Redemption Price of or interest on the Series 2011A Bonds, selecting the Series 2011A Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of the Series 2011A Bonds under the General Resolution or this Supplemental Resolution, registering the transfer of the Series 2011A Bonds, obtaining any consent or other action to be taken by Owners of the Series 2011A Bonds and for all other purposes whatsoever, and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. The Trustee and the Corporation shall not have any responsibility or obligation to any Participant, any Person

claiming a beneficial ownership interest in the Series 2011A Bonds under or through DTC or any Participant, or any other Person which is not shown on the registration books as being an Owner of the Series 2011A Bonds, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2011A Bonds; any notice which is permitted or required to be given to Owners of the Series 2011A Bonds under the General Resolution or this Supplemental Resolution; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2011A Bonds; or any consent given or other action taken by DTC as Owner of the Series 2011A Bonds.

(c) The Trustee shall pay all principal of, and premium, if any, and interest on the Series 2011A Bonds only to or “upon the order of Cede & Co., as nominee for DTC (as that term is used in the Uniform Commercial Code as adopted in the Commonwealth), and all such payments shall be valid and effective to fully satisfy and discharge the Corporation’s obligations with respect to the principal of, and premium, if any, and interest on the Series 2011A Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2011A Bond for each separate stated maturity or separate “CUSIP” number within a maturity evidencing the obligation of the Corporation to make payments of principal of and premium, if any, and interest on the Series 2011A Bonds pursuant to the General Resolution and this Supplemental Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to transfers, the word “Cede & Co.” in this Supplemental Resolution shall refer to such new nominee of DTC.

(d) In the event the Corporation determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2011A Bond certificates, the Corporation may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of the Series 2011A Bond certificates, as applicable, subject to DTC procedures. In such event, the Corporation shall issue, and the Trustee shall transfer and exchange, Series 2011A Bond certificates as requested by DTC and any other Series 2011A Bond owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2011A Bonds at any time by giving notice to the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Corporation and the Trustee shall be obligated to deliver Series 2011A Bond certificates as described in the General Resolution in the event Series 2011A Bond certificates are issued, the provisions of the General Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and of and Redemption Price interest on such certificates. Whenever DTC requests the Corporation and the Trustee to do so, the Trustee and the Corporation will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2011A Bonds to any DTC Participant having Series 2011A Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2011A Bonds.

(e) Notwithstanding any other provision of the General Resolution or this Supplemental Resolution to the contrary, so long as any Series 2011A Bond is registered in the name of Cede & Co, as nominee of DTC, all payments with respect to the principal of, and premium, if any,

and interest on such Series 2011A Bond and all notices with respect to and surrender or delivery of such Series 2011A Bond shall be made and given, respectively, to or by DTC as provided by DTC's operating procedures. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee which arises from the payment by the Trustee of principal or interest on the Series 2011A Bonds in accordance with existing arrangements with DTC.

(f) In connection with any notice or other communication to be provided to Owners of Series 2011A Bonds pursuant to the General Resolution or this Supplemental Resolution by the Corporation or the Trustee with respect to any consent or other action to be taken by Owners of Series 2011A Bonds, the Corporation or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC under this subsection (f) is the sole Owner of the Series 2011A Bonds.

**SECTION 2.6. Events of Default and Remedies; Class Priority.** As provided in Article XI of the Resolution, the Series 2011A Bonds shall be accorded Class Priority immediately behind Senior Bonds and Parity Obligations. All Senior Bonds and all Parity Obligations related thereto shall be accorded senior status such that no Event of Default may be declared for default related to the Series 2011A Bonds, and no remedy may be invoked under said Article XI for any such default on the Series 2011A Bonds, until the Senior Bonds and all Parity Obligations related thereto are fully retired or are defeased in accordance with the provisions of the Resolution. Upon such retirement or defeasance of Senior Bonds and Parity Obligations, remedies available for Events of Default on the Series 2011A Bonds and First Subordinate Obligations shall be in accordance with the provisions of Section 1103 of the Resolution (inserting the Series 2011A Bonds and First Subordinate Obligations in the place of Senior Bonds and Parity Obligations).

**SECTION 2.7. Form of Series 2011A Bonds.** Subject to the provisions of the General Resolution, the Series 2011A Bonds shall be in substantially the form of Exhibit A, with necessary and appropriate variations, omissions and insertions as permitted by the General Resolution and this Supplemental Resolution.

**SECTION 2.8. Compliance with Tax Certificate.** The Corporation covenants that it will comply with the covenants and requirements set forth in the Tax Certificate relating to the Series 2011A Bonds, unless it first receives an opinion from nationally recognized bond counsel to the effect that the failure to do so will not adversely affect the exclusion from gross income of interest on the Series 2011A Bonds for federal income tax purposes.

### **ARTICLE III**

#### **DISPOSITION OF PROCEEDS OF SERIES 2011A BONDS AND OTHER FUNDS**

**SECTION 3.1. Deposits to Accounts or Transfers.** (a) Upon receipt by the Corporation or the Trustee of the proceeds of sale of the Series 2011A-1 Bonds, there shall be deposited by the Corporation or the Trustee in or transferred by the Corporation or the Trustee to:

(i) Government Development Bank (account information: Citibank, N.A. ABA #021000089, for Government Development Bank (GDB) Account No. 3600866, for further credit to the related BGF-COFINA Acct.), the amount of \$1,239,440.37 from the proceeds of the Series 2011A-1 Bonds; provided, that amounts shall be wired to recipients thereof as directed to the Trustee in writing by Government Development Bank.

(ii) To the credit of the COFINA Stabilization Fund FY 2012, the amount of Series 2011A-1 Bond proceeds equal to \$276,000,000.

(iii) To the credit of the Series 2011A-1 Capitalized Interest Account, the amount of Series 2011A-1 Bond proceeds equal to \$35,217,791.05 to be applied for the payment of interest on the Series 2011A Bonds.

(iv) To the credit of the escrow accounts established in connection with the refunding of certain Corporation obligations, the amount of Series 2011A-1 Bond proceeds equal to \$82,610,153.61.

(b) The Series 2011A-2 Bonds shall be delivered to Puerto Rico Infrastructure Financing Authority (“PRIFA”) and the Government of Puerto Rico Employees Retirement System (the “Employees Retirement System”) in satisfaction of the payment of the redemption price for the outstanding \$337,037,187.75 aggregate principal amount of the Corporation’s Sales Tax Revenue Bonds, Junior Subordinate Series 2011A currently held by PRIFA and the Employees Retirement System.

## **ARTICLE IV**

### **ACCOUNTS**

SECTION 4.1. Establishment of Accounts. The Trustee shall establish the following Accounts, separately with respect to the Series 2011A-1 Bonds and Series 2011A-2 Bonds:

- (i) COFINA Stabilization Fund FY 2012 in the Bond Proceeds Account.
- (ii) Series 2011A-1 (First Subordinate/Tax-Exempt) Debt Service Subaccount in the Debt Service Account.
- (iii) Series 2011A-2 (First Subordinate/Tax-Exempt) Debt Service Subaccount in the Debt Service Account.
- (iv) Series 2011A-1 Capitalized Interest Subaccount in the Bond Proceeds Account.

**ARTICLE V  
MISCELLANEOUS**

SECTION 5.1. Headings. The section headings contained herein are for reference purposes only and will not affect in any way the meaning or interpretation of this Supplemental Resolution.

SECTION 5.2. Governing Law. This Supplemental Resolution shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth, provided, however, that to the maximum extent permitted by applicable law, the rights, privileges and duties of the Trustee and any paying agent shall be governed by the law of the jurisdiction in which its Corporate Trust Office is located.

SECTION 5.3. Effective Date. This Supplemental Resolution shall take effect upon the filing with the Trustee of a copy hereof, certified by an Authorized Officer of the Corporation.

SECTION 5.4. No Representations of Trustee. The recitals of fact contained herein and in the Series 2011A Bonds shall be taken as the statements of the Corporation and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the General Resolution or this Supplemental Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution or this Supplemental Resolution, and the Trustee shall incur no liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Series 2011A Bonds

SECTION 5.5. Notices. Except as otherwise provided herein, all notices, certificates or other communications hereunder shall be in writing and shall be deemed given upon receipt, by hand delivery, mail, overnight delivery, telecopy or other electronic means, except in the case of communications given to the Trustee, which shall be effective only upon actual receipt addressed as follows:

To the Trustee:

The Bank of New York Mellon  
101 Barclay Street-7W  
New York, New York 10286  
Attention: Corporate Trust Division-Corporate Finance Unit  
Phone: 212-815-6955  
Fax. 212-815-5595/5596

To the Corporation:

Puerto Rico Sales Tax Financing Corporation  
c/o Government Development Bank for Puerto Rico  
Roberto Sanchez Vilella Government Center  
De Diego Avenue, Stop 22  
Santurce, Puerto Rico 00940; Attention: Executive Director

SECTION 5.6. Invalid Provisions. In case any provision in this Supplemental Resolution or the Series 2011A Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**FORM OF CURRENT INTEREST SERIES 2011A-1 BONDS**

No. 2011AR - \_\_\_\_\_ \$ \_\_\_\_\_

**PUERTO RICO SALES TAX FINANCING CORPORATION  
SALES TAX REVENUE BOND  
FIRST SUBORDINATE SERIES 2011A-1**

<b>DATED DATE</b>	<b>MATURITY DATE</b>	<b>INTEREST RATE</b>	<b>CUSIP NO.</b>
	August 1, _____	_____ %	_____

**REGISTERED OWNER:** Cede & Co.

**PRINCIPAL AMOUNT:** \_\_\_\_\_ DOLLARS

**PUERTO RICO SALES TAX FINANCING CORPORATION** (herein sometimes called the "Corporation"), an instrumentality of the Commonwealth of Puerto Rico (the "Commonwealth"), acknowledges itself indebted, and for value received, hereby promises to pay to the REGISTERED OWNER named above or registered assigns, upon presentation and surrender of this bond at the Corporate Trust Office (as defined in the General Resolution) of the Trustee hereinafter mentioned on the MATURITY DATE specified above (unless redeemed prior thereto as hereinafter provided), the PRINCIPAL AMOUNT specified above, and to pay interest thereon from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the DATED DATE specified above, until the earlier of the maturity or redemption of this bond, at the per annum INTEREST RATE specified above, payable on each February 1 and August 1, commencing February 1, 2012. Both the principal of and the interest on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Payment of the interest on this bond on any interest payment date will be made to the person appearing on the registration books of the Corporation maintained by the Trustee as the registered owner hereof as of the fifteenth day of the month (whether or not a business day) next preceding such interest payment date, such interest to be paid by check or draft mailed to the registered owner at such registered owner's address or, at the option of a registered owner of at least \$1,000,000 in aggregate principal amount of the Series 2011A Bonds (hereinafter defined) who so requests the Trustee in writing at least 15 calendar days prior to such interest payment date, by wire transfer.

The Bonds are payable by the Corporation solely from the Pledged Property held under the Resolution. The Bonds do not constitute a debt, obligation or pledge of the full faith, credit and taxing power of the Commonwealth of Puerto Rico or any of its municipalities or political subdivisions or of instrumentalities (other than the Corporation), and neither the Commonwealth of Puerto Rico nor any of its municipalities or political subdivisions nor instrumentalities (other than the Corporation) shall be liable for the payment thereof.

The Series 2011A Bonds are subject to redemption prior to maturity as provided in the Resolution. Notice of redemption shall be given as provided in the Resolution.

This bond is one of the bonds of a duly authorized series of bonds in the aggregate principal amount at issuance of \$734,795,573.95 designated "Sales Tax Revenue Bonds, First Subordinate Series 2011A", consisting of First Subordinate Series 2011A-1 Bonds (the "Series 2011A-1 Bonds") and First Subordinate Series 2011A-2 Bonds (the "Series 2011A-2 Bonds" and, together with the Series 2011A-1 Bonds, the "Series 2011A Bonds") authorized to be issued pursuant to Act No. 91 of the Legislative Assembly of Puerto Rico, approved May 13, 2006, as amended, and under and pursuant to a Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue Bond Resolution adopted by the Corporation on July 13, 2007 (as amended, herein called the "General Resolution"), and an Eighteenth Supplemental Sales Tax Revenue Bond Resolution adopted by the Corporation on November 16, 2011 (such supplemental resolution and the General Resolution are herein called, collectively, the "Resolution"), for the purposes set forth in the Resolution.

The Series 2011A Bonds are part of a duly authorized issue of bonds issued and to be issued under the Act and under and pursuant to the Resolution for the purposes described in the Resolution. The Series 2011A Bonds, all previously issued bonds and any additional bonds issued under the Resolution are herein referred to collectively as the "Bonds".

The Bonds are special obligations of the Corporation. There is pledged to the payment of the principal or redemption price, if any, of and interest on the Bonds in accordance with the provisions of the Resolution and in accordance with the Class Priority set forth in the Resolution, the Pledged Property as defined and provided in the Resolution, subject only to the provisions of the Resolution permitting the use and application thereof for the purposes and on the conditions set forth in the Resolution. Such pledge and other obligations of the Corporation may be discharged, wholly or in part, at or prior to the maturity of the Bonds upon the making of provision for the payment of the principal thereof and the interest thereon on the terms and conditions set forth in the General Resolution.

Copies of the Resolution are on file at the office of the Corporation, and at the Corporate Trust Office of The Bank of New York Mellon, as trustee under the Resolution (including its successors, herein called the "Trustee"), and reference to the Resolution and any and all supplements thereto and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges and covenants, the terms and conditions upon which Bonds have been issued and additional Bonds may be issued, the rights and remedies of the registered owners of the Bonds with respect thereto, and to other terms and provisions of the Bonds. To the extent and in the manner permitted by the terms of the General Resolution, the provisions of the General Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended.

The registered owner of this bond shall have no right to enforce the provisions of the Resolution, to institute action to enforce the provisions of the Resolution or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

This bond is transferable, as provided in the Resolution, only upon the books of the Corporation maintained for that purpose at the Corporate Trust Office of the Trustee by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer duly executed by the registered owner or such registered owner's attorney duly authorized in writing, and thereupon a new fully registered Series 2011A Bond or Bonds in the same aggregate principal amount, and of the same series, maturity and interest rate, shall be issued to the transferee in exchange therefor as provided in the General Resolution and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Puerto Rico and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 2011A Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the PUERTO RICO SALES TAX FINANCING CORPORATION has caused this bond to be executed in its name by the manual or facsimile signature of an authorized representative, as of the DATED DATE specified above.

**PUERTO RICO SALES TAX FINANCING CORPORATION**

By: \_\_\_\_\_  
Executive Director

[SEAL]

Attest:

\_\_\_\_\_  
Secretary or Assistant Secretary

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the Series 2011A-1 Bonds described in the within mentioned Resolution.

**THE BANK OF NEW YORK MELLON**, as  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication:

**ASSIGNMENT**

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

\_\_\_\_\_  
(please print or typewrite name and address of transferee)

\_\_\_\_\_  
(please insert social security or other identifying number of assignee)  
(For computer record only)

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

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

Signature Guaranteed

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

\_\_\_\_\_  
Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Trustee, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

**FORM OF CAPITAL APPRECIATION SERIES 2011A BONDS**

No. 2011AR-\_\_\_\_

\$ \_\_\_\_\_

**PUERTO RICO SALES TAX FINANCING CORPORATION  
SALES TAX REVENUE BOND  
FIRST SUBORDINATE SERIES 2011A[-1][-2]**

**DATED DATE**

**MATURITY DATE**

**CUSIP NO.**

August 1, \_\_\_\_\_

\_\_\_\_\_

**REGISTERED OWNER:** Cede & Co

**PRINCIPAL AMOUNT AT ISSUANCE:** \_\_\_\_\_ DOLLARS

**PRINCIPAL AMOUNT  
AT MATURITY:** \_\_\_\_\_ DOLLARS

**PUERTO RICO SALES TAX FINANCING CORPORATION** (herein sometimes called the "Corporation"), an instrumentality of the Commonwealth of Puerto Rico (the "Commonwealth"), acknowledges itself indebted, and for value received, hereby promises to pay to the REGISTERED OWNER named above or registered assigns, upon presentation and surrender of this bond at the Corporate Trust Office (as defined in the General Resolution) of the Trustee hereinafter mentioned on the MATURITY DATE specified above (unless redeemed prior thereto as hereinafter provided), the PRINCIPAL AMOUNT AT MATURITY specified above. The principal (consisting of Compounded Amount) of this bond is payable in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts. Interest on this bond shall not be payable on a current basis but shall be compounded, and added to principal, on each August 1 and February 1 commencing February 1, 2012 such that the PRINCIPAL AMOUNT AT ISSUANCE specified above shall accrete to equal the PRINCIPAL AMOUNT AT MATURITY specified above on the MATURITY DATE specified above.

The Bonds are payable by the Corporation solely from the Pledged Property held under the Resolution. The Bonds do not constitute a debt, obligation or pledge of the full faith, credit and taxing power of the Commonwealth of Puerto Rico or any of its municipalities or political subdivisions or of instrumentalities (other than the Corporation), and neither the Commonwealth of Puerto Rico nor any of its municipalities or political subdivisions nor instrumentalities (other than the Corporation) shall be liable for the payment thereof.

The Series 2011A Bonds are subject to redemption prior to maturity as provided in the Resolution. Notice of redemption shall be given as provided in the Resolution.

This bond is one of the bonds of a duly authorized series of bonds in the aggregate principal amount at issuance of \$734,795,573.95 designated "Sales Tax Revenue Bonds, First Subordinate Series 2011A", consisting of First Subordinate Series 2011A-1 Bonds (the "Series 2011A-1 Bonds") and First Subordinate Series 2011A-2 Bonds (the "Series 2011A-2 Bonds" and, together with the Series 2011A-1 Bonds, the "Series 2011A Bonds") authorized to be issued pursuant to Act No. 91 of the Legislative Assembly of Puerto Rico, approved May 13, 2006, as amended, and under and pursuant to a Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue Bond Resolution adopted by the Corporation on July 13, 2007 (as amended, herein called the "General Resolution"), and an Eighteenth Supplemental Sales Tax Revenue Bond Resolution adopted by the Corporation on November 16, 2011 (such supplemental resolution and the General Resolution are herein called, collectively, the "Resolution"), for the purposes set forth in the Resolution.

The Series 2011A Bonds are part of a duly authorized issue of bonds issued and to be issued under the Act and under and pursuant to the Resolution for the purposes described in the Resolution. The Series 2011A Bonds, any previously issued bonds and any additional bonds issued under the Resolution are herein referred to collectively as the "Bonds".

The Bonds are special obligations of the Corporation. There is pledged to the payment of the principal or redemption price, if any, of and interest on the Bonds in accordance with the provisions of the Resolution and in accordance with the Class Priority set forth in the Resolution, the Pledged Property as defined and provided in the Resolution, subject only to the provisions of the Resolution permitting the use and application thereof for the purposes and on the conditions set forth in the Resolution. Such pledge and other obligations of the Corporation may be discharged, wholly or in part, at or prior to the maturity of the Bonds upon the making of provision for the payment of the principal thereof and the interest thereon on the terms and conditions set forth in the General Resolution.

Copies of the Resolution are on file at the office of the Corporation, and at the Corporate Trust Office of The Bank of New York Mellon, as trustee under the Resolution (including its successors, herein called the "Trustee"), and reference to the Resolution and any and all supplements thereto and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges and covenants, the terms and conditions upon which Bonds have been issued and additional Bonds may be issued, the rights and remedies of the registered owners of the Bonds with respect thereto, and to other terms and provisions of the Bonds. To the extent and in the manner permitted by the terms of the General Resolution, the provisions of the General Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended.

The registered owner of this bond shall have no right to enforce the provisions of the Resolution, to institute action to enforce the provisions of the Resolution or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

This bond is transferable, as provided in the Resolution, only upon the books of the Corporation maintained for that purpose at the Corporate Trust Office of the Trustee by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender of

this bond together with a written instrument of transfer duly executed by the registered owner or such registered owner's attorney duly authorized in writing, and thereupon a new fully registered Series 2011A Bond or Bonds in the same aggregate principal amount, and of the same series, maturity and interest rate, shall be issued to the transferee in exchange therefor as provided in the General Resolution and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been signed by the Trustee.

**IT IS HEREBY CERTIFIED, RECITED AND DECLARED** that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Puerto Rico and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 2011A Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

**IN WITNESS WHEREOF**, the PUERTO RICO SALES TAX FINANCING CORPORATION has caused this bond to be executed in its name by the manual or facsimile signature of an authorized representative, as of the DATED DATE specified above.

**PUERTO RICO SALES TAX FINANCING CORPORATION**

By: \_\_\_\_\_  
Executive Director

[SEAL]

Attest

\_\_\_\_\_  
Secretary or Assistant Secretary

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the Series 2011A[-1][-2] Bonds described in the within mentioned Resolution.

**THE BANK OF NEW YORK MELLON**, as  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication:

**ASSIGNMENT**

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

---

(please print or typewrite name and address of transferee)

---

(please insert social security or other identifying number of assignee)  
(For computer record only)

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

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

Signature Guaranteed

---

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

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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**PUERTO RICO SALES TAX FINANCING CORPORATION**

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**NINETEENTH SUPPLEMENTAL SALES TAX REVENUE BOND RESOLUTION**

**authorizing**

**SALES TAX REVENUE BONDS,  
FIRST SUBORDINATE SERIES 2011B**

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Resolution 2011-08, Adopted on November 16, 2011

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**NINETEENTH SUPPLEMENTAL SALES TAX REVENUE BOND RESOLUTION**

**authorizing**

**SALES TAX REVENUE BONDS,  
FIRST SUBORDINATE SERIES 2011B**

BE IT RESOLVED by the Puerto Rico Sales Tax Financing Corporation (the “Corporation”), as follows:

**ARTICLE I**

**DEFINITIONS AND STATUTORY AUTHORITY**

SECTION 1.1. Supplemental Resolution. This Supplemental Sales Tax Revenue Bond Resolution (this “Supplemental Resolution”) is supplemental to, and is adopted in accordance with, Article II and Article IX of the Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue Bond Resolution, adopted by the Corporation on July 13, 2007, as amended and restated on June 10, 2009 (as amended and restated, the “General Resolution”). The General Resolution and this Supplemental Resolution are hereinafter collectively referred to as the “Resolution”.

SECTION 1.2. Definitions. (a) All terms which are defined in Section 101 of the General Resolution or Section 1.2 hereof, unless otherwise defined in subsection (b) of this Section, shall, for all purposes of this Supplemental Resolution, have the same meanings as such terms are given in Section 101 of the General Resolution or Section 1.2 hereof, respectively, unless the context shall clearly indicate some other meaning.

(b) The following terms shall, for all purposes of this Supplemental Resolution, have the following meanings, unless the context shall clearly indicate some other meaning:

“Beneficial Owner” means the Person in whose name such Series 2011B Bond is recorded as the beneficial owner of such Series 2011B Bond by a Participant on the records of such Participant or such Person’s subrogee.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor of DTC with respect to the Series 2011B Bonds.

“Debt Service Reserve Requirement” for purposes of the Series 2011B Bonds means the amount of zero (\$0).

“Government Development Bank” means the Government Development Bank for Puerto Rico.

“Interest Payment Date” means each February 1, May 1, August 1, and November 1, commencing February 1, 2012; provided, that if any Interest Payment Date is a day (“Day X”) that is not a Business Day, interest accrued to Day X shall be paid on the next succeeding Business Day.

“Participants” means those broker dealers, banks and other financial institutions for which DTC holds Series 2011B Bonds as securities depository.

“Record Date” means, with respect to the payment of interest on the Series 2011B Bonds, the fifteenth day of the month (whether or not a Business Day) next preceding such Interest Payment Date.

“Series 2011B Bonds” means the Corporation’s Sales Tax Revenue Bonds, First Subordinate Series 2011B.

“Term Bonds” means the Series 2011B Bonds maturing on August 1 in the years 2031 and 2036, in each case as to which there are Sinking Fund Installments.

SECTION 1.3. Interpretation. Unless the context clearly otherwise requires, this Series Resolution shall be interpreted in accordance with applicable provisions of the General Resolution.

SECTION 1.4. Authority for this Series Resolution. This Series Resolution is adopted pursuant to the provisions of the Act and the General Resolution.

## ARTICLE II

### AUTHORIZATION OF SERIES 2011B BONDS

SECTION 2.1. Principal Amount, Designation and Series. Pursuant to the provisions of the General Resolution, a Series of Bonds designated as “Sales Tax Revenue Bonds” which shall be entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount at issuance of \$45,620,000.

All of the Series 2011B Bonds shall constitute “Subordinate Bonds” under the Resolution.

SECTION 2.2. Purposes. The Series 2011B Bonds are being issued for the purpose of providing the Corporation with funds to be used (i) to repay certain of its outstanding obligations, and (ii) to pay Financing Costs, including but not limited to Costs of Issuance.

SECTION 2.3. Details of Series 2011B Bonds. (a) The Series 2011B Bonds in the aggregate principal amount at issuance of \$45,620,000 shall be dated as of, and shall bear interest initially from, the initial date of delivery thereof and payment therefor, and shall mature in the years and in the principal amounts, and bear interest payable on each Interest Payment Date at the interest rates per annum, as set forth below:

#### **Current Interest Series 2011B Bonds (Term Bonds)**

\$23,230,000 5.00% Term Bonds due August 1, 2031

\$22,390,000 5.150% Term Bonds due August 1, 2036

(b) The Series 2011B Bonds shall consist of Current Interest Bonds.

(c) Interest on the Series 2011B Bonds shall be computed on the basis of a 360-day year of twelve 30-day months and shall be payable on each February 1, May 1, August 1, and November 1 commencing February 1, 2012.

(d) The Series 2011B Bonds shall be issuable in denominations of \$5,000 or integral multiples thereof. Each Series 2011B Bond shall be lettered "2011BR" and shall be numbered consecutively from (1) upwards in order of authentication by the Trustee or otherwise in such manner as the Trustee in its discretion shall determine.

(e) Except as otherwise provided in Section 2.5, the principal of and premium, if any, and interest on the Series 2011B Bonds shall be payable at the Corporate Trust Office of the Trustee. Except as otherwise provided in Section 2.5, interest on the Series 2011B Bonds shall be paid by check or draft of the Trustee mailed to the Owners thereof as of the applicable Record Date at their respective addresses as shown on the registration books of the Corporation maintained by the Trustee, or, at the option of the Owner of \$1,000,000 or more in principal amount at maturity of the Series 2011B Bonds, by written notice to the Trustee from such Owner at least fifteen (15) calendar days prior to the related payment date, by wire transfer.

SECTION 2.4. Redemption. (a) The Term Bonds shall be redeemed in part through application of Sinking Fund Installments as provided in Sections 403 and 508 of the General Resolution, in each case at a Redemption Price equal to the principal amount of the respective Term Bond or portion thereof to be redeemed. Subject to the provisions of Section 508 of the General Resolution permitting amounts to be credited toward part or all of any Sinking Fund Installment, with respect to the Term Bonds due on each of the dates specified above, there shall be due and the Corporation shall in any and all events be required to pay on each Sinking Fund Installment date set forth in the following respective tables the amount set opposite such date, and said amount is hereby established and shall constitute a Sinking Fund installment for the retirement of the respective Term Bonds (the principal amount set opposite the maturity date in said table shall be payable on such maturity date and shall not constitute a Sinking Fund Installment):

<u>August 1, 2031 Maturity</u>		<u>August 1, 2036 Maturity</u>	
<u>Sinking Fund Installment Date</u>	<u>Amount</u>	<u>Sinking Fund Installment Date</u>	<u>Amount</u>
<u>(August 1)</u> 2030	\$11,850,000	<u>(August 1)</u> 2035	\$19,390,000
2031	11,380,000	2036	3,000,000

(b) The Series 2011B Bonds are subject to redemption at the option of the Corporation from any source, including, without limitation, the proceeds of refunding bonds or other financing provided by the Corporation, in whole or in part, at any time on or after August

1, 2021, at the redemption price equal to 100% of the principal amount of the Series 2011B Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

SECTION 2.5. Book Entry Provisions. (a) Except as provided in subsection (d) of this Section, the Owner of all of the Series 2011B Bonds shall be Cede & Co., as nominee for DTC, and the Series 2011B Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on any Series 2011B Bond registered in the name of Cede & Co. shall be made by wire transfer of Federal or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Series 2011B Bonds at the address indicated for Cede & Co. in the registration books of the Corporation maintained by the Trustee.

(b) The Series 2011B Bonds initially shall be issued in the form of separate single authenticated fully registered Bonds in the amount of each separate stated maturity and for each separate "CUSIP" number within a maturity of the Series 2011B Bonds. Upon initial issuance, the ownership of the Series 2011B Bonds shall be registered in the registration books of the Corporation maintained by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Corporation may treat DTC (or its nominee) as the sole and exclusive Owner of the Series 2011B Bonds registered in its name for the purposes of payment of the principal or Redemption Price of or interest on the Series 2011B Bonds, selecting the Series 2011B Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of the Series 2011B Bonds under the General Resolution or this Supplemental Resolution, registering the transfer of the Series 2011B Bonds, obtaining any consent or other action to be taken by Owners of the Series 2011B Bonds and for all other purposes whatsoever, and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. The Trustee and the Corporation shall not have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series 2011B Bonds under or through DTC or any Participant, or any other Person which is not shown on the registration books as being an Owner of the Series 2011B Bonds, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2011B Bonds; any notice which is permitted or required to be given to Owners of the Series 2011B Bonds under the General Resolution or this Supplemental Resolution; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2011B Bonds; or any consent given or other action taken by DTC as Owner of the Series 2011B Bonds.

(c) The Trustee shall pay all principal of, and premium, if any, and interest on the Series 2011B Bonds only to or "upon the order of Cede & Co., as nominee for DTC (as that term is used in the Uniform Commercial Code as adopted in the Commonwealth), and all such payments shall be valid and effective to fully satisfy and discharge the Corporation's obligations with respect to the principal of, and premium, if any, and interest on the Series 2011B Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2011B Bond for each separate stated maturity or separate "CUSIP" number within a maturity evidencing the obligation of the Corporation to make payments of principal of and premium, if any, and interest on the Series 2011B Bonds pursuant to the General Resolution and this Supplemental Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject

to the provisions herein with respect to transfers, the word “Cede & Co.” in this Supplemental Resolution shall refer to such new nominee of DTC.

(d) In the event the Corporation determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2011B Bond certificates, the Corporation may **notify** DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of the Series 2011B Bond certificates, as applicable, subject to DTC procedures. In **such** event, the Corporation shall issue, and the Trustee shall transfer and exchange, Series 2011B Bond certificates as requested by DTC and any other Series 2011B Bond owners in **appropriate** amounts. DTC may determine to discontinue providing its services with respect to the Series 2011B Bonds at any time by giving notice to the Corporation and the Trustee and discharging **its** responsibilities with respect thereto under applicable law. Under such circumstances (if there **is** no successor securities depository), the Corporation and the Trustee shall be obligated to **deliver** Series 2011B Bond certificates as described in the General Resolution in the event Series 2011B Bond certificates are issued, the provisions of the General Resolution shall apply to, among **other** things, the transfer and exchange of such certificates and the method of payment of principal **and** of and Redemption Price interest on such certificates. Whenever DTC requests the Corporation and the Trustee to do so, the Trustee and the Corporation will cooperate with DTC in **taking** appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2011B Bonds to any DTC Participant having Series 2011B Bonds **credited** to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2011B Bonds.

(e) Notwithstanding any other provision of the General Resolution or this Supplemental Resolution to the contrary, so long as any Series 2011B Bond is registered in the name of **Cede & Co.**, as nominee of DTC, all payments with respect to the principal of, and premium, if **any**, and interest on such Series 2011B Bond and all notices with respect to and surrender or **delivery** of such Series 2011B Bond shall be made and given, respectively, to or by DTC as provided **by** DTC’s operating procedures. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee which arises from the payment by the Trustee of principal of or interest on the Series 2011B Bonds in accordance with existing arrangements with DTC.

(f) In connection with any notice or other communication to be provided to Owners of Series 2011B Bonds pursuant to the General Resolution or this Supplemental Resolution by **the** Corporation or the Trustee with respect to any consent or other action to be taken by Owners of Series 2011B Bonds, the Corporation or the Trustee, as the case may be, shall establish a **record** date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be **given** only when DTC under this subsection (f) is the sole Owner of the Series 2011B Bonds.

**SECTION 2.6. Events of Default and Remedies; Class Priority.** As provided in Article XI of the Resolution, the Series 2011B Bonds shall be accorded Class Priority immediately behind Senior Bonds and Parity Obligations. All Senior Bonds and all Parity Obligations related thereto shall be accorded senior status such that no Event of Default may **be** declared for default related to the Series 2011B Bonds, and no remedy may be invoked **under** said Article XI for any such default on the Series 2011B Bonds, until the Senior Bonds and **all** Parity Obligations related thereto are fully retired or are defeased in accordance with **the**

provisions of the Resolution. Upon such retirement or defeasance of Senior Bonds and Parity Obligations, remedies available for Events of Default on the Series 2011B Bonds and First Subordinate Obligations shall be in accordance with the provisions of Section 1103 of the Resolution (inserting the Series 2011B Bonds and First Subordinate Obligations in the place of Senior Bonds and Parity Obligations).

SECTION 2.7. Form of Series 2011B Bonds. Subject to the provisions of the General Resolution, the Series 2011B Bonds shall be in substantially the form of Exhibit A, with necessary and appropriate variations, omissions and insertions as permitted by the General Resolution and this Supplemental Resolution.

### **ARTICLE III**

#### **DISPOSITION OF PROCEEDS OF SERIES 2011B BONDS AND OTHER FUNDS**

SECTION 3.1. Deposits to Accounts or Transfers. Upon receipt by the Corporation or the Trustee of the proceeds of sale of the Series 2011B Bonds, there shall be deposited by the Corporation or the Trustee in or transferred by the Corporation or the Trustee to:

(a) Government Development Bank (account information: Citibank, N.A. ABA #021000089, for Government Development Bank (GDB) Account No. 3600866, for further credit to the related BGF-COFINA Acct.), the amount of \$174,711.95 for Costs of Issuance; provided, that amounts shall be wired to recipients thereof as directed to the Trustee in writing by Government Development Bank.

(b) To the credit of the escrow accounts established in connection with the refunding of certain Corporation obligations, the amount of Series 2011B Bond proceeds equal to \$42,850,240.20.

(c) To the credit of the Capitalized Interest Account, the amount of Series 2011B Bond proceeds equal to \$1,991,522.74 to be applied for the payment of interest on the Series 2011B Bonds.

### **ARTICLE IV**

#### **ACCOUNTS**

SECTION 4.1. Establishment of Accounts. The Trustee shall establish the following Accounts with respect to the Series 2011B Bonds:

- (a) Series 2011B Bond Proceeds Subaccount in the Bond Proceeds Account.
- (b) Series 2011B (First Subordinate/Tax-Exempt) Debt Service Subaccount in the Debt Service Account.
- (c) Series 2011B Capitalized Interest Subaccount in the Bond Proceeds Account.

**ARTICLE V  
MISCELLANEOUS**

SECTION 5.1. Headings. The section headings contained herein are for reference purposes only and will not affect in any way the meaning or interpretation of this Supplemental Resolution.

SECTION 5.2. Governing Law. This Supplemental Resolution shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth, provided, however, that to the maximum extent permitted by applicable law, the rights, privileges and duties of the Trustee and any paying agent shall be governed by the law of the jurisdiction in which its Corporate Trust Office is located.

SECTION 5.3. Effective Date. This Supplemental Resolution shall take effect upon the filing with the Trustee of a copy hereof, certified by an Authorized Officer of the Corporation.

SECTION 5.4. No Representations of Trustee. The recitals of fact contained herein and in the Series 2011B Bonds shall be taken as the statements of the Corporation and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the General Resolution or this Supplemental Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution or this Supplemental Resolution, and the Trustee shall incur no liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Series 2011B Bonds

SECTION 5.5. Notices. Except as otherwise provided herein, all notices, certificates or other communications hereunder shall be in writing and shall be deemed given upon receipt, by hand delivery, mail, overnight delivery, telecopy or other electronic means, except in the case of communications given to the Trustee, which shall be effective only upon actual receipt addressed as follows:

To the Trustee:

The Bank of New York Mellon  
101 Barclay Street-7W  
New York, New York 10286  
Attention: Corporate Trust Division-Corporate Finance Unit  
Phone: 212-815-6955  
Fax: 212-815-5595/5596

To the Corporation:

Puerto Rico Sales Tax Financing Corporation  
c/o Government Development Bank for Puerto Rico  
Roberto Sanchez Vilella Government Center  
De Diego Avenue, Stop 22  
Santurce, Puerto Rico 00940; Attention: Executive Director

SECTION 5.6. Invalid Provisions. In case any provision in this Supplemental Resolution or the Series 2011B Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**FORM OF SERIES 2011B BONDS**

No. 2011BR - \_\_\_\_\_

\$ \_\_\_\_\_

**PUERTO RICO SALES TAX FINANCING CORPORATION  
SALES TAX REVENUE BOND  
FIRST SUBORDINATE SERIES 2011B**

**DATED DATE      MATURITY DATE      INTEREST RATE      CUSIP NO.**

August 1, \_\_\_\_\_      \_\_\_\_\_ %      \_\_\_\_\_

**REGISTERED OWNER:** Cede & Co.

**PRINCIPAL AMOUNT:** \_\_\_\_\_ DOLLARS

**PUERTO RICO SALES TAX FINANCING CORPORATION** (herein sometimes called the "Corporation"), an instrumentality of the Commonwealth of Puerto Rico (the "Commonwealth"), acknowledges itself indebted, and for value received, hereby promises to pay to the REGISTERED OWNER named above or registered assigns, upon presentation and surrender of this bond at the Corporate Trust Office (as defined in the General Resolution) of the Trustee hereinafter mentioned on the MATURITY DATE specified above (unless redeemed prior thereto as hereinafter provided), the PRINCIPAL AMOUNT specified above, and to pay interest thereon from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the DATED DATE specified above, until the earlier of the maturity or redemption of this bond, at the per annum INTEREST RATE specified above, payable on each February 1, May 1, August 1 and November 1, commencing February 1, 2012. Both the principal of and the interest on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Payment of the interest on this bond on any interest payment date will be made to the person appearing on the registration books of the Corporation maintained by the Trustee as the registered owner hereof as of the fifteenth day of the month (whether or not a business day) next preceding such interest payment date, such interest to be paid by check or draft mailed to the registered owner at such registered owner's address or, at the option of a registered owner of at least \$1,000,000 in aggregate principal amount of the Series 2011B Bonds (hereinafter defined) who so requests the Trustee in writing at least 15 calendar days prior to such interest payment date, by wire transfer.

The Bonds are payable by the Corporation solely from the Pledged Property held under the Resolution. The Bonds do not constitute a debt, obligation or pledge of the full faith, credit and taxing power of the Commonwealth of Puerto Rico or any of its municipalities or political subdivisions or of instrumentalities (other than the Corporation), and neither the Commonwealth of Puerto Rico nor any of its municipalities or political subdivisions nor instrumentalities (other than the Corporation) shall be liable for the payment thereof.

The Series 2011B Bonds are subject to redemption prior to maturity as provided in the Resolution. Notice of redemption shall be given as provided in the Resolution.

This bond is one of the bonds of a duly authorized series of bonds in the aggregate principal amount at issuance of \$45,620,000 designated "Sales Tax Revenue Bonds, First Subordinate Series 2011B" (the "Series 2011B Bonds") authorized to be issued pursuant to Act No. 91 of the Legislative Assembly of Puerto Rico, approved May 13, 2006, as amended, and under and pursuant to a Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue Bond Resolution adopted by the Corporation on July 13, 2007 (as amended, herein called the "General Resolution"), and a Nineteenth Supplemental Sales Tax Revenue Bond Resolution adopted by the Corporation on November 16, 2011 (such supplemental resolution and the General Resolution are herein called, collectively, the "Resolution"), for the purposes set forth in the Resolution.

The Series 2011B Bonds are part of a duly authorized issue of bonds issued and to be issued under the Act and under and pursuant to the Resolution for the purposes described in the Resolution. The Series 2011B Bonds, all previously issued bonds and any additional bonds issued under the Resolution are herein referred to collectively as the "Bonds".

The Bonds are special obligations of the Corporation. There is pledged to the payment of the principal or redemption price, if any, of and interest on the Bonds in accordance with the provisions of the Resolution and in accordance with the Class Priority set forth in the Resolution, the Pledged Property as defined and provided in the Resolution, subject only to the provisions of the Resolution permitting the use and application thereof for the purposes and on the conditions set forth in the Resolution. Such pledge and other obligations of the Corporation may be discharged, wholly or in part, at or prior to the maturity of the Bonds upon the making of provision for the payment of the principal thereof and the interest thereon on the terms and conditions set forth in the General Resolution.

Copies of the Resolution are on file at the office of the Corporation, and at the Corporate Trust Office of The Bank of New York Mellon, as trustee under the Resolution (including its successors, herein called the "Trustee"), and reference to the Resolution and any and all supplements thereto and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges and covenants, the terms and conditions upon which Bonds have been issued and additional Bonds may be issued, the rights and remedies of the registered owners of the Bonds with respect thereto, and to other terms and provisions of the Bonds. To the extent and in the manner permitted by the terms of the General Resolution, the provisions of the General Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended.

The registered owner of this bond shall have no right to enforce the provisions of the Resolution, to institute action to enforce the provisions of the Resolution or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

This bond is transferable, as provided in the Resolution, only upon the books of the Corporation maintained for that purpose at the Corporate Trust Office of the Trustee by the

registered owner hereof in person or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer duly executed by the registered owner or such registered owner's attorney duly authorized in writing, and thereupon a new fully registered Series 2011B Bond or Bonds in the same aggregate principal amount, and of the same series, maturity and interest rate, shall be issued to the transferee in exchange therefor as provided in the General Resolution and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Puerto Rico and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 2011B Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the PUERTO RICO SALES TAX FINANCING CORPORATION has caused this bond to be executed in its name by the manual or facsimile signature of an authorized representative, as of the DATED DATE specified above.

**PUERTO RICO SALES TAX FINANCING CORPORATION**

By: \_\_\_\_\_  
Executive Director

[SEAL]

Attest:

\_\_\_\_\_  
Secretary or Assistant Secretary

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the Series 2011B Bonds described in the within mentioned Resolution.

**THE BANK OF NEW YORK MELLON**, as  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication:

**ASSIGNMENT**

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

\_\_\_\_\_  
(please print or typewrite name and address of transferee)

\_\_\_\_\_  
(please insert social security or other identifying number of assignee)  
(For computer record only)

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

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

Signature Guaranteed

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

\_\_\_\_\_  
Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

# **PUERTO RICO SALES TAX FINANCING CORPORATION**

Attached to the Government Development Bank for Puerto Rico  
P.O Box 42001, San Juan, PR 00940-2001

## **CERTIFICATION**

I, **ZULEMA E. MARTINEZ-ÁLVAREZ**, Secretary of the Board of Directors of Puerto Rico Sales Tax Financing Corporation, **DO HEREBY CERTIFY** that attached hereto is a true and correct copy of the Resolution Number 2011-06 duly adopted by the Board of Directors of the Corporation at a meeting duly called and held on November 16, 2011, at which a quorum was present and acting throughout. Said resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

## **RESOLUTION 2011-06**

**RESOLUTION AUTHORIZING THE ISSUANCE BY PUERTO RICO SALES TAX FINANCING CORPORATION OF ITS SALES TAX REVENUE BONDS, FIRST SUBORDINATE SERIES 2011A (THE "SERIES 2011A BONDS"), CONSISTING OF FIRST SUBORDINATE SERIES 2011A-1 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$397,758,386.20 (THE "SERIES 2011A-1 BONDS") AND FIRST SUBORDINATE SERIES 2011A-2 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$337,037,187.75 (THE "SERIES 2011A-2 BONDS"), AND ITS SALES TAX REVENUE BONDS, FIRST SUBORDINATE SERIES 2011B IN THE AGGREGATE PRINCIPAL AMOUNT OF \$45,620,000.00 (THE "SERIES 2011B BONDS," AND, TOGETHER WITH THE SERIES 2011A BONDS, THE "SERIES 2011A/B BONDS"); AUTHORIZING THE EIGHTEENTH SUPPLEMENTAL RESOLUTION RELATING TO THE SERIES 2011A BONDS AND THE NINETEENTH SUPPLEMENTAL RESOLUTION RELATING TO THE SERIES 2011B BONDS; AUTHORIZING SUCH OTHER DOCUMENTS SECURING OR RELATING TO THE SERIES 2011A/B BONDS; SPECIFYING THE INTEREST RATES OR METHODS OF CALCULATION OF INTEREST RATES FOR EACH OF SAID SERIES 2011A/B BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT FOR THE SERIES 2011A-1 BONDS AND A PURCHASE CONTRACT FOR THE SERIES 2011B BONDS; RATIFYING THE DISTRIBUTION AND USE OF THE PRELIMINARY OFFICIAL STATEMENT RELATING TO THE SERIES 2011A BONDS AND THE PRELIMINARY OFFICIAL STATEMENT RELATING TO THE SERIES 2011B BONDS; AUTHORIZING THE PREPARATION AND**

**EXECUTION OF THE OFFICIAL STATEMENT RELATING TO THE SERIES 2011A BONDS AND THE OFFICIAL STATEMENT RELATING TO THE SERIES 2011B BONDS; AUTHORIZING THE DELIVERY OF THE SERIES 2011A-2 BONDS TO THE HOLDERS OF THE CORPORATION'S SALES TAX REVENUE BONDS, JUNIOR SUBORDINATE SERIES 2011A; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT OR AGREEMENTS RELATING TO THE REFUNDING OF CERTAIN OBLIGATIONS; DIRECTING THE AUTHENTICATION AND DELIVERY OF THE SERIES 2011A/B BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS**

**WHEREAS**, Puerto Rico Sales Tax Financing Corporation (the "Corporation") was created pursuant to the provisions of Act No. 91 of the Legislative Assembly of Puerto Rico, approved May 13, 2006, as amended and supplemented ("Act 91"), as an independent governmental instrumentality of the Commonwealth of Puerto Rico (the "Commonwealth"), for the purpose of owning the "Dedicated Sales Tax" and "Dedicated Sales Tax Fund" (as such terms are defined in Act 91), and providing for the application of a portion of the Dedicated Sales Tax described in Act 91 (the "Pledged Sales Tax"), directly or indirectly, to the purposes stated in Article 2 of Act 91; and

**WHEREAS**, Act 91 provides that the Corporation has all powers of Government Development Bank necessary for the accomplishment of its corporate purposes, including the power to issue its bonds and otherwise contract debts, in each case secured by a pledge of the Pledged Sales Tax, and the right to receive the same; and

**WHEREAS**, the Corporation deems it necessary and desirable to issue its bonds and otherwise contract debts to provide net proceeds intended to be applied for the purposes stated in Article 2 of Act 91; now, therefore,

**BE IT RESOLVED** by the Board of Directors (the "Board") of the Corporation, as follows:

Section 1. Bonds of the Corporation are hereby authorized to be issued in two series (referred to herein individually as the "Series 2011A Bonds" and the "Series 2011B Bonds" and collectively as the "Series 2011A/B Bonds") in the aggregate initial principal amounts of \$734,795,573.95 and \$45,620,000.00, respectively. The 2011A Bonds will consist of Series 2011A-1 Bonds (the "Series 2011A-1 Bonds") in the aggregate initial principal amount of \$397,758,386.20 and Series 2011A-2 Bonds (the "Series 2011A-2 Bonds") in the aggregate initial principal amount of \$337,037,187.75. The proceeds of the Series 2011A-1 Bonds and the Series 2011B Bonds will be used to refund certain outstanding bonds of the Corporation and to provide moneys to fund a deposit to a Bond Proceeds Account (or pay for purposes for which the Bond Proceeds Account has been established) and otherwise to pay for Costs of Issuance, as provided in the Resolution (defined herein). The Series 2011A-1 Bonds are to be sold to investors in the stateside market and the Series 2011B Bonds are to be sold to investors in the Commonwealth. The Series 2011A-2 Bonds are to be delivered to the Puerto Rico Infrastructure Financing Authority ("PRIFA") and the Government of Puerto Rico Employees Retirement System (the "Employees Retirement System") as provided in Section 3 hereof.

The Series 2011A Bonds shall consist of Series 2011A-1 Bonds which shall be designated as "Sales Tax Revenue Bonds First Subordinate Series 2011A-1" and Series 2011A-2 Bonds which shall be designated as "Sales Tax Revenue Bonds First Subordinate Series 2011A-2." The Series 2011A Bonds shall be dated as required by the Resolution. The Series 2011A-1 Bonds shall consist of Current Interest Bonds (including Serial Bonds and/or Term Bonds) and Capital Appreciation Bonds, as set forth in the Eighteenth Supplemental Resolution referred to below. The Series 2011A-2 Bonds shall consist of Capital Appreciation Bonds, as set forth in the Eighteenth Supplemental Resolution referred to below.

The Series 2011B Bonds shall be designated as "Sales Tax Revenue Bonds First Subordinate Series 2011B." The Series 2011B Bonds shall be dated as required by the Resolution; and shall consist of Current Interest Bonds (including Serial Bonds and/or Term Bonds), as set forth in the Nineteenth Supplemental Resolution referred to below.

The Series 2011A/B Bonds shall constitute "First Subordinate Bonds" under the Resolution.

The terms of the Series 2011A/B Bonds are more fully described in Exhibit A hereto.

The Series 2011A Bonds shall be in such forms and denominations, shall be numbered, shall be payable in such manner, and shall have such other terms and conditions, as provided in the Eighteenth Supplemental Resolution referred to in Section 2 hereof and the Series 2011A Official Statement referred to in Section 5 hereof.

The Series 2011B Bonds shall be in such forms and denominations, shall be numbered, shall be payable in such manner, and shall have such other terms and conditions, as provided in the Nineteenth Supplemental Resolution referred to in Section 2 hereof and the Series 2011B Official Statement referred to in Section 5 hereof.

Section 2. (A) In order to provide for the details of the Series 2011A Bonds and to prescribe the terms and conditions upon which the Series 2011A Bonds are to be issued, secured, executed, authenticated and delivered, the Eighteenth Supplemental Sales Tax Revenue Bond Resolution (the "Eighteenth Supplemental Resolution"), supplementing the Sales Tax Revenue Bond Resolution adopted by the Corporation on July 13, 2007, as previously amended and restated on June 10, 2009 (the "General Resolution") under which The Bank of New York Mellon will act as trustee (the "Trustee"), substantially in the form submitted at this meeting and filed in the records of the Corporation, is hereby accepted and approved, and the Executive Director or any Assistant Executive Director of the Corporation is hereby authorized and directed to deliver the Eighteenth Supplemental Resolution on behalf of the Corporation with such changes, insertions or omissions as shall be approved by the Executive Director or such Assistant Executive Director of the Corporation, such person's delivery thereof to the Series 2011A-1 Underwriters upon issuance of the Series 2011A Bonds to be conclusive evidence of the approval by the Board of any changes, insertions or omissions therein.

(B) In order to provide for the details of the Series 2011B Bonds and to prescribe the terms and conditions upon which the Series 2011B Bonds are to be issued, secured,

executed, authenticated and delivered, the Nineteenth Supplemental Sales Tax Revenue Bond Resolution (the "Nineteenth Supplemental Resolution"; collectively, the Nineteenth Supplemental Resolution, the Eighteenth Supplemental Resolution and the General Resolution are referred to as the "Resolution"), supplementing the General Resolution, substantially in the form submitted at this meeting and filed in the records of the Corporation, is hereby accepted and approved, and the Executive Director or any Assistant Executive Director of the Corporation is hereby authorized and directed to deliver the Nineteenth Supplemental Resolution on behalf of the Corporation with such changes, insertions or omissions as shall be approved by the Executive Director or such Assistant Executive Director of the Corporation, such person's delivery thereof to the Series 2011B Underwriters upon issuance of the Series 2011B Bonds to be conclusive evidence of the approval by the Board of any changes, insertions or omissions therein.

Section 3. (A) The terms and conditions of the Contract of Purchase for the Series 2011A-1 Bonds (the "Series 2011A-1 Purchase Contract") between the Corporation and the underwriters of the Series 2011A-1 Bonds (collectively, the "Series 2011A-1 Underwriters") are hereby accepted and the Series 2011A-1 Purchase Contract is approved in the form presented at this meeting and filed in the records of the Corporation, and the Executive Director or any Assistant Executive Director of the Corporation is hereby authorized and directed to execute and deliver the Series 2011A-1 Purchase Contract, with such changes, insertions and omissions as may be approved by such person, such person's execution of the Series 2011A-1 Purchase Contract to be conclusive evidence of the approval by the Board of such changes, insertions and omissions. The Series 2011A-1 Bonds are hereby awarded to the Series 2011A-1 Underwriters at the price bid of \$395,067,385.03, which represents the par amount of the Series 2011A-1 Bonds, less an underwriting discount equal to \$2,657,479.87 and less original issue discount of \$33,521.30, all upon the terms and conditions set forth in the Series 2011A-1 Purchase Contract.

(B) The refunding of the outstanding \$337,037,187.75 aggregate principal amount of the Corporation's Sales Tax Revenue Bonds, Junior Subordinate Series 2011A (the "2011A Junior Subordinate Bonds") currently held by PRIFA and the Employees Retirement System is hereby accepted and the Executive Director or any Assistant Executive Director of the Corporation is hereby authorized and directed to deliver the Series 2011A-2 Bonds to PRIFA and the Employees Retirement System in satisfaction of the payment of the redemption price for the 2011A Junior Subordinate Bonds and to execute and deliver any and all documents in connection therewith as shall be necessary or desirable, such refunding of such bonds to be conclusive evidence of the approval by the Board of such transaction.

(C) The terms and conditions of the Contract of Purchase for the Series 2011B Bonds (the "Series 2011B Purchase Contract") between the Corporation and the underwriters of the Series 2011B Bonds (collectively, the "Series 2011B Underwriters") are hereby accepted and the Series 2011B Purchase Contract is approved in the form presented at this meeting and filed in the records of the Corporation, and the Executive Director or any Assistant Executive Director of the Corporation is hereby authorized and directed to execute and deliver the Series 2011B Purchase Contract, with such changes, insertions and omissions as may be approved by such person, such person's execution of the Series 2011B Purchase Contract to be conclusive evidence of the approval by the Board of such changes, insertions and omissions. The Series 2011B Bonds are hereby awarded to the Series 2011B Underwriters at the

price bid of \$45,016,474.89, which represents an underwriting discount equal to \$603,525.11, all upon the terms and conditions set forth in the Series 2011B Purchase Contract.

Section 4. The Master Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), by and between the Corporation and the Trustee, previously executed by the Corporation, is hereby ratified and approved.

Section 5. (A) The distribution and use by the Series 2011A-1 Underwriters of the Preliminary Official Statement relating to the Series 2011A Bonds dated November 9, 2011 (the "Series 2011A Preliminary Official Statement"), as submitted at this meeting and filed in the records of the Corporation, are hereby ratified and confirmed. The Corporation has delivered to the Series 2011A-1 Underwriters copies of the Series 2011A Preliminary Official Statement, which, for purposes of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), is the official statement which the Corporation deemed final as of its date except for the omissions permitted by Rule 15c2-12. The Executive Director or any Assistant Executive Director of the Corporation is hereby authorized to prepare and execute a final Official Statement for the Series 2011A Bonds (the "Series 2011A Official Statement"), substantially in the form of the Series 2011A Preliminary Official Statement but reflecting the final details of the transaction and the final forms of the Eighteenth Supplemental Resolution and the other program documents and such other changes, insertions and omissions from the Series 2011A Preliminary Official Statement as shall be approved by such person, such person's execution thereof to be conclusive evidence of approval by the Board of such final Series 2011A Official Statement.

(B) The distribution and use by the Series 2011B Underwriters of the Preliminary Official Statement relating to the Series 2011B Bonds dated November 9, 2011 (the "Series 2011B Preliminary Official Statement"), as submitted at this meeting and filed in the records of the Corporation, are hereby ratified and confirmed. The Corporation has delivered to the Series 2011B Underwriters copies of the Series 2011B Preliminary Official Statement, which, for purposes of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), is the official statement which the Corporation deemed final as of its date except for the omissions permitted by Rule 15c2-12. The Executive Director or any Assistant Executive Director of the Corporation is hereby authorized to prepare and execute a final Official Statement for the Series 2011B Bonds (the "Series 2011B Official Statement"), substantially in the form of the Series 2011B Preliminary Official Statement but reflecting the final details of the transaction and the final forms of the Nineteenth Supplemental Resolution and the other program documents and such other changes, insertions and omissions from the Series 2011B Preliminary Official Statement as shall be approved by such person, such person's execution thereof to be conclusive evidence of approval by the Board of such final Series 2011B Official Statement.

Section 6. The terms and conditions of the Escrow Deposit Agreement for the Series 2011A/B Bonds (the "Escrow Deposit Agreement") relating to the refunding of certain obligations with the proceeds of the Series 2011A/B Bonds are hereby accepted and the Escrow Deposit Agreement is approved in the form presented at this meeting and filed in the records of the Corporation, and the Executive Director or any Assistant Executive Director of the Corporation is hereby authorized and directed to execute and deliver one or more forms of the

Escrow Deposit Agreement as required to effectuate the refunding transactions contemplated by the issuance of the Series 2011A/B Bonds, with such changes, insertions and omissions as may be approved by such person, such person's execution of the Escrow Deposit Agreement(s) to be conclusive evidence of the approval by the Board of such changes, insertions and omissions.

Section 7. The Executive Director of the Corporation is hereby authorized and directed to cause the Series 2011A/B Bonds to bear such person's signature or a facsimile thereof, and the Secretary of the Corporation is hereby authorized and directed to cause the Series 2011A/B Bonds to bear such person's signature or a facsimile thereof, and to cause the corporate seal of the Corporation or a facsimile thereof to be imprinted or impressed on the Series 2011A/B Bonds. The Executive Director or any Assistant Executive Director is hereby authorized and directed, upon the execution of the Series 2011A/B Bonds in the form and manner provided in the Eighteenth Supplemental Resolution and the Nineteenth Supplemental Resolution and in this resolution, to deliver the Series 2011A/B Bonds to the Trustee for authentication. The Trustee is hereby authorized and directed to authenticate and deliver the Series 2011A/B Bonds upon the order of the Corporation, upon payment of the purchase price and in accordance with the terms of the Series 2011A-1 Purchase Contract and the Series 2011B Purchase Contract, respectively.

Section 8. The Blanket Letter of Representations of the Corporation to The Depository Trust Company ("DTC"), previously executed by the Corporation, regarding matters relating to the deposit of the Series 2011A/B Bonds with DTC (the "Letter of Representations"), is hereby ratified and approved.

Section 9. The Executive Director or any Assistant Executive Director of the Corporation is hereby authorized to direct the investment of proceeds of the Series 2011A/B Bonds, including in the Puerto Rico Government Investment Trust Fund as to which the Government Development Bank for Puerto Rico is the Investment Advisor, and also to enter into one or more investment agreements relating to moneys deposited with the escrow agent(s) under the Escrow Deposit Agreement(s) and the investment of the moneys on deposit to the credit of funds and accounts established under the Eighteenth Supplemental Resolution and the Nineteenth Supplemental Resolution with any authorized provider of such an agreement pursuant to the terms of the Resolution, such person's execution thereof to be conclusive evidence of the approval thereof by the Board. Each such investment agreement shall be in such form as is customary in the marketplace (collectively, the "Investment Agreements").

Section 10. (A) The Executive Director or any Assistant Executive Director of the Corporation is hereby authorized to direct the Trustee to deposit the purchase price of the Series 2011A-1 Bonds equal to \$395,067,385.03 as set forth below and to apply, or the Corporation shall apply, such proceeds as follows:

- (i) an amount equal to \$82,610,153.61, together with transfers of \$1,726,405.64 from the Debt Service Account relating to the bonds to be refunded, shall be transferred to the escrow agent(s) under the Series 2011A Escrow Deposit Agreement(s) to be applied as provided in the Series 2011A Escrow Deposit Agreement(s),

(ii) an amount no greater than \$1,239,440.37 shall be credited to the Costs of Issuance Account and paid to or upon the order of Government Development Bank for Puerto Rico to be applied for the payment of Costs of Issuance (as defined in the Resolution) for the Series 2011A Bonds,

(iii) an amount equal to \$276,000,000 shall be credited to the Series 2011A Project Subaccount (FY2012) of the Bond Proceeds Account (the "Project Subaccount") maintained under the Resolution or otherwise transferred to recipients for purposes for which the Project Subaccount was established (as directed by the Corporation), and

(iv) an amount equal to \$35, 217,791.05 to the credit of the Capitalized Interest Account maintained under the Resolution to be applied to the payment of interest on the Series 2011A Bonds.

(B) The Executive Director or any Assistant Executive Director of the Corporation is hereby authorized to direct the Trustee to deposit the purchase price of the Series 2011B Bonds equal to \$45,016,474.89 as set forth below and to apply, or the Corporation shall apply, such proceeds as follows:

(i) an amount equal to \$42,850,240.20, together with transfers of \$2,031,255.33 from the Debt Service Account relating to the bonds to be refunded, shall be transferred to the escrow agent(s) under the Series 2011B Escrow Deposit Agreement(s) to be applied as provided in the Series 2011B Escrow Deposit Agreement(s),

(ii) an amount no greater than \$174,711.95 shall be credited to the Costs of Issuance Account and paid to or upon the order of Government Development Bank for Puerto Rico to be applied for the payment of Costs of Issuance (as defined in the Resolution) for the Series 2011B Bonds, and

(iii) an amount equal to \$1,991,522.74 to the credit of the Capitalized Interest Account maintained under the Resolution to be applied to the payment of interest on the Series 2011B Bonds.

Section 11. The officers of the Corporation and the officers and agents of the Trustee are hereby authorized and directed to do all acts and things required of them by or contemplated in the Resolution (including the Eighteenth Supplemental Resolution and the Nineteenth Supplemental Resolution), the 2011A-1 Purchase Contract, the 2011B Purchase Contract, the Escrow Deposit Agreement(s), the Continuing Disclosure Agreement, the Investment Agreements and the Letter of Representations and also to do all acts and things required of them by or contemplated in the provisions of this resolution. All prior actions taken by officers of the Corporation in connection with the issuance and sale of the Series 2011A/B Bonds are hereby ratified and approved.

Adopted on the 16th day of November, 2011.

IN WITNESS WHEREOF, I set my hand and the official seal of the Puerto Rico Sales  
Tax Financing Corporation, this 23<sup>rd</sup> day of November, 2011.

  
ZULEMA E. MARTÍNEZ-ÁLVAREZ  
SECRETARY

(SEAL)

**MEMORANDUM OF TERMS OF SERIES 2011A/B BONDS**

**First Subordinate Series 2011A-1 Bonds**

The terms of the \$397,758,386.20 Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue Bonds, First Subordinate Series 2011A-1 are hereinafter set forth. Any capitalized terms not defined herein shall have the meaning set forth in the Resolution.

**Series 2011A-1 Current Interest Bonds (Serial Bonds)**

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2043	\$175,030,000	5.00%
2043	180,000,000	5.25

**Series 2011A-1 Capital Appreciation Bonds**

<u>Maturity Date</u> <u>(August 1)</u>	<u>Initial Principal</u> <u>Amount</u>	<u>Maturity</u> <u>Amount</u>	<u>Approximate</u> <u>Yield</u>
2023	\$22,402,071.30	\$41,055,000.00	5.25%
2024	10,470,396.75	20,715,000.00	5.45
2032	2,864,054.90	10,130,000.00	6.20
2033	4,548,759.25	17,465,000.00	6.30
2041	2,443,104.00	16,320,000.00	6.50

**Series 2011A-1 Optional Redemption Provisions:**

*Optional Redemption of Series 2011A-1 Current Interest Bonds.* The Series 2011A-1 Current Interest Bonds are subject to redemption at the option of the Corporation from any source, including, without limitation, the proceeds of refunding bonds or other financing provided by the Corporation, in whole or in part, at any time on or after August 1, 2021, at the redemption price equal to 100% of the principal amount of the Series 2011A-1 Current Interest Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

*Optional Redemption of Series 2011A-1 Capital Appreciation Bonds.* The Series 2011A-1 Capital Appreciation Bonds are subject to redemption prior to maturity, in whole or in part, at the option of the Corporation from any source, including, without limitation, the proceeds of refunding bonds or other financing provided by the Corporation, at any time on or after August 1, 2016, at a redemption price equal to the greater of: (i) 100% of the Compounded Amount, and (ii) the sum of the present values of the remaining scheduled payments of debt service on the Bonds to be redeemed, discounted on a semiannual basis, assuming a 360-day

year consisting of twelve 30-day months, at the Applicable Tax-Exempt Municipal Bond Rate plus 0.30%.

“Applicable Tax-Exempt Municipal Bond Rate” for any Series 2011A-1 Capital Appreciation Bond to be redeemed, will be the Comparable AAA General Obligations yield curve rate for the remaining weighted average maturity date of such Bond as published by Municipal Market Data. If no such yield curve rate is established for the applicable year, the Comparable AAA General Obligations yield curve rate for the two published maturities most closely corresponding to the applicable year will be determined, and the Applicable Tax-Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis. This is made available daily by Municipal Market Data and is available to its subscribers through its internet address: [www.tm3.com](http://www.tm3.com). In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Municipal Market Data no longer publish the Comparable AAA General Obligations yield curve rate, the Applicable Tax-Exempt Municipal Bond Rate will equal the Consensus Scale yield curve rate for the applicable year. The Consensus Scale yield curve rate is made available daily by Municipal Market Advisors and is available to its subscribers through its Internet address: [www.theconsensus.com](http://www.theconsensus.com). The Applicable Tax-Exempt Municipal Bond Rate shall be calculated on the fifth business day preceding the redemption date.

**Series 2011A-2 Optional Redemption Provision:**

*Optional Redemption of Series 2011A-2 Capital Appreciation Bonds.* The Series 2011A-2 Capital Appreciation Bonds are subject to redemption prior to maturity, in whole or in part, at the option of the Corporation from any source, including, without limitation, the proceeds of refunding bonds or other financing provided by the Corporation, at any time on or after August 1, 2021, at a redemption price equal to the greater of: (i) 100% of the Compounded Amount thereof, and (ii) the sum of the present values of the remaining scheduled payments of debt service on the Bonds to be redeemed, discounted on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Applicable Tax-Exempt Municipal Bond Rate plus 0.30%.

“Applicable Tax-Exempt Municipal Bond Rate” for any Series 2011A-2 Capital Appreciation Bond to be redeemed, will be the Comparable AAA General Obligations yield curve rate for the remaining weighted average maturity date of such Bond as published by Municipal Market Data. If no such yield curve rate is established for the applicable year, the Comparable AAA General Obligations yield curve rate for the two published maturities most closely corresponding to the applicable year will be determined, and the Applicable Tax-Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis. This is made available daily by Municipal Market Data and is available to its subscribers through its internet address: [www.tm3.com](http://www.tm3.com). In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Municipal Market Data no longer publish the Comparable AAA General Obligations yield curve rate, the Applicable Tax-Exempt Municipal Bond Rate will equal the Consensus Scale yield curve rate for the applicable year. The Consensus Scale yield curve rate is made available daily by Municipal Market Advisors and is available to its subscribers through its Internet address: [www.theconsensus.com](http://www.theconsensus.com). The

Applicable Tax-Exempt Municipal Bond Rate shall be calculated on the fifth business day preceding the redemption date.

**First Subordinate Series 2011A-2 Bonds**

The terms of the \$337,037,187.75 Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue Bonds, First Subordinate Series 2011A-2 are hereinafter set forth. Any capitalized terms not defined herein shall have the meaning set forth in the Resolution.

### Series 2011A-2 Capital Appreciation Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Initial Principal</u> <u>Amount</u>	<u>Maturity</u> <u>Amount</u>	<u>Approximate</u> <u>Yield</u>
2043	\$46,272,935.00	\$409,495,000	7.00%
2044	47,997,950.00	455,000,000	7.00
2045	53,230,902.00	540,525,000	7.00
2046	46,662,748.70	507,590,000	7.00
2047	43,739,450.30	509,665,000	7.00
2048	38,093,106.10	475,510,000	7.00
2049	32,902,826.10	439,995,000	7.00
2050	28,137,269.55	403,055,000	7.00

### First Subordinate Series 2011B Bonds

The terms of the \$45,620,000.00 Puerto Rico Sales Tax Financing Corporation Sales Tax Revenue Bonds, First Subordinate Series 2011B are hereinafter set forth. Any capitalized terms not defined herein shall have the meaning set forth in the Resolution.

#### Series 2011B Current Interest Bonds (Term Bonds)

\$23,230,000 5.00% Term Bonds due August 1, 2031

\$22,390,000 5.150% Term Bonds due August 1, 2036

#### Series 2011B Optional Redemption Provision:

*Optional Redemption of Series 2011B Bonds.* The Series 2011B Bonds are subject to redemption at the option of the Corporation from any source, including, without limitation, the proceeds of refunding bonds or other financing provided by the Corporation, in whole or in part, at any time on or after August 1, 2021, at the redemption price equal to 100% of the principal amount of the Series 2011B Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

*Mandatory Sinking Fund Redemption.* The Series 2011B Bonds, shall be redeemed in part, by lot within a maturity, through application of Sinking Fund Installments, in each case at a Redemption Price equal to the principal amount of the respective Bond or portion thereof to be redeemed, together with interest accrued to the date fixed for redemption. Subject to the provisions of the Resolution permitting amounts to be credited toward part or all of any Sinking Fund Installment, with respect to the Bonds due on each of the dates specified below, there shall be due, and the Corporation shall in any and all events be required to pay, on each Sinking Fund Installment date set forth in the following tables the amount set opposite such date, and said amount shall constitute a Sinking Fund Installment for the retirement of the respective Series 2011B Bond:

**Sinking Fund Redemption**

<u>August 1, 2031 Maturity</u>		<u>August 1, 2036 Maturity</u>	
<u>Sinking Fund Installment Date (August 1)</u>	<u>Amount</u>	<u>Sinking Fund Installment Date (August 1)</u>	<u>Amount</u>
2030	\$11,850,000	2035	\$19,390,000
2031	11,380,000	2036	3,000,000